Report on Media & Entertainment Industry

27th July 2026

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Annexure for Abbreviation used.

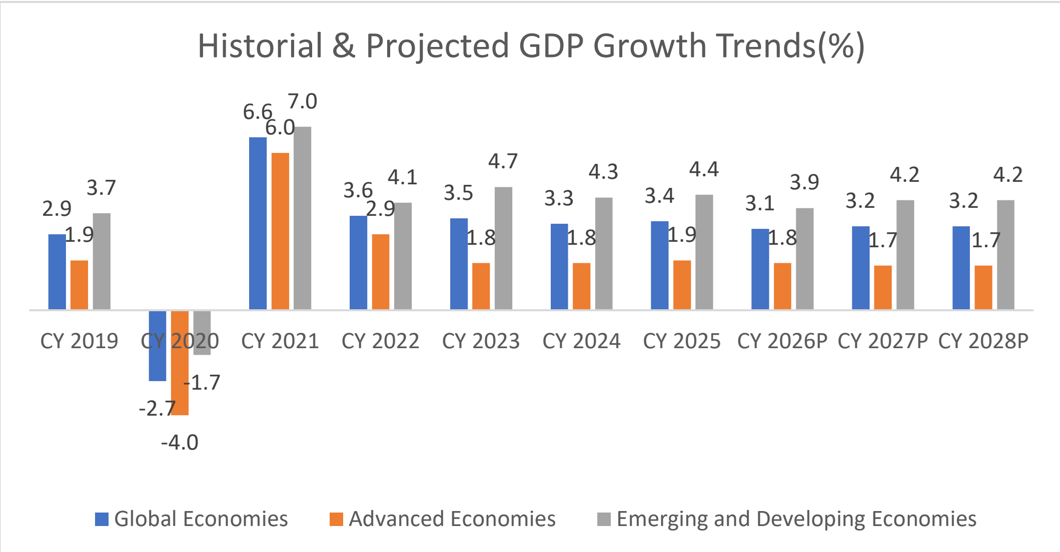
GDP	Gross Domestic Product
GVA	Gross Value Added
IIP	Index of Industrial Production
PFCE	Private Final Consumption Expenditure
GFCF	Gross fixed capital formation
WPI	Wholesale Price Index
CPI	Consumer Price Index
y-o-y	Year on Year
m-o-m	Month on Month
IMF	International Monetary Fund
RBI	Reserve Bank 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
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 Economic Overview

According to World Economic Outlook, global growth is projected at 3.1% in 2026 and at 3.2% in 2027 and 2028, slower than the recent pace of about 3.4% in CY 2024–25 and is expected to settle at approximately that rate over the medium term, below the historical average of 3.7% during 2000–19. The forecast for 2026 has been revised downward by 0.2 percentage point, while the forecast for 2027 and 2028 remains unchanged compared with the January 2026 WEO Update. Global headline inflation is expected to rise to 4.4% in 2026 and decline to 3.7% in 2027, reflecting upward revisions for both years.

The conflict involving US, Israel and Iran is increasingly functioning as a global supply and confidence shock. The International Energy Agency (IEA) describes the current situation as the largest oil supply disruption on record, with flows through the Strait of Hormuz reduced to a trickle and the resulting effects spreading across refined fuels and liquefied natural gas (LNG). At the same time, aviation disruptions and elevated risk premia are weakening services activity and increasing uncertainty around investment decisions. A significant share of global energy flows through the Strait of Hormuz, and shipping disruptions and insurance constraints are therefore translating directly into higher landed costs, supply chain delays, and greater output risks for energy-intensive manufacturing. As a result, the policy environment has increasingly become challenging, while growth support is required but renewed cost-push inflation across energy, freight, and eventually food inputs is limiting the scope for faster monetary easing.



Source – IMF Global GDP Forecast Release, April 2026

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 economic criteria and has evolved over time. It comprises 40 countries in the Advanced Economies category, including the G7 (the United States, Japan, Germany, France, Italy, the United Kingdom, and Canada) and selected Eurozone members (Germany, Italy, France, etc.). The group of emerging and developing economies (156) comprises all economies not classified as Advanced Economies (e.g., India, China, Brazil, Malaysia).

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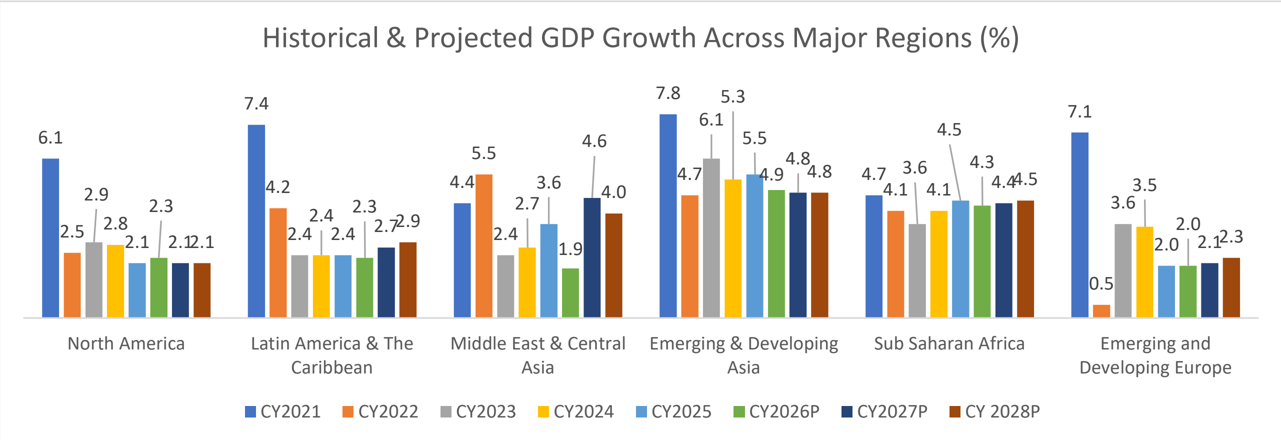
Historical and Projected GDP Growth

GDP growth across major regions showed a mixed trend during 2024–25. While growth in several regions—including Middle East & Central Asia, Emerging and Developing Asia, Sub-Saharan Africa as well as Latin America and the Caribbean—is expected to slow further in 2026, performance remains uneven across geographies.

In the Middle East and Central Asia, economic growth is projected to decline from **3.6% in 2025** to **1.9% in 2026**, before recovering to **4.6% in 2027 and 4.0% in 2028**, reflecting the region's direct exposure to the conflict and the anticipated rebound thereafter. For commodity-exporting economies directly affected by the conflict, reduced production and export activity are expected to result in a significant downward revision to 2026 GDP growth projections.

Growth in emerging and developing Asia is projected to moderate from **5.5% in 2025** to **4.9% in 2026** and is further estimated to grow at **4.8% in 2027 and 2028**. Within the region, China's 2026 growth forecast has been revised upward by **0.2 percentage point** relative to the October estimate, to **4.4%**, despite a **0.1 percentage point downward revision** from January. This upward adjustment reflects the impact of lower effective U.S. tariff rates on Chinese goods, along with stimulus measures that are expected to offset the negative effects of the shock arising from the Middle East conflict. However, China's growth is projected to slow to **4.0% in 2027**, as structural headwinds continue to weigh on the economy, including the prolonged slowdown in the housing sector, a shrinking labor force, declining returns on investment, and weaker productivity growth.



Source- IMF World Economic Outlook, April 2026

In Latin America and the Caribbean, economic growth is projected to remain broadly stable at 2.3% in 2026 before strengthening to 2.7% in 2027 and 2.9% in 2028. The effects of the Middle East conflict across the region are expected to be uneven, with smaller economies likely to experience a more pronounced negative impact due to their relatively greater vulnerability to external shocks.

Growth in sub-Saharan Africa is projected to remain relatively stable at 4.3% in 2026 and 4.4% in 2027 and 4.5% in 2028. However, this regional outlook masks significant variation across countries, with some economies expected to face more pronounced challenges than others. In particular, oil-importing and non-resource-intensive economies are likely to be adversely affected by the conflict in the Middle East, as heightened external pressures may weigh on economic activity and weaken growth prospects. In emerging and developing Europe, economic growth is expected to slow sharply to 2.0% in 2025 and recover only marginally thereafter, with the region projected to expand at an average rate of 2.0% in 2026, 2.1% in 2027 and 2.3% in 2028.

Global Economic Outlook

The conflict between Israel/the United States and Iran, which began in February, has developed into a global shock to transport, trade, and security planning. As a result, periodic airspace closures across Israel and parts of the Gulf, together with severe disruption to shipping through the Strait of Hormuz, have affected the movement of oil, oil products, and LNG. Consequently, businesses have faced longer and less reliable supply lines, higher freight and insurance costs, and more frequent "stop-go" operating conditions.

The near-term growth outlook has softened as the conflict is affecting both demand and costs. Disruption to the oil channel is coinciding with pressure on the non-oil outlook as travel and services weaken and risk premia rise. Airspace disruption has increased operating costs and reduced travel reliability, while higher jet fuel costs have added to pressure on carriers and freight forwarders.

Investment conditions have also tightened as higher regional risk premia have increased insurance, shipping, hedging, and working capital costs. At the same time, logistics disruption and higher input costs are raising inflation risks. Fertilizer and related input disruption is also creating a lagged risk to food prices.

Asia-Pacific: In Asia-Pacific, the conflict has created sustained stress for business continuity. Even with fighting paused, energy availability, shipping disruption, and insurance costs are expected to continue weighing on operations over the next quarter. Oil prices remain well above January levels despite easing from March peaks, while war-risk insurance, tighter tanker availability, and rerouting costs remain elevated. As a result, several fuel-importing economies—including Japan, South Korea, India, and parts of Southeast Asia—have faced power-conservation measures and fuel rationing, increasing the risk of operational downtime in energy-intensive sectors.

Shipping and supply chains are also facing second-round effects. Many Asia–Europe shipments have been diverted via the Cape of Good Hope, thereby extending lead times by 10–14 days. Although some routes have reopened, schedules remain compressed and insurers remain cautious, which has increased delivery deadline risk across manufacturing, particularly in chemicals, electronics, and pharmaceuticals. Input volatility and fertilizer disruption are also adding to inflation risks and thereby complicating the policy outlook.

Latin America: In Latin America, the U.S.-Israel-Iran conflict has increased energy market pressures, with higher Brent crude prices raising input costs and inflation risks across the region. Consequently, net hydrocarbon exporters such as Brazil, Colombia, and Ecuador are benefiting from stronger external balances, while net energy importers—including Panama, Chile, and much of Central America—are facing higher import costs. Elevated fertilizer prices are also weighing on agricultural output and margins, including in Brazil and Argentina. In response, governments have introduced fuel subsidies and price controls.

Middle East & North Africa: In the Middle East and North Africa, the conflict continues to affect the region directly, with many countries facing missile and drone attacks from Iran in response to attacks by the United States and Israel on Iran. In the short term, economic growth is expected to slow sharply as exports decline, uncertainty constrains spending, and governments delay investment initiatives. The reduction in food imports is also expected to significantly affect countries with limited domestic production capacity. Bahrain, Qatar, and Kuwait remain highly dependent on imports through the Strait of Hormuz and therefore face risks of food shortages and concerns regarding social stability if disruption persists.

Sub-Saharan Africa: In Sub-Saharan Africa, the conflict continues to disrupt energy and fertilizer supply chains, thereby keeping the region under significant external pressure. Higher global oil prices are sharply rising fuel and transport costs for import-dependent economies such as Kenya, Uganda, Ethiopia, and Ghana. Policy responses have varied across the region. Ethiopia introduced emergency fuel subsidies in mid-March to contain domestic price increases, while Kenya is experiencing stronger pass-through from higher fuel costs, which is weighing on aviation, logistics, and export activity.

Global Growth Projection

Growth in advanced economies is projected at 1.8% in 2026 and 1.7% in 2027 and 2028, while the overall impact of the Middle East conflict is expected to remain modest, lowering 2026 growth by 0.2 percentage point relative to the pre-conflict forecast. This limited effect reflects positive terms-of-trade gains in the United States and stronger growth momentum, supported by government measures, in Japan, whereas more significant negative effects are expected mainly in net energy-importing economies, including the euro area and the United Kingdom. In the United States, growth is projected at 2.3% in 2026 and 2.1% in 2027 and 2028, with fiscal policy and the lagged effects of monetary easing in 2025 continuing to support activity, even as higher trade barriers since April 2025 weigh on growth. The 0.1 percentage point downward revision from the January 2026 WEO Update reflects a small negative effect from the war, but this is partly offset by a rebound following the end of the 2025 federal government shutdown, along with stronger productivity growth and positive carryover effects. Although the International Emergency Economic Powers Act (IEEPA) ruling may reduce tariff-related fiscal revenues, its impact on the fiscal balance and activity is expected to remain limited and spread over the forecast horizon. Growth in 2027 is expected to remain solid, supported by tax incentives, including those for corporate investment under the One, Big, Beautiful Bill Act (OBBBA), while technology-driven momentum is projected to moderate and productivity growth is expected to gradually converge toward historical norms.

Growth in emerging market and developing economies is projected to slow to 3.9% in 2026 before recovering to 4.2% in 2027 and 2028, while the Middle East conflict is expected to have a greater impact on this group than on advanced economies, reducing 2026 growth by 0.3 percentage point relative to the pre-conflict forecast. In emerging and developing Asia, growth is expected to moderate from 5.5% in 2025 to 4.9% in 2026 and 4.8% in 2027 and 2028. Within the region, China's 2026 growth forecast has been revised upward to 4.4%, as lower effective U.S. tariffs and stimulus measures offset the impact of the conflict, although growth is projected to slow to 4.0% in 2027 as structural headwinds intensify. India's growth outlook has also improved, with growth revised upward to 7.6% in 2025 and projected to remain at 6.5% in 2026, 2027 and 2028, supported by strong carryover effects and lower additional U.S. tariffs on Indian goods. Meanwhile, several South and Southeast Asian economies are expected to face weaker domestic demand due to lower tourism and remittance inflows, while the Philippines has seen a sharp downward revision for 2026.

In the Middle East and Central Asia, growth is projected to decline from 3.6% in 2025 to 1.9% in 2026, before rebounding to 4.6% in 2027 and 4.0% in 2028, reflecting the region's direct exposure to the conflict. The downturn is expected to be most severe among affected commodity exporters, particularly Bahrain, Iran, Iraq, Kuwait, and Qatar, while the impact is expected to be less severe in other economies. Accordingly, Iran's economy is projected to contract by (-) 6.1% in 2026, before rebounding to 3.2% in 2027 and moderating to 1.5% in 2028. By contrast, Saudi Arabia's growth is projected at 3.1% in 2026, rising to 4.5% in 2027 before easing to 3.6% in 2028. In sub-Saharan Africa, growth is expected to remain broadly stable at

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4.3% in 2026, 4.4% in 2027, and 4.5% in 2028, although oil-importing economies are likely to face greater pressure, while Nigeria and South Africa are expected to record moderate but gradually improving growth profiles. In Latin America and the Caribbean, growth is projected at 2.3% in 2026, 2.7% in 2027, and 2.9% in 2028, with Brazil expected to benefit modestly in the near term from its position as a net energy exporter, while Mexico is projected to recover gradually to 1.6% in 2026, 2.2% in 2027, and 2.1% in 2028.

