EXECUTIVE SUMMARY … (1/2)

Second largest TV market

- Household televisions increased to 183 million in 2017* from 181 million in 2016 with 780 million TV viewing individuals.
- In 2016, television market generated a revenue of US$ 9.62 billion.

One of the largest broadcasting market

- As of 2016, India had one of the largest broadcasting industries in the world with approximately 892 private satellite television channels. As of 2016, there are 243 FM radio channels and 190 operational community radio networks.
- The Ministry of Information and Broadcasting (MIB) has officially completed all the four phases of digitisation, As of March 2017, a total of 64.4 million set-top boxes (excluding Tamil Nadu) were set up in Phase 3 and Phase 4 areas.
- Total of 243 FM channels (21 from the Phase - I and 222 from Phase – II) are operational. Under the phase III, the Cabinet has already given permission to 135 FM channels in 69 cities to operate.
- Telecom Regulatory Authority of India (TRAI) plans to introduce a policy for broadcasting sector with a vision of 2020. The policy aims to usher a new era in the broadcasting sector where MRP of the TV channel will be declared by broadcasters directly to the consumers, and will bring more transparency and choices to the consumers.

Note: * March 2017
Source: KPMG – FICCI Report, 2016; Dish TV Investor Presentation, Ministry of Information and Broadcasting (MIB), NASSCOM, Telecom Regulatory Authority of India (TRAI), Aranca Research
EXECUTIVE SUMMARY … (2/2)

Fast growing animation industry
- The animation and Visual Effects (VFX) industry showcased a growth of 16.4 per cent, largely led by a 31 per cent growth in VFX industry.
- During 2016-21, the segment is expected to grow at a higher CAGR of 17.2 per cent, largely led by the continued growth in outsourced services and the swelling use of animation and VFX services in the domestic television and film space, respectively.

Exceptional growth in film industry
- The Indian film industry in expected to grow at a rate of 10.4 per cent to become the third largest cinema market, after US and China by 2021.
- Digitalisation has played the major role in the growth of Indian film industry
- By 2019, cinema exhibition industry in India is expected to have over 3,000 multiplex screens

Rising no of subscribers
- Total subscriber base for Indian television industry is expected to increase to 195 million by 2019 from 183 million in 2017.
- As of December 2016, registered DTH subscriber base in India stood at around 97.05 million, of which, active DTH subscriber base in the country was around 62.65 million.

Source: KPMG – FICCI Report, 2016; Dish TV Investor Presentation, Ministry of Information and Broadcasting (MIB), NASSCOM, Telecom Regulatory Authority of India (TRAI)
ADVANTAGE INDIA
Rising incomes and evolving lifestyles have led to higher demand for aspirational products and services.

Higher penetration and a rapidly growing young population coupled with increased usage of 3G, 4G and portable devices would augment demand.

From April 2000 to June 2017, FDI Inflows in Information and Broadcasting (including print media) sector reached US$ 6,582.69 million.

Increasing M&A activity.

More big-ticket deals such as Walt Disney-UTV, Sony-ETV and Zee-Star.

Entry of big players across all segment of industry.

Entertainment Industry is set to expand at a CAGR of 11.80 per cent over 2016–21, one of the highest rates globally.

Television and AGV segments are expected to lead industry growth and offer immense growth opportunities in digital technologies as well.

Policy sops, increasing FDI limits.

Measures such as digitisation of cable distribution to improve profitability and ease of institutional finance.

Increasing liberalisation and tariff relaxation.

In 2011, Indian Government passed the “The Cable Television Networks (Regulation) Amendment Act, 2011” for digitisation of cable television networks.

