

Playing by new rules

India's Media & Entertainment sector reboots in 2020

March 2021





FORER



Ajinkya Rahane

We played by new rules. And we played to win.

2020 was a challenging year for India. And for sports as well.

We all learnt to live differently: wearing a mask, maintaining a distance of six feet, sanitising frequently, boosting our immunity. Playing a team sport, we lived in secure bio-bubbles and lived through quarantines. The silence in the stadiums was the worst thing one could hear.

When the going got tough in Australia, it was important to stay positive and continue to play our brand of cricket and let each individual express themselves. Situations were tough but heroes emerged when the time demanded. We played to win and did not let the fear of losing overpower us.

The Indian Media & Entertainment industry kept providing news, information and entertainment content to Indians when they most needed it without letting fear affect them. The virus could not take away the record viewership of IPL Season 13 nor the growing popularity of esports. It could not stop our sportspersons from making a mark in tennis, hockey, wrestling, boxing, and several other sports. They all reminded us that it is important to play the game in the right spirit without worrying about the consequences.

I'm happy that we got an opportunity to play during these tough times and bring happiness to millions of viewers watching the sport.

FOREWORD



Sanjay Gupta
*Chairman, FICCI Media and
Entertainment Committee*

The creative economy is poised to double by 2025

2020 presented us with monumental challenges - as individuals, as businesses, as society. However, there were some silver linings as well. Several digital trends accelerated their trajectory, fed by growth in broadband, personal devices and smart televisions, and the time and inclination to try online services.

Consequently, M&E businesses had to accelerate some of the changes that they had started and to relook at their customer engagement models as new demand-side patterns emerged. This new reality also placed increased importance on understanding consumer behavior to better engage with them.

India's diversity and scale will continue to fuel the growth of traditional media, but equally exciting is the fact that there are a number of new and big opportunities for M&E businesses. And we're already seeing the Industry embrace these changes and chart a new growth path.

Today content creation and storytelling are much more diverse and come from all parts of the country. New distribution models and monetization strategies are evolving across both large and small screens. Learning content and gaming have emerged as very large new opportunities. These changes are driving a shift in monetization of content investments and this opportunity is global.

2020 has super-charged these changes and promises to propel the Indian creative economy to double in size by 2025 and drive a much larger contribution to India's GDP goals. This is the time for the sector to forego holding on to old ways of thinking and working, and its sense of complacency about what's possible in the future. The opportunity is discontinuous. The answer to what we can do is non-linear - we need to disrupt our old business models, our approach, our solutions, our marketing, and our distribution and collaborate more closely with the government to harness the true potential of M&E and arrive at the necessary impetus and support.

I want to thank everyone who has worked hard to compile this rich and insightful report that captures the big shifts and opportunity for the media and entertainment sector.



Ashish Pherwani
M&E Sector Leader
Ernst & Young LLP

Same game. New rules.

Welcome to the 2021 edition of the FICCI-EY report on the Indian media and entertainment (M&E) sector.

2020 saw demand patterns shift as consumers actively sought alternatives and had the time to try new things. Aided by the growth of digital infrastructure, digital media adoption accelerated. Consequently, consumption patterns shifted and increased across online news, gaming and entertainment.

The supply side transformed as M&E companies took the opportunity to reinvent themselves. Appointment viewing on news television, gamification on e-commerce apps, circulation transformation in print companies, short video on OTT platforms, interactivity and brand solutions from radio companies were some of the many strategic shifts that were seen in 2020.

This altered the M&E sector as we knew it. Every segment - TV, radio, print, digital, etc. - had video, audio, textual and experiential products and had begun to redefine itself across those verticals. What didn't change, however, was the compelling content created around news and escapism, and the passion to build some of India's most powerful brands.

It was the same game, sure, but with totally new rules.

I hope you enjoy reading this report as much as we enjoyed putting it together for you. We are certain you would find this report to be insightful.

CON

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M&E Sector
2020:
Key trends



Indian M&E sector fell 24% in 2020 to INR1.38 trillion

	2019	2020	2021E	2023E	CAGR 2020-23
Television	787	685	760	847	7%
Digital media	221	235	291	425	22%
Print	296	190	237	258	11%
Online gaming	65	76	99	155	27%
Filmed entertainment	191	72	153	244	50%
Animation and VFX	95	53	74	129	35%
Live events	83	27	53	95	52%
Out of Home media	39	16	22	32	27%
Radio	31	14	23	27	24%
Music	15	15	18	23	15%
Total	1,822	1,383	1,729	2,234	17%

All figures are gross of taxes (INR in billion) for calendar years | EY estimates

- ▶ The Indian M&E sector fell by 24% to INR1.38 trillion (US\$18.9 billion), in effect taking revenues back to 2017 levels
- ▶ The last quarter of 2020 showed a marked improvement in revenues for most segments and we expect the M&E sector to recover 25% in 2021 to reach INR1.73 trillion (US\$23.7 billion) and then to grow at a CAGR of 13.7% to reach INR2.23 trillion (US\$30.6 billion) by 2023
- ▶ While television remained the largest segment, digital media overtook print, and online gaming overtook a disrupted filmed entertainment segment in 2020

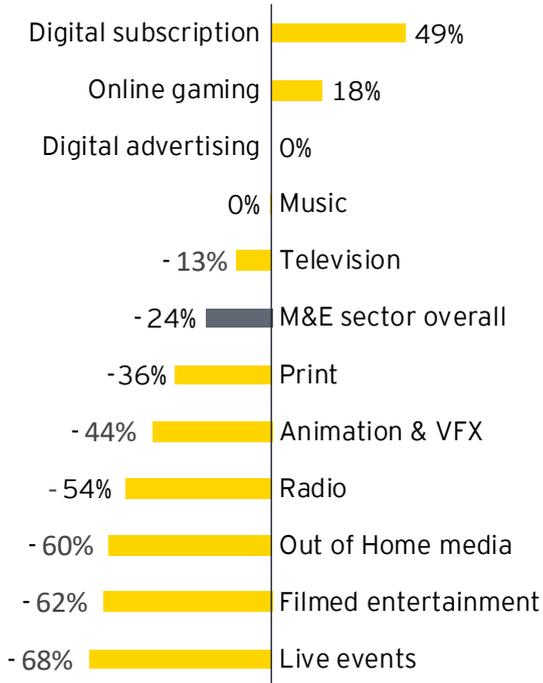
Analyzing the INR439 billion fall

- ▶ Digital and online gaming were the only segments which grew in 2020 adding an aggregate of INR26 billion and consequently, their contribution to the M&E sector increased from 16% in 2019 to 23% in 2020
- ▶ Other segments fell by an aggregate of INR465 billion
- ▶ Largest absolute contributors to the fall were the filmed entertainment segment (INR119 billion), print (INR106 billion) and television (INR102 billion)
- ▶ The share of traditional media (television, print, filmed entertainment, OOH, radio, music) stood at 72% of M&E sector revenues in 2020

Key trends in 2020

Digital and online gaming were the only segments which grew

Segment growth 2020 vs. 2019



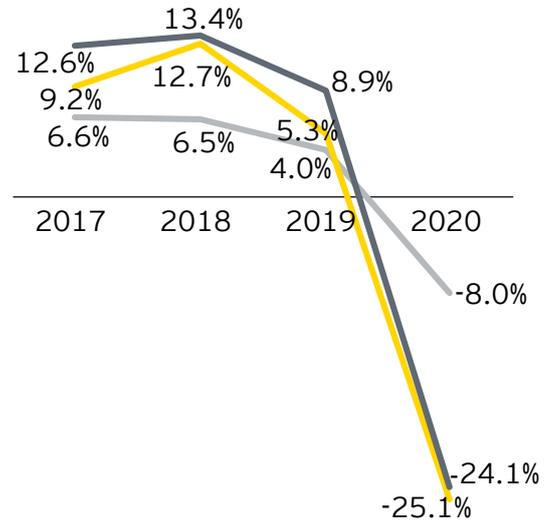
EY estimates

- ▶ **Digital subscription** - 28 million Indians (up from 10.5 million in 2019) paid for 53 million OTT subscriptions in 2020 leading to a 49% growth in digital subscription revenues. Growth was led largely by Disney+ Hotstar which put the IPL behind a paywall during the year, increased content investments by Netflix and Amazon Prime Video and launch of several regional language products. In addition, 284 million Indians consumed content which came bundled with their data plans.
- ▶ **Print** - Print's revenue declines were led by a 41% fall in advertising and a 24% fall in circulation revenues. English language newspapers were hit harder and struggled to get back their circulation post the pandemic, particularly in metros, while regional language newspapers recovered a larger portion of their lost circulation. The segment saw the establishment of a new lower-cost operating benchmark, with most print companies reducing costs by over 25%.
- ▶ **Online gaming** - Continuing as the fastest growing segment of the M&E sector for the fourth year in a row, the segment grew 18% helped by work from home, school from home and increased trial of online multi-player games during the lockdown. Online gamers grew 20% to reach 360 million in 2020. Transaction-based game revenues grew 21%, despite adverse regulation in certain states, while casual gaming revenues grew 7%.
- ▶ **Film** - While theatrical revenues plummeted to less than a quarter of their 2019 levels, a portion of this loss was made up through higher digital rights revenues which almost doubled during 2020 to INR35 billion. However, the stoppage in production for over six months had its impact, which will now only recover once a healthy slate of films is made ready for release and the fear of stepping into crowded places subsides. While the trend for direct to digital releases will continue, producers realized the importance of theatrical releases for large scale film productions.
- ▶ **Animation and VFX** - Stoppage of television and film content production for several months in 2020 resulted in a fall in revenues - while VFX and post-production contracted 62% due to this, inability to conduct live shoots led to increased demand for animated content, and consequently animation registered a growth of 10%.
- ▶ **Television** - The largest segment saw a 22% fall in advertising revenues on account of highly discounted ad rates during the lockdown months - though ad volumes reduced only 3%. In addition, it also witnessed a 7% fall in subscription income, led by the continued growth of free television, reverse migration and a reduction in ARPUs due to part implementation of NTO 2.0.
- ▶ **Digital advertising** - Digital advertising stayed stable, led by increased allocation from traditional advertisers who accelerated their investments in digital sales channels. This could become a permanent phenomenon. SME advertisers continued to increase their spends on digital advertising and experimented more with online sales platforms like Amazon and Flipkart. News brands, whose reach crossed 450 million in 2020, also increased revenues from their digital platforms.

- ▶ **Live events** - Perhaps the hardest hit of all, the segment witnessed numerous attempts to digitalize its offerings, but could only recover a small fraction of revenues through that medium. The segment will continue to remain impacted for the first two quarters of 2021 before marketers and audiences feel comfortable about participating in live events.
- ▶ **OOH** - The segment lost out due to reduced travel and less time spent out of the home on account of the lockdown. Largest hits were witnessed by premium transit properties, where passenger volumes plummeted. Digital OOH reached 5% of total segment revenues. The need for a credible and universally accepted measurement system for OOH continues to be critical for recovery.
- ▶ **Radio** - Radio revenues, which had fallen 7.5% in 2019, fell by over 50% again on account of both ad rate and volume drops as key advertiser segments (regional and retail) were unable to run their businesses at their usual scale. Revenues had recovered to over 50% of pre-pandemic levels by the October to December quarter.
- ▶ **Music** - The digitization of music continued in 2020 with audio streaming revenues growing 15% but overall, music segment revenues were flat as performance rights fell by over 65%.

M&E fared much worse than India's GDP

M&E sector vs. nominal GDP growth

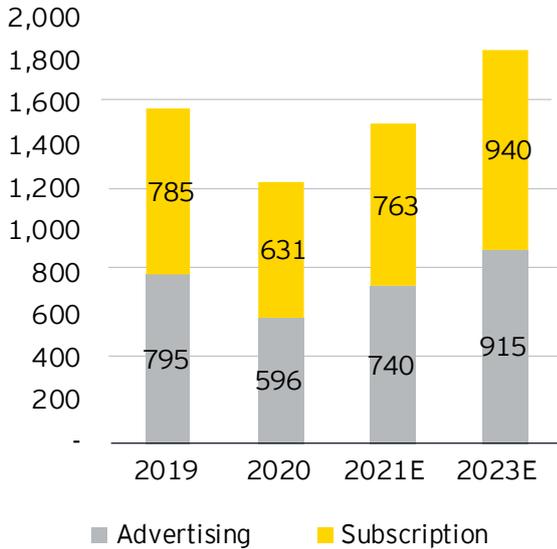


- Nominal GDP (% growth, y-o-y)
- Advertising revenues (% growth, y-o-y)
- M&E sector (% growth, y-o-y)

- ▶ While the M&E sector usually grows faster than GDP, it also falls more than GDP degrowth, given the discretionary nature of advertising
- ▶ In 2020, when the GDP fell by 8% advertising fell over 25% while the sector overall fell by 24%

Subscription fared better than advertising

Advertising and subscription revenues



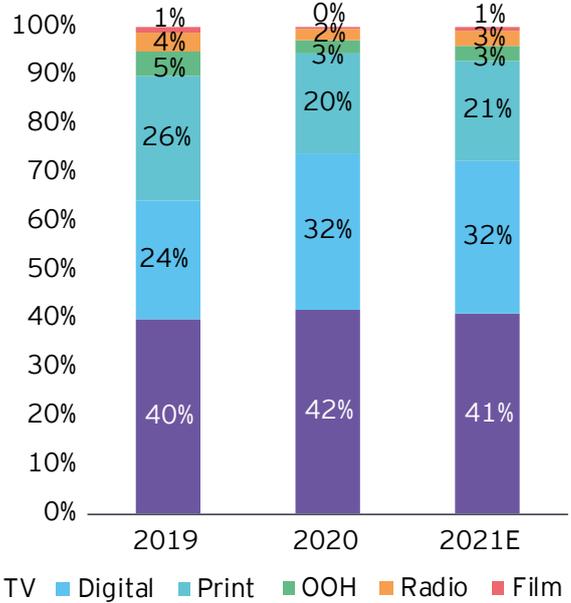
INR billion (gross of taxes) | EY estimates

Note: The above numbers exclude live events, online gaming and animation and VFX segment revenues

- ▶ Advertising reduced INR199 billion in 2020, a fall of 25%
- ▶ While digital advertising remained flat, the highest falls were noted in print (INR84 billion) and television (INR69 billion) advertising
- ▶ Overall, subscription de-grew INR154 billion or 20%, with the highest fall being seen in domestic and international theatricals of over INR100 billion
- ▶ The pandemic showed the resilience of subscription models vs ad-based models, across OTT, print and television, as subscription increased from 49.7% in 2019 to 51.5% of total revenues in 2020

TV + digital + print = 94% of ad spends

Ad revenues by segment

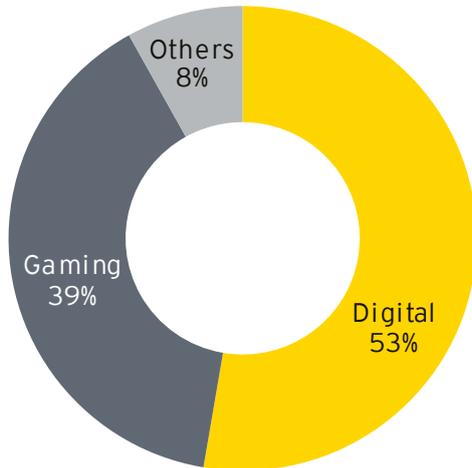


EY estimates | Excludes event segment revenues

- ▶ TV remained the largest earner of ad revenues in 2020, contributing 42% to the total
- ▶ Digital advertising increased to 32% of total advertising in 2020, from 24% in 2019
- ▶ E-commerce advertising (included under digital advertising) grew to INR35 billion in 2020

Digital drove deal activity

Deal value by segment



EY estimates

- ▶ Although the number of deals increased from 64 in 2019 to 77 in 2020, deal value reduced to INR68 billion in 2020 from INR101 billion in 2019
- ▶ New media accounted for 92% of the deal value in 2020

Future outlook

Time to recovery will vary

- ▶ While we expect the M&E sector to rebound in 2021 and double to around INR2.68 trillion by 2025, the recovery of various segments will vary
- ▶ We expect that different segments will take different periods of time to regain their 2019 (pre-pandemic) revenue numbers
- ▶ We estimate the following periods for recovery, assuming no further setbacks:
 - ▶ One to two years: TV, film, music
 - ▶ Two to three years: animation and VFX, events
 - ▶ Beyond three years: print, radio, OOH

The M&E sector has gone medium agnostic

- ▶ Given that video, audio, text and experiences are available across almost all segments, the M&E sector is redefining itself across these 4 verticals:

	2019	2020	2023E
Video	55%	69%	61%
Experiential	22%	16%	22%
Textual	19%	12%	14%
Audio	4%	3%	3%
Total	100%	100%	100%

Revenue share | EY estimates | Includes related data consumption cost estimates

- ▶ Video - TV, video OTT
- ▶ Experiential - Online gaming, cinemas, events, OOH
- ▶ Textual - print, online news
- ▶ Audio - radio, music, audio OTT

Video trends

Monetization will be driven by both premium and mass segments

Customer segment	2019	2020	2023E
Digital only	8	10	21
Tactical digital	34	49	94
Bundled digital	262	284	399
Mass consumers	316	270	95
Free consumers	190	200	230+
Total video viewers	802	803	818

Millions of consumers | EY estimates

- ▶ Digital only: consume content only on digital platforms, do not access television
- ▶ Tactical digital: consume pay TV and at least one paid OTT service
- ▶ Bundled digital: consume pay TV and generally only telco-bundled content
- ▶ Mass consumers: consume pay TV and occasionally may consume some OTT content, usually free
- ▶ Free consumers: do not pay for content
- ▶ Premium consumers (comprising Digital only and tactical digital) will cross 100 million by 2023
- ▶ The fastest growing segment will be the bundled digital consumer, growing to 399 million by 2023
- ▶ The free consumer base will also grow as progress continues to spread amongst the 50 million homes today which do not have access to television

Connected TV sets will acquire scale

- ▶ Smart connected TVs will exceed 40 million by 2025, thereby ending the monopoly of broadcasters on the large screen and leading to around 30% of content consumed on large screens to be social, gaming, digital, etc.
- ▶ The unified interface - whether on app, device or platform - will become the new landing page and earn placement and marketing revenues

Screen count will head towards a billion

- ▶ Screen count will almost double to near a billion by 2025, of which around 220 million would be television screens and over 750 million would be smartphone screens
- ▶ This could lead to a massive increase in content creation (news and entertainment) from the around 170,000 currently to over 250,000 hours, as personal consumption (as opposed to group consumption) increases to over 50% of total video time, across a wider set of genres and niche content types
- ▶ User generated content would continue to grow by 25% a year to exceed 100,000 hours by 2025

Regional consumption will increase

- ▶ The share of regional content will increase to 60% of television consumption in 2025 from around 55%¹ in 2020 and will increase to around 50% of OTT consumption from 30% in 2019
- ▶ The need for dubbing, titling, formatting, etc. services to make content mobile will increase

Interaction and loyalty will be the norm

- ▶ The need for interactivity and loyalty will multiply and become a way of life for reality and fiction content as television enters an era of connected interactive consumption
- ▶ Loyalty programs and bundling of linear + digital content / channels will enable higher time spent within a network

Experiential trends

SAARC events opportunity

- ▶ India has the opportunity to become the core centre for events in the SAARC region, filling the gap between Dubai in the west and Singapore in the east
- ▶ The sector will attract and / or build ever more IPs and events of international stature through investments in infrastructure like the new Mumbai and Bengaluru airports, properties in Noida and privatization / operating leases of government run stadia
- ▶ Music concerts will grow from 5,000 in 2019 to over 30,000 by 2025, leveraging India's vibrant music culture

Online gamers will touch 500 million

- ▶ Online gaming will continue to grow and reach 500 million gamers by 2025 to become the third largest segment of the Indian M&E sector
- ▶ The segment will grow across all its verticals viz, esports, fantasy sport, casual gaming and other games of skill, but revenue growth will be led by mobile-based real-money gaming applications across these verticals
- ▶ A nodal agency is required to implement responsible gaming guidelines, as well as monitor areas like minor game play, security, data protection, content guidelines and training

Cinema audiences will split

- ▶ While cinemas today largely cater to 100 million Indians, mostly top-end audiences, they will now begin to go deeper into India to cater to a wider audience base
- ▶ Cinemas will continue to cater to top end multiplex audiences who watch movies for their spectacular experience and to enjoy an evening out with friends and family, comprising around over 100 million customers by 2025
- ▶ In addition, a set of lower-cost lower-priced cinema products will emerge for the next 100 million audiences across the top 75 cities of India, which will also require a change to the type of content being produced for this "non-multiplex" audience

Textual trends

News reach to exceed entertainment

- ▶ In 2020, Comscore data indicates that online news had a reach of 454 million as compared to 450 million for online entertainment
- ▶ We expect that trend to continue growing and while average session length will always be smaller for news, the high frequency of daily visits will re-index the news genre

Increased utility of the newspaper

- ▶ With the shift of premium customers to SVOD, print will increase in importance with respect to such audiences
- ▶ Large news networks will focus on increasing the collection of regional news to create very strong regional products (print + digital) of extremely high relevance to audiences - news that national and large digital news aggregators may not be able to provide
- ▶ The newspaper will work towards increasing its utility to the user to ensure it gets picked-up and read, through discounts, couponing, and curated community experiences available only through the newspaper e.g., advice for personal investment portfolios, self-help groups, home-chef communities, etc.

Reduced reliance on advertising

- ▶ Cover price growth is critical for the print segment, in order to reduce the variable loss incurred on each newspaper printed by most print companies, and India could see a doubling of newspaper average cover prices by 2025
- ▶ Online subscription models for digital products have become prolific in 2020 due to the pandemic and should keep seeing increased interest over the next few years, following the footsteps of the OTT video segment in mass bundling with data packs and other online offerings

Increased focus on margins

- ▶ Continued focus on operating margins will be required and made possible by creating state-wide shared services across news gathering, production and distribution while print companies focus on their core capabilities of brand building, community management and editorial excellence

Audio trends

Video OTT to drive the music vertical

- ▶ Content produced for the video OTT segment will begin to play a more important role in using and promoting music - akin to Bollywood's link to music - and we could see a lot more music led innovation from this segment

Consumption volumes to remain on AVOD platforms

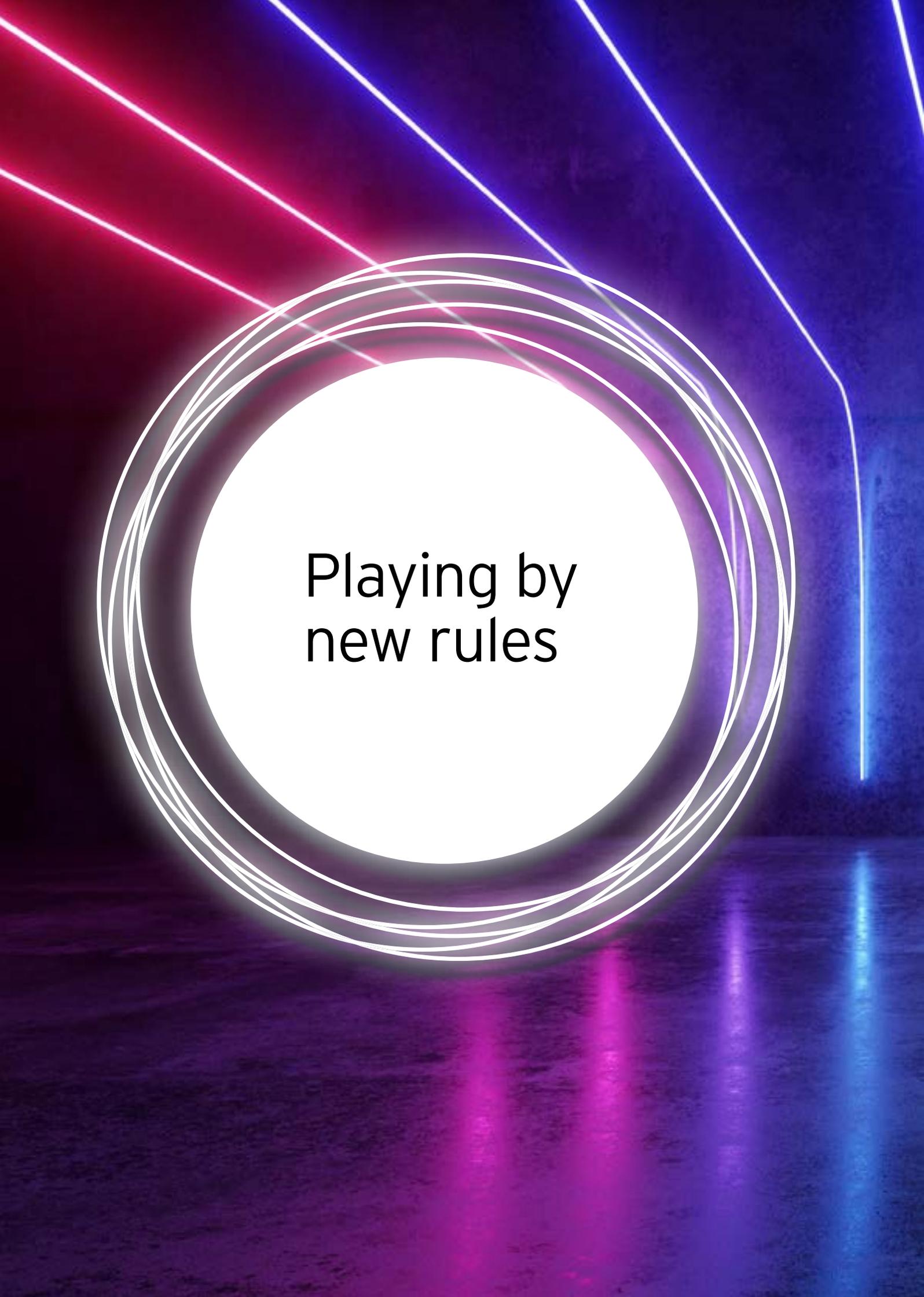
- ▶ If YouTube continues to provide recent and video content-linked music for free, the paid OTT music sector will reach 5 million top-end users by 2023, and grow to INR2 billion in revenue, leading to consolidation in the music OTT segment; if not, paid subscribers could cross 50 million

Radio to stay the lowest cost entertainment medium

- ▶ Radio, the most affordable of all media for consumers, will continue to exist and serve large portions of India through smart phone FM receivers, and play a vital role in retail advertising
- ▶ Radio will build-out and monetize communities through its RJs and influencer networks, apart from re-defining itself into a marketing specialist for brands with a direct-to-customer focus

Podcast business models will remain ad funded

- ▶ Podcast business models will be largely creator, community leader and celebrity led, and be used to build stickiness and subscriber bases for OTT platforms
- ▶ Very few stand-alone podcast platforms / creators will be able to generate subscription revenues on their own and we expect podcasting to remain ad funded in nature

A futuristic scene with a glowing white circle containing the text "Playing by new rules". The background is dark with vibrant red and blue neon light beams. The floor is reflective, showing the colors of the lights. The circle is composed of multiple overlapping white lines, creating a glowing effect.

Playing by
new rules



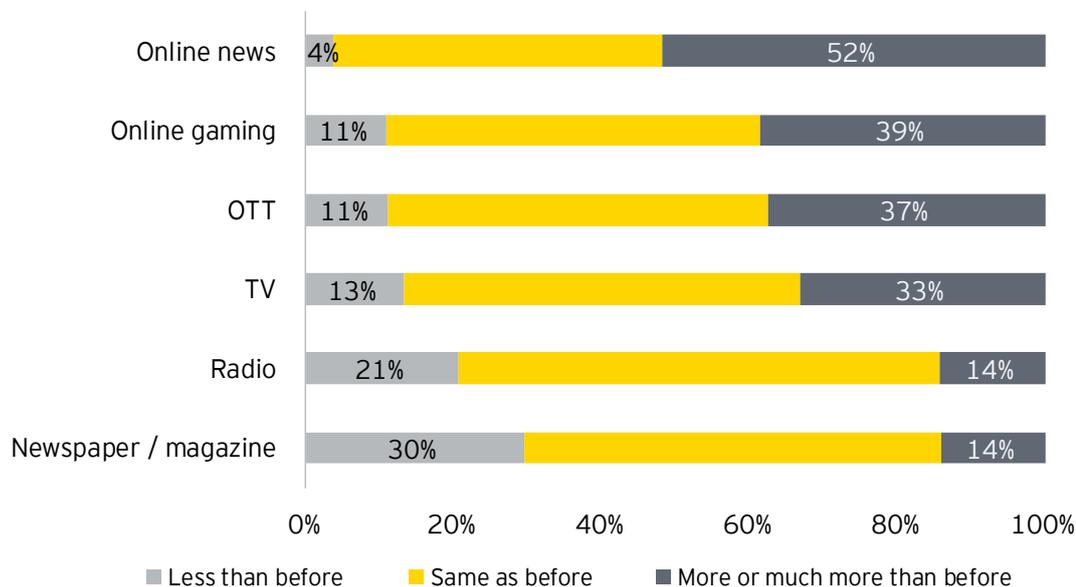
2020 was more than just a pandemic-impacted year. It further disrupted the already fast evolving M&E sector, with some changes having long-term implications. This section is devoted to the changing M&E sector and the new rules which we believe will drive success.

Demand side changes

(or, the abnormal that's now normal)

Digital adoption accelerated due to forced trial

*How will your media consumption change post the pandemic?
(percentage of respondents)*



Online survey of 1130 metro respondents; May 18-25, 2020

- ▶ Many of our consumer survey respondents felt that they would be consuming more digital media due to the pandemic
- ▶ ComScore data for December 2020 showed the reach of online video viewers at 468 million, online news at 454 million, online entertainment at 450 million, online gamers at 245 million and online music consumers at 205 million which indicates a higher reach online for news, films, music and gaming as compared to their traditional media avatars

Digital infrastructure developed further

- ▶ By December 2020, broadband subscribers reached 747 million, a growth of 13% over the previous year and more than 40% from 2018¹
- ▶ The smartphone user base increased to 448 million in 2020 from 340 million in 2018²
- ▶ Laptop and PC shipments to India fell barely by 1% in 2020 to approximately 18 million units³

1. Press release by TRAI No. 06/2021; TRAI The Indian Telecom Services Performance Indicators October - December, 2019; Yearly Performance Indicators by TRAI (Third Edition) published on 25/9/19, accessed 15 March 2021
2. Comscore; Analysys Mason; eMarketer
3. IDC Worldwide Quarterly personal computing device tracker

Digital payments gained acceptance

- ▶ Retail e-commerce sales in India touched INR4 trillion in 2020, a growth of 30% over the previous year.⁴ The share of e-commerce sales as part of total retail sales reached ~6% of total sales in 2020 from 3.6% in 2019
- ▶ Ease of payment mechanisms led to 46.6 billion online payment transactions in 2020⁵

Trust in media mattered to consumers⁶

- ▶ Advertising on traditional media continued to enjoy high trust amongst consumers with newspapers (86%) emerging as the most trusted media platform, closely followed by TV (83%) and radio (83%)
- ▶ While traditional media surged ahead in trust, text/SMS ads were the least trusted at 52%

Fear of the physical could have some longer-term impacts

- ▶ While theatrical and physical event revenues slumped by over 68% as per our estimates and though we expect them to recover over time, it brought new options of direct-to-digital films and online events, both of which we expect will continue to stay as permanent trends for certain types of films and events

Supply side changes (or, increased and unorthodox competition)

Traditional media created their digital twins

- ▶ Almost all M&E companies created digital twins for their traditional products and, while most just added on a .com to their brand names, they realized that it took a lot more to make a success in the digital world
- ▶ Those companies that expected their “digital division” to work along with or under their “main business” found out the hard way that it was often not possible as the online audience was not the same as the offline one and hence, many ended up setting up standalone digital businesses to better effect

Point of sale advertising gained

- ▶ Ad sales teams suddenly realized that the e-commerce boom resulted in more brands allocating a portion of their spends to e-commerce platforms; our estimates showed these spends to be at INR35 billion in 2020
- ▶ Digital point of sale advertising (and this is in addition to online search advertising) provided measurable return on ad spend data in near real time, creating a new challenge for traditional ad sales teams

Consumers turned creators⁷

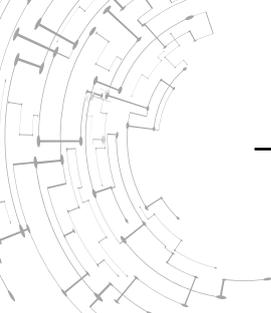
- ▶ User base on short format video platform apps has grown by 65% year-on-year in the last two years
- ▶ Apart from the typical short videos, investments into occupationally generated content like gym, music, art, cooking – instructional videos and live streams drove reach and time spent
- ▶ Today, we estimate over 50,000 creators have a following of over 100,000 each on short video platforms, democratizing the creation of content
- ▶ With over 60% of audiences outside metros, regional content is driving short video

4. eMarketer

5. Digipay.gov.in

6. <https://www.livemint.com/industry/advertising/indians-trust-newspaper-ads-the-most-study-11607052729680.html>

7. EY estimates based on industry discussions



Sachet pricing regained popularity

- ▶ As the auto billing rules changed, more media companies have begun to provide these options for subscription products, resulting in the re-emergence of sachet pricing options as compared to annual packages

Non-media became media

- ▶ Led by Amazon, 2020 saw the emergence of content on several non-media platforms like PayTM, Zomato, etc.
- ▶ Gamification linked to sporting events, reality shows, and marquee content were popular on e-commerce platforms, with several brands opting for these non-traditional online advertising options

Consumer value equation changed

- ▶ 284 million consumers accessed bundles of pay OTT through telco data bundles, while at the bottom of the pyramid, free television crossed 40 million homes as entertainment, education and news channels increased on the platform
- ▶ Transaction VOD made a strong beginning with several films releasing through this method when cinema halls were shut

The new rules for Indian M&E

Strategic priorities

Identify the audience(s) that matter

- ▶ Playing the mass game for advertising revenues is difficult, given the size and scale the incumbents have already achieved and therefore there is a need to identify monetizable communities
- ▶ It is critical for M&E companies to identify their strong audience segments, i.e., those audiences which are loyal to the brand and where the brand can generate a deeper sense of engagement, higher trust and influence

Build a multi-media and multi-community strategy

- ▶ As audience loyalty moved from media to brands, it is critical to ensure audiences are reached through the media of their choice, thereby the need for a multi-media strategy
- ▶ In addition, for mass media traditional companies, expecting audiences to move to a common digital product may not always be the correct strategy and there may be a need to identify several sub-communities which need to be managed differently

Address community needs apart from just news and entertainment

- ▶ It would be difficult to create and engage deeply with communities around only a content offering and thus understanding various community needs and addressing that wider set of needs becomes critical for loyalty and depth of engagement
- ▶ In addition to B2B advertising, the B2C opportunity including subscription and getting audiences to pay to participate can also become a material revenue source

Operating priorities

Make end-customer data and insights the core

- ▶ Customer insight (and the speed at which it is generated) has become the very core of M&E operations
- ▶ While traditional media companies had the luxury of weekly, or even quarterly measurement and data, today trends can be - and are - tracked continuously to manage marketing, content and experience in real-time
- ▶ Micro-market management also becomes critical to understand regional nuances and cater to products accordingly

Build customer acquisition efficiency

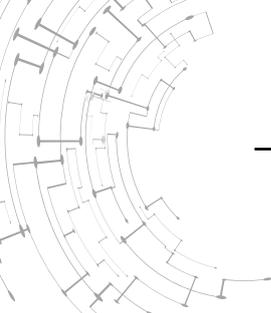
- ▶ Customer acquisition costs are often higher than the revenues generated from customers in Indian OTT
- ▶ Using sharp segmentation and AI models, marketing spend efficiency needs to be increased to reduce wastage and focus on audience segments which matter

Enhance speed of product development and change

- ▶ As the lines blur between traditional media segments of TV, print, film, radio, etc. and move towards the four verticals of video, audio, text and experience, tracking consumer and competitor action becomes crucial and responding quickly even more important
- ▶ Integration with content and distribution partners, product feature testing, cross-platform experience, digital payment integration, etc. all impact revenues and yet need to be handled well at scale

Reinvent ad sales

- ▶ Packaging audiences rather than FCT across platforms will require a common metric (which we believe will eventually be the CPM)
- ▶ Ad sales will re-organize itself across sponsorship, guaranteed programmatic and pure programmatic across platforms
- ▶ This will require ad sales teams to get tech savvy and a strong sales support team to create audience-driven packages
- ▶ In addition, integrating the core ad offering with alternative brand budgets (influencer marketing, native advertising, in-game promotion, etc.) will result in share-of-wallet expansion



Tech priorities

Implement a customizable and differentiated CX

- ▶ As the choice of video, audio and textual products keeps growing with the advent of newer players and products, the need to differentiate the product design and the customer experience (CX) becomes more important
- ▶ Integrating sustainable and genuine experiential aspects like interactivity, AR, VR, etc. can help differentiate the product and build a loyal fan base

Automate regulatory compliance

- ▶ The plethora of regulation around data privacy, complaints management, content, advertising, data storage, age limits, access to adult content, etc. can be daunting when dealing with millions of customers
- ▶ Automating these aspects will be critical to scale efficiently while still complying with regulations

Tighten content security

- ▶ As India moves towards a billion screens by 2025, the level of piracy is expected to increase significantly
- ▶ When viewed through the lens of subscription products and a less than effective IP protection enforcement regime, the need to enable continuous monitoring and bring down pirate sites in real time near the release of fresh content can help increase the efficiency of marketing costs

Build in assurance and measurement

- ▶ With ad spends expected to double by 2025⁸, the need for better measurement systems by print, radio and OOH segments will be felt and tech solutions will be required to keep interest in these media alive
- ▶ In addition, the need for media spend assurance will also go up to provide comfort around the efficiency of planning and implementation of ad campaigns, as well as around brand safety in non-curated media environments

Enable interactivity across products

- ▶ Building a plug-and-play interactivity stack which is easily deployable across channels, content genres and media, can bring increased engagement for audiences and add to time spent

People priorities

Focus on the core

- ▶ Core M&E operations of content, editorial, product development, brand value and community management will drive media companies going forward
- ▶ The remaining processes can move to shared services models, either at a media conglomerate level and even at a sector level with competitive cooperation

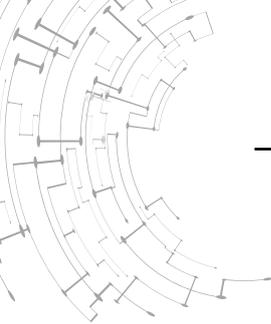
Acquire skillsets for the fourth industrial revolution

- ▶ The revolution around IoT and personal consumption will trigger a massive opportunity for automated decision making, across all customer touchpoints
- ▶ Knowledge of wearables, interactivity, AI and ML, social media, location-based services and the like will become essential for business leaders

The background is a dark blue space filled with glowing white and blue elements. A large, bright white circle is centered on the left, surrounded by several concentric, slightly offset white rings that create a sense of motion or depth. To the right, a portion of a globe is visible, showing a grid of latitude and longitude lines. The globe is illuminated with a bright blue light, and the word "Spain" is written in a white, cursive font on its surface. The overall aesthetic is high-tech and global, with a focus on light and movement.

The global
perspective
on M&E





Global media & entertainment trends to watch in 2021

It's exceedingly clear that COVID-19 has permanently changed many of the media and entertainment habits and preferences of US consumers, while increasing the velocity of the forces buffeting industry participants. The organizations that will thrive in our new world will do so by moving assertively with purpose and strategic intent. Here are five trends to watch in 2021 as we move - eventually - into a post-pandemic world.

The industry is under renovation

EY research released at the beginning of 2020 - before the global pandemic hit in full force - found that 50% of media and entertainment executives believe they can no longer rely on traditional business models to drive future growth, highlighting the imperative for strategic and operational reinvention.

The impacts of COVID-19 on the economy and consumer behavior accelerated and amplified long-running changes, including streaming growth, cord cutting, fading movie attendance and an increased focus on the price-value relationship embedded in consumer decision-making on media spending. COVID-19 also resulted in shorter-term cyclical shock. Lockdowns and travel restrictions walloped businesses that rely on the physical aggregation of people - most notably sports, concerts, conferences, and content production. Industry leaders are responding by taking bold steps to reposition their companies to align with new market realities.

As we move into 2021, the sweeping operational restructuring actions already announced by several media majors will take hold throughout the industry. A primary motive is cost reduction, of course. Releasing cash for redeployment into growth investment is essential. However, the changing nature of the industry is forcing companies to rethink how they are fundamentally structured and go to market with their products and services.

The steps taken by media and entertainment companies to streamline the cost base and optimize the operating model for efficiency and effectiveness will remain on center stage as the entire industry plots a course through disruption.

Dance hall is emptying out...time for networks and independent studios to find partners

Consolidation catalysts for media and entertainment companies are clearly defined. Most notably, they include the strategic necessity for more content to fuel streaming growth and the tactical reality that increasing operational scale enables efficiencies and unlocks more investment capital.

However, the window may be closing for remaining mid-sized studios and network owners hoping to sell to larger tech players, due to questions around feasibility and demand. Also, there is still uncertainty around the long-term path to success for companies pursuing vertical integration of content creation and MVPD or wireless distribution. Media operators that lack the mega-scale of today's industry leaders now face a critical choice: attempt to forge ahead alone through turbulent waters or move rapidly to tie up with a similarly positioned peer to improve competitive and financial positioning. In addition, they must set their strategy while navigating the uncertainty arising from the pandemic.

In the year ahead, we will likely see further combination activity involving relatively smaller-sized network owners and studios, motivated by the need to create a bigger platform to support the investment in content, marketing and technology required to make the pivot to a direct-to-consumer model.

Life is better when we're connected

Cable companies are achieving record results from their high-speed data offerings as consumers rely more than ever on fast internet connectivity for work, school and entertainment. With video consumption shifting rapidly from linear channels to on-demand streaming, cable companies are now emphasizing internet services as their core consumer offering. Pay TV packages, once the cornerstone of the subscriber relationship, are being deemphasized in favor of broadband speed tiers and other connected services. According to EY's 2020 Digital Home study, 40% of respondents purchase internet-only packages from cable companies, up 8% year-over-year, further reinforcing the market dynamics.

Looking ahead, cable companies will seek to expand their footprint more deeply into the household by deploying a broader suite of products that build on the core internet connection. Consumers will look to their internet provider for complementary features that enhance the internet experience for the entire home network.

Cable companies will also aim to accelerate growth in adjacent "smart home" channels such as home security, a variety of connected devices - thermometers, doorbells, appliances - and potentially telehealth applications.

Embedding further into the household makes good strategic sense for cable companies as wireless providers begin to roll out 5G networks at scale.

Live events will be back, but different

In-person events will see a robust return in 2021 as the human need for shared experiences remains uniquely powerful. We are already seeing this at selective sporting events where limited crowds that are masked and appropriately distanced, are back in stadiums cheering vigorously for their teams. Even so, in the absence of a fully distributed and effective vaccine for COVID-19, mitigation strategies will be required. This will change the dynamics for venue owners, concert promoters and event organizers - and will potentially open innovative new channels to enhance the consumer experience.

Major business conferences, which moved to virtual gatherings in 2020, will continue to utilize digital platforms to extend reach and include remote participants who remain wary of business travel. Music venues and festivals will push ahead with creative audience layouts such as boxed seating and car-park concerts to encourage attendance, while also promoting interactive options for fans who are not yet comfortable coming out for a show. Owners of large stadiums will utilize their vast capacity to design ticket blocks that meet social distancing guidelines. Theme parks will emphasize safety measures and offer attractive deals to drive admissions.

While serving as a bridge to a full reopening, these solutions will keep audiences engaged and establish new multi-channel, customized and personalized connections - mobile- and video-based and powered by sophisticated data analytics - that will become part of the ongoing consumer value proposition.

Gaming and esports level up

Esports and video games will build on a fan and user base that multiplied in size during the pandemic. When sporting events were shuttered early in the crisis, teams, leagues, athletes, and promoters embraced esports competitions involving major video games and simulation of “IRL” events to maintain fan engagement and fill broadcasting slots. From auto racing and basketball, to cycling and even horseracing, audiences measured in the millions tuned into virtual events, opening a wide new consumer engagement pathway that we expect to grow in 2021.

Meanwhile, video game revenues industry-wide have almost doubled over the last five years. New releases from publishers large and small - combined with the growth of in-game microtransactions and advertising - are leading to another record year for the industry. Late 2020 brought the release of new consoles from the major gaming platforms that will further stoke interest and demand well into 2021. Nascent cloud-based game streaming services plus improved mobile experiences and the virtuous feedback loops provided by industry-centric social and streaming video providers will fuel continued engagement from serious and casual gamers alike.

What each of these trends underscore is that success in 2021 will depend on industry leaders adapting strategies to address unforeseen market opportunities and threats. With disruption as the constant, the only way to survive and thrive in exceptional circumstances is to build systemic agility. The COVID-19 crisis forced media and entertainment industry leaders to activate transformation plans, shrink execution timelines and experiment at lightning speed.

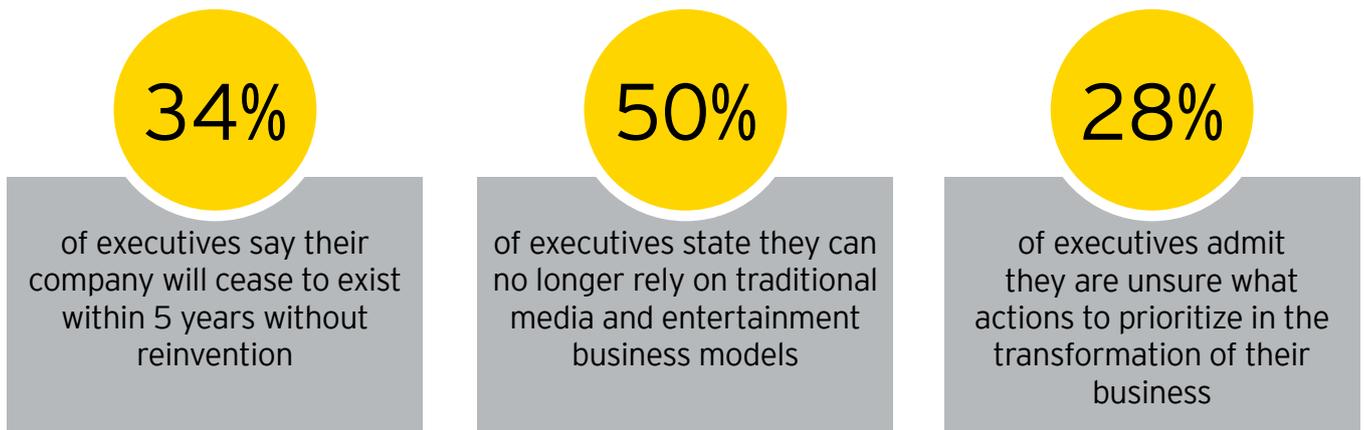
In 2021 and beyond, companies will be successful not because they are better at predicting the future but because they are better able to orchestrate a wide-ranging ecosystem of in-house talent and external partners, and pivot in a timely, confident manner.



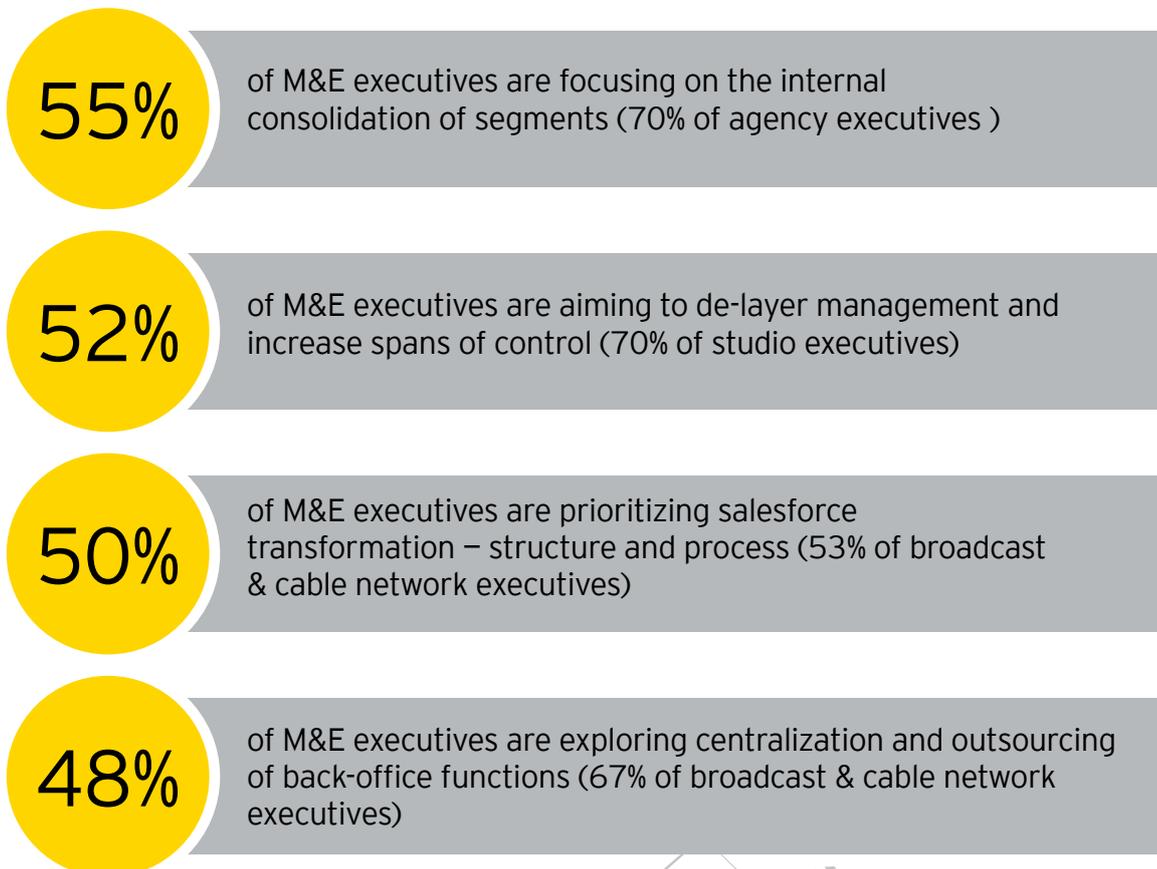
John Harrison
EY Americas Media & Entertainment Leader

A new class of executives will navigate the shifting M&E landscape

EY surveyed M&E leaders to understand how they are positioned for change



63% of EY survey respondents identified operating model change as a priority to effect transformation





Segmental
trends



The image features a central glowing white circle with the word "Television" written in a clean, black, sans-serif font. This circle is surrounded by several concentric, slightly offset white rings that create a sense of motion or depth. The background is a vibrant, abstract composition of purple, blue, and pink hues, with a bright horizontal line of light on the right side. The overall aesthetic is futuristic and digital.

Television



Television segment declined 13% in 2020

	2019	2020	2021E	2023E
Advertising	320	251	304	345
Distribution	468	434	456	502
Total	787	685	760	847

INR billion (gross of taxes) | EY analysis

- ▶ Television advertising declined by 21.5% in 2020, though ad volumes fell just 3%
- ▶ Subscription de-growth of 7% was mainly due to reduction in ARPU and a reduction of two million pay TV homes
- ▶ We expect television segment revenues to exceed 2019 levels by 2022
- ▶ While television households will continue to grow at over 5% till 2025, we expect growth to be driven by connected TVs which could cross 40 million by 2025 and free television which could cross 50 million, thereby making core television a more massified product
- ▶ The smart television will usher in an era of connected viewing which will enable viewers to interact with each other, as well as the broadcaster, through the content
- ▶ The importance of regional and sports programming will increase, driving up both ad rates as well as end-consumer package pricing, subject to regulatory action

Reach

Number of television channels reduced marginally to 909

	2019	2020
News	386	388
Non-news	532	521
Total channels	918	909

MIB website; TRAI

- ▶ The number of channels increased marginally between December 2019 and March 2020, but had declined by December 2020 as a result of channel shut-downs, led by the English entertainment genre
- ▶ News channels comprised 43% of total registered channels in India, up from 42% in 2019¹
- ▶ 64% of channels were free-to-air as compared to 63% in 2019²

The number of distribution platforms grew

	January 2020	December 2020
MSO	1,632	1702 ³
DTH	5	5
HITS	1	1

MIB website

- ▶ MSO registrations increased only by 4% during 2020 as compared to 11% in 2019, mainly due to the implementation of the NTO 2.0 and ongoing impact of COVID-19
- ▶ The Indian market is serviced by four paid DTH providers and one free DTH provider as of 2020
- ▶ Operating platforms include Dish + VideoconD2H+, TataSky, Airtel, Sun Direct and Free Dish
- ▶ InCable continues to operate the lone HITS service

1. MIB
 2. TRAI
 3. MIB website, <https://mib.gov.in/sites/default/files/List%20of%20Registered%20MSOs%20as%20on%201.12.2020.pdf>, accessed 20 January 2020

Four large broadcast networks returned to DD Free Dish in 2020

Period	Channels
December 2018	80
December 2019	104
December 2020	161

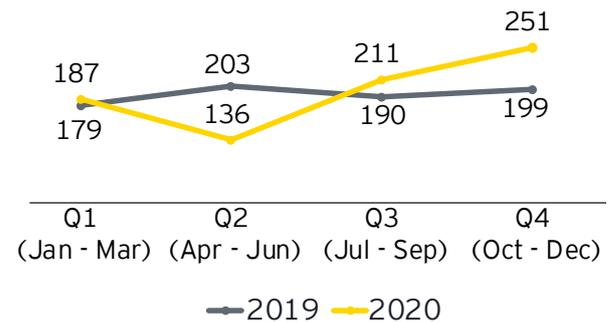
Prasar Bharti

- ▶ As of January 2021, DD Free Dish hosted 161 channels including 91 Doordarshan channels (comprising of 51 educational channels launched during the pandemic) and 70 private channels⁴
- ▶ Four large broadcast networks, Star India, Viacom18 Media, Zee Entertainment Enterprises and Sony Pictures Networks India, who had pulled-out their content from DD Free Dish from 1 March 2019, made a comeback on DD Free Dish during 2020 to capitalize on advertising revenues
- ▶ The Free Dish service also delivers All India Radio's audio programming content of around 48 satellite radio channels⁵

Advertising

TV advertising revenue declined 21.5%⁶

Average ad insertions per day (000s)



TAM AdEX

- ▶ Though ad insertions fell 30% YoY in Q2 2020, they recovered quickly
- ▶ Ad volumes in Q4 2020 exceeded those of the previous year

Ad volumes fell just 3% in 2020...

Period	Ad volumes (in million seconds)		Growth/ Fall
	2019	2020	
H1 (Jan-Jun)	777	639	-18%
H2 (Jul-Dec)	765	859	12%
Total	1542	1498	-3%

BARC

- ▶ As per BARC estimates, ad volumes fell 3% in 2020 as compared to 2019
- ▶ While there was an 18% volume reduction in the first half of 2020, there was a sharp volume growth of 12% in the second half of the year

4. "DD Free Dish Channel List 2021," Dish News, DD Free Dish Channel List 2021 - Dish News, accessed 9 Feb 2021
 5. Prasar Bharti
 6. EY estimates; BARC; TAM AdEX

...though ad rates decreased by 19%⁷

- ▶ Due to the ongoing impact of the COVID-19 pandemic, approximately 1,200 advertisers⁸ put a complete halt on their television ad spends during the April to June quarter, while many large advertisers cut their ad spends considerably during the year
- ▶ This inevitably led to rate discounting across genres by many broadcasters, which we estimate at an average of 19% compared to the prior year

Major sport events got postponed, but IPL Season 13 provided a much-needed revival push⁹

- ▶ Tokyo Olympics 2020, Wimbledon, ICC Men's T20 World Cup, Swiss Open, India Open, Orleans Masters, Malaysia Open, Singapore Open and the German Open were among the sports events which were postponed due to pandemic, along with several domestic sports leagues
- ▶ However, IPL Season 13 in 2020 surpassed the viewership of IPL Season 12 by 23% with a total of 400 billion viewing minutes as compared to 326 billion viewing minutes for the 2019 edition and generated 112 hours of commercial ad volumes¹⁰

51% of ad spends were contributed by FMCG

Product category	Category contribution 2019	Category contribution 2020	Contribution to growth
FMCG	49%	51%	-9%
e-commerce	5%	11%	95%
Telecom	12%	8%	-44%
Auto	7%	6%	-29%
Household durables	5%	4%	-28%
Education	1%	4%	193%
Real estate and home improvement	3%	3%	-17%
Banking, financial services, insurance	2%	2%	1%
Others	16%	11%	-41%
Total	100%	100%	

Pitch Madison Advertising Report 2021

- ▶ 51% of ad spends on TV were contributed by FMCG increasing its share from 49%, though in value terms category de-grew by 9%
- ▶ Other large contributors to decline in value growth were telecom, household durables and auto which added to the decline at over 28% each
- ▶ The biggest growth came from e-commerce and education sector with them growing at 95% and 193% respectively
- ▶ The huge growth in e-commerce sector caused it to overtake telecom to become the second largest category

7. EY estimates

8. <https://www.businesstoday.in/current/corporate/tv-ad-spends-to-fall-18-percent-in-2020-as-1200-advertisers-stop-spending/story/413479.html>, accessed 10 Feb 2021

9. "2020: A rollercoaster ride for the broadcast industry," Exchange4Media, <https://www.exchange4media.com/media-tv-news/2020-a-rollercoaster-ride-for-the-broadcast-industry-109883.html>, accessed 10 Feb 2021

10. TAM AdEX, Commercial Ad Volumes of Star Sports 1 Hindi and English

Ad volumes reduced 3%

Top 10 channel genres contributed 45% of ad volumes

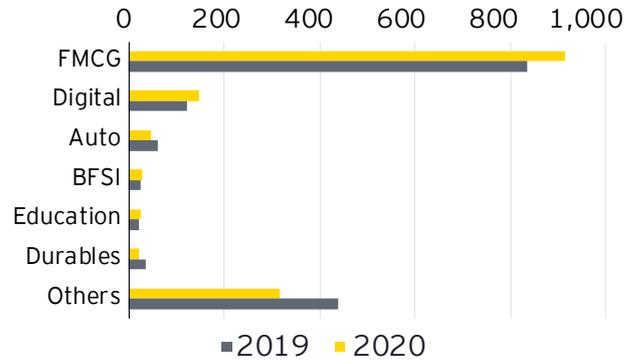
Rank	2019		2020	
	Channel language genre	% Share	Channel language genre	% Share
1	Hindi movies	10%	Hindi movies	11%
2	Hindi news	6%	Hindi news	6%
3	Hindi GEC	5%	Hindi GEC	6%
4	Music	5%	Tamil GEC	4%
5	Tamil GEC	4%	Music	4%
6	Bengali GEC	4%	Hindi regional news	4%
7	Bengali news	3%	Bengali news	3%
8	Hindi regional news	3%	Bengali GEC	3%
9	Malayalam GEC	3%	Malayalam GEC	3%
10	Telugu GEC	3%	Telugu news	3%
	Others (68)	54%	Others (69)	53%

TAM AdEX

- ▶ The news genre led with 31% share of ad volumes followed by the GEC genre with 27% share
- ▶ Hindi movies remained the top language genre for ad volumes and grew its share of ad volumes to 11%
- ▶ Regional channels (666 hours/channel) received 27% more ad volumes than national channels (526 hours/channel) in 2020; in 2019 regional channels had received 13% more volumes

Top five categories contributed 78% of ad volumes

Ad volumes (in million seconds)



TAM AdEX

- ▶ The top five categories contributed 78% of ad volumes in 2020, up from 72% in 2019
- ▶ FMCG increased its contribution to television ad volumes from 54% in 2019 to 61% in 2020 with a 9% increase in absolute volumes
- ▶ Amongst the categories, auto reduced absolute volumes by 23% and durables by 40%

Ads continued to become shorter

- ▶ As per TAM AdEX, 27% of ads on television in 2020 were 20 seconds or less, as compared to 25% of ads in 2019
- ▶ In prime time, sub-20 second ads were 28% in 2020 compared to 27% in 2019
- ▶ The share of ads 40 seconds or longer remained constant at 9%

13 channel genres saw an increase in the number of advertisers

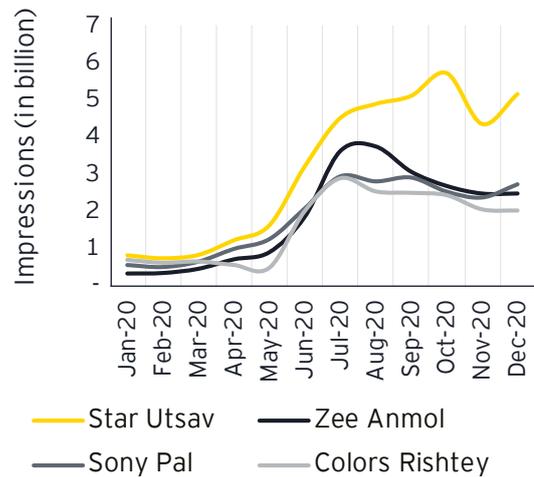
Channel genre	Count of new advertisers
Tamil news	171
Punjabi GEC	38
Gujarati movies	35
Bhojpuri movies	26
Bengali kids	24

TAM AdEX

- ▶ 9,225 advertisers used television in 2020 as compared to 10,105 in 2019
- ▶ Of these, 4,802 advertisers used only television as a medium for advertising and were not present in print and radio
- ▶ The top five genres which saw the highest increase in new advertisers were all from regional language markets

Free Dish ad revenue got a boost after four key channels made a comeback on the platform¹¹

Monthly impressions - 2020



BARC | Average monthly impressions (in billion)

- ▶ Channels like Zee Anmol, Sony Pal, Star Utsav and Colors Rishtey, which were re-launched on DD Free Dish witnessed viewership as high as the pre-NTO period¹²
- ▶ We estimate the channels would have generated INR3-4 billion of incremental advertising revenues in 2020 which could increase to INR10 billion in 2021¹³

11. "Back on FTA, Big Four draw viewers & advertisers alike," Exchange4Media,

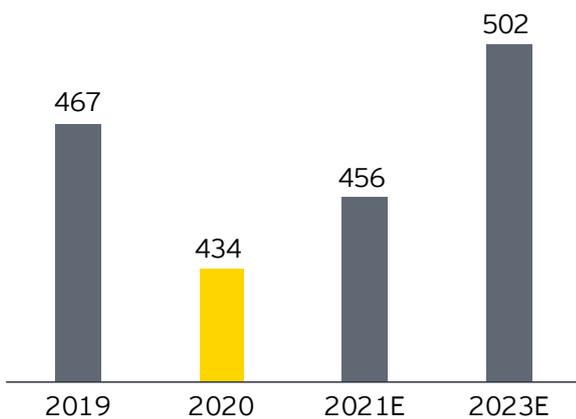
12. BARC

13. EY estimates, industry discussions

Distribution

Distribution income declined 7% in 2020

Television subscription at end customer prices



INR billion (gross of taxes) | EY estimates

- ▶ Television subscription revenues in India decreased 7% in 2020, mainly due to a fall in ARPUs and reduction in the paid subscriber base by around two million television homes
- ▶ While 2020 was impacted by COVID-19, we expect the subscription base for traditional unidirectional television services (cable, DTH, HITS) to keep growing as penetration levels increase over the next few years

Active paid subscriptions reduced by 2 million in 2020

COVID-19 led to a decline in the pay TV universe

	2019	2020
Cable	75	73
DTH*	56	56
HITS	2	2
Free TV	38	40
Total	171	171

Television subscriptions (in million) | Industry discussions, billing reports, TRAI data, EY analysis

*Net of temporarily suspended subscribers

- ▶ While DTH and HITS were relatively stable in 2020, cable saw a decline of 3% compared to 2019 numbers¹⁴
- ▶ The fall in paid subscriptions is attributed to metro subscribers who went back to their hometowns and subscribers who did not renew their subscriptions specifically due to lack of fresh content on major GECs and live sports¹⁵
- ▶ We observed 131 million paid subscriptions for which broadcasters earned revenues in 2020, as compared to 133 million we had reported in 2019

DD Free Dish continued its strong growth trajectory

- ▶ Free television, on the other hand, continued to grow its base to cross an estimated 40 million subscribers¹⁶ on the back of less expensive television sets, economic issues, launch of the DD Retro Channel and return of big broadcasters to the Free Dish platform¹⁷
- ▶ DD Free Dish has become a second set top box within the home, used when there are no large events on television in some cases
- ▶ Free Dish distributors we spoke to mentioned year on year growth in sales as well as the inability to keep up with demand due to a shortage of China-manufactured chipsets

14. EY estimates

15. <https://www.indiantelevision.com/specials/year-enders/throwback2020-cable-operators-start-adapting-to-stay-relevant-210106>, accessed 10 Feb 2021

16. EY estimates

17. Based on EY discussions with suppliers of set top boxes

Connected smart TV sets grew to cross 5-7 million

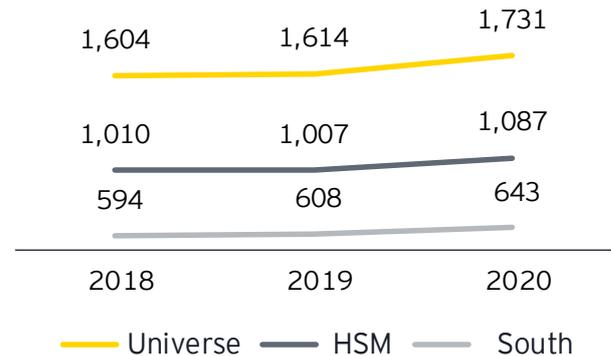
- ▶ At the other end of the cost spectrum, smart television sets also grew their base to around 5-7 million homes
- ▶ We expect connected smart TV sets to reach 14 million by 2023 and 40 million by 2025

End-customer prices decreased

- ▶ End-customer prices declined 5% on average to reach INR226 net of taxes as compared to INR239 in 2019
- ▶ Industry discussions indicate that over 70% subscribers had opted for DPO designed packages in the beginning of 2020 before the lockdown, but that number reduced as subscribers started to let go of channels they did not wish to watch which caused a fall in ARPUs
- ▶ DPOs implemented different strategies for customer retention - including suggesting lower cost DPO packages cheaper than the ones originally subscribed to by users

Consumption

Overall, time spent on TV increased 7% over 2019



BARC |AMA in billions | Wk1 to Wk52

- ▶ Overall impressions increased significantly over 2019 levels with people spending more time indoors
- ▶ While HSM saw impressions grow by 80 billion, south markets grew 35 billion

But increase in viewership did not translate into additional ad volumes

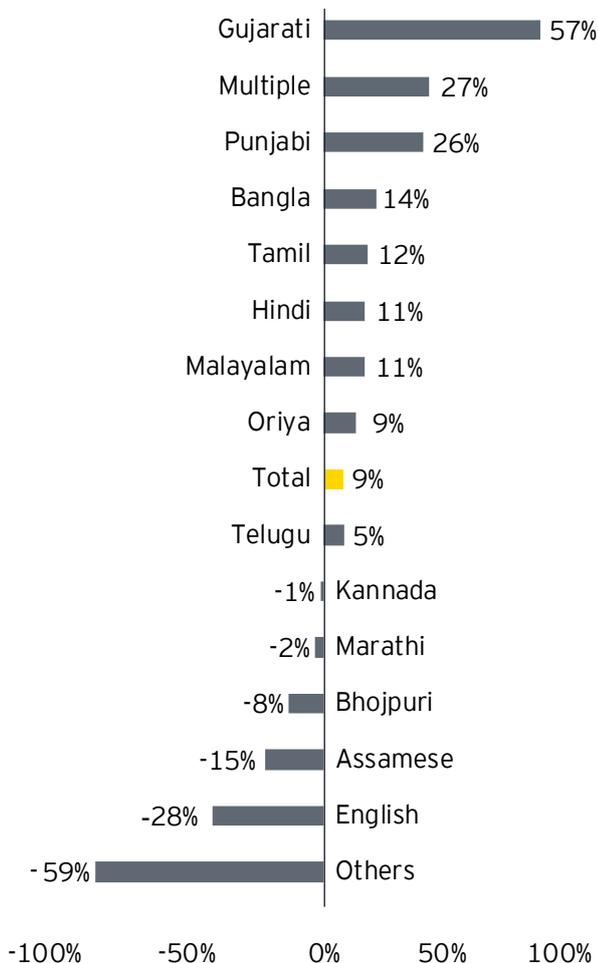
Period	Change % in viewership vs 2019	Change % in ad volumes vs 2019
Pre-COVID-19 (Wk1-10)	-6%	-3%
During lockdown (Wk11-26)	18%	-32%
Unlock (Wk27-37)	14%	5%
Year-ender (Wk38-52)	6%	20%
Total for the year	9%	-3%

BARC's "The year after 2019" | All India, 2+, all channels

- ▶ Television viewership increased during lockdown and was at an all-time high during March 2020 on account of the lockdown, but stabilized by December 2020 to normal levels

Majority of regional languages saw a rise in minutes of viewing

Language growth



BARC | Change in AMA 2020 vs 2019

- ▶ Hindi and Tamil, the two largest languages by viewership, saw a rise in their total minutes of viewing by over 10%
- ▶ Gujarati, Punjabi and Bangla were the top gainers in viewership share during 2020
- ▶ English was the most impacted with a fall of 28% followed by Assamese and Bhojpuri

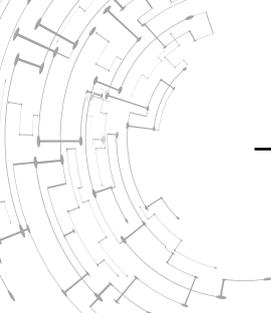
Sports viewership loss was news genre's gain

Genre	Viewership share percentage	
	2019	2020
GEC	49.9%	49.8%
Movies	23.9%	23.8%
News	8.9%	10.4%
Music and youth	6.4%	5.0%
Kids	6.4%	7.4%
Sports	3.2%	1.9%
Others	1.3%	1.6%
Total	100%	100%

BARC AMA

- ▶ Escapism (GEC and movies) continued to generate the highest share of viewership at 74% of the total
- ▶ Per BARC, news genre viewership was up 43% during the first 26 weeks in 2020, compared to the corresponding period in 2019, as viewers kept coming back to news channels for information related to COVID-19 pandemic through the crisis
- ▶ In the sports genre, an absence of live sports for over three months and deferment of the IPL resulted in a drop of 67% viewership during the first half of 2020 with the decline continuing on account of cancellation/postponement of live sports events¹⁸; in prime-time alone, the drop for the sports genre was much higher at 79%
- ▶ Similarly, a drop in youth channels' viewership was expected due to lack of original music and entertainment content and young viewers' increased use of digital platforms

18. <https://economictimes.indiatimes.com/industry/media/entertainment/tv-viewership-sports-loss-is-news-genres-gain-in-first-half-of-2020/articleshow/76877675.cms?from=mdr>, accessed 10 Feb 2021



The gods were kind to Doordarshan

- ▶ During the lockdown, old mythological shows such as Ramayan and Mahabharat were telecast and contributed to 43% of overall viewership of the Hindi GEC genre
- ▶ Ramayan witnessed the highest-ever rating for a Hindi GEC show since 2015 at 1.2 trillion minutes and grew Doordarshan's average daily viewers by 62 million¹⁹

The IPL led to a phenomenal rebound in sports viewership

- ▶ Soon after the stabilization in viewership, IPL Season 13 set a viewership record by growing 23% over the previous edition, reaching 31.57 million average impressions²⁰
- ▶ With a total of 400 billion viewing minutes, IPL Season 13 surpassed the record held by 2019 cricket world cup (ODI) at 356 billion viewing minutes²¹
- ▶ The season saw 65% of contribution from HSM markets as compared to 59% during the previous season

Future outlook

We expect television to grow to INR847 billion by 2023

- ▶ We expect television advertising in 2021 to be close to 2019 levels, growing over 20% to reach INR304 billion on the back of a lineup of fresh sports content, regional channel rate increases and continued growth of free television
- ▶ Subscription income would grow 5% to reach INR456 billion on the back of fresh content, several marquee sports events and pending movie releases, though ARPUs may face regulatory hurdles
- ▶ Television segment revenues are expected to grow at a CAGR of 7% to reach INR847 billion by 2023 driven by increased base of subscribers as households continue to get televised and TV's price competitiveness as against [OTT + data] alternatives

19. <https://www.businessinsider.in/advertising/media/article/broadcast-industry-trends-to-watch-out-for-in-2021/articleshow/80511794.cms>

20. <https://www.thehindu.com/sport/cricket/ipl-tv-viewership-reached-3157-million-average-impressions-star-india/article33141765.ece>

21. <https://www.livemint.com/news/india/ipl-2020-records-400-billion-viewing-minutes-of-tv-consumption-11605877008628.html>

Television will go mass

	2020	2025
Pay TV (cable + DTH + HITS)	131	141-145
Free TV	40	50+
Unidirectional TV	171	191+
Connected TV (bi-directional)	5+	40+
Total TV subscriptions	176	231+

EY estimates | millions of subscriptions

- ▶ Pay TV will continue to grow marginally as states like UP, Bihar, Rajasthan and West Bengal get electrified
- ▶ However, more new users will enter the Free TV market as Free Dish channel count increases to around 200 by 2022 (from 120 in 2019), providing a low-cost advertising opportunity to marketers
- ▶ Growth of unidirectional TV will be far outstripped by the growth of connected TVs, which could reach 40 to 50 million connected sets by 2025, on the back of 46 Indian cities which have a population of over a million each and a total population of 122 million which can be wired-up more easily for broadband²² as well as telcos partnering with LCOs to drive broadband services
- ▶ This means that overall TV connections will keep growing at a healthy pace of over 5% per year to cross 71% of Indian households by 2025

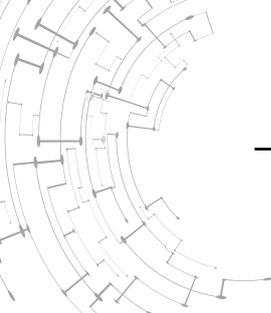
Mass television will require different content

- ▶ As top-end subscribers gravitate to smart and connected television sets and the free television audience crosses 150 million by 2025, the affluence of the average television audience will reduce
- ▶ Consequently, we expect content on television will adopt to become more escapist and mass in nature
- ▶ This fact can help control the increase in average content costs for television programming, though marquee / tent-pole programs and reality shows will always have their place
- ▶ Low-budget direct-to-television films as well as low cost IPs created by news channels will generate differentiation between channels

Regional television will drive ad rate growth

- ▶ Companies like Zee have already started to segment the HSM market with defined offerings for Punjabi audiences
- ▶ Regional ad rates have been rising over the last two years faster than HSM and we expect the same to continue
- ▶ This will be driven by increase in regional content consumption on TV to 60% of total TV consumption, improved quality and higher quantity of content on regional channels

22. <https://www.nriol.com/india-statistics/biggest-cities-india.asp>



End-consumer pricing will be benchmarked to OTT

- ▶ For television subscription to grow, it would need to remain cost efficient as compared to the price of [OTT + data] packages
- ▶ Consequently, the impact of data prices and bundling of popular OTT packages will be the benchmark against which television subscription will need to be maintained
- ▶ We also expect to see more [linear + digital] bundled products from broadcasters and DPOs in order to retain gross reach of their products

Sports will become table stakes for broadcasters

- ▶ The move of sports programming to prime-time (through day-night matches, evening scheduling, etc.) can have an impact on GEC viewership
- ▶ Having a sports product in the bouquet will become increasingly important for broadcasters

An era of “connected consumption” will emerge

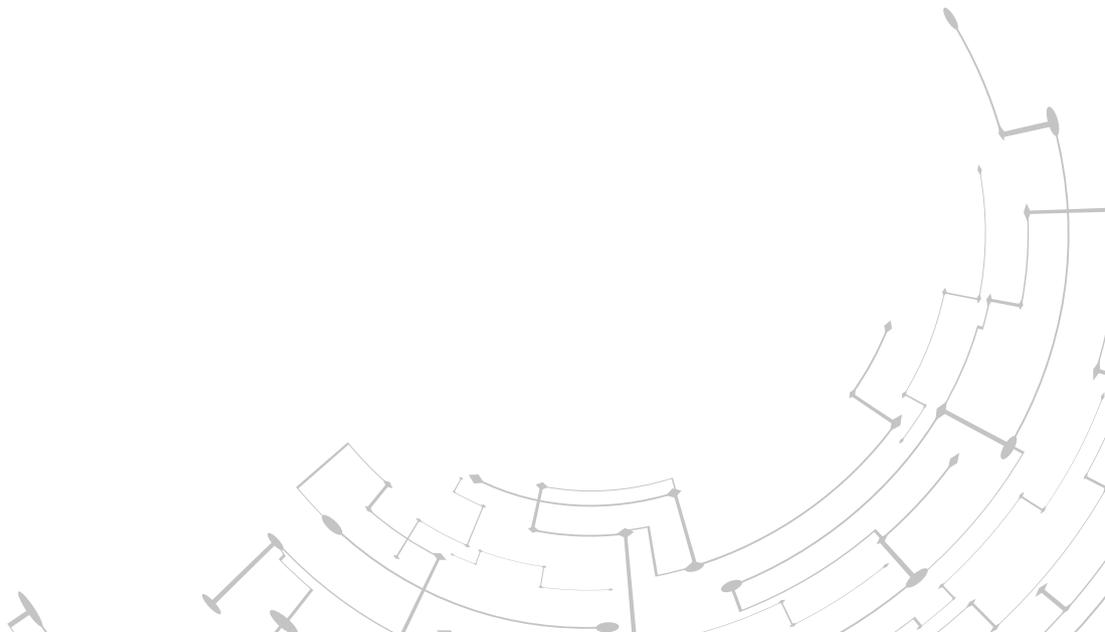
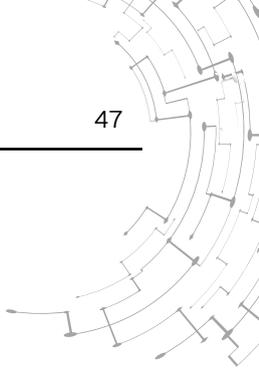
- ▶ Connected TVs will change the way people consume content, enabling people to interact with each other from their homes while viewing content
- ▶ We expect to see several innovations around connected TV content:
 - ▶ live chats between viewers
 - ▶ live polls and contests
 - ▶ play-along games (specially around sports) with real-time leaderboards
 - ▶ challenge-a-friend formats to enable community interactivity
 - ▶ TV content with live interactive elements (singing / dancing / quizzing)

Innovative content monetization models will come into being

- ▶ Large Indian broadcasters are sitting on content libraries of over a million hours between them
- ▶ We expect to see innovation around monetizing these libraries on new platforms (e.g., DD Retro on Free Dish), digital syndication, aggregator OTT platforms, etc.
- ▶ In addition, promos and short clips of current programming can be used to generate ad revenues on social media platforms

Measurement will go wider

- ▶ While the BARC product will become extremely robust due to the oversight it receives, we believe that an additional measurement system, on a non-editable blockchain-based platform with a reach crossing millions of television households will come into being to strengthen the current measurement system
- ▶ The system can be completely automated and use return path data from cable and connected television households (data would be at a household level, however) thereby being large enough to prevent any influencing of viewers

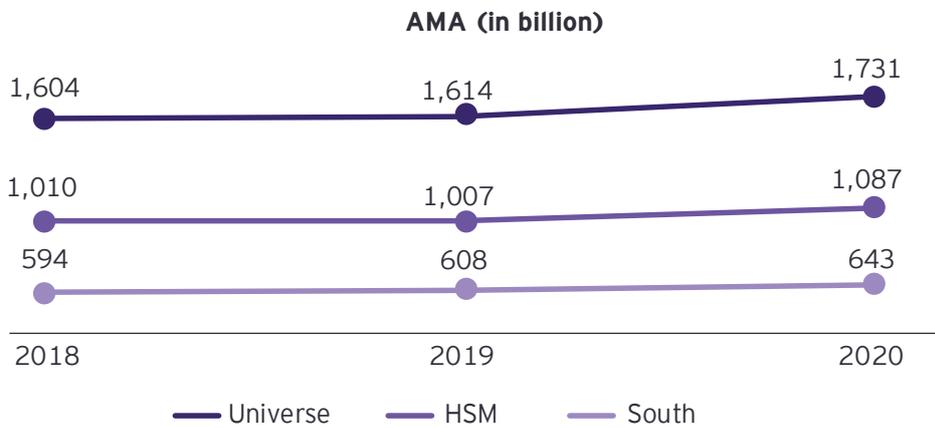


Television viewership trendbook

Powered by

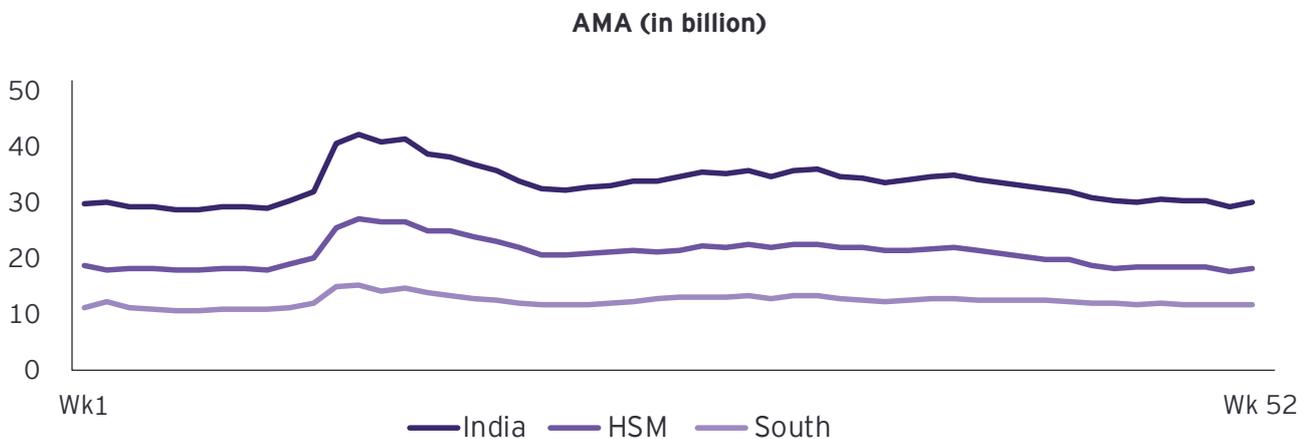


Overall, **TV viewership increased 7% over 2019**



All India, Wk1 to Wk52 (Wk53 for 2019)

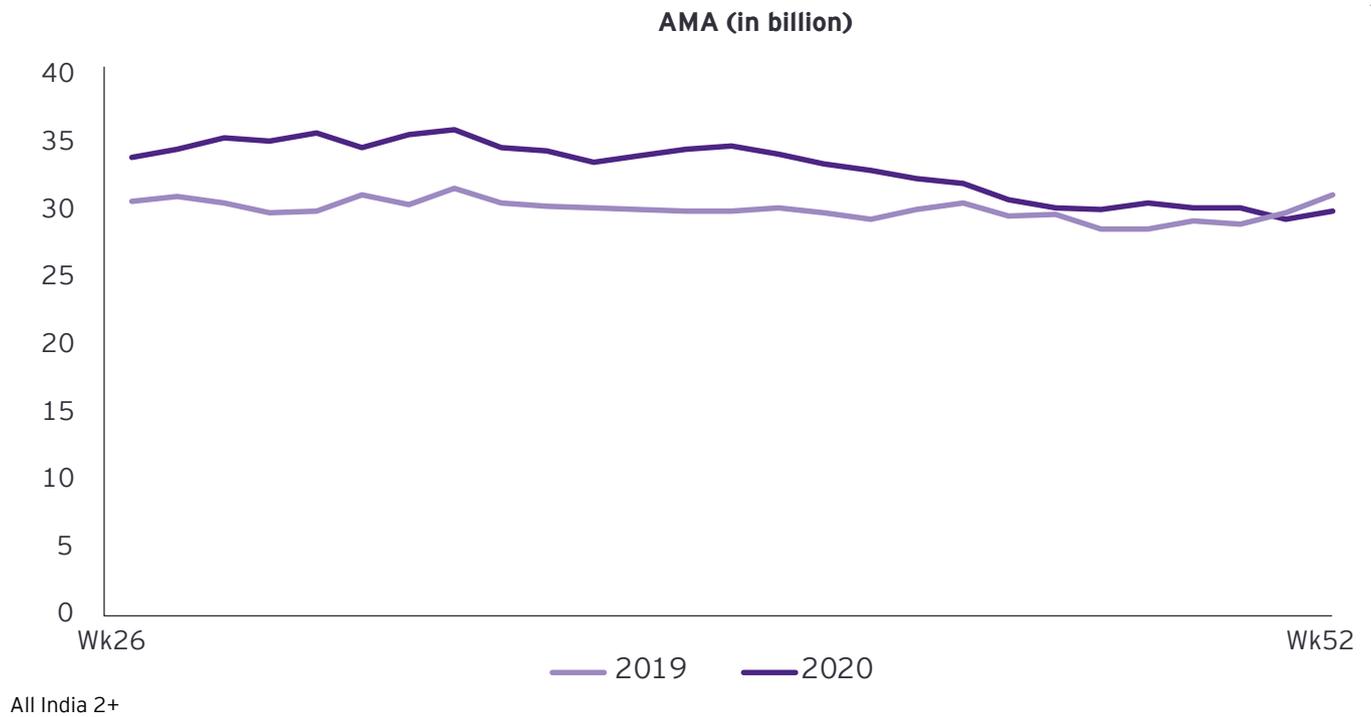
COVID-19 resulted in a **surge in TV consumption...**



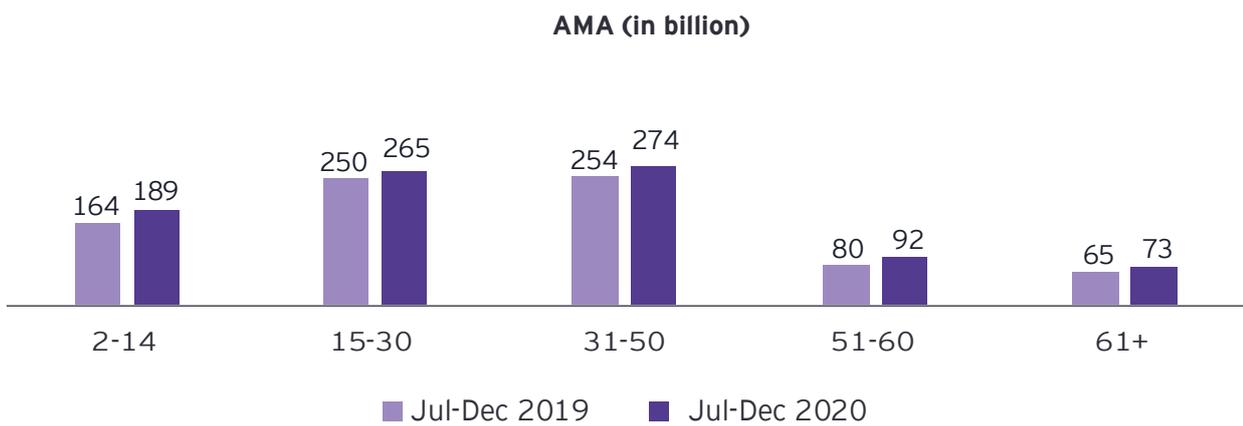
All India 2+

All data has been provided by BARC and is based on their research. The data has not been independently validated by EY and is presented in summary form for representative purposes only. Impressions refers to AMA.