In emerging and developing Europe, the sharp slowdown in growth to 2.0% in 2025 is expected to reverse only marginally, with the region projected to expand at an average rate of 2.0% in 2026, 2.1% in 2027, and 2.3% in 2028. Within the region, Russia's 2026 growth forecast has been revised upward by 0.3 percentage point relative to January, to 1.1%, as higher commodity prices are expected to support activity. This momentum is projected to continue, with growth remaining at 1.1% in 2027 before moderating slightly to 1.0% in 2028. By contrast, Türkiye's 2026 growth forecast has been revised downward by 0.8 percentage point relative to the January 2026 WEO to 3.4%, as weaker-than-expected growth in 2025 and higher oil and gas prices are expected to weigh on activity.

Key factors impacting Global Macroeconomic landscape

- Geopolitics continues to constitute a major source of global macroeconomic and business risk. The Russia–Ukraine war remains a persistent driver of instability, as Russia has intensified large-scale missile and drone attacks on Ukrainian cities and infrastructure, while Ukraine has stepped up strikes on Russian ports, refineries, and export infrastructure, reportedly contributing to a reduction in Russian oil output in April. The Israel–Iran–U.S. confrontation has emerged as the most significant near-term external shock to the global economy, with the IMF warning that disruptions to the Strait of Hormuz and regional energy infrastructure could materially weaken global growth and raise inflation; under its April 2026 reference forecast, global growth has been lowered to 3.1% and inflation raised to 4.4%, with materially worse outcomes under prolonged disruption scenarios. In parallel, the Pakistan–Afghanistan border conflict remains a significant regional flashpoint, although China-mediated talks are seeking to secure a ceasefire and reopen border crossings after months of cross-border attacks and trade disruption. At the same time, U.S. strategic activism continues to influence regional risk perceptions: Washington has removed sanctions on Venezuela's interim leadership and deepened engagement with Caracas, tensions over Greenland have re-emerged amid renewed U.S. rhetoric and ongoing diplomatic discussions with Denmark and Greenland, and U.S.–Nigeria security cooperation has continued to deepen in response to regional instability and counterterrorism concerns. In addition, resource nationalism and strategic competition over rare earths and other critical minerals have become increasingly operational concerns rather than distant strategic risks. The IEA's April 2026 assessment notes that demand for magnet rare earths has doubled since 2015 and is projected to increase by more than 30% by 2030, while supply chains remain highly concentrated, with China accounting for around 60% of mined output, more than 90%

of refining, and nearly 95% of permanent magnet production, thereby heightening global exposure to export controls, supply concentration, and industrial policy interventions

- The period of relatively frictionless trade supported by multilateral liberalisation and free trade agreements is increasingly giving way to regionalisation, nearshoring, friend-shoring, and diversification of production networks. Rising tariffs, policy uncertainty, and strategic realignment are creating a more fragmented trade environment and raising the premium on resilience over pure efficiency
- Technology adoption and sustainability have become core strategic priorities. Organizations are advancing digital transformation by embedding AI, automation, and cybersecurity into their operations to enhance productivity and safeguard critical assets. AI adoption is emerging as a visible driver of optimism, particularly within the information and communications sectors. Growth in cloud computing, streaming, IoT, and AI and Advancements in hardware and cooling technologies aim to reduce energy consumption and improve performance is driving the need for more powerful and scalable data centres.

India Macroeconomic Analysis

India's economic growth outlook for 2025 has been revised upward by 1.0 percentage point from the October estimate to 7.6%, supported by stronger-than-expected performance in the second and third quarters of the fiscal year and sustained momentum in the fourth quarter. For 2026, the growth projection has been moderately increased by 0.3 percentage point (including a 0.1 percentage point upward revision from January) to 6.5%, primarily driven by the carryover effect of the strong 2025 performance and the reduction in additional U.S. tariffs on Indian goods from 50% to 10%, which more than offsets the adverse impact of the Middle East conflict. Growth is expected to remain steady at 6.5% in 2027. Across several South and Southeast Asian economies, disruptions linked to the Middle East conflict are anticipated to reduce tourism activity and remittance inflows, thereby weakening domestic demand and moderating overall economic performance.

Country	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026 P	CY 2027 P	CY 2028P
India[1]	–5.8%	9.7%	7.6%	9.2%	6.5%	7.6%	6.5%	6.5%	6.5%
China	2.3%	8.6%	3.1%	5.4%	5.0%	5.0%	4.4%	4.0%	4.0%
United States	-2.2%	6.1%	2.5%	2.9%	2.8%	2.1%	2.3%	2.1%	2.1%
Japan	-4.2%	2.7%	0.9%	1.4%	-0.2%	1.2%	0.7%	0.6%	0.6%
United Kingdom	-10.3%	8.6%	4.8%	0.4%	1.1%	1.3%	0.8%	1.3%	1.6%
Russia	-2.7%	5.9%	-1.4%	4.1%	4.3%	1.0%	1.1%	1.1%	1.0%
Germany	-4.1%	3.9%	1.8%	-0.9%	-0.5%	0.2%	0.8%	1.2%	1.2%

Source: World Economic Outlook, April 2026

Historical GDP and GVA Growth Trend

As per Provisional Estimates, India Real GDP (GDP at constant prices) for FY 2025–26 is estimated to reach INR 323.12 lakh crore, compared to the First Revised Estimate (FRE) of INR 299.89 lakh crore for FY 2024–25. This represents a growth rate of 7.7% in 2025–26, higher than the 7.1% growth recorded in 2024–25.

Similarly, Real GVA for FY 2025–26 is estimated to reach INR 294.91 lakh crore, up from INR 273.36 lakh crore in FY 2024–25. This indicates a growth rate of 7.9%, compared with the 7.3% growth achieved in the previous year.

[1] For India, data and forecasts are presented on a fiscal year basis, and GDP from 2022 onward is based on GDP at market prices with fiscal year 2022/23 as a base year

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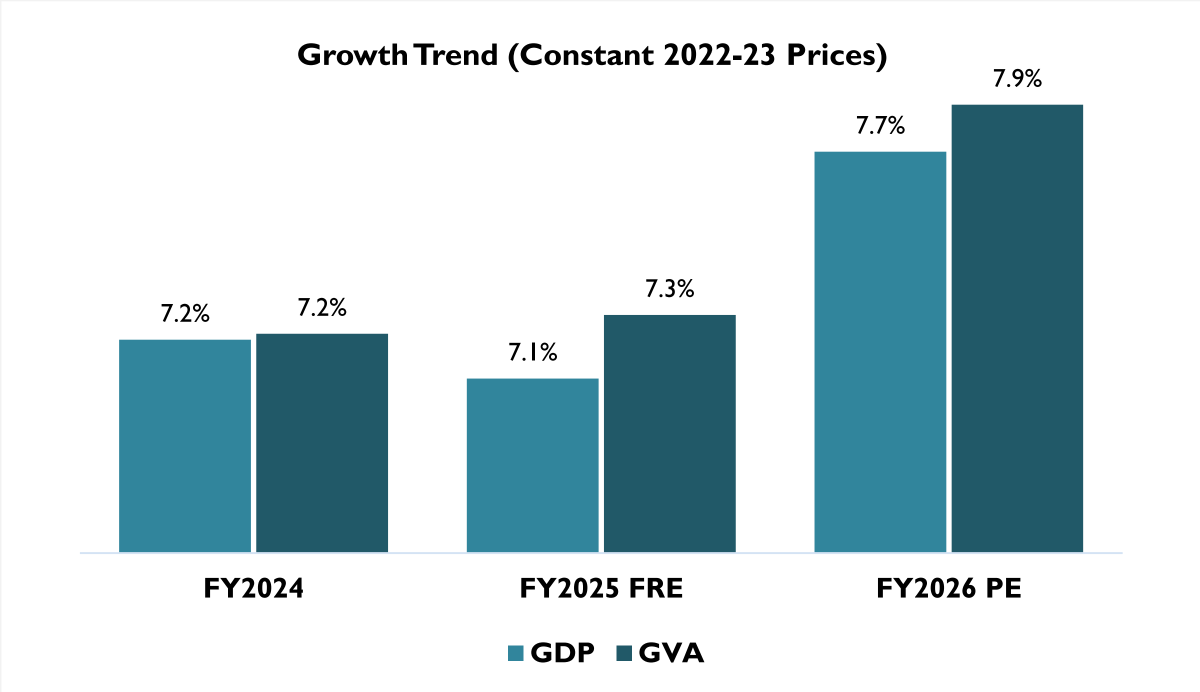
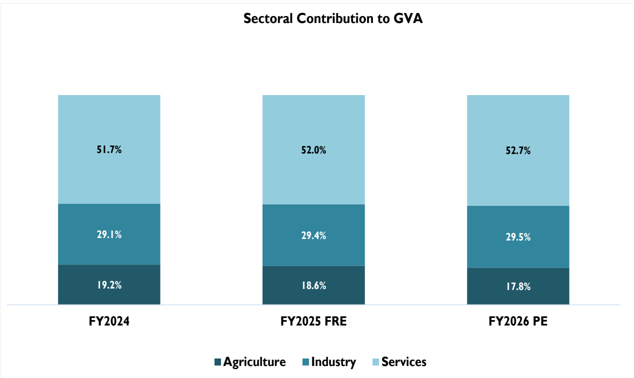
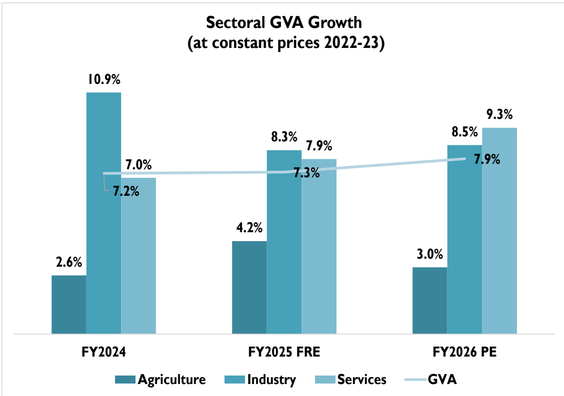


Source: Ministry of Statistics & Programme Implementation (MOSPI), National Account Statistics: FY2025,

FRE is First Revised Estimate; PE is Provisional Estimates

Sectoral Contribution to GVA and Annual Growth Trend





Source: Ministry of Statistics & Programme Implementation (MOSPI), CMIE Economics Outlook
FRE is First Revised Estimate; PE is Provisional Estimates[2]

Sectoral analysis of GVA reveals that the industrial sector experienced steady growth momentum in FY 2026, recording a 7.9% y-o-y growth against 7.3% year-on-year growth in FY 2025. Within the industrial sector, growth moderated across sub-sectors with mining, and construction activities growing by 5.15%, and 7.36%, respectively in FY 2026, compared to 11.69%, and 7.30% in FY 2025. Growth in the utilities sector too moderated to 1.74% in FY 2026 from 2.87% in the previous year. The industrial sector's contribution to GVA increased marginally from 29.4% in FY 2025 to 29.5% in FY 2026.

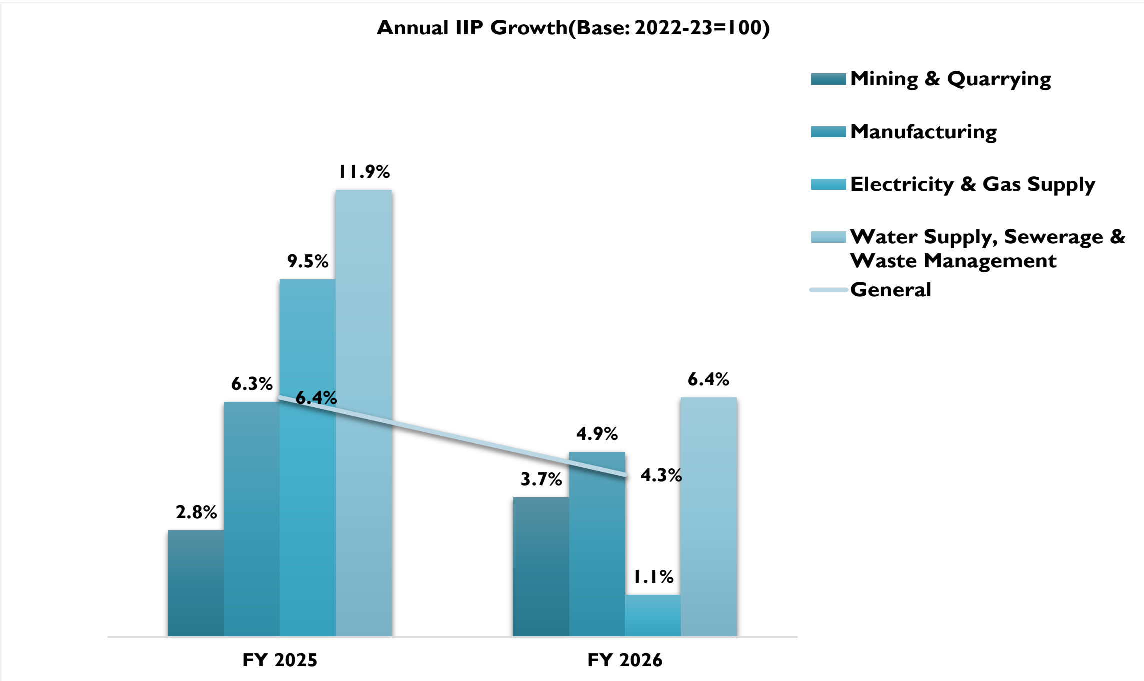
[2] https://www.mospi.gov.in/uploads/latestReleases/latest_release_1780655857536_5ac01869-ca4a-422d-b7a7-57b81da60932_Press_Note_on_GDP_Estimates_for_Q4_2025-26_and_PE_FY_2025-26_F.pdf

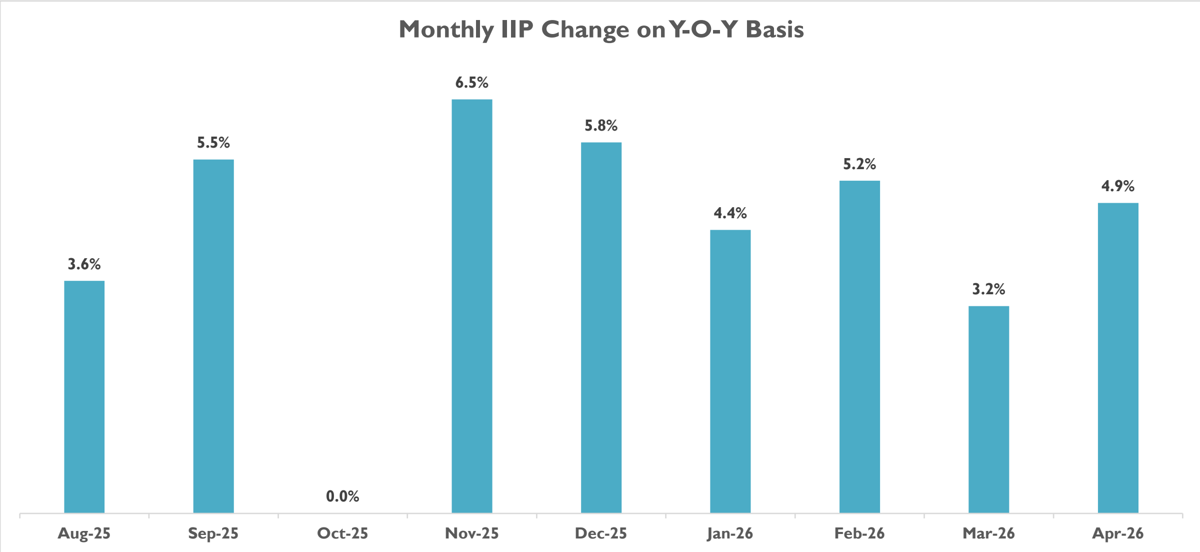
The services sector continued to be the main driver of economic growth. It expanded by 9.3% in FY 2026 from 7.9% in FY 2025. The services sector retained its position as the largest contributor to GVA, rising from 51.7% in FY 2024 to 52.0% in FY 2025, with a further increase to 52.7% in FY 2026.