Notes: Animation, Gaming and VFX, VFX - Visual Effects, M&A - Merger and Acquisition, CAGR - Compound Annual Growth Rate, FDI - Foreign Direct Investment, Deadline for the entire country to be digitised is December 2014, E – Estimate, P – Projected.
MARKET OVERVIEW
THE ENTERTAINMENT SECTOR IS SPLIT INTO NINE SEGMENTS


Note: VFX - Visual Effects

Entertainment

- Television
- Radio
- Gaming
- Animation and VFX
- Out of Home (OOH)
- Music
- Digital Advertising
- Films
- Print
THE INDIAN ENTERTAINMENT INDUSTRY IS GROWING RAPIDLY

- Indian media and entertainment (M&E) industry grew at a CAGR of 11.61 per cent from 2011-2016; and is expected to grow at a CAGR of 13.9 per cent to touch US$ 37.55 billion by 2021 from US$ 19.59 billion in 2016.
- The next 5 years will see digital technologies increase their influence across the industry leading to a sea change in consumer behaviour across all segments
- The entertainment industry is projected to be more than US$ 62.2 billion by FY25
- With an intent of ushering in an era of conversational computing, Microsoft has released an artificial intelligence chatbot known as Ruuh for Facebook Messenger. The English speaking chatbot is only available to users in India and is to be used for entertainment purposes

### Market Size US$ billion

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Size US$ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>11.31</td>
</tr>
<tr>
<td>2012</td>
<td>12.74</td>
</tr>
<tr>
<td>2013</td>
<td>14.25</td>
</tr>
<tr>
<td>2014</td>
<td>15.92</td>
</tr>
<tr>
<td>2015</td>
<td>17.95</td>
</tr>
<tr>
<td>2016</td>
<td>19.59</td>
</tr>
<tr>
<td>2017</td>
<td>21.86</td>
</tr>
<tr>
<td>2018</td>
<td>24.93</td>
</tr>
<tr>
<td>2019</td>
<td>28.66</td>
</tr>
<tr>
<td>2020</td>
<td>32.83</td>
</tr>
<tr>
<td>2021</td>
<td>37.55</td>
</tr>
</tbody>
</table>

**Notes:** CAGR - Compound Annual Growth Rate, P – Projected
**Source:** KPMG – FICCI Report 2017, Aranca Research
The entertainment industry continues to be dominated by the television segment, with the segment accounting for 44.24 per cent of revenue share in 2016, which is expected to grow further to 48.18 per cent by 2021.

Television, print and films together accounted for 79.54 per cent of market share in 2016, in value terms.

Print media would be the second largest sector in the overall entertainment industry in India, following which sectors of Out of Home (OOH) and Radio are expected to contribute almost 2 per cent each to the entire industry by 2021.

India print media industry generated revenues worth US$ 4.51 billion in FY2017 (till December 2016).

PVR Cinemas plans to add around 75 screens across India during FY2017-18, thereby raising its capacity to 650 screens and has a target to achieve 1,000 screens in India by 2020.

Google’s video platform, YouTube, plans to increase its user base in India to 400 million, as rising internet penetration in the rural areas will enable the consumers to access videos on their smartphones.
TELEVISION, ONE OF THE LARGEST AND FASTEST GROWING SEGMENT

- Nonetheless, the share of subscription in the overall revenue of the TV segment is expected to increase to 66.18 per cent by 2021.
- In 2017, television market is expected to generate US$ 10.15 billion revenue.

### Notes:
- E – Estimated, F – Forecast, TV – Television
- Source: KPMG – FiCCI Report 2017, Aranca Research
Radio, animation and VFX, gaming and digital advertising are also emerging as fast growing segments.

During 2008-21, these segments are expected to increase at CAGRs of:
- Digital advertising (30.93 per cent)
- Gaming (15.97 per cent)
- Radio (10.93 per cent)
- Animation (13.34 per cent)

With increasing use of internet and other digital resources, Digital Advertising is expected to grow at the fastest rate among peers like print media, radio and outdoor advertising.

India digital advertising market has reached US$ 1 billion in FY2016-17.

Expenditure on digital advertisements in India is expected to increase at CAGR of 30.8 per cent between 2016-21, as internet penetration and data consumption increases in the country.

**Note:** VFX - Visual Effects; P – Projected, E – Estimated FICCI Report 2017, Aranca Research,
^ - according to Digital First Journey report by KPMG
Source: FICCI Report 2017, Aranca Research
In 2016, total spending on advertising across all media across the entertainment industry in India stood at US$ 7.85 billion, which is expected to touch US$ 9.31 billion in 2017.

Print was the largest contributor, accounting for 38.11 per cent of the advertising share in 2016 and is projected to be 40.7 per cent in 2017.