...which largely normalized by the end of 2020



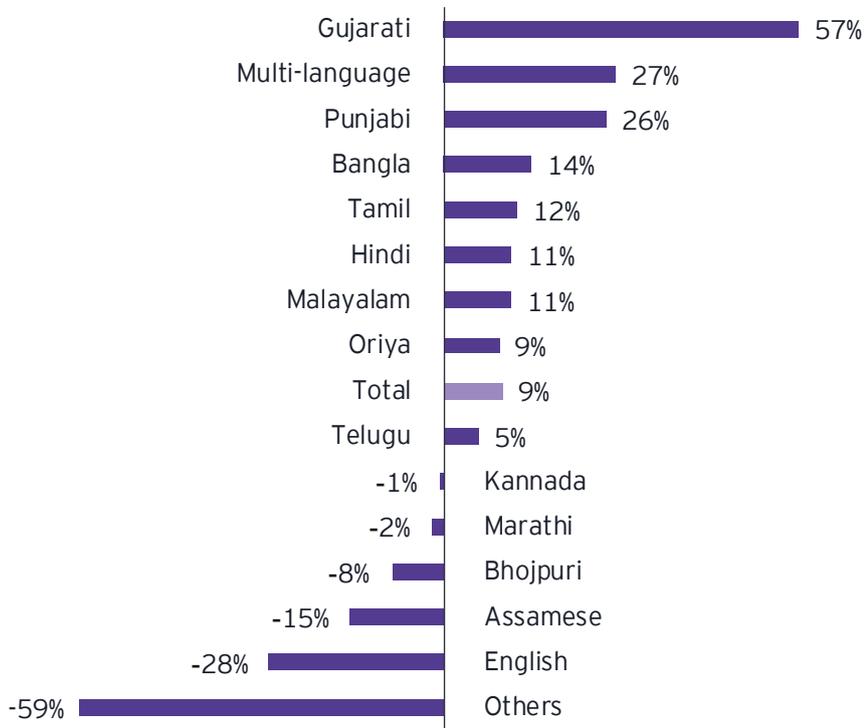
TV viewership increased across all **age groups**



All India, Wk26 to Wk52 2019 and 2020

English language viewership was most impacted

Viewership change by language

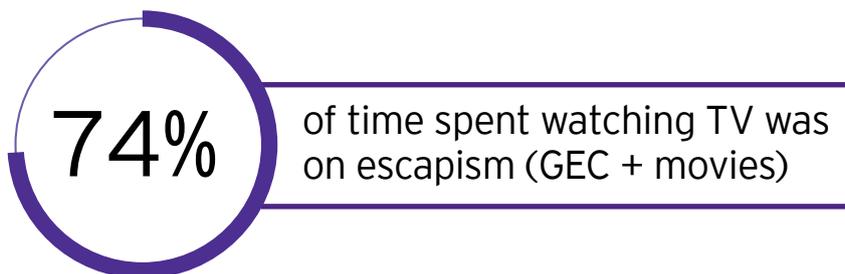


Based on weekly average viewing minutes

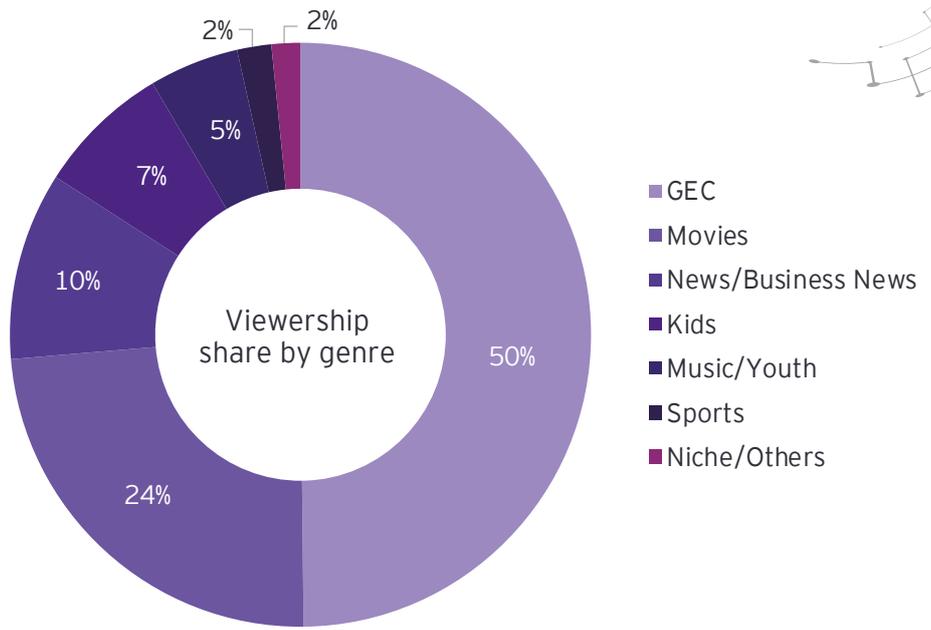
All India, Wk1 to Wk52 2019 and 2020, change in AMA | Others includes Urdu, Haryanvi and French with a viewership share of 0.04%

2020 witnessed fewer tune-ins but **higher time spent**

	Average time spent		Weekly impressions (billion)		Weekly tune-ins (coverage)		Daily tune-ins (reach)	
	2019	2020	2019	2020	2019	2020	2019	2020
India	03:42	04:03	30	33	91.5%	89.4%	70.2%	70.1%
HSM	03:27	03:48	19	21	90.7%	88.5%	67.9%	67.9%
South	04:12	04:33	11	12	93.4%	91.5%	75.2%	75.1%

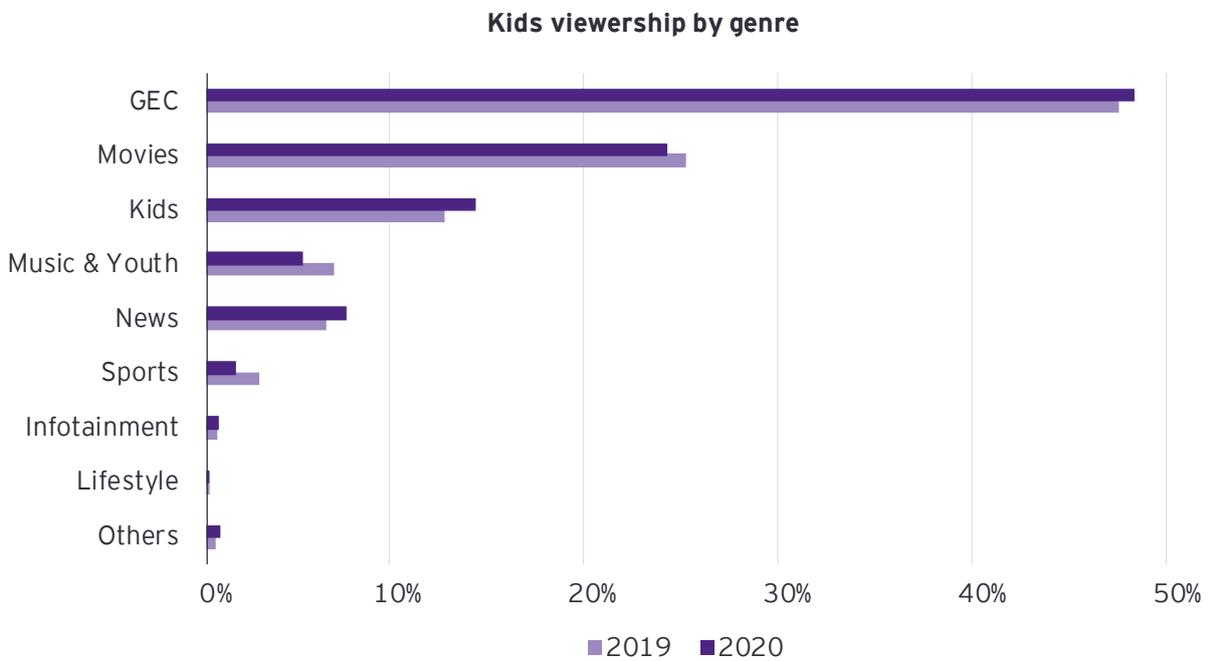


Share of news grew from 7.3% in 2018 to 10.4% in 2020



All India, 2020
 Note: Business News considered under News
 "Music" and "Youth" channels clubbed as "Music/Youth"

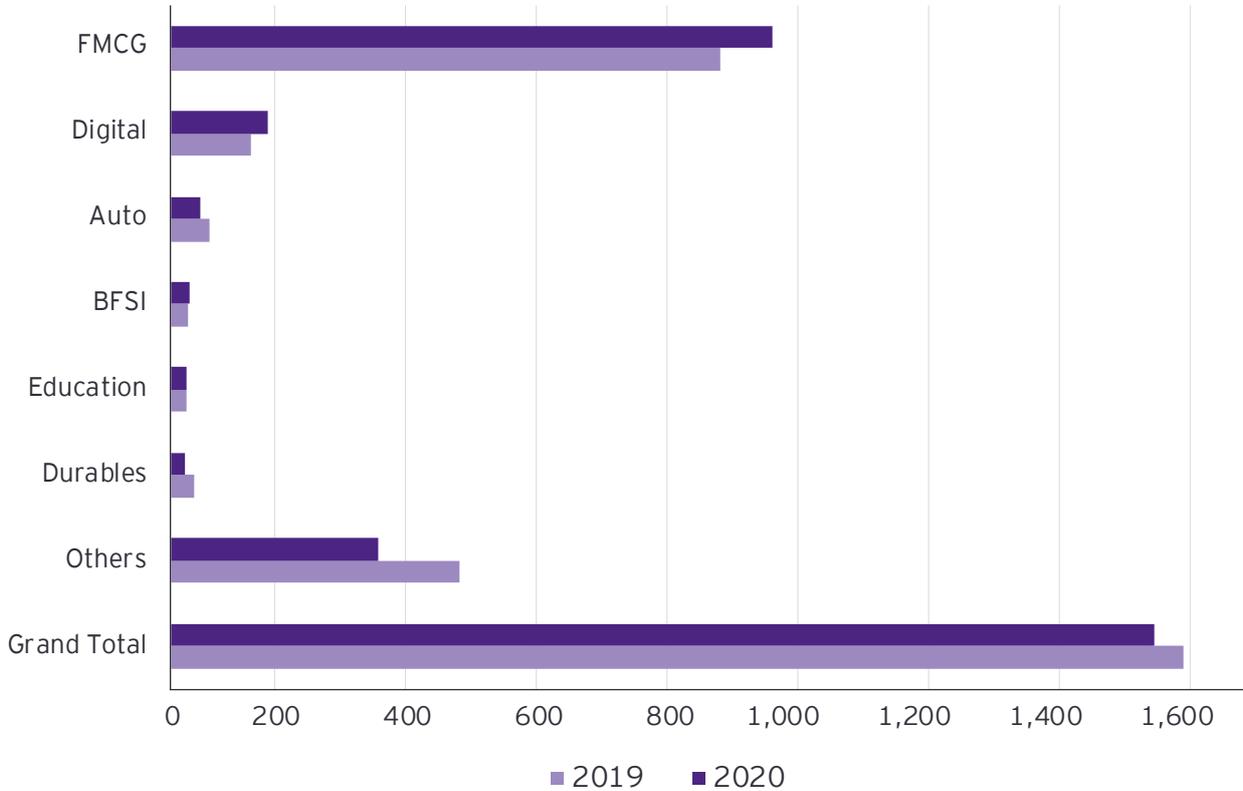
Kids spent almost half their time on GEC content



Note: Others include Others/Devotional/Spiritual/Teleshopping
 All India, 2-14, 2019 and 2020

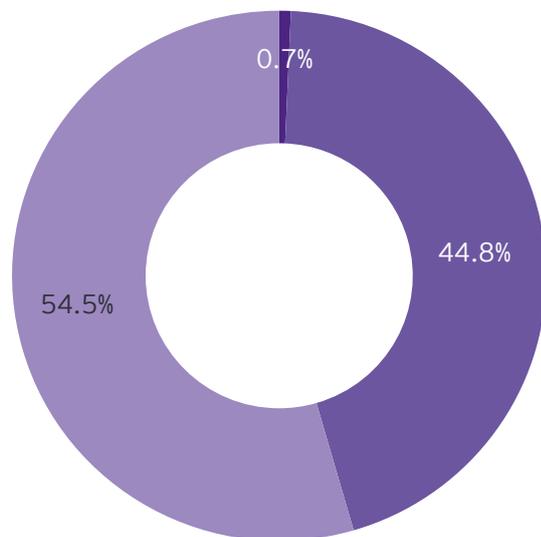
FMCG contributed 61% of total television ad volumes

Ad volumes (in million seconds)



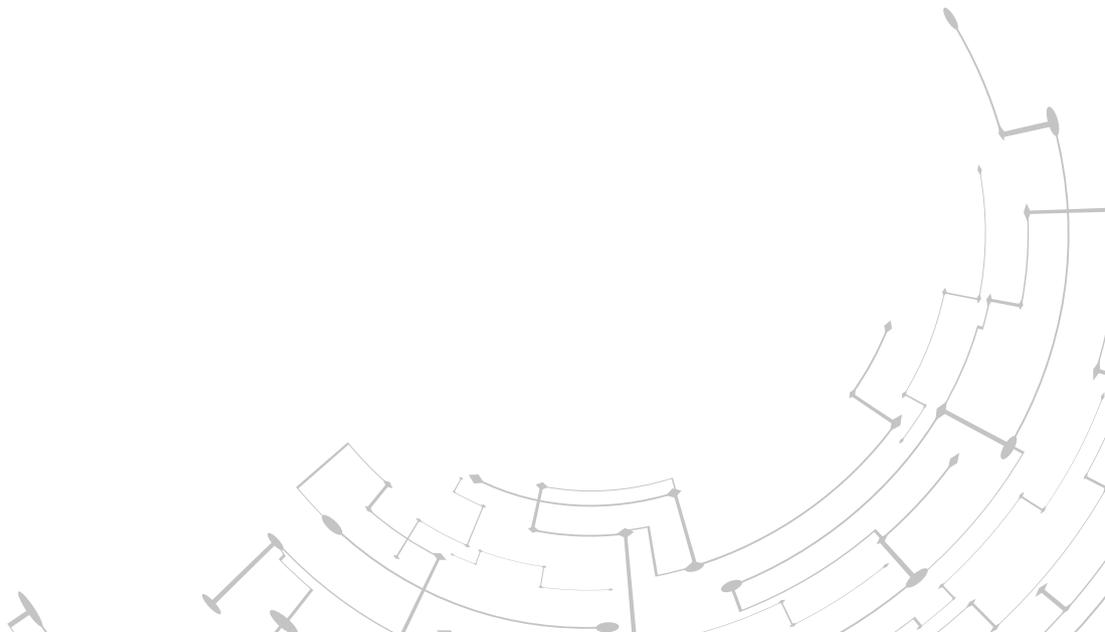
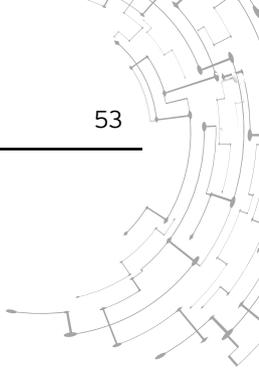
FMCG: Baby Care, Food & Beverages, Hair Care, Household Products, Laundry, Personal Care/Personal Hygiene, Personal Healthcare; Digital: Ecom-auto Products & services, Auto Rental Services, Financial Services, Gaming, Jobs, Matrimonial, Media/Entertainment/Social Media, Other Services, Payment Banks, Real Estate, Travel & Tourism, Wallets And Educ-digital Classroom & Ecom-education; Education: Excludes Online and Digital Classroom

Regional languages comprised over 50% of TV viewership



English Hindi Other languages

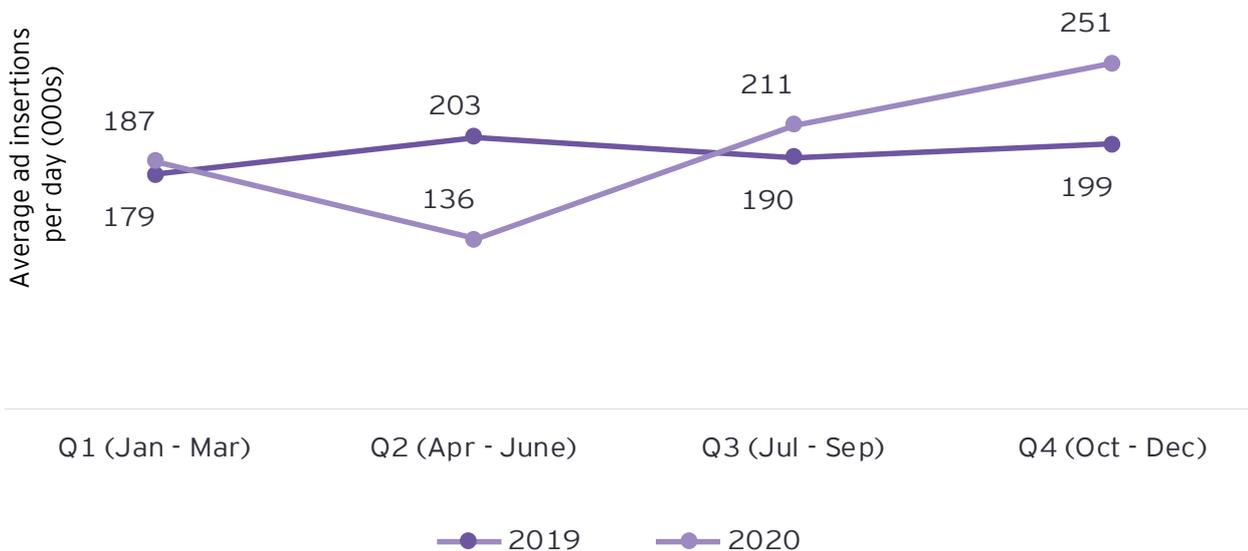
Share of viewership (AMA)



TV advertising trendbook

Powered by TAM AdEX
(A division of TAM Media Research)

TV ad insertions fell 33% YoY in Q2 2020 but recovered quickly



Top 10 channel genres contributed 45% of total ad volumes

Rank	2019		2020	
	Channel language genre	%Share	Channel language genre	%Share
1	Hindi movies	10%	Hindi movies	11%
2	Hindi news	6%	Hindi news	6%
3	Hindi GEC	5%	Hindi GEC	6%
4	Music	5%	Tamil GEC	4%
5	Tamil GEC	4%	Music	4%
6	Bengali GEC	4%	Hindi regional news	4%
7	Bengali news	3%	Bengali news	3%
8	Hindi Regional news	3%	Bengali GEC	3%
9	Malayalam GEC	3%	Malayalam GEC	3%
10	Telugu GEC	3%	Telugu news	3%
11	Others (68)	54%	Others (69)	55%

In 2020, **regional channels** received 27% more advertising compared to national channels

They had received 13% more ads in 2019

**666 hours /
channel**

Regional channels

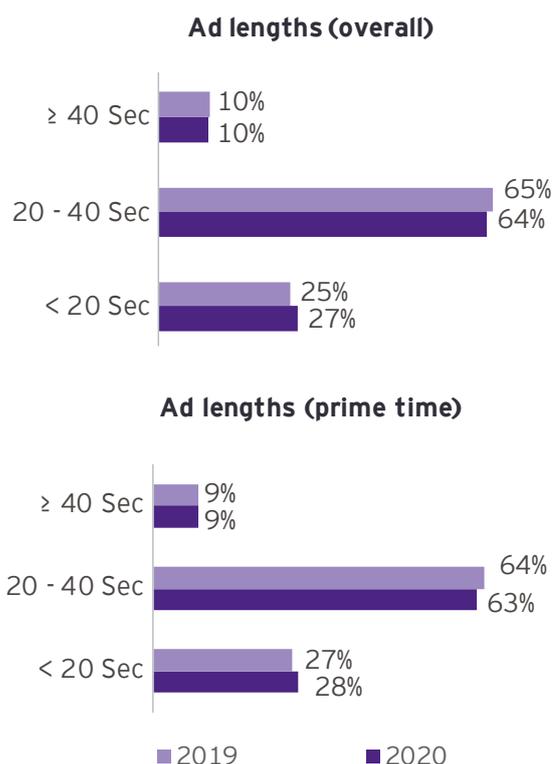
**526 hours /
channel**

National channels

Ad categories that increased spends on TV compared to other media in 2020

Rank	Top 10 categories - 2020
1	Toilet soaps
2	Toothpastes
3	Shampoos
4	Washing powders/liquids
5	Toilet/floor cleaners
6	Milk beverages
7	DTH service providers
8	Retail outlets-jewellers
9	Chocolates
10	Rubs and balms

Ad commercials with 20-40 second lengths were most preferred



Top five advertising sectors contributed 66% of volumes

2019			2020	
Rank	Top 5 categories	%Share	Top 5 categories	%Share
1	Personal care/ personal hygiene	19%	Personal care/ personal hygiene	20%
2	Food & beverages	18%	Food & beverages	18%
3	Services	13%	Services	14%
4	Household products	6%	Personal healthcare	7%
5	Hair care	6%	Household products	7%

Media/ entertainment/ social media entered the top 5 ad categories

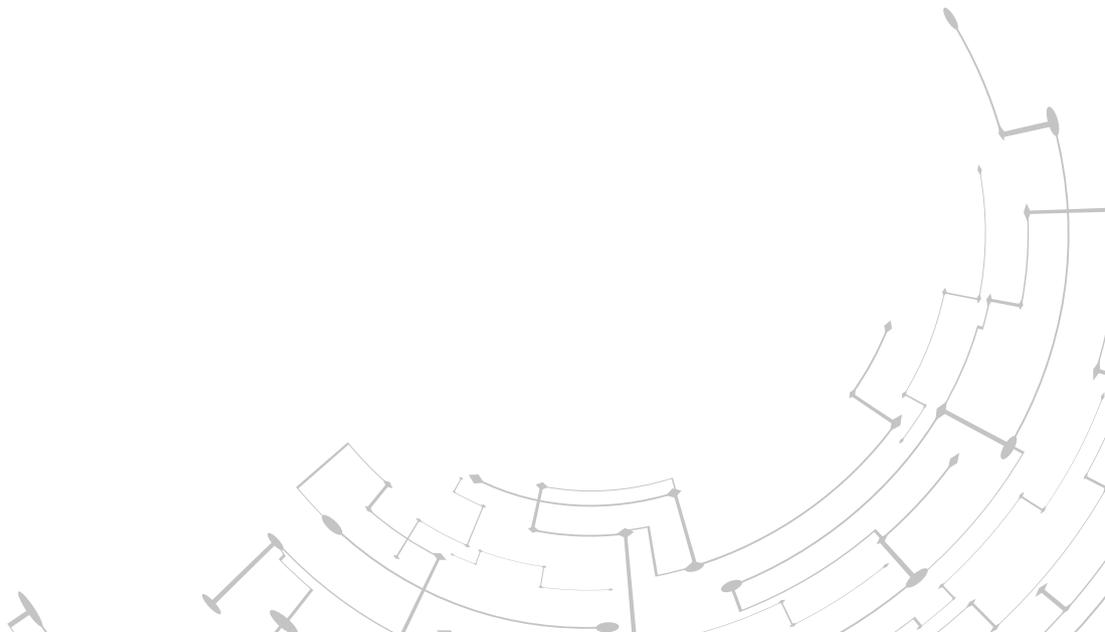
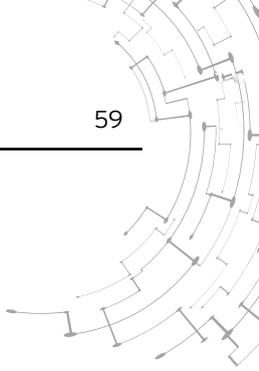
2019			2020	
Rank	Top 5 categories	%Share	Top 5 categories	%Share
1	Toilet soaps	7%	Toilet soaps	7%
2	Shampoos	3%	Ecom-media/ entertainment/social media	4%
3	Toilet/floor cleaners	3%	Toothpastes	4%
4	Washing powders/ liquids	3%	Shampoos	4%
5	Toothpastes	3%	Washing powders/ liquids	4%

23% of commercial ads were endorsed by **celebrities**. Akshay Kumar retained his spot as the top film celebrity

2019		2020	
Top 5 film celebrities in ads	%Share of celebrity ads	Top 5 film celebrities in ads	%Share of celebrity ads
Akshay Kumar	8%	Akshay Kumar	8%
Ranveer Singh	5%	Kareena Kapoor	5%
Deepika Padukone	5%	Amitabh Bachchan	5%
Alia Bhatt	4%	Kiara Advani	5%
Amitabh Bachchan	4%	Ranveer Singh	4%

Top 20 advertisers in 2020

Rank	Top 20 Advertisers in 2020	Industry classification	Ad volume (in million seconds)
1	Hindustan Unilever Ltd	FMCG	294
2	Reckitt Benckiser Group	FMCG	129
3	Procter & Gamble	FMCG	35
4	ITC Ltd	Conglomerate	35
5	Colgate Palmolive India Ltd	FMCG	31
6	Godrej Group	Conglomerate	28
7	Govt Of India	Public Sector	28
8	Cadburys India Ltd	FMCG	25
9	Wipro	Conglomerate	24
10	GlaxoSmithKline Group	Pharmaceutical	21
11	Amazon Online India Pvt Ltd	e-commerce	18
12	Gujarat Cooperative Milk Marketing Federation Ltd	FMCG	16
13	Marico Ltd	FMCG	13
14	Pepsi Foods	FMCG	12
15	Nestle India Ltd	FMCG	11
16	Tata Group	Conglomerate	10
17	Wadia Group	Conglomerate	9
18	SBS Biotech	Pharmaceutical	9
19	Facebook Inc	Social media	9
20	Bharti Airtel Ltd	Telecom	8
Total			766



Expert speak



Punit Goenka

MD & CEO, Zee Entertainment Enterprises Limited

The M&E sector is in a transformative phase, witnessing exponential growth in content consumption across platforms driven by increasing personalisation in the consumer experience. The advent of technology led innovations, have re-modelled the industry in several ways, making it more agile and responsive. Proving its resilience in a challenging year, the sector is well poised for a strong phase of growth, backed by robust consumer demand and a more targeted and collaborative business framework.



NP Singh

MD & CEO, Sony Pictures Networks India (SPN)

With the upsurge in digital adoption driven by growth of wired and wireless broadband access and the rising consumer demand for diversified, personalised and immersive content, the Indian M&E industry is at the cusp of an even stronger growth phase. With the augmentation of technological infrastructure in both traditional and digital media, investments will be more focused towards digital transformation.



Sunil Lulla

Chief Executive Officer, BARC India

2020 once again brought home the power of TV, as India saw record viewership levels during the lockdown. The sector showed strong resilience in the face of pandemic related disruptions. In the second half of the year, marquee events and properties gave a further fillip to advertising on TV. The sector will have a very good foundation for robust growth in 2021.



Megha Tata

Managing Director - South Asia, Discovery Communications India

Going forward we will see a fine balance between OTT and linear, especially in India. Content will be a key differentiator and the ownership of content and the ownership of customer will remain two key pillars. Also, data and analytics will play an integral role in decision making.



Rahul Johri

President - Business, South Asia, Zee Entertainment Enterprises Ltd.

The Indian economy has displayed immense buoyancy and resilience on multiple fronts. As a result, the Media & Entertainment sector is geared up for a positive long-term growth. The resurgence of consumer demand across industries has triggered multiple monetisation opportunities across television and digital platforms.



LV Krishnan

Chief Executive Officer, TAM Media Research

Media world is accelerating towards a one-stop solution – content & data aided with tech! Occurrence & behavioural data sets with simplified 'visualytics' will dictate survival of the best in a competitive industry landscape.



K Madhavan
Managing Director, Star &
Disney India

India's M&E industry will emerge stronger from 2020, with tremendous growth for Digital and AVGC and a quick recovery for Television. It has the potential to reach the pre-Covid target of \$100Bn before 2030, but needs the collaboration of policy makers with a light-touch regulation.



Shashi Shekhar Vempati
Chief Executive Officer,
Prasar Bharati

India needs to emerge as a hub for Broadcast Innovation. It is not merely enough to create compelling content. If Broadcasting has to survive and thrive it must innovate on new modes of delivery and audience engagement leveraging emerging technologies such as 5G, AI, etc.



Avinash Kaul
Chief Executive Officer,
Network18 Broadcast News

COVID-19 has made sure that "fitness" of industries has a new meaning. Those who are nimble enough and evolve and adapt will survive this fitness test too. The Darwinian philosophy is as applicable to species as it is to industries. The measures the media industry has taken to reinvent itself are commendable.



Avinash Pandey
Chief Executive Officer,
ABP Network

2021 will be a year to reboot, recalibrate, and recoup what was lost in 2020. M&E industry will be looking at strategic and operational reinvention as consumer habits changed significantly over the past year. With some landmark decisions in place and some in process – whether to do with digital & OTT regulations or reforms within the measurement system - experimentation, diversification and agility will be critical in order to thrive in the post-COVID-19 landscape.



MK Anand
MD & CEO,
Times Network

The one factor which defines 2020 is acceleration. Trends that were on the horizon have abruptly come centre stage. Opinions, Habits, Cultural norms and Technology adoption have changed forever. Within M&E, that impacts Content, Timespent, Price sensitivity and Brand preference at the Consumer level. All in all, the future is bright and it's coming faster.



Punit Misra
President, Content and
International Market
Zee Entertainment Enterprises
Limited

Content consumption across platforms is growing at a rapid pace in a multi-screen environment. Building a diverse talent pool and content creation ecosystem that can flex the twin muscles - of deep viewer understanding on one side, and the ability to take creative leaps inspired by that affinity on the other, is the recipe for sustained success.

Expert speak



Harit Nagpal

MD & CEO, Tata Sky Ltd.

Establishing a level playing field between cable, DTH and OTT, with respect to tariffs and taxes and gradual easing of some recently imposed regulatory controls, will help the industry grow.



Anuj Gandhi

Group CEO, IndiaCast Media Distribution Pvt. Ltd.

One of the key changes is aggregation of linear and OTT services in common offerings, which is helping shift OTT content viewing to the big screen in India. With fiber connectivity at the last mile increasing rapidly, expect fundamental changes in viewing patterns, audience measurement and growth of SVOD.



Anil Dua

Executive Director & Group CEO, DishTV India Ltd.

The pandemic has increased the consumption of content across mediums and the current trend is likely to sustain in India. The digital momentum that has ensued, has made it imperative for the industry to re-evaluate customers' needs and take a more nuanced approach towards enhanced customer engagement. Wider availability of varied content, diverse modes of content delivery and ever-evolving technology for content-consumption will ensure continuous growth for the M&E industry in India.



Gurjeev Kapoor

President - TV Distribution - India & International, Star & Disney India

2020 witnessed a 9% increase in TV consumption as people spent more time watching television to fulfil their entertainment needs. Television is firmly entrenched in Indian homes and its prominence in the viewers life gets dialled up during tentpole properties and live sporting events.



Anil Malhotra

CEO
SitiCable

2020 saw how last-mile distribution helped break the pandemic chain. Future should bring closer integration of linear and non-linear content, with the latter reaching more large screens than the present.



Rajesh Kaul

Chief Distribution Officer,
Sony Pictures Networks India

While television distribution will continue to grow, it will be important to ensure rates are benchmarked to OTT and bandwidth costs to remain competitive.



Atul Das
Chief Revenue Officer -
Affiliate Sales
Zee Entertainment

The TV and Video industry supported DPOs by encouraging consumers to adopt digital payments during the lockdown. Going forward, we foresee one theme which will dominate the sector – robustness of subscriber audit process, which will help bring enhanced transparency in the value chain.



Sanjog Gupta
Head - Sports
Star and Disney India

With renewed focus on serving the fan and his/her changing behaviour, most stakeholders were forced to reimagine on and off screen sports experiences and modes of engagement. The accelerated adoption of back-end and consumer facing tech to drive efficiency and experiences respectively, in the future, will also lead to the continued reinvention of models for content and monetization.

The image features a central glowing white circle with the text "Digital media" inside. This circle is surrounded by several concentric, slightly offset white rings that create a sense of motion or depth. The background is a dark blue space with several bright blue laser beams crisscrossing. The floor is composed of large, light blue hexagonal tiles that recede into the distance, creating a perspective effect.

Digital media



Digital media grew 6% in 2020

	2019	2020	2021E	2023E
Advertising	191.5	191.5	233.8	340.0
Subscription	29.2	43.5	57.3	84.5
Total	220.7	234.9	291.1	424.5

INR billion (gross of taxes) | EY estimates

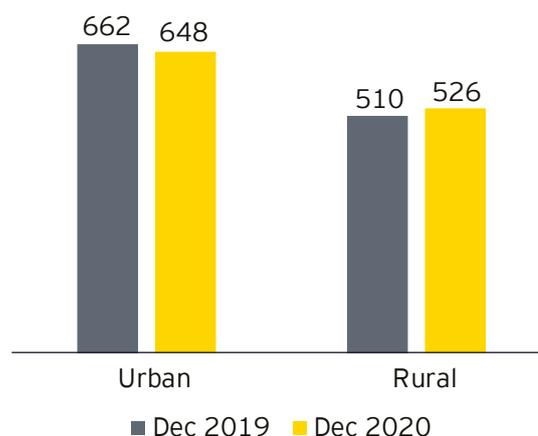
- ▶ Internet penetration increased 11% to reach 795 million, of which 747 million had broadband access
- ▶ 45% of India's population over 15 years of age had access to a smartphone by December 2020
- ▶ Indians spent 4.6 hours a day on their phones, increased data consumption by 15% over 2019 and aggregated 450 million online entertainment consumers in 2020
- ▶ Advertising remained flat in 2020, despite a fall in the April to June quarter, as several categories increased their spends on the digital medium as they expanded online sales channels subsequently e-commerce advertising achieved scale and reached INR35 billion
- ▶ The digital advertising value in the table above does not include spends of many small and medium enterprises, which we are unable to accurately verify, but are estimated to be in the range of INR90 billion
- ▶ Digital subscription grew by almost 50% as the pandemic and the consequent lockdown reduced fresh content on television, online sports went behind a paywall and the pandemic forced much of the population for longer periods indoors
- ▶ Subscription revenue, which was 3.3% of the segment in 2017, had increased to 19% by 2020

Digital infrastructure

A billion+ telecom subscriptions

Telecom subscriptions remained at 1.17 billion in 2020¹

Telecom subscriptions



TRAI

- ▶ Total telecom subscriptions were 1,174 million in December 2020 as compared to 1,172 million in December 2019
- ▶ Urban subscriptions dipped marginally while rural subscriptions grew to 45% of total subscriptions in 2020
- ▶ The tele-density number in India is now 86%, but is heavily skewed to 138% in urban areas and just 59% in rural areas of India²

Internet penetration increased by 11%³

	Dec 2019	Dec 2020
Total internet subscribers (a = b + c)	719	795
Narrow band subscribers (b)	57	48
Broadband subscribers (c)	662	747
Urban internet subscribers (b)	450	482
Rural internet subscribers (c)	269	313

1. Press release by TRAI No. 06/2021; TRAI The Indian Telecom Services Performance Indicators October - December, 2019
2. Press release by TRAI No. 06/2021
3. TRAI, The Indian Telecom Services Performance Indicators July - September, 2020 released on 21 Jan 2021; TRAI, The Indian Telecom Services Performance Indicators October - December, 2019; TRAI, The Indian Telecom Services Performance Indicators July - September, 2019; EY estimates

- ▶ Internet subscriptions grew 11% between December 2019 and December 2020
- ▶ Yet, just 68% of telecom subscriptions accessed the internet⁴
- ▶ 94% of those accessing the internet used broadband
- ▶ While narrow band subscriptions fell 16%, broadband subscriptions grew 13% during 2020
- ▶ Urban internet subscriptions grew 7% while rural internet subscriptions grew significantly faster at 17%

Broadband subscribers reached 747 million

Subscribers	Dec 2018 ⁵	Dec 2019 ⁶	Dec 2020 ⁷
Wired broadband	18	19	22
Wireless broadband	507	643	725
Total broadband	525	662	747

- ▶ With over 700 million broadband subscribers, India has the second largest broadband subscriber base in the world
- ▶ Growth of the wired broadband subscribers base will continue to support the increased sales of internet and smart television sets
- ▶ Around 67% of subscriptions were 3G and 4G, up from 58% last year⁸
- ▶ 4G technology will continue to be dominant, representing 63% of mobile subscriptions even in 2026, with 3G getting phased out by that time
- ▶ 5G will represent around 27% of mobile subscriptions in India at the end of 2026, estimated at about 350 million subscriptions⁹

Smart device growth continued unabated

Smartphone users reached 448 million in 2020

- ▶ The smartphone user base increased to 448 million in 2020 from 340 million in 2018¹⁰ - this indicates penetration into 32% of India's population base¹¹
- ▶ Smartphone subscriptions increased from 620 million in 2019 to 760 million in 2020, indicating a growth from 1.6 to 1.7 subscriptions per smartphone¹²

Connected TVs crossed the 5 million mark¹³

- ▶ Industry estimates indicate that there were over 20 million smart TVs in use in 2020, and this is expected to increase to over 25 million TVs by 2021
- ▶ However, they also indicate that just 5 to 7 million of these were connected to the internet
- ▶ The price of a 32-inch smart TV fell from INR8,499 in 2019 to INR7,200 in 2020¹⁴
- ▶ Desktop, laptop and PC users increased from 94 million in 2019 to 101 million in 2020¹⁵ as laptop and PC shipments to India fell barely by 1% in 2020 to approximately 18 million units¹⁶

4. EY analysis

5. Yearly Performance Indicators by TRAI (Third Edition) published on 25/9/19

6. TRAI, The Indian Telecom Services Performance Indicators October - December, 2019 0

7. Press release by TRAI No. 06/2021

8. Ericsson Mobility Report, November 2020 and 2019

9. Ericsson Mobility Report, November 2020

10. Comscore; Analysys Mason; eMarketer

11. Analysys Mason; EY estimates

12. Ericsson Mobility Report, November 2020; EY estimates

13. Industry discussions; EY estimates

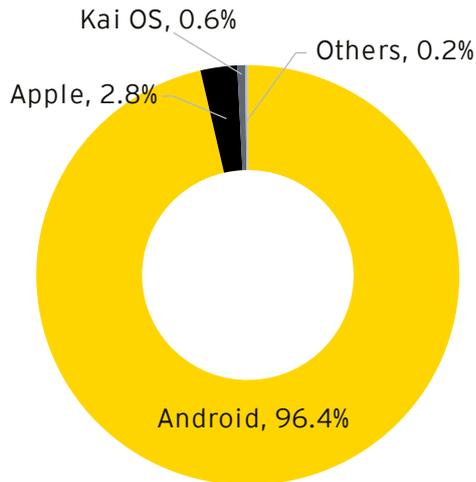
14. <https://www.91mobiles.com/list-of-tvs/32-inch-led-tv-in-india>

15. Comscore

16. IDC Worldwide Quarterly personal computing device tracker

Android remained the most preferred operating system

Share of web-page requests originating from mobile handsets



Statcounter, share of web pages served to web browsers, January 2021

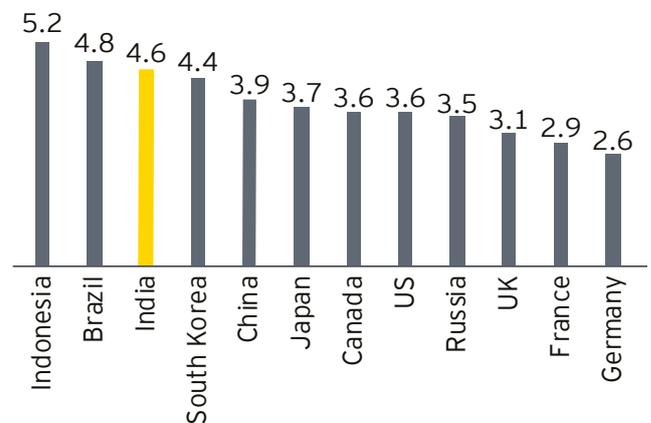
Android grew its market share by 2% when compared with December 2019, while all other operating systems lost market share

Content consumption

Overall consumption trends

Indians spent 4.6 hours a day on their phones

Average hours spent on mobile per day per user

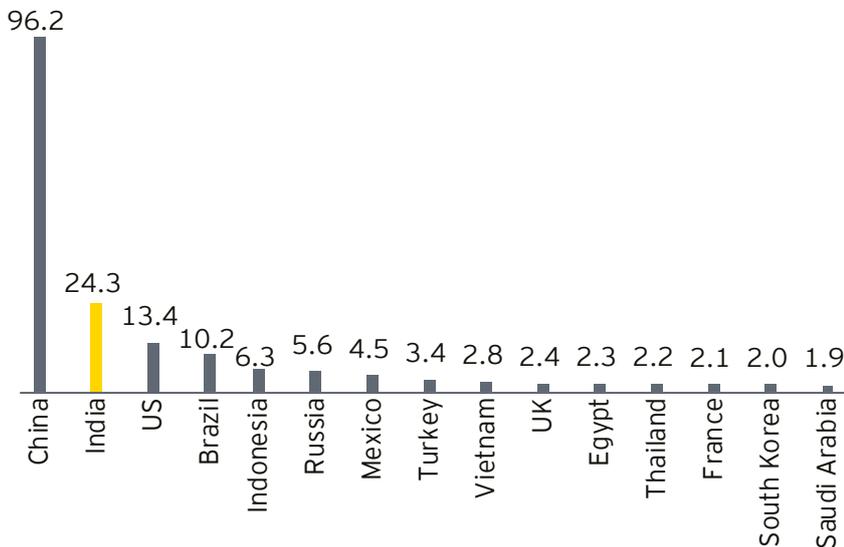


App Annie

- ▶ At 4.6 hours per day, Indians came third in the world, for the most amount of time spent on phones in 2020 overtaking China, Mexico, Argentina and South Korea
- ▶ Consumers spent 1,669 billion minutes online in 2020, up 32% from 1,261 billion minutes in 2019¹⁷

Indians downloaded 24 billion apps in 2020

App downloads (in billion)



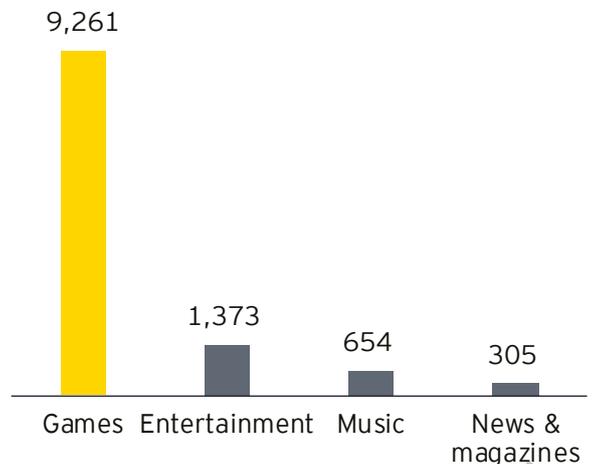
In billion	China	India	US	Brazil	UK	Russia
Downloads	96.2	24.3	13.4	10.2	2.4	5.6
Hours spent	1,153.5	650.6	176.4	183.7	25.7	94.6
Consumer spend (US\$)	48.5	0.5	32.6	0.9	3.4	1.33

State of Mobile 2021, App Annie

- ▶ India remained the second largest market by app downloads in 2020, behind China
- ▶ Indians downloaded almost 24.3 billion apps in 2020, a growth of over 20% over 2019
- ▶ In terms of revenue, India lagged many smaller markets

Games remained the most downloaded app category under entertainment

Total app downloads (in million)

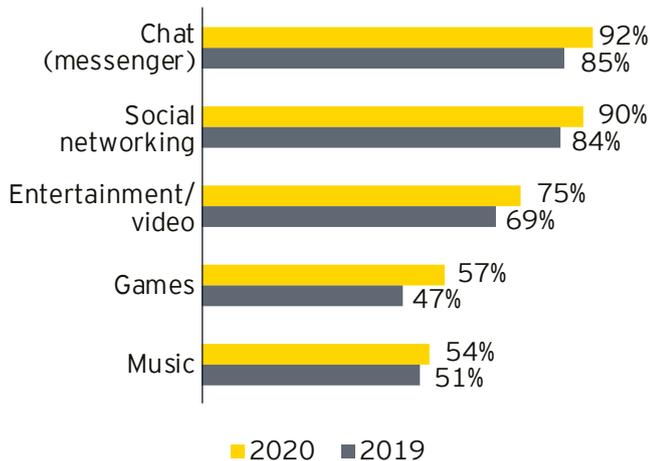


App Annie

- ▶ Indians downloaded 9.2 billion game apps in 2020, comprising 80% of entertainment app category downloads
- ▶ Entertainment apps (12%) were most downloaded apart from games, followed by music apps (6%) and news apps (3%)

4 of the top-5 app categories by usage were related to M&E

Usage of apps by category



Hootsuite's We are social report 2021 | Percentage of internet users, 16 - 64 years reporting usage of app category each month (survey based)

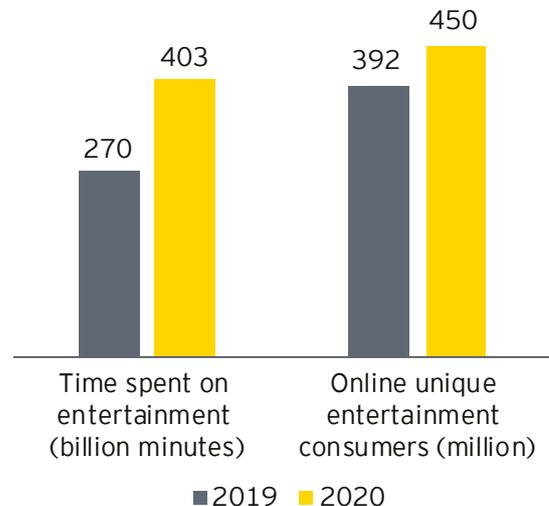
- ▶ Usage among all app categories witnessed growth in 2020
- ▶ 75% of Indian internet users had used one or more entertainment or video apps during the last month
- ▶ 57% had played games and 54% had streamed music

Average mobile data consumption increased 15% in 2020¹⁸

- ▶ In India, average monthly mobile data usage per smartphone continued to show robust growth, boosted by the rapid adoption of 4G and people working from home during COVID-19, at an average of 15.7GB per month which is set to continue to increase at a CAGR of 15% to 37GB by 2026
- ▶ Globally, 66% of data consumed was driven by video, expected to reach 77% by 2026
- ▶ Media and entertainment, including news, books, music, video and gaming, contribute to over 75% of data consumption in India¹⁹

Indians increased their time on entertainment apps

Growth in online entertainment consumers and consumption



Comscore

- ▶ Time spent on online entertainment increased 49% in 2020
- ▶ The entertainment audience grew 15% in 2020 to reach 450 million unique Indians

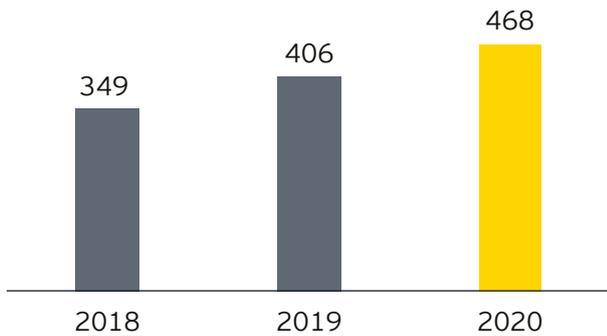
18. Ericsson Mobility Report, November 2020

19. Industry discussions; EY estimates

Online video

Video viewers continued to grow

Video viewers (in million)

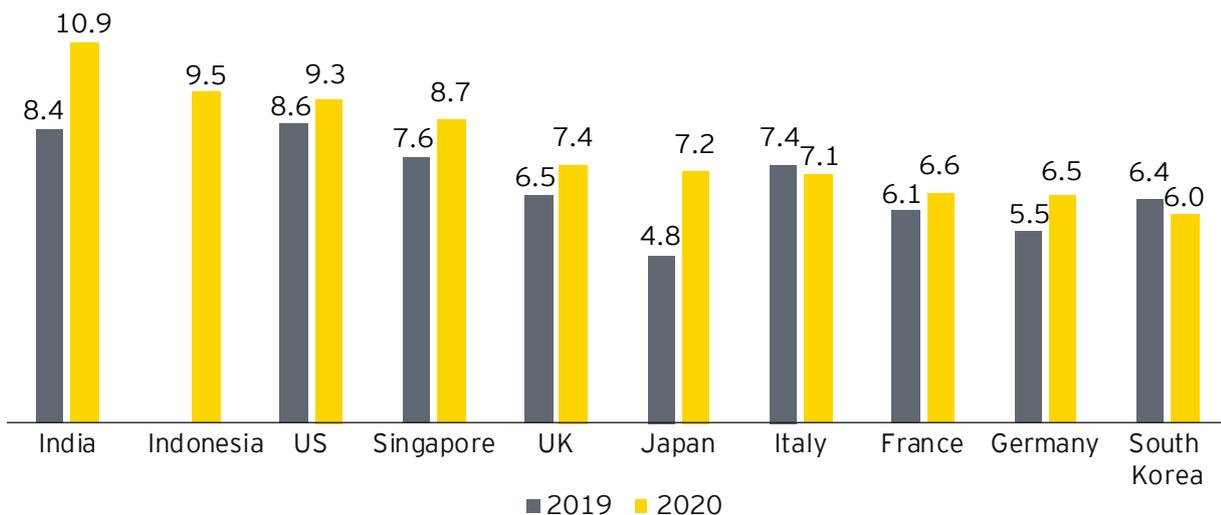


Comscore; EY estimates

- ▶ Video viewers increased 15% to reach 468 million, which is around 96% of smartphone owners
- ▶ Video viewers are expected to grow to 650 million by 2023

India has amongst the highest consumption of online video in the world²⁰

Average hours of video per week



- ▶ Viewers in India watch the most online video each week at an average of 10 hours 54 minutes, an increase of 30% from 2019

20. Limelight Network's State of Online Video 2020, a study of consumers who consume one hour or more of content each week, conducted in August 2020

Online audio

Audio streaming users were 200 million in 2020

- ▶ Around 200 million people streamed music online in 2020 on a monthly basis, though around half of those were regular listeners²¹
- ▶ Per a 2020 study by Kantar and VTION, India's audio streaming market is dominated by Gaana (30% share), followed by JioSaavn (24%), Wynk Music (15%), Spotify (15%), Google Play Music (10%), and others (7%)²²
- ▶ Usage was not limited to metro cities, with some platforms claiming 50%-75% of their audiences coming from non-metros and growing faster than metro audiences

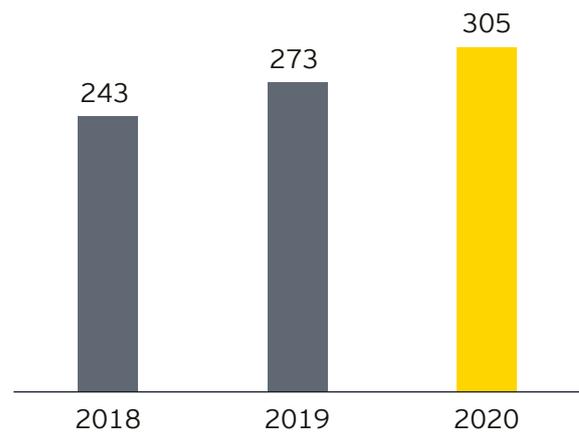
The dearth of film music was an opportunity for non-film and activity-based music²³

- ▶ In 2019, 40% of Hindi top 100 charts comprised non-film songs, the figure has risen to 65% in 2020 with the number of independent artistes with more than a million plays of their songs having registered a 70% increase y-o-y
- ▶ Apart from the rise of regional language music which contributed 39% of all streams, up from 33% in 2019, the lockdown also saw growth in specific playlists such as cleaning, home workouts, kids' content and cooking

Online news

Online news audience grew to over 450 million in 2020

News & magazine app downloads (in million)



App Annie | Total downloads iOS and Google Play

- ▶ Online news subscribers grew between December 2019 and 2020 to reach over 450 million across mobile and desktop users of news sites, portals and aggregators²⁴; however daily regular users were much lower
- ▶ This comprises approximately 57% of internet users²⁵
- ▶ 9 out of 10 top online newspapers are in regional languages
- ▶ Online news and magazine app downloads increased 12% in 2020²⁶

21. Comscore; industry discussions

22. "Streaming of audio grows nearly 40% in India in 2020," Livemint, <https://www.livemint.com/news/india/audio-streaming-grows-40-in-india-in-2020-11608022882735.html>, accessed 17 Feb 2021

23. "Streaming of audio grows nearly 40% in India in 2020," Livemint, <https://www.livemint.com/news/india/audio-streaming-grows-40-in-india-in-2020-11608022882735.html>, accessed 17 Feb 2021

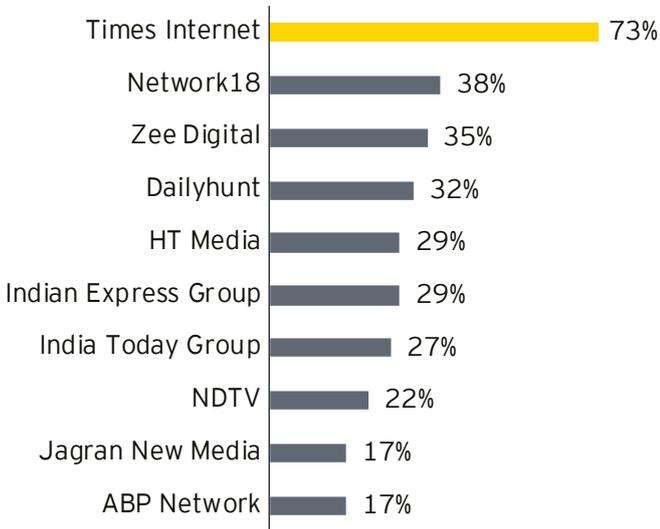
24. Comscore

25. EY analysis, Comscore, Analysys Mason

26. AppAnnie, India total downloads in select categories, combined iOS and Google Play

Seven news platforms crossed 25% national reach

Percentage national reach



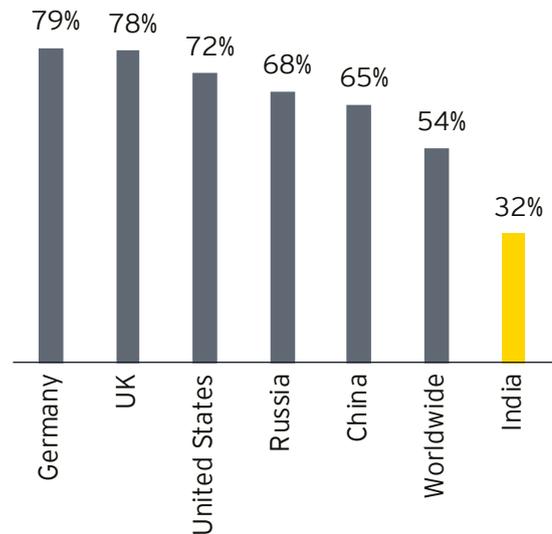
Comscore | MMX Multi-Platform (India) - December 2020

- ▶ Online news platforms have increased their reach in 2020 as circulation of physical newspapers faltered
- ▶ Dailyhunt was the only news aggregator amongst the top news platforms
- ▶ Most platforms have started putting some content behind a paywall in an effort to increase digital subscription revenues, but we estimate based on industry discussions that these aggregate to less than a million paying subscriptions across the country

Social media

Social media penetration reached 32% in 2020

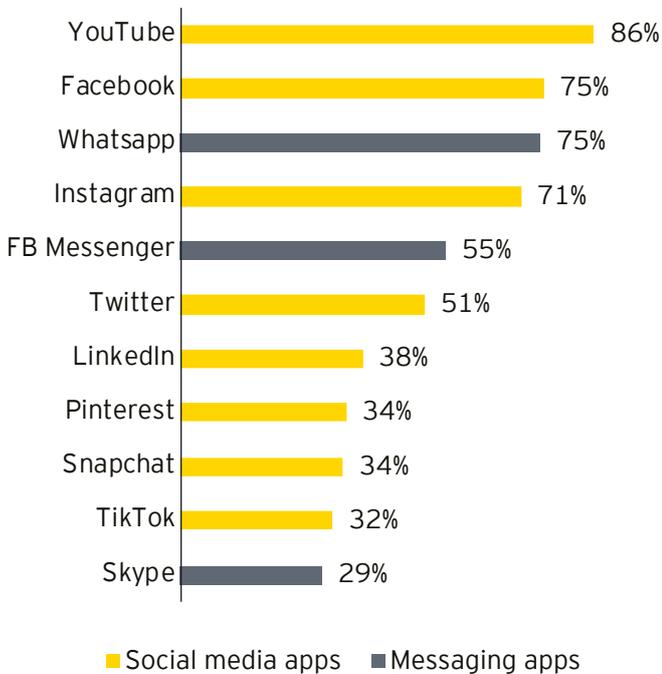
Percentage of population on social media



Hootsuite | We Are Social report, January 2021

- ▶ Around 448 million Indians were active on social media in 2020, a growth of 21% over 2019
- ▶ Social media is now used by 32% of Indians aged 16 years and above, up from 29% in 2019
- ▶ Most social media users subscribed to multiple platforms but did not use each platform daily

Top social media platforms included YouTube, Facebook, Whatsapp, Instagram, etc.



Hootsuite, We Are Social report, January 2021

- ▶ 99% of respondents surveyed indicated using a social media platform on their mobiles, of which 91.6% claimed to have actively engaged with a chat app in the previous month
- ▶ 47% of respondents claimed to use social media for work purposes
- ▶ Despite TikTok being barred in India in June 2020, it still featured in the top-ten most used platforms in 2020

Digital advertising

Digital ad spends grew 1% in 2020

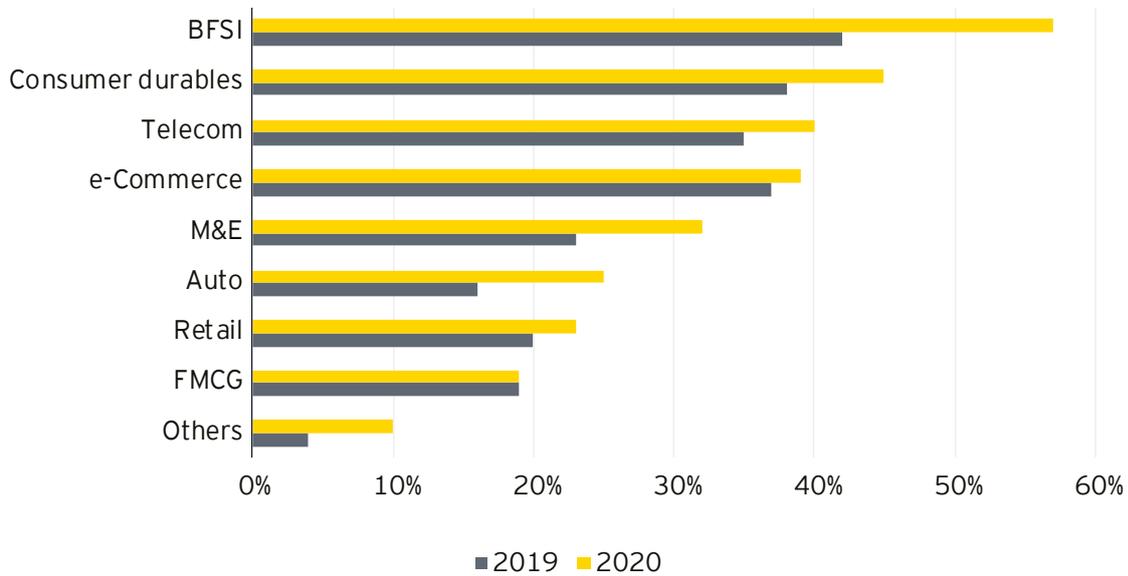
	2019	2020	2021E	2023E
Large advertisers	191.5	191.5	233.8	340.0
SME & long tail (not validated)	87.5	90.6	108.8	153.0
Total	279.0	282.0	342.6	493.0

INR billion (gross of taxes) | EY estimates

- ▶ Digital advertising remained flat at INR191.5 billion in 2020 while becoming the second largest advertising segment after television
- ▶ While certain sectors like Travel showed marked decline, sectors like M&E, Auto, BFSI, Durables and Telecom increased spends as they implemented or widened digital sales channels during the pandemic
- ▶ SME and long tail advertisers spent an estimated INR90.6 billion, primarily on performance advertising on Google, Facebook and e-commerce platforms
- ▶ We are, however, unable to verify this and have shown this amount separately and not included it in our overall segment sizing estimates
- ▶ Of the total, share of ad revenues generated by e-commerce platforms increased to INR35 billion, crossing 12% of total digital advertising
- ▶ Total advertising including SME & long tail grew by 1% in 2020

Five ad sectors spent over 30% of their total ad spends on digital

Percentage spends on digital by sector

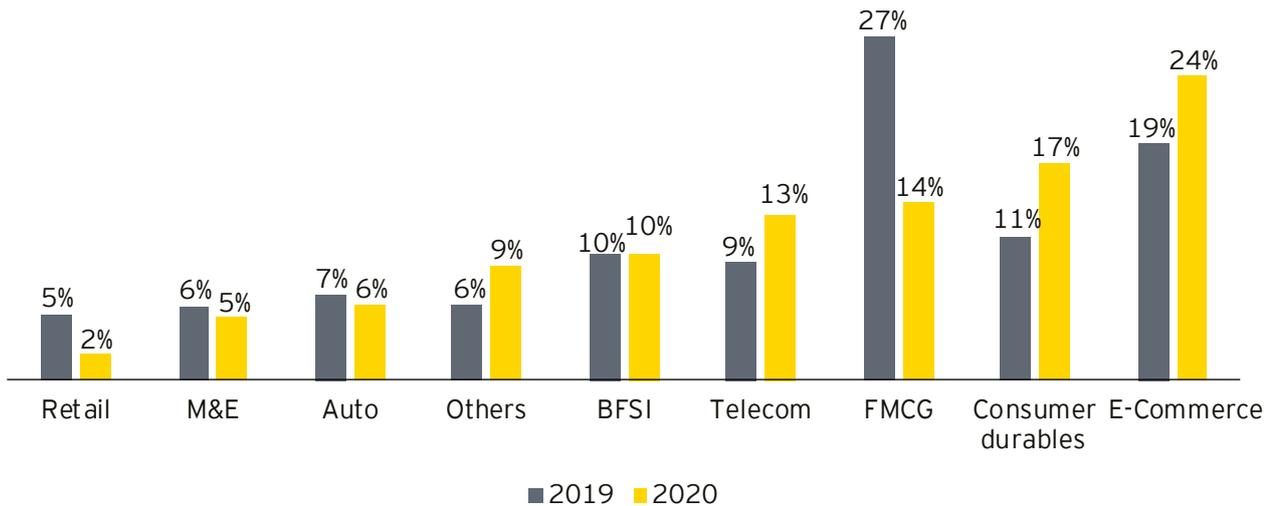


Dentsu Digital Advertising in India report 2020 and 2019

- ▶ All sectors increased their share of spends on digital advertising in 2020
- ▶ Highest percentage growth was seen in BFSI, Consumer durables, Telecom, Auto and M&E
- ▶ In 2019, 4 sectors had spent over 30% on digital advertising

FMCG, Durables and E-commerce contributed over half of digital ad spends

Category contribution to digital advertising

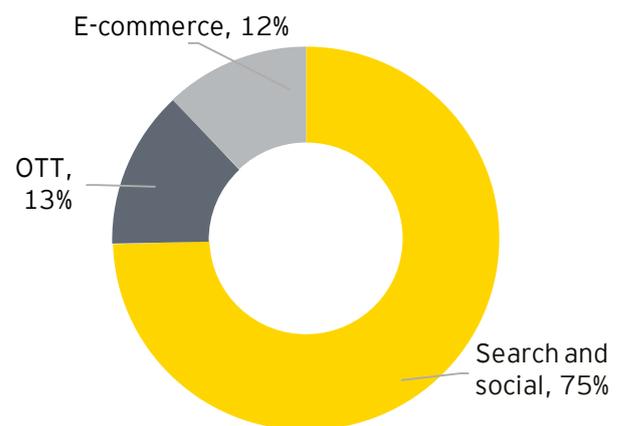


Dentsu Digital Advertising in India report 2020 and 2019

- ▶ The top five categories contributed 78% of total digital ad spends
- ▶ E-commerce, Consumer durables, and Telecom were the three categories which increased their contribution to total digital advertising
- ▶ Significant growth was noted in the share of Others category, showing the medium attracted a wider base of categories

Advertising on E-commerce platforms achieved scale

Ad revenue by platform



EY estimates | Based on total digital advertising including SME and long tail

- ▶ Search and social media, across different platforms continued to provide 75% of digital ad revenues
- ▶ Advertising on E-commerce platforms crossed INR35 billion to garner 12% of total digital advertising as more brands used online channels to drive sales, being closest to the point of purchase
- ▶ OTT platforms of broadcasters and news companies garnered 13% of digital ad revenues, led by Hotstar and Times Internet

Small and medium enterprise (SME) advertiser base grew

- ▶ Large ad platforms claim that there are now over 400,000 small and medium enterprises who advertise on them, to generate business in India and abroad²⁷
- ▶ They expect that this number is growing significantly and could reach 500,000 advertisers within two to three years
- ▶ In addition, the pandemic spurred the growth of hyper local entrepreneurs who target audiences in specific localities within cities
- ▶ SME spends are focused on performance advertising - predominantly search, social and classifieds - on platforms like Google, Facebook, Flipkart, Amazon, Just Dial, etc.
- ▶ We estimate these advertisers spent over INR90 billion in 2020

Share of local language ads increased

- ▶ The share of ads in local languages continued to increase in 2020 - YouTube released its first regional language Ads Leaderboard report, which showed that the top 10 most-watched advertisements spanning the second half of 2020 were in regional languages²⁸
- ▶ As the reach of the internet continues to be fueled by regional subscribers, we expect that the share of language advertising will reflect that of TV. Eventually, only 3-4% of ads will be in English, approximately 47% in Hindi and the rest in regional languages²⁹

Share of programmatic and contextual advertising increased

- ▶ Our interviews have shown that share of programmatic advertising increased from 10% of total digital spends in 2017 to 35-40% in 2020³⁰
- ▶ Dentsu estimates the contribution of programmatic advertising would continue to grow to reach 42% by 2022
- ▶ Interestingly, the need for contextual conversations also increased at the same time and cohort-based curated advertising made a strong beginning as brands took to curated conversations

27. Industry discussions

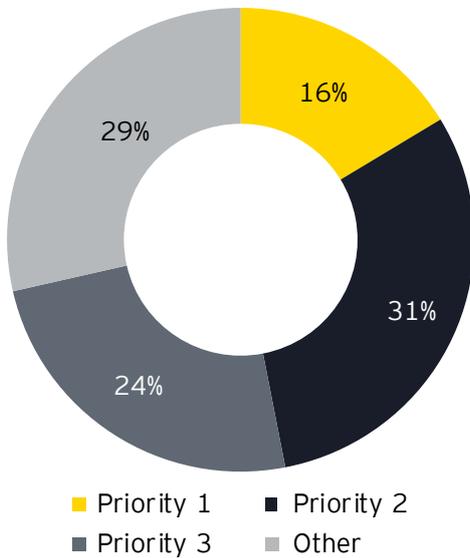
28. <https://www.timesnownews.com/technology-science/article/indians-prefer-watching-ads-in-regional-languages-online-says-youtube/696254>

29. BARC, EY analysis

30. Industry discussions, EY Analysis

Concern over ad fraud remained high

How important is dealing with ad fraud for you?