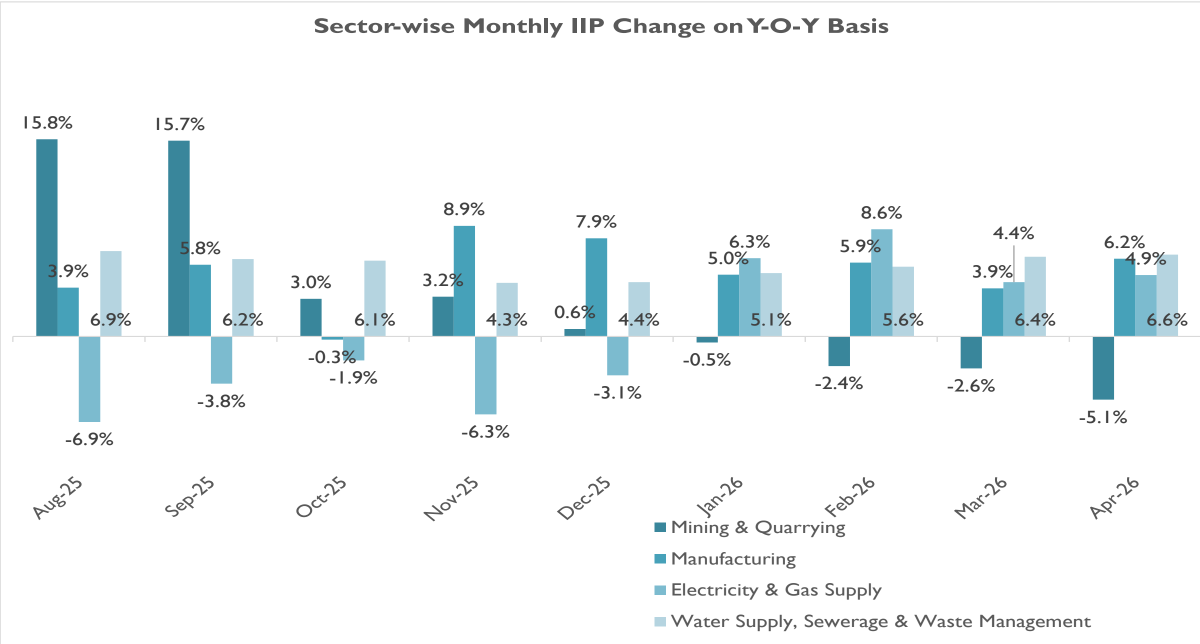
The agriculture sector saw an acceleration in growth, increasing from 2.66% in FY 2024 to 4.18% in FY 2025, before moderating to 3.0% in FY 2026. However, its contribution to GVA declined marginally from 19.2% in FY 2024 to 17.8% in FY 2026. Overall, Gross Value Added (GVA) growth rose to 7.9% in FY 2026 from 7.3% in FY 2025.

Annual & Monthly IIP Growth

Industrial sector performance as measured by the IIP index exhibited moderation in FY 2026, recording a 4.3% y-o-y growth against 6.4% increase in the previous year. The manufacturing index showed moderation, increasing by 4.9% in FY 2026 compared with 6.3% in FY 2025. The Electricity & Gas Supply sector index also moderated, growing 1.1% in FY 2026 compared with 9.5% in the previous year. Water Supply, Sewerage & Waste Management also moderated by 6.4% in FY 2026 compared with 11.9% in the previous year, while the mining sector index grews by 3.7% in FY 2026 compared with 2.8% in the previous year.





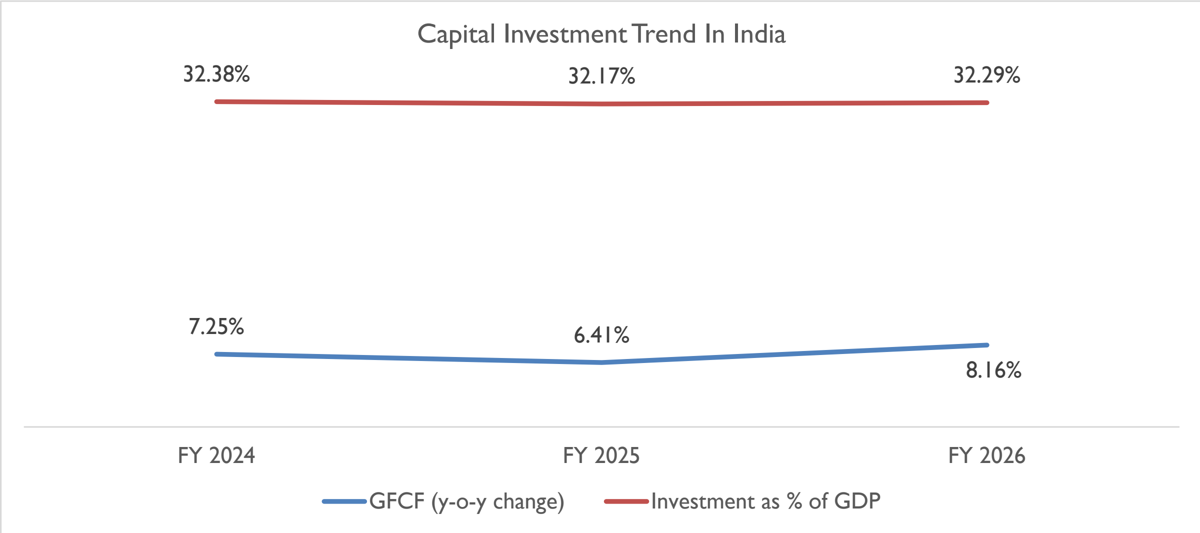


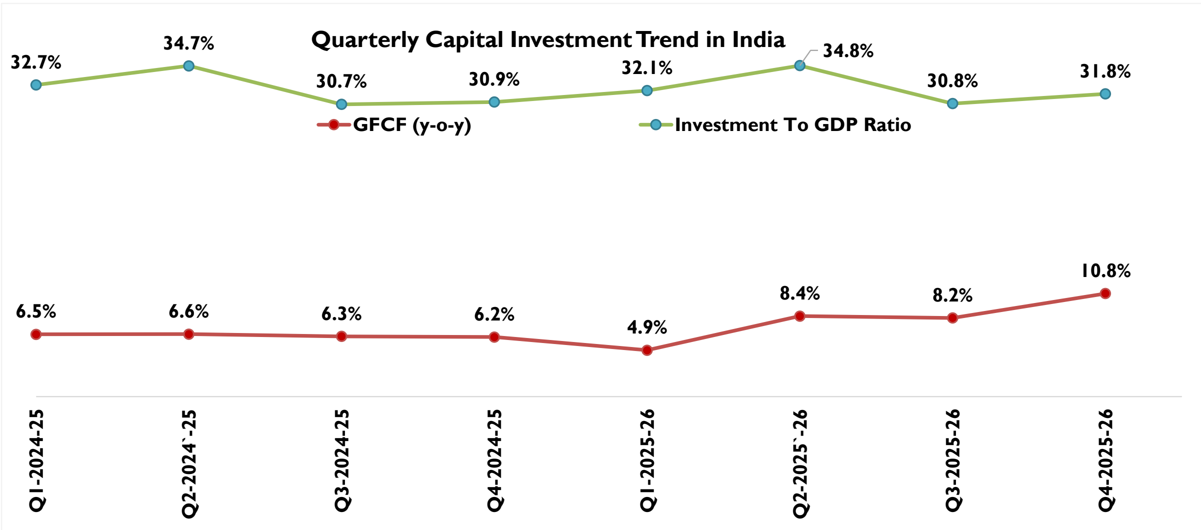
Source: Ministry of Statistics & Programme Implementation (MOSPI)

The IIP growth rate for the month of April 2026 is 4.9 percent as compared to April 2025. The growth rates of the Four sectors, Mining & Quarrying, Manufacturing, Electricity & Gas Supply and Water Supply, Sewerage & Waste Management for the month of April 2026 are (-)5.1 percent, 6.2 percent, 4.9 percent and 6.6 percent respectively

Annual and Quarterly: Investment & Consumption Scenario

Other major indicators, such as Gross Fixed Capital Formation (GFCF), a measure of investment, increased during FY 2026, registering 8.16% year-on-year growth compared with 6.41% in FY 2025, bringing the GFCF-to-GDP ratio to 32.29%.



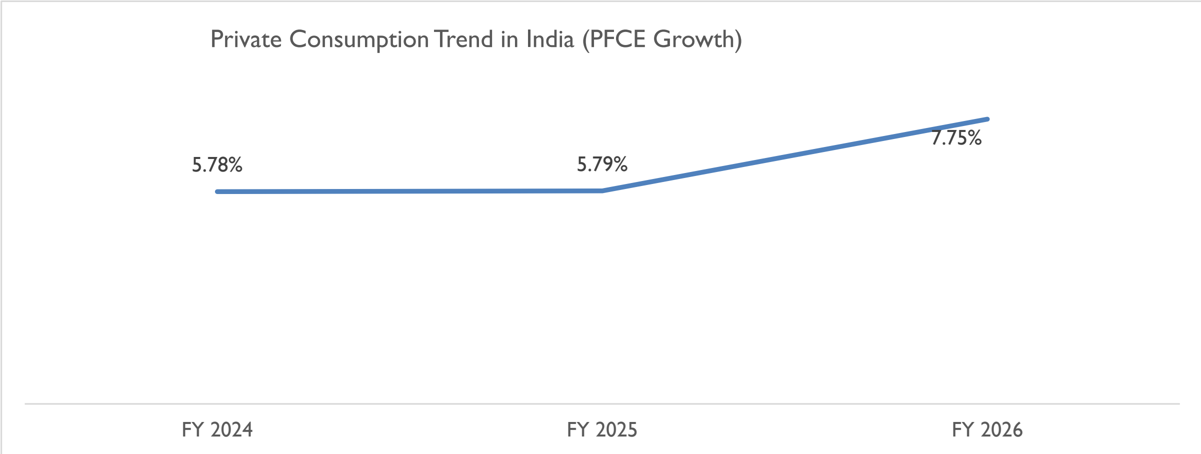


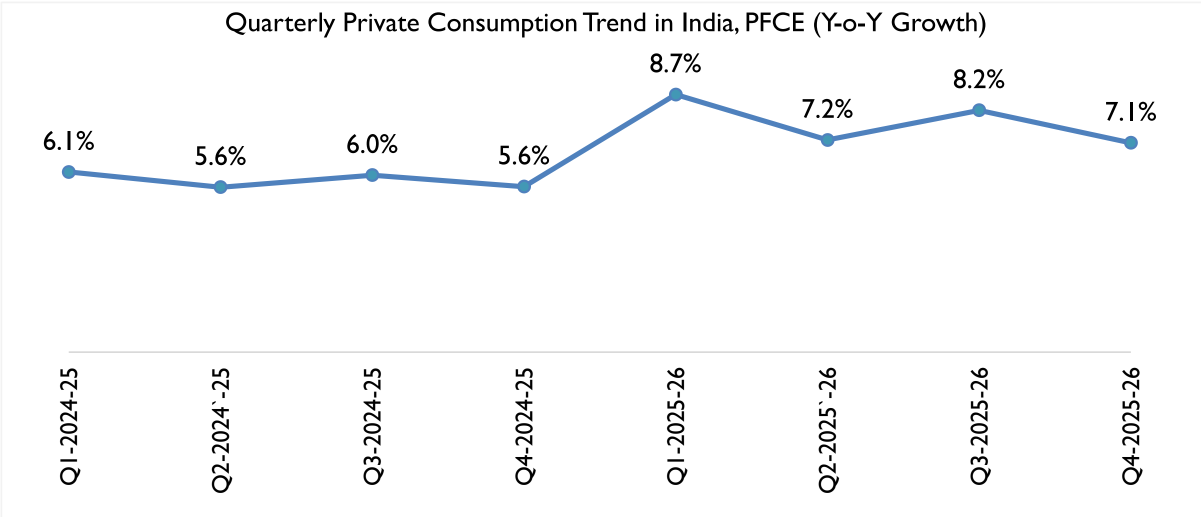
Source: Ministry of Statistics & Programme Implementation (MOSPI), CMIE Economics Outlook

On a quarterly basis, India's capital investment indicators reflect a healthy and improving investment environment, supported by sustained investment intensity and stronger capital formation in recent quarters. The Investment to GDP ratio remained consistently above 30% throughout the period, highlighting continued resilience in capital deployment. The ratio increased from 32.7% in Q1 FY 2024-25 to 34.7% in Q2, before moderating to 30.7% in Q3 and 30.9% in Q4. In FY 2025-26, the ratio improved again to 32.1% in Q1 and further strengthened to 34.8% in Q2, the highest level during the period, before remaining healthy at 30.8% in Q3 and 31.8% in Q4. This indicates that investment activity continued to remain robust despite normal quarterly variations.