Advertising revenue is expected to touch US$ 16.81 billion by 2021, growing at a CAGR of 10.1 per cent between 2011 to 2020. It is projected to increase at a CAGR of 15.31 per cent between FY16-21.

Print media and television together contributed for 76.2 per cent of total revenue from advertising in 2016.


Mobile advertising has emerged as the 3rd largest advertising medium in India after television and print advertising. Spending on mobile advertising in India is expected to grow to US$ 1.53 billion by the end of 2018.

Regional Entertainment channels comprising mostly of regional GECs (General Entertainment Channels), regional movies and regional music.

In print media, the rise in literacy rates, significant population growth, the rise in incomes in smaller towns and the entry of big players in regional markets is likely to drive future expansion of circulation and readership across India.

Viewership in South India is dominant for regional entertainment as Tamil and Telugu channels together account for more than half of the total viewership. It is comparatively less for Oriya and Bhojpuri, which is equivalent to only 2 per cent each.

Music entertainment revenues is expected to touch US$ 396.22 million by 2021 from US$ 169.65 million in 2008, registering a growth of 6.7 per cent.

By 2020, the number of online music listeners in India will reach 273 million, while the digital music revenues is likely to cross US$ 507.7 million

Source: FICCI Report 2017, Aranca Research
# Key Players in the Media and Entertainment Industry

<table>
<thead>
<tr>
<th>Television</th>
<th>Print</th>
<th>Films</th>
<th>Music</th>
</tr>
</thead>
<tbody>
<tr>
<td>Star India Pvt Ltd</td>
<td>Bennett, Coleman and Co Ltd</td>
<td>Yash Raj Films Studios</td>
<td>Saregama India Ltd</td>
</tr>
<tr>
<td>Zee Entertainment Enterprises Ltd</td>
<td>HT Media Ltd</td>
<td>Eros International Media Ltd</td>
<td>Super Cassettes Industries Ltd</td>
</tr>
<tr>
<td>Multi Screen Media Pvt Ltd</td>
<td>Living Media India Ltd</td>
<td>Red Chillies Entertainments Pvt Ltd</td>
<td>Tips Industries Ltd</td>
</tr>
</tbody>
</table>

*Source: Company websites*
<table>
<thead>
<tr>
<th>Force</th>
<th>Impact</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Threat of Substitutes</td>
<td>Low</td>
<td>Significant sporting events like World Cup, T20, etc. and other cultural events</td>
</tr>
<tr>
<td>Bargaining Power of Suppliers</td>
<td>Low</td>
<td>The number of suppliers is very high which leads to low bargaining power.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increasing number of content providers</td>
</tr>
<tr>
<td>Competitive Rivalry</td>
<td>High</td>
<td>Highly fragmented industry that is no single enterprise has large enough share to influence the entire sector</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High fixed costs and highly perishable products</td>
</tr>
<tr>
<td>Bargaining Power of Buyers</td>
<td>High</td>
<td>Due to increased globalisation, consumers' loyalty towards one channel less, as variety of alternative sources of entertainment available</td>
</tr>
<tr>
<td>Threat of New Entrants</td>
<td>Low</td>
<td>High sunk costs are involved</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High capital requirements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Access to distribution is difficult</td>
</tr>
</tbody>
</table>

**PORTER’S FIVE FORCES FRAMEWORK ANALYSIS**

For updated information, please visit www.ibef.org
RECENT TRENDS
AND STRATEGIES
# NOTABLE TRENDS IN THE MEDIA AND ENTERTAINMENT INDUSTRY… (1/2)