EY marketer survey 2020

- ▶ With companies increasing their digital advertising spends and digital advertising becoming the second largest advertising segment, ad fraud has become a serious concern
- ▶ 71% of marketers we surveyed indicated that dealing with ad fraud was in their top three priorities for 2021 and 31% had implemented tools to monitor the same
- ▶ Despite the concern, 98% of our survey respondents expected their digital ad spends to increase over the next two years

Digital subscription

In 2020, digital subscription grew 49%

	2019	2020	2021E	2023E
Video	28.2	42.4	56.0	82.7
Audio	1.0	1.1	1.3	1.8
Total	29.2	43.5	57.3	84.5

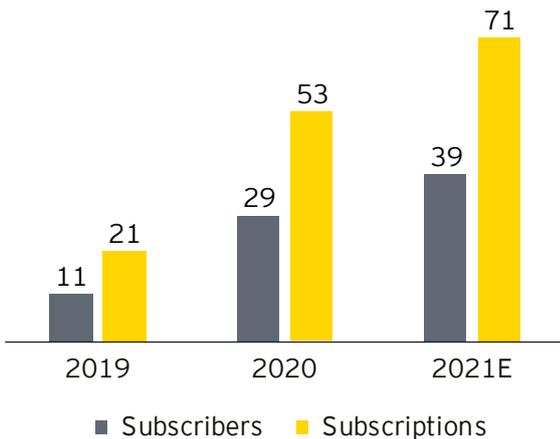
INR billion (gross of taxes) | EY estimates

- ▶ Digital subscription grew 49% in 2020 to reach INR43.5 billion
- ▶ Video subscription revenues grew 50% in 2020 as premium content - originals and sports - went behind the paywall particularly during the pandemic, when original content could not be produced for television
- ▶ Paid video subscriptions crossed 50 million for the first time
- ▶ Audio subscription grew comparatively slower at 15% in 2020 as several free products are available which reduce the need to subscribe
- ▶ The percentage of paying subscribers to total OTT consumers remained less than 10% and 1% for video and audio respectively
- ▶ We expect digital subscriptions to grow at a CAGR of 25% till 2023

Video subscription

Paid video subscriptions crossed 50 million

*Paid subscribers and subscriptions
(in million)*

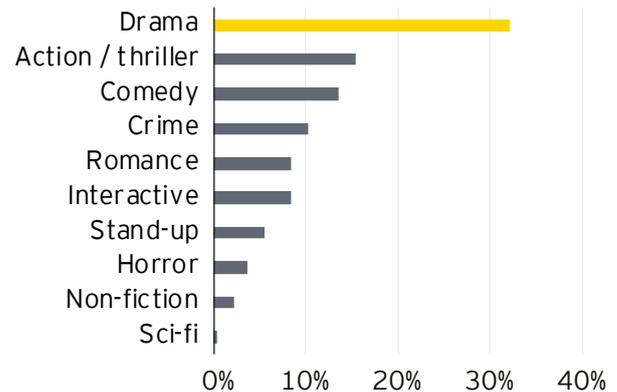


EY estimates

- ▶ 29 million subscribers paid for 53 million OTT video subscriptions in 2020 (not counting subscriptions bundled along with data plans)
- ▶ Key drivers for growth included Hotstar putting the IPL behind a paywall, release of direct to digital films during the pandemic and lack of fresh content on television for four months
- ▶ Around 1,200 hours of original content were created for OTT platforms across films and episodic content, which led to increased demand for OTT subscriptions

Original drama content was the most popular genre³¹

Share of original content titles by genre



Percentage of total titles produced | Primary genre considered for multi-genre productions

- ▶ OTT players spent upwards of INR10.2 billion on creating around 1,200 hours of original content across 220 titles in 2020, excluding acquired movie rights and sports
- ▶ This is a reduction from INR14 billion in 2019 for around 385 titles due to stoppage of shoots during the pandemic for five months
- ▶ Netflix invested INR30 billion in content in India across 2019 and 2020; it has announced over 60 titles in India and launched 17 films and 11 series in 2020 alone, making India one of its largest content production hubs worldwide³²
- ▶ Disney+ Hotstar claimed 26 million paid subscribers by the end of November 2020 on the back of the IPL going behind a paywall³³
- ▶ OTT players are expected to increase spends on original content to around INR19.2 billion in 2021 (a 17% growth over 2019) and further increase their total investment in content (including sports) during 2021-25 to INR300 billion³⁴
- ▶ Around 500 original titles are expected to be released in 2021 across platforms

31. EY estimates based on production audit practice, except where indicated

32. Netflix

33. <https://economictimes.indiatimes.com/tech/technology/hotstar-now-accounts-for-30-for-disneys-member-base-has-about-26m-subscribers/articleshow/79672322.cms>

34. Omdia

Language OTTs proliferated³⁵

- ▶ A key trend in 2020 was the entry of language OTT products like aha (Telugu), Koode (Malayalam) and City Shor TV (Gujarati)
- ▶ The Marathi OTT space will also see the entry of Planet Marathi and Letsflix
- ▶ Larger platforms, too, increased their investments in regional language original content
- ▶ Language OTTs enable a deeper understanding of audiences and can provide wider offerings than just entertainment content, including religion, news and games

Bundling of content continued³⁶

- ▶ 284 million consumers consumed video content through data bundles
- ▶ Telcos and aggregators provided premium OTT subscriptions bundled along with data and/or devices for as little as INR150 per month
- ▶ Up to 85%³⁷ of viewership volumes of certain OTT platforms were generated by telcos
- ▶ The amount telcos paid for content was around INR7 billion in 2020 and is expected to grow
- ▶ We expect around 400 million consumers to consume content via telco and aggregator bundles by 2025 across a mix of minimum guarantee and per-stream deals

Audio subscription

Audio subscription reached INR1.1 billion³⁸

- ▶ The number of music streamers was around 200 million in 2020³⁹
- ▶ The percentage of paid subscribers was low at 1%, due to the prevalence of several free options across all large streaming platforms and availability of music on YouTube
- ▶ We expect music streamers to cross 430 million by 2023 and paying subscribers to cross 5 million

Platforms were impacted due to lack of new film music⁴⁰

- ▶ Platforms which had garnered maximum audiences based on new film music were impacted since film releases were delayed
- ▶ Audiences increased trial of non-film music and artist-driven content and some of that shift is expected to continue
- ▶ New consumption routines came into being due to the work from home nature of 2020, with playlists built around cooking, working out, or distracting kids along with a growth in spiritual and devotional music
- ▶ Overall, monthly streams increased from approximately 10 billion in December 2019 to approximately 11-12 billion in December 2020, but audience engagement remained an issue with very low time spent per session
- ▶ While a variety of podcasts gained popularity and increased time spent listening, across genres like news, music, pursuing interests, and upskilling, their monetization remained a challenge
- ▶ Share of consumption of international formats including K-Pop saw an increase

35. "2020: The year OTT went mainstream," Exchange4media, via EMIS

36. EY estimates

37. Industry discussions; EY analysis

38. EY Estimates

39. Industry discussions; EY analysis; Comscore

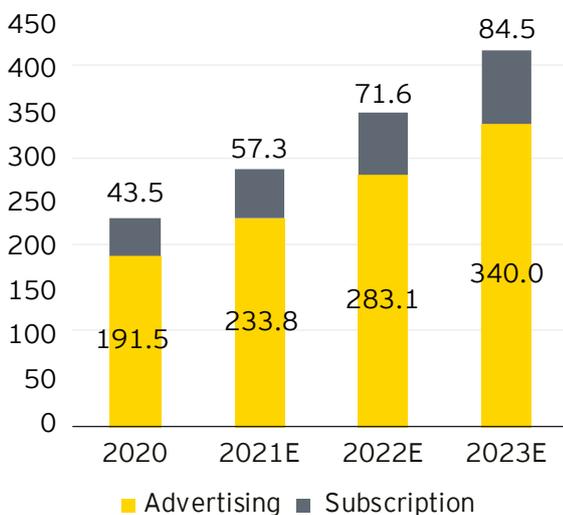
40. Industry discussions

Future outlook

This section is a compilation of our estimates for the next few years based on current trends and those we expect to see

Digital segment is expected to grow to INR424.5 billion by 2023

Digital segment revenue projections



INR billion (gross of taxes) | EY estimates

- ▶ We estimate that the segment will grow to INR424.5 billion by 2023, at a 22% CAGR
- ▶ The segment became the second largest segment in 2020, overtaking print, and we expect it to continue to reduce the gap with television as digital infrastructure (screens, broadband connections, e-commerce, digital payments, etc.) continue to grow

Digital advertising will outpace all other media

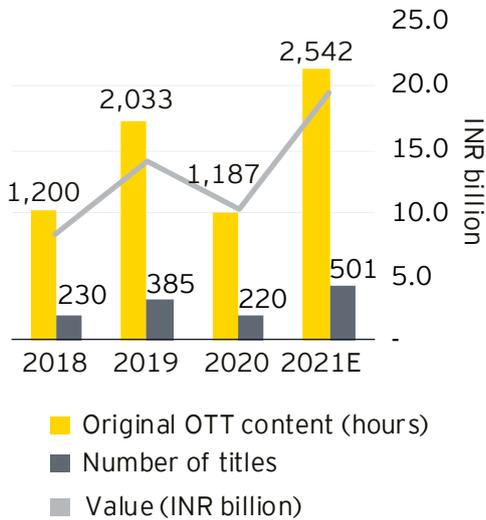
- ▶ Digital advertising will grow at a 21% CAGR, to equal television advertising by 2024 or 2025
- ▶ Advertising on E-commerce platforms will reach INR10 billion by 2025 as e-commerce players like Amazon, Flipkart, Jio Platforms, Tata, Zomato and others growth their reach and active users
- ▶ The CPT will emerge as the common metric for cross-media measurement and the M&E sector will need to provide models to measure it
- ▶ The metrics that matter will change from MAU to DAU and from audience numbers to engagement, loyalty and time spent, leading to platforms focusing on segmented audiences and community ownership
- ▶ More advertisers will implement ad fraud management solutions and validate ad spend efficiency as digital becomes a larger portion of their media mix

Digital subscription will achieve scale

- ▶ Subscription revenues will grow at 25% CAGR as paid subscriptions double to over 100 million by 2023
- ▶ Video paid subscribers will cross 50 million by 2023 and audio subscribers will reach 4 to 5 million by that time
- ▶ Newspaper digital products will increasingly go behind paywalls and we expect news and related products to generate subscription revenues of INR4 billion by 2023
- ▶ Subscription will be driven by genres like women, audiences aged 50 years or above and non-metro audiences
- ▶ The sharing economy will not pass by the digital media space - we could see group subscription products across families, friends, neighbors, colleges and corporates come into being
- ▶ E-commerce apps will provide a significant opportunity to license news, library and interactive content on to their platforms to increase time spent and visitations

Content demand will double

Growth in original non-sports content in India

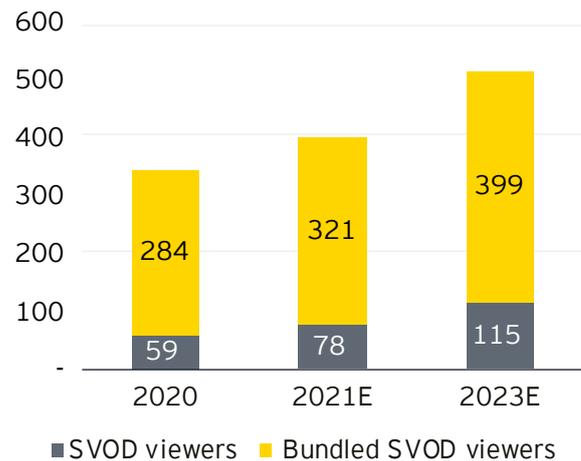


EY's production audit practice estimates

- ▶ Demand for original content will double by 2023 from 2019 levels to over 3,000 hours per year
- ▶ Curated short video platforms will garner 25% of total time spent on online video viewing by 2023
- ▶ Share of regional language consumption on OTT platforms will cross 50% of total time spent by 2025, easing past Hindi at 45%
- ▶ Sports will play an increasingly important role in growing subscription revenues and this could lead to a growth in valuation of digital media rights
- ▶ The proposed content code will require implementation of processes for content curation, checks and monitoring controls
- ▶ Content costs will continue to increase as the overall quality benchmark rises to address the needs of a more aware audience, particularly across regional markets

Platform growth will require new product innovation

SVOD consumers in India (in million)



EY estimates

- ▶ As the number of connected smart televisions grows to approximately 40 to 50 million by 2025, 30% of content consumed on such screens will not be broadcast content, but gaming, social media, short video and content products specifically created for this audience by television, print and radio brands
- ▶ Around 400 million subscribers will consume content bundled by telcos or aggregated by ISPs, cable and DTH companies, as part of their mandate to assimilate OTT content with pure television content to protect and/or grow their subscriber base
- ▶ As screen ratio tends to shift towards 3 small screens against 1 large screen, the type of content being produced will change to reflect the opportunity that 750 million small screens will provide viz, an increase in niche, interactive and personal content

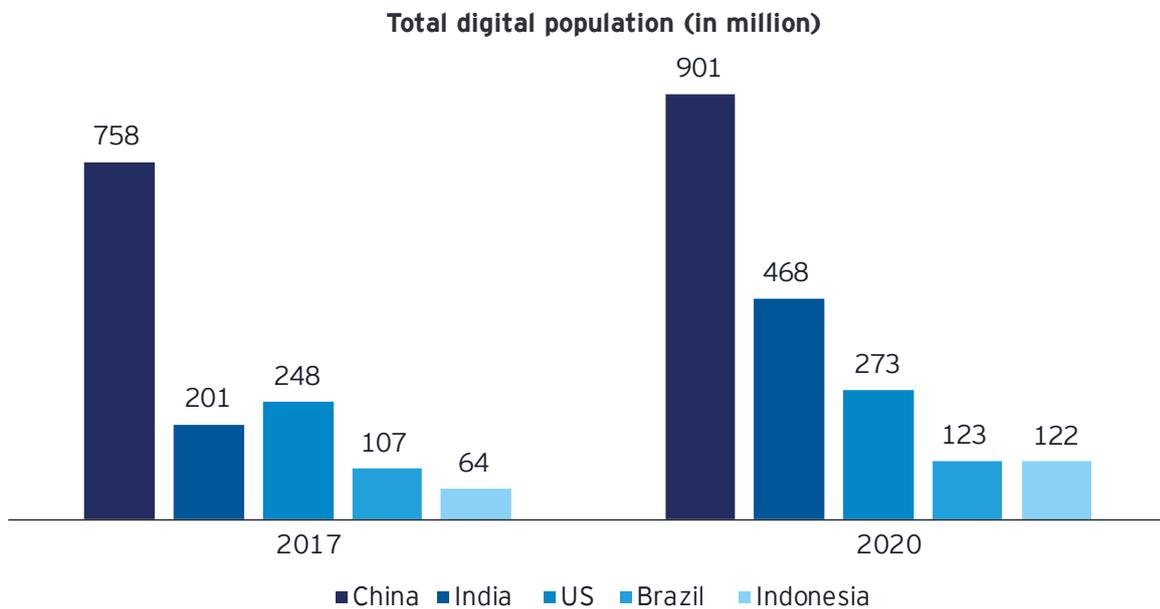
Business models will prioritize customer lifetime value

- ▶ Valuations will be driven by the size and stickiness of the addressable D2C audience base, with a loyal paying subscriber base attracting the highest valuations
- ▶ Products will either focus on mass advertising models or, in many cases, smaller but more cohesive communities, monetizable across a range of transactions apart from content
- ▶ Business models of aggregators would need to be realigned if regulation around payment for aggregated news comes into being and if audio streaming subscription revenues fail to grow
- ▶ Investors will have little patience for business models with negative customer lifetime values over the medium term and will look to leverage consolidation and partnership opportunities to achieve marketing and operating efficiencies

Digital consumption trendbook

Powered by  comscore

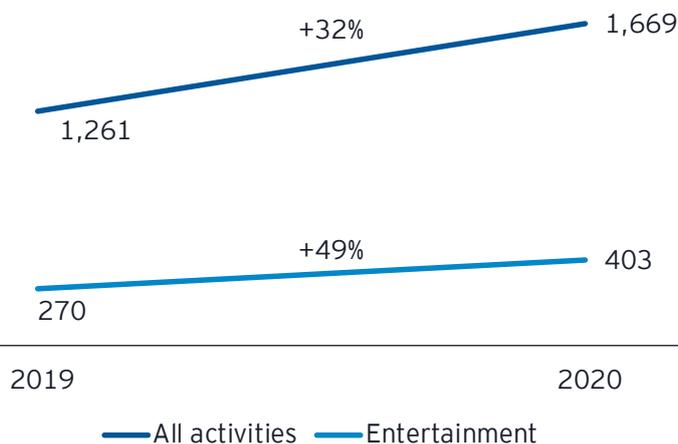
India has the **second largest digital population** in the world with the highest growth rate



MMX Multi-Platform (India) - February 2017 & December 2020

Time spent online increased in 2020

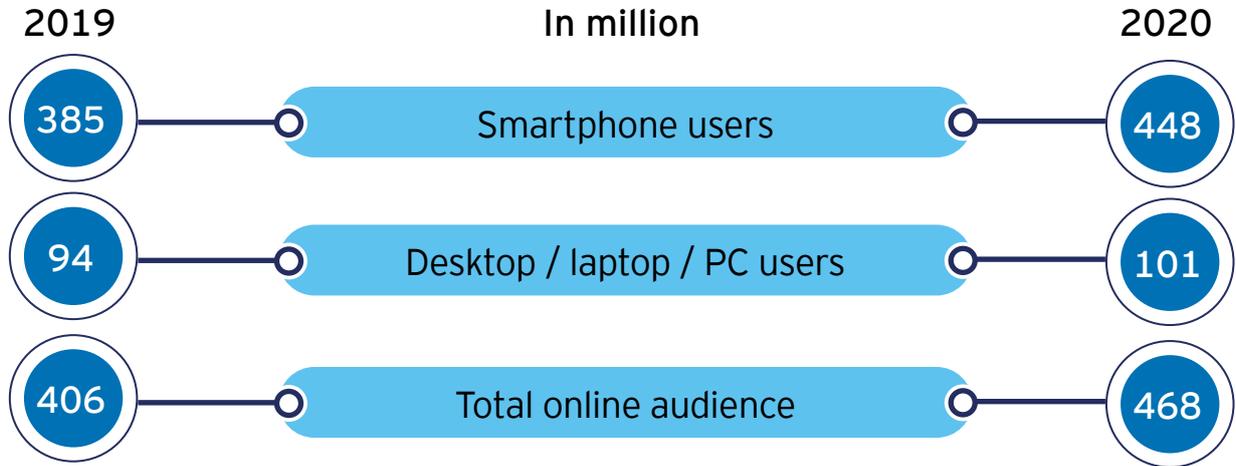
Total minutes (billion)



MMX Multi-Platform (India) - February 2017 & December 2020

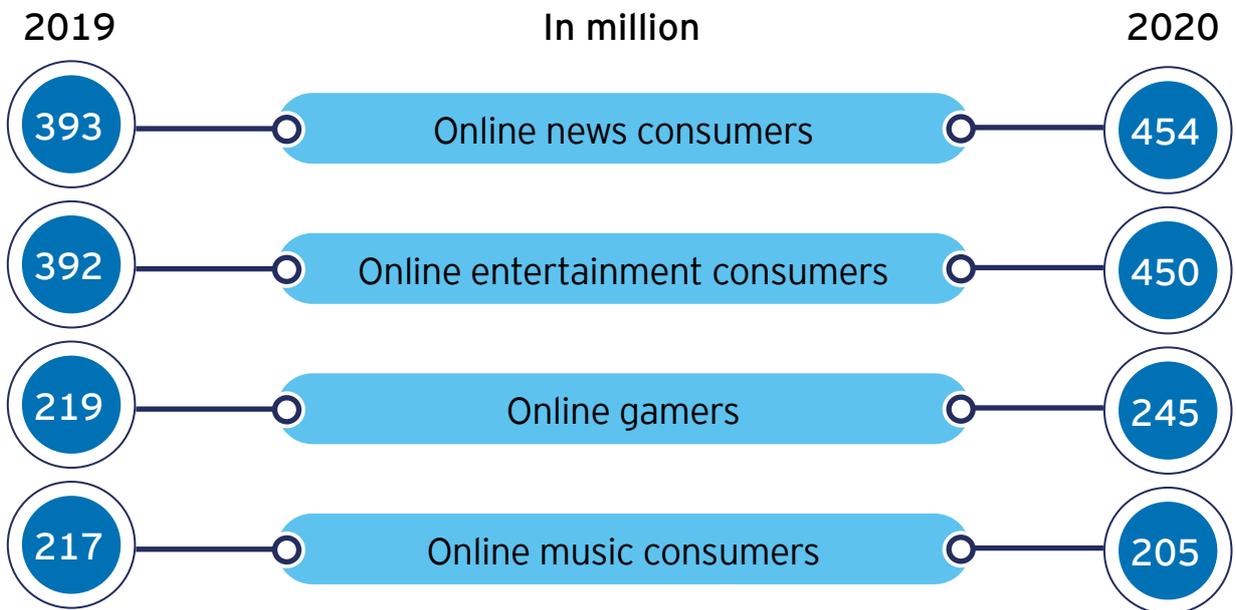
All data has been provided by Comscore and has not been verified by EY. It has been provided in summary form for representation purposes only.

Online audience reached 468 million in 2020



Smartphone users are de-duplicated unique visitors on Android & iOS smartphones and tablets. Total online audience is de-duplicated reach on Desktop & Mobile.

Online news had the widest reach



De-duplicated reach on Desktop/PC/Laptop & Mobile. Entertainment includes video and music.

The top 5 **state clusters** account for more than 51% of India's digital population

State cluster	Unique visitors (in million) Total digital population	% composition
Maharashtra & Goa	66.44	14.2%
Uttar Pradesh	48.58	10.4%
West Bengal, Sikkim & Odisha	43.93	9.4%
Andhra Pradesh & Telangana	41.76	8.9%
Tamil Nadu & Pondicherry	39.56	8.5%
Karnataka	34.54	7.4%
Gujarat	32.75	7.0%
Punjab, Haryana, Jammu & Kashmir & Ladakh	28.53	6.1%
Rajasthan	21.75	4.6%
Delhi	21.59	4.6%
Madhya Pradesh	20.07	4.3%
Bihar	18.72	4.0%
Kerala	17.69	3.8%
Chattisgarh & Jharkhand	14.09	3.0%
Assam & North East	13.01	2.8%
Himachal Pradesh & Uttarakhand	4.91	1.0%

MMX Multi-Platform(India) State Level Clusters, December 2020

Top 10 most visited sites/platforms online by Indians

Property	Total unique visitors/viewers (in million)	% reach
Google sites	460.5	98.4%
Facebook	443.0	94.7%
Amazon sites	348.3	74.4%
Times Internet Limited	340.9	72.9%
Flipkart sites	264.0	56.4%
Truecaller.com	225.8	48.3%
Paytm.com	205.1	43.9%
Reliance Jio Digital Services	192.2	41.1%
Microsoft sites	176.5	37.7%
Network18	176.4	37.7%

Digital rankings by comScore, December 2020

Top 10 Multi-Platform Properties (Desktop and Mobile) Desktop: 6+ Home and Work, Mobile: 18+ Smartphone and Tablets iOS and Android

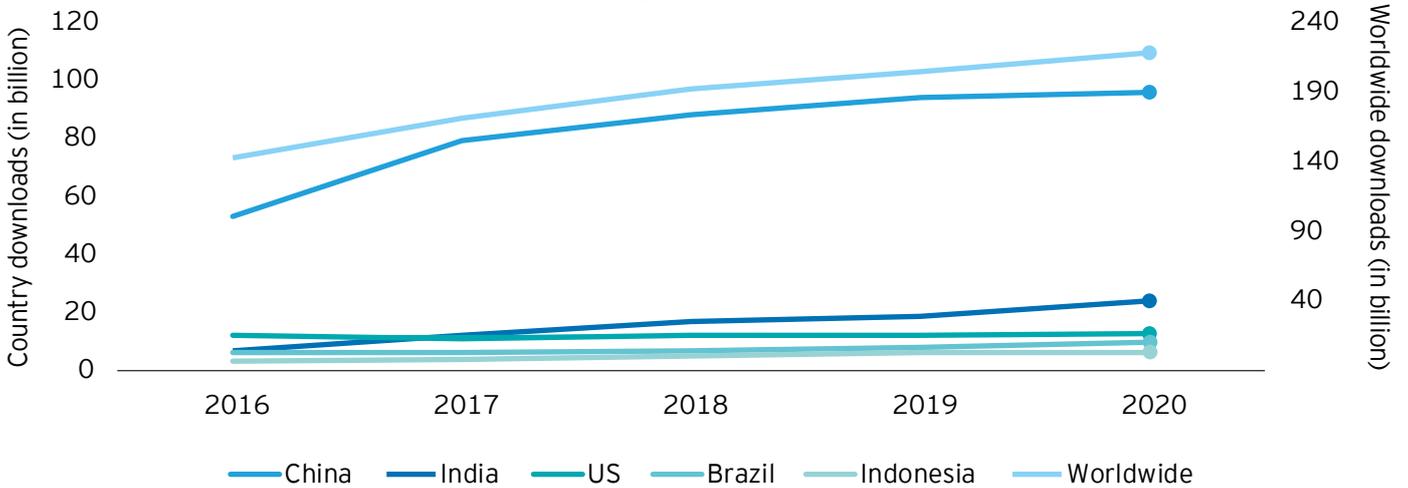
The Indian app story

Powered by



Indians **downloaded 26% more** apps than in 2019

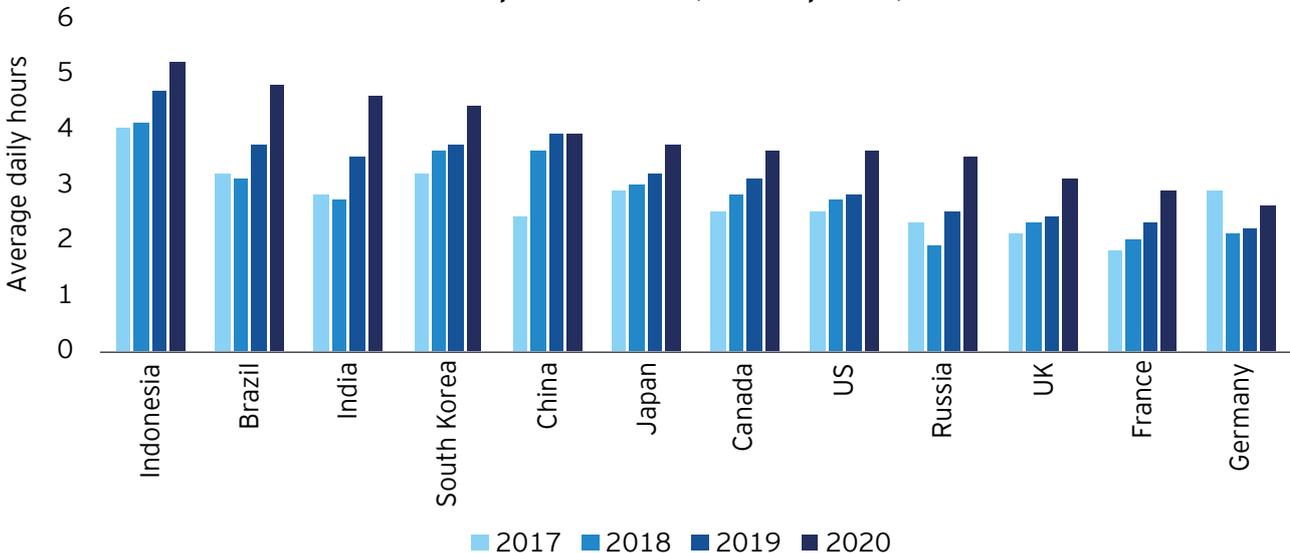
Top countries by app store downloads



App Annie | Downloads are across iOS, Google Play

Indians spent **31% more time** on their mobile phones compared to 2019

Time spent on mobile (Android phones)

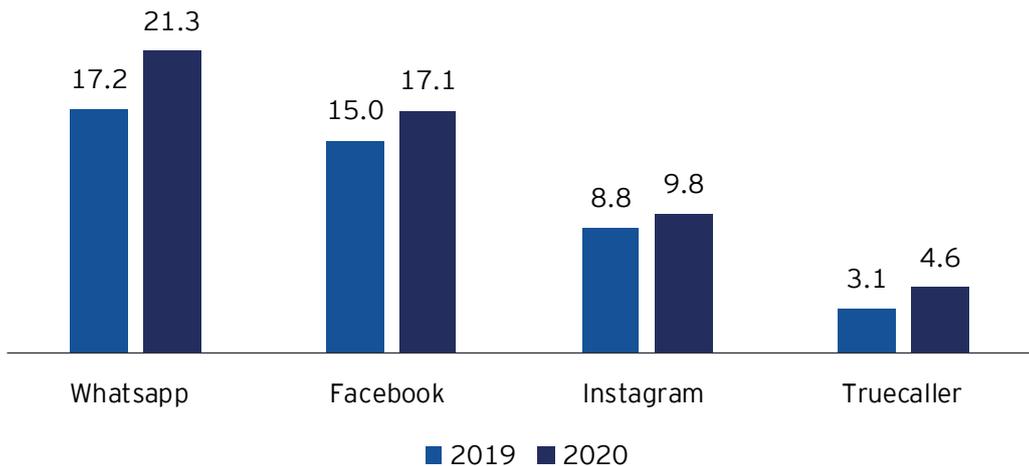


App Annie

| All data has been provided by App Annie and is based on their research. It has not been validated by EY, and presented in summary form for representation purposes only.

Indians spent maximum amount of **time on Whatsapp** in 2020

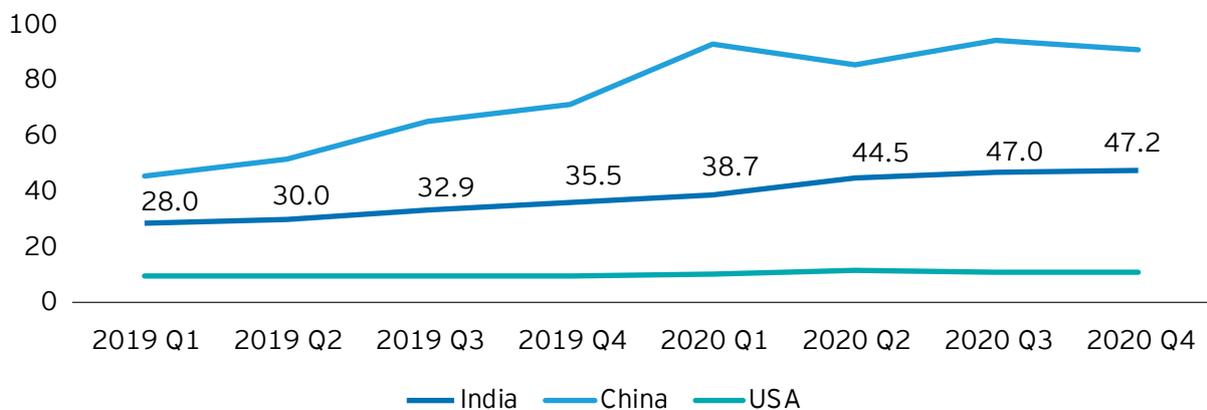
Average monthly time (in hours) spent per user among top social networking apps



App Annie | Android phones; Top apps ranked by overall time spent

Time spent on **video streaming** apps increased considerably during the lockdown period and continued to hold thereafter

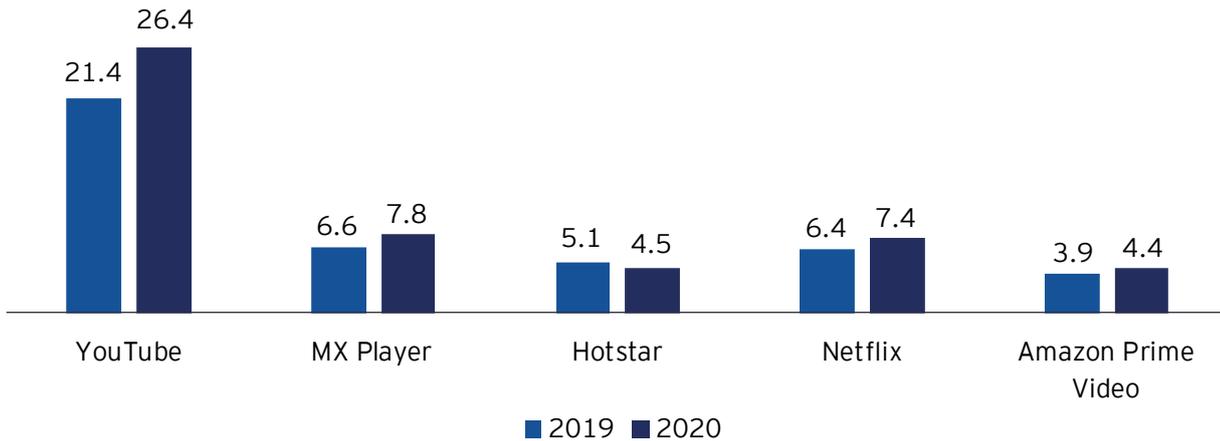
Quarterly hours (in billion) spent on video streaming apps
Top 3 countries worldwide



App Annie | Android phones; video streaming apps comprised of entertainment and video players & editors

Indians spent more than 25 hours on average per month on **YouTube**

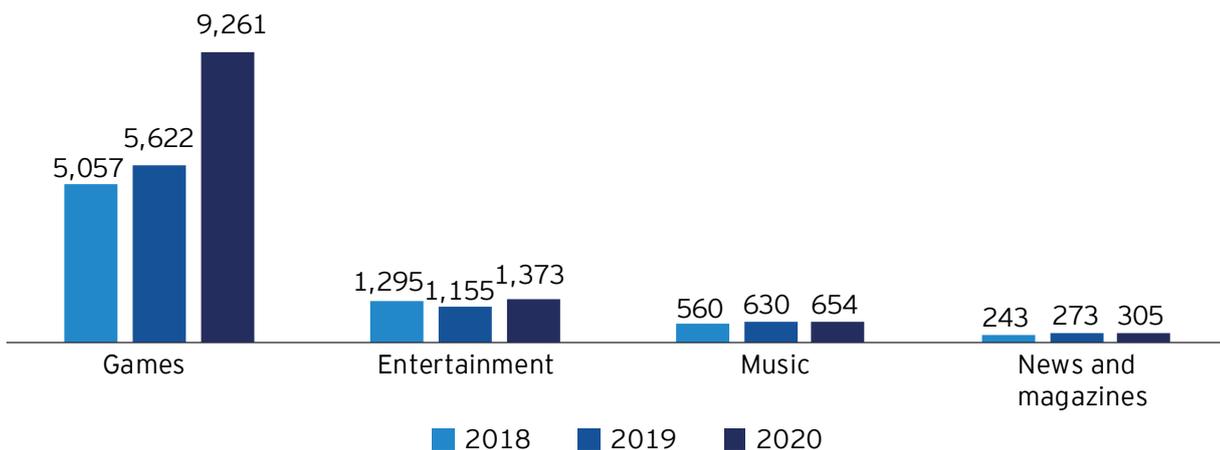
Average monthly time spent per user among top video streaming apps (hours spent)



App Annie | Android phones; Top apps ranked by overall time spent; Excluding news & sports streaming apps

Games saw the highest growth in app downloads in 2020

App downloads (in million)



App Annie | Total downloads in select categories, iOS and Google Play

India ranked no.1 on **Google Play** for app downloads

Top markets by app store downloads in 2020

Rank	Google Play	iOS
1	India	United States
2	Brazil	China
3	Indonesia	Japan
4	United States	United Kingdom
5	Russia	Russia
6	Mexico	Brazil
7	Turkey	France
8	Egypt	Germany
9	Philippines	Saudi Arabia
10	Vietnam	Vietnam

App Annie | Excludes pre-installed apps like YouTube, which would be the largest in India.

Breakout **video streaming** apps in India

YoY growth in time spent, Android phones 2020 vs 2019

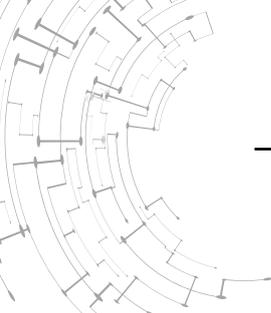
Rank	Streaming service	YoY growth
1	MX Player	20%
2	Netflix	120%
3	Amazon Prime Video	85%
4	Airtel TV	20%
5	WeTV	385%
6	YouTube Kids	25%
7	YouTube Go	5%
8	Twitch	55%
9	Tata Sky Mobile	20%
10	iQIYI	New

App Annie | Year-Over-Year growth in Android phone time spent among apps custom categorized from the entertainment, photo & video, news, sports, news & magazines and video editors & players categories across iOS and Google Play. Excludes pre-installed apps like YouTube, which would be the largest in India.

2020 rankings - Top apps

Rank	Downloads	MAU	Consumer spend
1	Facebook	WhatsApp Messenger	Tinder
2	WhatsApp Messenger	Facebook	Hotstar
3	Snack Video	Truecaller	Google One
4	Instagram	Facebook Messenger	Truecaller
5	TikTok	Amazon	Netflix
6	Tez	Instagram	Udemy
7	Zoom Cloud Meetings	MX Player	Who - Call&Chat
8	MX Player	Tez	ParaU
9	Google Meet	Hindi Keyboard	LivU
10	Snapchat	Paytm	Chamet

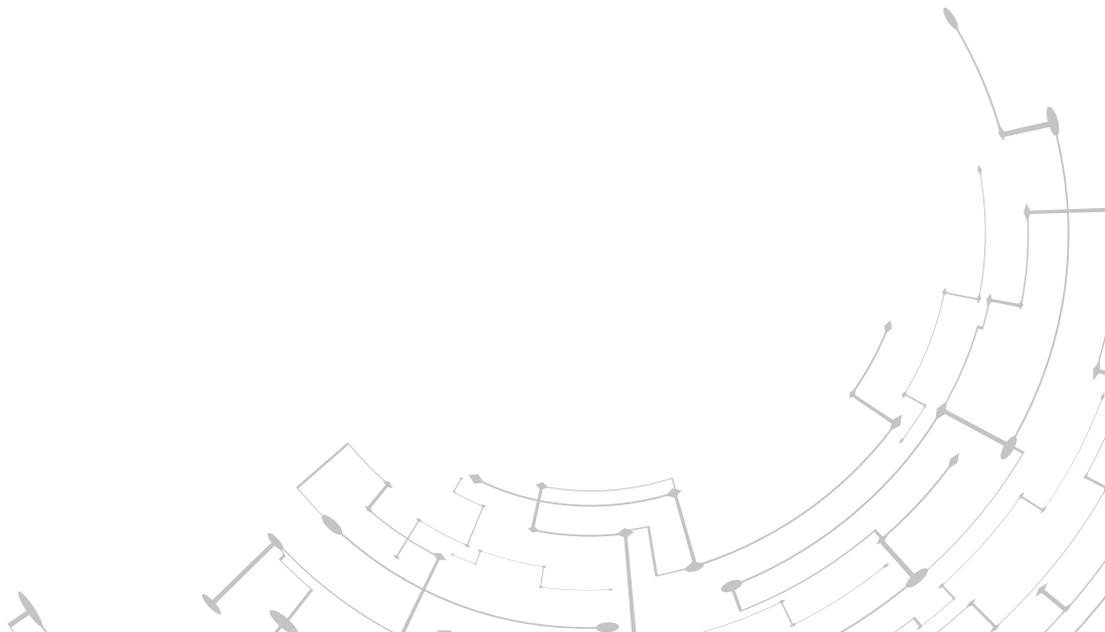
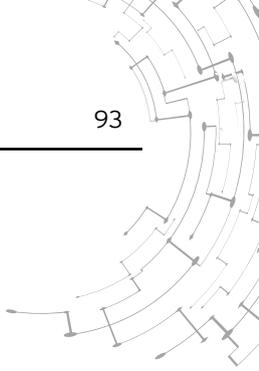
App Annie | Combined iOS and Google Play; Market-level rankings. Excludes pre-installed apps like YouTube



Top 10 gaming apps of 2020

Rank	Downloads	MAU	Revenue
1	Ludo King	Ludo King	Free Fire
2	Carrrom Pool	PUBG Mobile	PUBG Mobile
3	Hunter Assassin	Free Fire	Coin Master
4	Free Fire	Candy Crush Saga	Teen Patti
5	Bubble Shooter by Ilyon	Carrrom Pool	Clash of Clans
6	PUBG Mobile	Subway Surfers	Call of Duty: Mobile
7	Subway Surfers	Bubble Shooter by Ilyon	Teen Patti Gold
8	Subway Princess Runner	Hunter Assassin	Lords Mobile
9	Temple Run 2	Callbreak Multiplayer	Candy Crush Saga
10	Hill Climb Racing	Temple Run 2	Gardenscapes - New Acres

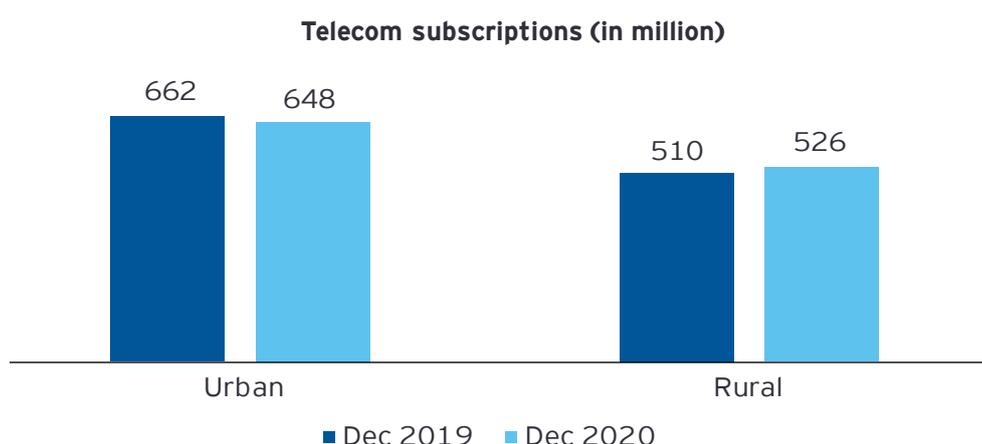
App Annie | Combined iOS and Google Play; Market-level rankings



Digital infrastructure trendbook

Telecom subscriptions remained at 1.17 billion in 2020

Urban subscriptions dipped while **rural subscriptions grew to 45%** of total



TRAI Press Release No.06/2021, TRAI, The Indian Telecom Services Performance Indicators October - December, 2019

Internet penetration grew 11%

Share of broadband grew to **94%** and rural grew to **39%** of total subscribers

In millions	Dec 2019	Dec 2020
Total internet subscribers (a+b)	719	795
Narrow band subscribers (a)	57	48
Broadband subscribers (b)	662	747
Urban internet subscribers (a)	450	482
Rural internet subscribers (b)	268	313

TRAI, The Indian Telecom Services Performance Indicators July - September, 2020 released on 21 Jan 2021; TRAI, The Indian Telecom Services Performance Indicators October - December, 2019; TRAI, The Indian Telecom Services Performance Indicators July - September, 2019, EY estimates

Tele-density remained heavily skewed towards urban markets

138%

Urban India

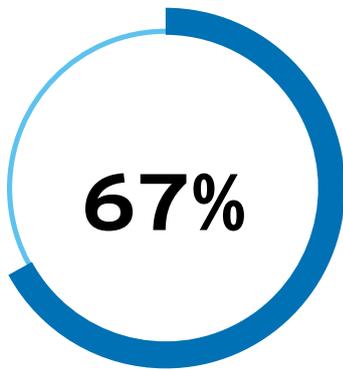
86%

All India

59%

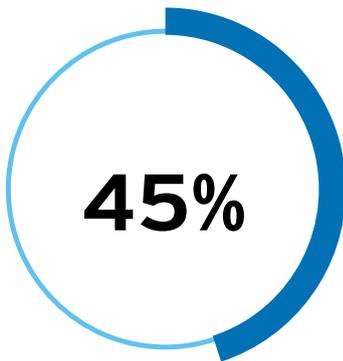
Rural India

Press release by TRAI No. 06/2021



Of subscriptions were 3G and 4G, up from 58% last year

Ericsson Mobility Report, November 2020 and November 2019



Of Indians above 15 years of age had access to a smartphone

Analysys Mason, EY estimates

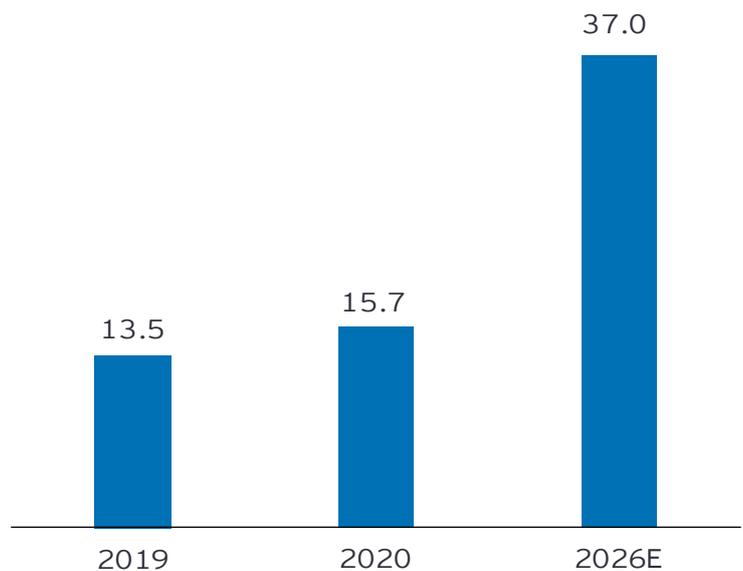
468 million

Smartphone users had 725 million data subscriptions

Analysys Mason February 2021, TRAI, EY analysis

Average **data consumption** per month per smartphone grew, boosted by rapid adoption of 4G and people working from home during COVID-19

GB / smartphone / month

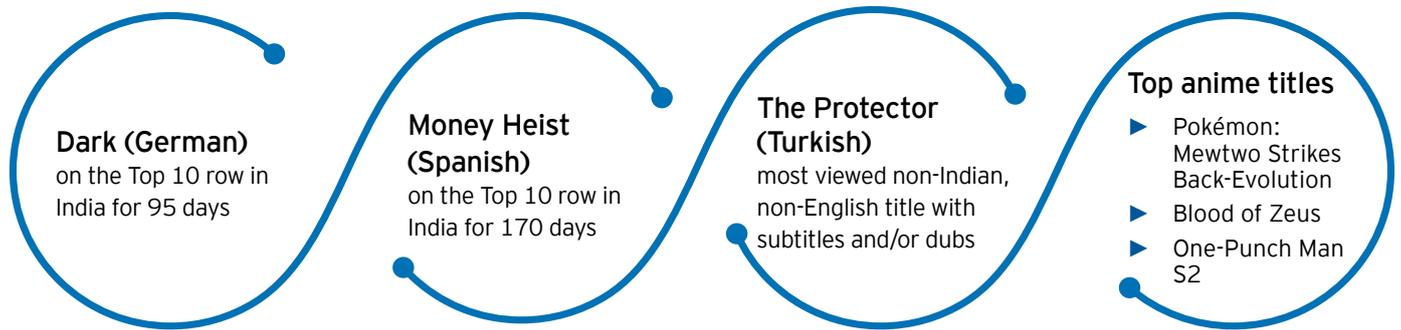


Ericsson Mobility Report, November 2020

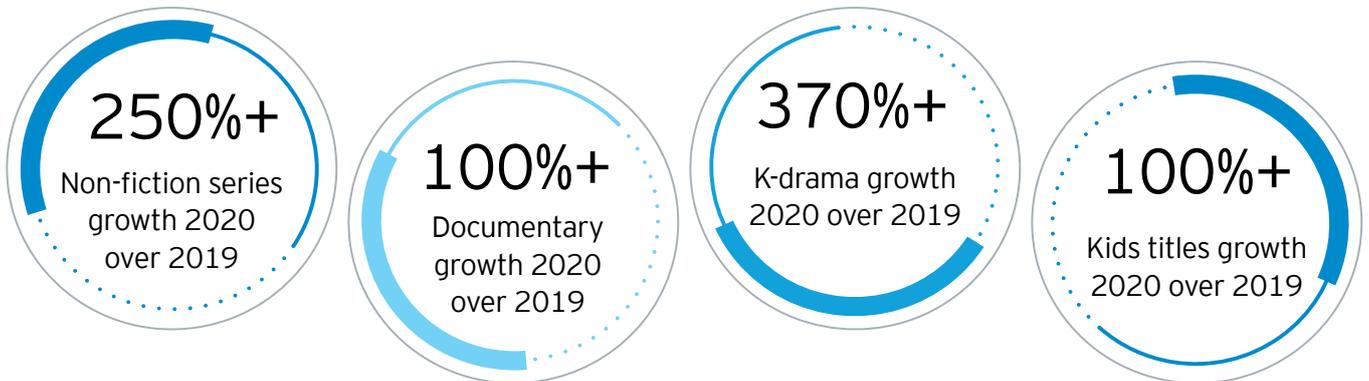
Netflix India trends

Content consumption

More global stories were consumed in 2020



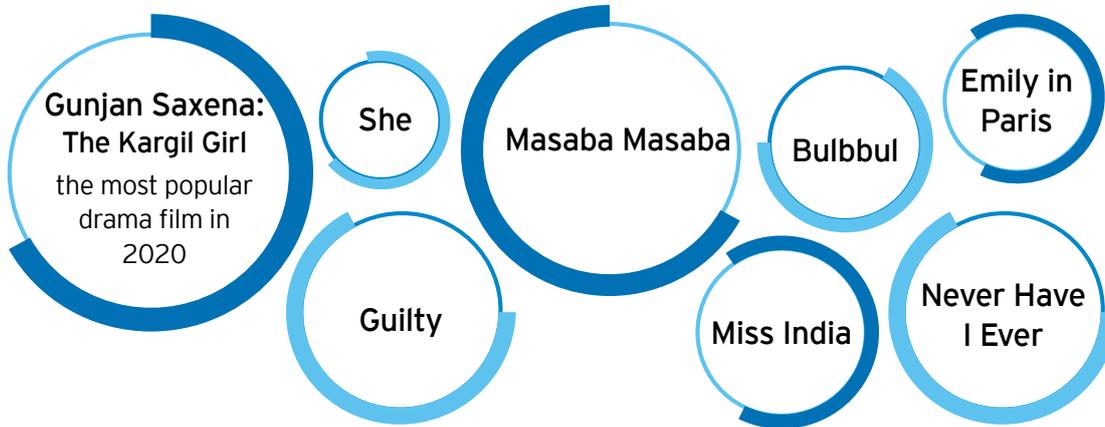
Consumption growth was witnessed across content genres



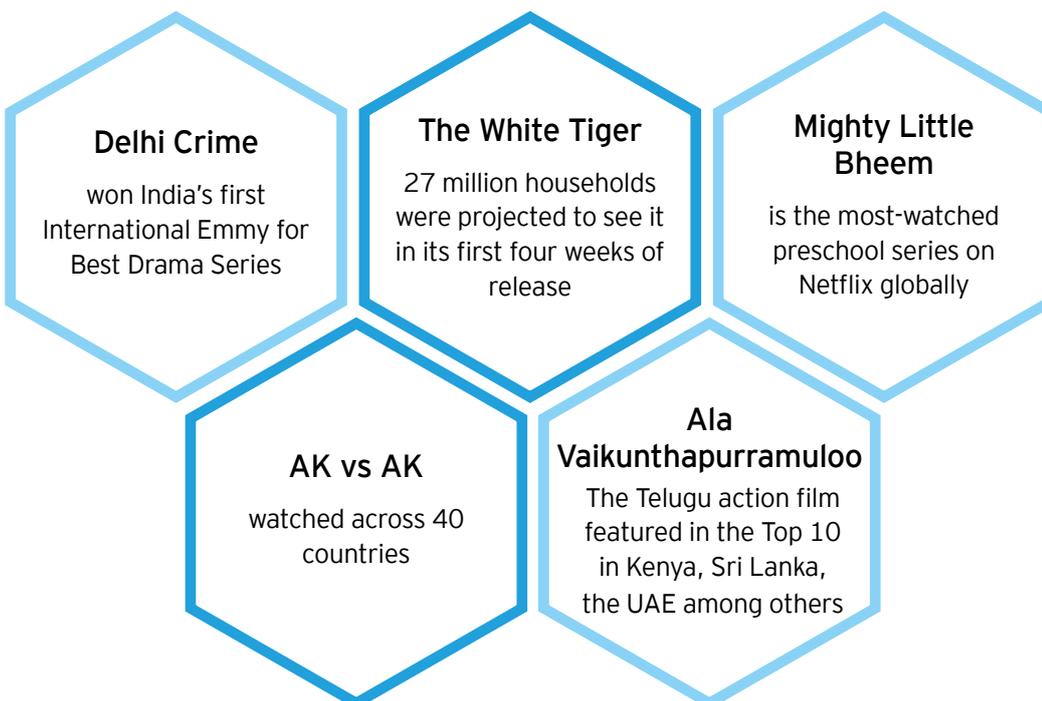
80%

subscribers in India chose to watch a film every week in 2020- India has the highest viewing of films on Netflix globally

Viewers gravitated towards stories with strong female characters



Content exports



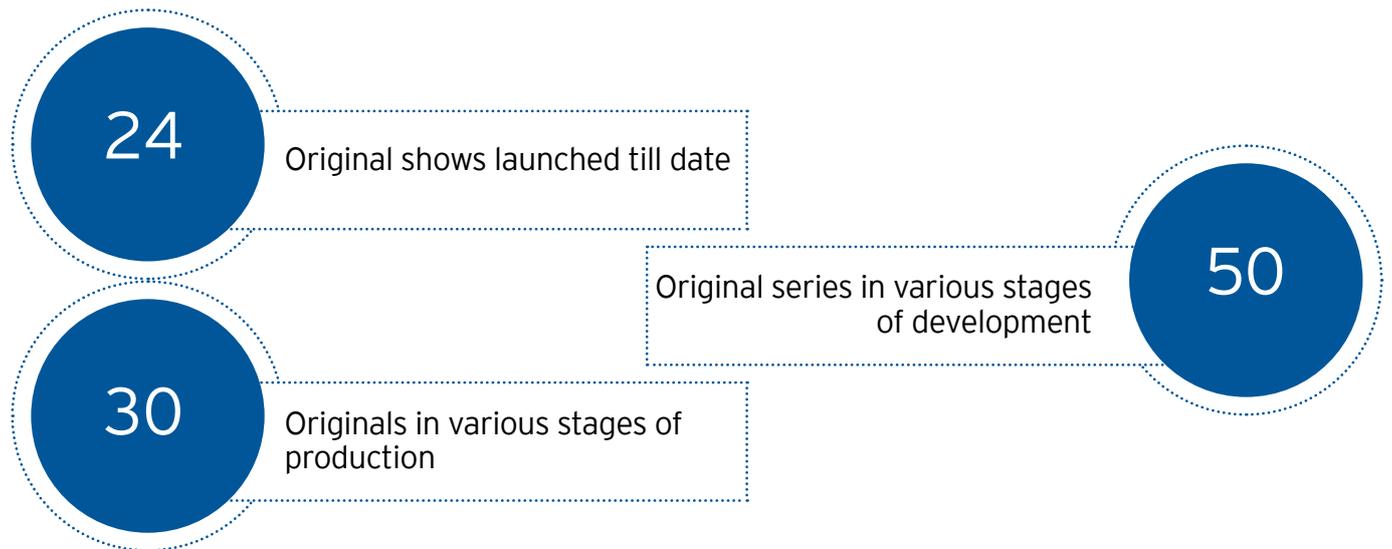
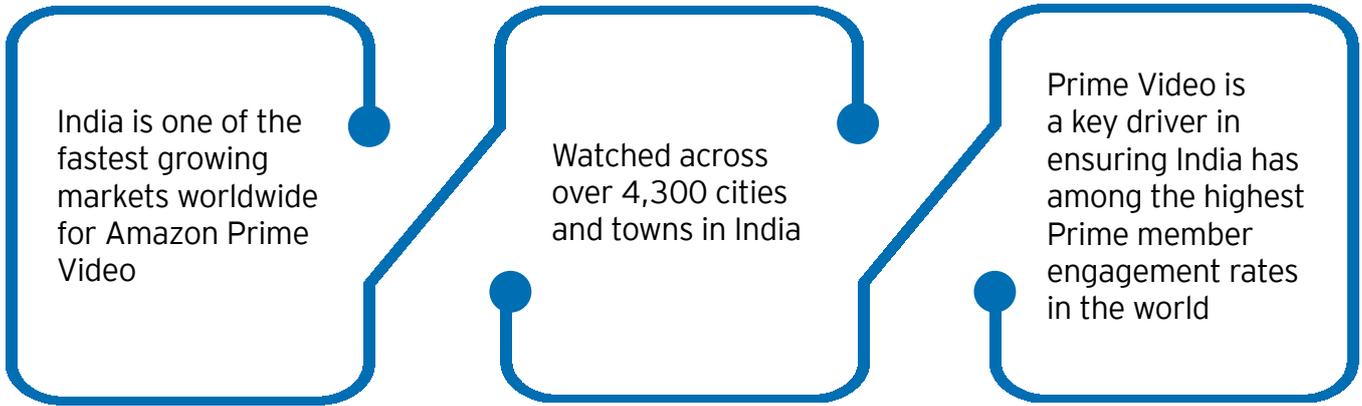
Indian titles featured in Top 10 lists in 10 or more countries

- ▶ Mighty Little Bheem S3
- ▶ Gunjan Saxena: The Kargil Girl
- ▶ Fabulous Lives of Bollywood Wives
- ▶ Raat Akeli Hai
- ▶ Bulbbul
- ▶ AK vs AK
- ▶ Guilty

Regional films featured in the Top 10 lists in other countries

- ▶ Miss India (Telugu)
- ▶ Maniyarayile Ashokan (Malayalam)
- ▶ Andhaghaaram (Tamil)
- ▶ Bheeshma (Telugu)
- ▶ Kappela (Malayalam)

Prime Video India trends



Global reach of India content

Jaideep Ahlawat

Hathiram Chaudhary of Paatal Lok became one of IMDb's break-out stars of 2020

Of the viewers (on average) for Indian Amazon Originals are from outside India

20%

2 nominations

Four More Shots Please! and Arjun Mathur from Made in Heaven were nominated for the International Emmy Awards

Direct to stream (DTS) releases

50%

Viewership of regional (Tamil, Telugu, Malayalam, Kannada) DTS titles were from outside their home state

Coolie No 1. recorded viewership from customers across 3,700+ cities and towns in India, and 165 countries, on its opening weekend

3,700+

Bollywood record

Gulabo Sitabo, Shakuntala Devi and Coolie No. 1 were the most watched Bollywood movies on Prime Video both in and outside India

Expert speak



Ajit Mohan
Vice President and Managing Director, India
Facebook

It was a year that set a new marker for a transformation that has been underway for a long time: time, investment and energy moving firmly online for consumers and businesses. As the whole world shut down, the Internet remained open and the disruption has spurred entirely new ways of building brands and doing business. I see new online businesses and models emerging out of India that will play a key role in steering the world that emerges out of the pandemic.



Gaurav Gandhi
Director and Country GM,
Amazon Prime Video

Streaming video will continue to be one of the biggest growth drivers of Indian entertainment over the next few years on the back of a large and growing connected consumer base, world class creative talent, increasing disposable incomes (of this discerning consumer base) and improved infrastructure (from connectivity to payments).



Sunil Rayan
President & Head,
Disney+ Hotstar

The streaming industry is still in its early stages. Creativity combined with technology will transform storytelling and the pace of innovation in product experiences will accelerate to meet rising consumer expectations. Exciting times ahead!



Neeraj Roy
Founder & CEO
Hungama Digital Media

The year 2020 has been a huge catalyst for the adoption of OTT services, across Music, Video & Gaming in India. We will have 600 million plus paying subscribers by 2025.



Gourav Rakshit
COO - Digital Ventures,
Voot

The M&E industry is poised to move into the next phase of explosive growth, as a broad spectrum of consumers get attuned to the online subscription model.



Monika Shergill
Vice President, Content
Netflix

As storytellers, we want to bring a wide repertoire of films and series from every corner of the country. We believe India is one of the world's centres of creative excellence with incredible storytelling that audiences all around the world can discover and fall in love with.



Amit Goenka
President, Digital Businesses
& Platforms
Zee Entertainment Enterprises Ltd

The COVID-19 pandemic led to massive growth across the digital entertainment ecosystem, but the current level of digital consumption has only scratched the tip of the iceberg. We see immense potential for the total addressable market to grow multi-fold. In order to capture these emerging opportunities, we are maintaining a consistent focus on understanding the consumers' diverse content preferences and hyper-personalizing their viewing experience by delivering riveting content across languages.



Manish Maheshwari
Managing Director
Twitter

We are inspired by the way the M&E industry is leading the charge on several dimensions. This last year, there has also been a paradigm shift in how brands leverage technology and digital channels to engage with their customers. We are excited to see how this partnership deepens and how the industry continues to contribute to economic progress.



Satya Raghavan
Director
YouTube Content Partnerships,
India

Video is serving as the entry point for millions of new storytellers and users, as well as providing renewed longevity for content from traditional media, unlocking vast economic opportunity for all.



Amarjit Batra
Managing Director- India
Spotify

Music streaming has evolved into a deeply personal experience based on curation of content, features available to listeners in-app and for social sharing, as well as algorithmic recommendations. Regional content from across India for both music and podcasts will explode. Industry trends also show that the time spent by listeners on streaming audio will continue to increase, as will their willingness to pay for a valuable experience.



Danish Khan
Business head
SonyLIV

Subscription led business will spearhead the growth for OTT. In the volume vs. value trade off, we believe focusing on higher ARPU will help content creators have a profitable growth story. In the long run, only profitable companies will have a sustained investment in creating a robust creative eco system that can make India a global content powerhouse.



Ali Hussein
CEO
Eros Now

M&E Industry is at a very interesting cusp of the post lockdown and growth mode. OTT will play a massive role in the change of culture and behavior of the viewers. India is well poised to deliver globally recognised narratives and Indian companies will play a large role in thought leadership and growth of the video economy.

Expert speak



Vishnu Mohta
Co-Founder
Hoichoi

2020 saw a manifold increase in the consumption of internet content amongst Indians. Going forward, viewers want a single platform for all of their entertainment needs, with seamless availability of content on multiple devices.



Sunil Nair
CEO, India
Firework

The initial novelty factor of short video in the form of lip-synch and belly dances will fade away to be replaced by short stories that have a narrative core. We already see a trend globally of digital businesses using short video stories as an engagement format.



Puneet Singhvi
President - Digital & Corporate
Strategy
Network18 Media & Investments Ltd.

The pandemic has brought Digital to front and centre for audience and advertisers alike. We see this trend gathering momentum and driving more innovations across engagement & monetization models along with a focus on building robust subscription based businesses for publishers that deliver direct attributable value to their users.



Cindy Deng
Managing Director, APAC
App Annie

The mass migration from broadcast TV to on-demand – and from big-screen to mobile – started a decade ago. The COVID lockdowns moved it to a new level, with app-based video streaming up 40% in a year. Brands, advertisers, and app publishers need to take note of this shift and the potential it has to further shake up the industry into 2021 and beyond.



Vinodh Bhat
Co-founder, President and Chief
Strategy Officer
Jio Saavn

The mood of people in nearly every country was directly reflected in their collective choices of music. Podcasts continued to emerge as an even greater source of needed information, self help, spirituality and inspiration. As countries gradually start to re-open fully, we believe these new formed habits on music/audio OTT will continue to grow.



Archana Anand
Chief Business Officer
ZEE5 Global

Today, great storytelling is no longer confined by language or geography. Audiences are discerning and appreciative of inherently great storytelling, and are discovering content from different countries and cultures via OTT platforms. With Indian content already well loved globally, and with the greater propensity to pay one sees in Global markets, it's a phenomenal time for Indian OTT brands to go global.



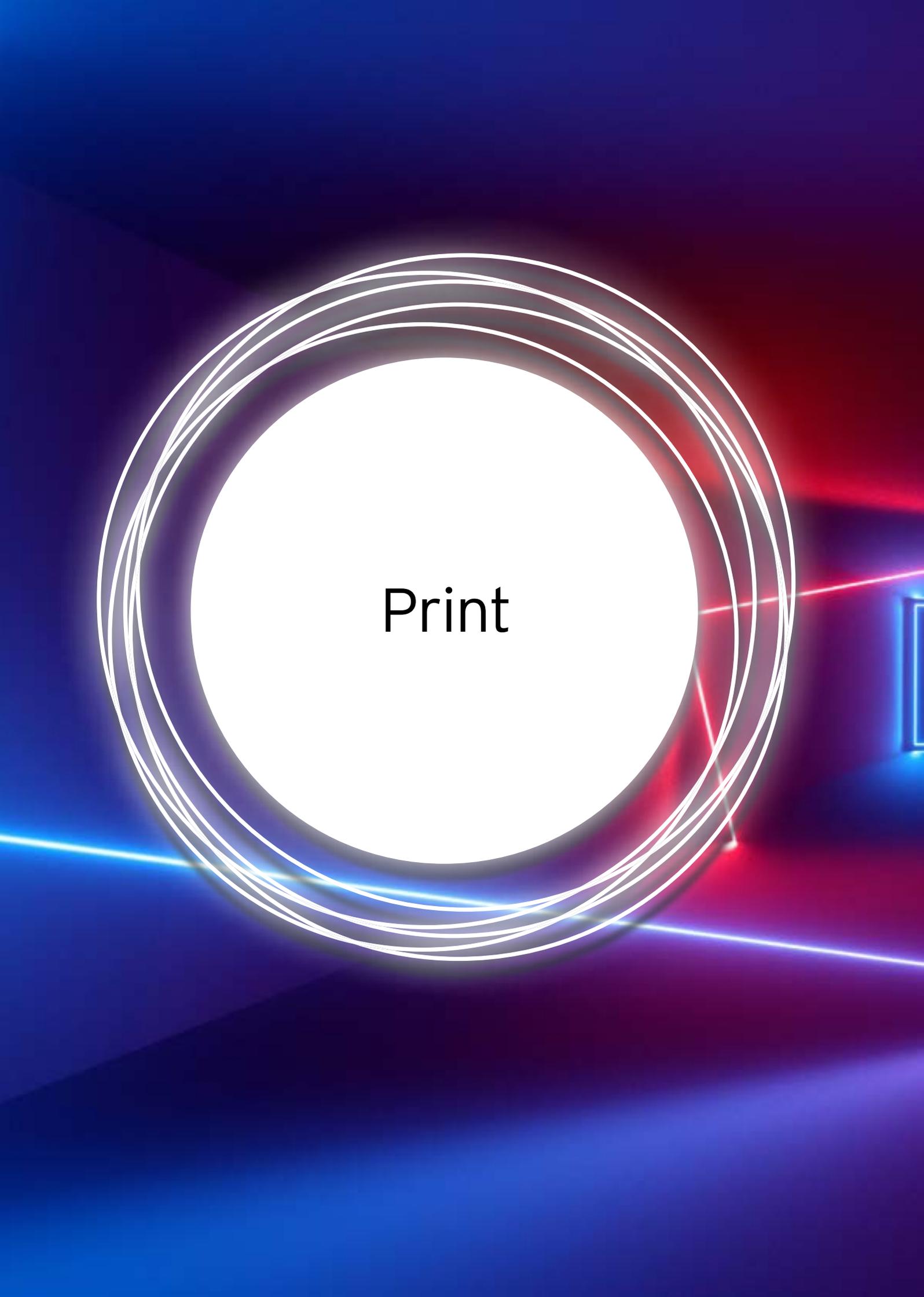
Gautam Sinha
CEO
Times Internet

India's M&E industry is on an impressive growth path, backed by strong consumer demand and growing advertising revenues. With increased digitisation, this industry is likely to grow at a faster rate than its global counterparts.

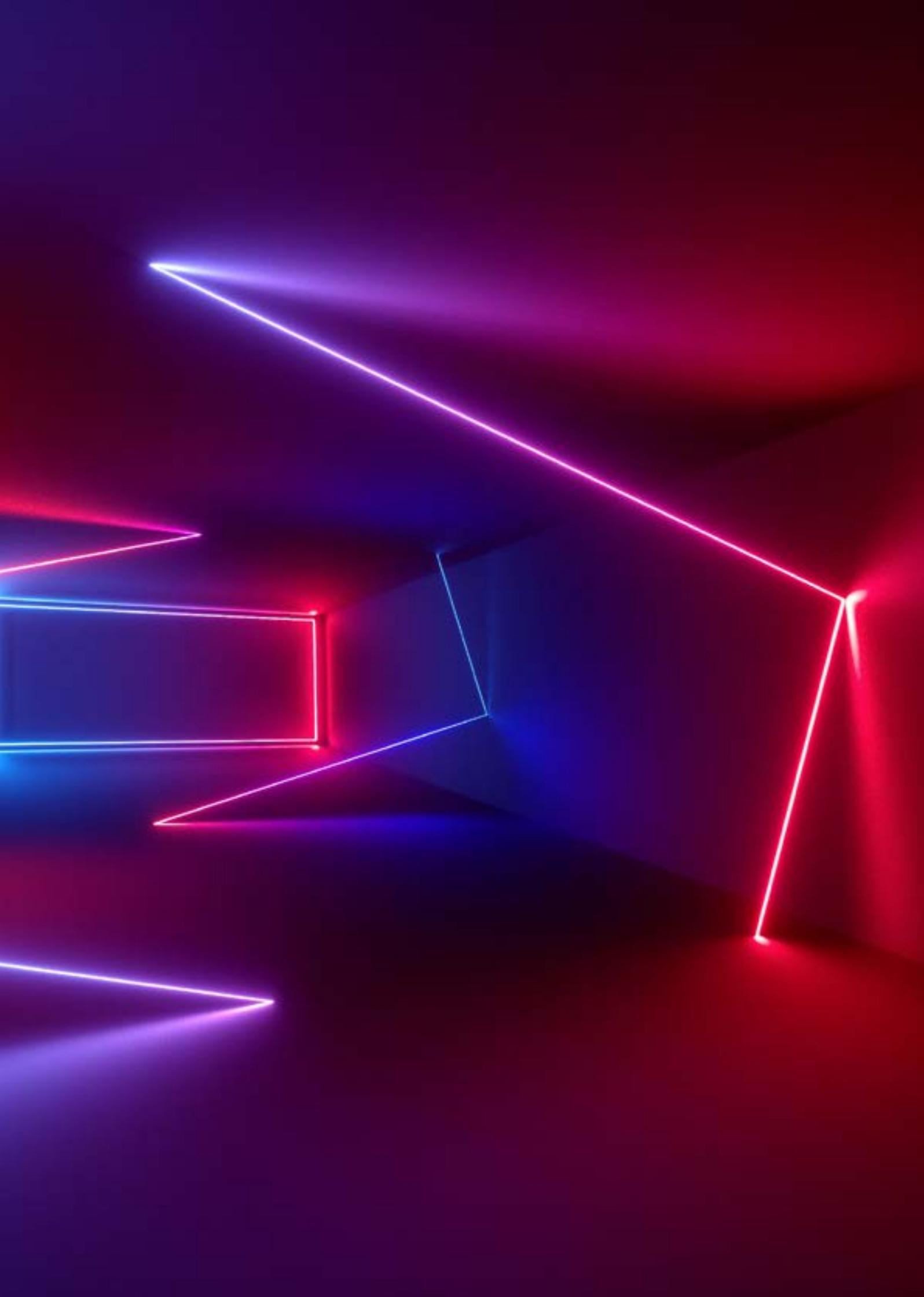


Nachiket Pantvaidya
Group COO
Alt Balaji

We will see two clear emerging trends - the massification of digital content and the rise of subscriber led OTT business models in the next five years that will challenge creators to make high quality content for tier2 and tier3 towns and platforms at affordable subscription prices.

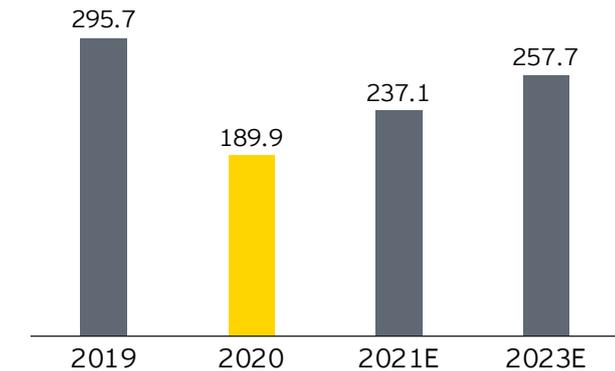
The image features a central glowing white circle with the word "Print" in a clean, black, sans-serif font. This circle is surrounded by several concentric, slightly offset white rings that create a sense of motion or depth. The background is a dark, gradient blue and purple, accented with bright blue and red light streaks that suggest a high-tech or digital environment. On the right side, a faint, glowing blue rectangular shape is visible, possibly representing a screen or a control panel.

Print



Print de-grew 36% in 2020 due to the impact of COVID-19

Print segment revenues



INR billion (gross of taxes) | EY estimates

Advertising fell 41%, while circulation fell 24% in 2020

	2019	2020	2021E	2023E
Advertising	205.8	121.7	152.1	162.9
Circulation	89.9	68.2	84.9	94.8
Total	295.7	189.9	237.1	257.7

INR billion (gross of taxes) | EY analysis

Newspaper vs. magazine performance

	2019	2020	2021E	2023E
Newspaper	285.7	184.9	231.3	251.7
Magazine	10.0	5.0	5.7	6.0
Total	295.7	189.9	237.1	257.7

INR billion (gross of taxes) | EY analysis

- ▶ Advertising revenues fell 41% in 2020, but we expect them to grow 25% in 2021 to reach INR152.1 billion
- ▶ Subscription revenues fared better, falling 24%, though metro and English language newspapers witnessed a more pronounced fall
- ▶ We expect subscription revenues to grow 25% in 2021 and exceed 2019 levels by 2023
- ▶ Magazine revenues halved in 2020 and we don't expect significant recovery till 2023
- ▶ With live event revenues almost nonexistent for three quarters of the year, the print segment graduated to high volume but lower value online events and digital activation
- ▶ Print companies implemented significant cost reduction measures to achieve between 25% and 40% efficiencies, a significant portion of which can continue in the years ahead, though margin pressures will remain due to the proposed labor code and newsprint price changes
- ▶ The future will be driven by increasing the utility of the publication and emphasizing that credible news comes with a cost, growing subscription revenues through micro-market segmentation and bundling, developing sector specific advertising solutions and demarcating digital products from linear thinking

Advertising

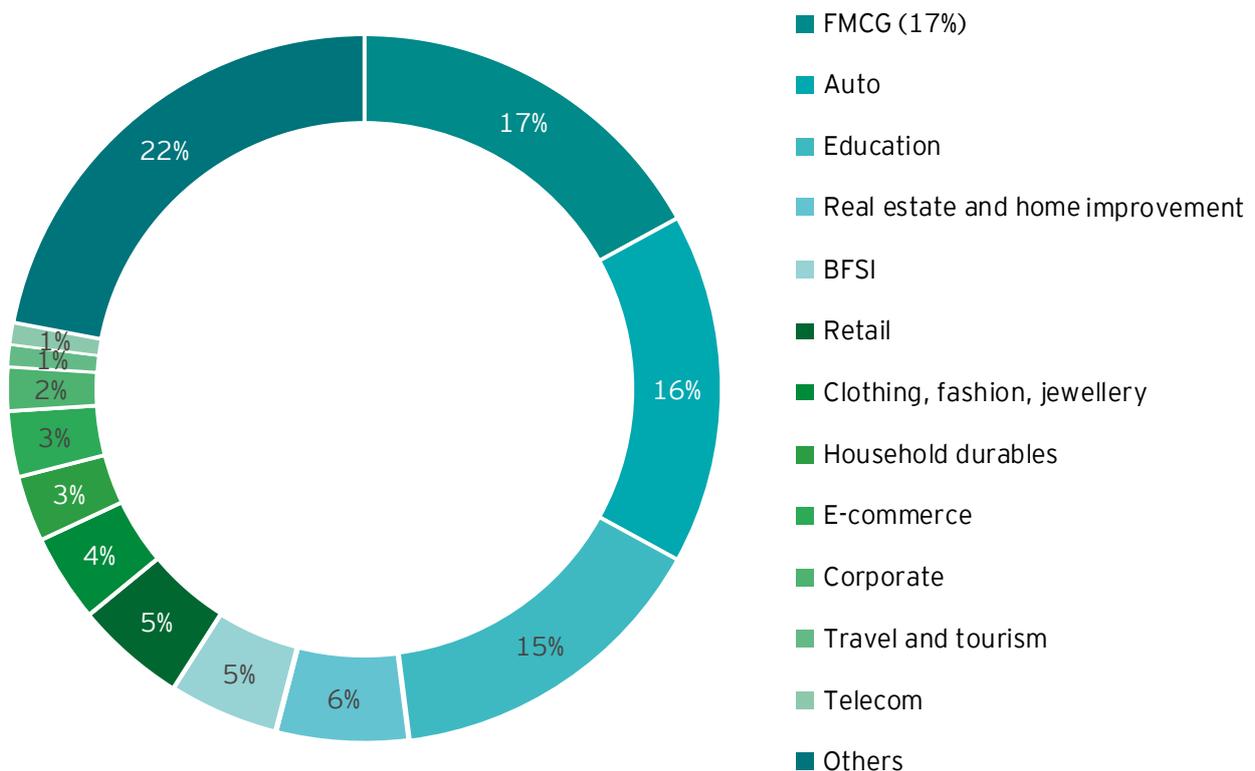
Advertising revenues fell 41% in 2020

- ▶ Advertising in English publications fell by 52%, while advertising in Hindi and regional language publications reduced around 35%
- ▶ Share of advertising to total income stood at 64%, down from 70% in 2019, and we expect it to further reduce to 62% by 2023

Ad revenue analysis

FMCG, auto and education contributed the most to print ad revenues

Contribution to total ad spends

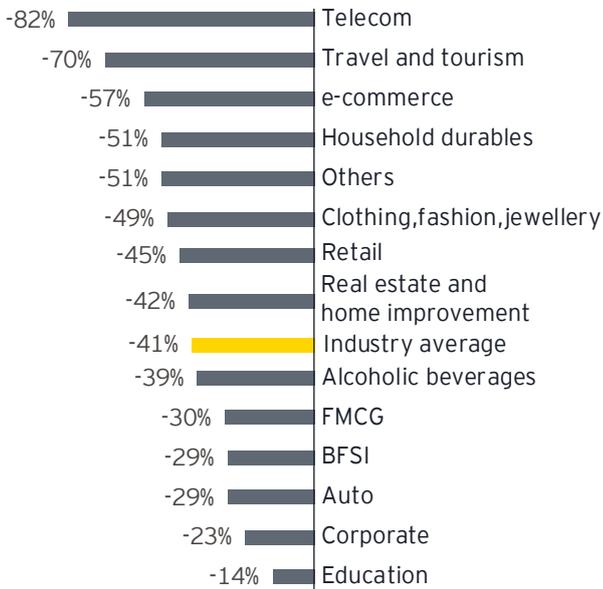


Pitch Madison Advertising Report 2021

- ▶ Top five categories of FMCG, auto, education, retail and real estate and home improvement contributed 59% of ad revenues, up from 50% in 2019

Largest falls were seen in telecom, travel & tourism, e-commerce and household durables

Change in ad category spends



Pitch Madison Advertising Report 2021

- ▶ All categories saw de-growth on print as advertisers did not return in adequate numbers, fearing that circulation had not returned to pre-COVID-19 levels
- ▶ The top three categories FMCG, auto and education increased their contribution from 37% in 2019 to 48% in 2020

Move towards digital events

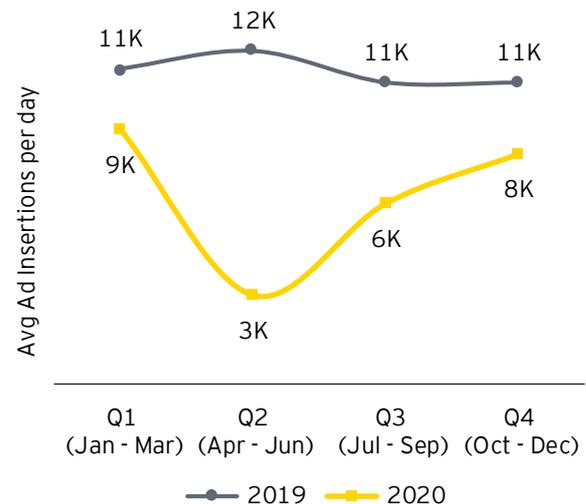
- ▶ Largest event companies in India have always been print players and due to the lockdown, the physical events they conducted were impacted for nine months
- ▶ The segment started to provide digital versions of their popular IPs as well as implemented high-volume but lower value digital events, many companies conducting as many as two to three a day
- ▶ While digital event values were lower, the margins they generated were healthy and this new revenue stream can become a lasting revenue source in-conjunction with physical events

Digital revenues grew

- ▶ The lockdown created a surge in online news viewership, which is expected to have reached 454million unique visitors in 2020, up from 394million unique visitors in 2019¹
- ▶ Most print companies had a defined digital business, with a focus on products such as websites, apps and e-papers
- ▶ Monetization, however, remained a challenge with most print companies generating less than 5% of total ad revenues from digital products²

Ad volume movement

Overall ad volumes fell 34%



TAM AdEX (which covers around 870+publications), average ad insertions per day

- ▶ Average ad Insertions per day fell 77% in the April - June quarter during the lockdown, but recovered 2.6 times from there by the last quarter of the year
- ▶ There were 140,000 advertisers and 169,000 brands on print during 2020, a reduction from 170,000 advertisers and 210,000 brands on print in 2019
- ▶ This trend is based on AdEX covered publications and not all markets

1. Comscore
2. Industry discussions

Auto remained the largest sector on print (by volume)

		Percentage share	
Rank	Advertising sectors	2019	2020
1	Auto	16%	18%
2	Services	16%	14%
3	Education	14%	14%
4	Personal healthcare	6%	8%
5	Retail	9%	7%

TAM AdEX

- ▶ Auto, services and education remained the top three sectors in terms of print ad volumes in 2020
- ▶ Personal healthcare replaced retail as the fourth largest sector on print in 2020
- ▶ There were nine advertising categories who increased their ad volumes on print compared to TV, radio and digital, such as government universities/colleges, health stimulant/ginseng, commercial vehicles, retail outlets-agriculture, solar geysers/water heaters, marriage bureaus, etc.