GFCF (y-o-y) growth also points toward a positive investment trend, particularly in FY 2025-26. After remaining broadly stable during FY 2024-25, with growth ranging between 6.2% and 6.6%, GFCF growth accelerated meaningfully from 4.9% in Q1 FY 2025-26 to 8.4% in Q2 and 8.2% in Q3, before rising further to 10.8% in Q4. This strong improvement in the second half of FY 2025-26 suggests strengthening fixed capital formation and a revival in investment momentum. Overall, the data indicates that India's capital investment landscape remains on a positive trajectory, with sustained investment levels and improving GFCF growth reflecting stronger capital spending, better investment confidence, and continued support for economic growth.

Private Consumption Scenario





Sources: MOSPI, CMIE Economics Outlook

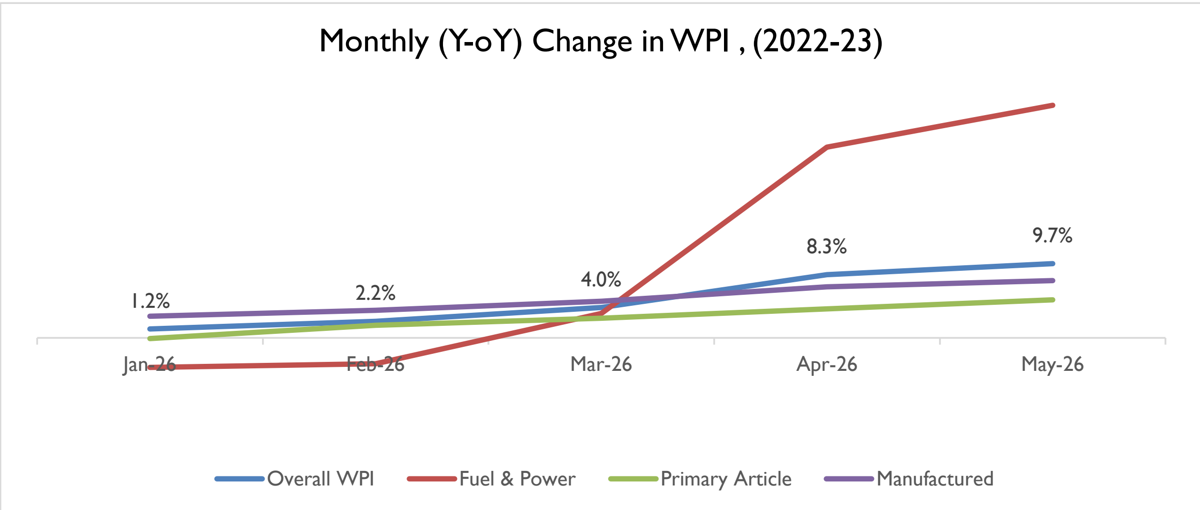
Private Final Consumption Expenditure (PFCE), a practical proxy for household spending, recorded growth in FY 2026 relative to FY 2025. PFCE recorded healthy growth in FY 2025-26 relative to FY 2024-25. However, quarterly PFCE growth moderated sequentially to 7.1% in Q4 FY 2025-26 from 8.2% in Q3 FY 2025-26

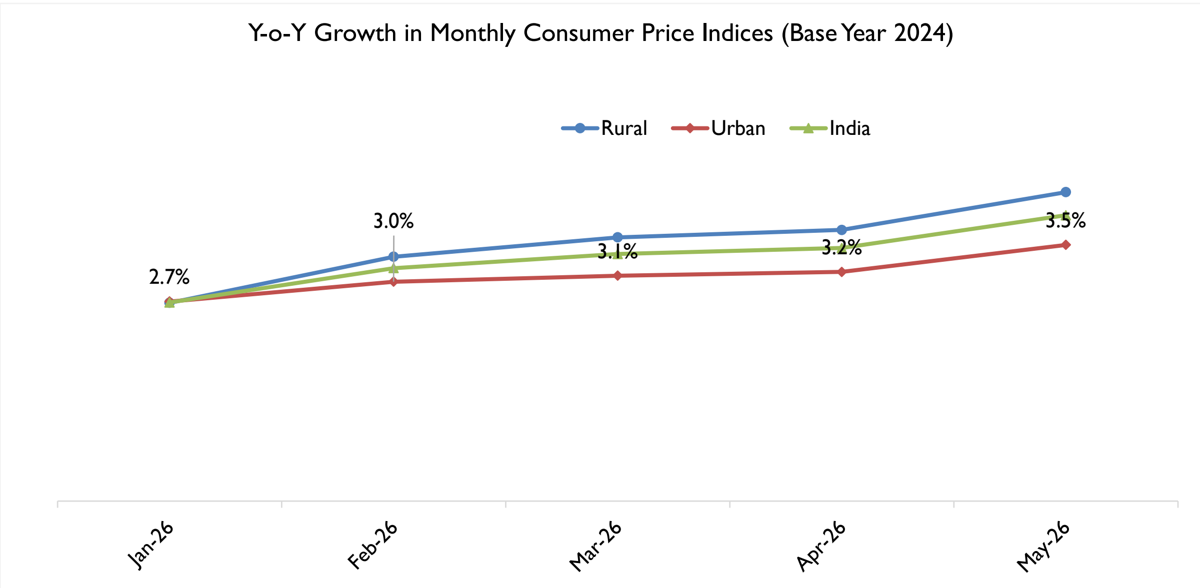
Inflation Scenario

The annual rate of inflation based on All India Wholesale Price Index (WPI) number is 3.88% (provisional) for the month of March 2026 (over March 2025). Positive rate of inflation in March 2026 is primarily due to increase in prices of crude petroleum & natural gas, other manufacturing, non-food articles, manufacture of basic metals and food articles etc.

All India Wholesale Price Index (WPI) inflation for May 2026 is 9.68 per cent on year-on-year (YoY) basis, compared to 8.26 per cent in April 2026. The index for All Commodities for May 2026 stands at 109.9, whereas it was 108.8 in April 2026. Across Groups, 'Mineral Oils (containing Petroleum Products)', 'Crude Petroleum and Natural Gas', 'Manufacture of Chemicals and Chemical Products', and 'Manufacture of Basic Metals', have been major drivers of WPI inflation in April and May 2026.

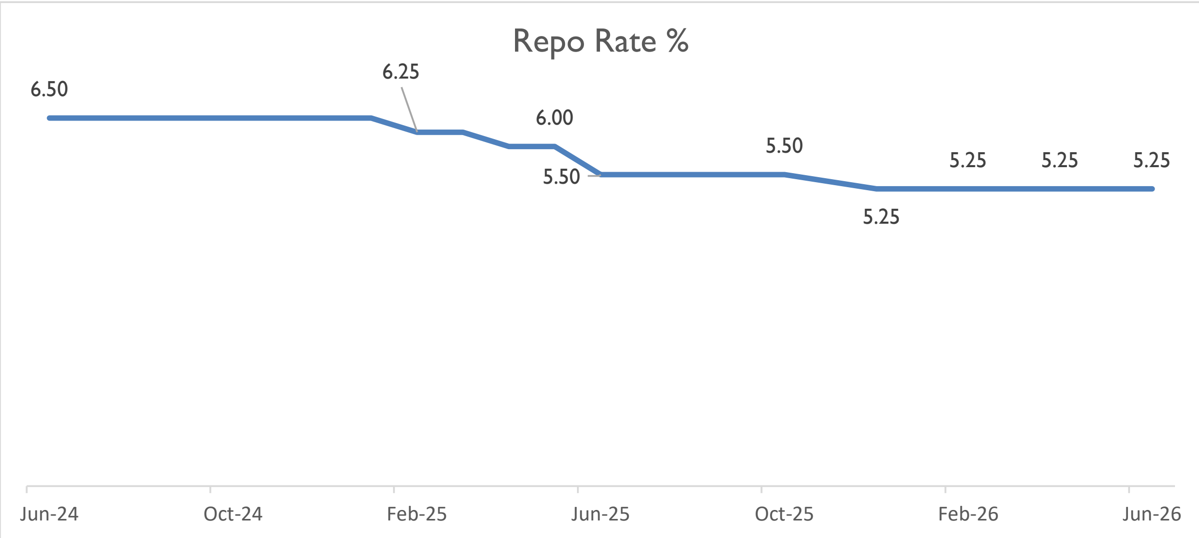
Across Major Groups, YoY inflation for Primary Articles, Fuel and Power, and Manufactured Products is 4.99 per cent, 30.33 per cent, and 7.48 per cent, respectively in May 2026, whereas it was 3.78 per cent, 24.89 per cent, and 6.68 per cent, respectively, in April 2026. The indices for Primary Articles, Fuel and Power, and Manufactured Products are 113.7, 113, and 107.8, respectively, in May 2026, whereas they were 112.6, 110.9, and 107, respectively, in April 2026.





Source: MOSPI, Office of Economic Advisor

With effect from January 2026, the National Statistics Office (NSO) introduced a revised CPI series with base year 2024=100, drawing revised item weights from the Household Consumption Expenditure Survey (HCES) 2023-24. Year-on-year inflation rate based on All India Consumer Price Index (CPI) with base year 2024 for the month of May, 2026 over May, 2025 is 3.93%(Provisional). Corresponding inflation rates for rural and urban are 4.25% and 3.53%, respectively.On the monetary policy front, the RBI had cumulatively raised the repo rate by 250 basis points between May 2022 and February 2023, bringing it to 6.50%, where it was held steady through January 2025 to anchor inflationary expectations. With inflation moderating below target and growth requiring support, the RBI's Monetary Policy Committee (MPC) commenced an easing cycle in February 2025, delivering a cumulative 125 basis points of rate cuts through four reductions — 25 bps each in February 2025, April 2025, and December 2025, and a larger 50 bps cut in June 2025 — interspersed with pauses in August and October 2025. The repo rate currently stands at 5.25%, in June 2026.



Sources: CMIE Economic Outlook

Growth Outlook

The Union Budget 2026–27 sets out a quantitatively strong push to build resilient supply chains and develop next-generation industrial capacity. The record ₹12.2 trillion capital expenditure outlay is aimed at easing logistics bottlenecks and enhancing India's cost competitiveness. Employment measures extend across both urban and rural India in one sweep. In cities and large towns, capex is channelled into "connectors" such as the seven proposed high-speed rail corridors and upgraded Tier-2 and Tier-3 infrastructure, thereby creating construction, logistics, and service jobs while cutting commute times. In smaller towns and villages, job creation is expected to be supported by mega textile parks, the Mahatma Gandhi Gram Swaraj Initiative's push for khadi and handloom, training for tourist guides, and new waterways and coastal shipping. Together, these steps broaden the wage base instead of providing a short-term bump.

This domestic push is complemented by targeted measures to strengthen strategic supply chains. Dedicated rare earth corridors in Odisha, Kerala, Andhra Pradesh, and Tamil Nadu; customs exemptions for capital goods used in critical mineral processing and battery cells; and the India Semiconductor Mission 2.0 aim to pull manufacturing deeper into components and materials. If executed well, these measures could reduce import dependence in magnets, batteries, and chip inputs and lift the share of higher-productivity manufacturing jobs — thereby raising household incomes durably.

Alongside these domestic measures, India is also seeking to strengthen its external trade architecture through major trade agreements. The conclusion of the India–EU FTA negotiation marks a major strategic milestone, as it offers near-universal market access for 99.5% of India's exports by value and integrates India more deeply into a USD 24 trillion economic bloc. By providing duty-free entry for key labour-intensive sectors, expanding services access, and establishing a mobility framework for Indian professionals, the deal is expected to improve market access, support export competitiveness and high-value job creation. It is likely to promote a predictable, rules-based environment for long-term trade and investment flows.

In a similar vein, India–Oman Comprehensive Economic Partnership Agreement (CEPA)[3] has been framed as a comprehensive arrangement covering trade in goods and services, investment, professional mobility, and regulatory cooperation, with the objective of strengthening bilateral economic integration between India and Oman. Bilateral trade between the two countries stood at USD 10.61 billion in FY 2024–25, providing the economic basis for the agreement. Under the CEPA, India has secured 100% duty-free market access in Oman across 98.08% of tariff lines, covering 99.38% of India's export value, thereby improving export competitiveness across sectors such as engineering goods, pharmaceuticals, agriculture and processed food, electronics, textiles, plastics, and gems and jewellery. At the same time, India has adopted a calibrated liberalisation approach by offering tariff concessions on 77.79% of its tariff lines, covering 94.81% of imports from Oman by value, while retaining safeguards for sensitive domestic sectors. The agreement also provides gains in services, with Oman undertaking commitments across 127 services sub-sectors, alongside improved provisions for professional mobility, including an increase in the Intra-Corporate Transferee ceiling from 20% to 50% and commitments for a defined category of Indian professionals. Overall, the CEPA is presented as a framework intended to support trade expansion, improve market access, and strengthen long-term economic cooperation between India and Oman.

However, these gains remain exposed to external geopolitical risks. The escalation of the Middle East crisis represents an external shock for India, transmitted primarily through energy markets, logistics, and trade-linked business exposure. The Gulf–Levant 11[4] (GL 11) economies account for around 15% of India's merchandise exports and 21% of its imports, with trade concentrated in high-value categories such as mineral

3 https://www.pib.gov.in/PressReleasePage.aspx?PRID=2213203&reg=3&lang=1
The Comprehensive Economic Partnership Agreement (CEPA) between India and Oman marks a meaningful step forward in the economic relationship between the two countries. The agreement brings together trade in goods and services, investment, professional mobility, and regulatory cooperation under a single, coherent framework aimed at deepening bilateral economic integration.

4 For the purposes of this report, the analysis is confined to a defined group of countries referred to as the Gulf–Levant 11 (GL-11). This group comprises Bahrain, Iran, Iraq, Israel Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. These economies are treated collectively because they are either directly involved in, or immediately exposed to, the current crisis through geographic proximity, security linkages, energy production and transit, or their role as regional trade and financial hubs

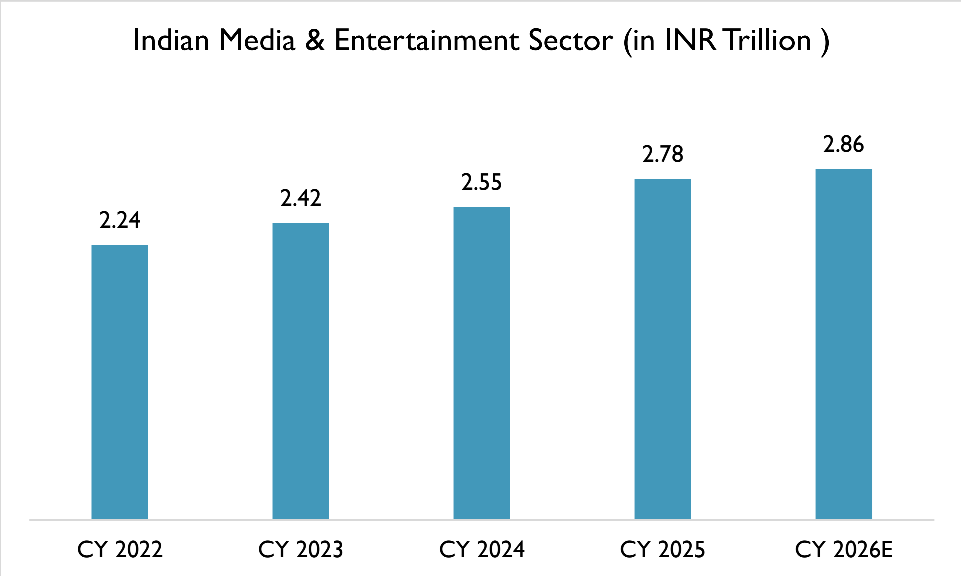
fuels, precious metals, and electronics; disruptions in this region therefore have an outsized impact despite its modest share of global GDP.