<table>
<thead>
<tr>
<th><strong>Television</strong></th>
<th><strong>Print</strong></th>
<th><strong>Film</strong></th>
<th><strong>Out of Home and digital</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ In 2016, television penetration in India reached to 64 per cent</td>
<td>▪ The print industry is estimated to reach US$4.76 billion in 2016 and is expected to grow at a CAGR of 7.3 per cent between 2016-2021, with the market expected to reach US$6.69 billion by 2021.</td>
<td>▪ The Indian film industry is largest producer of films globally with 400 production and corporate houses involved in film production.</td>
<td>▪ With increasing penetration of internet and digital mediums, digital segment is expected to outperform other sectors of entertainment.</td>
</tr>
<tr>
<td>▪ The government announced digitisation of cable television in India in 4 phases, which was slated for completion by the end of December 2016. Phase III was almost completed in December 2015, while Phase IV is under progress.</td>
<td>▪ Increasing income levels and evolving lifestyles have led to robust growth in niche magazines segment.</td>
<td>▪ The revenues earned by the Indian film industry in 2016 would reach US$2.31 billion and are expected to further grow at a CAGR 7.7 per cent during 2016-2021. Increasing share of Hollywood content in the Indian box office and 3D cinema is driving the growth of digital screens in the country.</td>
<td>▪ Although Out-of-Home segment has a low contribution to the total of entertainment industry, in coming years it is going to witness a significant growth.</td>
</tr>
<tr>
<td>▪ The Direct-To-Home (DTH) subscription is growing rapidly driven by content innovation and product offerings</td>
<td>▪ Considering the huge potential in regional print markets, national advertisers are entering these markets to increase their advertising share.</td>
<td></td>
<td>▪ The market size for Out of Home (OOH) entertainment reached US$388.21 million in 2016.</td>
</tr>
</tbody>
</table>

### Radio
- Increasing FM enabled phones and car music systems
- As of December 2015, 243 channels are operational in 86 cities in India. Further, 21 private FM channels were set up during Phase-I and an additional 222 channels were set up during Phase-II
- The government is planning to auction 1,000 new FM channels by the end of 2016. Liberalisation of policy on community radio took place in 2008 which led to 29 community radio stations getting operational in the country
- In 2016, the radio industry in India accounted for a market size of US$337.6 million, registering growth of CAGR 14.54 per cent during 2012–16.

### Animation, Gaming and VFX (AGV)
- Growing focus on the ‘kids genre’ and rise in dedicated TV channels for them. As the advertising industry grows, the share of animation driven advertisements are expected to also grow
- Surge in 3D/HD animated movies in theatres and use of animation and VFX in TV advertising and gaming. Growing outsourcing of VFX and gaming to India is due to cost effectiveness of Indian players
- Content localisation such as T20fever.com, IPL, Khel Kabaddi, etc.
- Animation and VFX industry in India is expected to grow at a CAGR of 17.2 per cent over 2016-2021 and the gaming industry is expected to grow at a CAGR of 18.2 per cent during the same period.

### Music
- The music industry is on fast paced growth with increasing international associations. The Indian music industry is a consortium of 142 music companies
- Players are looking at new ways and mediums to monetise music, such as utilising social media to promote music. Mobile phones, iPods and mp3 players – devices that enable music on-the-go – are becoming the primary means to access music
- Digital music on mobile continues to drive music industry revenue and digital revenues are expected to reach US$394.22 million by 2021. Digital revenues contribute 55 per cent of the music industry and is expected to contribute close to 62 per cent by 2018.

### STRATEGIES ADOPTED

<table>
<thead>
<tr>
<th>Viewership in regional entertainment</th>
<th>Regional entertainment is growing and therefore, the suppliers are able to expand their forte in the products</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Zee Television, Star TV have their regional channels both for entertainment and news</td>
</tr>
<tr>
<td></td>
<td>The South Indian television industry is one of the oldest operational television sectors across the nation and is further growing due to the regional content</td>
</tr>
<tr>
<td>Marketing strategies</td>
<td>The manufacturing companies such as Videocon is offering combo deals such as LED/LCD sets with Videocon set-up boxes and dish services</td>
</tr>
<tr>
<td></td>
<td>The Dish TV is also offering the set up boxes with many additional channels</td>
</tr>
<tr>
<td></td>
<td>Increasing digitisation in the country is helping such companies to further add up to their revenues</td>
</tr>
<tr>
<td>Television: A common medium</td>
<td>As television industry is a dominant segment in the entertainment industry even the film makers promote their films at this platform so as to reach to the mass audiences for example the reality shows, TV advertisements, etc</td>
</tr>
<tr>
<td></td>
<td>Many film producers, actors, etc have shifted to the television industry so as to remain in the race and maintain their fan following</td>
</tr>
<tr>
<td></td>
<td>TV programmes being used as a medium of promoting films or other entertainment events</td>
</tr>
<tr>
<td>Audience: the ultimate consumer</td>
<td>Audience is the ultimate consumer in this industry and therefore films, advertisements, music and all the products of entertainment sector is based on the tastes and preferences of the audiences of the nation</td>
</tr>
</tbody>
</table>

*Source: Aranca Research, KPMG Report on Engineering sector*
GROWTH DRIVERS
Apart from the impact of rising incomes, widening of the consumer base will also be aided by expansion of the middle class, increasing urbanisation and changing lifestyles.