Five states contributed 49% of newspaper ad volumes

		Percentage share	
Rank	States	2019	2020
1	Maharashtra	15%	14%
2	Uttar Pradesh	11%	12%
3	Karnataka	8%	8%
4	Tamil Nadu	9%	8%
5	Rajasthan	6%	7%
6	Andhra Pradesh	7%	6%
7	Punjab / Chandigarh	5%	5%
8	Madhya Pradesh	4%	4%
9	Gujarat	5%	4%
10	Kerala	4%	4%
	Others (13)	25%	26%

TAM AdEX

- ▶ Minor variations were noted in states with highest ad volumes on print between 2019 and 2020, with only UP and Rajasthan improving their share of ad volumes
- ▶ Top five states generated 49% of ad volumes between them

English and Hindi contributed over 64% of newspaper ad volumes

		Percentage share	
Rank	Publication language	2019	2020
1	Hindi	37%	41%
2	English	24%	23%
3	Marathi	9%	9%
4	Telugu	6%	5%
5	Tamil	6%	5%
6	Kannada	5%	5%
7	Gujarati	4%	4%
8	Malayalam	3%	3%
9	Oriya	2%	2%
10	Bengali	1%	1%
	Others (3)	2%	2%
Total		100%	100%

TAM AdEX

- ▶ Hindi continued as the largest contributor to ad volumes, given it has the largest reach of any language in India, growing its share by 4%
- ▶ English language publications had slight degrowth in 2020 and have lost 2% volume share since 2018
- ▶ 36% share of print advertising volumes were from vernacular language newspapers, a fall from 39% in 2019

National magazines garnered 49% of magazine ad volumes

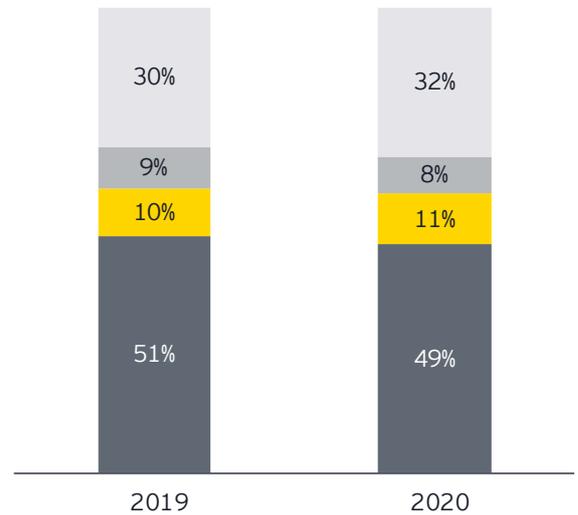
		Percentage share	
Rank	States	2019	2020
1	National	52%	49%
2	Kerala	10%	11%
3	Maharashtra	9%	10%
4	Tamil Nadu	7%	8%
5	West Bengal	6%	6%
	Others (6)	16%	16%

TAM AdEX

- ▶ National magazines continued to command the largest share of ad volumes, but regional magazines increased their share from 45% in 2018 to 51% in 2020
- ▶ Circulation revival will be critical in 2021 for national magazines to regain ad volumes
- ▶ Kerala was the top state in magazine advertising with 11% share of ad volumes in 2020

Regional language magazine ads increased their share

Magazine ad volumes by language



■ English ■ Malayalam ■ Hindi ■ Other languages

TAM AdEX

- ▶ English magazines garnered 49% share of total magazine advertising, down from 54% share in 2018
- ▶ Four south Indian languages together contributed 26% share of ad volumes in 2020

Circulation revenues

Circulation revenues fell 24%

- ▶ Hindi and vernacular newspaper circulation revenue fell 20% in 2020 compared to 2019, while English circulation revenues fell 50%
- ▶ English newspaper circulation revenue fell as doorstep delivery was barred by many building societies and resident's welfare associations in metro cities due to the fear of infection
- ▶ By December 2020, however, average circulation was back to around 80% of 2019 levels, unevenly distributed between languages (estimated at 88%) and English (67%)³
- ▶ As per the industry feedback received, it is estimated that 5-10% of print circulation may have been lost permanently due to breakage in the daily habits, growth of digital news media adoption during the pandemic or other pecuniary concerns
- ▶ We have estimated that by 2021 newspaper circulation will recover to 88% of 2019 levels and further grow to reach 94% by 2022, while magazine circulation will recover to 70-75% of pre-covid levels⁴

Digital subscription increased

- ▶ More publications put digital products behind a paywall during 2020 including Times Group, Indian Express, The Hindu, Hindustan Times
- ▶ All have seen increase in their online paid subscribers, which we understand could be in the range of 0.3-0.4 million⁵
- ▶ Post the lockdown, some leading magazines saw 20% growth in digital subscriptions - these magazines created micro-sites for popular IPs which led to increase in subscriptions from India's top 10 cities⁶

Costs were optimized significantly in 2020

- ▶ Most publications resorted to cost reduction measures in 2020, which reduced costs by between 25-40%
- ▶ Publications followed multiple strategies to optimize costs, some examples of which are:
 - ▶ Permanent measures:
 - ▶ Shutdown unprofitable editions
 - ▶ Curtailed rentals of leased properties
 - ▶ Downsized employee base
 - ▶ Changed the gather vs. buy news ratio
 - ▶ Implemented work from home for certain functions
 - ▶ Temporary measures:
 - ▶ Reduced pagination of publications to save on newsprint, ink, consumables and production costs
 - ▶ Implemented salary reductions and abeyances
 - ▶ Stopped low cost subscription packages which were impacting profitability
 - ▶ Curtailed travel and stopped paid promotional spends
 - ▶ Reduced the cost to run office operations
 - ▶ Increased cover prices in some cases

We believe several of these measures are reversible when the business environment improves, but some of these reductions can be permanent in nature and will eventually enable print companies to get back to profitability in the medium term

3. Financial statements, industry discussions, EY analysis

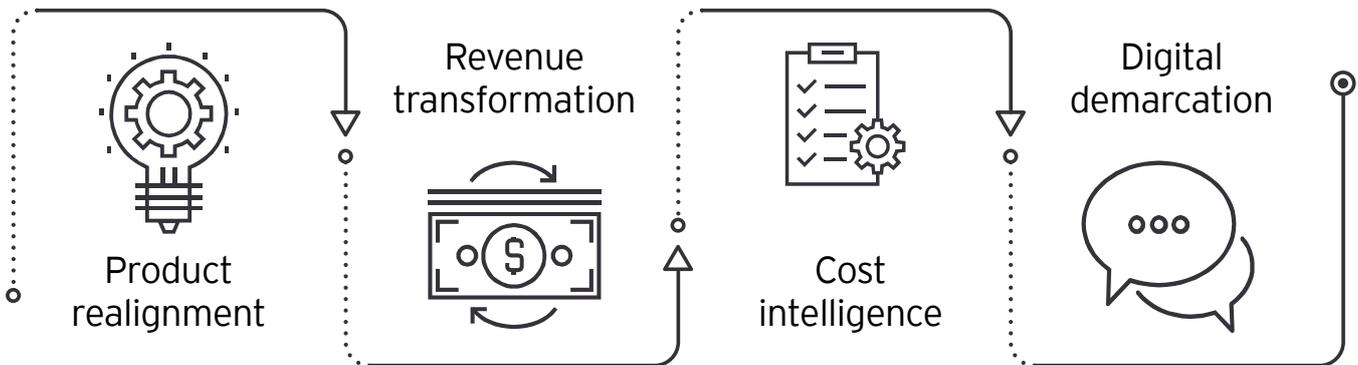
4. EY estimates

5. Industry discussions

6. Industry discussions

Future outlook

We believe the print segment's key areas of transformation will be:



Product realignment

Increase utility

- ▶ Several alternative news products have emerged, each with diverse features
- ▶ Consequently, there is a need to increase the utility of the newspaper, i.e., build the pull factor of the newspaper and increase the reason for consumers to pick up the newspaper once delivered to the home or office
- ▶ Several print companies are evaluating strategies to accomplish this, which include:
 - ▶ Discount coupons available exclusively in the print product
 - ▶ Exclusive print content with deeper analysis and infographics
 - ▶ Points of view apart from factual reportage
 - ▶ [Print + digital] communities based on different segments of the newspaper, e.g., crosswords, comics, editorial, citizen reporters
 - ▶ Interactivity on stocks, quizzes, polls, etc.
 - ▶ Print only editions for specific markets or readers' specific content needs

Emphasize credibility

- ▶ Given that news products are often free (digital) or at much lower rates than print (television) there is a need to emphasize print's core USP of credibility, and evangelize that credibility comes at a cost
- ▶ This will involve effort on setting up best-in-class fact checking, depth of analysis, and completeness of news reporting and representation, along with building brands of journalists hence increasing readers' share of off-screen time on print
- ▶ With this focus on readers' most important news needs, readership will follow

Revenue transformation

Focus on profitable circulation growth

- ▶ Print will need to focus on recovering circulation in priority markets where advertising budgets are higher
- ▶ For other markets, cover prices can be increased based on market dynamics
- ▶ Print will need to focus on growing its reach in its existing markets through a combination of identifying new micro-markets which are underpenetrated as well as forging [service + print] bundle deals with direct to consumer aggregators like television, e-commerce platforms, OTT platforms

Ad sales to market ownership

- ▶ Each sector's needs vary and there is a need to serve them with specific solutions which link back to demonstratable return on investment
- ▶ Market leaders in respective segments or states will need to take up the mantle of "owning" their markets and providing comprehensive solutions across media, which will necessitate the creation of digital consumer communities along with physical ones

Cost intelligence

Industry-level shared services

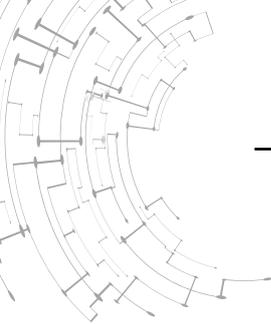
- ▶ Margin pressures will continue due to manpower cost increases (on account of the proposed labor code) and the vagaries of newsprint costs
- ▶ Hence, publishers will have to strategize and ensure cost efficiencies earned in 2020 continue, thereby keeping print affordable for advertisers
- ▶ We expect significantly more industry-level shared services initiatives across:
 - ▶ News gathering (perhaps with a larger role played by the Press Trust of India)
 - ▶ UGC and stringer networks
 - ▶ Production, spares and maintenance
 - ▶ Procurement of newsprint, inks and consumables
 - ▶ Distribution and unsold copy management
 - ▶ Support functions (AR, AP, HR, etc.)
- ▶ This will leave print companies to focus on differentiating through their brand, editorial policy and community ownership

Automation opportunities

- ▶ Publishers can also implement process automation for productivity improvement across key business processes, some examples of which are:

Automation opportunities





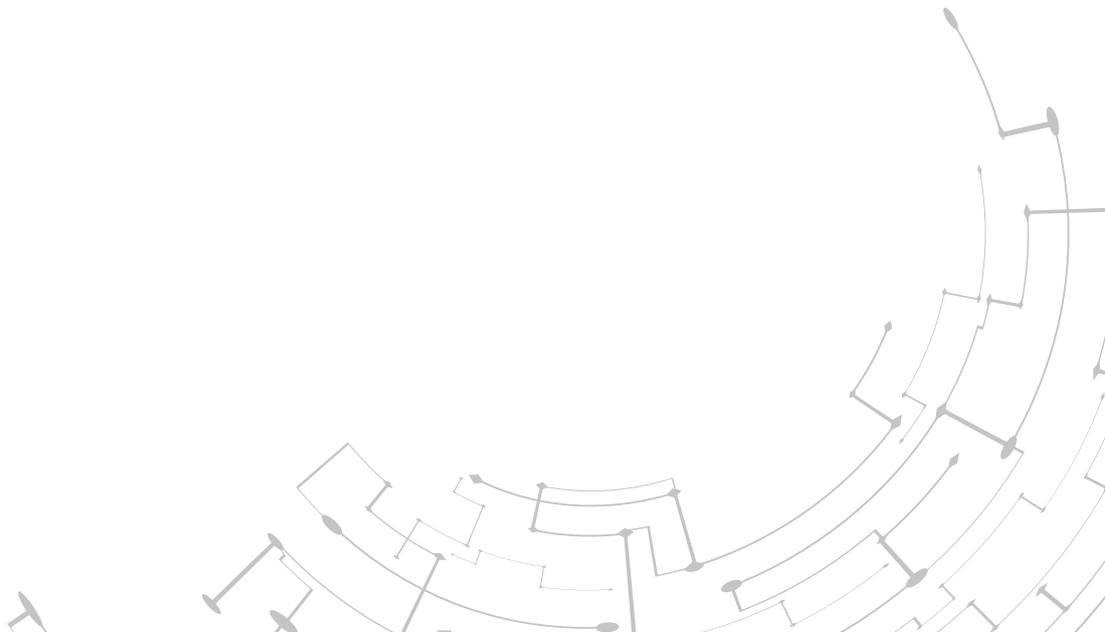
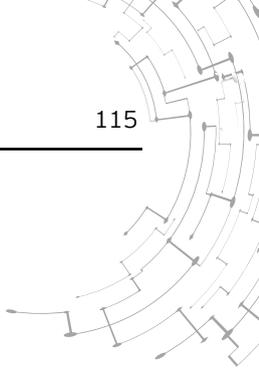
Digital demarcation

A common engine; different products

- ▶ With consumption of news increasing on digital, the print segment must invest on digital products to grow their “readership”
- ▶ However, apart from a common news gathering engine, digital and physical products are completely different as they serve very different needs of many target audience groups and hence require a different team and mindset from print operations

Multi-community brand extensions

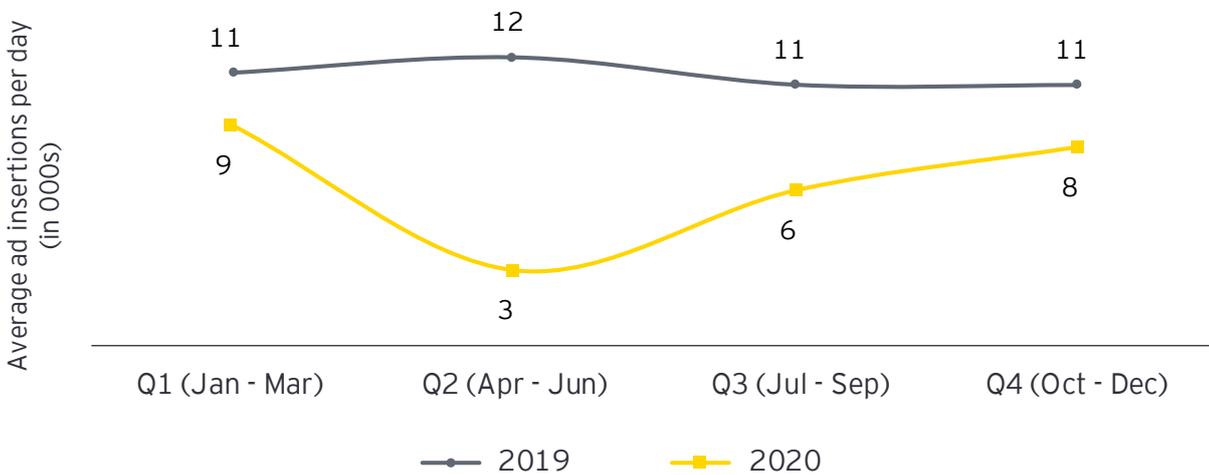
- ▶ The focus will remain on strengthening the print segment’s core capability of building communities but with a wider scope of offerings to them apart from just news
- ▶ Digital products need not be just news or text related, as is seen by the emergence of audience bases for audio, video and hybrid news and non-news products
- ▶ For print, we expect to see several brand extensions into custom communities in education, local and hyperlocal news, community affairs, self-help, health, matrimony, digital events, hyperlocal video, etc.
- ▶ Magazines will see digital/ micro-site extensions to stories (fiction and non-fiction), entertainment, personal care and beauty with traffic coming from top 8 metros and the next 12 cities



Print advertising trendbook

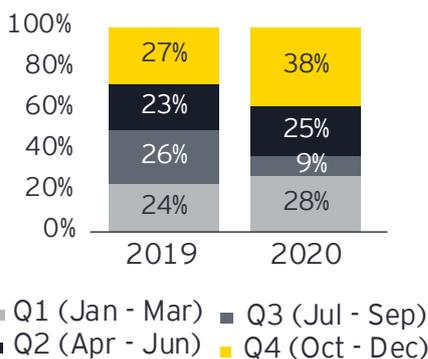
Powered by TAM AdEX
(A division of TAM Media Research)

Print ad volumes fell 34% in 2020 but recovered significant lost ground by the end of the year



Print lost around **30,000 advertisers...**

	2019	2020
Categories	730	714
Advertisers	170k	140k
Brands	210k	170k

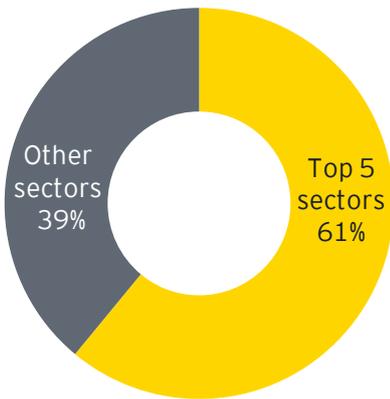


...but ad volumes rebounded in Q4 of 2020

Q4 contributed 38% of total 2020 ad volumes

Auto remained the **top advertising sector** for print

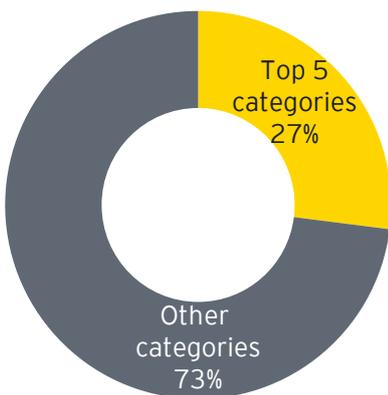
Ad volumes



Rank	Sectors	% Share	
		2019	2020
1	Auto	16%	18%
2	Education	14%	14%
3	Services	16%	14%
4	Personal healthcare	6%	8%
5	Retail	9%	7%

Auto and education comprised 4 of the top 5 ad categories dislodging Hospital/clinics from the top 5

Ad volumes



Rank	Top 5 categories	% Share	
		2019	2020
1	Cars	7%	8%
2	Two-wheeler	5%	7%
3	Properties/real estate	4%	5%
4	Multiple courses	3%	4%
5	Coaching/competitive exam centre	4%	4%

Top five festivals

generated 65% of festival-themed ad volumes in 2020, up from 60% in 2019

Onam and Independence day were more subdued due to the effect of the lockdown

Top 5 festivals		
Rank	2019	2020
1	Deepavali	Deepavali
2	Navratri	Navratri
3	Durga Puja	Durga Puja
4	Independence day	Christmas
5	Christmas	New Year

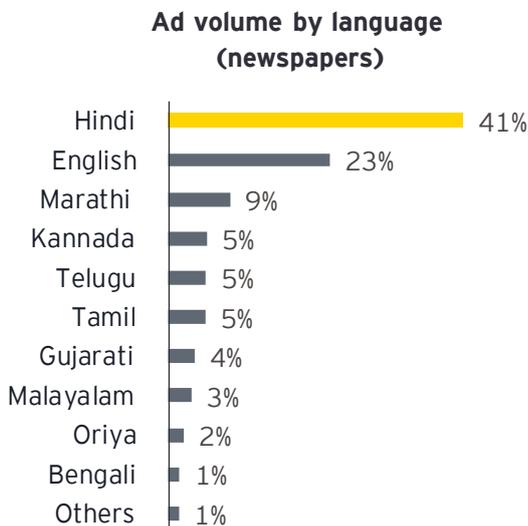
		% Share	
Rank	States	2019	2020
1	National	52%	49%
2	Kerala	10%	11%
3	Maharashtra	9%	10%
4	Tamil Nadu	7%	8%
5	West Bengal	6%	6%

National publications garnered 49% of magazine ad volumes

down from 52% in 2019

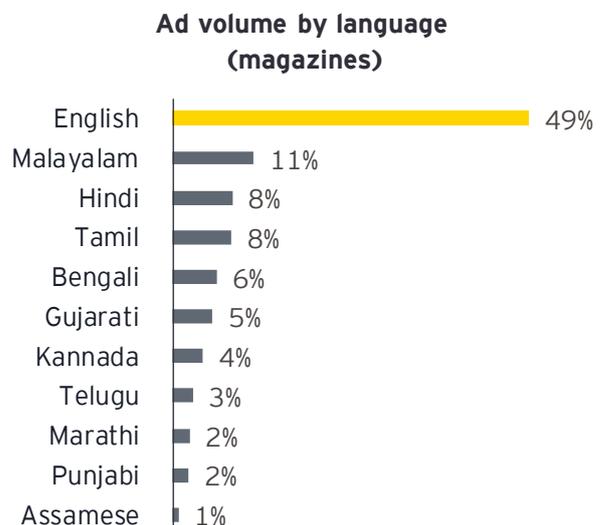
Hindi language ads comprised 41% of total **newspaper ad volumes**

Up from 37% in 2019

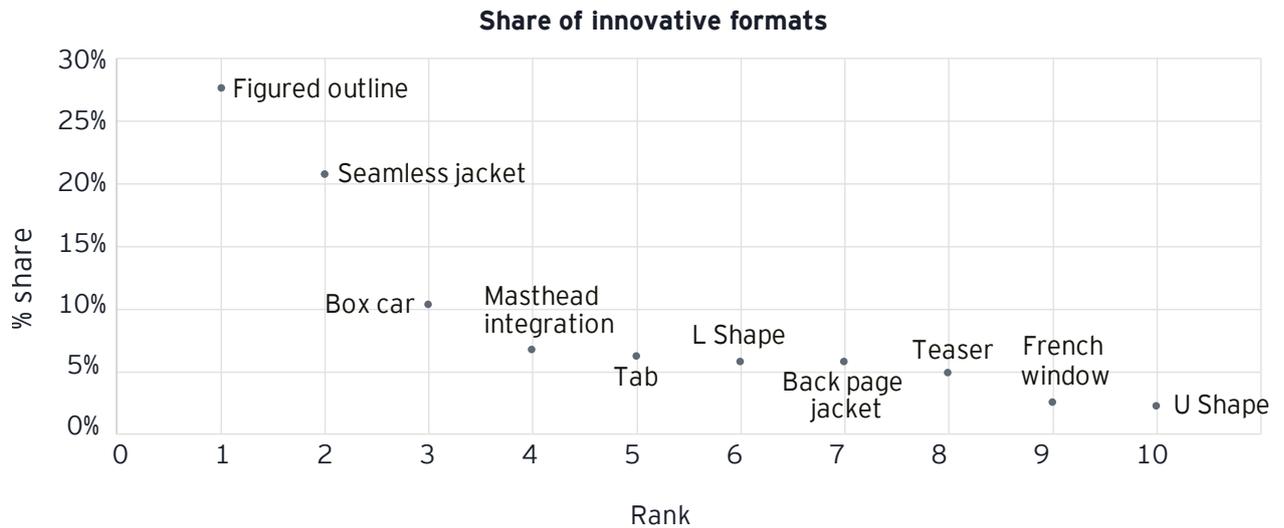


English language ads comprised 49% of total **magazine ad volumes**

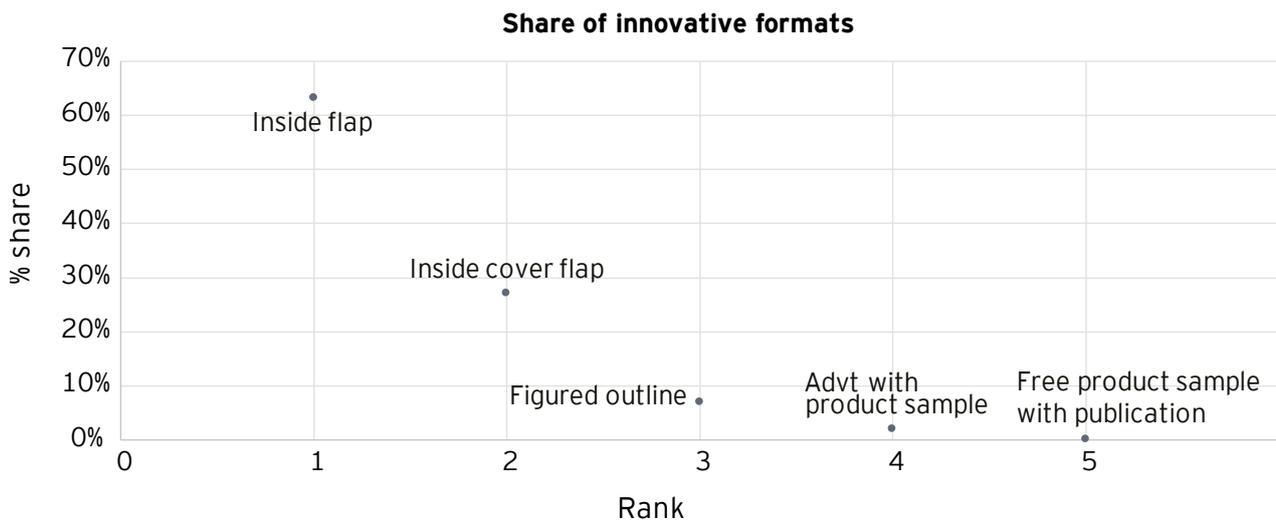
They comprised 51% of ad volumes in 2019



Figured outline and seamless jacket remained the most popular **innovative ad formats** for newspapers...



...while magazines were used effectively for **product sampling**



Expert speak



Girish Agarwaal
Promoter Director
DB Corp Ltd.

After an unprecedented year precipitated by the COVID-19 pandemic, we are finally seeing positive indicators of a strong economic revival and we are hopeful that this momentum will carry forward and 2022 will see India emerging stronger. The stupendous growth in cities of Tier-II, Tier-III and beyond is extremely encouraging. We believe that this period has provided the Indian language newspapers a huge opportunity of growth by fostering product innovation and reader-connect.



D. D. Purkayastha
Managing Director & CEO
ABP Private Limited

I believe COVID-19 came as a huge opportunity for the M&E industry. This is the time to establish credibility and relevance. Those who can grab the opportunity would be future-ready and those who cannot would be left behind.



Jayant Mamen Matthew
Executive Editor & Director
Malayala Manorama Co. Ltd.

There will be a significant recovery for print. However, costs will increase, especially newsprint price. Expect more newspapers to put their content behind a pay wall in the coming year.



Praveen Someshwar
Group MD & CEO
HT Media Ltd

With the economy bouncing back, consumer demand and consumption is bound to grow. Resultantly, advertising spends will increase as brands fight for mind and market shares. Digital will continue to grow on the back of high reach and engagement as print complements with impact and credibility, while other mediums will see growth but lower salience.



Devendra Darda
MD
Lokmat Media Group

The coming year will see plenty of action in M&E industry with economic recovery, new digital policy, elections in key states and return of movies to the theatres. Traditional media, with credibility as its foundation, will coexist with digital and gaming.



LV Navneeth
CEO
The Hindu Group Publishing
Private Limited

It is an exciting time for the M&E Industry. Thanks to the pandemic, we have seen some accelerated trends, and some trends arrive on the horizon ahead of time. I would submit that the challenge is between managing our present and building for our future. Ability to navigate between these choices and investment of time, energy and resources across the priorities that matter will build for a fundamentally strong business.



Sanjay Gupta

CEO

Jagran Prakashan Ltd.

Legacy organisations tend to accumulate 'fat' when the going is good. Covid gave opportunity to reassess all processes. IT is helping the team to be 'leaner' and more efficient.



Anant Goenka

Executive Director

The Indian Express Group

If there's one thing this pandemic has taught us, it is that readers crave for credibility and authenticity. And the credibility of the print medium is unparalleled. We are now seeing the reader's trust translate on to print's digital platforms, which puts us at the cusp of an extremely exciting time for honest and credible newspapers.



Anant Nath

Executive Publisher

Delhi Press Magazines

Print in India will continue to thrive in Tier II & III markets owing to significant headroom for growth in literacy, economy, and population. Credibility and trust in print as a medium of information is at an all-time high.



Sivakumar S

Chairman Executive Committee,

Bennett Coleman & Co. Ltd.

As economies mature, consumers would crave & value 'me time', privacy, & quality of engagement defined by brand safety. A well-researched, curated and engaging print offering would therefore, command disproportionate share of audience attention and influence.



Pawan Agarwal

Dy Managing Director

DB Corp

Print in India will continue to thrive in Tier II & III markets owing to significant headroom for growth in literacy, economy, and population. Credibility and trust in print as a medium of information is at an all-time high. Advertisers are confident about the Print medium as it is delivering the response to their advertising.

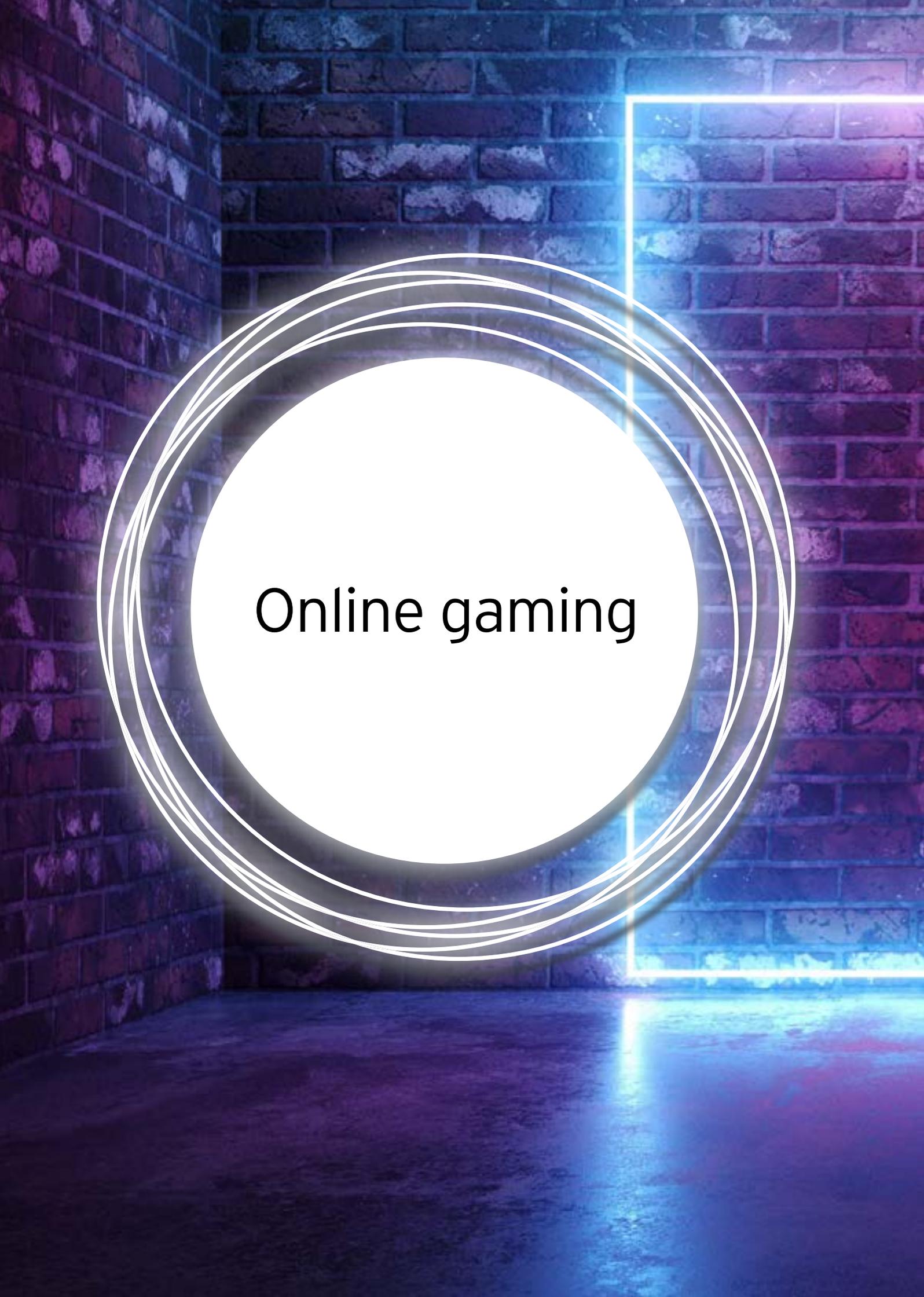


Siddharth Kothari

Additional Managing Director,

Rajasthan Patrika

The migration from GEC to OTT has been expedited by Covid lockdowns. Their no-advertising policy, engaging content and ease of use has given them a quantum leap. As far as news reporting goes appointment viewing and sensationalism of TV served to reinstate the credibility of print even further. It is beyond dispute that newspapers have emerged stronger as the reliable choice of people.

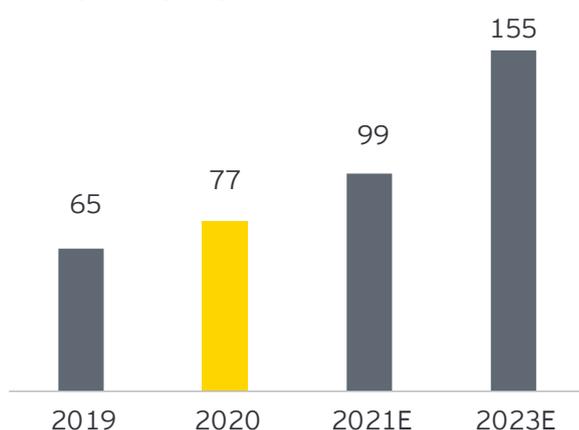


Online gaming



Online gaming grew 18% in 2020

Online gaming segment revenue



Game type	2019	2020	2021E	2023E
Transaction-based	52	63	83	133
Casual	13	14	16	22
Total	65	77	99	155

INR billion (gross of taxes) | EY estimates

Note: revenue from PC and console gaming is not included

- ▶ The online gaming segment grew 18% in 2020 to reach INR77 billion as online gamers grew 20% from 300 million in 2019 to 360 million in 2020¹
- ▶ Transaction-based game revenues grew 21% on the back of fantasy sports, rummy and poker
- ▶ Casual gaming revenues grew 7%, led by in-app purchases
- ▶ Growth was witnessed across the paradigm, from hyperlocal casual gaming to esports
- ▶ Regulatory uncertainty needs to be resolved through policy clarity for the segment to achieve its potential
- ▶ Future growth will be driven by IoT gaming, smart sports clothing, health gaming, gamification of traditional media and 5G-led innovations across cloud gaming, cross-platform gaming, e-commerce gamification, AR and VR games
- ▶ The segment is expected to reach INR155 billion by 2023 at a CAGR of 27% to become the third largest segment of the Indian M&E sector

Game classification

Online gaming, fantasy sport, esports and other terms are commonly interchanged and hence, for purposes of clarity, we have adopted the following classification:

- ▶ Games are device agnostic and hence we have not classified games relating to the devices used
- ▶ All games involving payment (whether platform fee, participation fee, event- or game-based fee, etc.) are classified under transaction-based gaming, while casual games are those which are monetized only through advertisements and certain in-app purchases
- ▶ The above scheme does not represent in any manner the legal or regulatory classification and is being provided for sake of clarity to the reader
- ▶ This report pertains to esports, competitive skill-based games, casual gaming, fantasy sport and skill-based card games but excludes PC and console gaming

1. All India Gaming Federation

Features	Sports			Games + sports	Skill based games			Chance-based games
	Live sports	Gaming arcade	Esports	Competitive skill-based games	Casual gaming	Fantasy sport	Skill-based card games	Online games of chance
Objective / Intent of play	C	E	C	C	E	C	C	C
Real world physical connect	Yes	Yes	During tournaments	During tournaments	No	Yes	No	No
Physical monitoring of game play	Yes	Yes	Yes	Yes	No	No	No	No
Use of skill	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Are tournaments an integral part	Yes	No	Yes	Yes	No	No	Yes	No
Venue	Yes	Yes	Yes / No	Yes / No	No	No	No	No
Infrastructure	Physical infrastructure		Physical + device	Device infrastructure: PC, mobile, laptop, tablet, console, etc.				

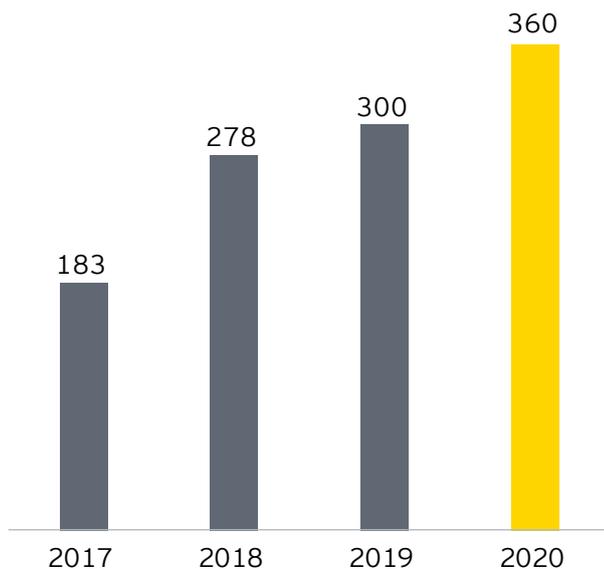
C Competitive

E Entertainment

⋮ Scope of this section

Online gamers grew 20% in 2020

Online gamers in India (in million)



AIGF, EY Analysis | Monthly game players (unique)

- ▶ The count of online gamers in India grew 20% in 2020 to reach around 360 million and is expected to reach 510 million by 2022²
- ▶ Of these, an estimated 85% are mobile gamers³

Transaction-based game revenues grew 21%

	2019	2020
Rummy and poker	24	29
Fantasy sports	21	26
Esports	7	8
Total	52	63

INR in billion (gross of taxes) | EY estimates

- ▶ Transaction based game revenues increased from INR52 billion in 2019 to INR63 billion in 2020
- ▶ One key factor which led to growth of transaction-based gaming was the growth in India's digital payments ecosystem
- ▶ Indian online transaction-based gaming players are expected to grow from 80 million in 2020 to 150 million by 2023⁴
- ▶ In India the average transaction-based revenue per customer has risen from INR167 in 2016 to INR640 in 2020⁴

Rummy and poker

- ▶ Rummy grew 21% and poker grew 24% respectively in 2020 though some Indian states banned play of such online games
- ▶ Due to lack of live sporting events, many online gamers explored card-based games
- ▶ Several online tournaments were held across these games to build awareness and identify talent for international participation

2. All India Gaming Federation (AIGF); EY analysis

3. <https://www.businesstoday.in/current/economy-politics/pubg-ban-chinese-players-shot-down-indian-app-makers-ready-to-run-victory-lap/story/415129.html>

4. Nazara Technologies Limited DRHP

Fantasy sports

- ▶ Fantasy sports grew 24% in 2020 despite the absence of major Indian sporting events for five months during 2020, primarily on the back of the IPL Season13 held in the last quarter of 2020
- ▶ Fantasy sports user base is currently 100 million and is expected to reach 150 million by the next IPL⁵
- ▶ India has become the fifth largest fantasy sports market in the world and has matured with the entry of several players, some of which are⁶:
 - ▶ 11wickets
 - ▶ Fanmojo
 - ▶ Guru11
 - ▶ Halaplay
 - ▶ Dream11
 - ▶ Fancy11
 - ▶ CricPlay
 - ▶ MyTeam11
 - ▶ Fancode
 - ▶ Fanfight

Esports

- ▶ Esports grew by 12% in 2020
- ▶ Growth was impacted due to the ban on Chinese apps which included PlayerUnknown's Battlegrounds Mobile (PUBG), which was India's favorite esports app till it was banned
- ▶ 2020 saw a 90% growth in the number of people playing esports compared to 2019⁷
- ▶ Esports in India saw viewership double to 17 million in 2020⁸ as it became available across 14 broadcast platforms
- ▶ Global gaming firms, such as Activision, Garena and Supercell, which publish Call of Duty, Free Fire and Clash of Clans, are lining up to invest in India's esports ecosystem after PUBG Mobile had to exit late last year due to the Indian government's clampdown on Chinese or China-associated apps⁹

Esports developments in India 2020 ⁹	
Partnerships	Key features
Jio and Taiwan-based electronic chipmaker Mediatek	Entered into an agreement to conduct a 70-day esports tournament to be broadcast in 2021 live on JioTV HD Esports channel and YouTube with a prize pool of INR1.25 million
Nodwin Gaming and Airtel India	Airtel India esports tour with Call of Duty Mobile India Challenge 2020 (prize pool of INR650,000) went live on Airtel Xstream, NODWIN Gaming's YouTube and Facebook handles
Esports Team Fnatic and Loco (Pocket Aces)	Fnatic signed a long-term partnership with Indian live streaming platform Loco to create unique esports content including tournaments and live streams on the Loco live game streaming platform
Hong Kong-based esports team Nova Esports and Indian PUBG Mobile team Godlike	Nova Esports shall look after players' salaries, provide boot camp support and offer international exposure to Godlike

5. Industry discussions

6. FIFS, secondary research

7. NODWIN gaming

8. <https://economictimes.indiatimes.com/tech/technology/esports-is-the-new-rage-in-the-indian-arena/articleshow/81264355.cms>

9. <https://esportsinsider.com/2020/07/india-esports-recap-june-2020/>, <https://www.animationxpress.com/games/the-six-esports-developments-in-india-from-december-2020/>

Casual gaming grew 7% in 2020

- ▶ In-app purchases grew 15% in 2020 while advertisement revenues grew 8%
- ▶ Growth in casual game revenues was enabled by increased downloads of online games - App Annie estimates that 80% of all entertainment app downloads in 2020 were gaming apps
- ▶ 86% of games by Indian publishers included advertisements, as compared to an average of 73% for global games¹⁰
- ▶ In addition, the work-from-home and school-from-home nature of 2020 led to sales of 18 million personal PCs and laptops in 2020¹¹ which increased access to games for a large number of students and professionals, which in turn enabled the growth of mid-core gamers from 40 million to 80 million¹²
- ▶ PC makers like Lenovo expect gaming PCs to comprise 15-20% of their consumer segment revenues compared to 10-12% earlier for India¹³

Hyper casual gaming grew faster

- ▶ Hyper casual was one of the fastest growing genres of mobile games globally, accumulating 10 billion installs across the top 1,000 such titles in 2020¹⁴
- ▶ Ease of simply downloading and playing these games without requiring time to understand the rules of the game and a simple game interface kept users engaged
- ▶ Indian casual gamers spent up to 80% of their time in playing hyper casual games in 2020¹⁵

Action oriented games were most popular

- ▶ In India, 19 games across 18 publishers contributed towards top-10 rankings across downloads, monthly active users and consumer spend (refer table alongside)
- ▶ Action oriented games remained the most popular in the top-10 rankings across all three parameters
- ▶ Hunter Assassin, Callbreak Multiplayer, Subway Princess Surfer, Lords Mobile and Gardenscapes are some new entrants in the top charts for mobile games in India
- ▶ Revenue was driven by action games as well as card games
- ▶ While India is amongst the largest in game downloads globally¹⁶, it does not have a single game in the top-50 revenue earning games globally

10. <https://42matters.com/india-mobile-gaming-statistics>

11. IDC

12. All India Gaming Federation

13. <https://economictimes.indiatimes.com/tech/hardware/personal-computer-sales-up-40-50-gaming-pc-contribution-may-double-in-consumer-biz-lenovo-india/articleshow/77615863.cms>

14. Sensor Tower: industry trends 2021 report final

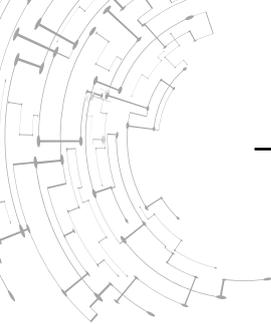
15. Industry discussions

16. App Annie Intelligence

Top mobile games in India - 2020

Game	Game type	Genre	Publisher	Ranking parameters and ranks		
				Downloads	MAUs	Consumer spend
Ludo King	Casual gaming	Board	Gametion	1	1	
PUBG Mobile	Casual gaming	Action	Tencent	6	2	2
Free Fire	Casual gaming	Action	Sea	4	3	1
Candy Crush Saga	Casual gaming	Casual	Activision Blizzard		4	9
Carrom Pool	Casual gaming	Board	Miniclip	2	5	
Subway Surfers	Casual gaming	Arcade	Sybo	7	6	
Bubble shooter by Ilyon	Casual gaming	Casual	Miniclip	5	7	
Hunter Assassin	Casual gaming	Action	Ruby Oyun Ve Yazilim Danismanlik	3	8	
Callbreak Multiplayer	Transaction-based gaming	Card	Sujan Shakya		9	
Temple Run 2	Casual gaming	Action	Imangi	9	10	
Subway Princess Runner	Casual gaming	Action	Tax Vietnam Technology	8		
Hill Climb Racing	Casual gaming	Racing	Fingersoft	10		
Coin Master	Casual gaming	Adventure	Moon Active			3
Teen Patti	Transaction-based gaming	Casino	Octro			4
Clash of Clans	Casual gaming	Strategy	Supercell			5
Call of Duty: Mobile	Casual gaming	Action	Activision Publishing, Inc.			6
Teen Patti Gold	Transaction-based gaming	Casino	Moonfrog			7
Lords Mobile	Casual gaming	Strategy	IGG			8
Gardenscapes - New Acres	Casual gaming	Puzzle	Playrix			10

App Annie: State of mobile 2021 | Fantasy games and games which require payment for participation are excluded from the above table of downloads



Online game viewership had a record year

- ▶ Watching online gaming on platforms like Twitch and YouTube become more popular in 2020
- ▶ YouTube Gaming revealed that 2020 was its biggest year ever, with 100 billion watch-time hours – double the number of hours watched in 2018 – across over 40 million active gaming channels¹⁷
- ▶ Indian brands such as MortaL, Dynamo Gaming, ScOut, Total Gaming, Gyan Gaming and SOUL Regaltos now also feature among the top live streamers by number of views¹⁸
- ▶ Indian gaming start-ups have taken note of this trend and companies such as Loco, Doofy and Rheo have ventured into the live game streaming segment offering daily, weekly and monthly subscription packages

17. <https://www.indiatvnews.com/technology/news-youtube-gaming-gets-100-billion-watch-time-hours-in-2020-670359>

18. <https://blog.youtube/news-and-events/youtube-gaming-2020/>

Growth framework

The ban on Chinese apps did create opportunity...

- ▶ As the Ministry of Electronics and Information Technology banned 220 Chinese-owned apps in 2020, several of which were gaming apps, it paved the way for Indian game developers to fill the void created

- ▶ As of 2020, it is estimated that there are over 400 gaming start-ups in India¹⁹ and 5,527 (or 3% of all) game publishers on Google Play are from India²⁰
- ▶ India has started to capitalize on the opportunity, where an Indian alternative for a popular multiplayer game was launched and saw the number of pre-registrations cross the one million mark within 24 hours²¹
- ▶ The sector employs around 60,000 people today²²

...but divergent regulations created an aura of uncertainty

State	Fantasy gaming	Rummy	Poker	Act	Year of enactment
Tamil Nadu	Not allowed	Not allowed	Not allowed	Draft	-
Andhra Pradesh	Not allowed	Not allowed	Not allowed	Amendment to the AP Gaming Act 1974	2020
Telangana	Not allowed	Not allowed	Not allowed	Amendment to the Telangana Gaming Act of 1974	2017
Gujarat	Allowed	Allowed	Not allowed	Amendment to the Gujarat Prevention of Gambling Act, 1887	2017
Nagaland	License needs to be obtained	License needs to be obtained	License needs to be obtained	Online Games of Skill Act	2016
Sikkim	Restricted to servers based in Sikkim	Restricted to servers based in Sikkim	Restricted to servers based in Sikkim	Sikkim Online Gaming Act	2009
Assam	Not allowed	Not allowed	Not allowed	Assam Game and Betting Act	1970
Odisha	Not allowed	Not allowed	Not allowed	Orissa Prevention of Gambling Act	1955
Meghalaya	License required	License required	License required	Ordinance	-

Secondary research

- ▶ India at present does not have a uniform regulatory framework to govern online games, which has resulted in lack of clarity for gaming companies and investors

19. Nazara Technologies DRHP

20. <https://42matters.com/india-mobile-gaming-statistics>

21. <https://inc42.com/infocus/year-end-review-2020/2020-in-review-the-ripple-effect-of-india-china-spat-on-indian-startups/>

22. FICCI gaming sub-committee

A lot more can be done for the sector to flourish

For the sector to achieve its potential, various initiatives have been proposed by stakeholders²³:

- ▶ Identify a nodal ministry to enable clarity of regulation and a single point to get issues resolved
- ▶ Enable self-regulation mechanisms to ensure fair play, child safety, compliance with a content code, security, privacy, random number generation certification, etc.
- ▶ Create a haven for game publishers in India through lower taxes and/or incentives to enable onshoring of the US\$129 billion game publishing sector
- ▶ Incentivize global game development centers into India to enable Make in India for the world
- ▶ Plan for game process outsourcing into India – promote the scalable hosting of game technology development, game design, game layering and revenue back-office functions
- ▶ Remove the confusion between gaming, gambling, esports and betting – pass a common national law on what is permitted to align central and state government perspectives
- ▶ Build esports arenas alongside national stadia to enable hosting of international events

23. Discussions with industry stakeholders

24. Discussions with industry stakeholders, EY estimates

25. EY estimates

Future outlook

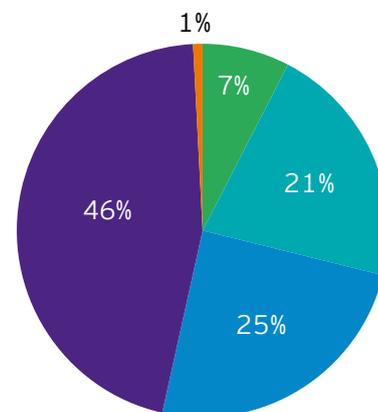
Expect online gaming to grow to INR155 billion by 2023

Game type	2020	2023E
Transaction-based	63	133
Casual	14	22
Total	77	155

INR in billion (gross of taxes) | EY estimates

- ▶ We expect the online gaming segment to grow at a CAGR of 27% to reach INR155 billion by 2023
- ▶ By 2025, it could become the third largest segment of the Indian M&E sector
- ▶ It is capable of creating employment for a million Indians by 2030²⁴

Subscription-based gaming will come into being



- Yes - Subscribe and play
- Yes - Evaluate trial and then decide
- No - Prefer games from app store
- No - Don't pay for games
- Have already subscribed

EY survey of over 1,000 gamers 2021

- ▶ We expect subscription-based gaming to make an entry into India, either on its own or bundled with smartphone or smart TV data packages
- ▶ We expect it could earn revenues of INR6 - 10 billion by 2025²⁵

Gaming will become all pervasive

Some thoughts on how gamification can proliferate across our lives:

The gamification of everything!		
Life...	...traditional media...	...and online activity!
<p>Exercise + wearables</p> <p>Wearables with smart chips enable user gamification such as competing for number of steps or calories burnt during everyday activities like walking, running and exercising</p>	<p>Smart TV + multiplayer</p> <p>Smart TVs would enable communities of gamers to play on large screens while watching sports, reality TV and even fiction</p>	<p>e-commerce + challenges</p> <p>Adding of gaming elements to shopping process through challenges and rewards</p>
<p>Clothing + data</p> <p>Smart shirts, shoes, wrist-bands and equipment will provide insights and data for improving sporting performance</p>	<p>Ads + gaming</p> <p>Enhanced engagement of audience via integration of OOH and print advertisements with real time online games</p>	<p>Bollywood + gaming</p> <p>Virtual gaming with your favourite Bollywood stars' avatars incorporating unique aspects of the star and their movies</p>
<p>Gaming + immersive</p> <p>Immersive technology that expands the viewers experience by converting any room into a digital environment customized for each game</p>	<p>Content + interactivity</p> <p>Shows that involve user participation will be created to enable mass interactivity and engagement</p>	<p>Cloud + gaming</p> <p>Integration of augmented and virtual reality (AR, VR) with the potential 5G rollout shall allow enhanced cloud-based gaming with enhanced features and graphics</p>
<p>Finance + gaming</p> <p>Banks and insurance companies will incentivize higher levels of physical activity amongst borrowers and investors to reduce premiums and interest rates</p>	<p>Voice + contests</p> <p>Voice powered games integrated with applications such as Siri, Alexa and Google Assistant shall enhance the audio experience</p>	<p>Game studios + collaboration</p> <p>Open source gaming shall allow game communities to contribute and develop games through a collaborative game studio environment</p>
	<p>Experiential + live</p> <p>Concerts and shows where audience motion lights up the stage, where noise levels determine the LED content and where applause determines winners</p>	<p>Cross-platform + fluidity</p> <p>Support for a seamless playing experience that spans across different game platforms, devices and locations either in single or multiplayer mode</p>

India gaming trendbook

EY survey of 1,108 smartphone owning adults

88% played games

up from 77% in 2019 and 67% in 2018

74%

of those who played games were men

66%

respondents spent more time playing games during lockdown (March - September 2020)

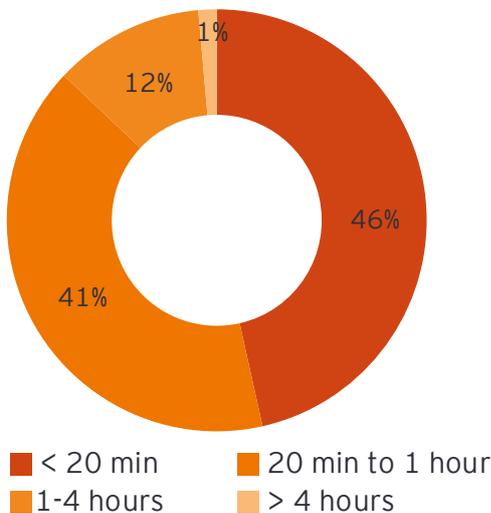
82% played on mobile phones

up from 73% in 2019

21% played on large screens

up from 14% in 2019

54% players played for more than 20 minutes a day

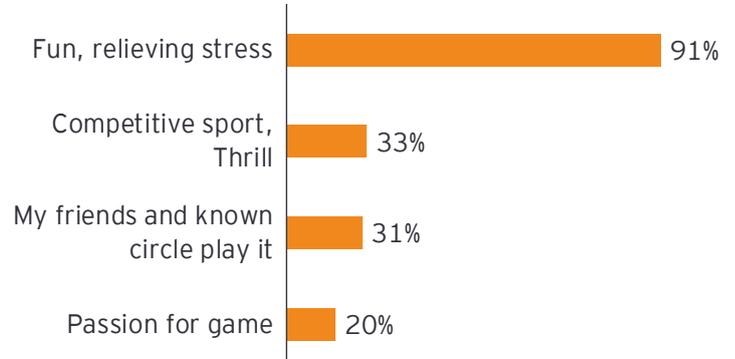


79% played one to two times a day

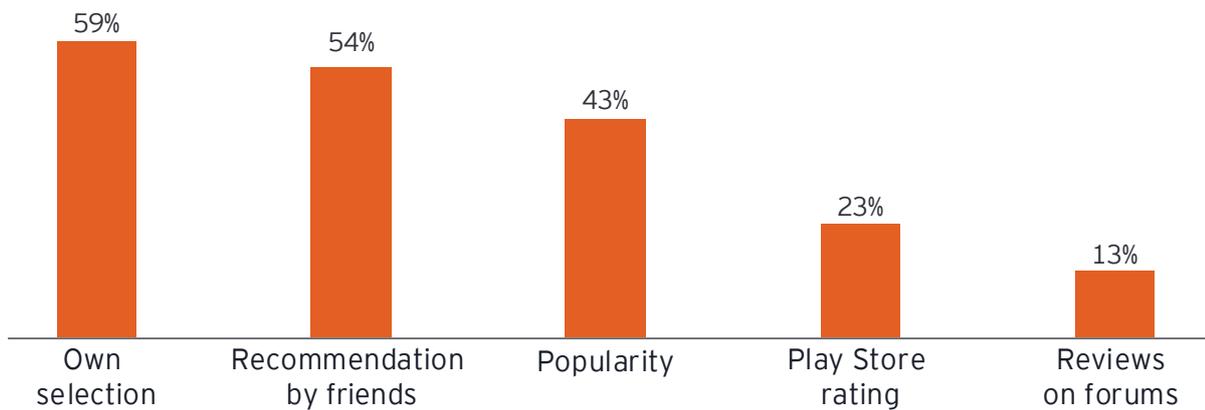
up from 76% in 2019

Games were played for fun and stress relief

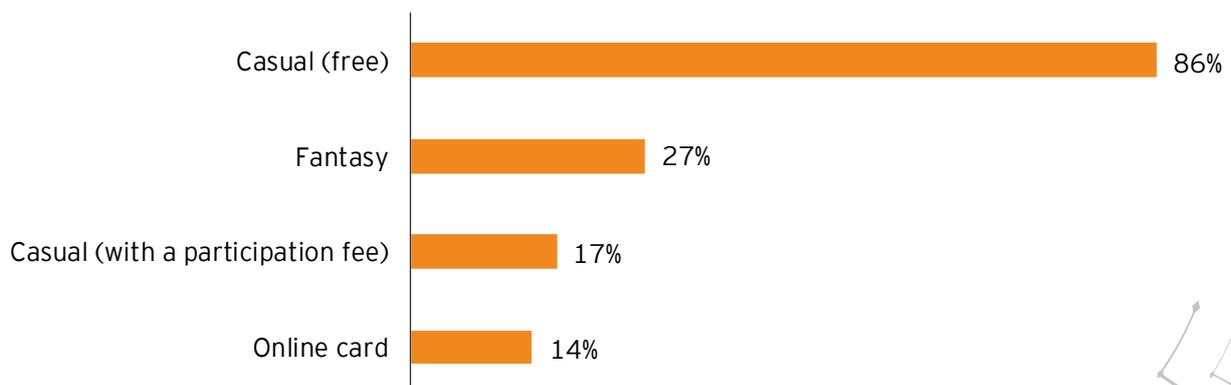
Top reasons for playing games

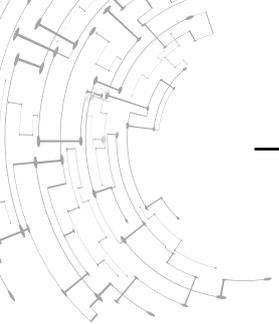


Gamers relied on peers and popularity when choosing games to play

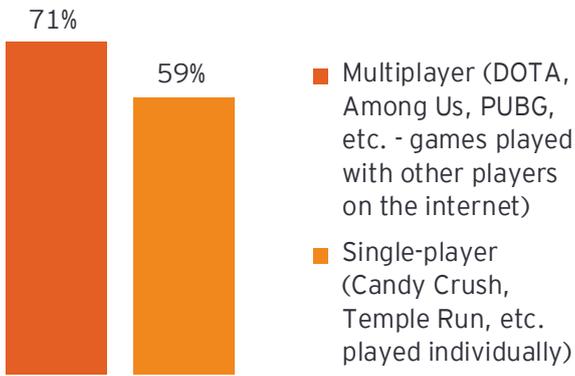


Casual free games were the most popular choice

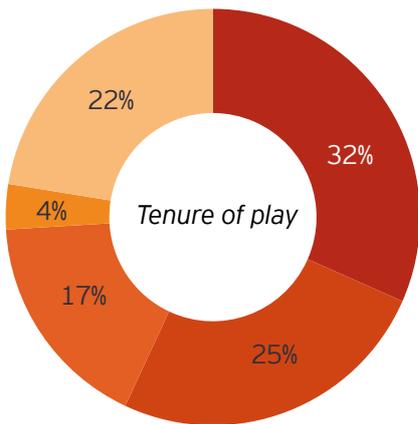
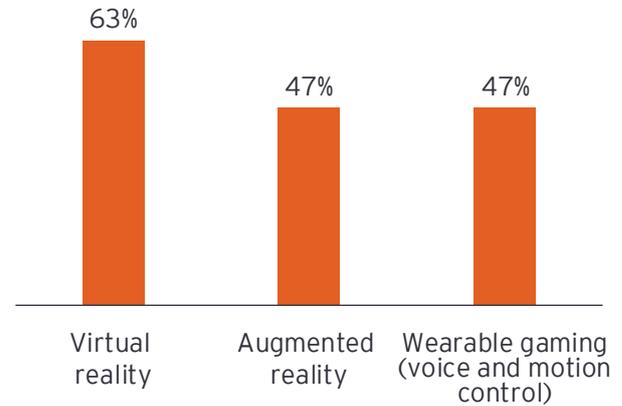




Multiplayer games were preferred



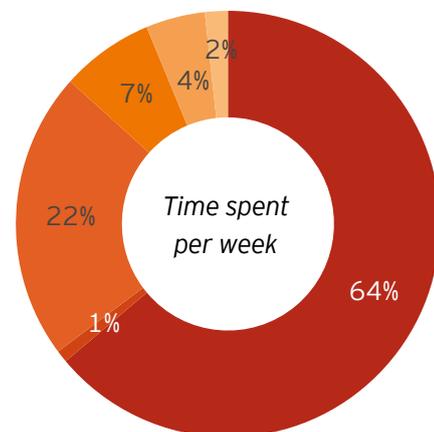
Favorite gaming technologies were...



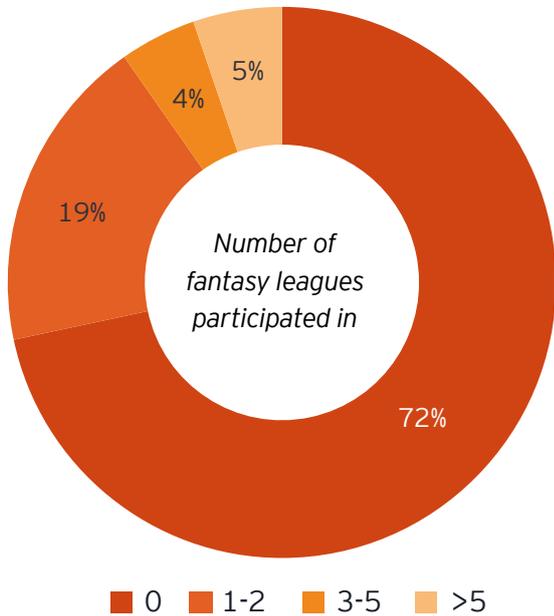
57% of respondents got tired of their games within 3 months

- Within a month
- Less than 3 months
- Within 9 months to a year
- In 2 years
- Never

36% of respondents watched live game streaming; 35% of whom spent over an hour per week



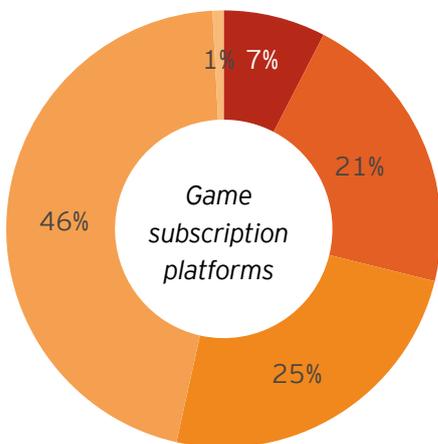
- Nil. Do not watch game streams
- 30 mins
- 1 hour
- 2 hours
- 2-4 hours
- >4 hours



28% of respondents had participated in one or more fantasy leagues

15% were willing to pay to play similar to 2019

Top 3 reasons why 85% did not want to pay



While just 1% had already subscribed, 28% of respondents were willing to evaluate game subscription platforms

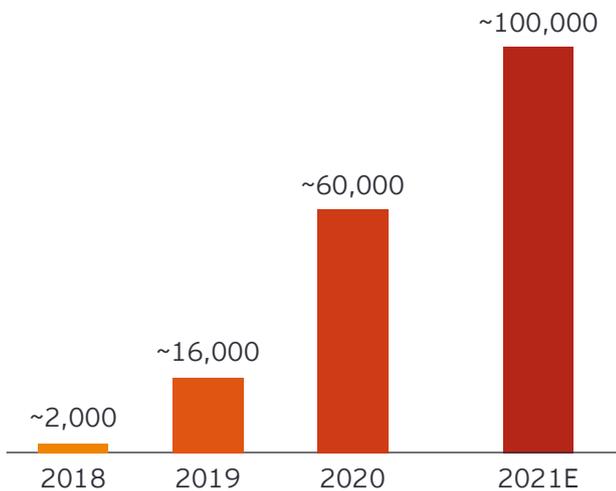
- Yes - Subscribe and play
- Yes - Evaluate trial and then decide
- No - Prefer games from app store
- No - Don't pay for games
- Have already subscribed

Esports trendbook

Powered by NODWIN Gaming

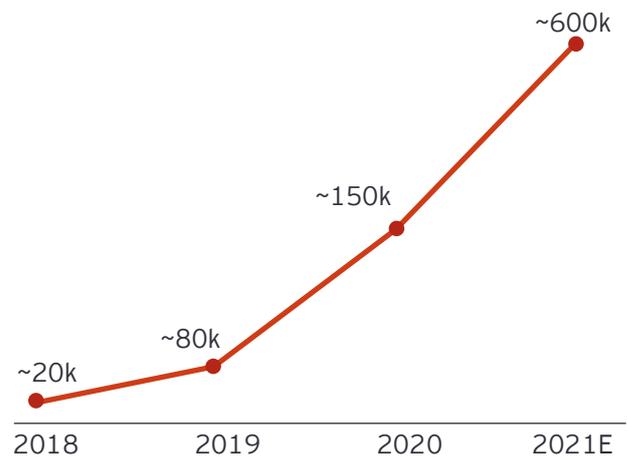
Esports teams grew more than 3.5x in 2020

(across all competitive level games)

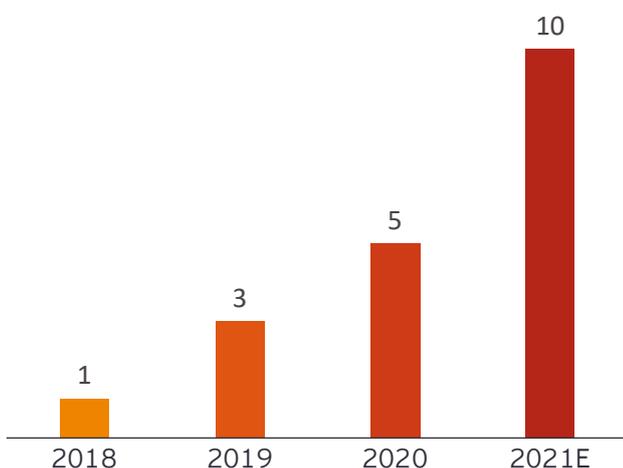


Esports players almost doubled in 2020

(across all competitive level games)

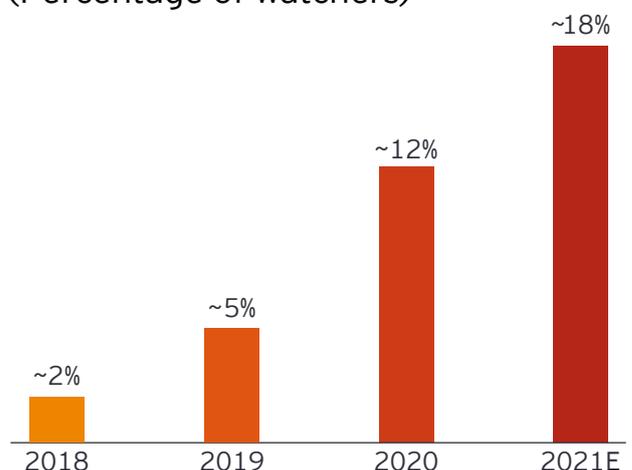


Number of **international esports teams** in India is expected to double in 2021

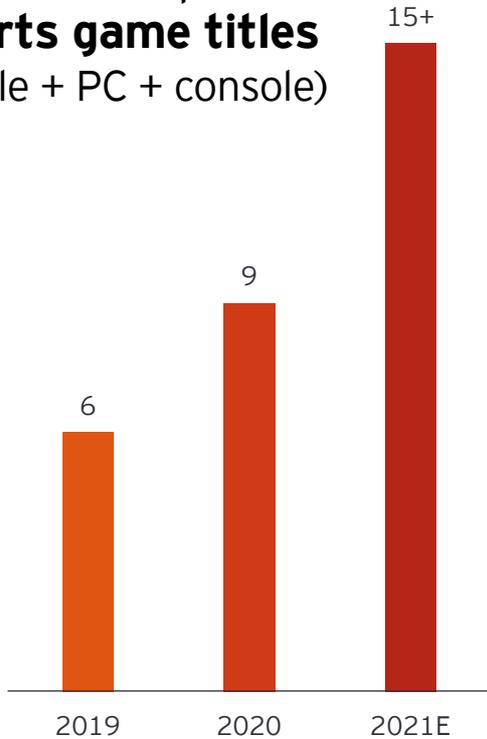


Women audience in esports is on the rise

(Percentage of watchers)

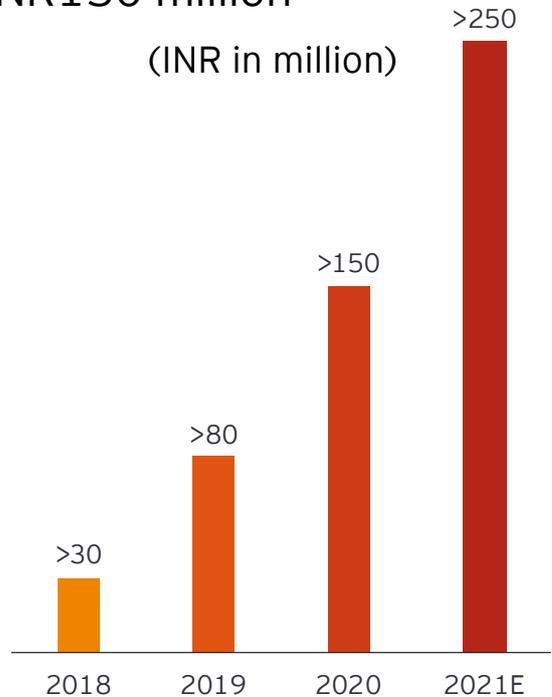


There were 9 prominent **esports game titles** (mobile + PC + console)

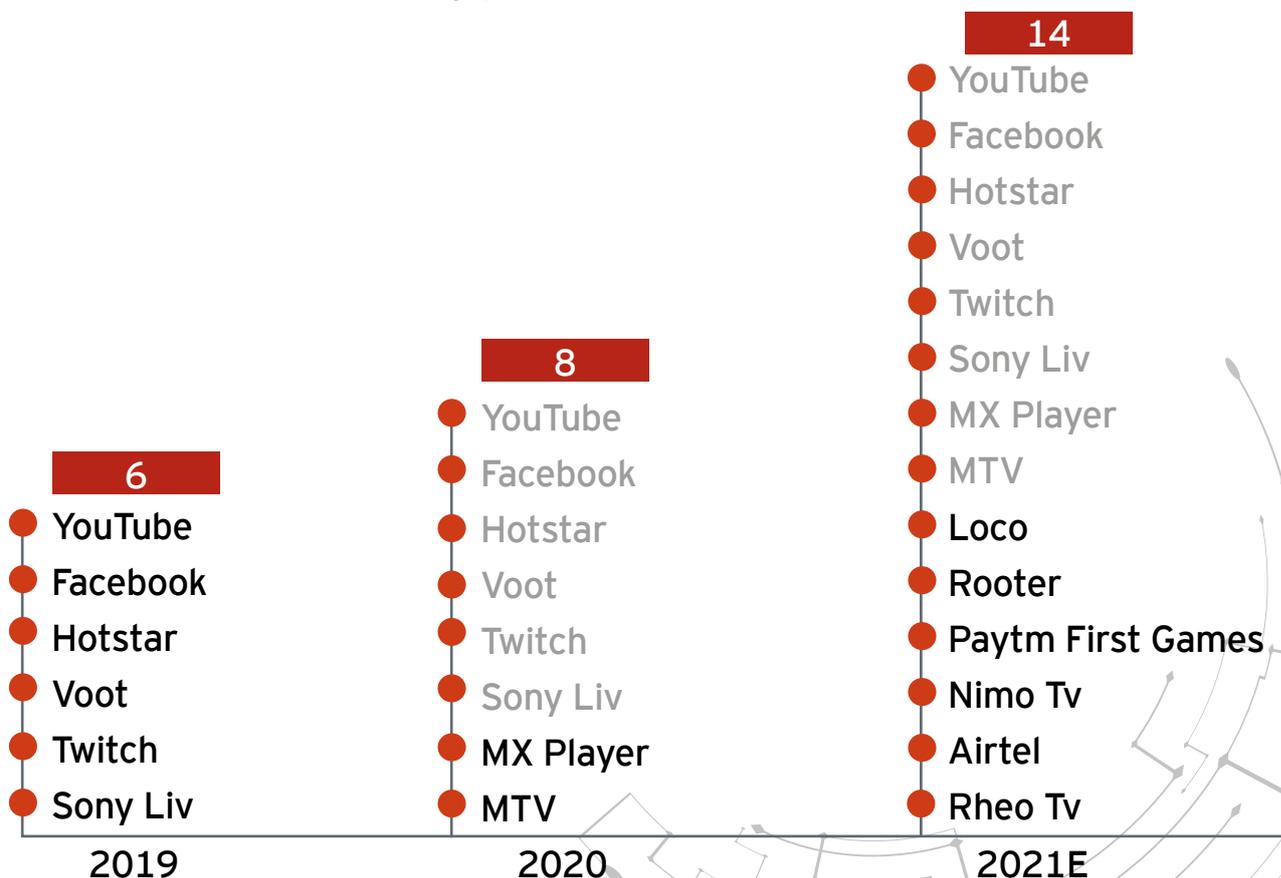


Prize money awarded crossed INR150 million

(INR in million)



Broadcast platforms showing esports content continued to grow (OTT + live streaming platform + social + television)



Expert speak



Manish Agarwal
CEO
Nazara Technologies

Gaming already is the biggest pie of Indian entertainment industry and as India enters into golden decade of gaming, the gap between gaming and other formats will be massive in terms of revenue as well as penetration. The revenue growth will be driven by inherent player retention loop in gaming on account of zero upfront cost, dopamine release, self worth enhancement and every multiplayer game play creating unscripted experience.



Anirudh Pandita
Co-Founder
Pocket Aces

User preferences will shift from mere consumption to interaction. Platforms will become virtual hangout spots as gaming and game streaming will go from niche activities to national obsessions.



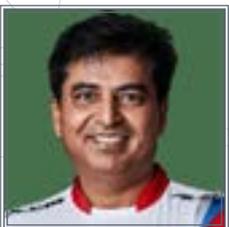
Sai Srinivas
Co-founder and CEO
Mobile Premier League (MPL)

Esports and Gaming is a huge part of India's media industry and the last year showed us that it is a sector on the rise. Looking forward to Gaming helping the media and entertainment industry's growth.



Saurabh Aggarwal
Founder CEO
Octro Inc.

Mobile gaming is already at the cusp of cornering a significant pie of the M&E market both in India and globally. 2020 has already brought forward a few quarters of player growth and gaming has emerged as a scalable leisure option at the intersection of sports and entertainment.



Lokesh Suji
Director
Esports Federation of India

During the pandemic, when live sports took the biggest hit, esports accelerated globally and in India. I believe that esports is the only sport which has the potential to surpass cricket's popularity in India.



Kenneth Fok
President
Asian Esports Federation

For the past few years, sports and esports in Asia have undertaken a tremendous development and rapid changes. By being considered as the birthplace of esports, Asia leads the world esports industry in terms of number of players, fastest growing markets, global publishers, advancement of digital technology, as well as mobile penetration.



Nitesh Damani
Co-Founder
Khel Group

Real money games have facilitated the gamers with the opportunity to virtually socialize and be in touch with their fellow gamers from the safety and solace of their homes. Online gaming industry today is way more structured and offers doses of quality games and tournaments and it is in this time I feel that responsible gaming has emerged as the biggest feature in the Real Money Gaming industry and something every operator has to focus on.



Akshat Rathee
Managing Director &
Co-Founder
Nodwin Gaming

2020 became the year for the explosion of esports and everyone has been asking if there is going to be a rubber band effect. We believe that 2020 cemented esports in the digital playbook of brands & OTT players and there is no going back. Esports will continue the strong YoY growth trajectory in the sports entertainment business in 2021.



Bhavin Pandya
Co-founder and CEO
Games24x7

In India's \$1bn gaming industry, online skill games will gain popularity as consumers turn to immersive and personalized entertainment options. Regulatory clarity will empower legitimate operators, protect consumers, and attract FDI.



Navkiran Singh
Founder & CEO
Baazi Games

Keeping in mind that the M&E Industry has a lot of well-established sectors such as Bollywood and Sports which the Indian populace interacts with on a daily basis, the incredible growth that the RMG industry has seen over the past few years should result in us creating a unique identity that is as recognisable and integral to the lives of the common man.



Roland Landers
CEO
All India Gaming Federation

The online skill gaming Industry has been consistently growing in the excess of 30% CAGR over the last 3 years. We sincerely believe that with the much needed support of the relevant policy makers across States and the Center, India can become an online gaming superpower, in the near future.

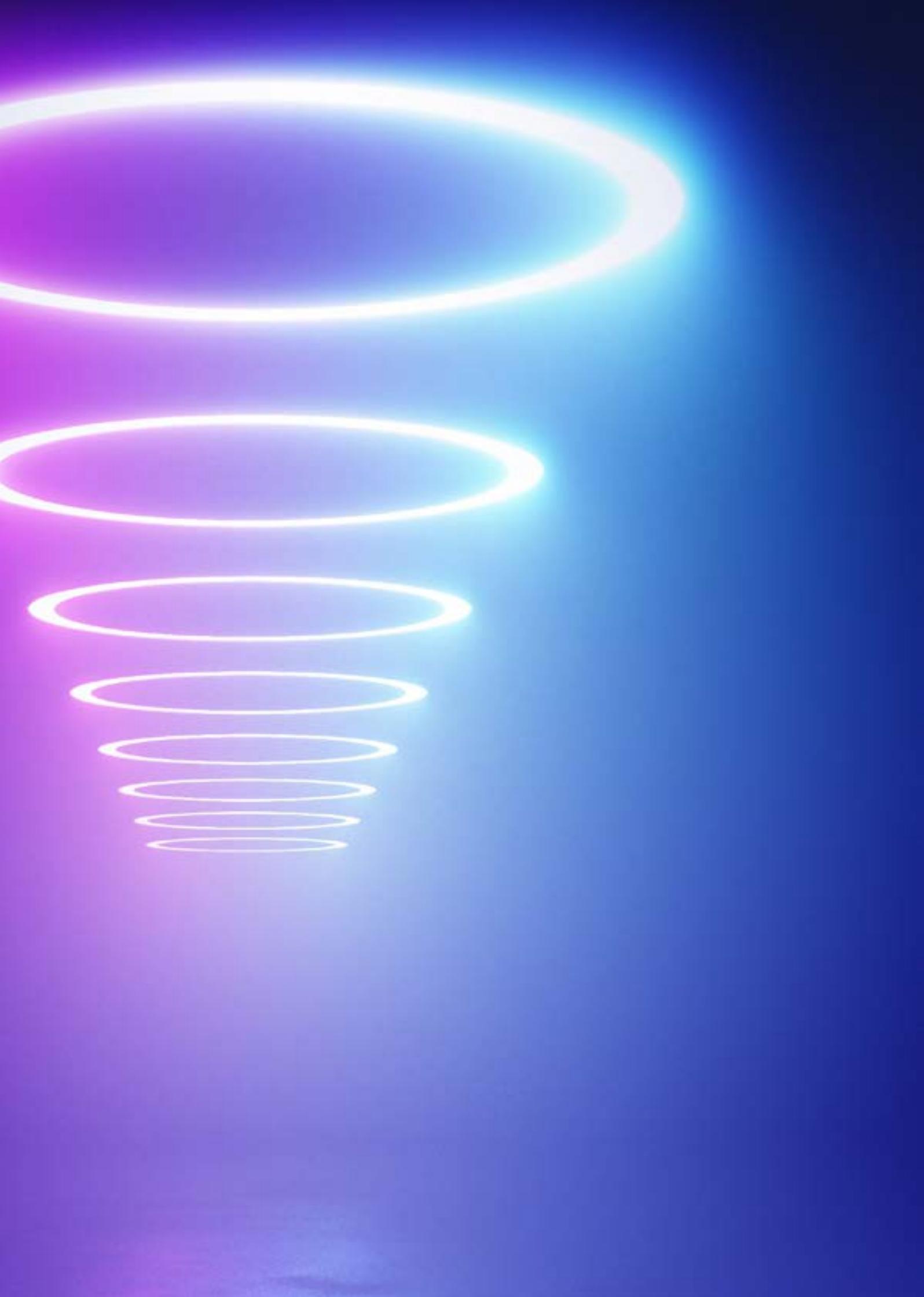


Sidharth Kedia
Group CEO
Nodwin Gaming

India is a mobile first country when it comes to gaming and esports. However, gaming PC sales in growing quite rapidly and India can boast a significant PC gaming populace alongside its already burgeoning mobile base.