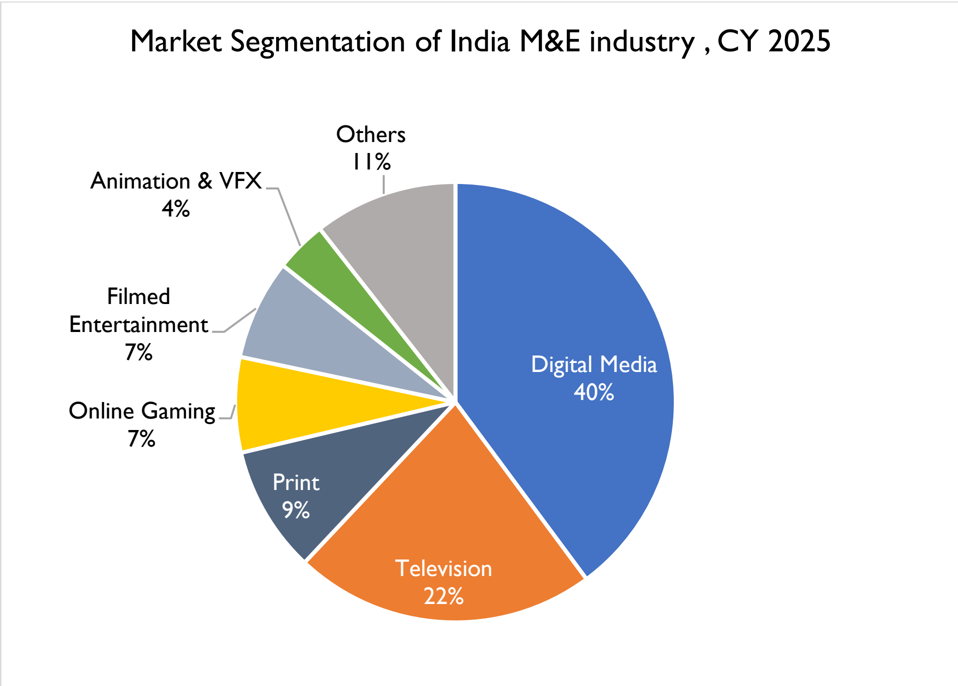
Export exposure is unevenly distributed across India, with risks concentrated in specific districts that serve as production hubs. Discretionary exporters, such as gems and jewellery firms in the districts of Surat, Jaipur, and Mumbai; apparel manufacturers in Tiruppur; automotive producers in Ahmedabad; and electronics assemblers in Kanchipuram and Kolar, are vulnerable to demand slowdown and order deferrals in Gulf markets.

At the same time, Perishable agricultural exporters, including grapes from Nashik, bananas from Solapur, and bovine meat from Ghaziabad, face acute risks from shipping delays and logistics disruptions. Dun & Bradstreet data show that over 4,500 Indian exporters and around 1,800 importers relied on the Strait of Hormuz trade route in 2025, exposing them to working capital stress, payment delays, and production interruptions, while, for import-dependent industries, delays in critical inputs raise the risk of temporary shutdowns and sustained energy price volatility amplifies margin pressure across manufacturing and services.

Indian Media & Entertainment Industry

Indian media and entertainment (M&E) sector demonstrated substantial growth in CY 2025, increasing by INR 230 billion from INR 2.55 trillion in CY 2024 to INR 2.78 trillion in CY 2025, representing approximately 9.1% YoY growth. Between CY 2022 and CY 2026, the sector has expanded at a compound annual growth rate (CAGR) of approximately 6.3%, rising from INR 2.24 trillion to a projected INR 2.86 trillion. The M&E sector contributes around 0.8% of India's GDP, provides direct employment to around 2.75 million people, and indirect employment to over 10 million people.





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

While television has reached the second largest segment position, digital media has surpassed it in CY 2025 with 40% market share. The overall M&E sector is expected to grow at a rate of 2.8%, increasing from INR 2.78 trillion in CY 2025 to INR 2.86 trillion in CY 2026, and further expand to INR 3.30 trillion by CY 2028[5]. 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 47% in 2025. Conversely, traditional media segments such as linear television, print, film, music, radio and OOH saw their combined share 44% during the same period.

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.

[5] https://frames.ficci.in/M&E-Report-2026.pdf

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.

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- **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.

- Digital Content & AI Regulations (2025)
  In October 2025, the Ministry of Electronics and Information Technology made amendments to the IT Rules of 2021, that makes it mandatory to content creators to have labelling for AI generated content.The regulations includes few required aspects such as :
  - AI content generated must and should have a label visible or an audio indicator across the 10% of the content
  - Social Media & Digital Platforms must embed permanent metadata or watermarks to ensure traceability.
  - Significant Social Media Intermediaries (SSMIs) must require users to declare if content is AI-generated and deploy tools to verify this
- Data Protection Rules
  Digital Personal Data Protection (DPDP Rules 2025) – The government has notified the rules on 14th November, 2025.This notification post receiving inputs over the draft act since 2023.According to this the Act has following features :
  - Consent & Privacy : Media entities are needed to obtain candid, coarse and optimistic consent for processing data
  - Breach Notification : On the scenario of media companies facing any data breaches, they are supposed to report the same within 72 hours of the event.
  - Data Retention : Data of traffic to the media platforms can be stored only upto one year to adhere by the government rules.
- Advertising & Influencer Marketing :
  - Financial Influencers have been warned by SEBI rules that the influencers are not supposed to use market data which is newer (less than 3 months old) and cannpt be associated explicitly with regulated organizations.
  - For financial investment related Ads, Meta needed to get verification from SEBI for ads which were tailored to Indian users.
- Broadcasting & Print
  Due to the TRP overhaul by Ministry of Information and Broadcasting, included more rating agencies until July 2025. However, by November 2025, there were stringent rules that the media broadcasters are restricted from having shares in rating agencies.

Also the Ministry approved off the hike in the government advertisement rates for advertisements on Print Media to help the industry financially. The digitalization of Press gave a new direction to transform the industry. As per the guidelines, from September 2025, the regulatory filings for print media to the digital platform "Press Sewa Portal".

- **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 Cam cording 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**

The Ministry of Information & Broadcasting has created an incentive framework to promote the film production through its entity Film Facilitation Office under the National Film Development Corporation in 2023. The amount refunded will be done so post-audit and completion of filming and post-production within India.The key aspects updated under this National Policy are:

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- Rebate amount: The amount which can be rebated by the government is updated to 40% of Qualified Production Expenditure (QPE) in India, which is capped at INR 3 crore (~USD 360,000) per project.
- Also, there is an additional bonus of 5% of the films which promote Indian culture, heritage or tourism upon the discretion of the approval of the script.
- Eligibility of the grant will be for feature films, web series, documentaries, and animation/VFX-heavy productions intended for theatrical, TV, or OTT release.
- People who would be eligible to entail the same are either international producers working with Indian co-producers, or Indian producers engaging foreign crews/services in the making.

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. These include financial support for shooting films in specific regions, tax exemptions, and waivers on certain local fees. Maharashtra, Uttar Pradesh, Madhya Pradesh, Gujarat and Karnataka are five major states which are providing rebates similar to that of the Ministry of Information & Broadcasting.

State	Rebate Offered	Key aspects
Maharashtra	Up to 25% of eligible expenses; an additional 5% for Marathi or culturally significant films.	Benefits include: Access to Film City (Mumbai), heritage locations, strong local crew base.
Uttar Pradesh	Up to 50% for Hindi and regional films; additional incentives for OTT productions	Promotion of religious and cultural sites such as Varanasi, Ayodhya, and Mathura.
Madhya Pradesh	Up to 40% of QPE; capped at INR 2 crore	Historic towns, forests, palaces, and simple permission processes. Additionally, there is free police security and public infrastructure support in select areas
Gujarat	Up to 25% with additional support for heritage and tourism promotion.	Advantages on filming at the state includes Clean cities, desert landscapes, coastline access, and proximity to Mumbai.
Karnataka	Up to INR 1 crore; attractive for Kannada, multilingual, and co-produced films.	Access to Bengaluru's VFX and post-production talent pool

- **GST on Film Production and Distribution**

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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

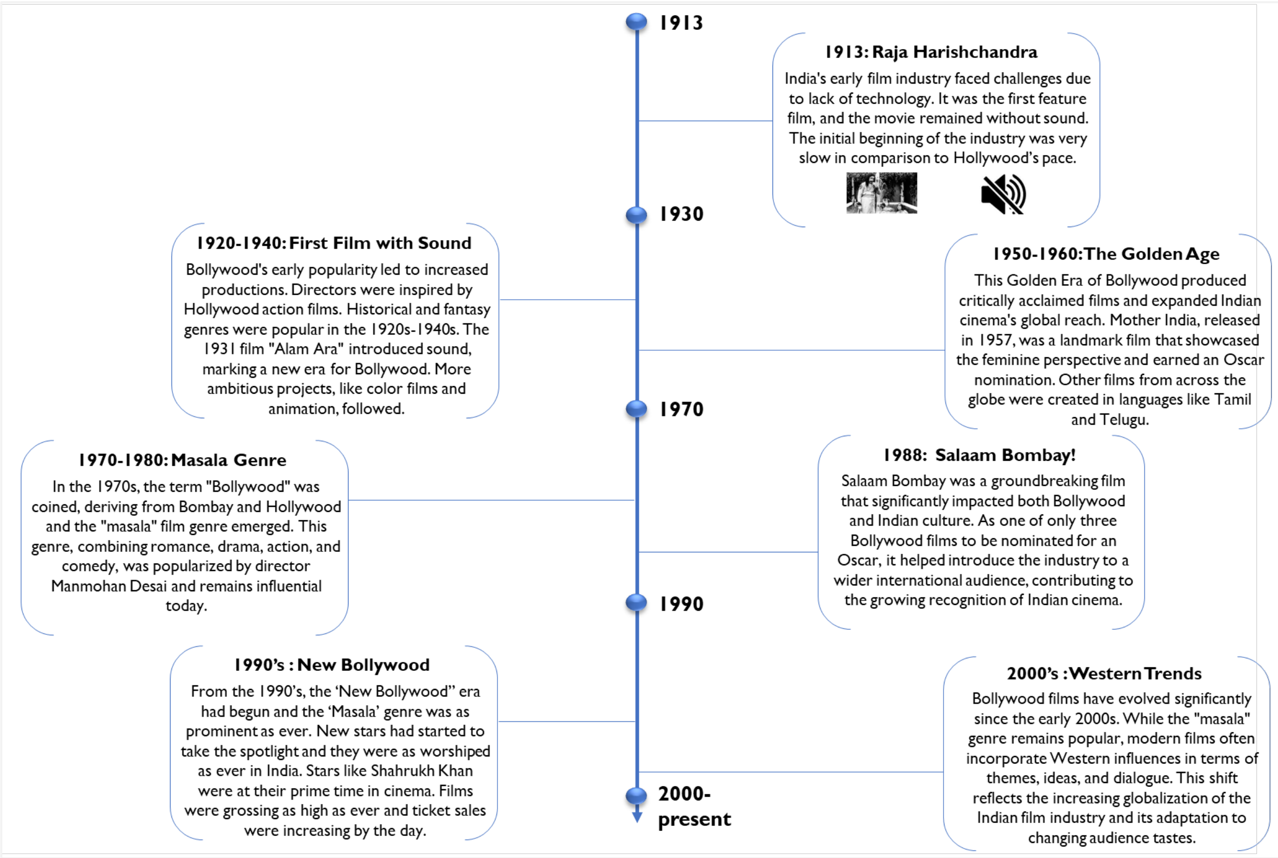
The Indian film industry, commonly known as Bollywood, has emerged as a global cinematic force, captivating audiences worldwide with its unique blend of vibrant storytelling, larger-than-life characters, and intricate dance sequences. Over the years, Bollywood has evolved significantly, adapting to new 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 2016, Dangal became the highest grossing Indian film surpassing INR 2,000 crore mark (globally). In the very next year another Indian film, "Baahubali 2: The Conclusion" crossed INR 1,500 crore mark (globally). More recently, Dhurandhar, released in December 2025, grossed approximately INR 1,350 crore globally. Its sequel, Dhurandhar: The Revenge, released in March 2026, earned approximately INR 1,810 – INR 1,850 crore worldwide, becoming one of the highest-grossing Indian films of all time.
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.

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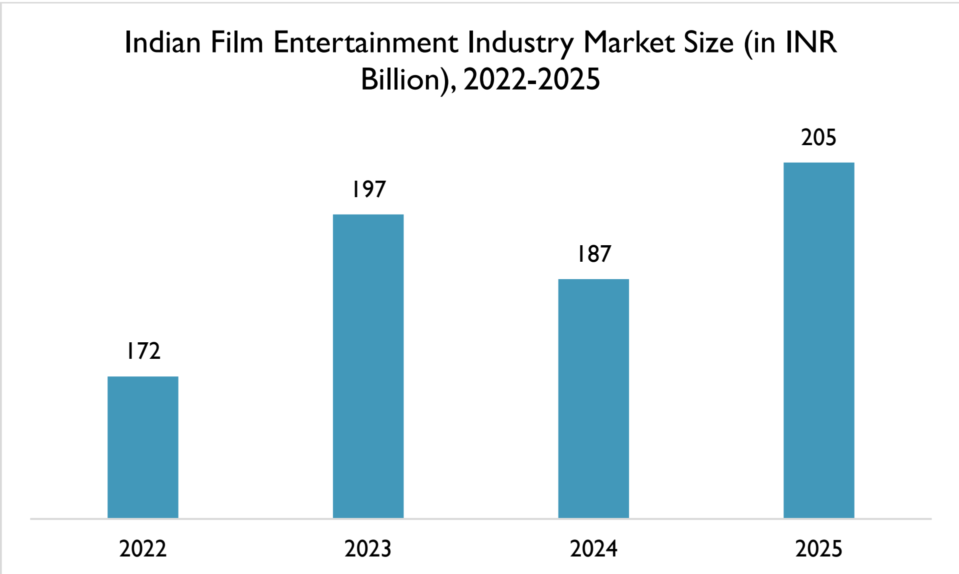
Pre-Production: The Birth of an Idea
This stage is the foundation of any film. It all starts with an idea, a spark that ignites the creative process. Producers, the financial and strategic backbone of the production, play a crucial role in nurturing this idea. They collaborate with writers to develop 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 205 billion in 2025 from INR 172 billion in 2022. This impressive growth trajectory, reflecting a CAGR of approximately 6%, underscores the industry's robust health and its potential for continued expansion.