The entertainment industry will also benefit from continued rise in the propensity to spend among individuals; empirical evidence points to the fact that decreasing dependency ratio leads to higher discretionary spending on entertainment.

Traditionally only advertising has been a key source of revenue for Media and Entertainment industry, but off late revenue from subscription and value added services has also contributed significantly. With consumers willing to pay for content and extra services, the subscription segment will play an important role in the post digitisation era.

**Indian residents shifting from low-income to high-income groups**

- **2005**
  - Elite (>30800): 42.0%
  - Affluent (15400-30800): 8.0%
  - Aspirers (7700-15400): 3.0%
  - Next billion (2300-7700): 11.0%
  - Strugglers (<2300): 5.0%

- **2016**
  - Elite (>30800): 45.0%
  - Affluent (15400-30800): 15.0%
  - Aspirers (7700-15400): 6.0%
  - Next billion (2300-7700): 11.0%
  - Strugglers (<2300): 5.0%

- **2025F**
  - Elite (>30800): 46.0%
  - Affluent (15400-30800): 20.0%
  - Aspirers (7700-15400): 11.0%
  - Next billion (2300-7700): 11.0%
  - Strugglers (<2300): 5.0%

*Note: Income distribution is calculated in constant 2015 dollars; $1=65. Because of rounding, not all percentages add up to 100. F - Forecast*

*Source: McKinsey Quarterly Report*
<table>
<thead>
<tr>
<th>Sector</th>
<th>Policy Measures</th>
</tr>
</thead>
</table>
| Radio           | - FDI limit in radio, including private FM channels have been increased from 26 per cent to 49 per cent  
|                 | - Private operators allowed to own multiple channels in a city, subject to a limit of 40 per cent of total channels in the city  
|                 | - Private players allowed to carry news bulletins of All India Radio  
|                 | - Further boost may be given to the radio sector by charging license fees on the basis of ‘net income’ so as to provide relief to loss making radio players |
| Television      | - Digitisation of the cable distribution sector to attract greater institutional funding, improve profitability and help players improve their value chain  
|                 | - FDI limit for DTH satellite and digital cable network was raised from 74 per cent to 100 per cent by the government  
|                 | - No restriction on foreign investment for up-linking and downlinking of TV channels other than news and current affairs |
| Film            | - Co-production treaties with various countries such as Italy, Brazil, UK and Germany to increase the export potential of the film industry  
|                 | - Granted ‘industry’ status in 2001 for easy access to institutional finance  
|                 | - FDI of up to 100 per cent through the automatic route has been granted by government  
|                 | - Entertainment tax to be subsumed in the GST; this would create a uniform tax rate regime across all states and will also reduce the tax burden |

Notes: FDI – Foreign Direct Investment, FII – Foreign Institutional Investors
### Policy Support Aiding Sector Growth (2/2)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Print</strong></td>
<td>- FDI/NRI investment of up to 26 per cent in an Indian firm dealing with publication of newspaper and periodicals</td>
</tr>
<tr>
<td><strong>Music</strong></td>
<td>- Parliamentary approval on the Copyright Act (Amendment) Bill, 2012, which strengthens the royalty claims of musicians, lyricists and others in the field</td>
</tr>
<tr>
<td><strong>Animation, Gaming and VFX (AGV)</strong></td>
<td>- Policies are adopted against digital piracy and file-sharing to block illegal music websites</td>
</tr>
<tr>
<td><strong>Animation, Gaming and VFX (AGV)</strong></td>
<td>- Adoption of revenue sharing model by Copyright Board requiring FM radio companies to share 2.0 per cent of their net advertising revenues with music companies</td>
</tr>
<tr>
<td><strong>Animation, Gaming and VFX (AGV)</strong></td>
<td>- 100 per cent FDI allowed in the sector through automatic route provided it is in compliance with RBI guidelines</td>
</tr>
<tr>
<td><strong>Animation, Gaming and VFX (AGV)</strong></td>
<td>- The government has carved out a National Film Policy to tap the potential of the film sector mainly for the animation segment</td>
</tr>
<tr>
<td><strong>Animation, Gaming and VFX (AGV)</strong></td>
<td>- State-level initiative by governments to encourage animation industry.</td>
</tr>
</tbody>
</table>