Filmed
entertainment



Filmed entertainment segment declined by 62% in 2020

	2019	2020	2021E	2023E
Domestic theatricals	115.2	24.9	74.9	130.6
Overseas theatricals	27.0	3.1	16.2	29.2
Broadcast rights	22.1	7.1	18.9	23.4
Digital / OTT rights	19.0	35.4	37.8	52.1
In-cinema advertising	7.7	1.7	5.4	8.3
Ancillary revenue	0.1	0.0	0.1	0.2
Total	191.0	72.2	153.3	243.8

INR billion (gross of taxes) | EY analysis

- ▶ Around 441 films were released during the year 2020, as compared to 1,833 releases in 2019 on account of lockdowns and social distancing norms announced due to COVID-19 pandemic
- ▶ Consequently, the filmed entertainment segment saw an 80% decline across domestic and international theatrical revenues
- ▶ Broadcast rights values fell 68% due to fewer completed new films and business caution by broadcasters
- ▶ Digital rights consequently grew 86% to reach INR35.4 billion as films were released directly on OTT platforms at rates which compensated producers (wholly or in part) for lost theatrical revenues
- ▶ We expect that, subject to a continued recovery from the pandemic and roll-out of an effective vaccination program, the pent-up slate of films waiting for release can lead the segment to recover to INR153.2 billion in 2021

2020 - the year that was

Theatres were “first to shut and last to reopen”

- ▶ 2020 started with the release of the blockbuster film Tanhaji which grossed over INR3.6 billion
- ▶ Subsequent releases such as Baaghi 3, Street Dancer 3D, Shubh Mangal Zyada Saavdhan and Malang also did well at the box office¹
- ▶ However, pandemic induced lockdown measures were implemented by the government, resulting in the closure of theatres as well as the stoppage of film production from mid-March 2020
- ▶ COVID-19's first impact was the indefinite postponement of Sooryavanshi² which was scheduled to release in March 2020 and this was followed by the postponement of Sir, Sandeep Aur Pinky Faraar, Haathi Mere Sathi and 83³
- ▶ After a gap of over seven months, in October 2020, the central government issued Unlock 5.0 notifications, wherein theatres could reopen albeit with capacity restrictions and new safety SOPs, ushering in a new normal of a contactless movie experience
- ▶ Subsequently, the central government further eased restrictions and allowed all theatres to operate at 100% capacity from February 2021⁴

International theatricals fell 89%

- ▶ While domestic theatricals fell 78% due to a relatively later impact of the pandemic in March 2020, key international markets like China, the USA and the UK were impacted earlier
- ▶ This led to a fall of 89% in international theatrical revenues to INR3 billion from INR27 billion in 2019

Broadcast rights faced a volume and value drop

- ▶ Reduction in the volume of films available for release on television coupled with caution on the part of broadcasters (both television advertising and subscription revenues were impacted) resulted in a reduction across both volumes and rates
- ▶ Our estimates indicate that broadcast rights fell 68% in 2020 to INR7.1 billion on account of these factors and could remain soft until the recovery of broadcast segment revenues become certain
- ▶ Given that movie channel viewership contributed to 24% of total television viewership and was the most viewed genre after general entertainment⁵ we expect a strong recovery in 2021

1. Box Office: Tanhaji is the highest grosser of 2020 at the worldwide box office so far with approx. 367 crores; <https://www.bollywoodhungama.com/news/box-office-special-features/box-office-tanhaji-highest-grosser-2020-worldwide-box-office-far-approx-367-crores/>

2. Covid-19 impact explained: How India's film industry got hit and is preparing for a new normal; <https://indianexpress.com/article/explained/explained-how-will-coronavirus-impact-entertainment-industry-6370412/>

3. Covid-19 impact explained: How India's film industry got hit and is preparing for a new normal; <https://indianexpress.com/article/explained/explained-how-will-coronavirus-impact-entertainment-industry-6370412/>

4. Central government allows 100 percent occupancy in cinema theaters; <https://timesofindia.indiatimes.com/entertainment/tamil/movies/news/central-government-allows-100-percent-occupancy-in-cinema-theaters/articleshow/80623521.cms>

5. BARC Impressions data

Digital / OTT rights grew to fill the theatrical and television void

- ▶ There were a lot of movies which had completed shooting and were either in the final stages of post-production or ready for release when COVID-19 shut down theatres
- ▶ OTT platforms stepped up to fill the void created by the absence of operational cinemas, growing the segment 86% to INR35.4 billion in 2020, making digital rights the largest portion of the filmed entertainment segment for the year
- ▶ It started with the direct release of Bollywood star Amitabh Bachchan's Gulabo Sitabo on Amazon Prime Video
- ▶ In all, we estimate around 15 Bollywood movies originally scheduled for theatrical release were released directly on OTT platforms during the year, including Dil Bechara, Sadak 2, Laxmii and Coolie No.1⁶
- ▶ Netflix, Disney+Hotstar and Amazon Prime Video had the biggest market share in India for the direct release of such movies⁷
- ▶ Industry discussions and internet search data indicate that direct-to-digital releases did result in viewership spikes on OTT platforms, especially in smaller towns and cities, but this impact was not uniform across platforms, though net viewership continues to be much higher than pre-pandemic months⁸
- ▶ Accordingly, we believe that producers will continue to prefer a theatrical release window to optimize the revenue generating potential of marquee film products

Promotion and advertisement methods changed

- ▶ The disruption in distribution platforms resulted in traditional film marketing methods such as billboards, celebrity visits, television advertising, etc. losing their effectiveness during the lockdown
- ▶ They were replaced by new and innovative promotional techniques such as social media marketing, online launches, digital engagement, contests, influencer marketing, etc. some of which we believe will continue into the future as they were found to be effective

The film industry extended aid to daily wage employees

- ▶ The backbone of film industry - the daily wagers, were hit hardest by the lockdown
- ▶ But it did not take much time for top stars in association with several federations to lend a helping hand in such tough times by providing assistance in the form of money, food coupons, rations, etc.

6. Laxmii to Dil Bechara, big Bollywood films released on OTT in 2020; <https://www.indiatoday.in/movies/bollywood/story/laxmii-to-dil-bechara-big-bollywood-films-released-on-ott-in-2020-1751978-2020-12-22>

7. <https://www.bbc.com/news/world-asia-india-54187040>

8. <https://www.livemint.com/industry/media/lockdown-led-push-for-ott-platforms-set-to-carry-on-into-2021-11608102539208.html>

Exhibitors were significantly impacted

Over 1,000 cinema screens were shut down

- ▶ 2020 witnessed the sharpest drop in number of single screens, with between 1,000 and 1,500 screens estimated to have shut down, reducing India's overall screen count to around 8,000⁹
- ▶ Absence of revenues for seven months and the dearth of content and footfalls thereafter contributed to the drop in screen count

Real estate developers supported exhibitors

- ▶ Exhibitors received full or partial waivers for rentals from mall owners and developers for the lockdown period¹⁰
- ▶ Multiplex operators were also successful in negotiating lower rentals and revenue share contracts with nominal minimum guarantee from fixed lease payments with mall owners and developers till 31 March 2021

Multiplexes explored diverse fund-raising options

- ▶ In August 2020, at a time when cinema screens were closed for over four months, PVR raised INR3 billion via its right issue which was oversubscribed by 2.24 times, highlighting the confidence of shareholders in the company and the exhibition segment¹¹
- ▶ Inox raised INR2.5 billion through a Qualified Institutional Placement which saw participation from marquee global and Indian institutional investors including Abu Dhabi Investment Authority and Eastspring Investments and was oversubscribed by about 3.5 times¹²

Theatre owners relooked at their operations

- ▶ The period of lockdown gave theatre owners an opportunity to have a relook at their operations and remove inefficiencies and redundancies
- ▶ Industry players we interviewed believe that the cost rationalization exercise can result in permanent savings of 10 to 15% of indirect expenses (excluding rent and common area maintenance) in the future

Expansion plans were put on hold

- ▶ In the first quarter of 2020, multiplexes continued their screen addition with PVR and Inox adding 20 and 17 screens respectively
- ▶ However, due to the lockdown, all further expansion plans were put on hold as players had to conserve their reserves to meet continuing operating expenses including employee salaries

9. COVID-19 impact: Theatres turn into Amazon godowns; 2020 to see steepest fall in screen count; <https://www.moneycontrol.com/news/trends/entertainment/covid-19-impact-theatres-turn-into-amazon-godowns-2020-to-see-steepest-fall-in-screen-count-6263011.html>

10. Industry Discussions & Interviews, Multiplex stocks climb as Maharashtra allows movie theatres to reopen; https://www.business-standard.com/article/companies/multiplex-stocks-climb-as-maharashtra-allows-movie-theatres-to-reopen-120110501795_1.html

11. PVR's right issue oversubscribed by 2.24 times, <https://economictimes.indiatimes.com/markets/stocks/news/pvrs-rights-issue-oversubscribed-by-2-24-times/articleshow/77483616.cms>

12. Inox Leisure raises INR 250 crore via QIP, <https://economictimes.indiatimes.com/markets/stocks/news/inox-leisure-raises-rs-250-crore-from-qip/articleshow/79206394.cms>

Gradual restart

Lockdown restrictions were eased in October 2020

- ▶ All states permitted cinemas to re-open at 50% seating capacity soon after the government's notifications except for Rajasthan and Jharkhand which allowed cinemas to reopen from 8 February 2021 and 1 March 2021 respectively
- ▶ Despite central and state governments allowing cinemas to open, multiplex operators optimized and reopened their screens in a phased manner starting with locations where higher traction was expected

Safety initiatives were implemented by multiplexes

Multiplexes undertook various measures to make theatres safer:

- ▶ Multiplexes introduced paperless ticketing, seat distancing, QR code-based food ordering, staggered intervals, regulated entry and exit and regular sanitization
- ▶ Multiplexes also rolled out the concept of private screenings – allowing guests to choose the content of their choice and started hosting live events such as stand-up comedy, live screening of sporting events and video gaming competitions within their premises to improve capacity utilizations

13. After Suraj Pe Mangal Bhari, now Indoo Ki Jawani will try to revive the Box Office!; <https://boxofficecollection.in/box-office-report/indoo-ki-jawani-in-theatres-on-11-dec-2020-48051>

14. 'Tenet' Crosses 'Angrezi Medium' & 'Indoo Ki Jawaani' Box-office Collection In India; <https://www.republicworld.com/entertainment-news/hollywood-news/tenet-crosses-angrezi-medium-and-indoo-ki-jawaani-box-office-collection-in-india.html>

15. 'Wonder Woman 1984' box office collection Day 3: Gal Gadot starrer records good first weekend at Indian and global markets; <https://timesofindia.indiatimes.com/entertainment/english/hollywood/box-office/wonder-woman-1984-box-office-collection-day-3-gal-gadot-starrer-records-good-first-weekend-at-indian-and-global-markets/articleshow/79994071.cms>

And finally, film releases began...

- ▶ The last quarter of 2020 saw the theatrical release of Bollywood movies such as Suraj Pe Mangal Bhari, Indoo Ki Jawani and much-awaited Hollywood movies like Christopher Nolan's Tenet and Wonder Woman 1984¹³
- ▶ Tenet, which released in the first week of December, was the first big-budget Hollywood feature to go for a theatrical release since theatres reopened and had an impressive first weekend collection and grossed INR105 million in two weeks¹⁴
- ▶ Christmas saw the release of Wonder Woman 1984 starring Gal Gadot which grossed over INR80 million over the opening weekend¹⁵

...with south Indian cinema leading the way

Top grossing south Indian films of 2020

Film	Domestic gross box office (INR in million)	Language
Ala Vaikuntapuram Lo	2,110	Telugu
Sarileru Neekaveru	1,740	Telugu
Darbar	1,380	Tamil
Pattas	390	Tamil
Bheeshma	350	Telugu
Ancham Pathira	335	Malayalam
Ayyappanum Koshiyum	240	Malayalam
Shylock	230	Malayalam
Naan Sirithaal	180	Tamil
Varane Avasyammunde	180	Malayalam

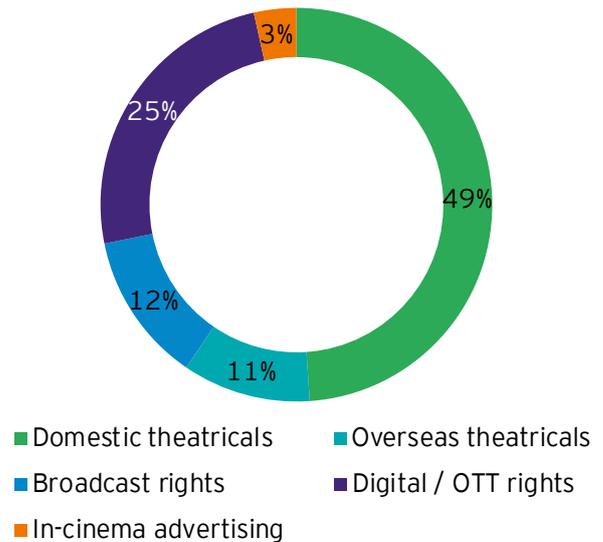
Industry sources

- ▶ South Indian cinema grossed more than Hindi cinema in 2020 as it managed to fit in three hit films which grossed over INR1 billion in domestic theatrical revenues
- ▶ 2021 saw the theatrical release of major Tamil and Telugu movies which had a successful run at the box office, kickstarting the recovery of the industry and instilling confidence in producers across India
- ▶ Indian cinema finally saw its first blockbuster after almost 10 months with the release of the Tamil film Master in January 2021 which earned INR2 billion¹⁶
- ▶ Cinema operators in the south especially saw patrons returning to the theatres with the release of Telugu movies like Krack, Red and Upenna all of which performed well at the box office

Future outlook

We expect the segment to rebound in 2021 if COVID-19 subsides

Composition of film segment revenues in 2021E



EY estimates

- ▶ Subject to the impact of the pandemic, the film segment should rebound to INR153.2 billion in 2021 and keep growing to reach INR243.8 billion by 2023
- ▶ Theatrical revenues will be driven by movie releases from April 2021 onwards and could cross INR75 billion based on the number of large star cast films awaiting release
- ▶ While broadcast rights may not recover to 2019 levels, we expect digital rights to continue growing and reach INR37.8 billion in 2021

16. Vijay's film inches towards Rs 250 crore worldwide; <https://www.indiatoday.in/movies/regional-cinema/story/master-box-office-collection-day-17-vijay-s-film-inches-towards-rs-250-crore-worldwide-1764150-2021-01-30>

Mixed outlook on direct-to-digital releases

- ▶ During the lockdown period while some movies premiered on OTT platforms instead of theatres, industry experts believe that this is not a major trend and may be far from becoming a norm for the industry
- ▶ Audiences often crave the theatre experience for tentpole movies, big budget, star-studded and larger-than-life extravaganzas
- ▶ We believe that such films will continue to opt for a theatrical window to maximize revenues
- ▶ Lower budget films which can be enjoyed on smaller screens may increase their direct-to-digital releases and being more affordable for OTT platforms, can become a parallel source of revenue for production houses
- ▶ Consequently, we expect the quantum of films produced in India to increase over the next few years

Strong content pipeline is expected to drive footfalls back into theatres

- ▶ Restaurants and shopping malls are already witnessing increased footfalls, highlighting the desire of people to seek outdoor entertainment after being confined to their homes for the majority of 2020¹⁷
- ▶ The box-office success of movies released in south India (released during capacity restrictions) and the government's subsequent decision to allow 100% occupancy from 1 February 2021 has created a flurry of films announcing their release dates
- ▶ A strong content pipeline of big-budget and big star-cast movies is planned, which is expected to drive footfalls back to the big screen, further aided by the revival of economic activity and mass vaccination:

- ▶ Telugu superstars Pawan Kalyan, Chiranjeevi, Prabhas and Allu Arjun starrers Vakeel Saab, Acharya, Radhe Shyam and Pushpa have all scheduled releases starting April with SS Rajamouli's new film RRR set to release in October¹⁸
- ▶ Yash Raj Films has announced the release of five films starting with Sandeep Aur Pinky Faraar scheduled to release on 19 March, followed by Bunty Aur Babli 2 on 23 April¹⁹
- ▶ The April to June quarter is expected to see the release of big-ticket Bollywood films like Akshay Kumar's Sooryavanshi, Salman Khan's Radhe, Ranveer Singh's 83 and John Abraham's Satyamev Jayate 2²⁰
- ▶ 2021 will also see the release of highly awaited Hollywood films like No Time To Die (a James Bond film), Marvel's Black Widow, Tom Cruise starrer Top Gun: Maverick and F9, the ninth installment of the Fast & Furious franchise
- ▶ However, the rise in infections noted in mid-March 2021 may impact these releases if further restrictions are imposed

17. Restaurant footfalls climb as pandemic wanes, mobility jumps; <https://www.livemint.com/news/india/restaurant-footfalls-climb-as-pandemic-wanes-mobility-jumps-11613755392206.html>

18. Regional cinema lines up movie calendar for 2021; <https://www.livemint.com/news/india/regional-cinema-lines-up-movie-calendar-for-2021-11611822390359.html>

19. YRF's Bollywood line-up for 2021 cheers exhibitors; <https://www.moneycontrol.com/news/trends/entertainment/yarfs-bollywood-line-up-for-2021-cheers-exhibitors-6537551.html>

20. YRF's Bollywood line-up for 2021 cheers exhibitors; <https://www.moneycontrol.com/news/trends/entertainment/yarfs-bollywood-line-up-for-2021-cheers-exhibitors-6537551.html>

The OTT release window could shorten

- ▶ Since 2020 saw the release of many movies directly on OTT platforms, it has cast a doubt on the future of eight-week exclusive theatrical window for Indian films
- ▶ Telugu blockbuster Master which released in theatres on 28 January 2021 premiered on Amazon Prime Video within 15 days of the film's release²¹
- ▶ It is also likely that the most awaited film of 2020 - Sooryavanshi – has proposed to shorten the OTT window from eight to four weeks²²
- ▶ This may set a precedent and pave the path for Indian films to breach the general norm of waiting for eight weeks before the OTT release
- ▶ In the current situation this could be a positive development as several movies are lined up for release in the coming year and may not get long theatrical windows for release, however, whether this practice becomes the norm will need to be seen

21. Master Streaming on Amazon Prime After 15 Days; <https://www.mirchi9.com/movienews/master-streaming-on-amazon-prime-after-15-days/>

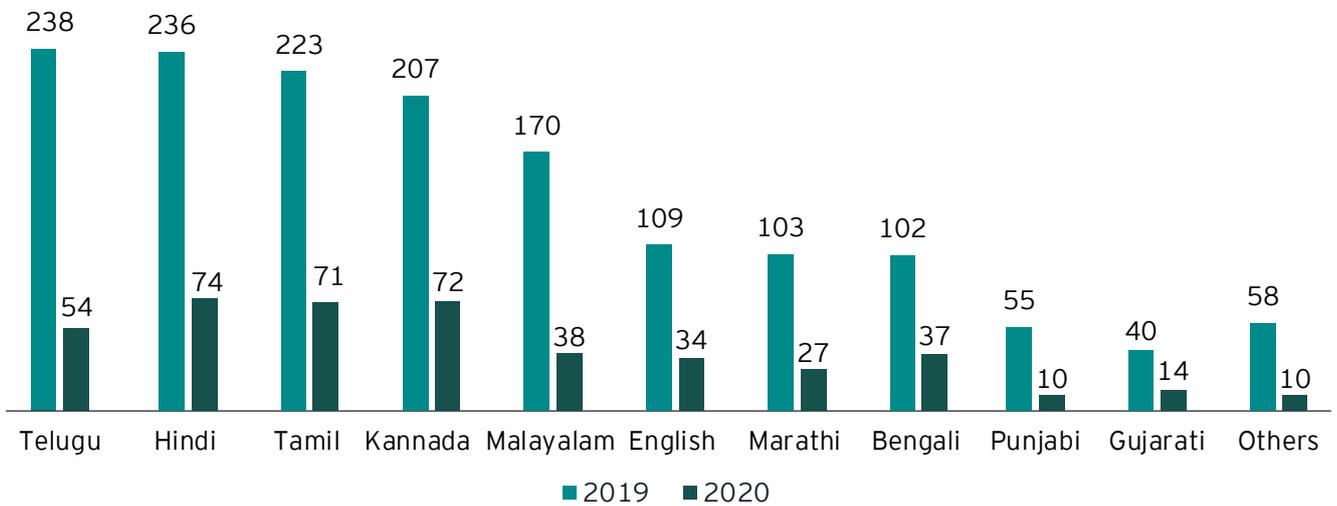
22. <https://www.bollywoodhungama.com/news/bollywood/sooryavanshi-theatre-row-exhibitors-ask-pre-covid-revenue-sharing-flexibility-shortening-ott-window/>

Film trendbook

Powered by  comscore

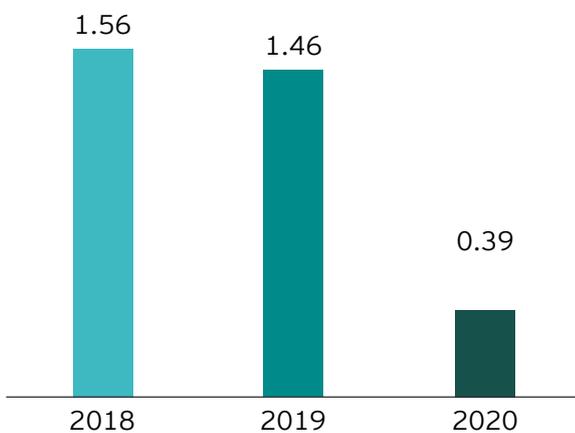
Fewer films released in **2020** due to the pandemic...

Film releases by language (including dubbed films)



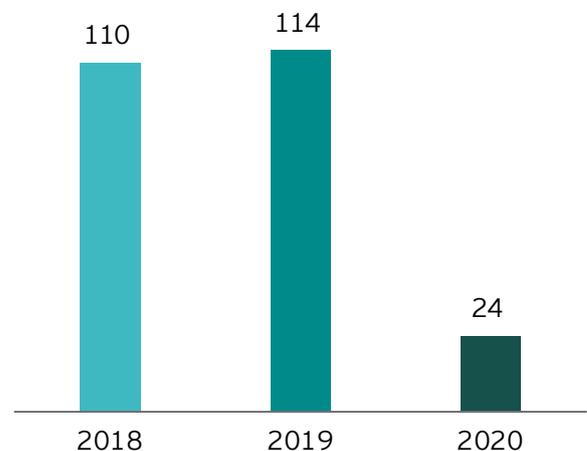
... and consequently footfalls **reduced 73%...**

Footfalls (in billion)



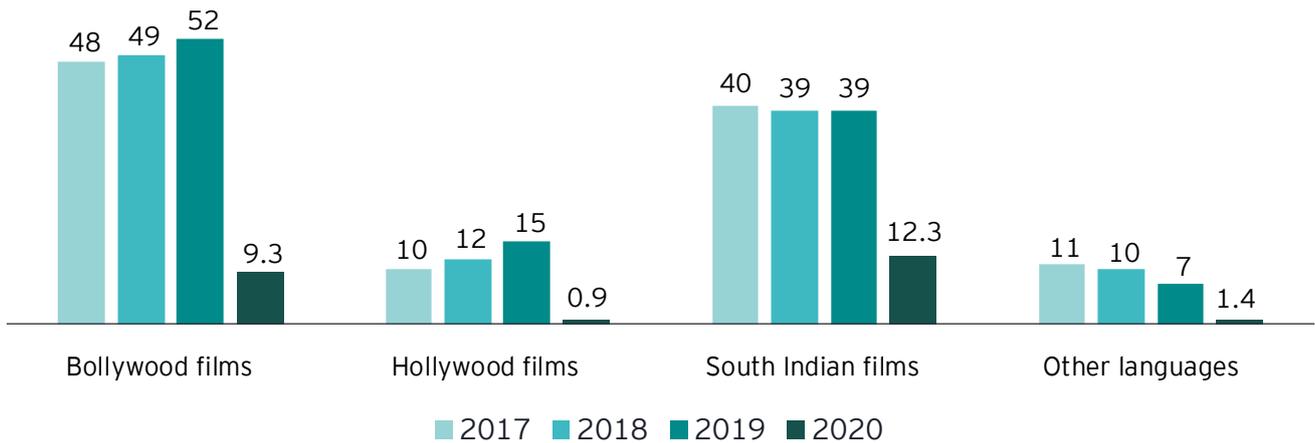
...and revenues **fell 79%**

Gross box office (INR billion)



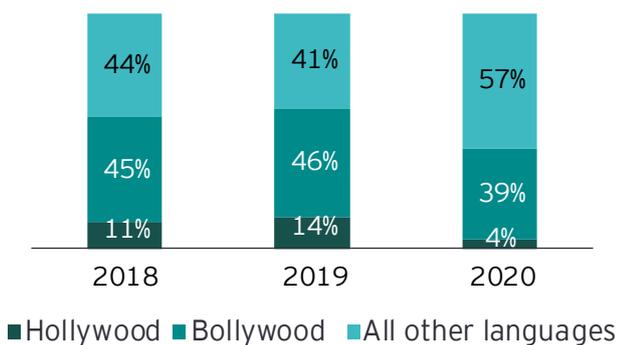
South Indian films generated higher box office collections than Hindi films

Gross Box Office collections (INR billion)



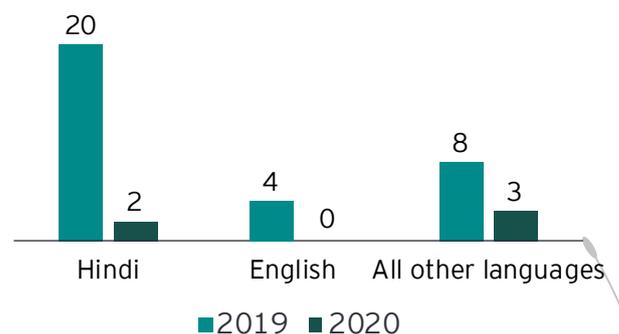
Regional markets fared comparatively better than **Bollywood...**

Contribution of Gross Box Office by language



...as they managed to squeeze in a **few hits**

Number of films which grossed INR1 billion or more



	2017	2018	2019	2020
No. of films released abroad	331	332	350	74
Gross box office collections including China	US\$439 million	US\$491 million	US\$332 million	US\$39 million

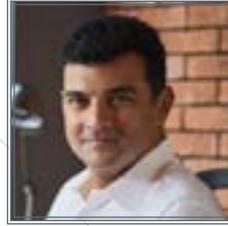
There was a **79% fall in overseas releases** and a **88% fall in overseas box office collections**

Expert speak



Vivek Krishnani
Managing Director
Sony Pictures Films India

Cinema is waiting to bounce back and we will see a resurgence in cinema viewing like we are seeing in markets like China and Japan where the situation is much better. You can enjoy food served at home but the restaurant business will never close down because of that.



Siddharth Roy Kapur
MD
Roy Kapur Films

It was good to see how the fraternity joined hands to support the most vulnerable of our members (the daily wage earners) and to identify avenues to navigate through these very difficult times, by jointly formulating SOPs for the reopening of cinemas and the resumption of shoots. The industry will definitely bounce back in 2021.



Hiren Gada
CEO
Shemaroo Entertainment

The pandemic has accelerated the consumption of digital content. This has brought to the fore, regional content consumption preferences, resulting in investments in original regional content production and building regional propositions. We strongly believe that going regional and thinking like a local is the next growth avenue for the OTT segment.



Rohit Jain
Managing Director South Asia
and Networks - Emerging Markets
Asia
Lionsgate

Industry has responded to challenging times by innovating and experimenting new business models and finding newer ways and means of reaching the audience from PVOD to direct to digital. In some ways leaving behind the traditional theatrical model has led to more variety of content, talent and stories thereby designing several other models and reaching the larger segment of audience.



Apoorva Mehta
CEO
Dharma Productions

Technological advancements will continue to play a key role in adjusting the world to a new normal, followed by a rapidly evolving consumer behaviour – which demands outdoor entertainment at home. Companies will leverage tech-led innovations to be more cost-efficient and create revenue enhancement opportunities.



Nitin Tej Ahuja
CEO
Producers Guild of India

While OTT sales and collaborations provided some relief for content producers, the extended closure of cinema theatres compounded the uncertainty and distress. The situation remains fluid. For a healthy equilibrium to be restored, it is critical that theatrical revenues reclaim their position as a substantial contributor to the film industry's kitty.



Alok Tandon
CEO
INOX Leisure

With brilliant movies in the offing, the industry is going to witness a magnificent 2021-22 on all fronts. The year will be a treat for movie lovers, and we are geared to lay out a safe and enjoyable cinema experience for them.



Devang Sampat
CEO
Cinepolis India

2020 was tough, yet full of learnings, gave us the opportunity to look at cinema business fresh. India is recovering best among 18 countries Cinepolis operates globally. With the pandemic in control and a strong content pipeline I expect normalcy returning to the Bollywood very soon like what has happened to South Indian content right from Jan 2021.



Kapil Agarwal
Joint Managing Director
UFO Moviez India Limited

With the content pipeline built up and many movies slated for release, the industry is optimistic about the future. As COVID-19 cases are rising again, the industry is closely monitoring the situation. Thus, we confidently believe that the film industry will bounce back strongly in 2021.



Venky Mysore
CEO
Red Chillies Entertainment

While OTT was already on the verge of occupying its space in the entertainment industry, the pandemic only made it even more prominent with large number of movies releasing on OTT. It can now be said that the needs of the audience are above the fight of the screen size. We hope to see the small and the big screen to peacefully co-exist independently going forward.



Amit Sharma
Managing Director
Miraj Entertainment Limited

With a strong content line-up, we believe that from April the business will be back to pre-pandemic days. And, the current rental market offers the perfect opportunity to expand the multiplex footprint in the longer run.



Shibashish Sarkar
Group Chief Executive Officer
Reliance Entertainment

The cinematic experience of watching a film in a theatre is irreplaceable. I am positive that the exhibition sector will bounce back, and audience will return in greater numbers. This spike in digital subscribers will only add to and increase overall film consumption and not necessarily wean away people from the magic of cinema.

Expert speak



Gaurav Verma

*Film Producer and Chief
Operating Officer
Red Chillies Entertainment*

Digital successfully compensated for the absence of theatrical in the last year, but we are yet to see the impact last year will have on consumption habits of the normal theatre-going audience. The age-old battle of viewership with cinemas continues; earlier, it was VHS, TV, piracy, now its OTT. While one cannot deny that the theatrical experience is irreplaceable, but it's now time for cinemas to react, market, and reposition their offering to sell the theatrical experience to avoid a gradual but permanent loss of audience and revenues.



Naveen Chandra

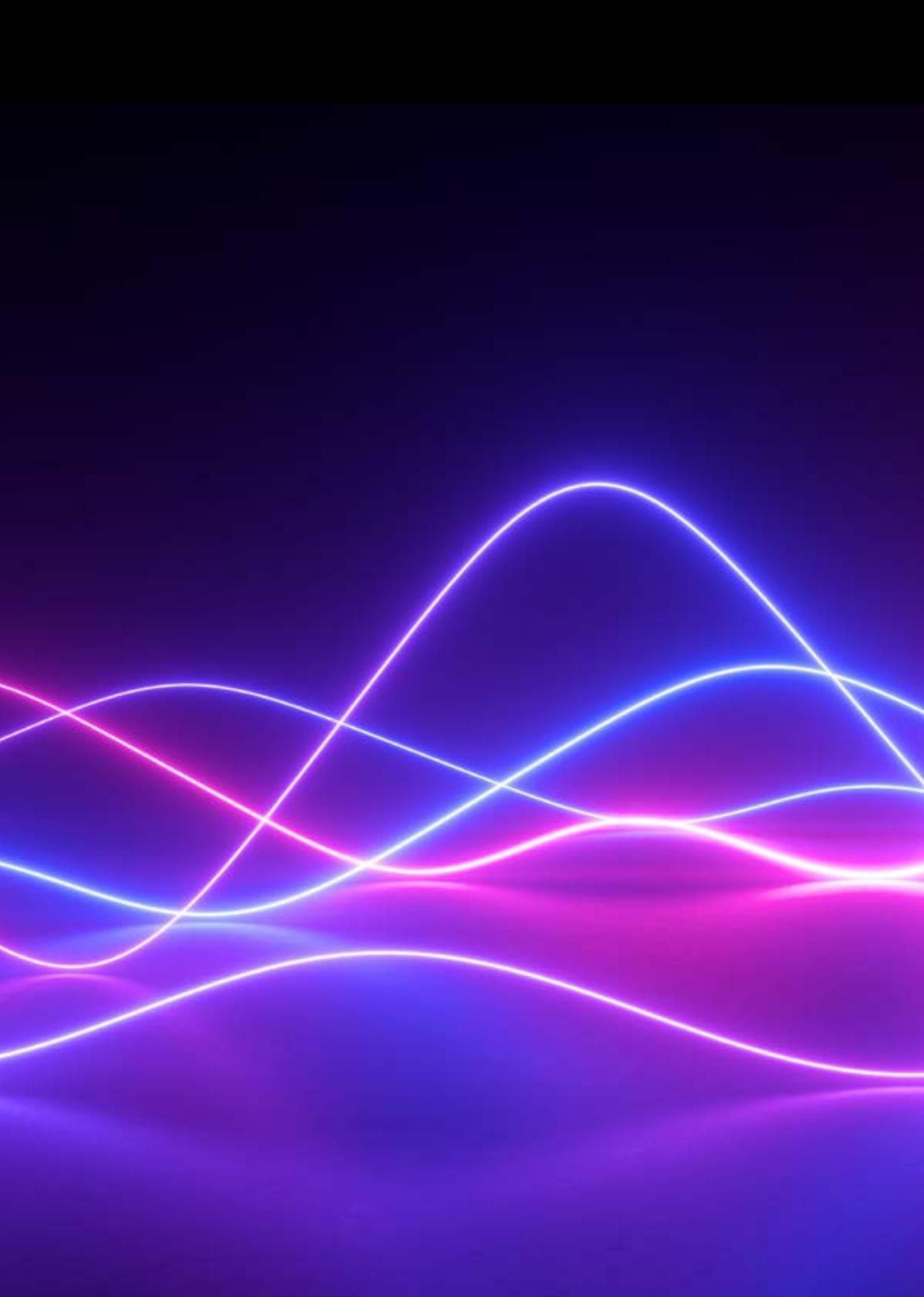
*CEO
Mumbai Movie Studios*

In the past few years, a potent mix of unique stories, loyal audiences, multi-lingual releases, hungry regional content platforms, lower investment thresholds and government incentives have given the regional language film industry much needed headroom to break out and grow.

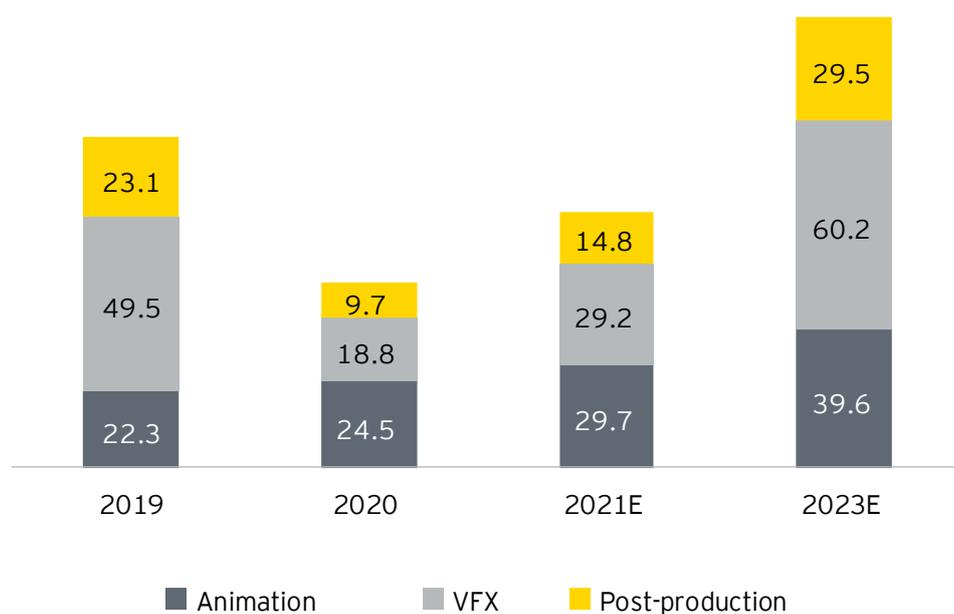




Animation and VFX



The animation segment grew 10% in 2020, while the VFX and post-production segments contracted by 62% and 58% respectively



	2019	2020	2021E	2023E
Animation	22.3	24.5	29.7	39.6
VFX	49.5	18.8	29.2	60.2
Post-production	23.1	9.7	14.8	29.5
Total	94.9	53.0	73.7	129.3

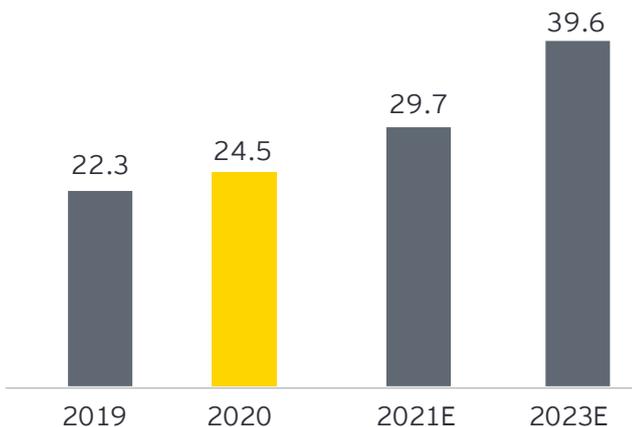
INR billion (gross of taxes) | EY estimates

- ▶ **Demand for content from OTT platforms increased:** COVID-19 caused a surge in OTT content consumption, driving up the demand for OTT content across platforms, which turned to 2D and 3D animated content to fill gaps in live content. It was a year when global players such as Amazon Prime Video and Netflix signed exclusive content licensing deals with various studios in India
- ▶ **Demand for domestic animated content grew:** Animation/VFX studios witnessed a surge in content demand for domestic shows, which is expected to rise further over the next few years. Investments into creating indigenous content for global consumption are also increasing, allowing for higher quality content and subsequently greater global reach. IP development has opened new doors for Indian studios who were traditionally service oriented, as OTT platforms are allowing international audiences to consume such content
- ▶ **Technology continued to evolve:** Animation, VFX and post-production are gradually adopting AI/ML technologies to streamline workflows and fuel content development. The transition to the work from home model during the pandemic has accelerated adoption, as many studios turn to virtual production to fulfil their needs. Even as restrictions open up, some of these virtual technologies are here to stay. It is expected that over the next five years, 20%-25% of Indian studios would have adopted such technologies
- ▶ **Captive centers increased in India:** International studios are becoming more interested in either opening their own studios in India or investing in existing Indian companies. This is bringing not only investments in, but also adding to the creative and technological talent pool in India
- ▶ **Theatrical slowdown impacted VFX:** While animation continued to grow despite the closure of cinemas and postponement of theatrical shoots, live-feed reliant industries like VFX and post-production experienced major setbacks in the first half of 2020. However, shoots resumed relatively quickly in India compared to other countries, allowing the segments to gradually recover over the second half of the year
- ▶ **Growth prospects are linked to content production revival and more:** Overall, the animation, VFX and post-production segment has deeply felt the impact of the pandemic in 2020. Animation displayed its resilience, bouncing back within a few weeks to meet content demands, albeit while experiencing losses in productivity. VFX and post-production were far more severely affected, halving in value over 2019. Yet, the way forward is optimistic, as piled-up work, growing demand and technology adoption will allow these segments to experience tremendous growth, apart from the need to create digital experiences across different sectors. The segment will grow at a CAGR of 34.6% over the next three years, collectively reaching INR129 billion by 2023. VFX and post-production are set to recover to 2019 revenues by 2022

Animation

Animation grew 10% in 2020 to reach INR24.5 billion

Animation revenues



INR billion (gross of taxes) | EY estimates

Animation remained relatively resilient to COVID-19¹

- ▶ The animation segment successfully catered to the rising OTT demand despite pandemic restrictions by quickly adapting to the work from home model and managing a 10% growth in 2020 to reach INR24.5 billion
- ▶ With the sudden imposition of lockdown, several studios faced productivity gaps in March and April, bouncing back to 60%-70% of deliveries by June and eventually recovering fully by late August
- ▶ Productivity gaps in the first few weeks were caused by low internet speed, insufficient bandwidth and complex software requirements, but these were quickly overcome
- ▶ While larger studios experienced growth on the back of their ability to adapt and adjust to pandemic restrictions, smaller studios struggled and some even shut down
- ▶ Animation studios are now replete with overseas and domestic work till 2022-23

1. "Indian animation, VFX industries to take a hit despite covid-led opportunities" <https://www.livemint.com/>
 "Animation and VFX - How the industry grew during Covid-19" <https://inurture.co.in/>

2. Industry discussion

3. Estimates by EY's production audit practice

70%-75% of revenues were from international clients²

- ▶ Due to low ticket size of the voluminous domestic work, only 25%-30% of the Indian animation segment's revenue came from domestic clients
- ▶ However, as OTTs increasingly commission domestic projects (original digital programming was around 1,200 hours in 2020 and is expected to approximate 2,500 hours in 2021³), domestic contribution to revenue is likely to increase to 40% with international works contributing around 60% in 2021

Studios continued to transition from services to IP ownership⁴

- ▶ Earlier, Indian animation studios were largely dependent on content sales to international markets but now, growth is being driven by domestic original content
- ▶ Studios have transitioned from being content developers to IP owners:
 - ▶ Green Gold has partnered with Voot Kids for 21 digital exclusive Bheem movies, which is one of the biggest content initiatives in the Indian kids digital space
 - ▶ POGO announced the launch of Bheem Ban Gaya Super Star – a new telemovie created by Green Gold studios
 - ▶ Cosmos-Maya captured a large share of the Indian animation market with five new launches in 2020: Bapu, Gadget Guru Ganesha, the second season of Guddu, Titoo and Lambuji Tinguji
 - ▶ Cosmos-Maya announced their latest IPs – Captain Bharat and Dr. Tenali Rama – in addition to transitioning their most well-known IP, Selfie With Bajrangi to Disney+ Hotstar

4. "Voot kids partners with green gold animation for 21 Bheem movies" <http://www.greengold.tv/news/>, "Bheem ban gaya superstar new telemovie on POGO" <http://www.greengold.tv/news/>, "Cosmos-Maya captures 60% of Indian animation market with five new launches in 2020" <https://www.animationxpress.com/animation/r>

Domestic broadcasters commissioned more original animation content⁵

Broadcaster	Channel	Show	Launch month	Description
Disney	Disney Channel	Bapu	May 2020	This show was launched to instill in children the teachings of Gandhiji in a fun but responsible manner
Turner International India	Pogo	Titoo	Jul 2020	A comedy that follows the daily escapades of eight-year-old Titoo, a good-hearted, intelligent kid who loves to help everyone, but inadvertently manages to brew even more trouble
Turner International India	Pogo	Lambuji Tinguji	Nov 2020	A slapstick buddy comedy, it explores the funny escapades of the inseparable eponymous duo in Buddy Badi Valley
Viacom18	Nickelodeon Sonic	Ting Tong	Sep 2020	Nick's 9th IP Ting Tong aims to bring alive short, snacky and exciting drama for kids
Turner International India	Pogo	Smashing Simba	Nov 2020	Pogo launched Smashing Simba which is an animated version of Rohit Shetty's recent blockbuster Simmba
Turner International India	Cartoon Network	Bandbudh Aur Budbak	Since 2015	Acquisition of library content (156 episodes) of Badrinath and Budhdeb, two best friends who create adventurous memories by getting in a lot of trouble at school

5. POGO and Cartoon Network announce three new homegrown comedies for 2020" <https://www.indiantelevision.com/television/tv-channels/kids/>, Nickelodeon unveils new animation show 'Ting Tong' <https://www.exchange4media.com/media-tv-news>, "Bapu launches on Disney channel on 1 May" <https://www.animationxpress.com/latest-news>, "POGO in association with Rohit Shetty announces Smashing Simmba" <https://www.adgully.com/>

The kids OTT genre led to higher investment in animated content⁶

- ▶ COVID-19 has contributed to a significant rise in children's consumption of animated content:
 - ▶ According to BARC, there was a 39% growth in consumption of children's content during the lockdown
 - ▶ Share of children's genre increased from 6% of total television viewership in 2019 to 7.4% in 2020
 - ▶ OTT platforms, too have seen success with their kids programming
- ▶ In India, nearly 25 million babies are born each year, providing an extremely high base for consumption of animated content
- ▶ Children have begun viewing local animated characters such as Motu Patlu, Shiva, Rudra and Chota Bheem as their heroes and have started aping their character traits
- ▶ In 2020, nearly eight out of 10 animated kids' shows on TV were homegrown Indian shows
- ▶ Many media companies are recognizing the potential of the kids OTT genre:
 - ▶ Toonz Media Group launched MyToonz, is a kids OTT platform. It tied up with multiple app stores, telcos, OTTs and connected TV companies around the world to make MyToonz available for consumers across platforms; the MyToonz library will launch with over 1,500 half-hours of content that are targeted at preschoolers, upper preschoolers and early teens
 - ▶ Discovery+, the subscription-based video streaming service owned by factual entertainment network Discovery, introduced a genre devoted to kids content, with the launch of a show from the Little Singham franchise, modeled on the popular Bollywood film
 - ▶ ZEE5 launched ZEE5 kids with over 4,000 hours of free content across genres in nine different languages
 - ▶ YouTube kids and Voot kids were the other dedicated kids OTT platforms in India

Entertainment was no longer the primary driving force for animation

- ▶ Animation made an impact in sectors beyond entertainment, especially in the educational technology and gaming spaces
- ▶ Edutech start-ups like Byjus and StepApp utilized animated content to transform their content delivery and make learning more fun and engaging
- ▶ Animation studios themselves took advantage of the opportunity: Toonz Media Group is launching Ri8Brain, an edutech venture aiming to redefine the traditional pedagogy and empower and upskill individuals in creative fields in a modern manner⁷

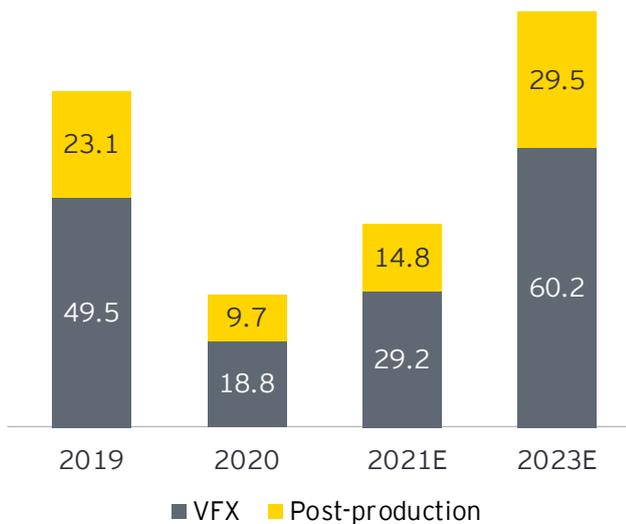
6. "Animation industry growth during covid" <https://inurture.co.in/blogs/>, "Toonz media group launches MyToonz- a brand new OTT platform for world-class animated content" <https://toonz.co/2021/02/18/>, "Discovery+ introduces kids content to boost genre in India" <https://www.livemint.com/news/india/>, "OTT: Zee5 launches ZEE5 kids" <https://brandequity.economicstimes.indiatimes.com/news/digital/>

7. "Toonz Media Group to launch e-learning platform for creative learning in April: P Jayakumar" <https://www.medianews4u.com/toonz-media-group-to-launch-e-learning-platform-for-creative-learning-in-april-p-jayakumar/>, accessed March 3 2021

VFX and post-production

VFX and post-production contracted by 62% and 58% in 2020 respectively

VFX and post-production revenues



INR billion (gross of taxes) | EY estimates

COVID-19 resulted in revenue contraction⁸...

- ▶ VFX and post-production were heavily affected by disruption to the live action industry, especially during the first two quarters of 2020 and fell from INR72.6 billion in 2019 to INR28.5 billion in 2020
- ▶ Policies and procedures implemented due to COVID-19 led studios to resort to Chroma shoots and pre-visualization of sequences to minimize the actual time spent on sets
- ▶ There was a reduction in pipeline of projects in the short term with many films indefinitely delayed which led to layoffs and salary cuts; many permanent employees were made temporary
- ▶ VFX and post-production being largely creative and collaborative processes, hence, a complete shift to the work from home model hampered the learning and development of newer employees
- ▶ Small studios (employee base of 10-30) were slower than larger ones in transitioning to remote working, in some cases taking one and a half months to return to full service; many of these studios went out of business, leading to more freelancers entering the market

...but the road to recovery has begun

- ▶ Over Q3 and Q4 of 2020, the VFX segment displayed resilience and recovered as live shoots and feeds resumed and an effective work from home pipeline emerged
- ▶ Companies turned to virtual production and the Unreal Engine gained traction, with studios experimenting with in-camera visual effects using LEDs as a backdrop
- ▶ The pile up of VFX work over the past fiscal year will lead to lots of high pressure and high-volume work in 2021, which in turn will lead to diversification of the industry with small and medium studios emerging again to absorb some of the load on larger players
- ▶ This will increase employment, in addition to increasing the ability of Indian people to pitch for global projects in future

8. Industry Insights, "Indian animation, VFX industries to take a hit despite covid-led opportunities"<https://www.livemint.com/industry/media/indian-animation-vfx-industries-to-take-a-hit-despite-covid-led-opportunities-11603690897111.html>, accessed on 12 February 2021

Bollywood increased its demand for big-budget VFX productions⁹

- ▶ Today, up to 20-25% of the production cost on a movie is spent on visual effects as compared to the past, where VFX accounted for less than 10% of the total film production budget
- ▶ “Gunjan Saxena” used VFX to deliver the real-life story, struggles and gender-based discrimination faced by former Indian Air Force pilot Gunjan Saxena
- ▶ The success of “Tanhaji The Unsung Warrior” has prompted another VFX-heavy project titled “Adipurush”, which is speculated to be an adaptation of the Indian epic Ramayana

OTT platforms demanded more VFX

- ▶ VFX studios have benefited from the growth in higher-than-television quality content being produced for OTT platforms as well as the growth in hours of such programming, which peaked in 2019 at around 1,800 hours as per our estimates
- ▶ They expect this trend will continue and the segment should benefit from increasing demand for higher quality content with larger budgets from OTT platforms, in addition to a growing TV and film services business

Outsourcing of work from developed countries increased¹⁰

- ▶ Overseas clients are starting to shift outsourcing away from China, which could benefit Indian VFX studios
- ▶ Developed countries outsourcing VFX projects to low-cost ones have been significantly on the rise
- ▶ India is the world leader in VFX outsourcing of Roto and Prep, as well as a preferred destination for outsourcing VFX work due to high currency conversion ratios, which enables companies to save about 30-50% of their VFX budget in addition to India’s inexpensive massive bandwidth of creative and technical skilled artists

9. “Editors To Use VFX For Making Jhanvi Kapoor Look More Expressive In Her Next Movie Gunjan Saxena” <https://thefauxy.com/>, “Upcoming VFX- heavy project titled Adipurush starring Prabhas is speculated to be an adaptation of Ramayana” <https://www.animationxpress.com/vfx/>

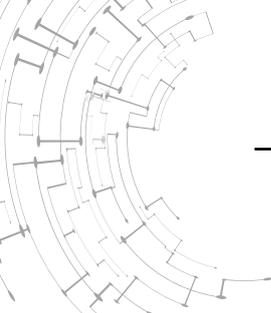
10. “Why India is preferred for VFX outsourcing projects” <https://thevirtualassist.net/>, “India’s Animation & VFX industries doubled in size 4 years before covid” <https://www.cartoonbrew.com/business/>

Government initiatives in the animation and VFX segment¹¹

- ▶ The central government has always supported the segment and some of the key initiatives announced include:
 - ▶ The National Center of Excellence has entered an understanding with the Indian Institute of Technology, Bombay to provide courses in AVGC
 - ▶ India will set up a special pavilion at Cannes in 2022 as the Cannes Film Festival celebrates 75 years as well as host a Global Media and Film Summit
 - ▶ The government raised the FDI limit in animation, VFX and post-production to 100% through automatic route which is expected to open new avenues for investment, growth and job opportunities
- ▶ Various state governments have also undertaken initiatives to boost this segment:
 - ▶ Growth in Karnataka is being driven by the government of Karnataka's strategic offerings to collaborate and build world class infrastructure
 - ▶ The Maharashtra government has sanctioned 20 acres of land for an AVGC training institute in Goregaon Film City premises and it is also coming up with its first Maharashtra Film, Media and Entertainment Policy
 - ▶ The IMAGE Tower was built by Salarpuria Sattva in collaboration with the Telangana government to cater to the AVGC sector
- ▶ However, further government incentives and policies are needed for increased competitiveness and to enable recovery of the segment¹²:
 - ▶ The government could consider signing more co-production treaties, develop a mechanism of implementation of these treaties in India in addition to creating a co-production fund to support studios in India
 - ▶ Develop programs or channels like "Doordarshan Kids" as a public broadcaster for animation in the market as this genre has a very strong potential and lacks a medium for the masses
 - ▶ The government can consider recognizing Animation, VFX and post-production IPR as legitimate property that can be valued and used as collateral for funding investment and growth of studios
 - ▶ Consider providing various tax credits and quotas on domestic content to help make the segment more competitive, at least to the extent being provided by other countries, to encourage increased outsourcing of work to India as well as incentivize animation companies to create indigenous content out of India which IPR can travel globally for years and generate revenues

11. "Government to set up Center of Excellence to offer Animation, Visual Effects courses in cooperation with IIT Bombay" <https://www.educationtimes.com/article/courses-diploma/79771995>, Press Release <https://pib.gov.in/PressReleaselframePage>, "Maharashtra govt sanctions 20 acres of land for AVGC training institute" <https://www.animationxpress.com/latest-news/>, Salarpuria Sattva image tower website, <https://www.sattvagroup.in/hyderabad/commercial-projects/>

12. Industry Insights



Way forward¹³

The segment can play a larger role in India's US\$5 trillion GDP ambition

- ▶ We expect the segment to recover its 2019 levels by 2022 and grow to INR129 billion by 2023
- ▶ Growth can be much higher if the focus is on making the segment more competitive and becoming the animation and VFX back-office of the world
- ▶ The large trained talent pool exists; investment is required in the latest content technologies, increased automation and AI/ML applications for efficiency

Co-productions will be key for growth

- ▶ India has always remained a favorite in terms of service or commissioned work for foreign countries, due to skilled labor and value for money
- ▶ India already has co-production treaties with over 15 countries and over the last few years, it has seen multiple co-production deals
- ▶ We expect the volume of such deals will increase and deals specific to the AVGC sector will drive further growth

Homegrown stories and characters will emerge

- ▶ Relatability is a very important factor for IPs to foster a dedicated following amongst Indian kids and create sustainable franchises
- ▶ Adding a layer of localization to international content may not always work in India so we expect the trend to create more homegrown and relatable stories and thereby champion Indian storytellers and characters such as Chota Bheem and Mottu Patlu will continue to grow

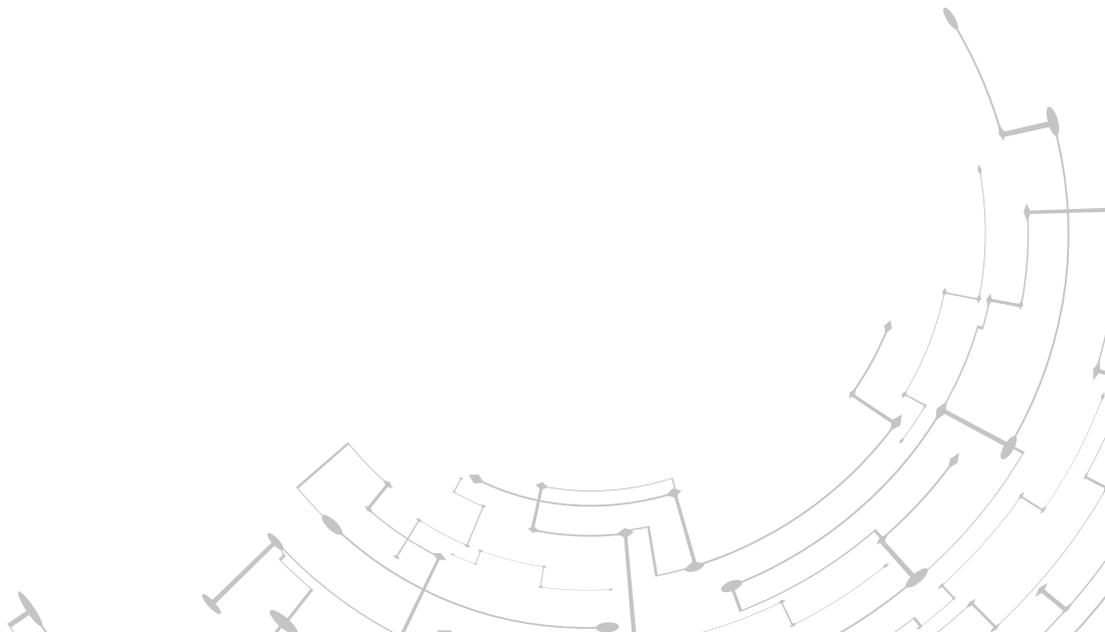
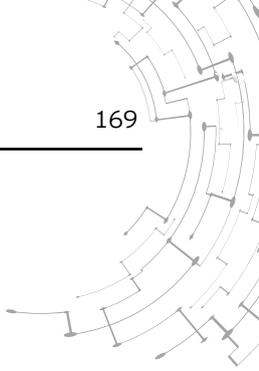
Family animation will gain traction as opposed to kids-only animation

- ▶ Animated content is currently targeted only towards children in India, which we believe could be a lost opportunity
- ▶ We believe that family-based animated content which enables quality time for kids and parents to bond together has scope to grow in India

Animation will move up the value chain

- ▶ The Indian animation and VFX segment has understood that export growth will be driven not by price arbitrage only but by accepting more complex projects and investing in cutting-edge animation and VFX technology to differentiate from the eastern European and far east markets
- ▶ Companies will focus on creating IP with global appeal that can be monetized across a wider base of audiences with higher paying power; animation IP has a very strong shelf life and makes use of that to generate revenue for years across licensing, syndication and merchandising
- ▶ Content-for-placement deals with online gaming companies and toy manufacturers will become additional revenue opportunities and help fund IP creation
- ▶ Besides the M&E sector, animation will be required to support various sectors like real-estate (VR tours), healthcare (animated tutorials), education (gamified learning), automotive (3D-rendered models and virtual showrooms), jewelry (AR trials), FMCG (make-up and apparel) and so on and there is a need for the world specialists in each of these fields to create digital sales experiences
- ▶ Virtual production and immersive technologies will continue to be adopted by more and more companies in the future

13. "Co-production: The way ahead for Indian animation industry" <https://www.animationxpress.com/latest-news>, Industry Insights, "Indian animation landscape in 2020 and outlook for the year 2021" <https://brandequity.economicstimes.indiatimes.com/news/digital>



Expert speak



Ashish SK

Founder
Punnaryug Artvision Pvt Ltd

VFX work in the coming years is going to dramatically increase due to a transition to virtual production. Viewership for animated content went up 600% - 900% on various platforms during the pandemic. India will have enough shows from internal work for the next 3 years, due to sudden greenlighting of shows from TV and OTT. The industries will require talent from tier 2 tier 3 cities for better, faster delivery.



Jayakumar Prabhakaran

CEO
Toonz Media Group

During the pandemic, the animation industry has been lucky: the volume of work has not reduced and a primary reason for growth slowing down is productivity and execution lapses due to the transition to work from home.



Biren Ghose

Country Head
Technicolor

The post-pandemic era provides enormous opportunity as the complexities of remote working are evolving. Image-makers now have new ways to mount their stories using game engine technology. Business will scale exponentially in the next 4-5 years and the AVGC industry will double its pre-pandemic footprint in terms of investments, revenues and jobs.



Max Madhavan

Founder and CEO
Assemblage Entertainment

The past fiscal year has been favourable for animation, in spite of and even somewhat because of the pandemic. The number of independent OTTs in the world and in India have increased dramatically, and the pandemic has led to a surge in demand and consumption for more content. It's a golden period for content and animation is and will continue to over index!



Chaitanya Chinchlinkar

Vice President
Whistling Woods

A significant amount of Indian content demand more than made up for the lack of big feature work animation studios used to get from international markets that did not come in the past year. Consequently, we will see a pile up effect of work, resulting in a lot of high quality work coming in this year onwards

The image features a dynamic, abstract background with a color gradient from deep purple to bright pink. Several glowing, concentric circular lines in shades of white and light purple are scattered across the frame, creating a sense of motion and depth. In the center, a large, bright white circle serves as a focal point, containing the text "Live events" in a clean, black, sans-serif font.

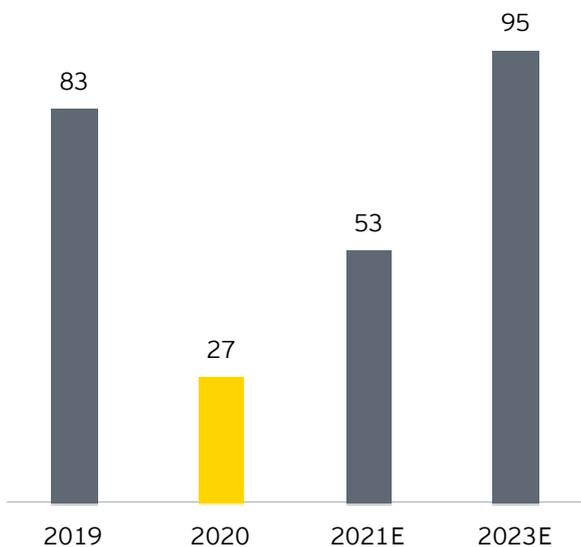
Live events



This section is based on the findings of primary research conducted across more than 19 Indian events companies, 33 marketers and industry discussions conducted in January 2021

Organized live events segment revenues fell 68% in 2020

Organized events segment revenues



INR billion (gross of taxes) | EY estimates

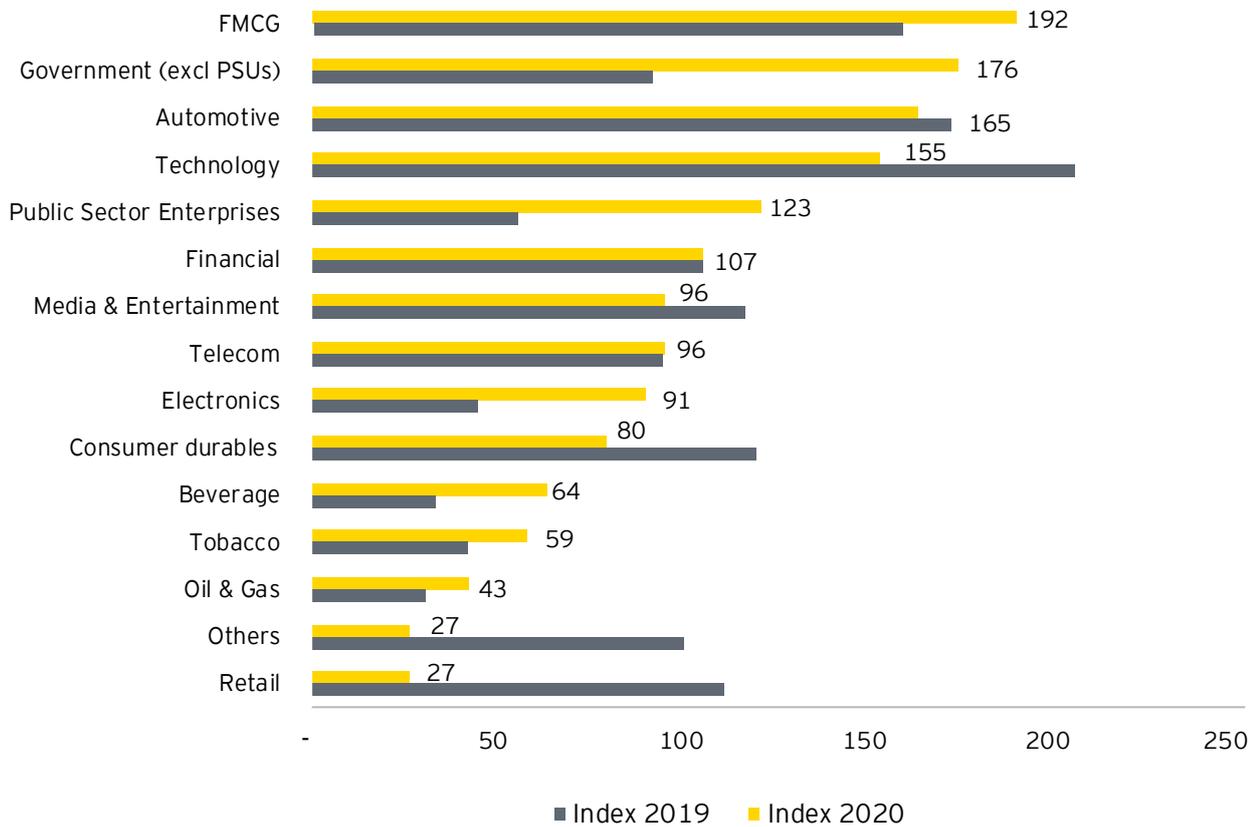
- ▶ Indian organized events segment revenues fell 68% in 2020, due to the pandemic induced lockdown and implementation of social distancing norms
- ▶ This fall reflects almost three quarters of 2020 which were totally lost, but also accounts for alternate revenues earned during that period, largely from content production and online events
- ▶ We expect the segment to recover its pre-COVID levels by 2023
- ▶ Over 67% of our survey respondents provided digital events in 2020 as compared to 27% in 2019 and though their ticket sizes were lower than managed events, they generated reasonable margins and can become a lasting revenue stream going ahead
- ▶ Importance of creating IP increased and 56% of respondents had created IPs as against just 38% in 2019
- ▶ Government events will play a crucial role in driving growth in 2020

Note on sizing

- ▶ The events segment value represents the revenue of “organized” events and activation agencies and does not include the multitude of “unorganized” event companies spread across the country, as it is not possible for us to size them; survey respondents felt on average that around half (or even more) the Indian events and activation segment was unorganized
- ▶ The size estimate also does not include:
 - ▶ the value of media spends on and telecast rights of events (unless event IP was owned by an events and activation management company)
 - ▶ the value of meetings, incentives, conferencing and exhibitions (MICE) conducted by pure travel companies
 - ▶ value of IPs not owned by event companies
 - ▶ the value of properties managed by in-house activation teams of advertisers, print, radio and other M&E segments
 - ▶ weddings and other events which are largely in the unorganized segment

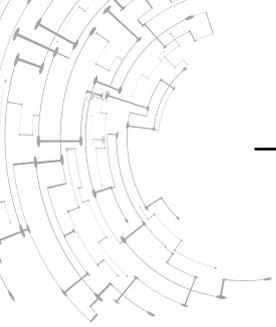
FMCG, government and auto were the top categories spending on events in 2020

Revenue by category



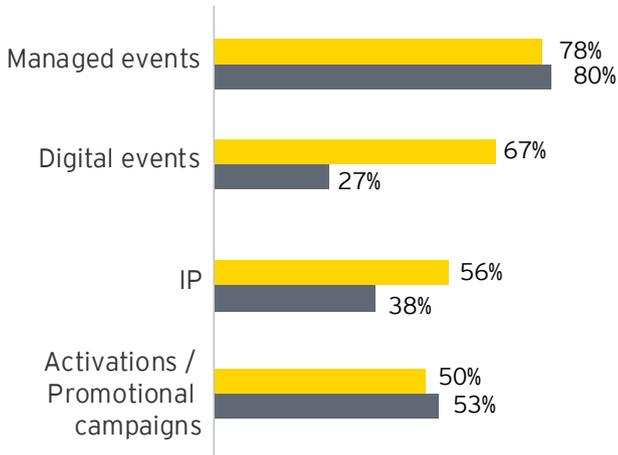
EY survey of event companies 2020 | Indexed to average = 100

- ▶ FMCG, government and auto emerged as the key spenders due to the increased focus on hygiene and public health programs along with new launches in the auto sector due to public travel concerns
- ▶ Technology, media & entertainment, consumer durables and retail saw a fall in their relative importance as sporting events could not take place, retail outlets were shut and / or witnessed lower footfalls while technology companies took to online events in a large manner



Stark change in the uptake of digital events and IPs

Percentage respondents who provided...

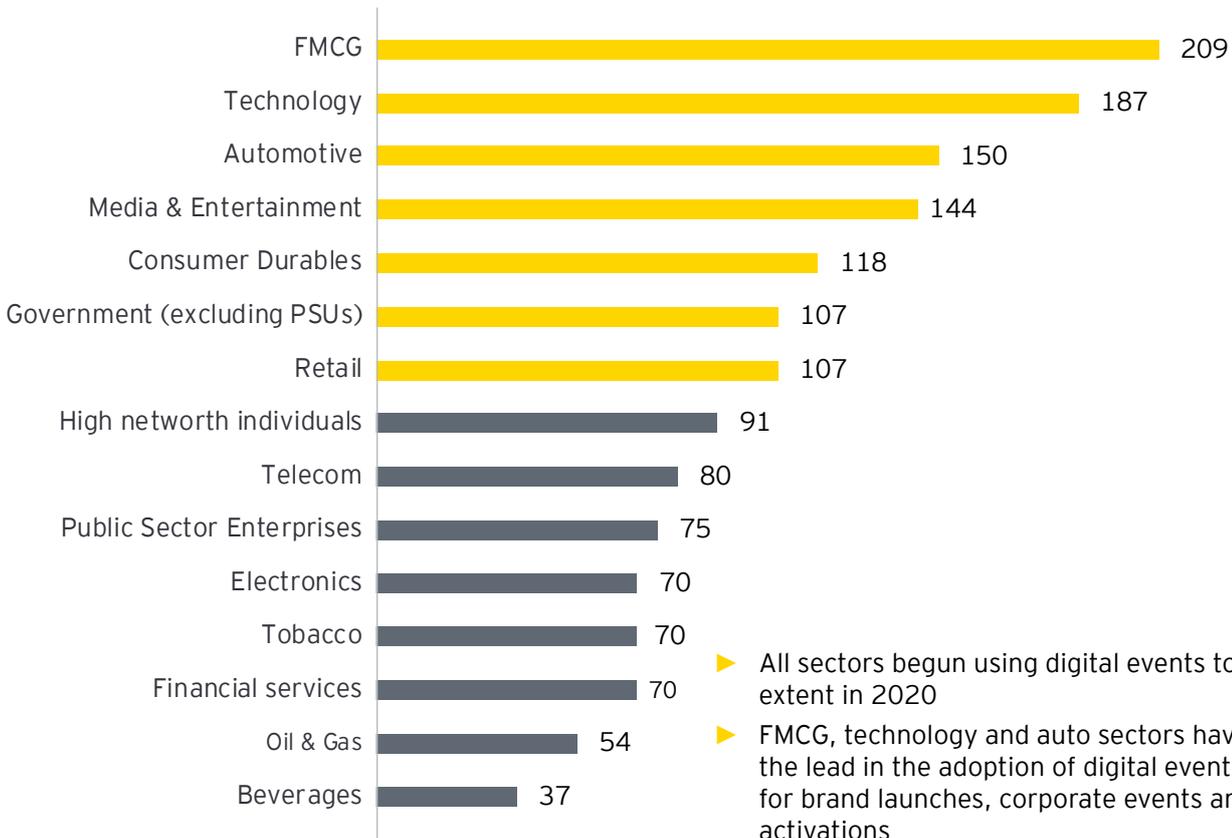


- ▶ 67% of respondents provided digital events in 2020, more from necessity than otherwise, more than double the 27% from 2019
- ▶ 56% of respondents had invested in building IPs in 2020, a significant increase from 38% in 2019 as they felt IPs had more staying power and less risk in the long run
- ▶ Lockdowns and restrictions in malls led to a fall in activation revenues as expected

EY survey of event companies 2019

Digital events were adopted across sectors

Sectoral uptake of digital events

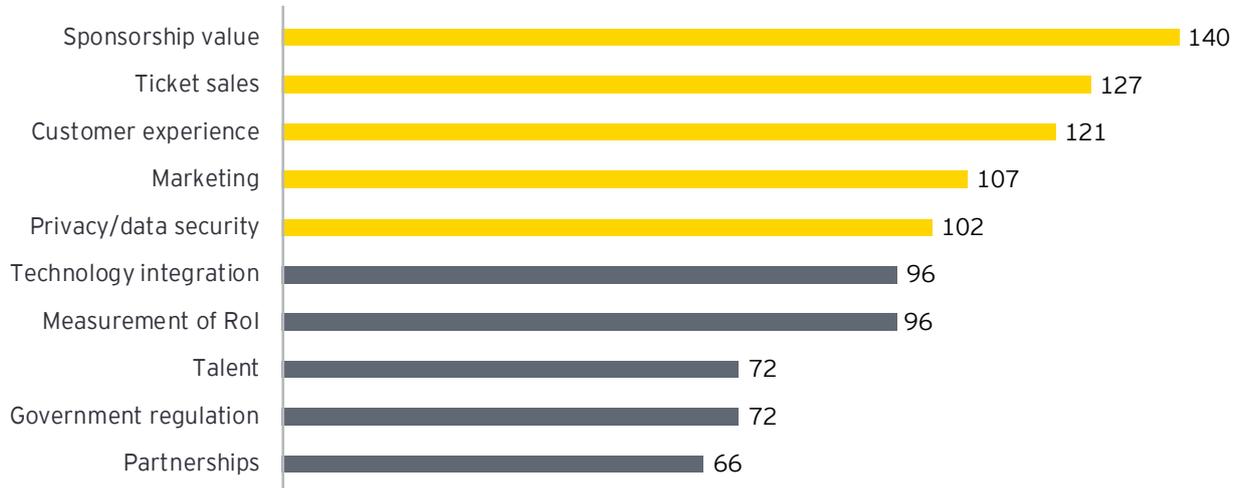


- ▶ All sectors began using digital events to some extent in 2020
- ▶ FMCG, technology and auto sectors have taken the lead in the adoption of digital events, mainly for brand launches, corporate events and activations
- ▶ Providing strategic insights around event marketing, defining monitorable KPIs and ROI metrics will be key factors that will differentiate event companies in the future

EY survey of event companies 2020 | Indexed to average =100

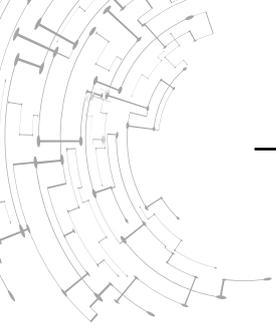
Revenue generation was the top challenge relating to digital events

Biggest challenges in conducting digital events



EY survey of event companies 2020 | Indexed to average = 100

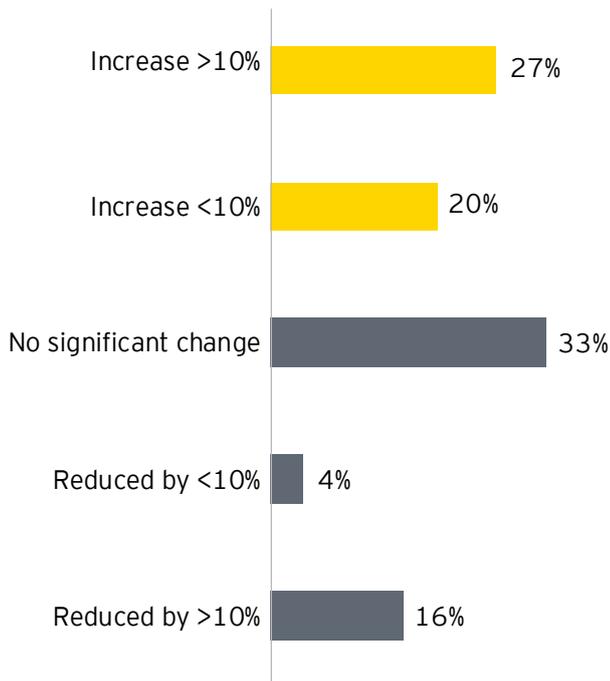
- ▶ Clearly generating sponsorship values akin to physical events was the key challenge, as was ticket sales
- ▶ Enabling an engaging customer experience was also difficult, as the events segment enters a whole new learning curve in online experiential
- ▶ Respondents were more comfortable with partnerships, regulations, talent availability and ROI measurement



Way forward

If recovery continues, events and activations could nearly double in 2021

Will spends on events and activations grow over the next two years?

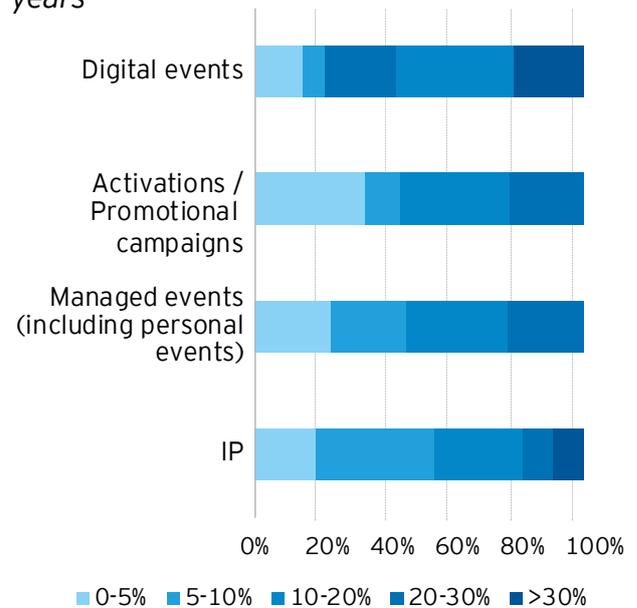


EY marketer survey 2020

- ▶ 47% of marketers we surveyed expected that their spends on events and activations would increase in 2021 as compared to the last two years (subject to continued recovery from the pandemic) while only 20% expected their events spends to reduce
- ▶ The events and activations industry will see recovery in 2021 on account of several factors including:
 - ▶ Marquee sporting events seeing the light of day in 2021 viz, IPL, Asia Cup, ICC T20 World Cup, PKL and the Olympics
 - ▶ Elections across five states in India
 - ▶ Gradual increase in the number of on-ground events such as weddings with a limited number of attendees when lockdowns and social distancing norms are eased post vaccination
- ▶ The events segment can achieve 2019 revenue levels by 2023

Digital events will continue to drive future growth

Growth by type of events - next two to three years



EY survey of event companies 2020 | Percentage of respondents

- ▶ Survey respondents believed that growth would be witnessed across all types of events, but would be led by digital events, with over 50% of respondents believing digital events would grow by over 20% over the next two to three years
- ▶ Digital events will be critical to enable event agencies to support marketers' direct-to-customer agenda

Regional events will create a large opportunity

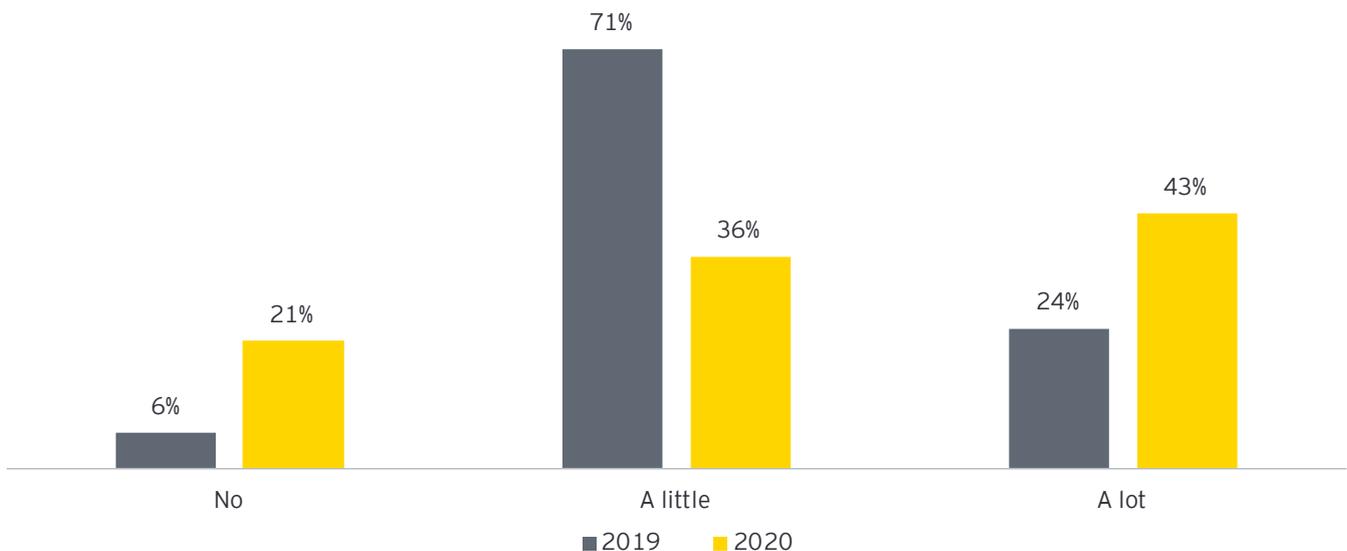
- ▶ Semi-urban markets would demonstrate potential as spending power increased in those markets and became more attractive for marketers
- ▶ The opportunity to create events targeted to the top 50 Indian cities, through networked agencies, will find increased traction
- ▶ Managed events and activations, especially when integrated and amplified with digital measurement, provide a significant means to demonstrate return on investment to marketers and reduce cost per contact across such markets

Government events will be a key driver of growth in 2021

- ▶ National governments take responsibility for major international and political events, occasions of state and national celebrations
- ▶ Earlier, event management companies had a plethora of choice across sectors and those who did not have deep pockets to manage government cash flow terms, would stay away
- ▶ Currently, other events being on hold, government events have gained importance
- ▶ The biggest ask and need of the hour are education, health, awareness and vaccination at a scale never ever before seen or done

Consolidation is on the cards

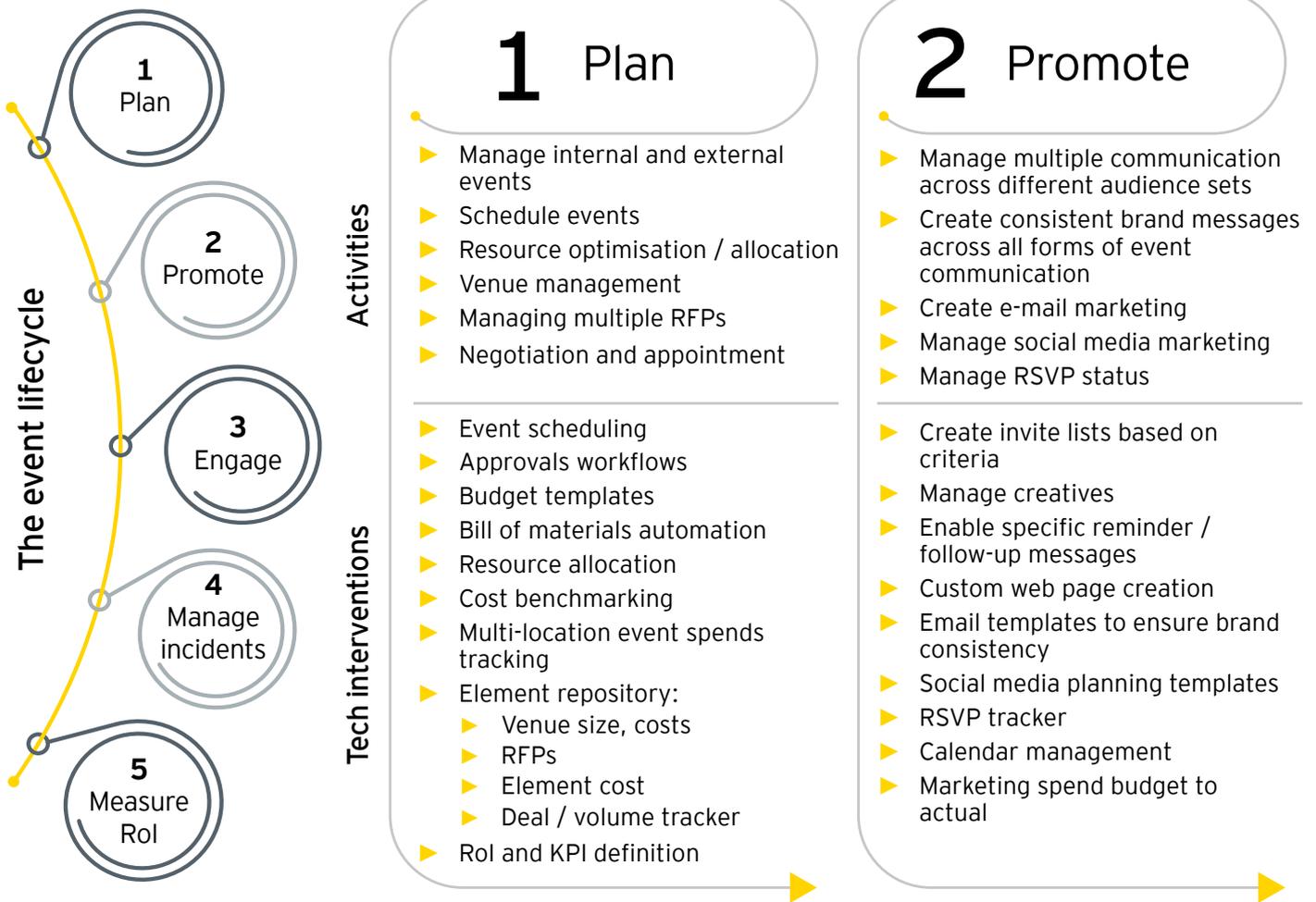
Would you expect consolidation within the industry over the next two to three years?