Source: FICCI & EY estimates

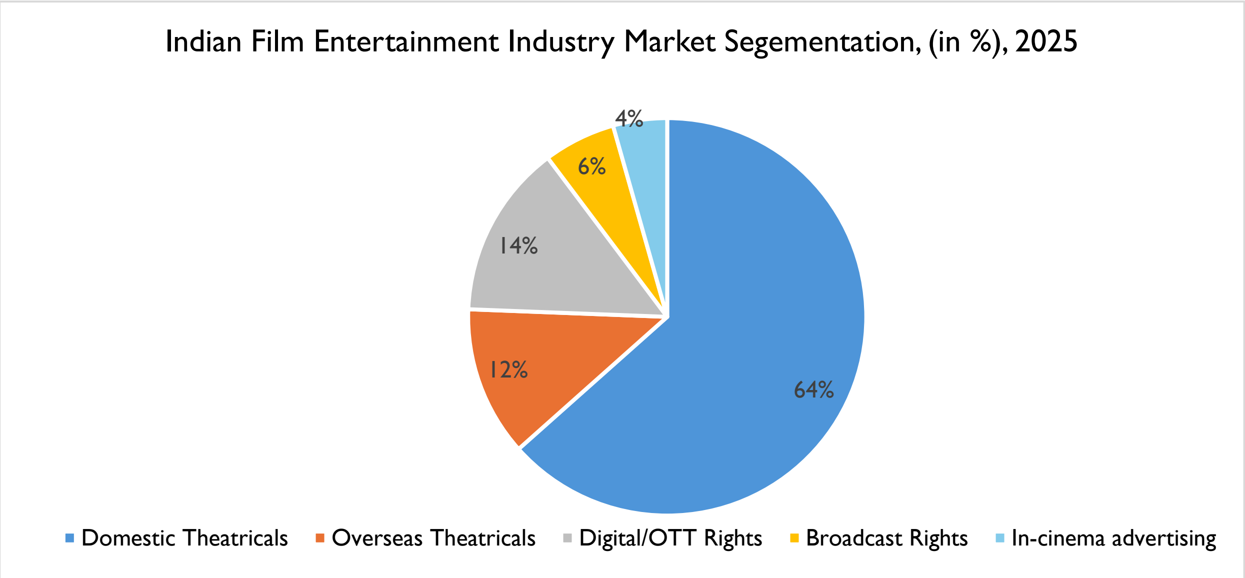
The growth has been fuelled by several key trends. The number of films released in theatres has steadily increased, reaching a new high of 1,972 films in 2025. While screen count has grown modestly with multiplex chains adding approximately 240 screens annually, it still remains relatively low compared to the population, indicating that the cinema experience remains a luxury for most Indians. The domestic theatrical market witnessed strong growth, reaching a significant milestone of INR 130 billion, up from INR 114 billion in 2024.

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 2025, domestic theatricals dominated the market, contributing 64% of the total revenue, totalling INR 130 billion. This reflects the continued popularity of cinema experiences among Indian audiences.



Source: FICCI & EY estimates

Digital/OTT rights accounted for 14% of the market share, valued at INR 29 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 to about 12% of the market, totalling INR 25 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.

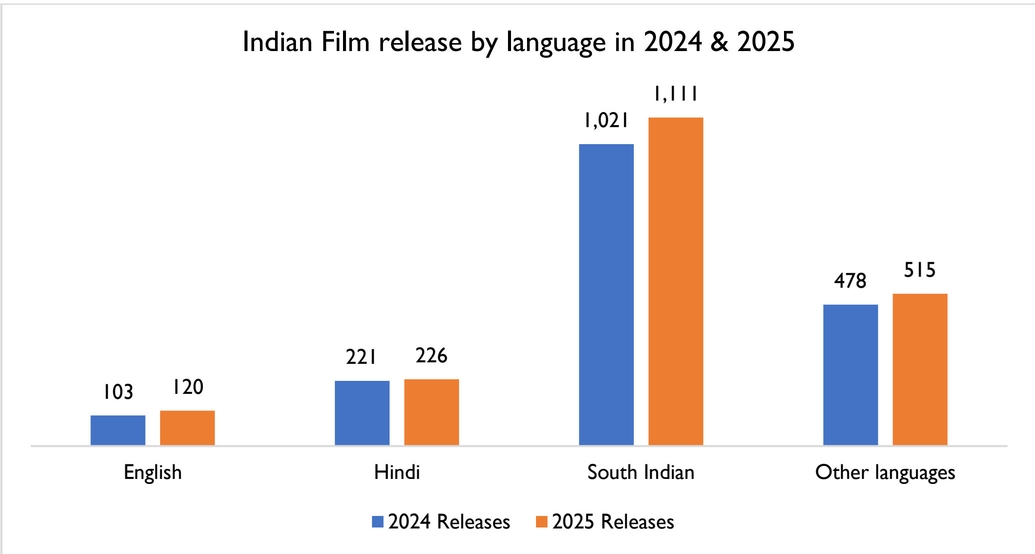
Broadcast rights accounted for 6% of the market, valued at INR 12 billion. While television broadcasting remains a significant revenue stream for the industry, the rise of streaming platforms has presented new challenges and opportunities. In-cinema advertising, though a smaller segment, contributed 4% of the market, totalling INR 9 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 highest number of films were released in South Indian languages (1,111), followed by Other languages (515), Hindi (226), and English (120) in 2025. This trend highlights the growing popularity of regional cinema, which continues to cater to specific linguistic and cultural preferences while expanding its national and global appeal.



[6]

Source: FICCI & EY estimates

[6] https://frames.ficci.in/M&E-Report-2026.pdf

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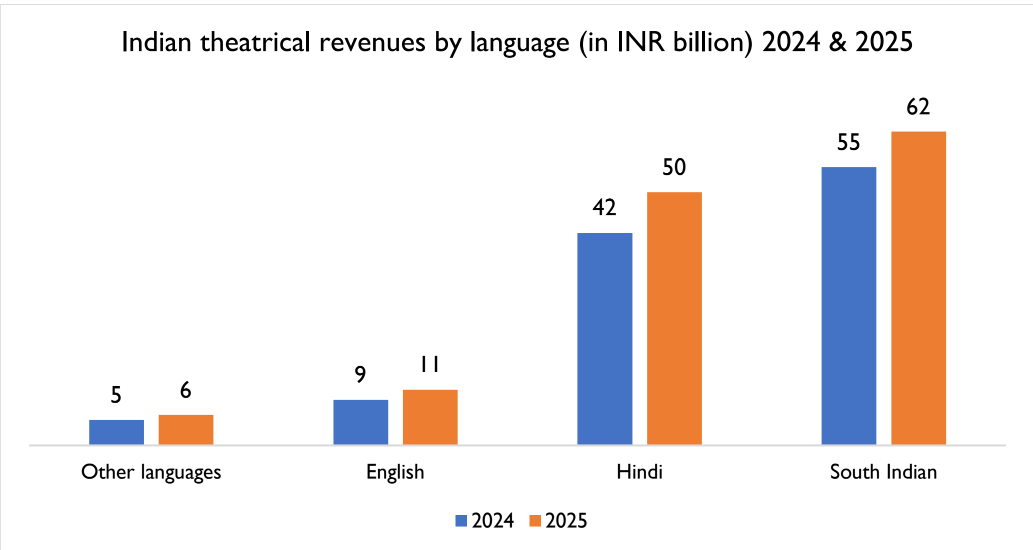
This growth underscores the diversity and vibrancy of regional cinema, catering to specific linguistic and cultural preferences. Prominent films such as Dhurandhar, Kantara: A Legend – Chapter 1, Chhaava, Saiyaara, Thudarum, and Coolie contributed to a significant rise in viewership, demonstrating the growing popularity of Indian films. These high-performing movies captivated audiences and fuelled increased footfalls in theatres across the country. Additionally, the continued expansion of streaming platforms has opened new avenues for film distribution, further extending the reach of Indian cinema to domestic and international audiences. Other notable releases across multiple languages also gained strong traction among viewers, reflecting the growing acceptance of diverse storytelling and regional content. While the increase in film releases has intensified competition, filmmakers continue to focus on high-quality content, compelling narratives, and innovative storytelling to capture audience attention, supporting the sustained growth and evolution of the Indian film 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 witnessed a strong recovery in theatrical performance in 2025, with gross box office revenues increasing to INR 130 billion, up from INR 114 billion in 2024. The growth was driven by higher admissions, a strong pipeline of blockbuster releases, and sustained audience demand for theatrical experiences across multiple languages.



Source: FICCI & EY estimates

Indian theatrical revenues continued to reflect an evolving linguistic landscape. South Indian films remained the largest contributor to box office collections, with revenues rising from INR 55 billion in 2024 to INR 62 billion in 2025, reinforcing the growing dominance of Tamil, Telugu, Malayalam, and Kannada cinema across both regional and pan-Indian markets. Hindi-language films also recorded a notable recovery, with revenues increasing from INR 42 billion to INR 50 billion, supported by a stronger slate of commercial releases and wider audience appeal.

English-language films witnessed steady growth, with theatrical revenues increasing from INR 9 billion in 2024 to INR 11 billion in 2025, indicating continued demand for Hollywood content among urban audiences. Meanwhile, other regional language films recorded a modest increase from INR 5 billion to INR 6 billion, reflecting the expanding acceptance of culturally diverse and locally relevant content. Overall, the revenue trends highlight the resilience of the Indian theatrical market, supported by a balanced mix of regional blockbusters, Hindi cinema, international releases, and evolving audience preferences that continue to drive growth across the exhibition industry.

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 2025, the Indian film industry made significant strides in overseas markets, with the number of Indian films released abroad rising to 390, up from 359 in 2024 and 335 in 2022. These films were showcased across 40 countries, compared to 38 countries the previous year.

International theatricals generated INR 25 billion in gross box office collections, a 25% increase over 2024's INR 20 billion, driven by a 9% rise in releases and higher ticket prices. This growth underscores the increasing global appeal of Indian cinema, fuelled by high-quality content and a strategic focus on culturally similar regions such as China and the Middle East. Looking ahead, the overseas box office is projected to continue expanding as the industry strengthens 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 /subtitling on major streaming services.
- The success of films such as Kantara: A Legend – Chapter 1, Thudarum, and Coolie demonstrates the growing demand for regional stories with universal appeal. These films have attracted audiences beyond their native language markets through pan-India releases, multilingual dubbing, and strong word-of-mouth, prompting greater investment in regional content. As a result, filmmakers are increasingly experimenting with diverse genres, larger production scales, and innovative storytelling to cater to both domestic and international audiences..

Increased Use of VFX and Technology

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- 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.

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- 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 1,972+ films released in 2025, 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 franchise films such as Dhurandhar – Part 1, Dhurandhar – Part 2, Kantara: A Legend – Chapter 1, and War 2 has reinforced the industry's focus on building long-term intellectual properties (IPs) and expanding successful film franchises. Indian filmmakers are increasingly investing in sequels, multi-part narratives, cinematic universes, spin-offs, and branded content to strengthen audience engagement and create sustainable commercial success
- across theatrical and digital platforms..
- 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

- 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 financial incentives for international productions, offering up to 40% of qualifying expenses with a INR 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[7]

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**
Hours spent	148	1,230	385	265	65	114

Source: FICCI & EY estimates

In 2025, Indians spent a staggering 1.23 trillion hours on their mobile phones, marking a 9% growth over 2024, compared to a global growth of just 3.8%. On an active smartphone basis, this translates to over 2,000 hours per year per person, or approximately 5.8 hours per day.

This increase highlights the growing reliance on digital devices for entertainment, communication, and information. India continues to lead the world in overall mobile usage, underscoring the country's rapid digital adoption and the central role smartphones play in everyday life.

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.

[7] https://frames.ficci.in/M&E-Report-2026.pdf

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.

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- ***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 approximately 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.

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OTT Platforms in India

Mapping the Indian OTT landscape

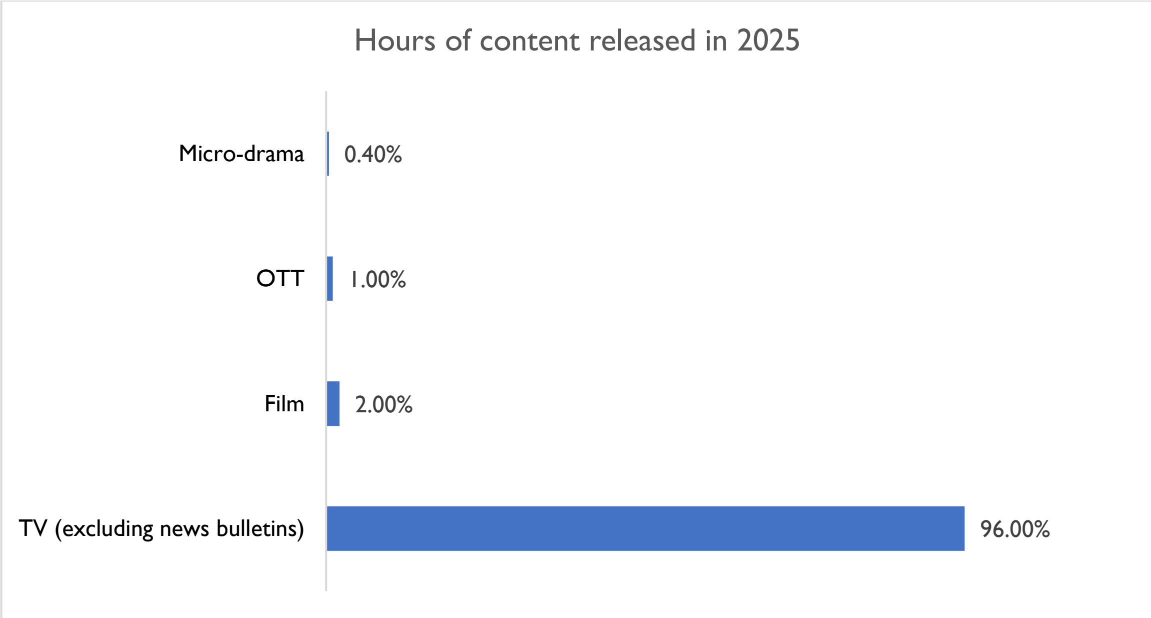
The Indian Over-The-Top (OTT) landscape continues to evolve rapidly, driven by a diverse mix of global and domestic streaming platforms and an increasing focus on regional content. The number of films released on OTT platforms also increased in 2025, with 500 films becoming available on streaming services, reflecting the growing importance of digital distribution. The OTT ecosystem comprises major platforms such as Netflix, Amazon Prime Video, JioHotstar, and regional streaming services including Hoichoi, Manorama Max, Aha, and Sun NXT, offering content across multiple Indian languages. Regional language content has emerged as a key growth driver, with its share on OTT platforms increasing significantly from 27% in 2020 to 56% in 2025. Furthermore, regional cinema now contributes over 65% of all films produced in India, highlighting the growing demand for vernacular storytelling and encouraging streaming platforms to invest heavily in original regional content, multilingual releases, and localized viewing experiences.