*Source: PwC India Entertainment and Media Outlook 2011, KPMG – FICCI Report 2015 and 2016*
With higher scope of introduction of new and niche channels with digitisation, ARPU levels are expected to increase in the coming years.

ARPU for DTH subscribers has seen an increase of around 2.84 per cent in 2016. The more promising trend is that DTH operators are able to increase collections from customers by providing additional services such as HD channels, premium channels and other value added services.

HD adoptions continues to drive ARPU growth for DTH players with the average ARPU of a HD subscribers at ~1.5 to 2 times more the ARPU of non HD subscribers.

Digital cable on the other hand, has not seen any significant ARPU increases as compared to the DTH ARPU. For digital cable, deployment of different channel packages will be the key driver to raise ARPUs.

Total number of DTH subscribers, as of December 2016, stood at around 97.05 million, of which 62.65 million were active subscribers.
### KEY M&A DEALS IN THE SECTOR

#### Mergers and Acquisition deals

<table>
<thead>
<tr>
<th>Acquirer</th>
<th>Target</th>
<th>Date</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zee Entertainment</td>
<td>9X Media and INX Music</td>
<td>October 2017</td>
<td>US$ 24.56 million</td>
</tr>
<tr>
<td>Delta Corporation</td>
<td>Gaussian Network</td>
<td>September 2017</td>
<td>US$ 34.37 million</td>
</tr>
<tr>
<td>Dentsu Aegis Network (DAN)</td>
<td>SVG Media Pvt. Ltd</td>
<td>April 2017</td>
<td>US$ 100-120 million</td>
</tr>
<tr>
<td>Hotstar</td>
<td>Zapr Media Labs</td>
<td>March 2017</td>
<td>NA</td>
</tr>
<tr>
<td>Zee Media Corporation (ZMCL)</td>
<td>Reliance Broadcast Network (RBNL)</td>
<td>November 2016</td>
<td>US$ 237.79 million</td>
</tr>
<tr>
<td>Eros International Media Ltd</td>
<td>Puja Entertainment</td>
<td>June 2016</td>
<td>NA</td>
</tr>
<tr>
<td>PVR</td>
<td>DT Cinemas</td>
<td>May 2016</td>
<td>US$ 81.89 million</td>
</tr>
<tr>
<td>Sony Pictures Networks India Pvt. Ltd (SPN)</td>
<td>9X Media Pvt. Ltd.</td>
<td>April 2016</td>
<td>US$ 33 million</td>
</tr>
<tr>
<td>Zee Entertainment</td>
<td>Sarthak TV</td>
<td>July 2015</td>
<td>US$ 18.83 million</td>
</tr>
<tr>
<td>Viacom Inc.</td>
<td>Prism TV</td>
<td>July 2015</td>
<td>US$ 153 million</td>
</tr>
<tr>
<td>Dainik Jagran group</td>
<td>Radio City</td>
<td>June 2015</td>
<td>US$ 60 million</td>
</tr>
<tr>
<td>Carnival Films Private LTD.</td>
<td>BIG Cinemas</td>
<td>December 2014</td>
<td>US$ 111 million</td>
</tr>
<tr>
<td>Prime Focus Ltd</td>
<td>Reliance Media Work Ltd.</td>
<td>July 2014</td>
<td>US$ 61 million</td>
</tr>
</tbody>
</table>

**Notes:** NA – Not Available  
**Source:** KPMG – FICCI Report 2015 and 2016, News articles
INCREASING FDI INFLOWS INTO THE SECTOR

- FDI inflows into the entertainment sector during April 2000 to June 2017 rose up to US$ 6.6 billion.
- Demand growth, supply advantages and policy support are the key drivers in attracting FDI.