EY survey of event companies 2020

- ▶ 79% of our survey respondents believed there would be some level of consolidation in the events and activation segment
- ▶ Consolidation would be required to:
 - ▶ Invest in building and funding technologies for event management and online events
 - ▶ Efficiencies of scale from a procurement perspective
 - ▶ Investment in IP creation

Tech interventions in the event life cycle



All of which will enable events companies to deliver data led insights

Consumer insight

- ▶ Gain detailed consumer insights by region/ demographic/behaviour
- ▶ Measure customer life time value

Consumer engagement

- ▶ Allow greater control over brands and customer experience
- ▶ Manage end-to-end customer experience across multiple touch points
- ▶ Allow personalized propositions

3 Engage

- ▶ Communication with attendees during the event
 - ▶ Registration experience
 - ▶ Quality leads for sponsors
 - ▶ Enable networking
 - ▶ Session feedback
 - ▶ Last minute alterations
-
- ▶ Virtual event platforms
 - ▶ Push notifications
 - ▶ Automated check-in
 - ▶ Appointment management of attendees with exhibitors, sponsors, etc.
 - ▶ Online networking sessions
 - ▶ Announcements / call to action discounts, incentives, deals etc.
 - ▶ Gamification
 - ▶ Feedback mechanism
 - ▶ Post-event interaction

4 Manage incidents

- ▶ Queries
 - ▶ Complaints
 - ▶ Inappropriate content
 - ▶ Security breaches
 - ▶ Licensing
-
- ▶ Query management through live chat / bots
 - ▶ Complaint management system
 - ▶ Content screening using AI (particularly non-curated or UGC)
 - ▶ Real-time security monitoring
 - ▶ Rights management

5 Measure Rol

- ▶ Lead generation and engagement
 - ▶ Measuring Rol on the event
 - ▶ Budget to actuals - revenues and costs
 - ▶ Audit of delivery by various vendors
 - ▶ Vendor assessment employed for the event
-
- ▶ Link sales pipeline, CRM data, attendees (offline and digital)
 - ▶ Rol tracker on leads, engagement, time spent, sales, etc
 - ▶ Automated proof of delivery
 - ▶ Online vendor feedback
 - ▶ Auto payment processing / approval

New products / markets

- ▶ Test new products easily & quickly without compromising shelf space of other products
- ▶ Expand geographical reach and diversify customer base

Channel efficiency

- ▶ Increase control over price perception
- ▶ Improve margins by reducing channel cost

Expert speak



Roshan Abbas
Managing Director
VMLYR Encompass

Virtual events have helped break barriers of geography. Yet nothing can beat the power of proximity. In the coming era, virtual and real events will coexisting happily. I see hybrid events only adding to the market size.



Sabbas Joseph
Founder & Director
Wizcraft International
Entertainment Pvt. Ltd.

AI and data analysis are helping us get a deeper understanding of the consumer's mind and preferences. Besides growth, M&E development must persevere greater good reflecting values and principles, not just millions in growth of numbers.



Mohomed Morani
Managing Director
Cineyug Group of Companies

Innovative technology has been crucial to our industry and played a huge role in strengthening our global partnerships. Being forced to host virtual events increased our audiences, but with the vaccine being rolled out, we look forward to physical events.



Deepak Choudhary
Founder & Director
Event Capital

Event industry was surely not ready for this, numbers have gone down by 20 percent since the last year, new ways, technology and hybrid now have an upper hand. But things are getting back to normal, we will bounce back in 2021 and a growth of percent and more will be seen post that. We being an IP company have assets and the same have bred and converted to content, undoubtedly the asset business has gotten stabilised.



Mandeep Singh
MD & CEO, CPM India
Omnicom Group Company

From the point of view of change, the pandemic can be seen as a remarkable and fascinating event; it spurs slow-moving macro trends and acts as catalyst for culture shifts. As a result, COVID-19 has rapidly altered the trajectory of existing consumer trends we've been tracking, and created entirely new ones. Going forward Phygital is going to be key as it actually takes the best aspects of both real life and virtual to ultimately make the user experience more powerful for the consumer.



Deepak Pawar
Managing Director
Midas Next Media

Technology is now playing an integral part in driving all activities within our industry and corporates too are looking for professional agencies that could understand the Experiential Marketing business and execute the same on virtual platforms. Virtual Events are here to stay as a 30% incremental business.



Brian Tellis
Director
Fountainhead MKTG

We are social animals and the sheer joy and effectiveness of experiences will return with a vengeance. Having accepted that, we must be cognisant of ever changing consumer behaviour and evolve experiences accordingly.



Sanjoy Roy
Managing Director
Teamwork Arts

COVID-19 sounded the death knell for the Events and Entertainment industry and yet it provided an opportunity to innovate, restructure and recalibrate. It has forced companies to think digitally, invest in technology, deliver focused results and open up new revenue streams. The sector can be the driver of the Creative Economy, creating jobs and contributing to local GDP. Sadly as the sector comes under 8 Central ministries it rarely is seen as a priority or indeed anyone's responsibility.



Samit Garg
Co-Founder & Director
E Factor & SkyWaltz

Just because you have planned something, doesn't mean it is going to happen". This has been proven time and again in the past. While we are all gearing up to embrace the bombardment of digital influx and technology based events with focus on virtual - we must not forget that LIVE EXPERIENCES thrive on human connect. That is the very basis of existence of mankind. The overall market may lose 20% of its share to virtual/digital stuff, the rest 80% has to return in the next 6 to 12 months. And when this happens, it will happen with a BANG.



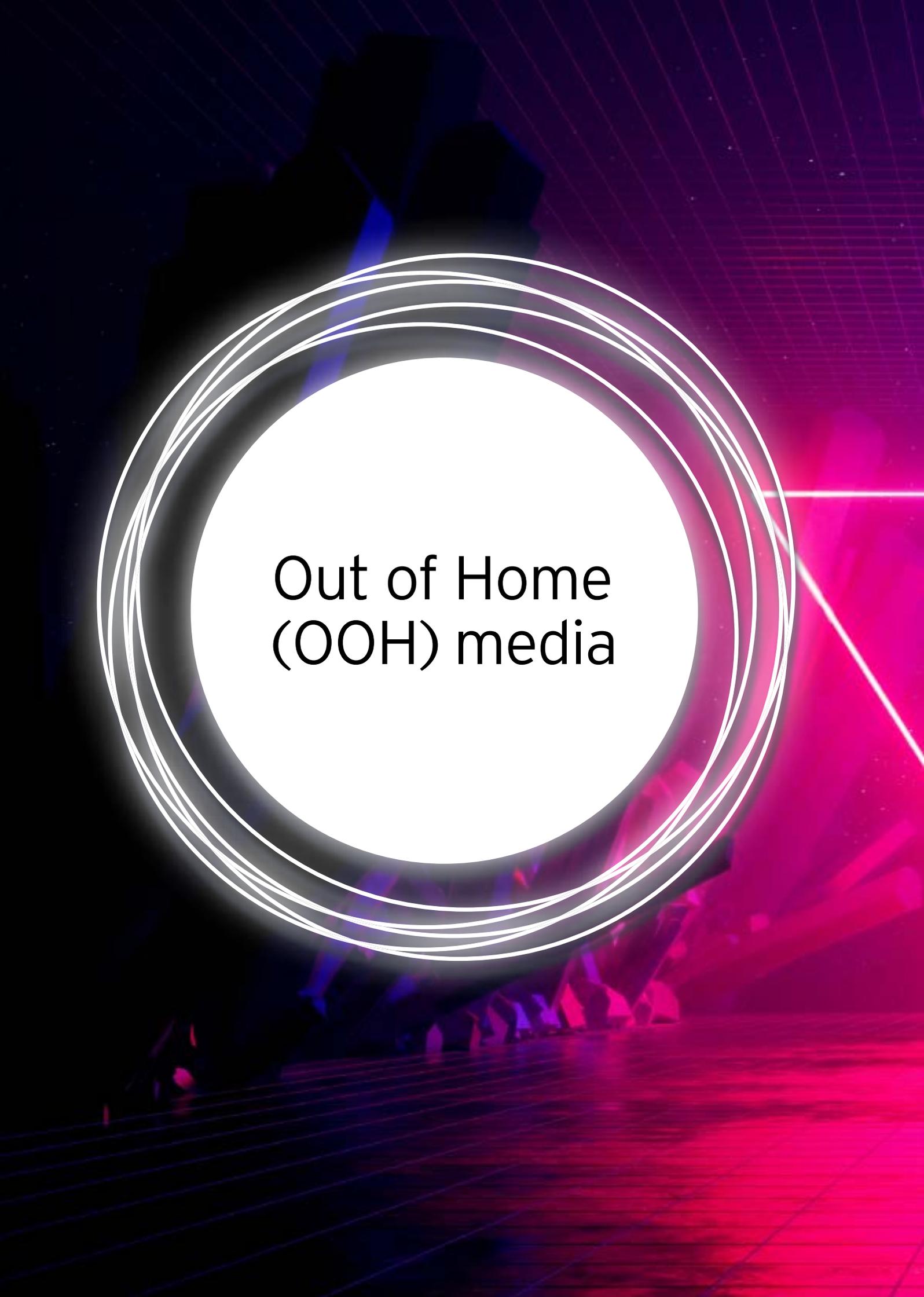
Atul Nath
Founder
Candid Marketing

The future belongs to those can find ways to intersect our industry with digital and technology marketing through automation. We need to learn and evolve on the fly to keep up with the consumers and brands of today.



Reema Sanghavi
Managing Director
Maximus events

Reinvention and adapting to technology will be the game changer! The content offered by planners will need to be even more enticing and valuable than it was pre COVID-19.

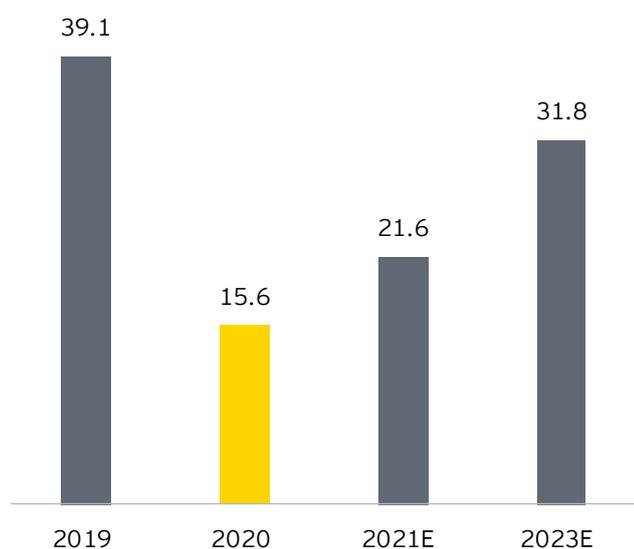
The background is a vibrant, futuristic scene. It features a dark blue and purple color palette with a grid of glowing lines. A prominent white circle is centered in the frame, surrounded by several concentric, glowing white rings. The text "Out of Home (OOH) media" is written in a clean, black, sans-serif font within the white circle. The overall aesthetic is high-tech and digital.

Out of Home (OOH) media



OOH segment de-grew 60% in 2020

OOH segment revenues



INR billion (gross of taxes) | EY estimates

- ▶ OOH media de-grew 60% in 2020 to INR15.6 billion, the value of which includes traditional, transit and digital media, but excludes untracked OOH media such as wall paintings, ambient media, proxy advertising, etc. which is estimated to be around INR3-5 billion in addition to this number¹
- ▶ Real estate, FMCG and financial services were the largest advertisers on OOH
- ▶ Traditional OOH comprised 60% of revenues and remained the largest segment
- ▶ Transit media comprised 35% of the sector and has started on the path to recovery post the lockdown and removal of restrictions
- ▶ Digital media grew to 5% of the segment's revenues as many advertisers experimented with it in 2020
- ▶ We expect the OOH segment to reach 2019 levels not before 2024

Real estate and FMCG became the largest ad sectors on OOH²

Composition of the OOH segment

Sector	Sector contribution		Contribution to growth %
	2019	2020	
Real estate and construction	14%	21%	-47%
FMCG	11%	14%	-55%
Financial services	10%	13%	-50%
Hospitals, restaurants, education, OTT	15%	11%	-73%
Organized retail	15%	11%	-72%
Media	6%	10%	-45%
Telecom	6%	5%	-68%
Auto	6%	7%	-54%
E-commerce	3%	2%	-72%
Electronic durables	3%	2%	-75%
Pharmacy	1%	0%	-68%
Petroleum/Lubricants	0%	0%	-74%
Others	10%	4%	-86%
Total	100%	100%	

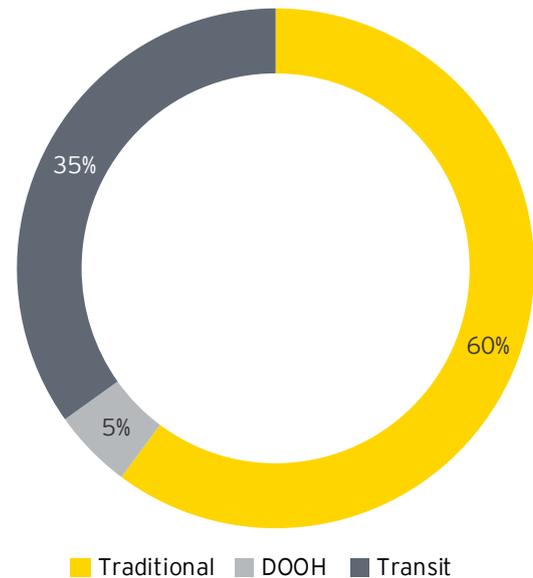
Pitch Madison Advertising Report 2021

1. Exclusions are based on industry discussions, not verified by EY
 2. Pitch Madison Advertising Report 2021

- ▶ The top five categories contributed 70% of OOH spends
- ▶ Real estate and construction became the largest category to spend on OOH; revision in home loan interest rates and conducive government policies, led to creating attractive residential prices for home buyers
- ▶ Other categories which drove growth included, FMCG, financial services, auto and media
- ▶ However, sharp falls were seen in OOH spends from categories like hospitals, restaurants, education, organized retail and telecom
- ▶ Government ads about the COVID-19 pandemic were put up on most OOH sites across the nation in the April to June quarter while brands refrained from investing during this period

Traditional media continued to be the largest contributor to revenues

Composition of OOH segment



EY estimates | DOOH is across OOH formats

- ▶ Traditional media contributed 60% of total OOH media, not counting ambient media, wall paintings, proxy media (like ads in automated teller machines) and the informal / unorganized sector
- ▶ The share of transit has reduced from 39% in 2019 to 35% as rail, metro and air all witnessed large drops due to the lockdown and restrictions on travel
- ▶ The share of transit saw a decline for most part of the year, however it has recovered post October 2020 as road traffic went back to around 80% levels³
- ▶ Local municipal corporations have started inviting bids for advertising tenders as per media type to recover lost revenue⁴
- ▶ In 2021, greater penetration of OOH in Tier 2 and Tier 3 towns is expected and DOOH will become more dominant⁵

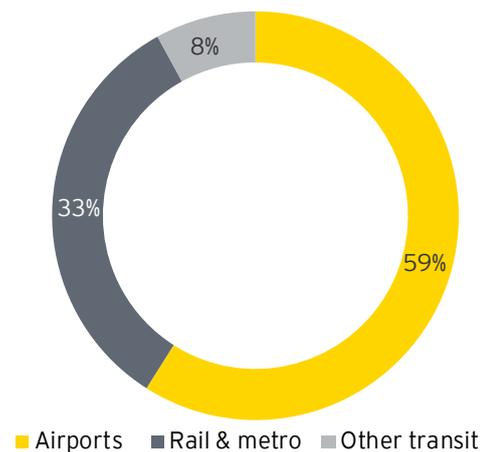
3. Industry discussions
4. <https://www.exchange4media.com/out-of-home-news/sdmc-invites-bidding-for-advertising-tenders-to-recover-lost-revenue-110875.html>
5. Pitch Madison Advertising Report 2021

Advertisers experimented with DOOH

- ▶ DOOH now comprises over 5% of the OOH segment's revenues, up from 2% in 2019
- ▶ Industry estimates vary on the number of screens in India, but these could be several hundred thousand, given that digital ad screens have proliferated malls, airports, metro stations, taxi aggregators, restaurants, etc.
- ▶ DOOH inventory continues to be appealing to marketers due to the availability of campaign tracking, data insights and contextual advertising options, which enables marketers to structure a day-part wise DOOH plan as well as implement programmatic buys
- ▶ Media owners too can have multiple brands to share the infrastructure and operating costs
- ▶ Integration of DOOH inventory with large advertising platforms and networks is imminent and can provide a much-needed boost to this segment

Transit media recovery commenced post October 2020

Composition of transit media revenues



EY Estimates based on industry discussions, ad agency reports

- ▶ Transit media comprised INR5.5 billion in 2020 (35% of total OOH) and we expect it to grow to INR10.8 billion by 2023
- ▶ 452 kilometers of metro line projects across top 7 cities are under construction, which will create a huge opportunity for OOH segment⁶
- ▶ In addition, the government plans to build or widen 60,000 km of roads by 2025⁷
- ▶ Revenues will be driven by allotting exclusive advertising rights to government owned OOH assets like parking spaces, government buildings, etc.^{8,9,10}

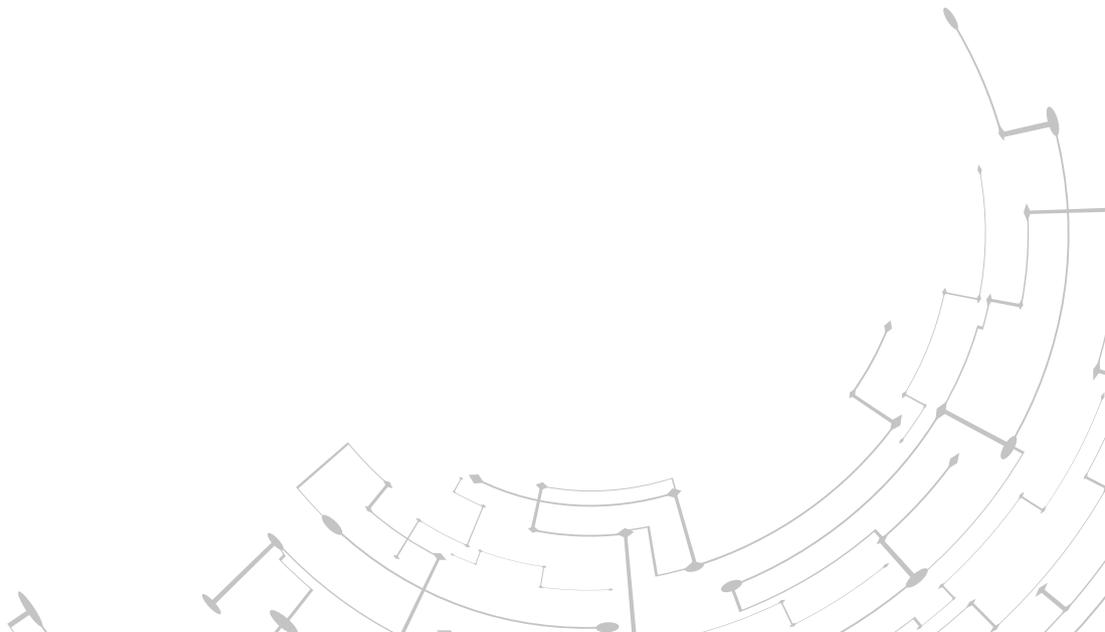
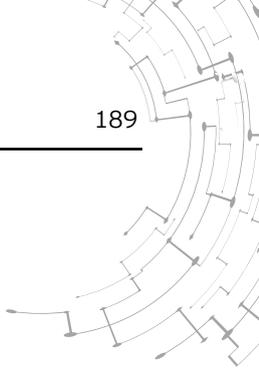
6. <https://themetrorailguy.com/metro-rail-projects-in-india/>

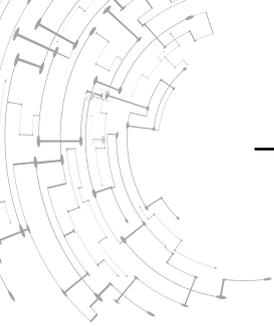
7. <https://www.indiatoday.in/magazine/nation/story/20210208-highway-to-prosperity-1763815-2021-01-30>

8. Southern Railway announces new tenders for exclusive advertising rights (media4growth.com)

9. Ahmedabad unit of Western Rlys launches ad tenders in bulk (media4growth.com)

10. GHMC announces service centric OOH ad plans (media4growth.com)

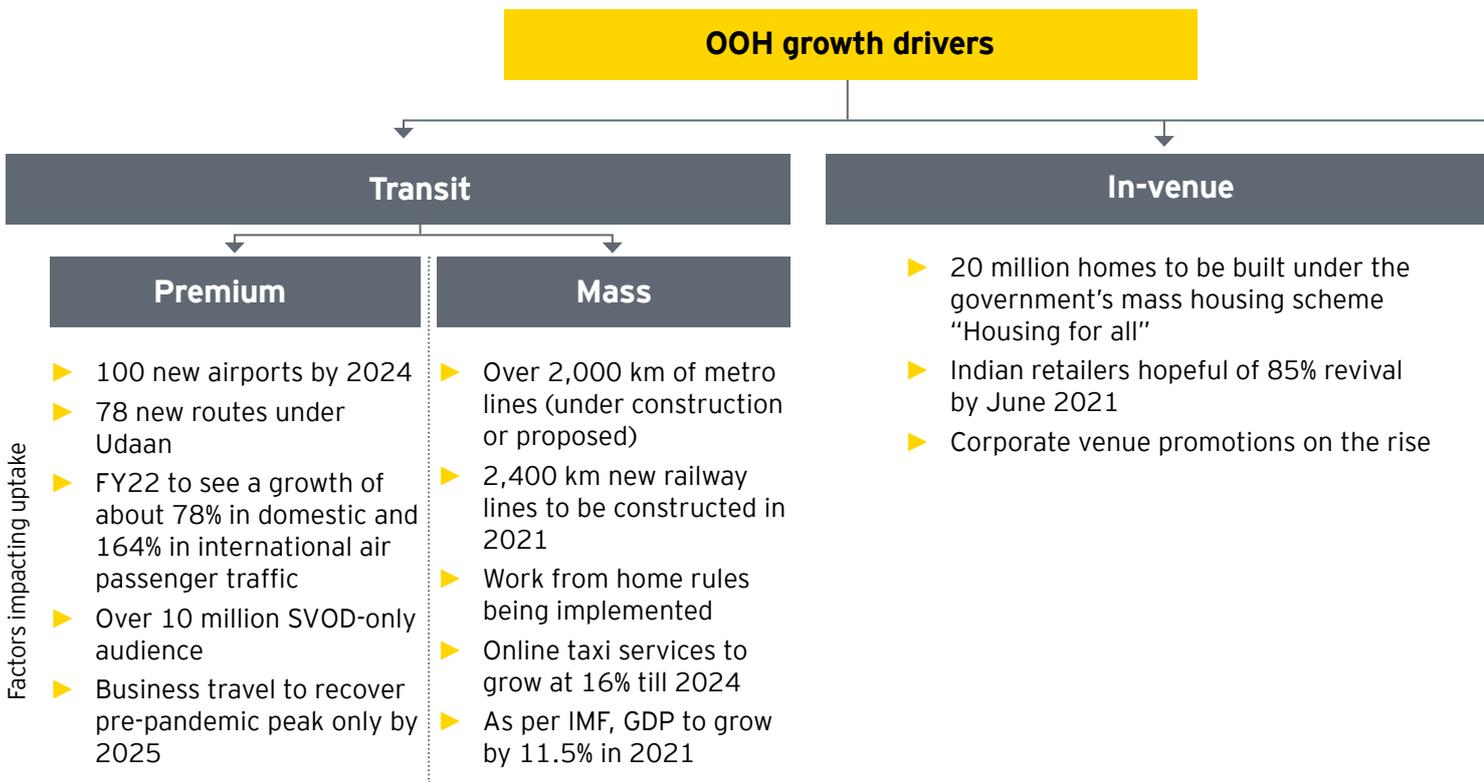




Future outlook

We expect OOH to reach INR31.8 billion by 2023

- ▶ Several factors will drive the recovery in the OOH segment, including technology driven measurement, upcoming infrastructure projects and evolving DOOH
- ▶ The sector is expected to achieve its 2019 revenues by 2024 or after
- ▶ In order to overcome roadblocks caused by the COVID-19 pandemic, government intervention pertaining to taxation relief, licensing and contracting will be required

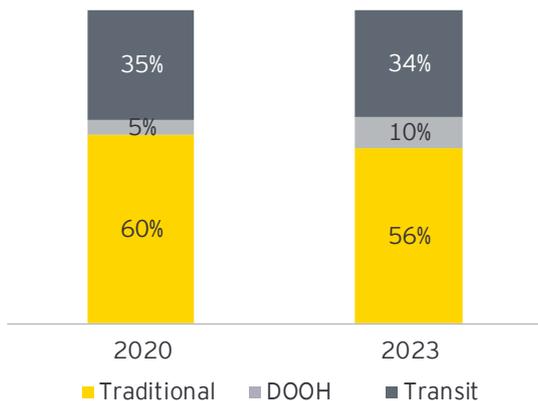


Digital / traditional OOH assets

Various secondary sources; EY estimates

Share of traditional media to reduce to 56% by 2023

Composition of OOH



- ▶ We expect that growth in transit media assets and DOOH will be faster than growth in traditional media options, from a rate and/or volume perspective and will together comprise 44% of the segment's revenues by 2023
- ▶ DOOH - comprising digital screens carved-out across both traditional and transit media - will increase to 10% of the total market size due to improved measurability and innovation

EY estimates

Billboards

- ▶ 60,000 km roads to be built or widened in 5 years
- ▶ 2.7 million cars expected to be sold in 2021
- ▶ Five state elections in 2021
- ▶ INR250billion fund to help revive stalled real estate projects

Innovative technOOHlogy

Solutioning

- ▶ Targeted ads based on destinations at airports, stations, etc.
- ▶ Multi-sensory tracking devices to enable live interactivity
- ▶ 3D creatives using 5G networks
- ▶ Interactive ads using image recognition, bar-codes, etc. to provide offers or enable trial / purchase (click to try / buy)
- ▶ Follow-me ads: Integration of OOH to mobile phones using location data
- ▶ Review the visual effectiveness of a creative to predict its performance using AI

Planning / buying

- ▶ Programmatic ad buying
- ▶ Leveraging telecom base transceiver station statistics to measure location-based users

Monitoring

- ▶ Using location data to track efficiency of OOH campaigns vs store visits
- ▶ Cameras installed on sites to monitor traffic and opportunity to see

Expert speak



Alok Jalan
Managing Director
Lagshya Media Group

M&E industry is at a crossroads where there is a competition between “New Media” & “Old Media” for attention, eye balls and share of wallet of consumers. Ultimately technology, innovation and content will define the winners in these interesting times.



Sunil Vasudeva
Chairman cum full time Director
Pioneer Publicity Corporation

It is the most opportune time to shift to digital media which is growing rapidly as more and more people have made it a habit to stay indoors whenever possible.



Bharat Rajamani
CEO
US Advertising

The pandemic in 2020 made a dent deep enough that changed the way advertisers look at the OOH sector. The advertisers are seeking data more aggressively to support their investment decisions in outdoor which has paved the way for technology partnerships and moulded the earlier approach of media owners towards data.



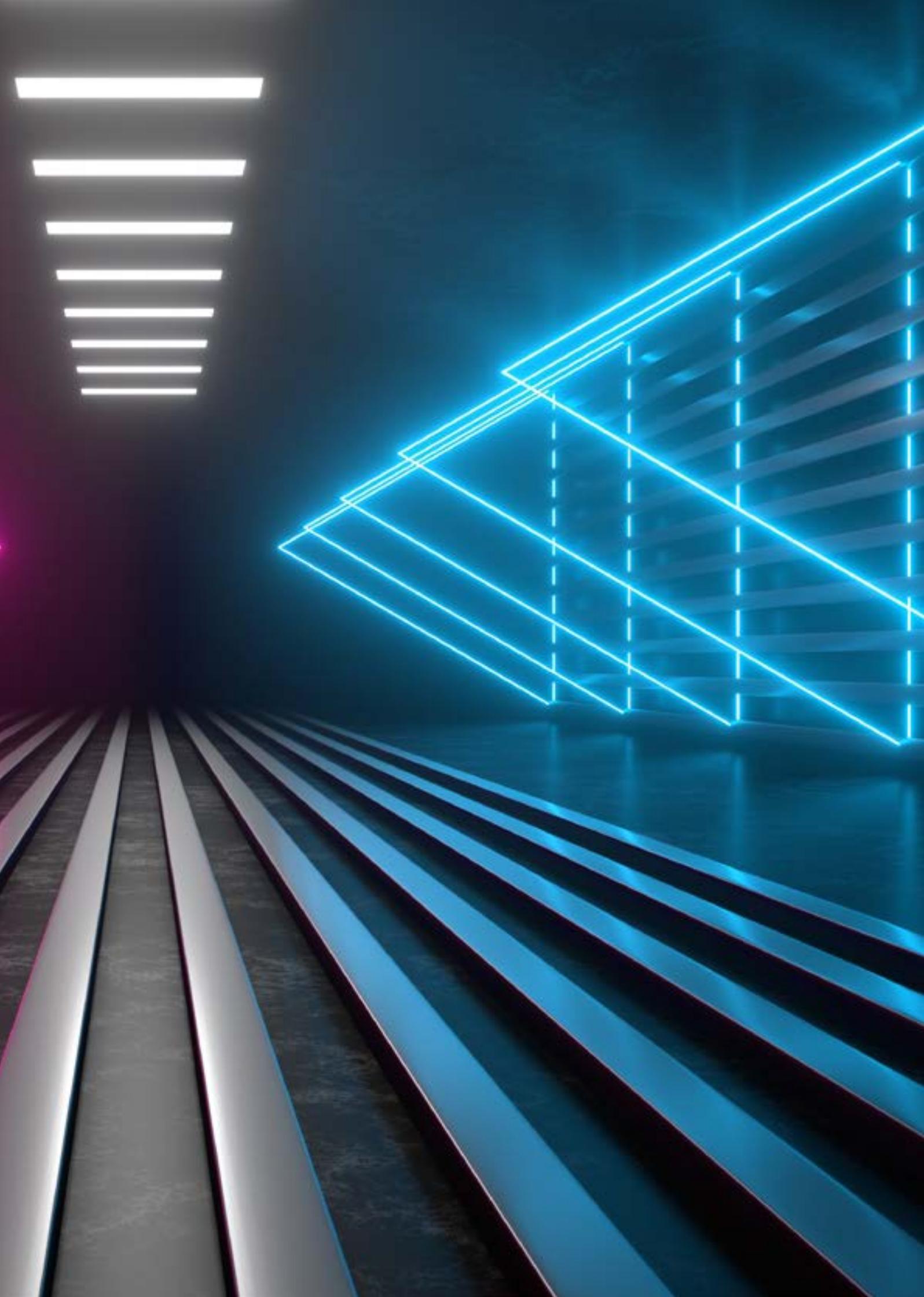
Sharath Chandra
President
Times OOH

After a year which undermined the predictable nature of commuter behaviour, the OOH sector will see steady and measured resumption of investments by responsible and diligent advertisers in safe havens that are the airports and metros. The transit segment provides brands the assurance of engagement that is impactful, secure and accountable.

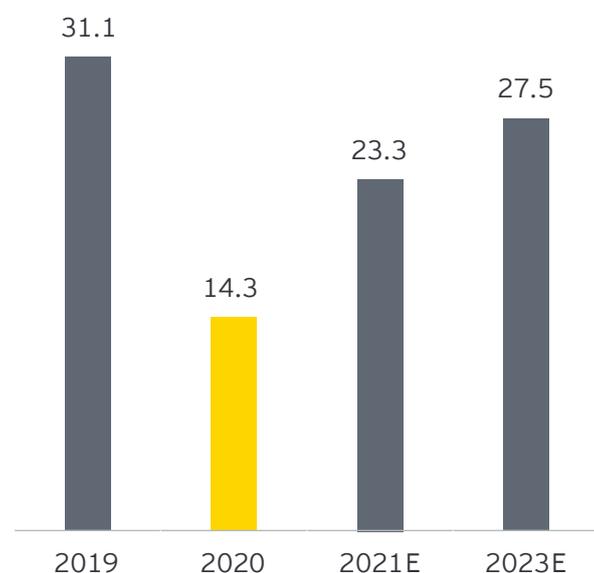




Radio



Radio segment revenues fell 54% in 2020



INR billion (gross of tax) | EY estimates

- ▶ Radio segment revenues fell 54% in 2020 to INR14.3 billion
- ▶ Ad volumes fell 27% in 2020 and skewed towards non-metros, while rates fell over 37% on average
- ▶ As live event revenues faltered due to the pandemic, radio companies increased their focus on creating online IPs and content production
- ▶ The revenue fall was highest (81%) in the April to June quarter but revenues recovered to 54% of 2019 levels by the October to December quarter
- ▶ We expect revenues to recover to INR23.3 billion in 2021

Revenues

Radio adex volumes fell 27% in 2020¹

- ▶ Fall was highest in the April to June quarter, but had largely recovered by December to prior year levels
- ▶ Radio generated 61% of its volume in the second half of 2020, showing continued quarter on quarter volume growth

Cities	% growth in ad volumes over Q2 2020	
	Q3 2020	Q4 2020
Indore	284%	502%
Jaipur	303%	387%
New Delhi	313%	625%
Nagpur	118%	325%
Ahmedabad	215%	373%
Bangalore	151%	328%
Kolkata	208%	408%
Surat	220%	351%
Vadodara	127%	303%
Chennai	198%	617%

TAM AdEX

69% of radio ad volumes in 2020 were delivered by the top five advertising sectors¹

Rank	Sector	Percentage share	
		2019	2020
1	Services	28%	26%
2	Banking/Finance/Investment	9%	12%
3	Food and beverages	9%	11%
4	Auto	10%	10%
5	Retail	11%	9%

TAM AdEX

- ▶ Services continued to contribute the highest volumes
- ▶ Banking and food improved their ranks in 2020 within the top 5
- ▶ As expected, due to the lockdown, the retail sector's rank fell due to reduced footfalls

1. AM AdEX data of 90+ stations

Share of ad volumes shifted away from the larger metros

- ▶ Maharashtra and Gujarat remained the states with the highest ad volumes on radio, with Gujarat generating the highest ad volumes in India in 2020
- ▶ UP, MP and Rajasthan improved their volume ranks by four each as they were less impacted than Maharashtra, Delhi, Karnataka and West Bengal, all of which saw their ad volumes fall much more
- ▶ The top 10 cities generated 68% of total ad volumes, led by Indore, Jaipur, New Delhi and Nagpur
- ▶ Mumbai, Delhi, Bengaluru, Kolkata and Chennai all saw a fall in their volume rankings to make place for Indore, Jaipur, Nagpur, Surat and Vadodara
- ▶ Local advertisers' share of ad volumes decreased 2% over 2019 to reach 36% of total ad volumes in 2020, while national advertisers contributed 64% of ad volumes

Revenues will continue to recover in 2021

- ▶ We expect radio revenues to continue recovering and reach INR23 billion in 2021
- ▶ Recovery will be driven by resumption of travel, revival of retail footfalls and growth in local services brands
- ▶ The sector can recover its 2019 revenue levels by 2024 from core broadcasting operations

Reach

India had 1,097 operational radio stations

- ▶ India had 31 private FM broadcasters in 2020, across 111 cities who operated 385 FM radio stations²
- ▶ In addition, the public broadcaster Prasar Bharti's All India Radio service operates 479 stations in 23 languages reaching 92% of the country's area and over 99% of India's population³
- ▶ India had 251 operational community radio stations as on September 2020⁴

2. MIB website

3. <http://allindiaradio.gov.in/>

4. <https://www.mib.gov.in/broadcasting/list-251-operational-community-radio-stations-india>

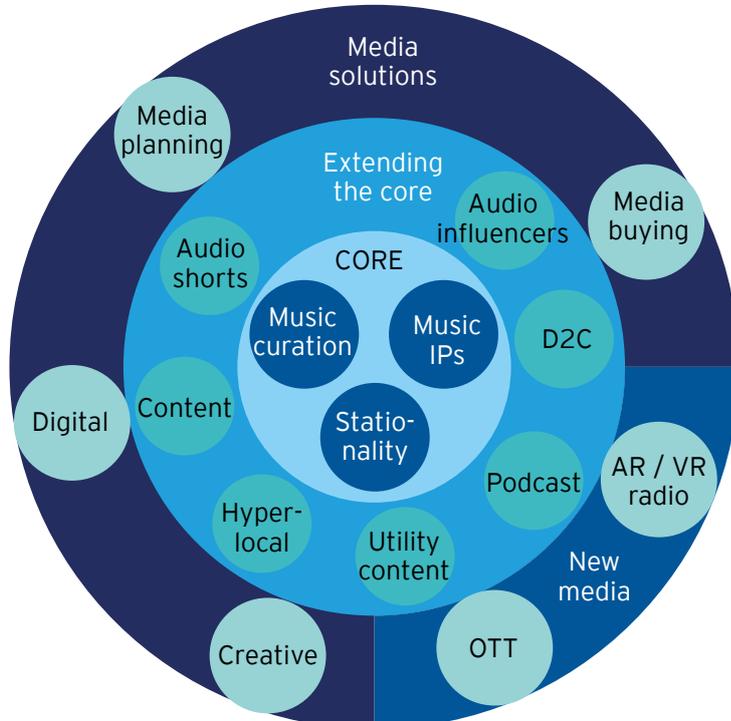
Radio company of the future

- ▶ While radio is an important element of most media plans and extremely effective at a local level, the market for audio products has changed significantly as consumption patterns have evolved
- ▶ Radio companies need to adjust to the new realities and invest in the future
- ▶ Radio companies' core strengths include a deep understanding of music, creation of audio content which resonates with communities and building brands
- ▶ Using these three core strengths, we have tried to define the adjacent possibilities for the radio segment - our perspective on the radio company of the future

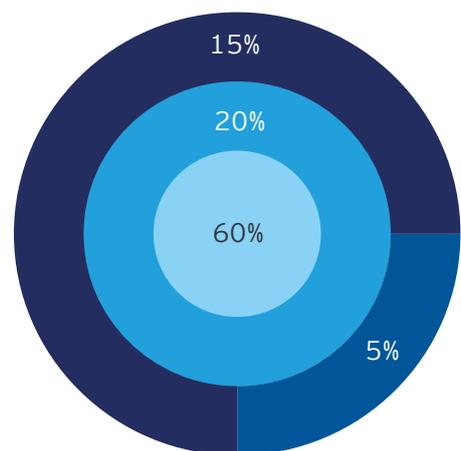
Strengthening the core

- ▶ Radio companies will continue to strengthen their core of music curation (including use of AI and ML technologies to determine playlists), creating music event IPs across different languages and building their brands using stationality and creative audio content
- ▶ We expect that radio brands will differentiate more from digital audio services through building out strong entertainment, news and information-related products
- ▶ The core will continue to be key for the radio segment even in 2023, garnering an estimated 60 percent of total revenues

(R)audio companies



Revenue composition 2023



Extending the core: (R)audio

- ▶ Radio will (and in many cases has already begun to) expand its core offering on alternate media platforms and in the services business
- ▶ On alternate media platforms, we expect radio companies to work towards:
 - ▶ Using their creative capabilities to build audio and video content for digital, television and other media (including podcasts)
 - ▶ Enabling direct-to-customer engagement through gamification of content (contests, play-along games, etc.) thereby generating audience data and consumer data for brands
 - ▶ Extending their brands into online gaming
 - ▶ Creating diverse utility content for their communities
- ▶ We also expect radio companies to move increasingly into the services business, some areas of which are mentioned below:
 - ▶ Influencer marketing using music talent and their own RJs
 - ▶ Audio and video content production for brands
 - ▶ Creating and sourcing hyperlocal content
 - ▶ Curating music content for other platforms, events, retail spaces, etc.

Media solutions

- ▶ Using their creative genes and relationships with the retail and regional SME advertiser base, radio companies can develop concepts and solutions for brands and provide media related services for brands to implement and measure return on investment
- ▶ Solutions would be city-level creative concepts amplified through local media vehicles, digital integration, events, activations and gamification
- ▶ In addition, radio can build communities for clients wishing for cost-effective D2C relationships

New media

- ▶ Online radio will find its feet with a workable model for licensing and one which is based on native and non-intrusive ad formats
- ▶ Radio companies will build-out new audio experiences using technology such as AR, VR, audio gaming, live audio collaboration, crowd-sourced compositions, tune generators, etc.

Skillsets required

All this will require a new set of capabilities and a new way of looking at the operating structure of the business. We believe some key capabilities required by the radio company of the future include:

Radio company of the future

Front office 'Monetize'

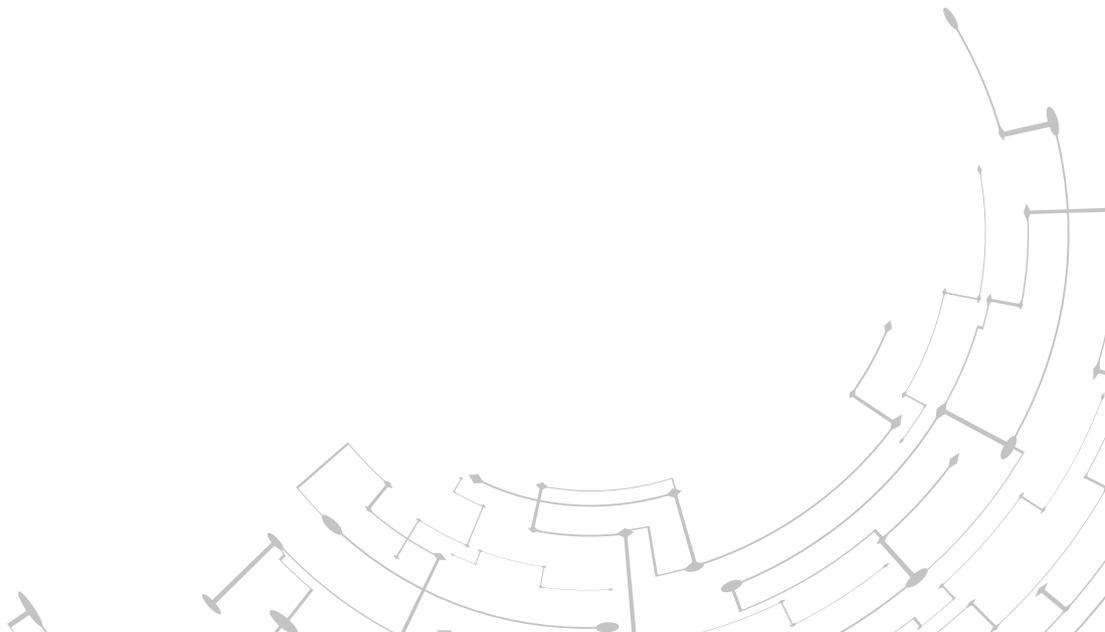
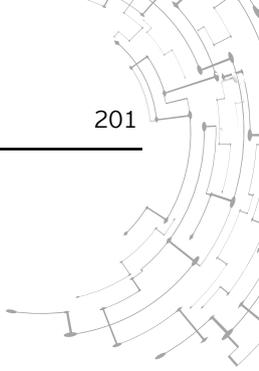
- ▶ **Advertiser monetization**
 - ▶ Ad sales
 - ▶ Solution sales
 - ▶ IP monetization
 - ▶ Influencer marketing
- ▶ **Customer monetization**
 - ▶ Direct to customer
 - ▶ Community management
 - ▶ Online gaming and interactivity
- ▶ **Content monetization**
 - ▶ Syndication
 - ▶ Content sales
 - ▶ Curation services sales

Mid office 'Create'

- ▶ **Content operations**
 - ▶ Ideation / concept creation
 - ▶ Programming and scheduling
 - ▶ Content production
 - ▶ RJ management
 - ▶ Influencer management
 - ▶ Community content sourcing
- ▶ **Customer experience**
 - ▶ Measurement and insights
 - ▶ Audio tech innovation
 - ▶ Platform operations

Back office 'Support'

- ▶ **Media operations**
 - ▶ Media planning
 - ▶ Media buying
 - ▶ Sales support and processing
 - ▶ Billing and collection
- ▶ **Other support functions**
 - ▶ Procurement and payment
 - ▶ Royalty management
 - ▶ Regulatory compliance
 - ▶ Accounting & MIS
 - ▶ IT



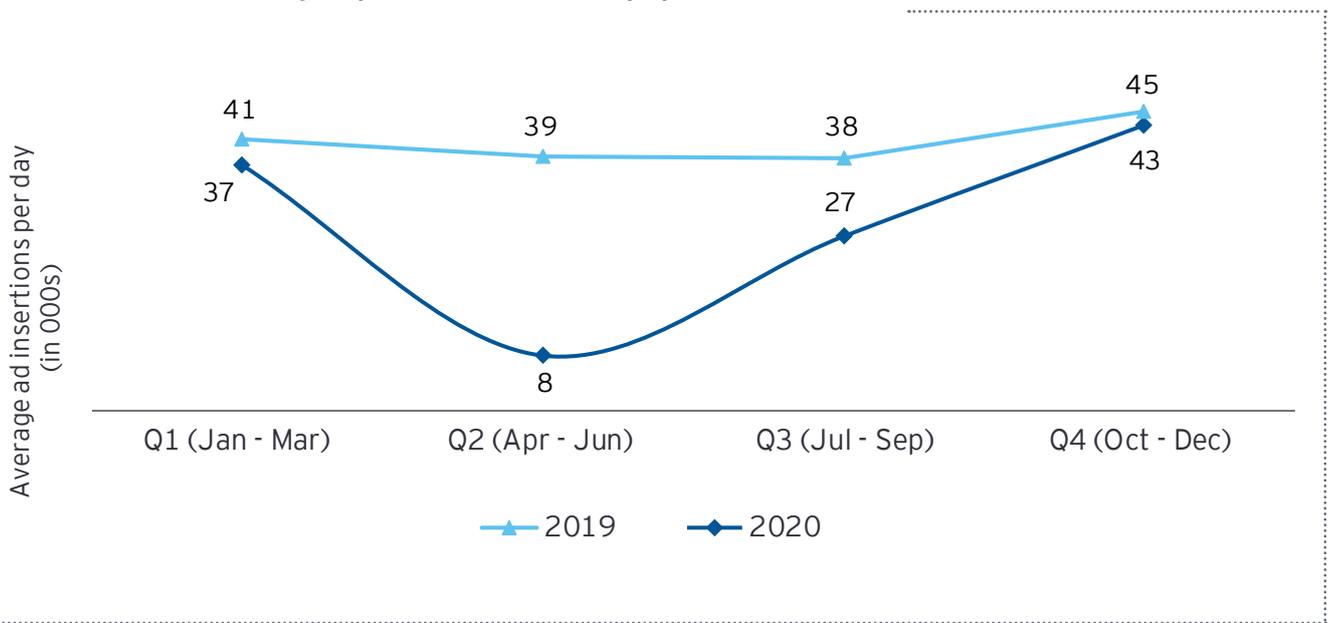
India radio trendbook

Powered by TAM AdEX

(A division of TAM Media Research) in association with RCS India

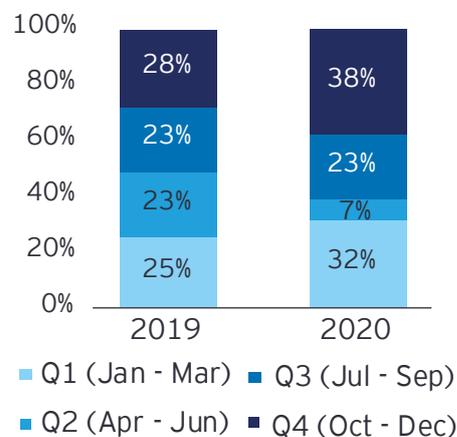
Radio ad volumes fell 27% in 2020

Volumes had largely recovered by year-end



Radio generated 61% of ad volumes in the **second half** of 2020

In 2019, it had generated 51% in the second half

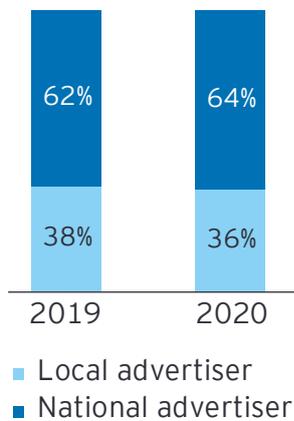


More than **400 categories** and **8,500 advertisers** used radio in 2020

	2019	2020
Categories	419	417
Advertisers	9,823	8,588
Brands	12,825	10,685

The **life insurance** category broke into the top 5

Top 5 categories	Rank	
	2019	2020
Properties/real estates	1	1
Cars	2	2
Life insurance	10	3
Hospital/clinics	6	4
Retail outlets-jewellers	5	5

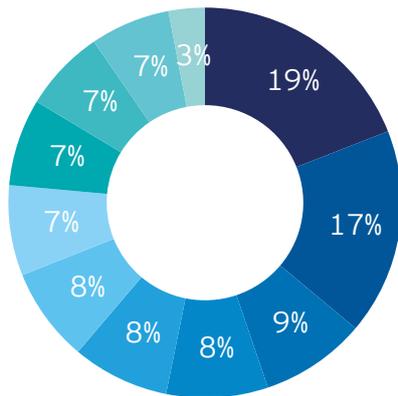


National advertisers contributed 64% to total ad volumes as retail advertisers held back

UP, MP and Rajasthan improved their volume rank significantly

Top 5 states contributed 61% of ad volumes

- Gujarat (19%)
- Maharashtra
- Tamil Nadu
- Uttar Pradesh
- Madhya Pradesh
- Rajasthan
- Delhi
- Andhra Pradesh
- Karnataka
- West Bengal
- Kerala

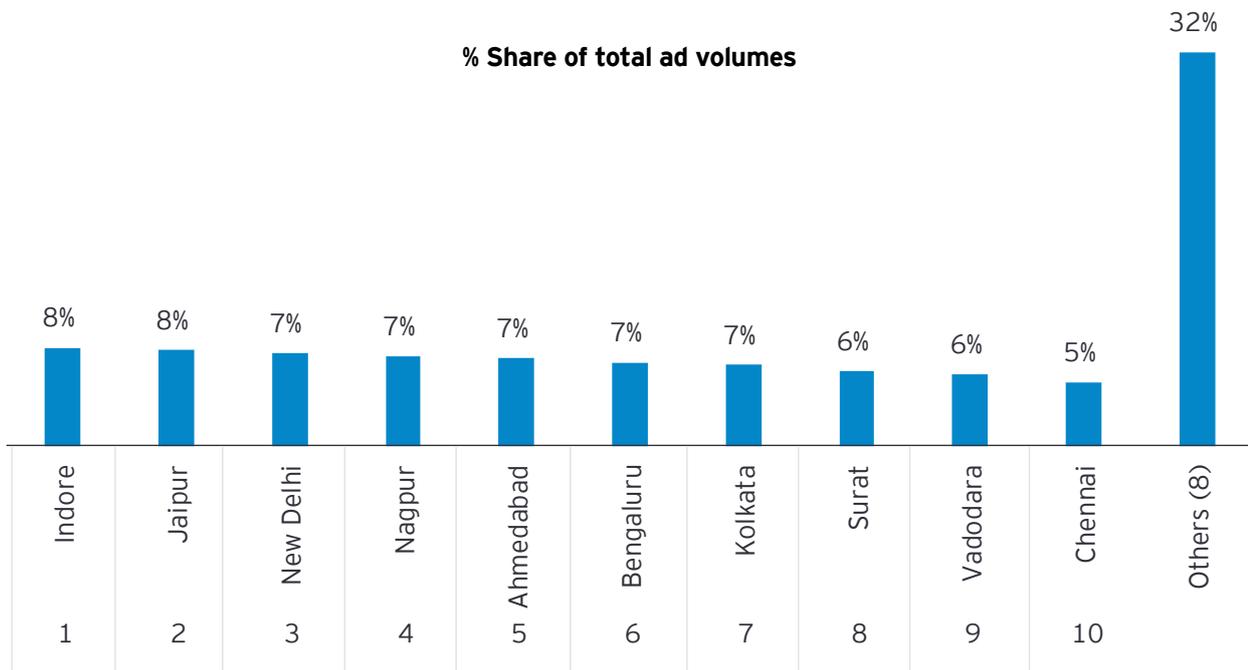


States	Rank by volume	
	2019	2020
Gujarat	2	1
Maharashtra	1	2
Tamil Nadu	3	3
Uttar Pradesh	8	4
Madhya Pradesh	9	5
Rajasthan	10	6
Delhi	4	7
Andhra Pradesh	7	8
Karnataka	5	9
West Bengal	6	10
Kerala	11	11

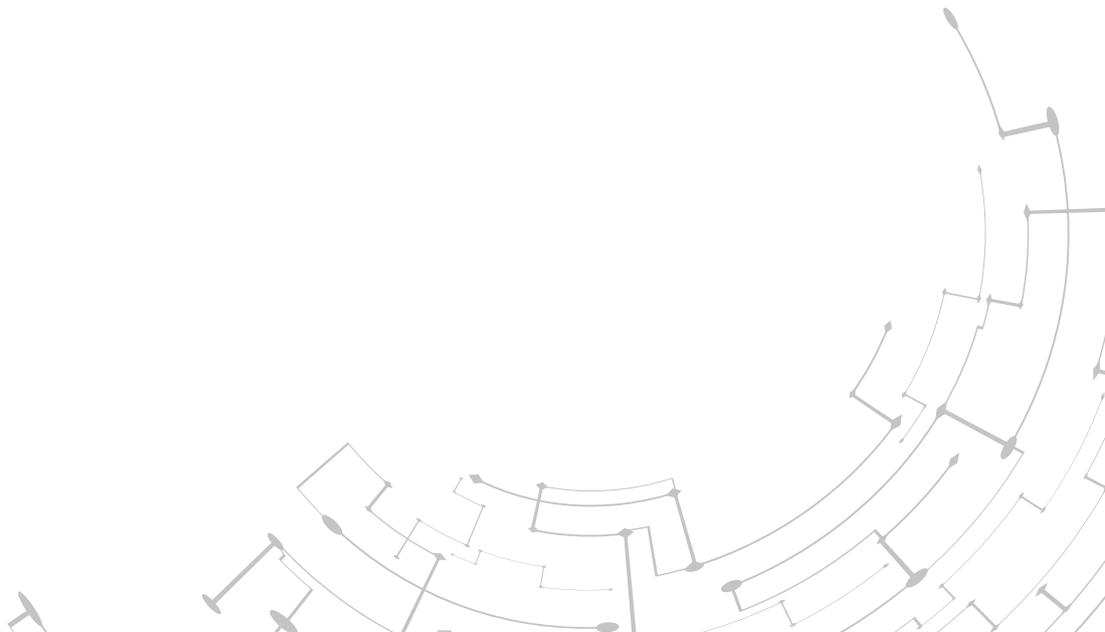
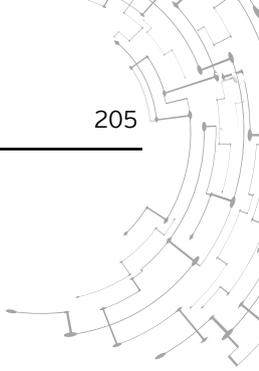
Indore and Jaipur overtook all the large metros; Mumbai was no longer in the top 10

68% of ad volumes were driven by the top 10 cities

% Share of total ad volumes



Rank by volume



Expert speak



Nisha Narayan
COO & Director
RED FM and Magic FM

How so ever much the doomsayers may predict, I don't think radio is going to die out. The audio space is emerging very strongly. However, in the current scenario to become a more effective and stronger medium it needs to reinvent itself slightly and embrace digital in a big way. Audio plus Digital makes for a strong combination that has local strength and digital reach.



Rahul Namjoshi
COO
My FM

For Radio, tier 2 & 3 markets have already shown promising growth since the 3rd quarter of FY 20-21 and we are certain the same trend will be observed in FY 21-22.



Prashant Panday
Managing Director & CEO
Entertainment Network (India) Ltd.

FM broadcasters are morphing and becoming Radio+++. They are creating solutions and products for advertisers and listeners that include digital, on-ground, videos, social media, podcasts and much more!



Ashit Kukian

CEO

Radio City

In the new normal, radio will play a dual role, one as a responsible media to disseminate critical information and also as a catalyst for brands to communicate their message to consumers in the most positive manner. RJ Influencers will have a key role in this digitally savvy world which will be a win-win for both brands and radio.

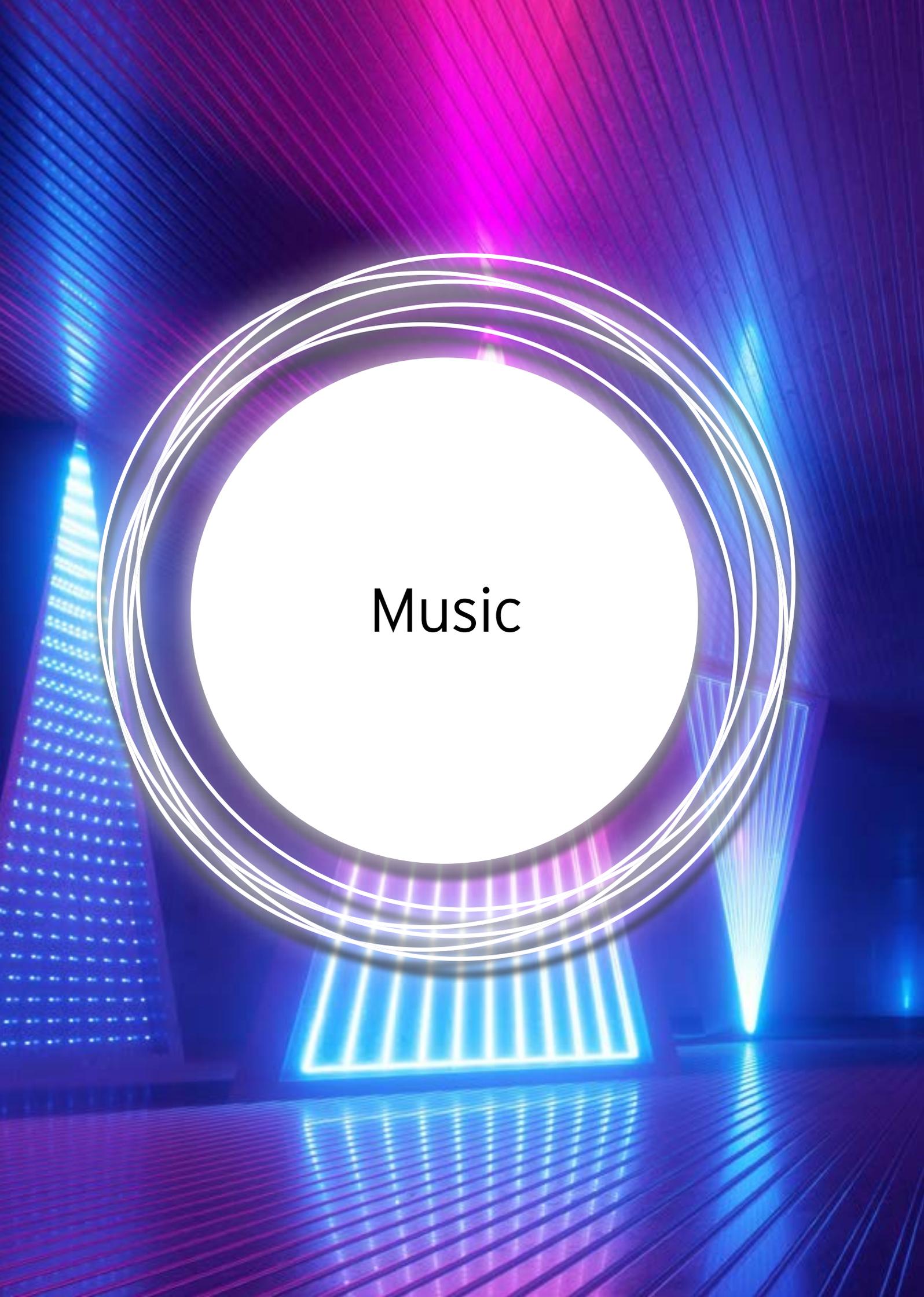


Abraham Thomas

CEO

Reliance Broadcast Network Ltd.

As consumer tastes are fast evolving from familiar music to discovery of new music, from live talk to podcasts, audio stories and audio dramas, from national content to local and hyper local content, FM radio owing to its power of local influence, easy accessibility and relatability, will dominate the realm of audio entertainment in the coming years.

The image features a futuristic, glowing environment with a large white circle in the center. The word "Music" is written in a bold, black, sans-serif font within the circle. The background is a dark, textured surface with a grid of glowing blue and purple lines, creating a sense of depth and movement. The overall aesthetic is modern and digital.

Music

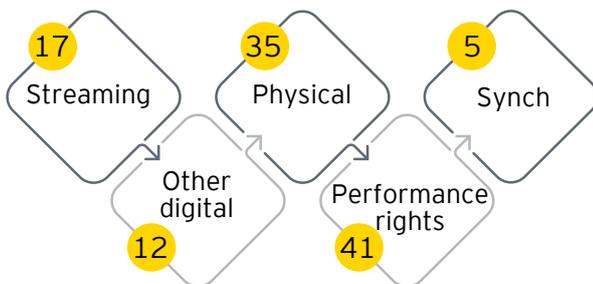


Music segment remained stable in 2020¹

2018	2019	2020	2021E	2023E
14.2	15.3	15.3	17.7	23.2

INR billion (gross of taxes) | EY analysis

- ▶ The Indian music segment remained at INR15.3 billion in 2020²
- ▶ It is expected to grow at a CAGR of 15% to reach INR23.2 billion by 2023, on the back of increasing digital revenues and recovery of performance rights⁴
- ▶ Growth at the music label level was around 5%, primarily due to increase in digital licensing revenues³
- ▶ Performance rights witnessed a decline of around 67% due to country-wide lockdowns resulting in restrictions on outdoor activities⁵
- ▶ Physical sales saw a further decline of 75%⁶ as the medium continued to lose its relevance, except for products like Carvaan, the values of which are not considered in this sector report



India's ranking by revenue, IFPI Global Music Report 2020

Music consumption

Indian consumers spent 21.5 hours/week listening to music⁷

- ▶ India's average of 21.5 hours/week is higher than the global average of 17.8 hours/week
- ▶ Despite restrictions on commuting, during which many Indians listen to music, there was an increase in time spent on streaming apps⁸, on account of new listening habits during other activities
- ▶ Industry leaders estimated a 53% increase in music consumption during leisure and 25% increase during fitness activities in 2020⁹
- ▶ Average monthly stream count was over 10 billion streams in first half of 2020 and crossed 11 billion streams per month during lockdown¹⁰
- ▶ Paid consumers on streaming apps increased by 15% post COVID-19¹¹

Regional music and independent artists found their voice

- ▶ With decline in film music, independent artists increased their reach and share in the top 100 published songs; non-film songs in the top 100 charts rose to 65% from 40% in 2019¹²
- ▶ Many artists used virtual events to stay connected with their fans
- ▶ Consumption of Bhojpuri music grew four times over the last year whereas Haryanvi, Bengali and Odiya music witnessed 2.5x growth from last year¹³
- ▶ 39% of all streams were generated by regional language music, which was a 33% growth from 2019¹⁴

1. EY estimates based on industry discussions
2. EY estimates
3. EY estimates based on industry discussions
4. Industry discussions
5. EY estimates and PPL numbers
6. Industry discussions
7. <https://inc42.com/resources/spotify-grooves-to-indias-tune/>
8. IMI's Vision 2025 Report 2020
9. <https://www.investindia.gov.in/team-india-blogs/back-growth-interview-blaise-fernandes-ceo-and-president-indian-music-industry-imi>

10. Industry discussions
11. IMI's Vision 2025 Report 2020, industry discussions
12. <https://www.livemint.com/news/india/audio-streaming-grows-40-in-india-in-2020-11608022882735.html>
13. <https://www.firstpost.com/entertainment/all-about-music-2020-insights-into-indias-growing-indie-scene-at-countrys-largest-music-convention-8768941.html>
14. <https://www.livemint.com/news/india/audio-streaming-grows-40-in-india-in-2020-11608022882735.html>

Top five music channels on YouTube

Rank	Subscribers		Video views	
	Label	Million	Label	Billion
1	T-Series	172.3	T-Series	143.7
2	Zee Music	68.8	Zee Music	34.4
3	Shemaroo	48.4	Wave Music	29.3
4	Sony Music	41.9	Shemaroo	23.0
5	Wave Music	41.9	YRF	21.0

www.channelcrawler.com, www.YouTube.com

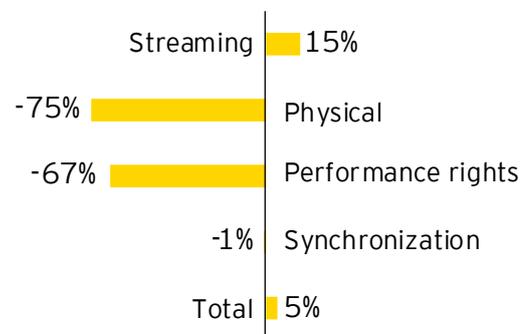
Music monetization

Audio streaming grew 15%

- ▶ Growth in audio streaming was driven by a 13%¹⁵ increase in broadband penetration in 2020, a smartphone base which grew to over 450 million¹⁶ and a significant conversion of 2G and 3G connections to 4G connections
- ▶ With the influx of domestic and international players in the audio OTT space, demand being driven by inexpensive data and increased smartphone penetration, digital music contributed around 90% of total revenue for both labels and at end customer value¹⁷
- ▶ Streaming apps have a base of approximately 200 million active monthly users, but the paid subscriber base is still around 2 million¹⁸

Revenue for music labels increased 5%

% change 2020 vs 2019



IFPI Global Music Report 2020

- ▶ Revenues at a label level increased from INR 13.4 billion in 2019 to INR 14.1 billion in 2020
- ▶ Share of revenues attributable to digital crossed 90%

15. TRAI

16. Analysys Mason, eMarketer, EY estimates

17. <https://inc42.com/resources/spotify-grooves-to-indias-tune/>

18. Industry discussions Comscore

Carvaan brought life into the physical music segment¹⁹

- ▶ Carvaan, an audio player with pre-loaded songs and other features like USB and FM radio, has nearly touched sales of 3 million units (including all variants) since its launch in 2017²⁰ and sold over 308,000 units in 2020²¹; it has led to the launch of other products including devotional music physical players by Shemaroo Entertainment and Acoosta by Sony Music
- ▶ The revenues from these sales have not been included in the sizing of the music segment, which approximate INR388 million²² in 2020
- ▶ The contribution of physical sales, net of Carvaan and similar products, reduced to 1% of label revenues in 2020, which is a 40% decline from 2019

Piracy continued to plague the music segment²³

- ▶ Piracy in the music ecosystem remained at 67% in 2020 but is still higher than the global average of 27%
- ▶ China has succeeded in curtailing music piracy through innovations such as hiring and grooming artists and streaming sites directly working with them, resulting in 96% of consumers listening to licensed music²⁴

Growth of international music²⁵

- ▶ Korean pop (K-Pop) has seen growth of 350% on the Gaana app in 2020, with K-pop band BTS making it to the top five artists streamed in India on Spotify
- ▶ 60% of the top 10 albums on Spotify were by international artistes

19. Average of industry discussions

20. Discussions with Saregama and investor presentation report published by Saregama India Limited

21. https://r.saregama.com/resources/pdf/investor/investor_presentation_FY20_21_Q3.pdf

22. Conversion to sales amount considered at INR 6,000 per unit; 21% of total sales are considered under music revenue

23. IFPI IMI Digital Music Report 2020

24. <https://www.inkstonenews.com/tech/tencent-musics-ipo-reveals-how-chinese-music-streaming-makes-its-money/article/2177477>

25. <https://www.ibef.org/news/audio-streaming-grows-40-in-india-in-2020>

Future outlook

Paid subscriber base could cross 5 million by 2023²⁶

- ▶ So long as music is available for free on YouTube and other platforms, the music segment will find it difficult to increase paid OTT subscribers
- ▶ We expect paid music OTT subscribers to cross 5 million by 2023 and generate revenues of INR1.8 billion
- ▶ We expect the average revenue per paid subscriber to stabilize at INR1 per day in India by 2023

Bundled music for the smart TV

- ▶ Given that the smart TV base is expected to touch 40 million homes by 2025²⁷, there is an opportunity to create curated experiences for music in the home
- ▶ This could be through partnerships with television OEMs, apps, aggregators, etc.

OTT-driven music

- ▶ India always prefers to watch its music and as OTT content volumes will cross 3,000 hours by 2023, the music they use in their content will begin to garner a larger share of listenership

The growing sync opportunity

- ▶ There is an opportunity to increase the synchronization revenue for music labels due to emergence of numerous short form content creation platforms post the TikTok ban including gaming platforms, online event platforms

Exclusive audio

- ▶ With the growth of platforms, the need to differentiate will continue to increase, giving rise to the need for varied and exclusive content
- ▶ This provides an opportunity for music labels to build a portfolio of exclusive variants and non-music content

26. EY estimates

27. EY estimates

Expert speak



Vikram Mehra
Managing Director
SaReGaMa

With the growing digitisation in the country, cooperative relationship between artistes and labels and Govt's proactive work on fixing intermediary liabilities, we believe that Indian Music Industry is set to achieve it's rightful place in the Sun.



Blaise Fernandes
President & CEO
Indian Music Industry

After a gap of 4 years , the recorded industry is down to a low single digit growth rate due to the pandemic . The only silver lining, the time spent on music streaming is up 40%. Considering that there was no commute time due to the lockdown, it shows the therapeutic use of music is invaluable . Also a few soundtracks broke out and become very popular from OTT shows – is this the beginning of a new trend? Time will tell.



Devraj Sanyal
Managing Director & CEO
Universal Music Group, India
& South Asia

The next phase of music in our industry is now firmly here and it mirrors what's been a global phenomenon for ages now. Music from singer songwriters across various genres of pop, rock, dance and Hiphop now seriously rival film music and will be the overriding trend for the future.





Sports

Compiled by GroupM ESP



2020 - A googly from the pandemic

The COVID-19 scourge impacted all sectors, as social distancing was deemed necessary to curb the contagion. Sporting events could not be held, leading to action on the field coming to a grinding halt in March, impacting the entire ecosystem of athletes, governing bodies, fans, and broadcasters.

For the first time since World War II, the Olympic Games were postponed. Among the other high-profile events that could not be held in 2020 were the Euro Football Championships and Wimbledon, the world's premier tennis tournament. For the Indian sports fan, while the ICC Men's T20 World Cup tournament was a big miss, many sporting leagues also did not see action.

Every cloud has a silver lining. As the year unfolded, it was possible to get games going, albeit with many restrictions being imposed. Even though many leagues could not be held in India, we were eventually able to see action in the two most popular ones. The nation's foremost cricket league, Indian Premier League (IPL) was kicked off in September in the UAE under the new set of circumstances; the event was a big success from a cricketering as well as from a commercial perspective. The Indian Super League (ISL) was the first major league to be held in India post the pandemic; both these events were welcomed with open arms by fans. Similarly, global sports saw many events being held in 2020 itself with altered schedules.

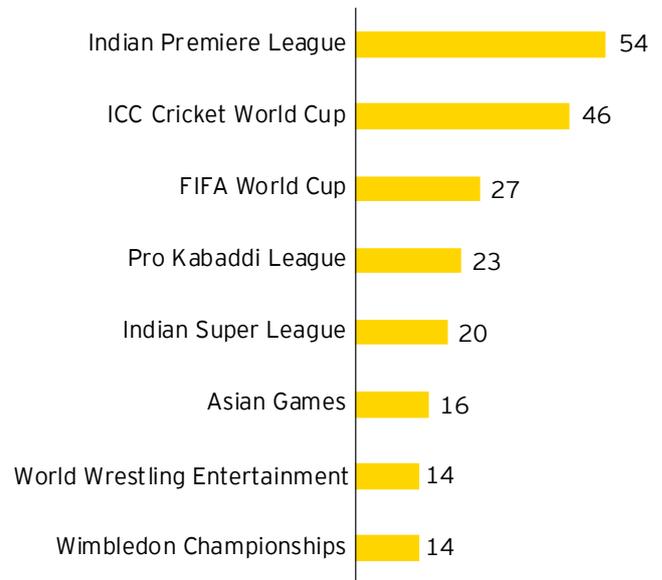
We are in an era in which the influence of media on sports is huge; while fans could not come to the grounds to see their favorite stars in action, a far higher number of them followed games on visual media. The pandemic paved the way for fast-tracking of many tech-enabled innovations that are aimed at enhancing the fan experience while they watched the games through their devices.

With no live sports action and a dearth of fresh entertainment content on media, one activity that gained traction was in the area of online gaming, like many digitally enabled businesses. The Indian gaming and esports industry moved forward significantly in 2020 and the pandemic may have played the role of a catalyst in it. Thus, if we look back at the year, we see three phases - the pre-COVID excitement and anticipation, the struggles with the virus and then the return to action in the new normal way of doing things.

Shining stars in a difficult year

The sports seen most positively in India

Index values showing the level of positive attitudes towards sport leagues/events in India in 2020



Annual Averages
Source: YouGov India; Statista

While 2019 was a very good year for Indian athletes with many impressive performances on the world stage, the first quarter of 2020 witnessed a continuation of the same winning momentum, which looked like great signs in the year of Tokyo 2020 when:

- ▶ Sania Mirza, coming back to the court after a two-year hiatus, teamed up with her Ukrainian partner and won the Women's Doubles title at the Hobart International WTA event
- ▶ India's Women's tennis team entered the playoffs of the Billie Jean King Cup, the premier team event in women's tennis, with victories over South Korea, Chinese Taipei, Uzbekistan and Indonesia and will now take on Latvia in April 2021 for a place in the qualifying round for 2022
- ▶ Sumit Nagal won his opening round singles match at the US Open and impressed many, before losing out in the next round to the eventual title winner Dominic Thiem and in doing so, became the first Indian to win a singles match at a slam after Somdev Devvarman at the 2013 US Open
- ▶ Also making a good impression in men's singles was Prajnesh Gunneshwaran who had some impressive outings in the ATP Challenger Circuit

- ▶ The Indian men's hockey team, put in some inspiring performances in the FIH Pro League before the pandemic brought the event to a halt, defeating the Dutch team twice, and then winning and losing once each against World Champions Belgium and Australia
- ▶ Our pugilists put in a great show at the Asian Olympic Boxing Qualifiers in Amman with many of them booking their Tokyo spots. Inspired by the legendary MC Mary Kom who qualified for the 51kg category, the others who made it to the Olympics were Amit Panghal (53kg), Manish Kaushik (63kg), Vikas Krishnan (69kg), Ashish Kumar (75kg), Satish Kumar (91kg), Lovlina Borgohain (69kg), Simranjit Kaur (60kg) and Pooja Rani (75kg)
- ▶ India's wrestling contingent was not far behind, with Anshu Malik winning a silver medal at the individual World Cup in Belgrade (57kg) and medal-winning performances at the Matteo Pellicone Ranking Series (Rome) and the Asian Wrestling Championships (Delhi), raising hopes in an event in which we have started winning Olympic medals in recent years
- ▶ Ngangom Bala Devi, a key member of our women's football team, struck an 18-month deal with the high-profile Scottish League team Rangers FC - the first Indian woman to sign a professional contract of this magnitude
- ▶ 2020 was a good year for veteran paddler Sharath Kumar, who won the Oman Open Singles title at the age of 37 in March, ending a 10-year World Tour title drought for the table tennis champion

With the Tokyo Olympics just around the corner, these winning moments in different sporting events had raised hopes of a strong showing at the sporting spectacle in the Japanese capital. Now, with the Indian shooting team having already booked a serious presence at the Tokyo games, we can expect a very good performance at an overall level. Gone are the days when hockey was our only hope, when we used to be content with a medal or two; this time, we can expect more. Success at the Olympic Games plays a major role in driving aspiration in emerging sports in the country and 2021 could throw a few new role models for the young boys and girls in our country.