The digital media landscape in India continues to witness robust growth, with OTT platforms emerging as a key driver of the Media & Entertainment (M&E) industry. Supported by widespread internet accessibility, rising smartphone penetration, affordable data tariffs, and increasing digital content consumption, digital media continues to reshape consumer viewing habits while complementing traditional media. Despite the rapid expansion of digital platforms, television and other conventional media remain resilient, positioning India as a unique "Linear and Digital Market" where both ecosystems coexist and reinforce overall industry growth.

The M&E sector is estimated to reach INR 2.86 trillion in 2026, reflecting approximately 2.8% annual growth, and projected to reach INR 3.30 trillion by 2028, reflecting strong growth potential driven by digital innovation, evolving consumer preferences, and continued investments across the media and entertainment ecosystem.

India produced nearly 200,000 hours of original content in 2025, demonstrating the scale and diversity of the country's media and entertainment ecosystem. Of the total content produced, television accounted for 184,893 hours (96%), followed by film content at 4,255 hours (2%), OTT original content at 2,440 hours (1%), and micro-drama content at 809 hours (0.4%). While television continued to dominate overall content production, streaming platforms are steadily increasing investments in original programming, regional-language content, and exclusive releases to cater to evolving consumer preferences. Looking ahead, premium OTT content is projected to increase from around 3,000 hours in 2023 to approximately 4,000 hours by 2026, while the number of video OTT subscribing households increased from 43 million subscribing households in 2023 to 143 million subscribing households in 2025[8], driven by rising smartphone penetration, affordable data services, and the growing preference for on-demand entertainment. These trends highlight the significant growth opportunities within India's rapidly evolving digital entertainment ecosystem.

[8] https://frames.ficci.in/M&E-Report-2026.pdf



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

- Indian Platforms : Prominent local OTT platforms include, Zee5, SonyLIV, Jiostar 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, Hulu, Paramount, Apple TV+ and Peacock 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.

- The Ban on 25 OTT platforms has been brought about by Ministry of Information and Broadcasting for streaming obscene, and in few cases pornographic content. The direction was issued to block these websites and apps were released on July 23, 2025.This action was taken post the non-compliance to the advisory issued to these platforms earlier in February 2025 by the Digital Publisher Content Grievances Council (DPCGC), an self-regulatory body headed by the former judge of Supreme Court.

- 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.
- India’s Draft Digital Personal Data Protection Act was passed in August 2023, and the industry is awaiting the compliance of the same, but the Draft DPDPA rules were released on 3 January 2025 and were out for public consultation. The requirements under the act are to include an Consent manager to enable data principles to excersie their rights, verifiable consent for children, Data deletion post a certain timeline, reporting data breaches etc and their impacts are mentioned in the rules. Adhering to these rules would incur costs and personnel by the M& E sector players.

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[9]

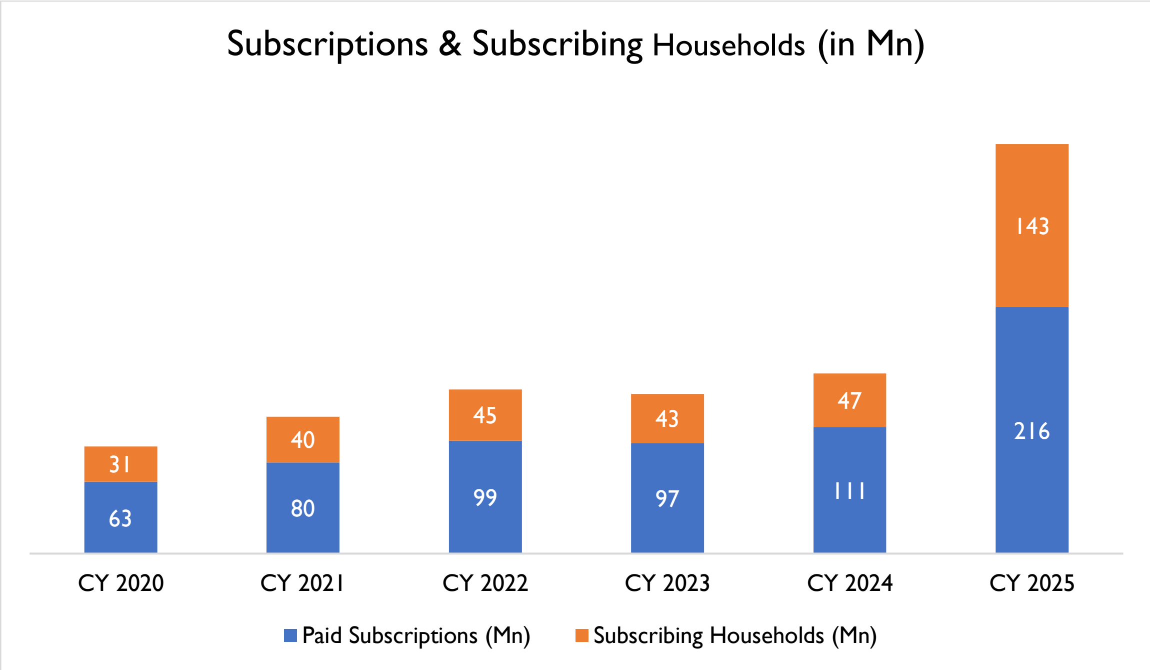
The OTT sector in India continues to witness robust growth, driven by rising internet penetration, affordable data plans, increasing smartphone adoption, and changing consumer viewing preferences. The rapid expansion of digital media has transformed OTT platforms into a mainstream entertainment medium, with investments in premium content, regional programming, and technology-enabled user experiences further accelerating market growth. In 2025, India's OTT market surpassed INR 272 billion, while digital media overtook television to become the largest segment of the country's INR 2,800 billion Media & Entertainment (M&E) industry. The continued shift towards digital consumption, coupled with strong demand for regional and premium content, is expected to sustain long-term growth in the OTT ecosystem.

The online video and OTT content market has witnessed strong growth, supported by the increasing adoption of subscription-based services and OTT aggregation platforms. Digital subscription revenues increased significantly in 2025, driven by strong growth across video, audio, and news platforms. Video subscription revenues increased by 61% to reach INR 148 billion in 2025. During the year, 143 million households subscribed to a total of 216 million paid video OTT subscriptions[10]. Premium sporting events,

[9] https://frames.ficci.in/M&E-Report-2026.pdf

[10] *Subscribing households* refer to households with at least one paid video OTT subscription. As a single household may subscribe to multiple OTT platforms, 143 million subscribing households collectively accounted for 216 million paid video OTT subscriptions.

blockbuster films, and reality shows continued to drive subscriber acquisition and engagement, while 500 films were released on OTT platforms during 2025, further strengthening content availability across platforms.



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

Regional language content has emerged as one of the strongest growth drivers for the OTT industry. The share of regional language content on OTT platforms increased from 27% in 2020 to 56% in 2025, reflecting growing consumer demand for vernacular entertainment across India. Streaming platforms are increasingly investing in original regional series, films, dubbed content, and multilingual releases to cater to diverse audience preferences. At the same time, audio subscription revenues crossed INR 10 billion, supported by over 14 million paid subscriptions, as platforms increasingly focused on premium music offerings, independent artists, podcasts, and subscription-led monetization models.

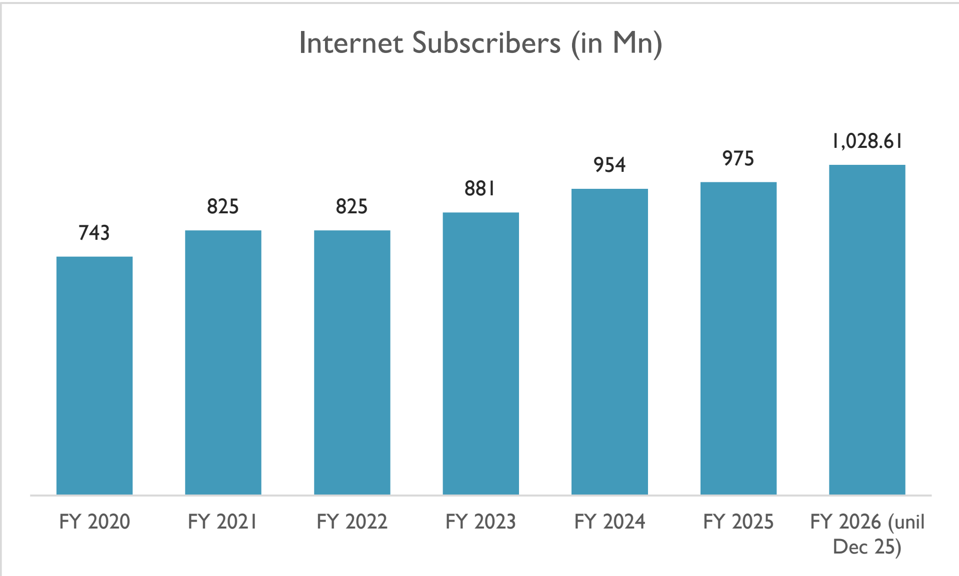
Digital advertising also recorded strong momentum, growing by 26% to reach INR 947 billion in 2025, driven by rising digital content consumption and higher advertiser spending across OTT and online media platforms. The growing adoption of targeted advertising, programmatic advertising, and AI-driven audience analytics has further enhanced the effectiveness of digital campaigns. Ad-supported OTT platforms continue to evolve by adopting hybrid monetization strategies, including subscription bundles with telecom operators and digital service providers, enabling platforms to improve customer acquisition, enhance subscriber retention, and diversify revenue streams while maintaining affordable access for consumers.

Looking ahead, digital subscription revenues are projected to increase by an additional INR 85 billion, with the number of video OTT subscribing households expected to increase from 143 million subscribing households in 2025 to approximately 191 million subscribing households by 2028[11]. Continued investments in regional content, premium originals, live sports, exclusive entertainment, and technology-driven personalization are expected to strengthen subscriber growth and monetization opportunities. Overall, India's OTT industry is well positioned for sustained expansion, supported by increasing digital adoption, evolving consumer preferences, affordable internet access, and a rapidly growing subscription economy.

Key factors of Online Streaming in India

- **Growth in internet subscriber base**

The Indian internet market has continued to expand rapidly, with the total number of internet subscribers reaching 1,028.61 million as of 31 December 2025, registering a 1.06% increase over the previous quarter. This growth is driven by increasing demand for online services, digital transformation, and expanding internet infrastructure. The market remains predominantly wireless, with 983.29 million wireless internet subscribers, while fixed (wired) internet subscribers stood at 45.32 million. Broadband adoption continues to dominate the market, with 1,007.35 million broadband subscribers, reflecting the growing preference for high-speed internet services. Meanwhile, narrowband subscribers declined to 21.25 million, highlighting the continued shift towards broadband connectivity.



[12]

Source: TRAI

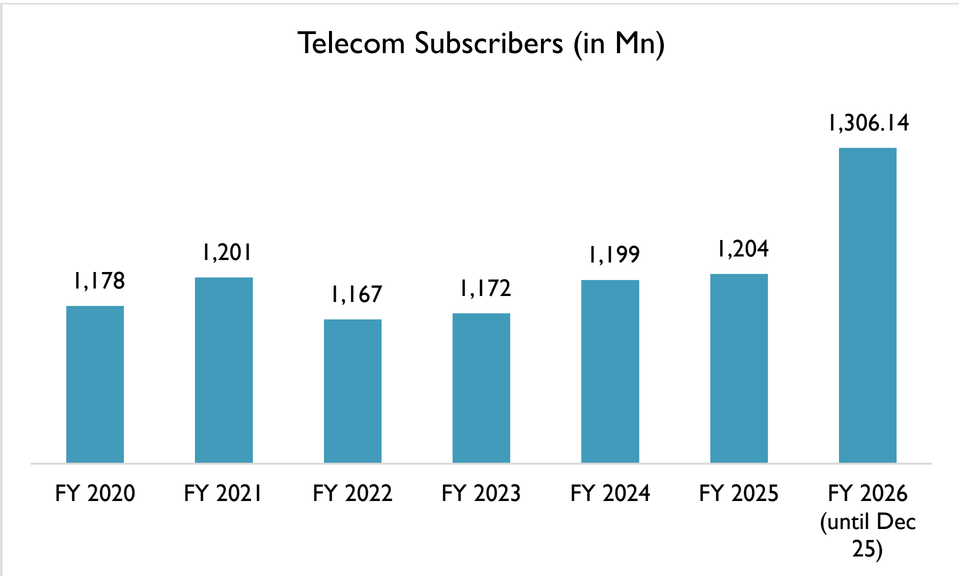
Internet penetration continued to strengthen across both urban and rural India. Urban internet subscribers reached 594.33 million, while rural internet subscribers stood at 434.27 million as of 31 December 2025. The overall internet subscription rate increased to 72.24 subscribers per 100 population, with urban internet density at 116.09 per 100 population and rural internet density at 47.63 per 100 population. The continued

[11] https://frames.ficci.in/M&E-Report-2026.pdf
[12] https://trai.gov.in/sites/default/files/2026-03/QPIR_03032026_0.pdf

expansion of internet connectivity across the country is supporting India's digital transformation by enabling greater access to online education, e-commerce, digital financial services, social media, and OTT platforms, thereby fostering a more inclusive digital ecosystem.

- **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 2025, the total number of telecom subscribers (wireless and wireline) reached 1,306.14 million, registering a 6.28% increase over the previous quarter. Urban subscribers accounted for 762.44 million, while rural subscribers reached 543.70 million, reflecting continued growth in telecom penetration across both regions. The overall tele-density increased to 91.74%, with urban tele-density at 148.92% and rural tele-density at 59.63%, highlighting the expanding reach of telecom services throughout the country. The Indian telecom sector continues to benefit from increasing smartphone adoption, expanding broadband infrastructure, and the ongoing rollout of advanced network technologies, providing a strong foundation for the growth of digital services, online streaming, and OTT platforms.