Cumulative FDI inflows into Information and Broadcasting from April 2008 - June 2017 (US$ billion)

Note: FY18* – Figures for April 2000 to June 2017
Source: Department of Industrial Policy and Promotion (DIPP)
OPPORTUNITY FOR BOTH DIGITAL CABLE AND DTH PLAYERS

- The share of digital cable as well as Pay DTH service providers is expected to increase post-digitisation.
- Total DTH subscribers have increased by 28.81 per cent from 59 million in 2015 to 76 million in 2016, driven largely by increase in HD channels, premium channels and value added services.
- Total subscription for DTH is expected to increase to 116 million subscribers by 2021 from 76 million in 2016.
- Total subscription for Digital Cable is expected to increase to 84 million subscribers by 2021 from 45 million in 2016.
- DTH industry revenues will reach US$ 5.3 billion by 2020. Revenue growth will be largely driven by increasing subscriber volumes.

Note: P - Projected
Source: KPMG – FICCI Report 2017
GROWTH OPPORTUNITIES IN THE MEDIA AND ENTERTAINMENT SEGMENTS...(1/2)

**Animation and VFX**
- The Indian animation industry was worth US$ 928.16 billion in 2016 and is expected to expand at a CAGR of 17.2 per cent to US$ 2.05 billion by 2021.
- Growth in international animation films, especially 3D productions and the subsequent work for Indian production houses will help the growth in this segment
- Animation, Gaming and VFX industry is expected to reach US$ 1.66 billion in 2017¹

**Television**
- Television is projected to garner over 46 per cent of media and entertainment by the end of 2017.

**Print**
- The print industry was worth US$ 4.73 billion in 2016 and with a CAGR of 7.3 per cent for 2016-2021, it is expected to reach US$ 6.72 billion by 2021.
- Accelerated growth is forecasted in regional print and local news segments.
- Print industry will reach US$ 5.06 billion in 2017¹

*Note: 2017¹ – Estimated figure from January 2017 to December 2017
Source: KPMG – FICCI Report 2017*
### Film
- Size of the Indian film industry is expected to touch US$ 3.22 billion by 2021, up from US$ 2.21 billion in 2016 at a CAGR of 7.7 per cent
- Increasing digital screens and 3D films are expected to help industry growth
- In order to promote India as a location destination for foreign production houses, the government is setting up a single window clearance system for shooting permissions
- To promote joint productions, co-production agreements have been signed with Italy, Germany, Brazil, UK, France, New Zealand, Poland, Spain and Canada

### Radio
- Size of the Indian radio industry is expected to reach US$ 745.65 million by 2021, up from US$ 354.10 million in 2016
- Phase III of e-auctions for FM radio licenses will provide an impetus to the segment
- Radio advertising is another area likely to experience accelerated growth

### Music
- Size of the music industry is expected to grow to US$ 396.22 million by 2021, up from US$ 190.31 million in 2016
- Mobile VAS and arrival of 3G are likely to lead to a surge in paid digital downloads
- Phase III radio licensing will also help in increasing music revenues from radio

### Online Streaming Services
- Recent investment of US$ 3 billion was made by Amazon.com Inc., focusing primarily on the establishment of their online streaming service, Amazon Prime, in the country.

**Note:** 2016\(^1\) – Estimated figure from January 2016 to December 2016

**Source:** KPMG – FICCI Report 2017
ZEE ENTERTAINMENT ENTERPRISES LTD. (ZEEL)

- Zee Entertainment Enterprises Ltd is a media and entertainment company that was incorporated in November 1982 as Empire Holdings Ltd.
- It entered into the entertainment business in 1992 and was called Zee Telefirms Ltd subsequently; it was renamed to the current name in 2007.
- The company is a subsidiary of the Essel Group.
- The company’s revenue rose from US$ 360.66 million in FY10 to US$ 1,038.64 million in FY17.
- The company rose at a CAGR of 16.31 per cent between FY10-17.

**Note:** CAGR – Compound Annual Growth Rate
**Source:** Company reports, Aranca Research
DISH TV – ON A HIGH GROWTH PHASE

- Dish TV is Asia’s largest and India’s 1st direct-to-home or commonly known as DTH company.
- Dish TV India Ltd., a division of Zee Network Enterprise (Essel Group Venture) provides DTH satellite television.
- Dish TV ranks 5th on the list of media companies in the Fortune India 500.
- The company’s revenue rose from US$ 228.78 million in FY10 to US$ 477.63 million in FY17.
- During FY10-17, the company’s annual revenue rose at a CAGR of almost 11.09 per cent.