Cricketers showed grit in a year of away tours

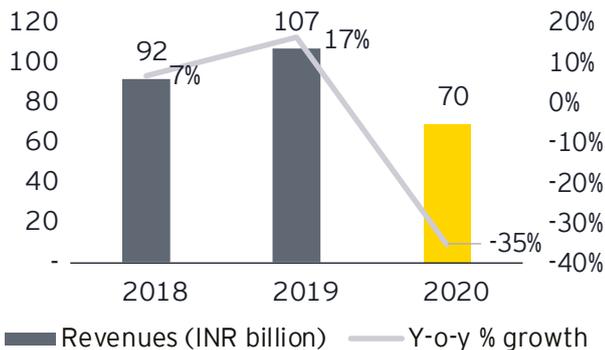
- ▶ The men's cricket team played 4 tests, 11 T20Is and 9 ODIs, winning 1, 10 and 3 matches in these formats respectively, including a 5-0 win over New Zealand in their country
- ▶ After international cricketing action was resumed as per revised norms and conditions, India visited Australia and while we lost the ODI series, the boys in blue bounced back strongly to win the T20 series and under the leadership of stand-in captain Ajinkya Rahane, beat all odds to win the Boxing Day test in Melbourne, proving that the Indian cricket team can never be written off
- ▶ The women's team led by Harmanpreet Kaur played 11 international matches in 2020, all T20Is, winning 8 of them and made the nation proud by reaching the final of the World T20 event in Melbourne, losing to the hosts in a highly anticipated encounter
- ▶ The International Cricket Council recognized skipper Virat Kohli as the Cricketer of the Decade as well as the ODI Cricketer of the Decade, in addition to his predecessor MS Dhoni being given the ICC Spirit of Cricket award

Many sporting leagues and tournaments could not operate

- ▶ The ISL was the first league which resumed operations through use of a bio bubble in three venues in Goa – Fatorda, Bambolim and Vasco, followed by the IPL in the last quarter of the year in Abu Dhabi
- ▶ The Pro Kabaddi League (PKL) could not take place in 2020 as it was not deemed safe to conduct the indoor contact sport event under the circumstances
- ▶ Same was the case with the Premier Badminton League (PBL), the table tennis league Ultimate Table Tennis (UTT), Indo International Premier Kabaddi League, Pro Volleyball League, Pro Wrestling League, Big Bout Indian Boxing League and X1 Racing League
- ▶ Other than these leagues, many tournaments that were scheduled to be held in India, were also postponed like the Men's and Women's Indian Open Golf and the Indian Open Badminton, among others

Indian sports segment revenues de-grew 35%

Sports segment revenues and growth



GroupM ESP

- ▶ Despite live sports being curtailed for over six months of 2020, the segment witnessed only a 35% fall in revenues. This number considers revenue from ground sponsorship, team sponsorship and franchise fee, athlete endorsements and media spends
- ▶ 62% of total revenues came from media rights, up from 57% in 2019 while the largest falls were seen in ground sponsorships and franchise fees
- ▶ Cricket comprised 87% of segment revenues led by the IPL being the largest event post easing of lockdown restrictions, up from 80% in 2019

Media spends comprised 62% of the segment's revenues

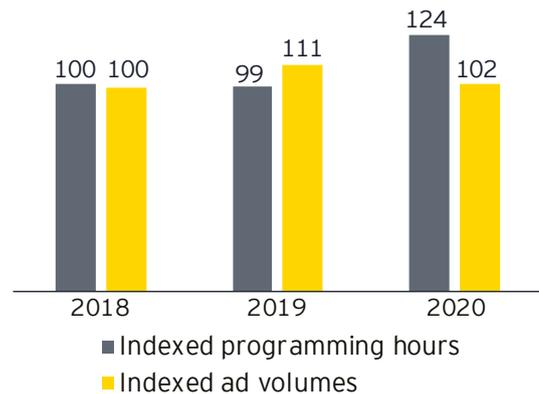
	2018	2019	2020
Media spends	52.3	61.7	43.2
Ground sponsorship	18.9	23.7	10.0
Team sponsorship	10.5	11.0	7.7
Endorsement	5.7	6.4	6.6
Franchise	4.1	4.7	2.0
Total	91.5	107.5	69.5

INR in billion (gross of taxes) | GroupM ESP

- ▶ Media spends fell 30% due to lack of sporting events, but larger falls were seen in ground sponsorship and franchisee revenues of above 50% each
- ▶ Endorsement revenues, however, did grow by 4%

Ad volumes on sports channels fell 8% over 2019

Sports advertising volume growth



TAM AdEX | Only ads in commercial breaks included.

- ▶ Sports programming hours grew 25% over 2019, mainly on non-live and repackaged content
- ▶ Ad volumes fell 8% over 2019

Media spends gravitated towards television

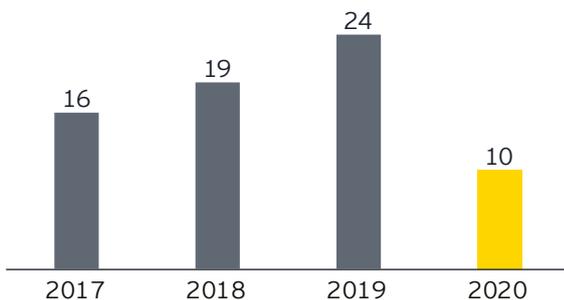
	2018	2019	2020	Growth
TV	44.6	50.3	37.5	-25%
Digital	5.7	10.3	5.5	-46%
Print	2.1	1.1	0.1	-89%
Total	52.3	61.7	43.2	-30%

INR in billion (gross of taxes) | GroupM ESP

- ▶ Television share of total media spends increased from 82% in 2019 to 87% in 2020
- ▶ Share of digital declined by almost half while print lost the most

Ground sponsorships were impacted

Value of ground sponsorships



INR in billion (gross of taxes) | GroupM ESP

- ▶ The total ground sponsorship revenue across all sporting activities was INR10 billion due to overall softness in the advertising market and pull out by key sponsors due to national issues
- ▶ Cricket delivered revenues of INR68 million of the above and now comprises 68% of on-ground revenues, up from 50% in 2017

Brand endorsements continued to be dominated by cricket

	2019	2020
Cricket	5.4	6.0
Emerging sports	1.0	0.6
Total	6.4	6.6

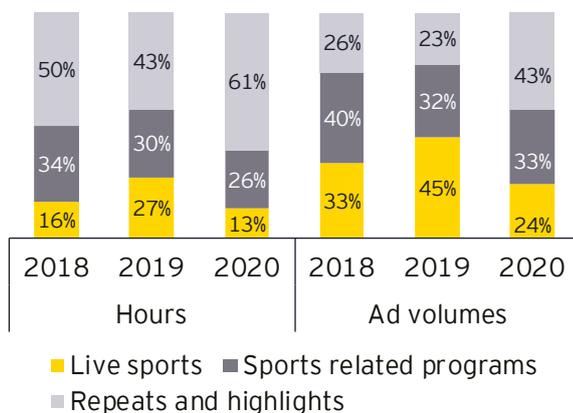
INR in billion (gross of taxes) | ESP properties

- ▶ 91% of brand endorsements pertained to cricket, up from 85% in 2019

Broadcast and consumption trends

Share of non-live sports hours increased

Ad volumes generated by programming type



TAM AdEX | Only ads in commercial breaks included

- ▶ Just 13% of content broadcast was live which is a fall of over 50% compared to the prior year
- ▶ However, it generated 24% of advertising volumes
- ▶ Paucity of live content resulted in a sharp increase in the broadcast of repeats and highlights to 61% from 43% in the prior year

IPL Season 13 improved on Season 12

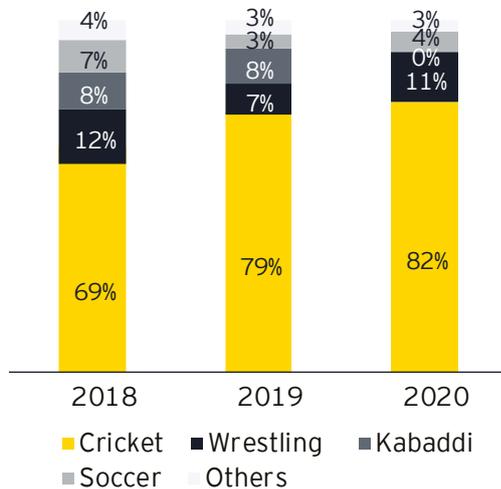
	IPL 12	IPL 13
Number of matches played	60 Matches	60 Matches
Commercial ad volume	109 Hrs	112 Hrs
Instadia ad volume	464 Hrs	497 Hrs
Count of unique brands instadia	133	110

TAM AdEX | Commercial ad volumes of Star Sports 1 Hindi and English

- ▶ The IPL broadcast on the Star Network was welcomed with joy by the Indian cricket fans who were deprived of cricketing action from their favorite stars
- ▶ BARC India viewership data indicated that the tournament had a cumulative reach of 405 million viewers, which is almost half of the total TV universe of 836 million
- ▶ No other broadcasting property in India ever had as much viewing time as the 13th edition of India's top sporting league
- ▶ In fact, some of the matches had viewership levels that were of the scale of some of the pay per view matches in European football
- ▶ Among the many firsts at IPL 2020, were:
 - ▶ digital fan walls that were put up in every game, even in the commentary box, which helped in enabling many fans to connect with the game and create a community viewing feel similar to a stadium
 - ▶ augmented reality graphics that give impactful visuals
 - ▶ LED walls
 - ▶ pre-recorded fan cheer audio score
 - ▶ pre-recorded cheerleader videos
 - ▶ a partnership with bookmyshow.com to provide virtual match tickets through which selected fans became part of live streaming of the match
 - ▶ on Disney+Hotstar, fans could join a virtual community where they could use interactive emoji streams
 - ▶ teams used virtual meet and greet with players and other video conferencing techniques to keep fans engaged

Cricket ruled TV ratings

Television viewership by sport

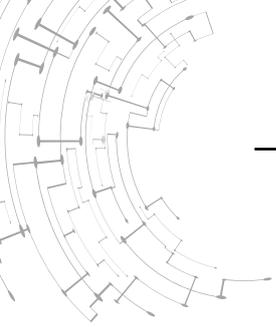


BARC | Share of viewing minutes

- ▶ IPL Season 13 towards the end of 2020 led to an increase in viewing minutes for the cricket genre to 82%
- ▶ The overall viewership share of sports, however fell from 3% in 2019 to 2% in 2020 due to the reduction in live sports broadcast
- ▶ The PKL could not be held in 2020

Esports unlocked value in the lockdown phase

- ▶ The past 10 years have seen a 14x surge in the number of online gamers, which now stands in excess of 250 million; increasing smartphone penetration along with better reach and quality of internet have made India one of the top five gaming markets in the world, accounting for 13% of global gaming app downloads
- ▶ In 2020, mobile gamers accounted for around 81% of the gamer universe in the country
- ▶ During the lockdown days, gaming turned out to be the ideal booster for the spirits, while there was shortage of fresh content on TV and OTT media – there was 11% increase in users per week in April and the time spent per user increased by 21%
- ▶ The critical mass gained by esports in 2020 has come on the back of steady rise in the number of tournaments, gamers and sponsorship monies over the past few years
- ▶ With esports being a competitive sport at the 2022 Asian Games, around US\$35.8 million is the level of funding raised in this space over the past five years and with revenues of US\$68 million, India now accounts for 9.8% of the global market
- ▶ PUBG Mobile World League 2020 was the most popular event in India, with 449k peak viewers of which 36% streamed PUBG in Hindi
- ▶ Top console games in India included FIFA19, Street Fighter and Smash Bros
- ▶ Leading PC games were PUBG, CS:GO, DOTA2 and Fortnite
- ▶ Mobile games were driven by Battlegrounds, ClashRoyale, Freefire and others
- ▶ 2020 saw lots of action in terms of strategic partnerships:
 - ▶ in May, Nodwin Gaming tied up with Airtel to launch Airtel India Esports Tour, a first of its kind concept
 - ▶ a Teamfight Tactics tournament is also on the cards, thanks to a joint initiative between Paytm First Games and Riot Games
 - ▶ RedBull is a brand that owns multiple touch points in the esports value chain; they achieve this through marquee associations with a strategy that combines sponsorship of top players, hosting of events, content creation and partnership with clubs and Loco is their platform of choice for many of their esports properties



- ▶ in a move that could facilitate sponsorship deals, Baseline Ventures are marking their entry into this space through an alliance with MARCOS Gaming
- ▶ Dream Sports, the parent company of Dream 11, has acquired the Indian esports tech company SoStronk that operates CS:GO servers in India
- ▶ With an eye on the future, there is a need to manage some of the challenges:
 - ▶ from an efficiency perspective, device inconsistency is a major issue, something which can be addressed by sponsor-provided phones
 - ▶ tournaments could benefit by having third party organizers, especially in the area of elevating production value
 - ▶ players need to be able to market themselves better; given the low average player age, many of them are not able to leverage their skills into building a dedicated following
 - ▶ brands that are looking at the gaming ecosystem need to smartly navigate among the different integration opportunities, like in-game and programmatic advertising (game publishers), streaming integration and sponsorships (teams), endorsement and influencer activity (talent), live stream integration and sponsorship (tournament) and exclusive channel content (streaming platform)

Government as part of the ecosystem

- ▶ Phases like the 2020 lockdown could be a great opportunity for the government and media to come together to support events like national games and other grassroots events which act as breeding grounds for future Olympic champions
- ▶ The pandemic has shown us that the rate of recovery of sports as an industry is directly linked to the way the government and rights holders can rally together on matters like international travel restrictions, quarantine rules, etc. which could impact the sports industry
- ▶ The need for the hour is for government and sponsors to work together as public-private partnerships
- ▶ In post-COVID 2020, the Government of India had announced an incentive structure to provide financial support for 500 private academies, through the Khelo India Scheme over a four-year period
 - ▶ academies will be graded into categories based on the levels of the players trained there, the level of the coaches, the quality of the field of play, infrastructure to support the same and capability in the area of sports science
 - ▶ the 14 disciplines seen as priority for 2028 Olympics will be considered eligible for receiving support in the first phase itself
 - ▶ the scheme is expected to help the academies that are engaged in grooming talent from remote areas of the country

Future outlook

Towards official sports data

- ▶ The past couple of years have seen fantasy sports platforms investing more in major sports properties and 2020 saw Dream11 winning the title rights for the IPL
- ▶ There are over 30 fantasy sports platforms in India with different and innovative engagement models
- ▶ In order to safeguard consumer interest and ensure best practices, there is a need to have clear protocols on sports data management and monetary arrangements between governing bodies and the platforms, viz. a need for "official league data" to be procured from governing bodies and rights holders

Premium for category exclusivity

- ▶ Recent years have seen the emergence of many tech companies in the area of sports sponsorship in India which straddle several categories like e-commerce, banking, media and entertainment, education, etc.
- ▶ This makes matters tricky for the sports associations as the lines between different sponsor categories start getting thinner, making the promise of category exclusivity tricky
- ▶ Without clear visibility, the drive to block off unheard of business categories could push up the category exclusivity premium for the live sports industry

Problem of plenty and the subscription drive

- ▶ With many marquee events like Tokyo 2020 and Euro 2020 getting pushed to 2021 and closer home, with a T20 fiesta on the cards with the IPL and ICC T20 World Cup being held in India, there is a lot on the menu for sports fans
- ▶ The Indian sports fan will be forced to make choices in terms of what, when and how long to subscribe, which could lead to growth in subscription revenues across television and digital in 2021

More platforms will distribute sporting content

- ▶ Many online players started coming out with innovative content as the sporting world experienced a dearth in live sports content in the days of the lockdown, which led to the birth of properties like Jharkhand Premier League and Lanka Premier League
- ▶ It needs to be seen if the lower-tier cricket leagues will provide enough content affinity, same being the case with newer non-cricketing leagues too
- ▶ It is clear, however, that newer content platforms will certainly heat up the battle for media acquisition rights soon

Prize money and career opportunities in esports

- ▶ As we look forward to 2021, the esports ecosystem in India is reaching an inflection point and is getting ready for a giant leap
- ▶ At this stage, organizers need to focus on building career opportunities and in improving prize monies



Vinit Karnik
Business Head - GroupM ESP



Advertising in
2021 - turning
uncertainty into
opportunity

2020 was a watershed year for advertising spends

Medium	2019	2020	2021E	Recovery to pre COVID-19 levels
Television	320	251	304	2022
Print	206	122	152	2025+
Events	83	27	53	2023
OOH	39	16	22	2024
Radio	31	14	23	2024+
Cinema	8	2	5	2023
Total traditional	687	432	559	2023
Digital	191	191	234	N/A
Total	878	623	793	2023

INR billion (gross of taxes) | EY estimates

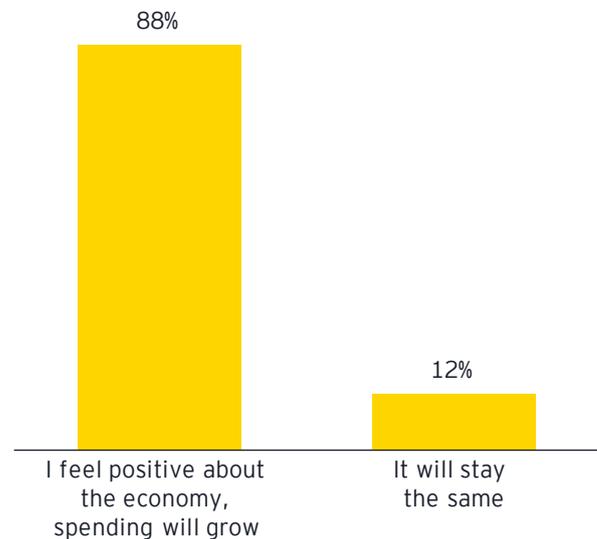
- ▶ Advertising and events spends and events saw a drop of 29% in 2020 - the highest one-year drop in the history of Indian advertising expenditure
- ▶ Traditional media de-grew 37%, while digital media remained flat on the back of many traditional advertisers investing in supporting increased online commerce channels they had implemented during the pandemic
- ▶ The value of advertising earned by e-commerce platforms is expected to have crossed INR 35 billion¹ the continued growth of which will depend on the efficacy of these channels post the impact of the coronavirus
- ▶ Ad volumes grew quarter-on-quarter post their fall in the second quarter, with the fourth quarter accounting for 38% of the entire year's ad volumes
- ▶ Print and radio, which had started to de-grow in single digits in 2019, continued to de-grow in 2020 as they lost some consumers due to reverse migration, cost cutting and changed habits, and though most of these will eventually return as the market continues to grow, some portion of the earlier base could be a permanent loss
- ▶ Both OOH and radio were impacted due to reduced mobility of consumers

1. Industry discussions; EY estimates

- ▶ The experiential industry - comprising events and cinemas - de-grew due to social-distancing norms, consumer and brand fear and lockdown guidelines
- ▶ We do, however, expect advertising to grow 27% in 2021 and regain its earlier level by 2023

However, marketers are optimistic about 2021

What is your view on consumer spends in your sector for the year 2021?

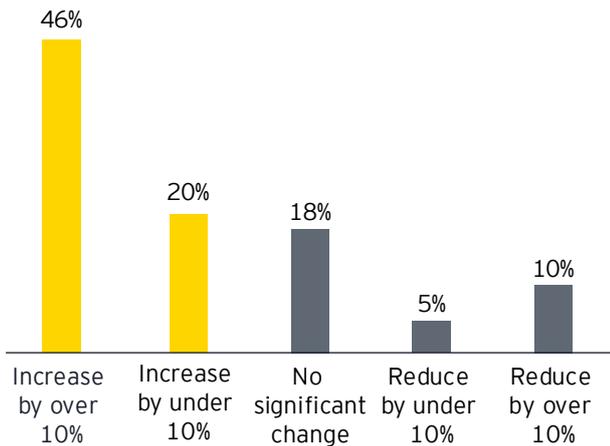


EY Marketer Survey 2020 | Percentage of total respondents

- ▶ 88% of marketers expected consumer spending to increase in 2021 and none expected it to decline when we surveyed them in January 2021

Consequently, the marketing community expects ad spends to grow

How do you expect your ad spends to grow over the next two years?

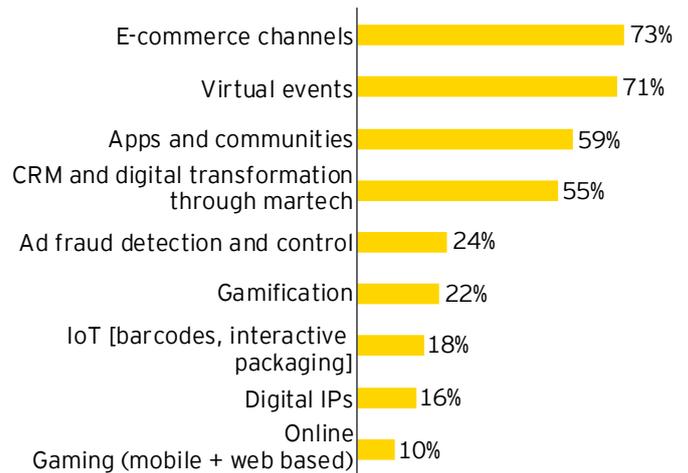


EY Marketer survey 2020 | Percentage of total respondents

- ▶ 66% of marketers expected that their ad spends would increase in 2021
- ▶ Ad spends should show a positive growth in 2021 on account of several factors including:
 - ▶ Key sporting events seeing the light of day in 2021 viz, IPL, Asia Cup, ICC T20 WC and the Olympics
 - ▶ Categories like e-commerce, edtech, fintech and hygiene turning bullish on the back of the growth they witnessed during COVID-19
 - ▶ Launches in the auto sector, the elections and the growth of OTT and mobile gaming
 - ▶ The vibrant SME sector recovering its ability to operate and manage supply chains

COVID-19 led to accelerated D2C initiatives in 2020

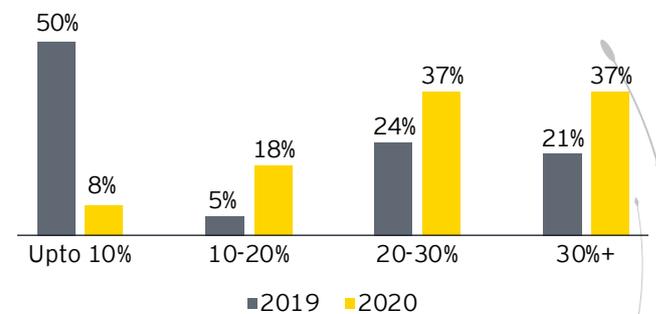
Which D2C initiatives were adopted by you in the light of the current pandemic?



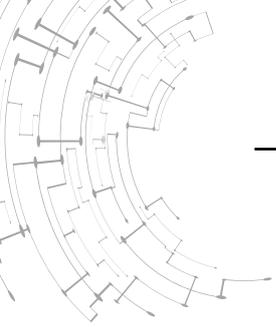
EY Marketer Survey 2020 | Percentage of total respondents

- ▶ Marketers accelerated implementation of their direct to customer (D2C) initiatives
- ▶ Most had enabled e-commerce channels during the lockdown and had begun spending to promote the same as well as experimented with online events, apps, communities and martech
- ▶ Consequently, 74% of the marketers we surveyed expected to spend over 20% of their spends on digital media – a sharp increase from 45% of marketers last year

Of your total advertising spend, what is likely to be your share on digital advertising?



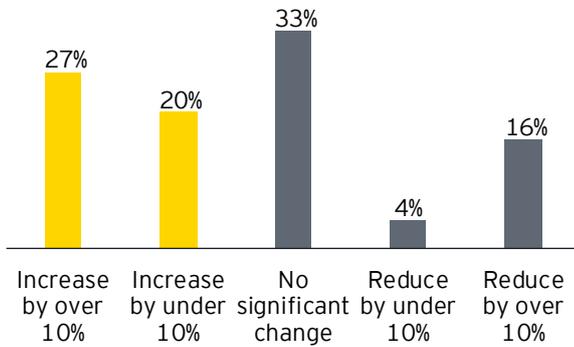
EY Marketer Survey 2020 & 2019 | Percentage of total respondents



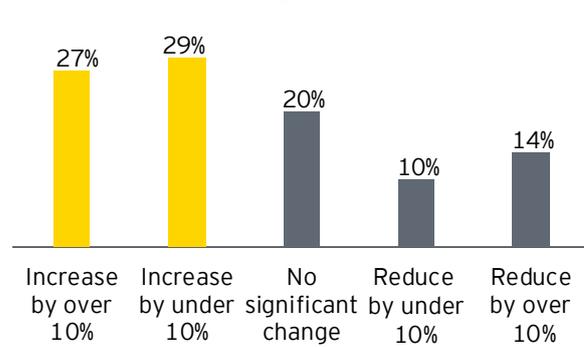
Marketers expected to resume spending on traditional media segments, too

How do you expect your spends to grow over the next two years?

Events and activations



Traditional advertising



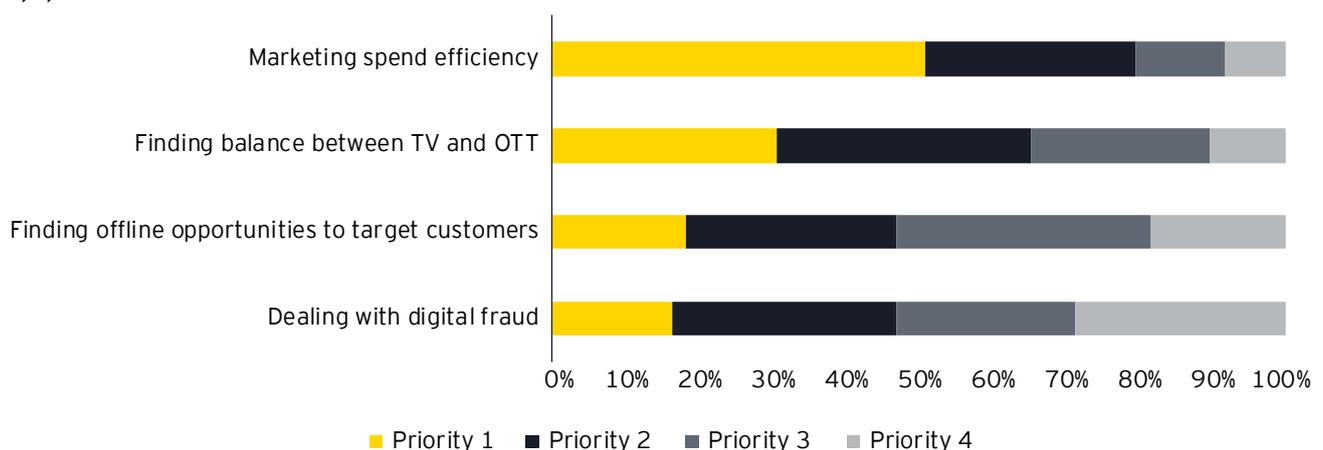
EY Marketer Survey 2020 | Percentage of total respondents

- ▶ 47% and 56% of marketers expected to increase spends on events and traditional media in the next two years
- ▶ Marketers expressed their need for a multi-media measurement mechanism
- ▶ They also expected their events and activation spends to include more digital elements surrounding the physical activity

2021 priorities and challenges for CMOs

Marketing spend efficiency will be the most important priority for CMOs

Top priorities for 2021

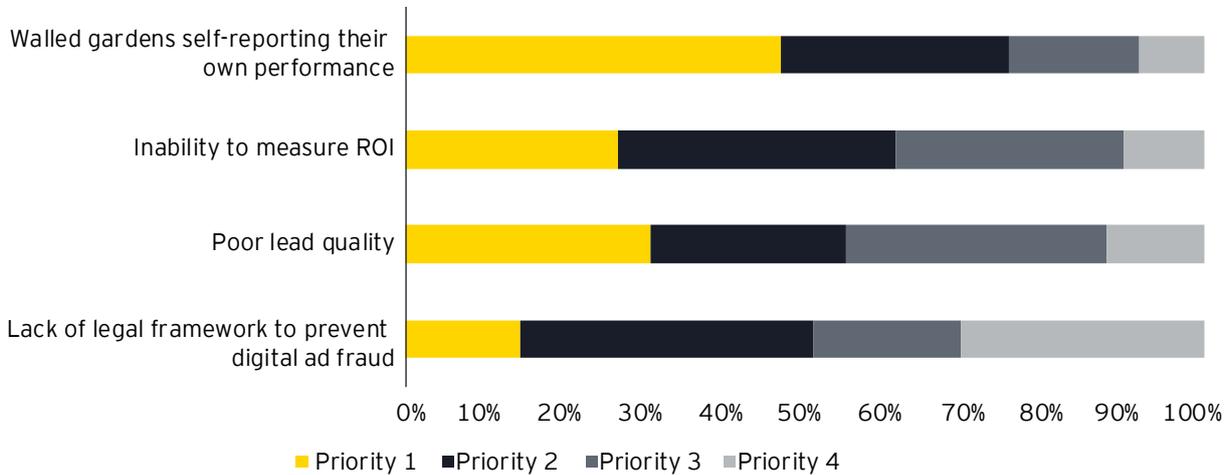


EY Marketer Survey 2020 | Percentage of total respondents

- ▶ 80% of respondents highlighted marketing spend efficiency as one of their top two priorities for 2021 given the impact of COVID-19 on marketing budgets
- ▶ Interestingly, 65% of respondents were still working towards finding a balance between television and OTT spends, with - given the growth of subscription OTT - print and OOH coming out as beneficiaries to reach affluent audiences
- ▶ Almost 50% of respondents were looking to revive offline engagement opportunities with their consumers

Lead quality made it into the top challenges for marketers in 2021

Rank in order of severity the changes you feel most challenged by in 2021

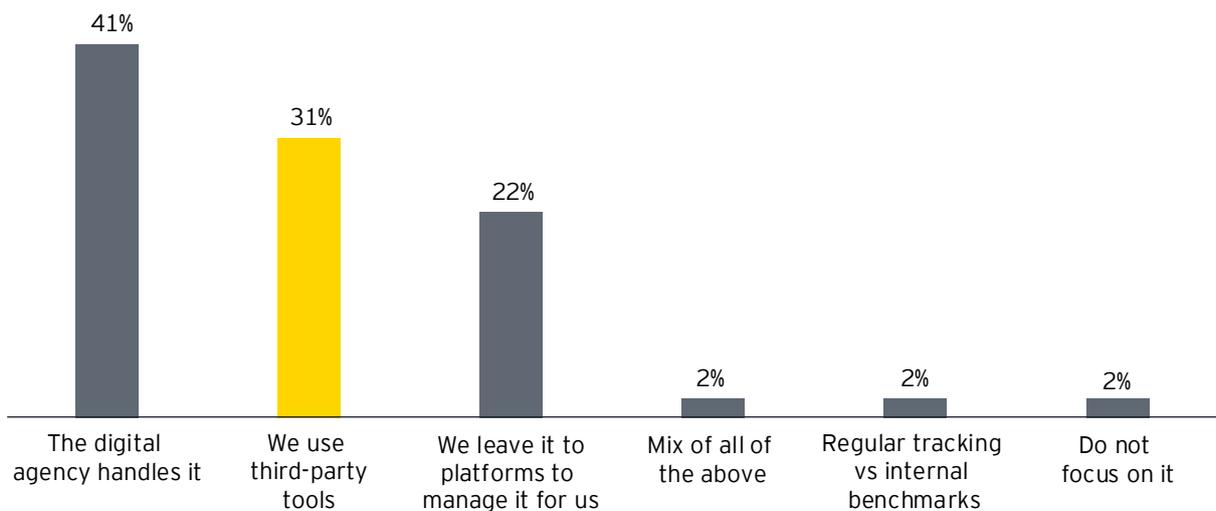


EY Marketer Survey 2020 | Percentage of total respondents

- ▶ The key challenge for marketers was self-reporting by walled gardens on ad performance, demonstrating a clear need for a layer of assurance on digital spends
- ▶ Marketers still find it difficult to measure ROI on platforms, especially when using multi-media plans, which makes a strong case for a common measurement metric to be implemented by the ad industry
- ▶ Evaluating lead quality before additional amounts are invested remains a problem and many marketers were still using a trial and error mechanism to evaluate the same across platforms, formats, etc.

Digital ad fraud remained an issue for most marketers

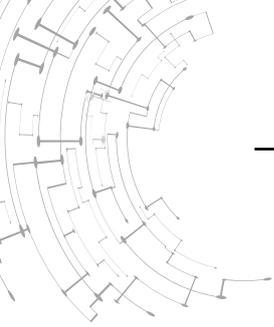
How are you currently managing digital ad-fraud?



EY Marketer survey 2020 | Percentage of total respondents

- ▶ 63% of respondents trusted their ad agencies or the platforms to manage ad fraud for them, but 31% of marketers used third-party tools to detect ad fraud
- ▶ The growth of digital advertising and awareness on ad fraud has led to Elimination Guidelines* as best practices

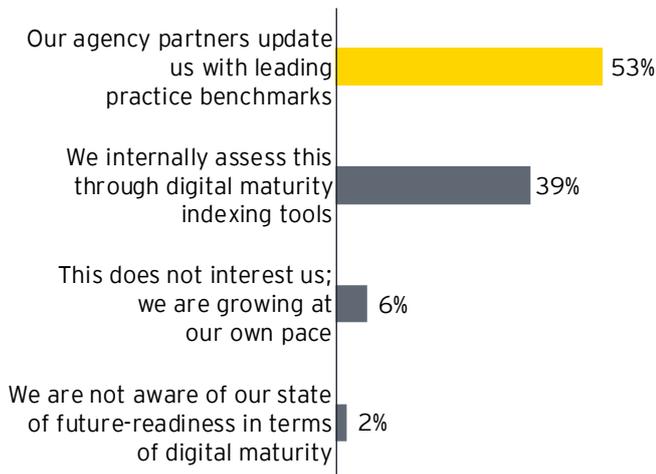
*Modern Marketing Reckoner 2020



- ▶ As per the **MMA mFilterIt** guidelines, advertisers, agencies and publishers can collaboratively work together to combat ad-fraud:
 - ▶ Conducting extensive due diligence of partners with deep data analysis
 - ▶ Encouraging systematic measurement of analytical metrics instead of thumbrule norms
 - ▶ Educating and spreading awareness across the ecosystem
 - ▶ Engaging with a neutral and independent media ad fraud detection tool
 - ▶ Upskilling marketer teams in understanding and monitoring ad fraud

Agencies played an important role in benchmarking advertisers' digital maturity

How does your organization assess the state of future-readiness in terms of digital maturity?

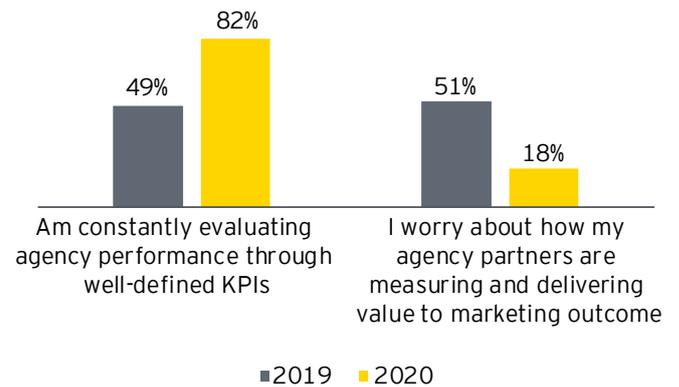


EY Marketer Survey 2020 | Percentage of total respondents

- ▶ 92% of respondents were actively monitoring their digital readiness, at a time when complex ecosystems are emerging across the business and marketing landscape
- ▶ 53% of respondents surveyed depended on their agency partners to update them on leading practices in their digital transformation journeys
- ▶ Given the multitude of partners, the transformation journey requires marketers to build capabilities and objective partnerships to evaluate and upgrade their digital maturity

Marketers have started to monitor their agencies through defined KPIs

Has your measurement of agency performance become more prevalent?



EY Marketer Survey 2020 | Percentage of respondents

- ▶ Our survey showed a higher degree of monitoring of agency performance vis-à-vis 2019
- ▶ As India's overall ad spends doubles by 2025 we expect the need for ad assurance to increase

The role of marketers – turning uncertainty into opportunity

We believe that COVID-19 has enabled several changes in how organizations operate, some of which are permanent and long lasting. Marketers, too, can work towards the new normal and we propose the following focus areas for 2021 to turn the uncertainty into opportunity:

Martech adoption

- ▶ Use AI and ML based models to derive the right media mix, target segmented customers and micro-segment markets to reduce customer acquisition costs
- ▶ Deploy tools that accelerate digital transformation: touchless payments, online communities, virtual reality commerce, increased sales channels, augmented reality retail, smart mirrors and IoT powered inventory management

Brand purpose and architecture

- ▶ Where appropriate, build brands that showcase empathy and care about the larger world and environment; given that consumers are focusing on self-preservation and wellness
- ▶ Emphasize brand purpose in communication to drive affinity and create a strong differentiated positioning

Hyperlocal

- ▶ Invest in hyperlocalization since happenings in our immediate surroundings take precedence over what is happening in the country or the world
- ▶ Invest in local influencer networks to drive community-level change

Consumer experience and retention

- ▶ Build on immersive experiences for consumers given the growth of broadband, smartphone and PC penetration, using digital channels like esports, online community spaces and online experiential platforms
- ▶ Humanize and personalize the consumer experience and where possible, add a physical leg to enable trial
- ▶ Focus on consumer retention more than ever before – it's cheaper than acquiring new consumers

Media diversification

- ▶ Find offline opportunities to target and acquire customers through partnerships with the creative teams of radio and print companies across markets
- ▶ Leverage voice and audio tech given that growing access to the internet coupled with a low literacy rate in rural areas has made voice technologies an effective medium to interact with consumers

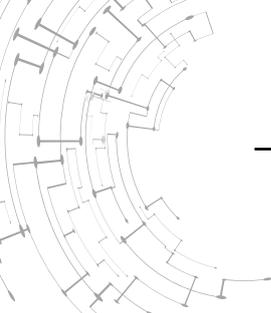
Digital effectiveness

- ▶ Ensure direct accountability for ad fraud management and elimination; as well as digital maturity assessment on an ongoing basis
- ▶ Redefine digital KPIs to focus on lead quality and business outcomes
- ▶ Optimize for Google's Core Web Vitals before May 2021 by being more user friendly than before
- ▶ Prepare for the end of third-party cookies and build / integrate data collection infrastructure
- ▶ Optimise for e-commerce on social media

Collaboration

- ▶ Build communities. The existing customer base that has come this far with you throughout the pandemic is stable to some extent. Switch from customer support to a customer success strategy; give them more value through the community
- ▶ Invest in collaboration experts who can bring it all together – the multiple partners, underlying technologies, processes, deliveries and services

Note: The contents of this section are based on our annual survey of marketers. The 2020 survey had 49 respondents across traditional and new media companies. Findings are meant to be directional and at the point in time when the survey was conducted (Jan - Feb 2021).

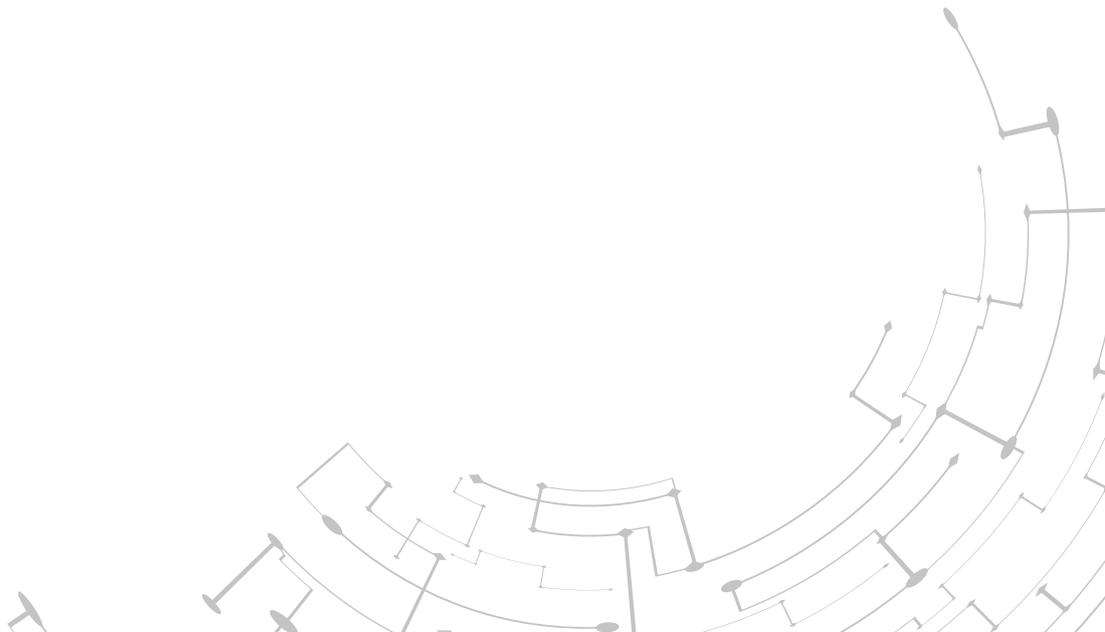
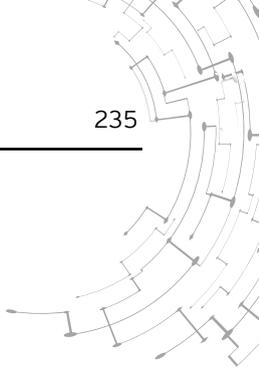


Digital advertising guide

Leading practices compiled by mFilterIt across global digital advertisers

Area	Leading practices
Performance of ad campaigns	Both very good and very bad performances need to be understood. Analyze performance mix of the campaigns and get a deeper audit done if the results are too good to believe or too bad to absorb
Switching media	Switching from one medium of advertising to another to combat fraud is not as effective as achieving higher integrity of ads within the existing mediums of engagement
Ad fraud impacts mostly margins	It also results in other ailments like brand safety issues. Do monitor placement of the ads, the relevancy of channels being engaged and the quality of the ad campaign
Engagement models	Changing the model of engagement will not always result in tackling ad fraud. Irrespective of the model - CPC, CPCV, CPL, CPS, etc. - ad fraud has been known to exist. At times, the tougher the metrics to qualify, the higher the motivation to commit fraud
Partner claims	Engage with partners who understand ad fraud. Evaluate if partners have ad fraud specialists who are certified for it. Ad fraud needs to be evaluated across campaigns and on an ongoing basis. Limited or no instances in one campaign does not imply there is no ad fraud in all campaigns
Assurance	Assurance is not just the responsibility of the digital marketing team. Encourage business teams to understand ad-fraud. Organize cross-team workshops for awareness of ad fraud as it impacts revenue, sales, procurement and other functions, apart from the digital marketing function alone
Media planning	Check every element of an ad, not just the media plan. Reassure yourself about the compliances and brand guidelines being followed by partners while designing ad creatives, content, linkages, interactivity, etc.
Brand infringement	It is more than just incorrect information on brands - it includes selling fake/counterfeit products and services which could result in legal hassles. Be vigilant for any form of brand infringement in digital space in real time
Organic stealing	Organic stealing not only makes you pay as someone else hijacks the attribution, it also demotivates the internal digital team. Track who is bidding on your brand keywords and diverting traffic through them

The above action points will help marketers to effectively manage and curtail ad fraud, brand safety challenges and growing brand infringement. Strategically, the best practice to start with is to address ad fraud with an open mind rather than going with the hypothesis of no ad fraud is possible or that it may not be significant.



Expert speak



Shashi Sinha
CEO
Mediabrand India

The M&E sector in India is currently underleveraged and will grow rapidly in the coming years on the back of economic growth and uptake of digitization in the country.



Sam Balsara
Chairman
Madison World

Early signs show that regional media like print, television, radio and OOH are all well on the path to recovery and will continue to play a very important role in Indian advertising.



Ashish Bhasin
CEO APAC & Chairman India
Dentsu Aegis Network

Unlike most other markets, in India the M&E industry is likely to continue to have a double digit growth for the next several years. However the complexion of the industry will change significantly in favour of digital, with better use of data and analytics and with the consumer controlling their preference through being selective about good content, irrespective of channel/platform/ medium.



CVL Srinivas
Country Manager India
WPP

If Agencies have to stay relevant they need to embrace technology, understand the power of data and be able to join the dots across the very fragmented marketing value chain.



Rana Barua

CEO

Havas Group India

The consumer sentiment towards purchase and their spends will drive resurgence of marketing investments. It is thus critical for companies to create meaningful brand and media experiences across all platforms and enhance the consumer engagement and experience journey. Creativity will be: Create - Converse - Connect - Consumer.



Anupriya Acharya

CEO

Publicis Groupe South Asia

The pandemic has accelerated a lot of trends especially around digitalisation. It has brought more people online, faster and stickier, leading to greater demand for digital entertainment, videos, vernacular content, esports, gaming and the like. This is just the tip of iceberg and we can expect more technological advancements and digitalisation of M&E.



Operating
environment



The background is a futuristic, glowing environment with blue and purple light rays and a grid floor. A large white circle is centered in the image, containing the text.

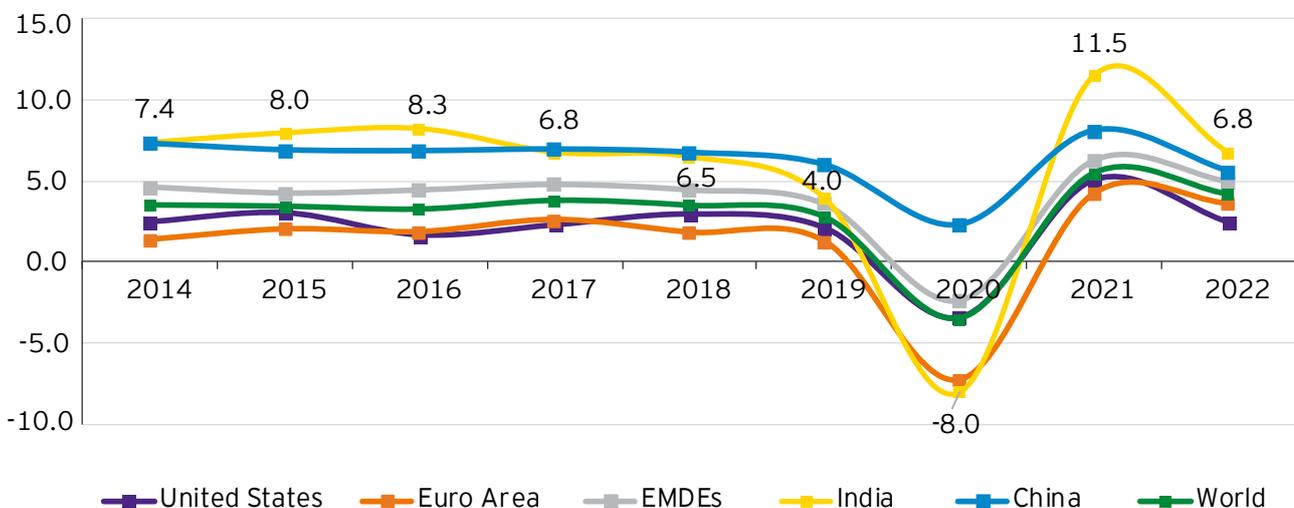
Indian economy
and its impact
on M&E



Despite a sharp contraction in output in 2020, India is expected to regain its position as a global growth leader in 2021

- ▶ The COVID-19 health crisis turned into an economic crisis as countries undertook measures which severely constrained economic activity
- ▶ The International Monetary Fund (IMF) has estimated a contraction in global output at -3.5%¹ in 2020, the sharpest in several decades
- ▶ The magnitude of contraction or fall in growth varies by country, depending, amongst other factors, upon the extent of the spread of the virus, the stringency and duration of measures undertaken to avoid further spread of COVID-19 and the extent and type of stimulus provided
- ▶ The beginning of 2021 has been characterized by massive vaccination drives which are expected to lead to reduced risks to recovery and a gain in the momentum in economic activity beginning second half of 2021
- ▶ The IMF projects global growth to recover sharply to 5.5% in 2021

GDP growth: cross-country comparison



IMF World Economic Outlook October 2020; IMF World Economic Outlook January 2021 update; NSO, MoSPI

Note: Growth for India from 2014 till 2020 is taken from data provided by NSO, MoSPI. Growth for 2021 and 2022 is taken from projections by IMF in its World Economic Outlook January 2021 update. For India a year represents the fiscal year. For instance, the year 2014 refers to the fiscal year 2014-15

1. IMF January 2021 World Economic Outlook update

- ▶ In the recent past, India has been the growth leader amongst major economies, with growth remaining above the average growth for the Emerging Markets and Developing Economies (EMDEs)²
- ▶ India surpassed China's real GDP growth in 2014 and remained above it till 2016 but since 2017, India's growth has trended below that of China
- ▶ In 2020, India is projected to be one of the worst performing major economies with an estimated real GDP contraction of (-)8.0% partly due to the stringent measures undertaken to contain the spread of COVID-19
- ▶ China, whose growth is forecasted at 2.3% in 2020, is the only country in the selected set of countries to show a positive growth despite the pandemic
- ▶ In 2021, India is expected to regain its position as the global growth leader with an estimated growth of 11.5%¹, reflecting carryover from a stronger-than-expected recovery in 2020 as also a strong base effect, and is projected to remain the fastest growing major economy in 2022

Per capita nominal GDP is projected to contract by 4.8% in FY2021

- ▶ India's per capita nominal GDP is estimated to contract by 4.8% in FY2021 to INR 1,44,503³ as compared to a growth of 2.7% in China's per capita nominal GDP in 2020⁴
- ▶ The IMF forecasts India's per capita nominal GDP growth at 10.9% in FY2023 slowing marginally to 10.2% by 2025
- ▶ Higher per capita income is expected to drive consumption growth including that in the media and entertainment sector

India is expected to become the fifth largest economy by 2022

Nominal GDP in US\$ and PPP dollar terms: cross country comparison

Country	GDP 2022			
	Nominal (US\$ billion)	Rank	PPP (\$ billion)	Rank
United States	22,968	1	22,968	2
China	18,241	2	28,784	1
Japan	5,337	3	5,666	4
Germany	4,557	4	4,976	5
India	3,094	5	10,611	3
France	3,061	6	3,352	10
United Kingdom	3,005	7	3,386	8

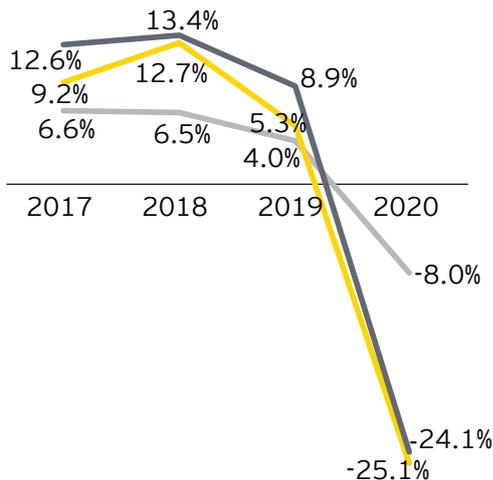
IMF

- ▶ India accounts for 17.8% of the total world population (2019) and 2.5% of the world's surface area (2018)⁵
- ▶ According to IMF's World Economic Outlook (October-2020), India's nominal GDP is estimated at US\$3,094 billion in 2022, making it the fifth largest economy in the world
- ▶ It is projected to account for 3.2% of global GDP measured in nominal US\$ exchange rate basis
- ▶ When measured based on purchasing power parity (PPP), India is estimated to be the third largest economy at PPP\$10,611 billion in 2022

2. IMF World Economic Outlook October 2020
 3. Second advance estimates of National Income 2020-21 released by MoSPI on 26 February 2021
 4. IMF January 2021 World Economic Outlook update
 5. Estimates as per World Bank

M&E fared worse than India's GDP in 2020

M&E sector vs. nominal GDP growth



- Nominal GDP (% growth, Y-o-y)
- Advertising revenues (% growth, y-o-y)
- M&E sector (% growth, y-o-y)

Advertising & M&E sector revenue: FICCI M&E reports

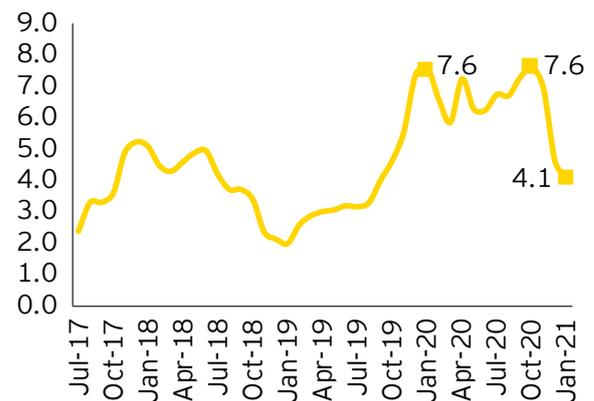
Growth (Basic data): First Revised Estimates, NAS dated 31 Jan 2021 and Advance Estimates, NAS dated 26 February 2021, NSO, MoSPI

- ▶ M&E as a sector normally grows and even outperforms India's nominal GDP, but being a discretionary spend, the M&E sector fell by over 2.5x India's nominal GDP fall of -8% in 2020
- ▶ Subscription revenues once again proved their mettle by holding up better than advertising revenues
- ▶ The advertising to GDP ratio fell from 0.38% in 2019 to 0.31% in 2020 however, we believe it will reach 0.4% of GDP by 2025

Forward trends

Inflation is expected to remain elevated in the short run

Trends in CPI-based inflation

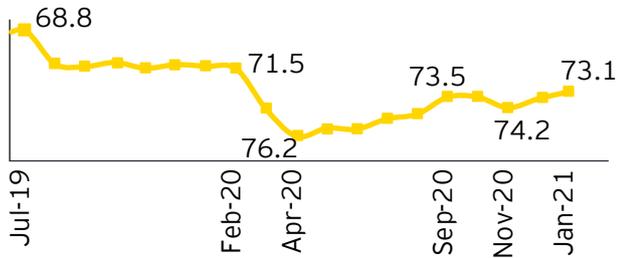


MoSPI

- ▶ After staying elevated at 6%+ levels since November 2019 (except for March 2020), Consumer Price Index (CPI)-based inflation has fallen to 4.6% in December 2020 and further to 4.1% in January 2021 as food prices eased
- ▶ However, there has been an increase in input costs for services such as transportation which have imparted cost-push pressures to core CPI inflation (CPI excluding food and fuel)
- ▶ The outlook for core inflation is likely to be impacted by further easing in supply chains although broad-based escalation in cost-push pressures due to increase in industrial raw material prices could impart upward pressure
- ▶ Global crude oil prices may also remain relatively high in 2021 relative to 2020, supported by optimism led demand on account of widespread availability of vaccination and continuing production cuts by the OPEC
- ▶ Going forward, as per the RBI's February 2021 Monetary Policy Statement, CPI inflation is expected to ease from an estimated 5.2% in 4QFY2021 to 5.0-5.2% in 1HFY2022 and further to 4.3% in 3QFY2022

Exchange rate fluctuations to be muted

Exchange rate movement



RBI | Exchange rate is depicted on an inverted scale

- ▶ Starting April 2020, India's exchange rate has steadily appreciated from a level of INR76.2/US\$ to an 11-month high of INR73.1/US\$ (average) in January 2021
- ▶ The appreciation is due to the following factors:
 - ▶ high inflow of foreign direct investment into India
 - ▶ lower demand for imports as compared to exports as reflected in a current account surplus in 1QFY2021 and 2QFY2021
- ▶ The rupee is projected to depreciate and average INR 75.3/US\$ in 2021⁶

6. Estimates as per World Bank using data from IMF World Economic Outlook October 2020

Recent policy initiatives to stimulate economic growth

Budget 2021: providing a capital expenditure-based push to growth

- ▶ The first post-COVID budget of the central government has favored a significant fiscal stimulus with a view to supporting recovery of real GDP growth from the trough of -8% in FY2021 and it implicitly assumes that the COVID-19 era is virtually over and the Indian economy can now look forward to normalization
- ▶ Sectoral priorities have been changed towards supporting growth: additional allocations have been made for augmenting capital expenditure and health expenditure relative to total expenditure
- ▶ Capital expenditure, which has higher output and employment multipliers than revenue expenditure, as a share of total expenditure, has increased by 3.2% points to 15.9% in FY2022 (BE)
- ▶ Measures undertaken to stimulate the economy also included transfers under the PM Garib Kalyan Yojana and under the MNREGA scheme which provided a consumption-based push to the economy to some extent
- ▶ These changes required sharply raising center's fiscal deficit to unprecedented levels of 9.5% of GDP in FY2021 (RE) and 6.8% of GDP in FY2022 (BE) – this upsurge in the fiscal deficit may be justified in the short run provided the central government returns to a sustainable fiscal consolidation path soon

7. <https://telecom.economicstimes.indiatimes.com/news/lack-of-spectrum-major-issue-before-5g-rollout/81220605>

8. Making India 5G Ready-Report of the 5G High Level Forum (23 August 2018), Department of Telecommunications, Gol; <https://dot.gov.in/sites/default/files/5G%20Steering%20Committee%20report%20v%2026.pdf>

Production-linked incentive scheme

- ▶ The central government approved the Production-Linked Incentive (PLI) scheme for thirteen sectors with the objective of attracting investments, driving domestic manufacturing, creating economies of scale and facilitating the integration of manufacturing in global supply chains
- ▶ Under the scheme, eligible players (which include the telecom and electronic goods sectors) will receive incentives ranging from 4% to 6% of incremental sales for five years, after they achieve their investment and production value target for each year

Privatization

- ▶ The central government, in the 2021 budget, has clearly outlined a disinvestment strategy within which it has identified certain strategic sectors where there would be minimum presence of public sector enterprises; the telecom sector is a part of these strategic sectors
- ▶ The disinvestment policy states that the remaining Central Public Sector Enterprises (CPSEs) in strategic sectors would be privatized or merged or subsidiarized with other CPSEs or closed
- ▶ This may imply efficiency gains in these sectors including telecom owing to a greater role of the private sector

Government initiatives in the telecom and media and entertainment space

- ▶ The government has played an active role in supporting the media and entertainment sector, especially through various policies aimed at increasing digitization including development of digital communication infrastructure
- ▶ With the objective of bringing in next generation technology, the government intends to hold 5G spectrum auctions in 2021-22⁷ which, it believes, will help in the achievement of its "Digital India" vision
- ▶ The economic impact of introducing 5G technology is estimated to reach US\$1 trillion by 2035⁸
- ▶ Recently, in March 2021, spectrum auctions were held for sale of 4G airwaves with the center receiving bids amounting to close to INR778 billion, higher than its expectations of INR450 billion

National Digital Communications Policy-2018

- ▶ Both the telecommunications and the M&E sectors are part of the union government's Make in India plan and therefore were given special attention
- ▶ In September 2018, the government released the National Digital Communications Policy-2018 (NDCP- 2018) catered towards the establishment of "ubiquitous, resilient and affordable digital communications infrastructure and services"
- ▶ Its key objectives include:
 - ▶ providing universal broadband connectivity at 50 Mbps to every citizen
 - ▶ providing 1 Gbps connectivity to all gram panchayats by 2020 and 10 Gbps by 2022
 - ▶ ensuring connectivity to all uncovered areas
 - ▶ attracting investments of US\$100 billion in the digital communications sector
 - ▶ training one million manpower for building new age skills
 - ▶ expanding the Internet of Things (IoT) ecosystem to five billion connected devices
 - ▶ facilitating India's effective participation in the global digital economy

Investment under NIP

- ▶ One of the most important demand enhancing policy initiatives relates to the National Infrastructure Pipeline (NIP) proposed by the center in December 2019
- ▶ The NIP is a six-year investment plan to augment infrastructure in different sectors of the Indian economy and the final report containing details related to the proposed investment and its financing was released in April 2020
- ▶ The financing of the proposed cumulative investment of INR111 trillion is to be done by the central government including CPSEs, state governments including state public sector enterprises (SPSEs), and the private sector in the ratio 39:40:21
- ▶ The government has targeted an investment of close to INR3.1 trillion in digital infrastructure over six years FY2020 to FY2025 as part of the proposed NIP
- ▶ The NIP has set a goal of "digital services access for all" along with a two-fold strategy to achieve this goal namely:
 - ▶ 100% population coverage for telecom and high-quality broadband services for socio-economic empowerment of every citizen
 - ▶ digital payments and e-governance infrastructure for delivery of banking and public services
- ▶ Due to the pandemic, however, the center's contribution in the overall National Infrastructure Pipeline has suffered a shortfall in 2020-21 but in its Budget 2021-22, the center has refocused on the NIP
- ▶ However, success of the infrastructure expansion plan would depend on other stakeholders of the pipeline playing their due role, including state governments and their public sector enterprises and the private sector

Digital infrastructure vision as per National Infrastructure Pipeline

#	Target	Current status
1	India ranks first in terms of mobile phones - 100% tele-density, even in rural areas	India ranks second in terms of mobile phones - 1.2 billion total mobile subscribers
2	Higher internet penetration of more than 80% providing seamless connectivity of rural and remote through schemes such as Bharat Net	Internet penetration is close to 40%
3	Availability of government services in real time on mobile – access to quality education, healthcare facilities and financial inclusion	Issues such as poor connectivity and data speeds prevail due to poor operation and maintenance
4	5G technology to fuel industry growth and innovation, harnessing the power of emerging digital technologies, such as IoT, cloud, AI and big data, payment gateways, fintech	4G technology has enabled India to move towards a digital economy by providing faster internet connectivity at affordable prices
5	India to emerge as data-center hub fueling growth of Fintech, E-commerce, OTT	Private business focusing to build massive data centers on the back of data localization, uptake of cloud computing and growing e-governance

National Infrastructure Pipeline, Ministry of Finance, GoI

FDI policy initiatives

- ▶ The government has focused on liberalizing the FDI regime for both telecom and M&E sectors, to attract investment for adequate infrastructure development
- ▶ FDI limits for the telecom sector were eased in 2013⁹ while those for the media and entertainment sector were eased in 2015 and 2016
- ▶ In June 2016, FDI limits in teleports, DTH, cable networks, mobile TV, headend-in-the sky broadcasting service and cable networks were completely lifted, allowing 100% FDI through the automatic route
- ▶ Further, there were no express provisions in relation to digital media in the FDI policy until 2019, however, in December 2019, FDI up to 26% has been permitted under the government approval route for uploading/streaming of news and current affairs, through digital media

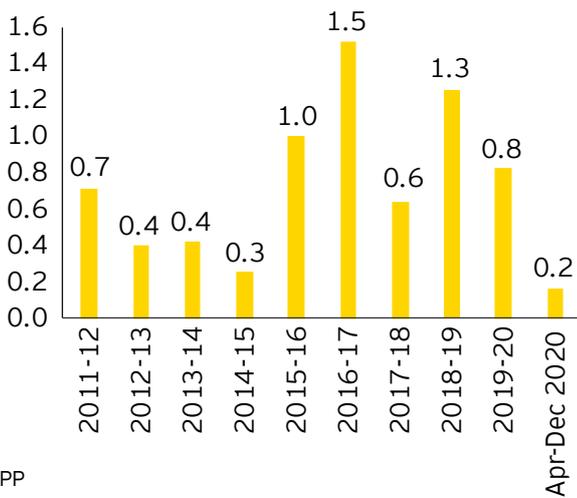
9. <https://www.livemint.com/Politics/hxnnl3jx9kaCHnKgsk9oQK/Govt-relaxes-foreign-investment-rules-to-revive-growth.html>

FDI limits for the telecom and M&E sector

Services	FDI limit	Approval condition
Telecommunications		
Telecommunication services including Telecom Infrastructure Providers Category-I (basic, cellular, internet, national, international long distance, Unified License, Commercial V-Sat, Public Mobile Radio Trunked Services (PMRTS), Global Mobile Personal Communication Services (GMPCS), all types of ISP licenses, voice mail/ AudioteX/ UMS, Resale of IPLC, Mobile Number Portability services, etc.) Infrastructure providers Category -I (providing dark fiber, right of way, duct space, tower except Other Service Providers)	100%	<ul style="list-style-type: none"> ▶ FDI up to 49%: automatic route ▶ FDI beyond 49% and up to 100%: government route, i.e., prior approval from concerned ministry/department of Government of India, i.e., Department of Telecommunications (DoT) is required
Telecom equipment manufacturers	100%	▶ Automatic route
Media and entertainment		
Teleports, DTH, cable networks (MSOs operating at national or state or district level and undertaking up-gradation of networks towards digitalization and addressability), mobile TV and head-end-in-the-sky broadcasting service	100%	<ul style="list-style-type: none"> ▶ Automatic route ▶ However, infusion of fresh foreign investment, beyond 49% in a company not seeking license/ permission from sectoral ministry, resulting in change in the ownership pattern or transfer of stake by existing investor to new foreign investor, will require government approval
Cable networks (other MSOs not undertaking up-gradation of networks towards digitalization and addressability and LCOs)	100%	<ul style="list-style-type: none"> ▶ Automatic route ▶ However, infusion of fresh foreign investment, beyond 49% in a company not seeking license/ permission from sectoral ministry, resulting in change in the ownership pattern or transfer of stake by existing investor to new foreign investor, will require government approval
FM radio (subject to such terms and conditions, as specified from time to time, by the MIB, for grant of permission for setting up of FM radio stations) and the up-linking of news and current affairs TV channels	49%	▶ Government route, subject to other conditions
Uploading/streaming of news and current affairs through digital media	26%	▶ Government route
Up-linking of non-news and current affairs TV channels/ downlinking of TV Channels	100%	▶ Automatic route
Print media - publishing of newspaper and periodicals or Indian editions of foreign magazines dealing with news and current affairs	26%	▶ Government route
Publishing or printing of scientific and technical magazine or specialty journals or periodicals	100%	▶ Government route

- ▶ The charts alongside show the trends in FDI inflows into the information and broadcasting sector and the telecommunications sector since 2011-12 and display considerable inter-year volatility

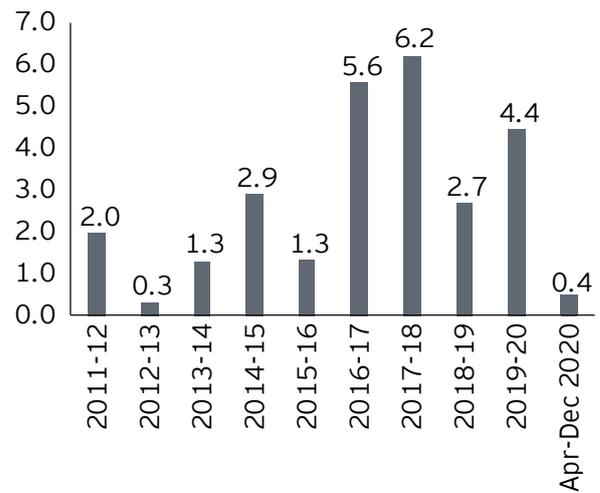
FDI inflows in information and broadcasting sector (US\$ billion)



DIPP

- ▶ In the information and broadcasting sector, the average annual FDI inflows increased to US\$1 billion during the period 2015-16 to 2019-20 from just US\$0.4 billion on average during 2011-12 to 2014-15, reflecting the impact of the liberalization of FDI norms in the latter period
- ▶ A similar upward trend is also observed in the case of telecommunications sector
- ▶ The share of information and broadcasting sector in total FDI inflows into India peaked at 3.5% in 2016-17 and has fallen to 1.6% in 2019-20¹⁰

FDI inflows in telecommunications sector (US\$ billion)



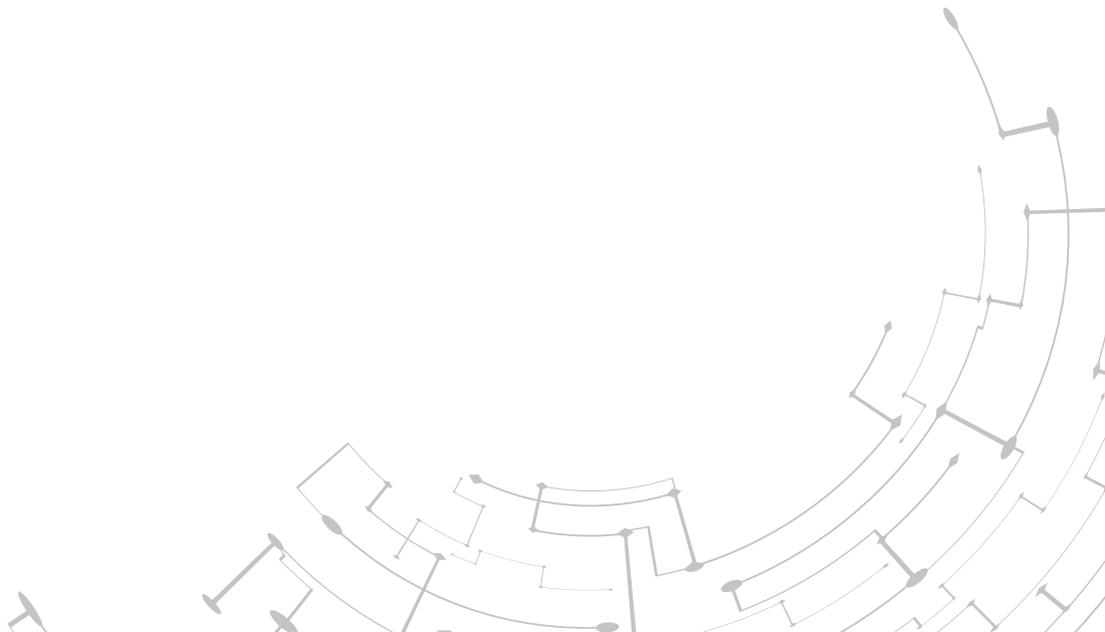
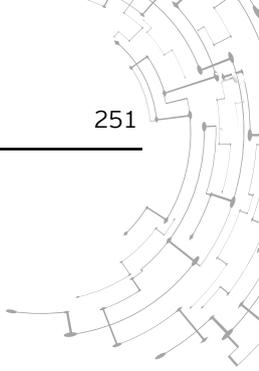
DIPP

- ▶ In terms of magnitude, FDI flows in media and entertainment sector were lower at US\$ 0.8 billion in 2019-20 as compared to US\$ 1.3 billion in 2018-19
- ▶ FDI inflows into the telecommunication sector increased to US\$ 4.4 billion from US\$ 2.7 billion over the same period
- ▶ Reflecting the impact of the pandemic, during April-December 2020 the total FDI inflows in the telecommunications sector had fallen to US\$0.4 billion as compared to US\$0.2 billion in the information and broadcasting sector



DK Srivastava

Chief Policy Advisor, EY India



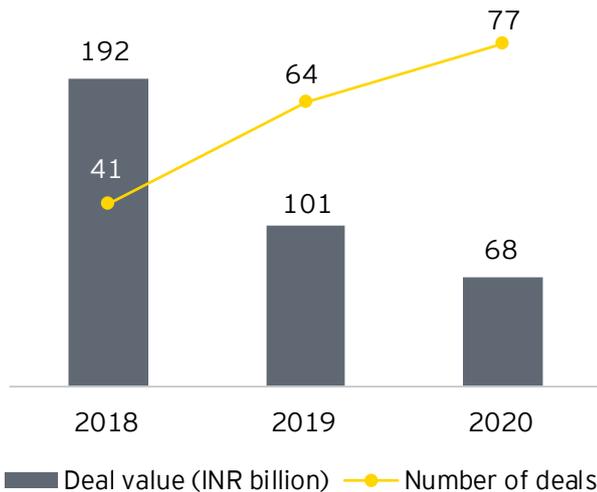


M&A activity



More deals, but lower investment

Deal value and number of deals

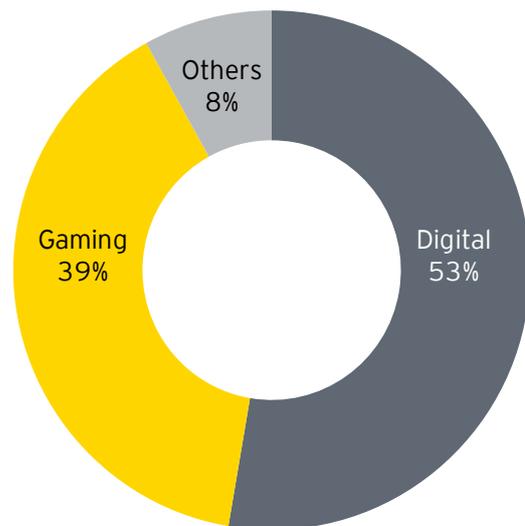


EY estimates

- ▶ In 2020, the M&E sector continued to witness moderate deal activity, despite major disruptions brought by COVID-19 outbreak
- ▶ Although the number of deals increased from 64 in 2019 to 77 in 2020, deal value reduced to INR68 billion in 2020 from INR101 billion in 2019
- ▶ This was largely due to the absence of big-ticket deals with only two deals crossing the US\$100 million threshold as compared to four such deals in 2019
 - ▶ Dream11 raised US\$225 million from Tiger Global Management, TPG, ChrysCapital and Footpath Ventures
 - ▶ Dailyhunt raised US\$100 million from Google, Microsoft, Falcon Edge, Sofina and Lupa Systems

Most investment was made in the digital and gaming segments¹

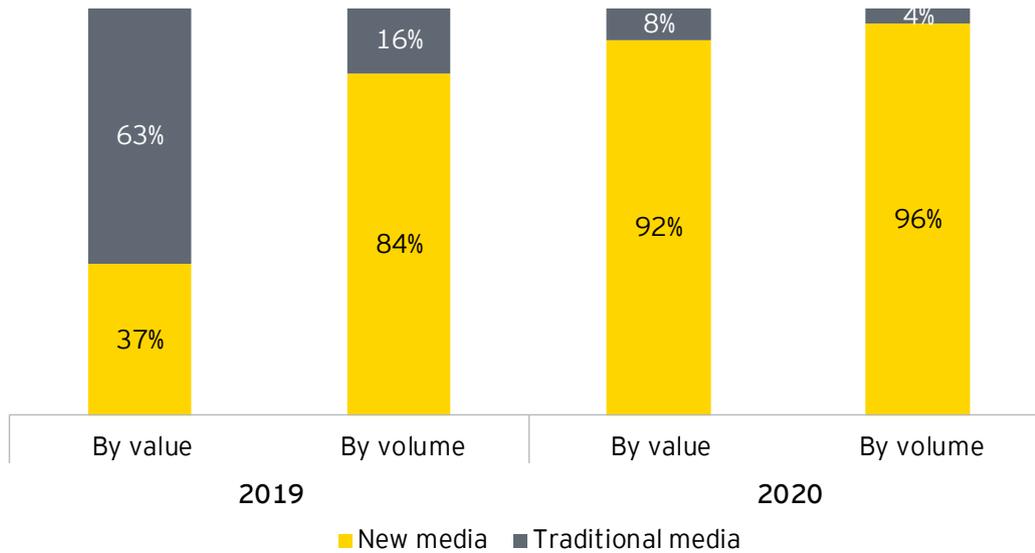
Deal value by segment



- ▶ COVID-19 induced lockdowns further accelerated the adoption and consumption of digital media and gaming, which together attracted 92% of the investment in 2020
- ▶ The ban on popular Chinese apps across the digital space came as an opportunity for local apps which received investment from PE/VC to scale up and fill the void

Both deal value and volumes were driven by new media in 2020²

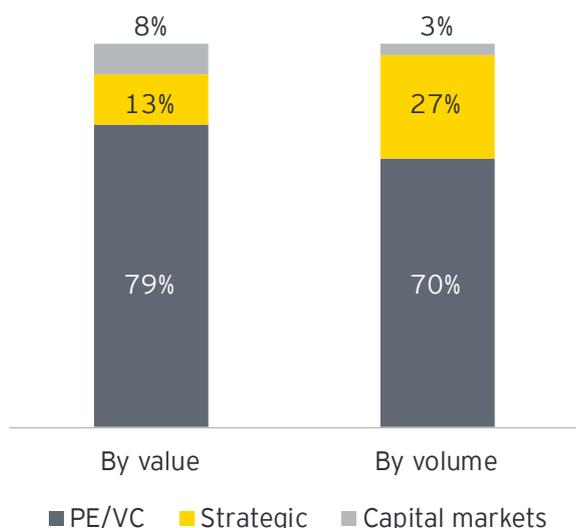
Deals by type of media



- ▶ Like the past three years, new media contributed to majority of the deals in terms of volume
- ▶ New media increased its share in terms of deal value from 37% in 2019 to 92% in 2020
- ▶ Activity in traditional media was subdued with very few deals including the merger of STX Filmworks with Eros International, PVR's rights issue and fund raise by Inox via QIP

Private equity and venture capital provided 79% of funding³

Deal value and volume by type of investor



- ▶ Unlike 2019 where 52% of the total deals were led by strategic players, only 27% of total deals were led by strategic players in 2020
- ▶ PE / VC firms led 70% of the M&E deals in 2020 contributing to 79% of the total funding received during the year

Traditional media

- ▶ There were primarily just three deals in the traditional media space in 2020 accounting for 8% of the total deal value as compared to 63% of total deal value in 2019:
 - ▶ At the time when theatres were shut across the country because of the pandemic, PVR made a rights issue of INR3 billion for approximately 6.93% stake, which was oversubscribed by 2.24 times⁴
 - ▶ Inox raised INR2.5 billion for approximately 8.7% stake through a QIP from marquee global and Indian institutional investors, including Abu Dhabi Investment Authority, Eastspring Investments and mutual fund houses like ICICI Prudential, Birla Mutual Fund, Nippon India Mutual Fund, DSP Mutual Fund and Sundaram Mutual Fund⁵
 - ▶ Merger of STX Filmworks with Eros International in an all stock deal to form Eros STX, a global entertainment content, digital media streaming and OTT powerhouse⁶

3. EY Analysis

4. PVR's right issue oversubscribed by 2.24 times, <https://economictimes.indiatimes.com/markets/stocks/news/pvrs-rights-issue-oversubscribed-by-2-24-times/articleshow/77483616.cms>

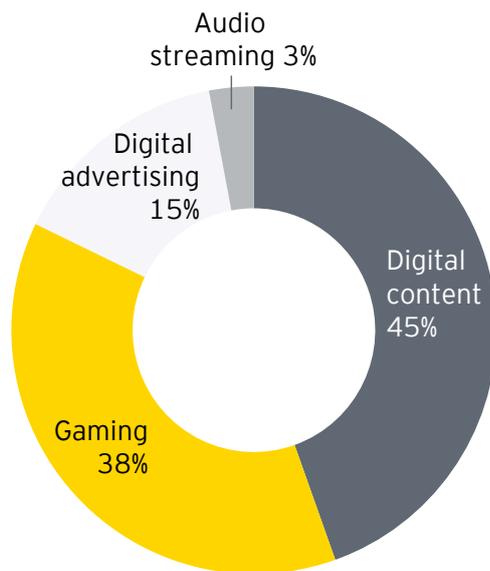
5. Inox Leisure raises INR 250 crore via QIP, <https://economictimes.indiatimes.com/markets/stocks/news/inox-leisure-raises-rs-250-crore-from-qip/articleshow/79206394.cms>

6. Eros merges with Hollywood producer STX Global in bid to go global, https://www.business-standard.com/article/companies/eros-merges-with-hollywood-producer-stx-global-in-bid-to-go-global-120041800893_1.html

New media

- ▶ Digital content had the maximum share in the number of deals followed by gaming, digital advertising and audio streaming platforms

New media: Deal volume by segment



Digital content

Regional content platforms saw the highest deal activity in 2020, across both video and text formats:

- ▶ News and content aggregator Dailyhunt raised INR12.5 billion in 2020 through multiple rounds of investments to scale up its recently launched short video app Josh and further develop its content creator ecosystem
 - ▶ In February 2020, Dailyhunt raised INR5.1 billion led by Lupa Systems and Sofina along with existing investors such as Bytedance, FalconEdge, Advent Management and Goldman Sachs⁷
 - ▶ Raised INR7.4 billion in November 2020 from Google, Microsoft, Falcon Edge, Sofina and Lupa Systems⁸
- ▶ JetSynthesys Pvt. Ltd. a digital content and technology platform, raised INR3 billion in funding led by the family offices of Serum Institute of India chief executive officer Adar Poonawalla and Infosys co-founder Kris Gopalakrishnan⁹
- ▶ Inshorts raised INR2.6 billion for its location based social network app Public from Lee Fixel's Addition, SIG Global and Tanglin Venture Partners¹⁰
- ▶ Bengaluru-based lifestyle-community-commerce platform Trell raised INR850 million in a Series A round led by KTB Network¹¹
- ▶ Pratilipi, an Indian language storytelling app raised INR760 million from Tencent, Omidyar Network, Shunwei Capital and Nexus Venture Partners¹²
- ▶ Bulbul, a video and live stream led social commerce platforms, raised INR650 million from Info Edge Venture Fund, Sequoia and Leo Capital¹³

- Dailyhunt raises \$35.6M from James Murdoch's firm Lupa India, <https://yourstory.com/2020/05/funding-alert-dailyhunt-james-murdoch-lupa-india>
- Dailyhunt turns unicorn with \$100 Mn funding from Google, Microsoft, <https://inc42.com/buzz/dailyhunt-turns-unicorn-with-100-mn-funding-from-google-microsoft/>
- Poonawalla, Infy co-founder pile into digital content startup JetSynthesys, <https://www.vccircle.com/serum-institute-ceo-poonawalla-others-pile-into-jetsynthesys/>
- Social network app Public raises \$35 Mn from Lee Fixel's Addition, Others, <https://inc42.com/buzz/public-raises-35-mn-from-lee-fixels-addition-others/>
- Trell raises \$11.4M in Series A from KTB Network, Samsung Ventures, others, <https://yourstory.com/2020/08/startup-funding-trell-network-samsung-ventures>
- Tencent leads Series C funding in self-publishing startup Pratilipi, <https://www.vccircle.com/tencent-leads-series-c-funding-in-self-publishing-startup-pratilipi/>
- Social Commerce Startup BulBul Raises \$8.7 Mn From Info Edge, <https://inc42.com/buzz/social-commerce-platform-bulbul-raises-8-7-mn-in-funding-round-led-by-info-edge/>