[13]

Source: TRAI

[13] https://trai.gov.in/sites/default/files/2026-03/QPIR_03032026_0.pdf

As of December 2025, private operators continued to dominate the Indian telecom market, accounting for 92.17% of total subscribers, while public sector operators (PSUs) held the remaining 7.83%, reflecting the highly competitive nature of the sector. Tele-density in the country increased to 91.74% in December 2025, demonstrating the continued expansion of telecom connectivity across India[14]. With the ongoing rollout of 5G networks, increasing smartphone penetration, and rising demand for high-speed internet, telecom operators are making substantial investments in digital infrastructure, including fibre-optic networks and next-generation mobile technologies. These developments are strengthening India's digital ecosystem and supporting the rapid growth of digital services, online streaming, and OTT platforms, while reinforcing the telecom sector's role as a key enabler of the country's digital economy.

- **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 priced above 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 primarily by rapid adoption in rural areas. In 2021, the country had approximately 1.2 billion mobile subscribers, of which 750 million were smartphone users. The rural smartphone user base is expected to grow at a 6% CAGR, compared with 2.5% CAGR in urban areas. Rising internet penetration, the expansion of the BharatNet programme to enhance broadband connectivity in villages, and the increasing use of smartphones for digital payments, e-health, e-learning, and other digital services are expected to remain the key drivers of smartphone adoption across the country.

The demand for smartphones is expected to surge, with 5G contributing significantly to new smartphone sales. By 2026, 5G-enabled devices are expected to account for 80% of smartphone sales, with an estimated 840 million 5G smartphones sold between 2022 and 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 smartphone market is expected to continue growing as the country's digital ecosystem evolves.

Key factors driving digital content consumption.

- **Affordable Internet and Smartphones**

[14] https://trai.gov.in/sites/default/files/2026-03/QPIR_03032026_0.pdf
All data in this section is sourced from TRAI reports (FY2025–26).

The availability of affordable smartphones and low-cost data plans has been instrumental in expanding access to digital content across India. As of 2025, India still 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 0.02 per GB, while the most expensive plan is USD 43.75. 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 continued to expand, with total internet subscribers increasing from 1,017.81 million as of 30 September 2025 to 1,028.61 million as of December 2025, reflecting a 1.06% quarter-on-quarter growth[15]. The sustained increase in internet connectivity, supported by expanding broadband infrastructure and rising digital adoption across urban and rural areas, continues to drive the consumption of online content, digital services, and OTT platforms.

- **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.

- **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

[15] https://frames.ficci.in/M&E-Report-2026.pdf

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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**

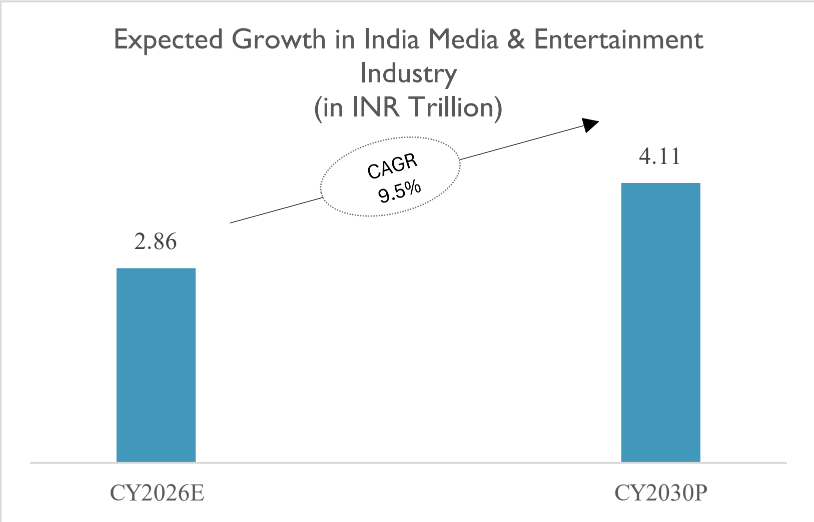
India's OTT platforms face regulatory scrutiny, particularly around sensitive subjects such as religion, politics, and morality. The government has introduced regulatory guidelines for digital content, and OTT platforms must now adhere to a content code that includes self-censorship and oversight mechanisms. 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

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 7% CAGR, reaching approximately INR 3.30 trillion (USD 37.9 billion) by 2028 from INR 2.86 trillion in 2025. Growth will be predominantly driven by the digital media segment, has overtaken television as the largest contributor to M&E revenues. Digital media is expected to grow at a CAGR of 14% between CY 2025 and CY 2028 significantly showing a better growth rate compared to other segments. Animation and VFX, live events and Music segments are also expected to witness substantial growth, driven by the increased use of technology, effective spends by public and private events such as concerts, big weddings innovation in content production and independent artists gaining popularity.



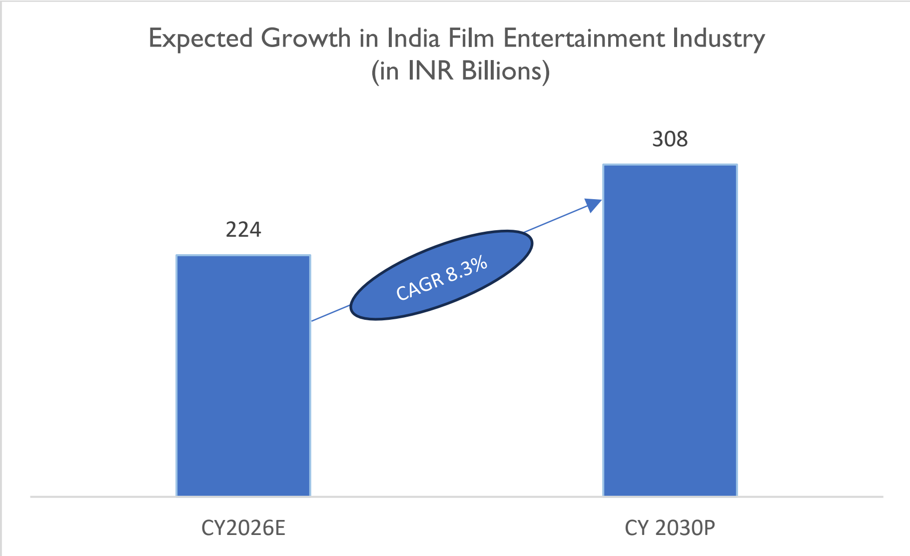
Source: D&B Estimates and Projections

By 2026, digital media has already surpassed 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 2028, digital subscription revenues are expected to grow by over 15%, 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 7%, reaching INR 253 billion by 2028, up from INR 205 billion in 2025. 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.
  - The number of screens grew by 1%, to reach 10,033 screens, the overall screen density remains insufficient to meet the growing demand. South India continues to lead, holding 45% of the nation's screens, contributing 4,465 out of the total, while the rest of India accounted for 5,568 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 2025, 150 million lesser Indians visited cinema halls, reflecting the challenges of accessibility and reach for a broader audience. However, the industry's resilience was evident, with 1,972 films released in theatres, an 8.2% increase over the previous year. This small growth in theatrical releases is a point to ponder and address the need to attract the viewers to the screens

- 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 Pictures 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

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	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 Lakhs)	FY2026	FY 2025	FY 2024	FY 2023
Revenue from Operations	29,812.5	34,807.2	40,370.9	29,051.0
EBITDA	4,516.1	6,227.4	6,488.3	5,728.5
PAT	2,195.5	4,045.4	4,197.1	3,968.4
EBITDA Margin (%)	15.1%	18%	16%	20%
PAT Margin (%)	7.4%	12%	10%	14%
ROA	2.8%	8%	11%	23%
ROCE	11.4%	25%	43%	87%
Net Worth	22,470.9	18,984.9	13,353.5	5,638.6
Long-term Debt	2,639.1	5,171.6	1,683.9	881.5
Debt Equity Ratio	0.54	1.6	1.9	2.1
Return on Equity	9.8%	21%	31%	70%

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Baweja Studios Ltd

Key Indicators (INR Lakhs)	FY 2026	FY 2025	FY 2024	FY 2023
Revenue from Operations	6,893.7	7,557.4	6,429.7	7,379.1
EBITDA	1,217.9	1,432.5	1,214.3	1,151.3
PAT	608.0	828.3	822.3	796.9
EBITDA Margin (%)	17.7%	19%	19%	16%
PAT Margin (%)	8.8%	11%	13%	11%
ROA	3.3%	4%	7%	18%
ROCE	7.6%	10%	12%	53%
Net Worth	11,006.6	10,399.6	9,570.7	1,986.3
Long-term Debt	319.8	59.3	106.1	128.0
Debt Equity Ratio	0.35	0.8	0.3	1.3
Return on Equity	5.5%	8%	9%	40%

Balaji Telefilms Ltd

Key Indicators (INR Lakhs)	FY2026	FY 2025	FY 2024	FY 2023
Revenue from Operations	21,083.5	45,308.9	62,070.2	51,716.6
EBITDA	-5,130.5	661.4	5,341.9	7,037.2
PAT	-4,549.3	9,059.2	2,112.5	3,891.8
EBITDA Margin (%)	-24.3%	1%	9%	14%
PAT Margin (%)	-21.6%	20%	3%	8%
ROA	-5.2%	2%	2%	3%
ROCE	-8.8%	-0.1%	8.7%	5.4%
Net Worth	64,136.5	67,111	44,321	1,12,824
Long-term Debt	0.0	128.5	116.8	203.1
Debt Equity Ratio	0.02	713.4	0.2	0.2
Return on Equity	-7.1%	13%	5%	3%

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

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Company Profile

Overview

Incorporated in 2007, Sunshine Pictures Limited (Sunshine Pictures) is a production house engaged in originating, developing, producing, marketing, and distributing feature films, television programmes, web shows, and all forms of audio-visual content.

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", "The Kerala Story", and "Bastar". As on the date of the Red Herring Prospectus, the company has produced 13 commercial films, comprising seven co-produced films and six self-produced films, along with two web series, three television serials, and one short commercial film. The Company's diversified content portfolio, spanning films, television serials, web series, music and digital originals, reflects its continued focus on expanding its presence across multiple entertainment formats.

Sunshine Pictures has a robust growth pipeline with six feature films and two web series under development. **In addition, the Company is currently undertaking key projects** including co-production of the film "Hisaab" with Jio Studios, scheduled for release in Fiscal 2027, while also producing the commercial film "Samuk" and the web series "Nanavati vs Nanavati" for Amazon Seller Services Private Limited, both planned for release in Fiscal 2027. Besides, the company has expanded into the music and digital entertainment space through its own music label, "Sunshine Music," and digital content vertical, "Sunshine Digital (Originals)," under which it has released 36 (thirty-six) original music releases and 2 digital originals namely "Bawra Mann and "Ankahee"." The intellectual property created across these new verticals, together with its films, television programmes, and web shows, forms a valuable long-term asset base. Following the theatrical releases of "The Kerala Story", "The Kerala Story 2 – Goes Beyond", Governor: The Silent Saviour and "Bastar," the company also plans to strengthen its theatrical distribution business by acquiring films from other production houses.

Sunshine Pictures is a technology-driven content creator specializing in multi-format commercial films, emphasizing innovation in storytelling and production techniques. By integrating in-house capabilities with outsourced services such as VFX, the company ensures efficient, high-quality productions. Operating under two production 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 multiple platforms. A prudent approach to budgeting and stringent cost controls further strengthens its financial stability.

The company maintains a strong digital presence with 167,000 YouTube subscribers and over 104.04 million views, alongside a combined Instagram and Facebook follower base of 120,000. Led by Vipul Amrutlal Shah, a seasoned filmmaker with over 25 years of experience, and supported by Shefali Vipul Shah, the leadership

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team continues to drive strategic growth while capitalizing on evolving audience preferences. By combining creative excellence with fiscal discipline and expanding its presence across films, television, music, and digital entertainment, the company continues to strengthen its position in the Indian media and entertainment industry while fostering long-term value creation.

* - The above mentioned proposed projects in the pipeline are subjected to the implementation by the production house based on the available funds, market conditions and other factors.

SWOT Analysis – Sunshine Pictures Ltd

Strengths: Foundations of a Robust Entertainment Enterprise

- **Exceptional Leadership Ecosystem**

Sunshine Pictures is led by an exceptional leadership team, including Vipul Amrutlal Shah, whose 25+ years in filmmaking have produced iconic blockbusters such as *Aankhen – one of the biggest blockbusters of 2002*, *Namastey London*, *Singh Is Kinng, Waqt: The Race Against Time, and London Dreams*. Shefali Vipul Shah, 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 Do', '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

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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 Pictures 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 Pictures can solidify its position as a leading entertainment enterprise in the evolving media landscape.

Key Performance Indicators

Sunshine Pictures Ltd

Key Indicators (INR Lakhs)	FY2026	FY 2025	FY 2024	FY 2023
	Standalone	Consolidated		
Revenue from Operations	7,443.67	10,333.01	13,379.80	2,650.91
EBITDA	5,854.81	5075.78	7397.29	446.32
PAT	4,002.24	3446.46	5334.90	231.11

EBITDA Margin (%)	78.65%	49.12%	55.29%	16.84
PAT Margin (%)	53.77%	33.35%	39.87%	8.72

In FY2023, the company operated on a modest scale, reporting revenue from operations of INR 2,650.91 lakhs and PAT of INR 231.11 lakhs. FY2024 marked a breakthrough year, with revenue increasing more than fivefold to INR 13,379.80 lakhs and PAT rising sharply to INR 5334.90 lakhs. This growth was accompanied by a substantial improvement in profitability, with the EBITDA margin expanding from 16.84% in FY2023 to 55.29% in FY2024 and the PAT margin increasing from 8.72% to 39.87%. The company's strong FY2024 performance was primarily supported by the revenue contribution and monetisation of films such as *The Kerala Story* and *Bastar: The Naxal Story*, which significantly boosted revenue and profitability. In FY2025, revenue moderated to INR 10,333.01 lakhs, representing a 22.8% year-on-year decline. Despite lower revenue due to the absence of a comparable blockbuster release, the company maintained healthy profitability, with an EBITDA margin of 49.12% and a PAT margin of 33.35%, demonstrating resilient operational efficiency and disciplined cost management. In FY2026, Sunshine Pictures reported revenue from operations of INR 7,443.67 lakhs, EBITDA of INR 5,854.81 lakhs, and PAT of INR 4,002.24 lakhs. The company recorded an EBITDA margin of 78.65% % and a PAT margin of 53.77%, reflecting strong profitability and efficient cost management during the fiscal year.