**Note:** CAGR – Compound Annual Growth Rate

**Source:** Company reports, Aranca Research.
INDUSTRY ASSOCIATIONS
## Industry Associations

<table>
<thead>
<tr>
<th>Agency</th>
<th>Contact Information</th>
</tr>
</thead>
</table>
| Indian Motion Picture Producers’ Association (IMPPA) | "IMPPA HOUSE", Dr Ambedkar Road, Bandra (West), Mumbai - 400 050  
Tel: 91-22-26486344/45/1760  
Fax: 91-22-26480757  
Website: www.indianmotionpictures.com/imppa/index.html |
| The Film and Television Producers Guild of India | G-1, Morya House, Veera Industrial Estate,  
Off Oshiwara Link Road, Andheri (W), Mumbai - 400 053  
Tel: 91-22-66910662  
Fax: 91-22-66910661  
E-mail: guild@filmtvguildindia.org  
Website: www.filmtvguildindia.org |
| Newspapers Association of India (NAI)       | A -115, Vakil Chamber, Top Floor, Vikas Marg, Shakarpur, Delhi - 110092  
Tel: 91-9971847045, 9810226962  
E-mail: contact@naiindia.com  
Website: www.naiindia.com |
| Association of Radio Operators for India (AROI) | 304, Competent House, F-14, Connaught Place, New Delhi - 110001  
Tel: 91-124-4385887  
e-mail: info@aroi.in  
Website: www.aroi.in |
| The Indian Music Industry (IMI)             | Crescent Towers, 7th Floor, B-68, Veera Estate, Off New Link Road, Andheri West,  
Mumbai - 400 053  
Tel: 91-22- 26736301 / 02 / 03  
Fax: 91-22-26736304  
Website: www.indianmi.org |
| The Indian Society of Advertisers           | Army and Navy Building, 3rd Floor, 148, Mahatma Gandhi Road  
Mumbai- 400001  
Tel: +91 (022) 2285 6045 / 2284 3583 / 2204 2116  
Fax: +91 (022) 2204 2116  
E-mail: isa.ed@vsnl.net |
USEFUL INFORMATION
GLOSSARY

- AGV: Animation, Gaming and VFX
- ARPU: Average Revenue Per User
- CAGR: Compound Annual Growth Rate
- DIPP: Department of Industrial Policy and Promotion, Ministry of Commerce and Industry
- DTH: Direct to Home
- FDI: Foreign Direct Investment
- FM: Frequency Modulatio
- FY: Indian Financial Year (April to March)
- GST: Goods and Service Tax
- IPO: Initial Public Offering
- M&A: Merger and Acquisition
- M&E: Media and Entertainment
- PPP: Purchasing Power Parity
- US$: US Dollar
- VAS: Value Added Services
- VFX: Visual Effects

Wherever applicable, numbers have been rounded off to the nearest whole number.
# EXCHANGE RATES

## Exchange Rates (Fiscal Year)

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<tr>
<th>Year</th>
<th>INR Equivalent of one US$</th>
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<tbody>
<tr>
<td>2004–05</td>
<td>44.81</td>
</tr>
<tr>
<td>2005–06</td>
<td>44.14</td>
</tr>
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<td>2007–08</td>
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<tr>
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<td>46.88</td>
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<tr>
<td>2012–13</td>
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<tr>
<td>2013–14</td>
<td>60.28</td>
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<td>2014–15</td>
<td>61.06</td>
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<tr>
<td>2015–16</td>
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<td>Q1 2017-18</td>
<td>64.46</td>
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<tr>
<td>Q2 2017-18</td>
<td>64.29</td>
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</tbody>
</table>

## Exchange Rates (Calendar Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR Equivalent of one US$</th>
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<tbody>
<tr>
<td>2005</td>
<td>43.98</td>
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<tr>
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<td>67.21</td>
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<td>H1 2017</td>
<td>65.73</td>
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*Source: Reserve bank of India, Average for the year*
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