Gaming

Fantasy and esports continued to attract the largest share in the gaming space:

- ▶ Dream11 raised INR16.6 billion from Tiger Global Management, TPG, ChrysCapital and Footpath Ventures to build an “end to end sports tech company”¹⁴
- ▶ MPL raised INR6.6 billion in a Series D round led by Composite Capital and Moore Strategic Ventures, with participation from Base Partners, RTP Global, SIG, Go-Ventures, Telstra Ventures, Founders Circle and Play Ventures. MPL will use the funds to expand its esports portfolio and bolster its efforts to organize more such esports tournaments nationally and internationally at scale¹⁵
- ▶ Winzo, a social gaming platform, raised INR1.3 billion in a Series B round led by Makers Fund and Courtside Ventures to improve its content pipeline and engage mobile first gamers¹⁶

Audio streaming

- ▶ Reliance Industries bought a further 10.9% stake in Saavn Media for INR6.5 billion from Saavn's erstwhile promoters¹⁷
- ▶ Gaana raised INR3.8 billion from Tencent and Times Internet Limited to compete with rivals such as JioSaavn, Spotify, YouTube Music and Wynk¹⁸

Digital advertisement

- ▶ Singapore-based Anymind Group acquired Indian mobile video advertising company Pokkt, expanding its offerings, global presence in India and the Middle East, and its leadership team¹⁹
- ▶ Nihilent Ltd, a global consulting and services company, acquired cross-disciplinary advertising platform Hypercollective to help Nihilent leverage its creative capabilities with its stack to be able to provide customers with solutions across the technological and creative spectrums²⁰

14. Tiger Global, TPG lead \$225 mn funding in Dream11 parent, <https://www.vccircle.com/tiger-global-tpg-lead-225-mn-funding-round-in-dream11>

15. Gaming startup MPL set to become next unicorn after \$95 mn fundraise, https://www.business-standard.com/article/companies/gaming-startup-mpl-set-to-become-next-unicorn-after-95-mn-fundraise-121020400959_1.html

16. WinZo raises \$18 million in Series B round, <https://economictimes.indiatimes.com/small-biz/startups/newsbuzz/winzo-raises-18-million-in-series-b-round/articleshow/77909790.cms?from=mdr>

17. Reliance Industries acquired further shareholding in Saavn India, https://www.indiaonline.com/article/news-top-story/reliance-industries-acquired-further-shareholding-in-saavn-india-120020500407_1.html

18. Gaana raises \$50 Mn led by Tencent at a \$530 Mn valuation, <https://entrackr.com/2020/09/times-internets-gaana-raises-50-mn-round-led-by-tencent/>

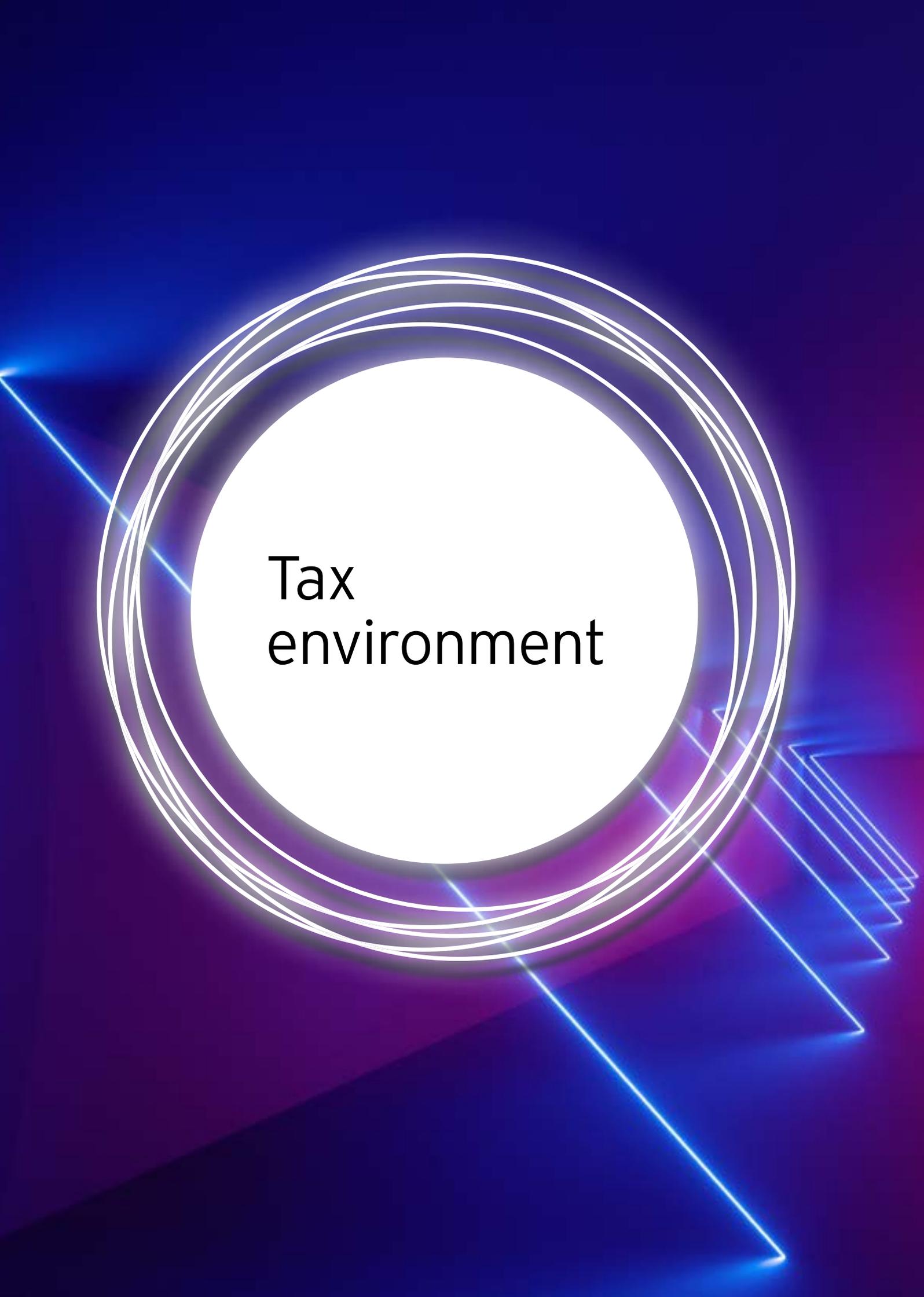
19. AnyMind acquires mobile ad platform Pokkt, <https://www.techinasia.com/anymind-acquires-pokkt>

20. Nihilent acquires cross-disciplinary innovations agency Hypercollective; <https://economictimes.indiatimes.com/tech/ites/nihilent-acquires-cross-disciplinary-innovations-agency-hypercollective/articleshow/74710546.cms?from=mdr>

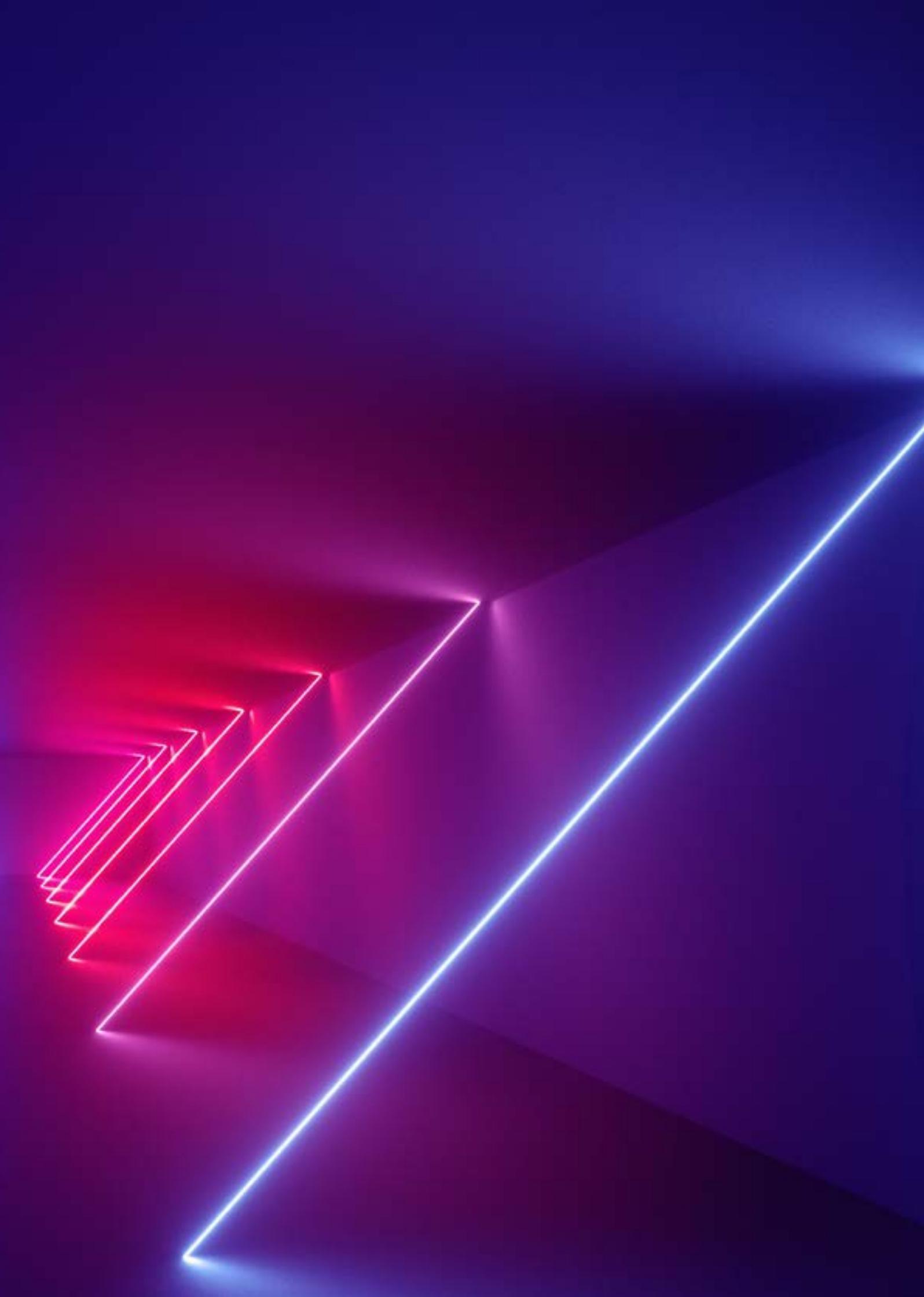
Key M&A themes going forward

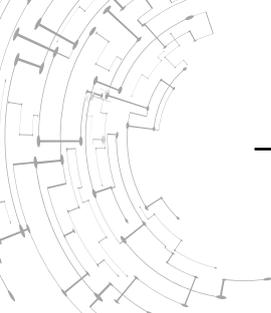
We expect to see the following types of deals over the next few years:

- ▶ Investments in scalable D2C business models will continue
- ▶ Digital companies with a differentiated product offering and an identified path to monetization / profitability will attract significant interest from both financial and strategic investors
- ▶ Companies with a strong balance sheet that have been nimble to adapt to the digital disruption will come out strongly from the pandemic led recession. Such companies will explore selective consolidation opportunities to further gain market share
- ▶ Companies with strong technological platforms leveraging next-gen tools such as Artificial Intelligence, IoT and advanced analytics
- ▶ Traditional advertising agencies and tech giants will both continue to invest in niche MarTech companies to differentiate and compete with larger digital and consulting networks
- ▶ Companies under financial stress will also look to partner with a larger strategic player to fund and accelerate their growth plans



Tax
environment





Direct taxes

Introduction

Domestic reforms

- ▶ Given the impact of the pandemic on businesses and people across the world, fiscal and non-fiscal stimulus packages became the norm
- ▶ India joined the bandwagon and provided certain relaxations / benefits to ease hardship during the initial period of the pandemic
- ▶ The Finance Ministry did a series of presentations centered around the theme of Atmanirbhar Bharat, a self-reliant India
- ▶ Key aspects of support included:
 - ▶ expanding the scope of micro, small and medium enterprises (MSME) and provided benefits in the form of collateral free loans, equity support, etc.
 - ▶ introduction of labor law reforms
 - ▶ ease of doing business for private sectors
 - ▶ production linked incentive schemes for the manufacturing sector (mobile, electronics, telecom and networking products, etc.)
 - ▶ a 25% reduction in tax withholding rates on domestic payments
 - ▶ extension of timelines for filing tax returns
 - ▶ extension of timelines for time barring of tax assessments, etc.
- ▶ While on the cards since 2019, the government overhauled the tax assessment process, with an entirely faceless online assessment scheme and followed it up with similar schemes for managing tax appeals (first appellate authority) and penalty proceedings
- ▶ In the Union Budget 2021, a proposal has been put forth to make the Income tax Appellate Tribunal faceless

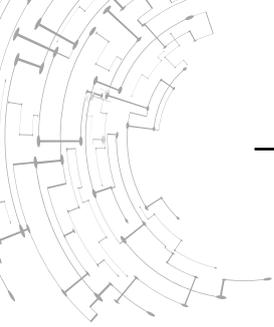
Digital tax

- ▶ Globally, the Organisation for Economic Co-operation and Development (OECD) had laid out the path toward a consensus-based solution by introducing a two-pillar approach to address digital tax challenges, i.e., what should be the nexus standard for source country to make a business liable to tax for the activities undertaken in the market and how the income should be attributed to those activities
- ▶ While this saw widespread and active representation from various countries, industry and professional bodies, the COVID-19 pandemic impeded communication across stakeholders, delaying consensus on pillar one and two to 2021
- ▶ In the interim, many countries (including India) have enacted measures under domestic tax laws to tackle the tax challenges arising in the digital companies and have passed legislations allowing market jurisdictions to tax foreign digital corporations
- ▶ India introduced digital tax in the form of equalization levy on e-commerce operators and expanded the meaning to even cover sale of goods

Key global developments

Global trends in digital economy taxation

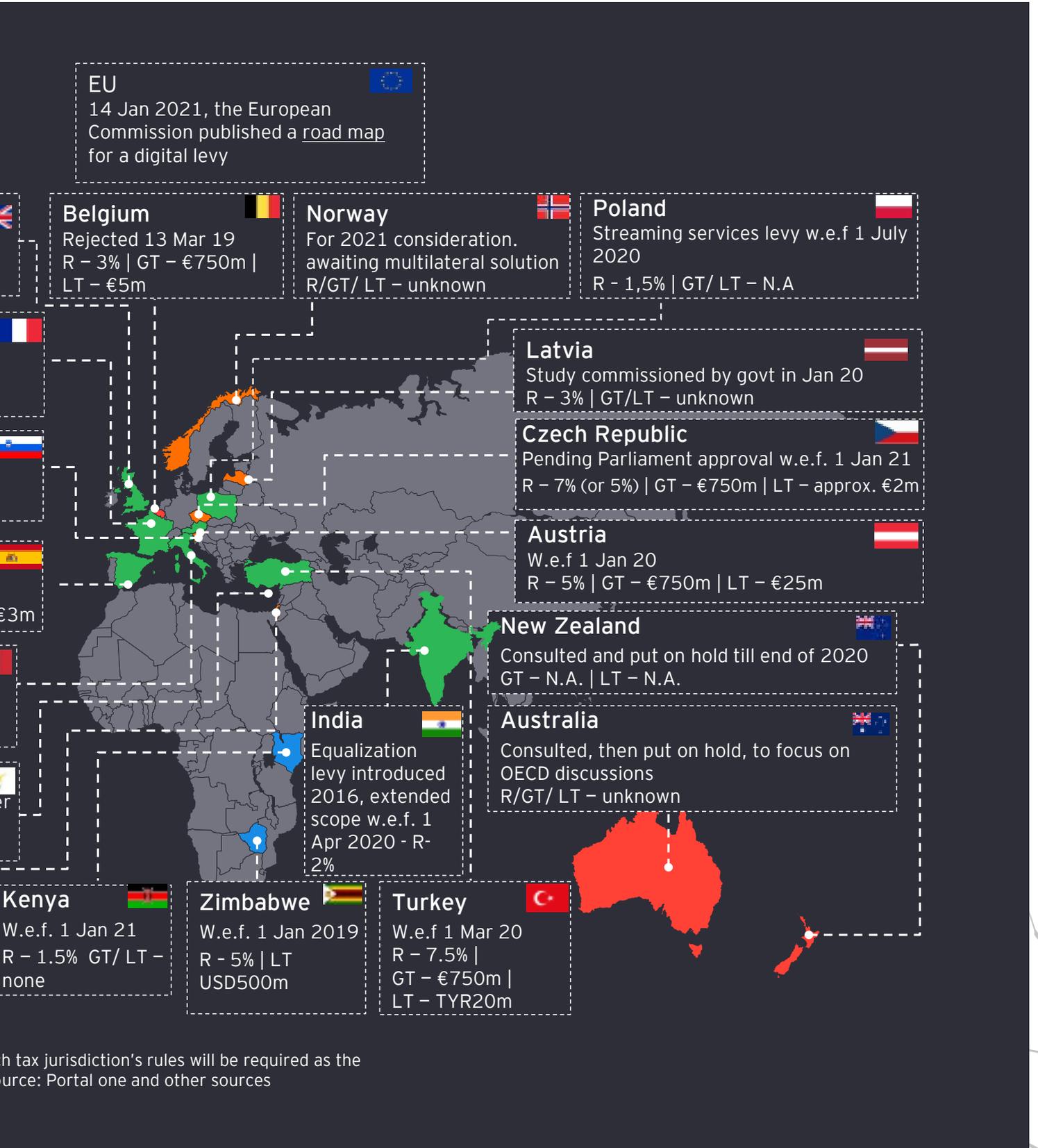
- ▶ On 12 October 2020, the OECD released its Blueprint Report on pillar 1 whereby an absence on consensus of a global solution with respect to the taxation of the digitalization of the economy has been acknowledged
- ▶ In the interim, several countries have introduced and are in the process of implementing a digital service tax (DST), till such time that a global consensus is arrived at
- ▶ Other countries have expressed an interest in legislating a DST, if an international consensus is not arrived at by a specific date
- ▶ On 2 June 2020, the United States Trade Representative (USTR) had announced that investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST, including Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the United Kingdom
- ▶ Investigations were being conducted pursuant to Section 301 of the Trade Act of 1974 (Section 301), with the goal of determining whether the adopted or contemplated DST of the relevant jurisdiction is unreasonable or discriminatory, as well as whether it burdens or restricts US commerce
- ▶ On 6 January 2021, the USTR has issued findings in Section 301 investigations of DSTs adopted by India, Italy and Turkey, concluding that each of the DSTs discriminates against US companies, is inconsistent with prevailing principles of international taxation and burdens or restricts US commerce
- ▶ While the USTR is not taking any specific actions in connection with the findings, it mentioned that it will continue to evaluate all available options
- ▶ In response to the above, the Government of India almost immediately published a press release defending its position on imposition of Equalization Levy affirming that the Government of India will examine the decision notified by the US in this regard and would take appropriate action keeping in view the overall interest of the nation
- ▶ Despite the US opening investigations on various countries, more and more jurisdictions continue to join the DST bandwagon (refer map)



Summary of digital service tax across countries



Note: The diagram above is intended for use as a high level overview of DST legislation globally. Further analysis of each legal text (e.g. definitions of GT / LT/ in-country users/ in-scope activities) will vary from one jurisdiction to another. So



h tax jurisdiction's rules will be required as the
source: Portal one and other sources

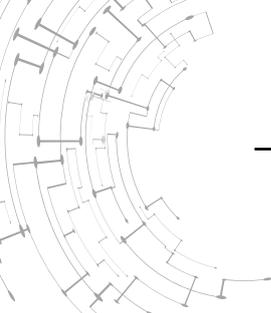
Key developments in India

Introduction of e-commerce equalization levy tax

- ▶ In a surprising development in March 2020, at the time of passing of the Finance Bill 2020 by the Parliament, the scope of equalization levy (EL) was extended w.e.f. 1 April 2020
- ▶ EL, which hitherto was applicable only to online advertising and related services, was applied at 2% to online “e-commerce supply or services” including facilitation of such supply or services, provided by the non-resident e-commerce operator subject to exceeding monetary threshold of INR20 million
- ▶ The new EL applies to global businesses selling goods and providing services using e-commerce, either on B2B or B2C basis and to intermediaries facilitating such supplies
- ▶ There were certain areas on which clarifications was necessary, including:
 - ▶ Overlap of new EL provisions with existing income tax law, under which certain transactions were taxable as royalty or fees for technical services. This had the potential for conflicting claims on characterization of these transactions vis-a-vis applicability of EL provisions
 - ▶ The amount of “consideration” on which the EL should apply. This led to uncertainty regarding the amount on which EL may apply, i.e., on Gross Merchandise Value of goods/ services sold/ supplied or on the listing/ service charges earned by the aggregators
 - ▶ With respect to digital companies engaged in sale of tangible goods (i.e., departmental stores), there was no clarity on which element needed to be online for EL to trigger, for e.g., whether EL is chargeable on a transaction placed online but delivery is always offline through courier services
 - ▶ The Finance Bill 2021 proposes to address some of the above ambiguities on a retrospective basis, i.e., from 1 April 2020:
 - ▶ Consideration taxable as royalty/ FTS not chargeable to EL
- ▶ EL liability of aggregator/ intermediary appears to be on gross consideration received (not on facilitation fees/ commission)
- ▶ Scope of terms “online sale of goods” and “online provision of services” will now include any one or more of the following online activities:
 - ▶ acceptance of offer for sale
 - ▶ placing the purchase order
 - ▶ acceptance of the purchase order
 - ▶ payment of consideration
 - ▶ supply of goods or provision of services, partly or wholly
- ▶ The above proposal may consequently further expand the scope of EL though it is important to note that EL is a temporary measure while global consensus on taxation of digital economy is achieved as part of OECD’s BEPS agenda
- ▶ Payment and compliance obligations with respect to the new EL is on the non-resident e-commerce operator and therefore, non-resident e-commerce operators will need to assess applicability of the new EL based on specific facts and circumstances
- ▶ The law provides for quarterly payment of EL and an annual filing

Supreme Court finally lays to rest the issue on software taxation

- ▶ India had amended its domestic law to specifically include payment of use of any copyrighted article to be royalty, while treaty law continued to provide a beneficial position to the taxpayer which would prevail over domestic law
- ▶ The Supreme Court (SC) of India had 103 appeals dealing with the issue
- ▶ A three-judge bench of the SC settled the two-decade long controversy in their landmark ruling and concluded the matter in favor of the taxpayer
- ▶ The SC regarded the shrink-wrapped software to be in the nature of goods and ruled that sale of such software does not result in royalty as per the provisions of Indian income-tax law read with tax treaties
- ▶ The SC divided the appeals in following four categories on the basis of the business models:
 - ▶ purchase of computer software directly by an end-user resident in India
 - ▶ purchase of computer software by resellers or distributors in India for further sale to end-users in India
 - ▶ purchase of computer software by foreign distributor for further sale to resident Indian distributors or end-users in India
 - ▶ cases where computer software is affixed onto hardware and is sold as an integrated unit/equipment
- ▶ Some of the key observations of the SC are as follows:
 - ▶ in terms of Indian Copyright law, a copyright is an exclusive right or authority to do something and includes the right to reproduce the work, make translations or adaptations, etc.
 - ▶ the distribution agreements/end-user license agreements (EULA) did not create any such interest or right in the Indian distributors or end-users which could amount to right to use any copyright, it merely resulted in transfer of copyrighted articles, being in the nature of goods
 - ▶ while transfer of such rights may result in royalty, mere right to use the software cannot amount to royalty in all the above categories
 - ▶ the distributor of software merely earns profit on resale without any exclusive right in respect of the copyright in the software
 - ▶ There was no obligation on the payers of this income to withhold any taxes
 - ▶ This ruling could have favorable implications for various non-resident companies software/digital companies including reseller models, over the top services, SAAS services, remote IT services, etc. as well as the Indian payers, who till date, were adopting a conservative view and paying taxes and litigating the matter
 - ▶ The decision of the SC constitutes law of the land and is binding on all and will apply to all pending litigations at different levels
 - ▶ While the SC ruling is on the question of law, it is based on facts of underlying four categories of cases. Therefore, the taxpayers who were not part of this appeal, may need to evaluate their tax positions (including refund claims for past years), depending on how the ruling is applicable to specific facts. Taxpayers may also need to evaluate interplay with the EL. Indian payers who have so far been bearing taxes on a gross-up basis may now be able to bring down their cost of doing business



SC rules on obligation to withhold taxes on guarantee fees paid to various non-resident sports associations

- ▶ Under domestic tax laws, a non-resident is taxable on incomes which: (a) accrue or arise in India or are deemed to accrue or arise in India; and (b) are received or deemed to be received in India. An income is regarded as deemed to accrue or arise in India, inter-alia, if the income accrues or arises, directly or indirectly, through or from any source of income in India
 - ▶ Any payment made to a non-resident sports association or institution is governed by special provisions under the domestic tax law, wherein any amount guaranteed to be paid or payable to such an association or institution “in relation to” any game or sport played in India, is liable to tax in India. Further, the payer of such amount is obligated to withhold taxes on such payments under a special withholding provision
 - ▶ In contrast to the above referred special provisions, the general withholding provision for payments to non-residents provide for withholding at “rates in force” on income which is “chargeable to tax” in the hands of non-residents. The term “rates in force” is defined, inter alia, to mean either the rates provided in the domestic tax law or tax treaties, whichever is applicable, as the case may be
 - ▶ The SC ruling in the case of PILCOM¹, was in relation to payments made by taxpayer in the nature of guarantee money to non-resident sports association related to the cricket matches played in India, Sri Lanka and Pakistan under a tournament, without deduction of tax at source
 - ▶ The SC held that once it is established that the payments made to the non-resident sports associations were “in relation to” the matches played in India, such guarantee money can be said to be earned from a source in India and, hence, the income is deemed to accrue or arise in India attracting the corresponding withholding obligation for the payer
- ▶ The SC held that the obligation to withhold taxes under the special provision is not affected by tax treaties. The benefit of the tax treaties can be considered by the payee and if found valid the taxes withheld can be claimed as a refund with interest. However, such a treatment does not absolve the payer from carrying out withholding obligations under the domestic tax law
 - ▶ Domestic / non-resident payers, when making payments to non-resident sports association / companies for matches / tournaments held in India, will need to evaluate if they fall within the specific provisions and therefore trigger any withholding tax obligation, even if otherwise income of the non-resident sports association / company is not taxable in India. Non-residents consequently may need to file a tax return in India to claim refund of taxes withheld by the Indian payer

Amendment in the definition of “royalty” to remove exclusion of “sale, distribution or exhibition of cinematographic films”

- ▶ The Union Budget 2020 had amended the definition of “royalty” under the domestic tax law to remove the exclusion of “sale, distribution or exhibition of cinematographic films” on the basis that other countries were not providing similar benefit to Indian residents and hence, the same was considered discriminatory against Indian residents
- ▶ Accordingly, theatrical and other receipts from exploitation of cinematographic films have now been subject to tax and/or withholding tax under the domestic tax law. Consequential WHT at 10% would have resulted in working capital challenges for film businesses as such businesses generally work on small profit margins, also resulting in cascading cash blockages for each player in the value chain of film exploitation
- ▶ On account of the various representations made to roll-back the amendment or to lower the withholding tax rate for resident players who will be adversely impacted by such amendment, at the time of passing of the budget by the Parliament, the rate of withholding tax on such payments has been reduced to 2%

Clarification on depreciation on goodwill

- ▶ The controversy on claim of depreciation on acquired goodwill has long been a subject matter of debate. While the SC has passed a favorable ruling in the case of Smif Securities, holding that goodwill is a depreciable asset, however, tax authorities have been disputing this based on the facts of each case
- ▶ In the 2021 Union budget, it has now been proposed that goodwill of a business or profession will not be considered as a depreciable asset and no depreciation would be allowed in any situation. Towards this, it is proposed:
 - ▶ block of assets shall not include goodwill for depreciation purposes
 - ▶ if goodwill is forming part of a block of assets as on the assessment year beginning 1 April 2020 and depreciation has been claimed, the written down value and short-term capital gain are to be computed in a manner to be prescribed
 - ▶ if goodwill is purchased, such purchase price would be the cost of acquisition. However, depreciation obtained prior to assessment year 2021-22 shall be reduced from the purchase price of the goodwill

Goods and Services Tax

Background

- ▶ The Goods and Services Tax (GST) Act was implemented more than three and a half years ago in India
- ▶ The government has focused on simplification of GST compliances to increase the ease of doing business
- ▶ Recently, various media reports claimed that the GST Council may consider merging the 12% and 18% tax slabs to further reduce complexities¹
- ▶ The government has increasingly cracked down on identifying taxpayers claiming fake input tax credits, etc. The Finance Minister, in her Union Budget Speech for FY2021, mentioned the deployment of deep analytics and artificial intelligence to identify tax evaders and fake billers with special drives launched against them

GST collections fell but have recovered to exceed prior year levels

- ▶ On account of the lockdown announced by the government to counter the outbreak of COVID-19, monthly GST collections saw a significant dip during April to August 2020 since routine business activities were hampered
- ▶ GST payments by entities in the M&E sector were no different as advertising dried up, events and film exhibitions were prohibited and content could not be produced
- ▶ With the lifting of the lockdown in a phased manner and business activity slowly picking up pace, GST collections saw a steep rise post August 2020
- ▶ Average GST collections for the months of December 2020, and January and February 2021 have crossed around INR1.16 trillion
- ▶ The gross GST revenue collection for February 2021 is INR1.13 trillion, which is approximately 7% higher than the GST collections in February 2020 (i.e., pre-COVID-19 era)²

- ▶ The rise in GST collection can be attributed to:
 1. India's robust economic recovery after over two quarters of lockdown
 2. Implementation of e-invoicing in a phased manner with effect from 1 October 2020
 3. Implementation of deep analytics and artificial intelligence to identify tax evaders, fake billers, etc.
 4. Stringent provisions related to claiming of input tax credits implemented over time

E-invoicing

- ▶ Electronic invoicing (i.e., e-invoicing) was introduced to curb tax evasion and to enhance the existing GST ecosystem
- ▶ It requires issuance of e-invoices bearing a unique 64-digit number called Invoice Reference Number (IRN) incorporated in the QR Code which is generated by the Invoice Registration Portal (IRP) for each B2B invoice
- ▶ Currently, the generation and reporting of e-invoicing has been made mandatory in a phased manner as per the following:
 1. Entities with aggregate turnover exceeding INR5 billion in any preceding financial year were mandated to comply with effect from 1 October 2020 for B2B transactions
 2. Entities with aggregate turnover exceeding INR1 billion in any preceding financial year were required to comply with effect from 1 January 2021 for B2B transactions
- ▶ The number of taxpayers complying with the e-invoicing provisions has increased steadily – 49.5 million transactions were reported by taxpayers in the first month of October 2020 and that grew to approximately 250 million transactions in February 2021
 1. <https://www.businessinsider.in/policy/news/gst-council-may-consider-merging-the-12-and-18-tax-slab-in-the-next-meeting-says-finance-minister-nirmala-sitharaman/articleshow/80876459.cms#:~:text=GST%20Council%20may%20consider%20merging%20the%2012%20and,the%20next%20meeting,%20says%20Finance%20Minister%20Nirmala%20Sitharaman>
 2. <https://www.pib.gov.in/PressReleaseDetailm.aspx?PRID=1701723>

- ▶ At present, there are more than 26,000 entities, with more than 81,000 GST registrations on the portal which are generating e-invoices as of 1 March 2021³
- ▶ Entities with aggregate turnover exceeding INR5 billion in any preceding financial year were mandated to comply with effect from 1 December 2020 for B2C transactions
- ▶ Further, the penalty has been waived for non-issuance of e-invoices if these businesses comply with the provisions with effect from 1 April 2021
- ▶ Relaxations have been given on the QR code compliances for multiplexes issuing tickets to their customers for services by way of admission to exhibition of a film

Proposals in the Union Budget 2021

With an aim to rationalize the custom duty structure, ease compliances and give an impetus to domestic manufacturing, the Union Budget FY 2021-22 had several indirect tax proposals:

- ▶ Conditions for availing input tax credit were proposed to be made more stringent
- ▶ Requirement of GST audit and furnishing the Statement of Reconciliation in GSTR 9C has been proposed to be removed
- ▶ Supplies made to SEZ units or SEZ developers shall be considered as Zero-Rated Supplies only when such supplies are made for authorized operations and hence, M&E players that have their customers located in an SEZ are required to ensure that the supplies provided to their customers have been received for authorized operations or else GST may be required to be levied
- ▶ Refund of GST paid on the export of goods and services with the payment of tax shall be allowed only for a notified class of persons and for notified goods and services as may be specified by the government (further clarity on such notified goods and services are awaited)
- ▶ Concessional customs duty of 5% is to be allowed for import of materials for job-work (subject to fulfillment of certain conditions) which is applicable to certain products used in the media and printing industry such as lightweight coated paper weighing up to 70 g/m², imported by actual users for printing of magazines

3. <https://einvoice1-trial.nic.in/Others/GSTINsGeneratingIRN>

Service Export from India Scheme (SEIS)

- ▶ SEIS is an export incentive scheme notified by the central government under the Foreign Trade Policy 2015-20 (FTP, 2015-20) that aims at promoting the export of services by providing an incentive on the net foreign income in the form of duty credit scrips in the range of 3-7%
- ▶ Incentive rates of the SEIS were announced for FY2019 but are awaited for FY2020
- ▶ While it has been clarified that the SEIS scheme shall not be extended for FY2021, the new Foreign Trade Policy 2021-26 is being drafted after extensive meetings with the Board of Trade, Chambers of Commerce and other stakeholders and is likely to be made effective from 1 April 2021 and more information shall be made available by the government in the near future⁴

Quarterly Return Monthly Payment (QRMP) scheme

- ▶ QRMP scheme is an optional scheme introduced for small scale businesses having an aggregate turnover up to INR50 million in the preceding financial year; to furnish returns on a quarterly basis with monthly payment of tax
- ▶ Although transaction level returns (i.e., GSTR 1) and summary level returns (i.e., GSTR 3B) will have to be filed at the end of each quarter, entities may opt to upload invoices through an invoice furnishing facility on a monthly basis
- ▶ This will ensure that invoices raised in intervening months will be duly reflected on the GST portal of their customers and a smooth flow of input tax credit is maintained
- ▶ This scheme is likely to be beneficial to M&E sector entities who deal with qualified vendors as the input tax credit can be available to the customer in the same month in which the vendor raises the invoice

Relaxations during the pandemic

Due to business disruptions caused by the outbreak of COVID-19, the central government announced relief packages as well as relaxations in tax compliances to help businesses cope. These include:

- ▶ Extension in due dates for filling monthly GST returns
- ▶ Extension in due dates for filing of annual returns and GST audit
- ▶ Relaxations in reversal of input tax credit for transactions not uploaded by vendors
- ▶ Deferment in implementation of e-invoicing
- ▶ Waiver of late fees

Judicial pronouncements

Printing of content provided by foreign entity and delivered in India is not an export

- ▶ Authorities of Advance Rulings (AAR) in the case of Swapna Printing Works Private Limited⁵ reported in 28/WBAAR/2018-19 dated 21 December 2018 held that a contract of printing of booklets in various Indian languages on content provided by a foreign entity for delivery in different destinations in India constitutes as a composite printing service
- ▶ The AAR mentioned that printing service is a principal supply and the place at which the printed booklets are delivered qualifies as the place of supply of the composite printing service and therefore, such services are not export of service since place of supply is in India
- ▶ This could have an impact on the printing sector which provides services to publishers outside India

4. https://www.business-standard.com/article/economy-policy/new-foreign-trade-policy-2021-2026-to-be-rolled-out-from-april-says-govt-121011300117_1.html

5. http://gstcouncil.gov.in/sites/default/files/ruling-new/WB_28_2018-19%20dt%2021.12.2018-SPWPL.pdf

Printing of content on banner is a composite supply

- ▶ Macro Media Digital Imaging Pvt Ltd⁶ (the applicant) was engaged in printing of trade advertisement material for which the printing ink and base material was provided by it, whereas the recipient of supplies provided the design and graphics which were printed by the applicant on the base material
- ▶ The ruling of the Appellate Authority of Advance Ruling (AAAR) reported in KAR / ADRG 06/ 2020 dated 17 February 2020⁶ held that the printing of content provided by the recipient of supplies on the base material and supply of such printed trade advertisement material was a supply of goods and was to be taxed at 12%
- ▶ This has impact on printing industry wherein suppliers are engaged in printing of material for their customers

Input tax credit of GST paid on cab-hire services is not allowable

- ▶ Ruling of AAR in case of Prasar Bharati Broadcasting Corporation of India⁷ reported in HPGST/2019-20 dated 19 May 2020 that input tax credit for GST paid on hiring commercial vehicles for transportation of employees, if providing such a service is not obligatory under any law, will not be available
- ▶ It was held in the case that no current laws make it obligatory to provide taxi hire services for ladies and handicapped employees in odd hours/ shifts
- ▶ This could impact the M&E sector wherein vanity vans, cabs, etc. are hired for the purpose of shooting and are not covered under any specified law

Anti-profiteering ruling for not passing-on GST benefit to customers

GST rate change in movie tickets

- ▶ NY Cinemas LLP did not reduce the price of tickets when the GST rates on admission tickets was reduced
- ▶ NY Cinemas LLP had increased the base prices to maintain the same cum-tax selling prices of the admission tickets
- ▶ The authorities passed a ruling against NY Cinemas LLP mentioning that they had profited from not passing on the GST reduction benefit to the customer and directed further investigation into the matter
- ▶ Similar rulings were passed against various other players such as Inox Leisure Ltd⁸, PVR Ltd⁹ and Prasad Media Corporation Pvt Ltd¹⁰ wherein they have been directed to deposit the profited amount due to reduction in GST rates along with interest
- ▶ The Ruling could impact several multiplexes who have not reduced the prices in January 2019 when GST rates were reduced

Packages offered by DTH operators

- ▶ Various DTH operators have been questioned that the benefit of reduction in the rate rates from the previous Entertainment Tax (of between 10% to 50%) and Service Tax (of 15%) regimes was not passed on to consumers with the introduction of GST (levied at 18%)
- ▶ However, in case of Navneet Gupta & DGAP vs M/s. Bharti Telemedia Pvt Ltd¹¹, the company mentioned that it had not profited on account of decrease in tax rates since it improved content in existing packages, provided higher discounts on annual packages, lowered prices for entry level packages, etc. The case was dismissed due to non-availability of cogent and reliable evidence against the company

6. <https://gst.kar.nic.in/Documents/General/MacroMediaDigitalImagingPvtLtd.pdf>

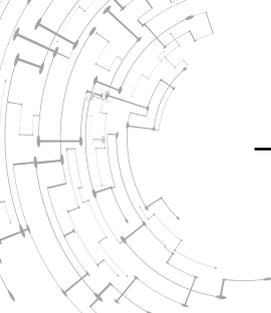
7. http://gstcouncil.gov.in/sites/default/files/ruling-new/HP_AAR_01_2020_19.05.2020_PBBCL.pdf

8. <https://www.naa.gov.in/docs/1599642797inox.pdf>

9. https://www.naa.gov.in/docs/1598591675PVR%20Final%20Order%2053-2020%20dt.%2024.08.2020_compressed.pdf

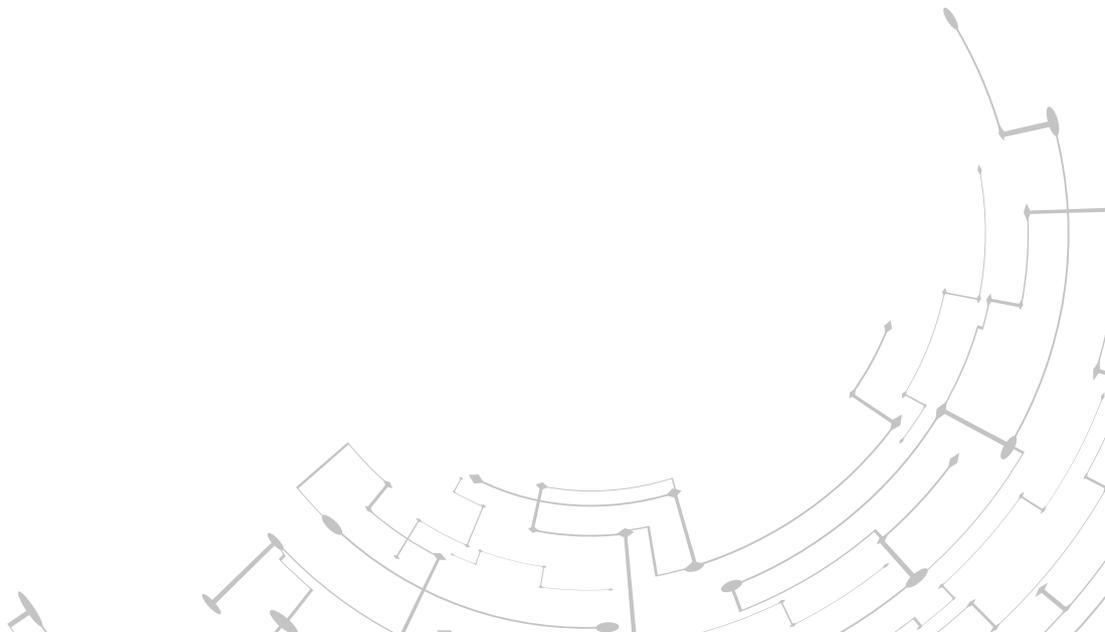
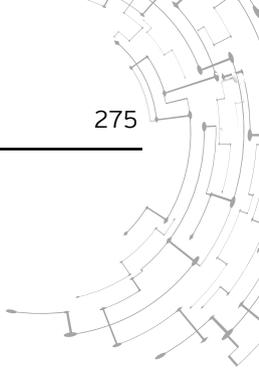
10. https://www.naa.gov.in/docs/160682363778_Prasad.pdf

11. <https://www.naa.gov.in/docs/1560529526final%20bharti.pdf>



Supreme court on fantasy sports

- ▶ Presently, several online fantasy gaming companies are paying GST at the rate 18% on the platform fee
- ▶ It has been alleged that GST at 28% is required to be paid on the entire pool amount and not only on the platform fee retained by online fantasy sports gaming companies
- ▶ Honorable Bombay High Court has held in the past that prizes paid to winners are actionable claims and hence GST on the same is not required to be paid
- ▶ Presently, Honorable Supreme Court has stayed the order of the Honorable Bombay High Court and the matter is pending to be decided
- ▶ The Ruling and the final outcome of the dispute could have a significant impact on online gaming companies and could give a fillip to illegal gaming if the entire pool amount is subjected to GST



Regulatory update

Compiled by  PDS Legal
Advocates & Solicitors



FDI in digital media permitted up to 26% through government approval route

At a time when digital media is booming, the Department for Promotion of Industry and Internal Trade (DPIIT) under the Department of Commerce and Industry under Press Note No. 4 of 2019 dated 18 September 2019 (PN4)¹, mandated that FDI in entities engaged in uploading/streaming of news and current affairs through digital media should be up to 26% under the government approval route. Prior to issuance of PN4, FDI in such entities was not subject to restriction.

DPIIT issued a clarification on 16 October 2020² (Clarification) setting out the following categories of entities that could be classified as “digital media”:

- ▶ **Digital media entities** (which stream/upload news and current affairs on websites, apps or other platforms)
- ▶ **News agencies** (which gather, write and distribute/ transmit news, directly or indirectly to digital media entities and/ or news aggregators); and
- ▶ **News aggregators** (which use software or web applications, aggregate news content from various sources and such websites, blogs, podcasts, video blogs and user submitted links in one location)

Ministry of Information and Broadcasting (MIB) thereafter issued a public notice dated 16 November 2020³ (Public Notice) regarding compliance of the Foreign Direct Investment (FDI) policy by eligible entities as follows:

- ▶ **Entities with foreign investment below 26%** should furnish certain information to MIB including a confirmation with regard to compliance with pricing, documentation and reporting requirements under the FDI policy and the relevant regulations framed under the Foreign Exchange Management Act, 1999, along with copies of relevant reporting forms in support of the past/existing foreign investment and downstream investment(s), if any within 1 month from the date of the public notice, i.e., 16 December 2020
- ▶ **Entities with foreign investment exceeding 26%** should take necessary steps for bringing down the foreign investment to 26% by 15 October 2021 and seek approval of MIB
- ▶ **Any entity intending to bring fresh foreign investment** should seek prior approval of the central government, through Foreign Investment Facilitation Portal (FIFP) of the DPIIT

In addition, there are requirements with respect to residency status of directors, citizenship status of the chief executive officer and clearance procedures for foreign personnel who are deployed in India for more than 60 days.

The Clarification further sets out that PN 4 applies to “Indian entities” that are “registered” or “located” in India. It is unclear whether it therefore applies to entities that operate out of India but are not registered in India and do not have any personnel in India, or if the Indian entity gathers news content and shares it with an overseas digital platform which is not registered in India. In addition, overseas media companies that have set-up 100% owned entities in India to operate “India specific websites” will be impacted and may need to restructure their operations.

The Clarification makes no distinction between digital media entities that are purely engaged in “news” as compared to entities, including over-the-top (OTT) players, which deal in “social” and “entertainment content” in addition to “news” content. One would have to evaluate if OTT players who stream news will be affected by the Clarification. In the broadcasting sector, non-news and current affairs television channels are prohibited from carrying news content.

1. https://dipp.gov.in/sites/default/files/pn4_2019.pdf
2. [https://dipp.gov.in/sites/default/files/Digital-Media-Clarification Scanned-16Oct2020.pdf](https://dipp.gov.in/sites/default/files/Digital-Media-Clarification%20Scanned-16Oct2020.pdf)
3. <https://mib.gov.in/sites/default/files/Public%20Notice%20%20regarding%20FDI%20Policy%20.pdf>

Companies in this space which have more than 26% foreign investment, be it strategic, or venture capital/private equity capital will need to assess options/structures, including seeking Indian joint venture partners or brand licensing arrangements, to ensure compliance with the regulatory framework. It will be interesting to see how valuations play out in such sell down negotiations.

One point that has still not been specifically addressed is that the impact on legacy television players who run digital news arms; the foreign investment limits for television players operating news and current affairs content is 49% as compared to 26% for digital media and therefore there would be a need to evaluate if such companies would need to hive off their digital media arms.

Social and digital media

Twitter ordered to ban accounts linked to farmer's protest

Section 69A of the Information and Technology Act, 2000 (IT Act) mandates that the central government can ensure that public access to any information via computer resource is blocked, if it is satisfied that it is necessary or expedient to do so in the interest of the sovereignty and integrity of India, defence of India, security of the state, or public order. The Ministry of Electronics and Information Technology (MEITY), in exercise of the power granted under Section 69A of the IT Act, by its order dated 31 January 2021 directed the social media platform Twitter to block around 250 tweets and certain Twitter accounts that, allegedly, used a hashtag #ModiPlanningFarmerGenocide and that covered protests regarding farm laws. Such an order was issued by MEITY on the grounds of public order and security of the state⁴. Some of the prominent accounts which were withheld include Kisan Ekta Morcha, Caravan India, Tractor2Twitr, Sushant Singh, Hansraj Meena and Shashi Digital⁵.

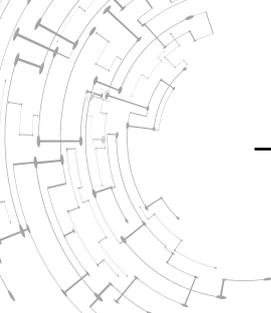
Regulation of OTT Platforms and other social media intermediaries

Digital platforms in India have been unregulated, having no specific regulatory framework barring the provisions of the IT Act that they are subject to. Through several case laws and consultation papers and self-regulation codes formulated in the recent past, several attempts have been made to understand the need for and method of regulating digital content. Attempts were made by OTT players towards developing a more transparent system of self-regulation.

MEITY and the Telecom Regulatory Authority of India (TRAI) maintained their positions of having no control over online content while the courts established the capacity of the IT Act to regulate this space. Courts have held that actions against OTT players would be taken under (a) Section 69 of the IT Act which includes direction for interception, monitoring or decryption of information, blocking of content etc.; (b) Sections 66A and 67B of the IT Act that prescribe the punishment for offences such as sending offensive messages through communication service, publishing or transmitting obscene material in any electronic form,

4. <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1696945>

5. <https://www.indiatoday.in/technology/features/story/twitter-vs-accounts-tweeting-on-farmer-protests-govt-order-accounts-blocked-and-then-unblocked-story-so-far-1765090-2021-02-02>



publishing or transmitting material containing sexually explicit material, publishing or transmitting material depicting children in bad taste etc. Courts have taken the view that though there is no specific regulation of OTT platforms in India, if OTT platforms carry any information or material which is not permissible under the law then the provisions of the IT Act would come into play for deterrent action to be taken against them. Courts have also taken the view that online content on OTT platforms would not fall under the ambit of the Cinematography Act, 1952 and have frequently dismissed broad petitions seeking censorship of online streaming services.

In a move anticipated to have far-reaching impact on OTT video streaming platforms, the union government amended the Government of India (Allocation of Business) Rules, 1961 to bring digital / online media under the purview of the MIB w.e.f. 9 November 2020⁶. Under the notification, digital / online media includes (a) films and audio-visual programs made available by online content providers; and (b) news and current affairs content on online platforms. Pursuant to this notification online content providers such as Netflix, Hotstar, etc. have now been brought under the jurisdiction of the MIB who will regulate this space.

Subsequent developments on regulation of OTT platforms and other social media intermediaries in India

In December 2018, amendments were proposed to the rules under Section 79 of the IT Act in meetings which were held between government officials and company representatives. Section 79 of the IT Act provides what is called a “safe harbour” to intermediaries who host user generated content and exempts them from liability for the actions of users on their platform if they adhere to the Technology (Intermediaries Guidelines) Rules, 2011 prescribed by the government.

After amendment to the Government of India (Allocation of Business) Rules, 1961 to bring, inter alia, the online platforms under the purview of MIB w.e.f. November 2020, in order to bring further transparency and accountability, MEITY on 25 February 2021 notified the Information Technology (Intermediary Guidelines and Digital Media Ethics Codes) Rules, 2021 (Intermediary Rules)⁷ in supersession of the Information Technology (Intermediaries Guidelines) Rules, 2011 (2011 Intermediary Rules) to regulate intermediaries including digital news platforms and OTT platforms and content providers. The recent calls for OTT regulations came after controversies surrounding Tandav, Mirzapur 2, AK Vs AK and A Suitable Boy, among others.

6. <http://egazette.nic.in/WriteReadData/2020/223032.pdf>

7. https://www.meity.gov.in/writereaddata/files/Intermediary_Guidelines_and_Digital_Media_Ethics_Code_Rules-2021.pdf

Information Technology (Intermediary Guidelines and Digital Media Ethics Codes) Rules, 2021

The Intermediary Rules are divided into 3 parts:

Part I mainly lays down the definitions of terms.

Part II deals with the regulation of intermediaries, including social media intermediaries. Social media intermediaries include messaging-related intermediaries, such as WhatsApp, Signal and Telegram, and media-related intermediaries, such as Facebook, Instagram and Twitter. Part II is administered by MEITY.

Part III deals with the code of ethics and procedure for digital news media (though there is a lack of clarity on exactly which news media these Rules apply to) and OTT platforms, such as Netflix, Amazon Prime and Disney+ Hotstar. Part III is administered by the MIB.

Key highlights of the Intermediary Rules

An intermediary, with respect to any particular electronic records has been defined as any person who on behalf of another person receives, stores or transmits that record or provides any service with respect to that record and includes telecom service providers, network service providers, internet service providers, web-hosting service providers, search engines, online payment sites, online-auction sites, online-market places and cyber cafes.

The Intermediary Rules essentially seek to regulate the following:

- ▶ **News aggregator**, i.e., an entity who, performing a significant role in determining the news and current affairs content being made available, makes available to users a computer resource that enables such users to access the news and current affairs content which is aggregated, curated and presented by such entity
- ▶ **Publisher of news and current affairs content**, i.e., an online paper, news portal, news aggregator, news agency and such other entity called by whatever name, which is functionally similar to publishers of news and current affairs content but shall not include newspapers, replica e-papers of the newspaper and any individual or user who is not transmitting content in the course of systematic business, professional or commercial activity
- ▶ **Publisher of online curated content**, i.e., a publisher who, performing a significant role in determining the online curated content being made available, makes available to users a computer resource that enables such users to access online curated content over the internet or computer networks, and such other entity called by whatever name, which is functionally similar to publishers of online curated content but does not include any individual or user who is not transmitting online curated content in the course of systematic business, professional or commercial activity
- ▶ **Significant social media intermediary**, i.e., a social media intermediary having number of registered users in India above such threshold as notified by the Central Government
- ▶ **Social media intermediary**, i.e., an intermediary which primarily or solely enables online interaction between two or more users and allows them to create, upload, share, disseminate, modify or access information using its services

Part - II: Due diligence by an intermediary and grievance redressal mechanism:

An intermediary (including social media intermediary and significant social media intermediary) is required to observe due diligence while performing their duties. These due diligence requirements, inter-alia, include:

- ▶ Publishing a privacy policy and user agreement (that shall inform the user of its computer resource not to, inter alia, share or display certain content as stipulated) for access or usage of its computer resource by any person
- ▶ Informing the users at least once a year that in case of non-compliance with its rules and regulations, privacy policy or user agreement
- ▶ Terminating the access or usage rights of the users in case of any non-compliance, or remove non-compliant information immediately, or both
- ▶ Taking down any unlawful information as stipulated upon receipt of order by a court or on being notified by the appropriate government and in no case later than 36 hours from the time of receipt of the same
- ▶ Informing the users at least once a year of its rules and regulations, privacy policy or user agreement or any changes to the same
- ▶ Preserving all information and associated records that have been removed or blocked access to for 180 days or for such longer period as may be required
- ▶ Retaining information collected for registration of a user for a period of 180 days after cancellation or withdrawal of registrations
- ▶ Taking all reasonable measures to secure its computer resource and information contained therein following reasonable security practices and procedures as prescribed in the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Information) Rules, 2011
- ▶ Reporting cyber security incidents and share related information with the Indian Computer Emergency Response Team in accordance with the policies and procedures as mentioned in the Information Technology (The Indian Computer Emergency Response Team and Manner of Performing Functions and Duties) Rules, 2013
- ▶ Providing within 72 hours of receipt of an order, information under its control or possession or assistance to the government agencies for the purpose of verification of identity or for prevention, detection, investigation or prosecution of offences under any law or for cyber security incidents

Additional due diligence by significant social media intermediaries

- ▶ Significant social media intermediaries are required to appoint (a) a chief compliance officer (to be, inter alia, responsible for ensuring compliance under the laws); (b) a nodal contact person (for 24*7 co-ordination with law enforcement agencies and to ensure compliance of their orders and requisitions); and (c) a resident grievance officer (for redressal of grievances) - who must all be residents of India. These requirements must be complied with by 26 May 2021
- ▶ Further, significant social media intermediaries that provide services primarily in the nature of messaging are required to identify the first originator of the information (as may be required under an order passed by a court or an order by the competent authority as per the Information Technology (Procedure and Safeguards for interception, monitoring and decryption of information) Rules, 2009). For offences that are punishable with imprisonment for a term of not less than 5 years such identification may be made only for the purposes of (a) prevention; (b) detection; (c) investigation; (d) prosecution; or (e) punishment of an offence related to (i) sovereignty and integrity of India; (ii) the security of the state; (iii) friendly relations with foreign states; (iv) public order; or (v) of incitement to any of the offences set out above or in relation with rape, sexually explicit material or child sexual abuse material
- ▶ The Intermediary Rules also lay down certain conditions for significant social media intermediaries with respect to any information or transmission of information (a) while providing services for direct financial benefit; (b) to which it owns a copyright or has an exclusive license to use; (c) where it has executed a contract for restrained publication or transmission of the information
- ▶ The significant social media intermediaries are required to endeavor to deploy technology-based measures to identify information that depicts rape, child sexual abuse or conduct, or any information which is exactly identical in content to information that has previously been removed or access to which has been disabled
- ▶ The significant social media intermediaries are required to have a physical contact address in India published on their website or mobile app or both

- ▶ The significant social media intermediaries are required to implement an appropriate mechanism for the receipt of complaints under the grievance redressal mechanism in relation to the violation of provisions under the Intermediary Rules
- ▶ The significant social media intermediaries are required to enable users who register for their services from India, or use their services in India, to voluntarily verify their accounts by using any appropriate mechanism (such as linking Aadhar to social media accounts)
- ▶ All intermediaries in relation to news and current affairs content must additionally publish a clear and concise statement informing the publishers of the news and current affairs to furnish details of their user accounts on the services of such intermediary to MEITY
- ▶ All intermediaries must establish a grievance redressal mechanism for receiving and resolving complaints from the users or victims against violation of the provisions of the Intermediary Rules or any other matters pertaining to the computer resources made available by it and the grievance officer (whose name and contact details should be published on its website) is required to acknowledge the complaint within 24 hours and resolve the matter within 15 days from its receipt

Part III: Code of ethics and procedure and safeguards in relation to digital media

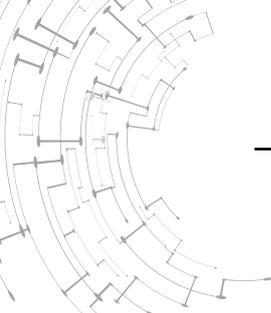
Arguably the most significant development in the Intermediary Rules is the regulation of OTT platforms and digital news media when they use other intermediary sites/apps such as Twitter or Facebook and when they host news media content on their own website/app. It is worth mentioning that the 2011 Intermediary Rules did not regulate digital news media and the OTTs.

It is pertinent to note that Part III does not contain threshold requirement of users or readership has been contemplated to differentiate between digital news media on the basis of size and scale, as has been done in Part II in the case of social media intermediaries and significant social media intermediaries. The Intermediaries Rules have been made applicable to all publishers of news and current affairs content (including OTT Platforms), as long as they have a physical presence in India or conduct a systematic business activity by making their content available in India. The Intermediary Rules also prescribe for code of ethics for all publishers of news and current affairs content (including OTT Platforms) which will be administered by MIB.

Any digital news media organization making its content available in India in a systematic and continued manner must comply with the provisions of the Intermediaries Rules. While a physical presence in India by means of appointing officers resident in India and providing an Indian address for correspondence has been stipulated under the Intermediaries Rules for significant social media intermediaries, it remains unclear as to how foreign news media organizations are sought to be regulated by Indian authorities.

The Intermediary Rules mandate entities engaged in digital news media and OTTs must adhere to a code of ethics, details of which have been laid down in the appendix to the Intermediary Rules. Some of the criteria provided in the code of ethics are:

- ▶ Entities engaged in digital news media are required to comply with “Norms of Journalistic Conduct of the Press Council of India and Programme Code”, and ensure that content which is prohibited under any law is not published or transmitted

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- ▶ OTTs are obligated to classify content based on the type of content as “U”, “U/A 7+”, “U/A 13+”, “U/A 16+” and “A” and ensure that the content which is classified as U/A13+ or higher has access control measures and the content classified as A (restricted to adults) has a reliable age verification mechanism for viewership of such content, in addition to access control measures to restrict minors from accessing such content
 - ▶ OTTs are required to take into consideration India’s multi-racial and multi-religious context and “exercise due caution and discretion” while featuring activities, beliefs, practices, or views of any racial or religious groups

For adherence to the code of ethics by the publishers and addressing the **grievances** made in relation to such publishers, the Intermediary Rules stipulate a **3-tier structure** as follows:

Level I - Self-regulation mechanism by the publishers (both news and curated content)

Publishers (both news and curated content) are required to (a) establish a grievance redressal mechanism; (b) appoint a grievance officer based in India; and (c) display contact details of its grievance officer at appropriate place. The grievance officer will be (a) required to take a decision on grievances received by it within 15 days of receipt of the same; and (b) a nodal point amongst the complainant, the self-regulating body and the MIB.

The publishers are required to adhere to other stipulations laid down in terms of classifying of the online curated content by the publishers and display of the rating of the any online curated content.

Level II - Self-regulation by the self-regulating bodies of the publishers (both news and curated content)

Publishers may establish one or more self-regulatory bodies, i.e., independent bodies constituted by publishers or their associations which must be registered with MIB. Such self-regulating body will be required to perform, inter alia, functions such as ensuring adherence to the code of ethics by the publishers, address grievances which have not been resolved by publishers and issue guidance or advisories to the publishers.

Level-III - Oversight mechanism developed by the central government for adherence to the code of ethics by the publishers and self-regulating bodies

MIB will co-ordinate and facilitate the adherence to the code of ethics by publishers and self-regulating bodies, develop an oversight mechanism, and perform functions that, inter alia, include establishing an inter-departmental committee for hearing grievances, issuing appropriate guidance and advisories to publishers, issuing orders and directions to the publishers for maintenance and adherence to the code of ethics.

In case of emergency being within the grounds specified under section 69A(1) of the IT Act, the Intermediary Rules empower the authorized officer (appointed by the MIB) to block information or part thereof and submit a specific recommendation to MIB.

Penalty

The 2011 Intermediary Rules did not specify any consequences upon the intermediaries for failing to comply with the provisions of the Rules. The Intermediary Rules provide that if an intermediary contravenes such rules, it shall not be entitled to the safe harbor provisions encapsulated under section 79 of the IT Act and the intermediary shall be liable for punishment under any law for the time being in force including the provisions of the IT Act and the Indian Penal Code.

Loss of end-to-end encryption

The Intermediary Rules mandate that a significant social media intermediary, providing services primarily in the nature of messaging, may have to identify and disclose the identity of the first originator of the information to regulatory authorities for serious offences. Some categories under which the such intermediary must make such disclosure have been left open-ended leaving room for broad interpretation, e.g., intermediaries may have to disclose such information in the interest of maintaining “public order”. To provide such information an intermediary should have access to the metadata of the entire chain of the conversation. Accordingly, messaging applications may need to be re-engineered to capture metadata to implement this requirement, thus, undermining end-to-end encryption and impacting security and privacy of communications.

The Intermediaries Rules also clarify that, the significant social media intermediary shall not be required to disclose the contents of any electronic message, any other information related to the first originator, or any information related to its other users. However, the Information Technology (Procedure and Safeguards for Interception, Monitoring and Decryption of Information) Rules, 2009 empower the government to demand disclosure of the message content. This could result in the intermediaries breaking the end-to-end encryption to gain knowledge of who sent what message and also to know its contents.

Draft guidelines issued by the Ministry of Consumer Affairs, Food and Public Distribution in relation to misleading advertisements

In August 2019, the Consumer Protection Act 2019 was amended to include liability for endorsers of products⁹. In August 2020, the Ministry of Consumer Affairs, Food and Public Distribution issued a draft of the Central Consumer Protection Authority (Prevention of Misleading Advertisements and Necessary Due Diligence for Endorsement of Advertisements) Guidelines, 2020¹⁰ (Food Ad Guidelines) for public consultation (date extended until 1 October 2020). To address questions over the degree to which those endorsing goods should be vetting the products that they promote, the Food Ad Guidelines impose a liability on the endorsers to take due care and to ensure that the claims they endorse in the advertisements that they appear in, are capable of being objectively ascertained and substantiated.

Any endorser would be considered diligent if he / she obtains (a) advertising advice from an advertising self-regulatory organization; or (b) a legal opinion from an independent legal practitioner regarding the honesty of statements in their endorsement and its compliance with these guidelines and the Consumer Protection Act, 2019. The Food Ad Guidelines further prohibit surrogate advertising and cover all advertising/marketing communications regardless of form, format or medium. The Food Ad Guidelines apply to advertisements made on digital platforms, e-commerce websites and/or social media websites.

Draft guidelines issued by the Advertising Standards Council of India for influencer advertising on digital media

On 22 February 2021, the Advertising Standards Council of India released draft guidelines for influencer advertising on digital media¹¹. These guidelines, inter alia, mandate adding of advertising disclosure labels for video content on all platforms including mobile phones. In respect of audio content, such a disclosure label is required to be announced before and after the content.

Policy guidelines for empanelment of social media platforms with Bureau of Outreach and Communication (BOC)

Recognizing the growth of digital resources, in May 2020, MIB issued policy guidelines for empanelment of social media platforms with BOC (that acts as an advisory body to the government on media strategy) to improve government's social media outreach. These policy guidelines set out modalities by which the ministries and BOC¹² can engage with social media platforms for an assured reach to the citizens of India on important policy issues and communications. These guidelines will remain valid for a period of 5 years.

9. <http://egazette.nic.in/WriteReadData/2019/210422.pdf>
10. <https://consumeraffairs.nic.in/sites/default/files/file-uploads/latestnews/Draft%20guidelines%20for%20stakeholders%20consultation.pdf>
11. <https://www.ascionline.org/images/pdf/press-release-asci-frames-guidelines-for-influencer-advertising-on-digital-media.pdf>
12. <http://www.davp.nic.in/writereaddata/announce/Adv12401482020.pdf>

Television

Consultation paper by TRAI regarding “Regulatory Framework for Platform Services” and “Platform Services offered by DTH Operators”

TV channel distribution platforms primarily re-transmit broadcast TV channels permitted by the MIB under their up linking and downlinking guidelines. However, in addition to these channels, as a prevailing practice, various Distribution Platform Operators (DPOs) provide certain programming services which are specific to their platform and are not obtained from satellite-based broadcasters. These programming services are either produced by the DPO itself or are sourced from certain local content producers. TRAI and MIB and other such stakeholders have been considering these issues since 2019. Developments for this year include recommendations by TRAI on 26 May 2020¹³, followed by a consultation paper on 7 December 2020 and final recommendations on 2 February 2021.

TRAI's consultation paper on 7 December 2020¹⁴ and recommendation report on 2 February 2021¹⁵ provided specific responses address MIB's concerns. The responses in both were essentially the same and inter alia, include the following:

- (i) To ensure better transparency and oversight, it was prescribed that all DPOs desirous to offer platform services should register as a company under the Companies Act, 2013
- (ii) TRAI reiterated its earlier recommendation that a maximum number of 5 platform service channels may be offered by the cable operators in non-DAS areas. In DAS areas and for all other platforms, a maximum of 15 platform service channels may be offered by the DPOs. These numbers are the number of platform services channels to be made available at the subscribers' end

(iii) TRAI agreed with MIB that the definition of:

- ▶ Platform services shall be programs transmitted by DPOs exclusively to their own subscribers and do not include Doordarshan channels and registered TV channels. Platform services shall not include foreign TV channels that are not registered in India
- ▶ Registered TV channels or television channels shall be a channel, which has been granted downlinking permission by the Central Government under the policy guidelines issued or amended by it from time to time and reference to the term “channel” shall be constructed as a reference to “television channel”

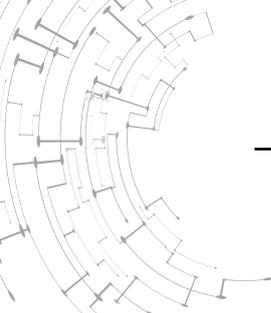
(iv) TRAI recommended that:

- ▶ The programs transmitted by the Direct To Home (DTH) operators/ Multi Systems Operators (MSOs)/ Internet Protocol Television (IPTV)/ Head-End Into The Sky (HITS) operators as a platform service shall be exclusive and the same shall not be permitted to be shared directly or indirectly with any other DPO
- ▶ Program transmitted by the DTH operators/ MSOs/ IPTV/ HITS operators as a platform service shall not directly or indirectly include any registered TV channel or Doordarshan channel or foreign TV channel. Time-shift feed of registered TV channels (such as +1 services) shall not be allowed as a platform service
- ▶ DTH operators/ MSOs/ IPTV/ HITS operators shall ensure and provide an undertaking to MIB in the format prescribed by MIB that the program transmitted is exclusive to their platform and not shared directly or indirectly with any other DPO
- ▶ In case the same program is found available on the platform service of any other DPO, MIB/TRAI may issue direction to immediately stop the transmission of such program. MIB also reserves the right for cancellation of registration of such platform service of the DTH operators/ MSOs/ IPTV/ HITS operators

13. https://www.traai.gov.in/sites/default/files/Recommendation_backreference_26052020.PDF

14. https://www.traai.gov.in/sites/default/files/CP_07122020.pdf

15. https://www.traai.gov.in/sites/default/files/Recommendations_02022021_0.pdf

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- (v) DTH operators/ MSOs/ IPTV/ HITS operators shall provide an option of activation/deactivation of platform services as prescribed in the orders/ directions/ regulations issued by TRAI from time-to-time
 - (vi) MIB needs to specify a compliance structure to ensure that those providing platform services make full disclosure on ownership status and comply to the program and advertising codes. It has also been recommended that any person/ entity desirous of or already providing local news and current affairs as a platform service must be incorporated as a company under the Indian Companies Act, 2013
 - (vii) Platform service channels should be categorized under the genre “platform services” in the Electronic Programmable Guide (EPG), and the respective maximum retail price of the platform service shall be displayed in the EPG. A provision for putting a caption as “platform services” may be required to distinguish those from the linear channels as TRAI has recommended. The government may stipulate a size which is visually readable by the consumers for such captions. However, the operators should keep platform services exclusive to themselves. If the direction is violated, then MIB or TRAI can immediately direct to stop the transmission. In extreme cases, MIB may cancel the registration

New tariff order (NTO 2.0)

TRAI issued Telecommunication (Broadcasting and Cable) Services Interconnection Addressable Systems) (Second Amendment) Regulations, 2020, Telecommunication (Broadcasting and Cable) Services Standards of Quality of Service and Consumer Protection (Third Amendment) Regulations, 2020 and Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Tariff Order (Second Amendment) on 01 January 2020¹⁶, to address certain anomalies in market which necessitated review for achieving the orderly growth of the sector. NTO 2.0 seeks to protect consumers by capping tariffs for channel bouquets, price composition of the NCF, etc. There is no similar cap for OTT platforms, though it is now to be seen what will happen with the OTT platforms being brought under the ambit of the MIB.

The Indian Broadcasting Foundation (IBF), a representative body of TV broadcasters, in its petition in the Bombay High Court opposed the TRAI-mandated tariff amendments, arguing that the same will adversely impact the sector's growth. The Bombay High Court has directed the regulator to refrain from taking any coercive action until the final judgment is pronounced. The Bombay High Court had reserved the order on 4 March 2020¹⁷. However, as the Bombay High Court had not given any interim relief, TRAI on 24 July 2020¹⁸ directed broadcasters to comply with the new amendments of the NTO 2.0 by 10 August 2020. This made all the petitioners approach the Bombay High Court once again and the matter is pending.

16. https://www.traai.gov.in/sites/default/files/Regulation_Tariff_Order_01012020.pdf

17. Bombay High Court Writ Petition (L) No.116 Of 2020 and others

18. https://traai.gov.in/sites/default/files/Direction_24072020.pdf

Recommendations on review of television audience measurement and rating system in India

TRAI has said in its recommendation that stakeholders are not satisfied with Broadcast Audience Research Council (BARC) rating service, owing to its lack of transparency in sharing the methodology and the representation of the panel homes amongst the various platform types. TRAI also mentioned that its objectivity and neutrality are compromised with IBF holding a majority in BARC.

TRAI believed that the misinterpretation of viewing behavior was due to the lack of transparency with respect to (a) the original data collected; (b) the difference between the original data collected and the final data released to the market; and (c) that the low sample to universe ratio in many markets which had led to erratic viewership behavior. On 28 April 2020, TRAI issued recommendations on "Review of Television Audience Measurement and Rating System"¹⁹. Major recommendations made by TRAI are as follows:

- ▶ Structural reforms to be made in the governance structure of BARC to mitigate the potential risk of conflict of interest, improve credibility, bring transparency, and retain confidence of all stakeholders in the Television Rating Point (TRP) measurement system
- ▶ Change in composition of the board of BARC
- ▶ Equal representation of the 3 constituent industry associations, namely Advertising Agencies Association of India, Indian Society of Advertisers and IBF and with equal voting rights irrespective of their proportion of equity holding
- ▶ Active participation of representatives of advertisers and advertising agencies
- ▶ Entitlement of the constituent industry associations to nominate their representatives to the board membership
- ▶ Tenure of chairman of board and number of members in technical committee

- ▶ Formation of an "Oversight Committee" to guide BARC India in the areas of research, design and analysis, constantly improving the rating system
- ▶ Annual audit of BARC should be conducted by an independent agency to ensure conformance with TRP rating methodology
- ▶ Division of BARC into 2 units

Recommendations on interoperability of set-top-boxes (STB)

TRAI wants the nation's cable MSOs and DTH broadcasters to ensure that digital STBs support interoperability so that consumers have freedom of choice to switch between operators.

On 10 April 2020, TRAI issued recommendation on "Interoperability of STB"²⁰ which were as follows:

- ▶ Every STB provided to a consumer must be interoperable
- ▶ MIB to mandate all DPOs to compulsorily facilitate service provisioning through interoperable STBs
- ▶ Mandatory provisioning of USB port based common interface for all digital TV sets in India
- ▶ MIB may notify through licensing conditions or amendment in Cable Television Network Rules, 1994, as per the Cable Television Network (Regulation) Act, 1995
- ▶ 6 months duration may be given to both DTH operators and multi-system operators to adopt digital video broadcasting common interface plus 2.0 (with USB CAM) specifications from the date of MIB notifications
- ▶ Committee for coordination and implementation to be set up by MIB

19. https://www.trai.gov.in/sites/default/files/Recommendation_28042020.pdf

20. https://www.trai.gov.in/sites/default/files/Recommendation_11042020.pdf

TRAI's advertisement cap rule

On 22 March 2013, TRAI released the Standards of Quality of Service (Duration of Advertisements in Television Channels) (Amendment) Regulations, 2013²¹, which mandate that broadcasters should restrict advertisements on television channels to a maximum of twelve minutes per clock hour. MIB and the News Broadcasters Association opposed this measure²² as a step that would adversely impact revenues and violate broadcasters' freedoms of speech and business.²³ The notification on twelve-minute cap was challenged by news, music, and regional broadcasters in the Delhi High Court in 2013 as the fate of about 900 channels²⁴ depended upon the outcome of the decision by Delhi High Court. The matter is still pending to be decided by the Delhi High Court. In February 2021, Union of India was made as one of the respondents in the matter ordered by Delhi High Court.²⁵

Filmed entertainment

The Cinematograph Amendment Bill, 2019

In February 2019, the union cabinet approved the Cinematograph Amendment Bill, 2019 (Cinematograph Amendment Bill) issued by MIB²⁶. The Cinematograph Amendment Bill prohibits a person from using a recording device to make a copy or transmit a film, without written authorization from the producer of the film and aims to tackle film piracy by including the penal provisions for unauthorized cam-cording and duplication of films. The Cinematograph Amendment Bill also proposed to make film piracy an offence punishable with an imprisonment for a term which may extend to 3 years or with fine that may extend to INR1 million or both. This is a significant move to strengthen the intellectual property protections in India where there is rampant piracy, especially after the COVID-19 pandemic where piracy rose 62% between February 2020 to March 2020²⁷.

In March 2020, the standing committee on the information technology (2019-20) asked MIB to revisit the Cinematograph Amendment Bill to inter alia (a) ensure consistency with other laws; and (b) to increase the penalty proposed enhancing the maximum fine (from a maximum of INR1 million as proposed under the Cinematograph Amendment Bill) to a range of 5% to 10% of the audited gross production costs of a film to punish the offenders. In addition, the committee constituted by the MIB (a) suggested that a "fair use" provision should also be included when the laws were amended to provide adequate safeguards to innocent people using film clips for non-commercial purposes; and (b) pointed out that there was no mention of the minimum period for imprisonment and the minimum fine.

21. https://www.trai.gov.in/sites/default/files/StdofQoS_DurationOfAdvTVChannels_Reg_Amends_22032013.pdf
22. http://www.nbanewdelhi.com/assets/uploads/pdf/45_PRESS_RELEASE_23-3-13.pdf
23. <http://docs.manupatra.in/newsline/articles/Upload/F4A9E95E-08DD-4D4F-B9FB-14B8DE8F9022.pdf>
24. <https://www.exchange4media.com/media-tv-news/if-implemented-trais-12-min-ad-cap-can-cause-havoc-in-television-industry-106975.html>
25. Delhi HC impleads UoI through MIB as party respondent in ad cap case - Exchange4media
26. <https://pib.gov.in/PressReleseDetail.aspx?PRID=1562975>
27. White paper - 'COVID-19: The demand for content and a new dawn for discovery' Edition 2 May 2020 published by MUSO

Recent notable judgement in relation to copyright in films

In the matter of Shamoil Ahmad Khan Vs. Falguni Shah and ors, the plaintiff, a writer and author of a short story titled “Singardaan” brought a claim against the defendant being the maker of a web series having the same title. Given that the works of the plaintiff and the defendant were similar, the Bombay High Court applied the notion of extraction to determine at what point the elements of a work can be stripped until one may finally come to the bare idea or abstraction which no longer enjoys copyright.

The Bombay High Court by its order dated 26 May 2020²⁸ recognized that though there was infringement, the harm to the plaintiffs was not irreparable to warrant an injunction, inter alia, due to a delay in filing the action. In the interests of justice, the defendants were allowed to air the show but they were directed to keep and maintain an account of the revenues made from their web series from inception and till the disposal of the suit so that a percentage of the profits could be paid to the plaintiff as damages if so held. The Bombay High Court also granted limited interim injunction restraining the defendants from making any further adaptation or use in a different format of their web series save and except as in its present form and on the digital platforms.

Radio and music

Recommendations on reserve price for auction of FM radio channels issued by TRAI

MIB sought TRAI's view on whether inflation needs to be factored in on the reserve prices of FM radio channels. After a series of events, on 10 April 2020, TRAI issued recommendations on reserve price for auction of FM radio channels²⁹ based on the comments received from stakeholders on the consultation paper on “Reserve Price for auction of FM Radio Channels” dated 16 October 2019 issued by TRAI. Some of the key recommendations set out in the report are as follows:

- ▶ Withdrawal of the existing ceiling limit of 15% of total FM radio channels in the country permitted to a permission holder
- ▶ Setting the reserve price for FM radio channels in a city, except the cities situated in north east, Jammu and Kashmir and Andaman and Nicobar, at 0.8 times the valuation of FM radio channels in that city and at 0.4 times the valuation of FM radio channels in a city situated in north east, Jammu and Kashmir and Andaman and Nicobar
- ▶ The reserve price in 273 cities have been prescribed and stated in the report
- ▶ The reserve price in 10 border cities (in the “Others” category in Phase-III) should be INR5 hundred thousand per channel
- ▶ Auction of the remaining FM channels of Phase-III to be carried out by delinking the concerned radio channels from the technology adopted
- ▶ Radio broadcasters should be permitted to adopt any technology (analog, digital or both) to broadcast on the frequency allocated to them through auction in future. Radio broadcasters that opt for digital technology, be permitted to broadcast multiple channels on a single frequency allocated to them, subject to it being technologically feasible

In June 2020, MIB sought clarification on certain issues on TRAI's recommendations. While analyzing the issues, TRAI reviewed the recommendations and revised the reserve prices in some of the cities³⁰.

28. Judgement dated 26 May 2020 passed by the High Court of Judicature at Bombay Ordinary Original Civil jurisdiction in notice of motion no. 2238 of 2019 in commercial IP suit no. 1193 of 2019

29. https://www.trai.gov.in/sites/default/files/Recommendation_FM_11042020_0.pdf

30. Corrigendum_24072020.pdf (tra.gov.in)

Royalty in sound recordings - two conflicting views & the rate for radio broadcasts under statutory licensing

In a significant development, the Intellectual Property Appellate Board (IPAB) by its order dated 31 December 2020³¹, fixed new statutory licensing rate for radio royalties. This landmark judgement passed on 31 December 2020 mandates that when a sound recording is broadcast on radio, separate royalties are payable for sound recording and underlying works, i.e., lyrics and composition to the Indian Performing Right Society Limited (IPRS) and consequently its lyricist, music composer and music publisher members.

The judgment also establishes royalty rates payable by radio broadcasting stations across India through 2021 in respect of sound recordings as well as literary works and musical works. The royalty rate table under section 31D of the Copyright Act 1957 ("Copyright Act") for broadcasting sound recordings in private FM radio has been prescribed as follows:

License based city classification of FM broadcasters	Prime time @100% 08.01 hrs to 10.00 hrs 18.01 hrs to 20.00 hrs	Other Time @50% 6.01 hrs to 08.00 hrs; 10.01 hrs to 18.00 hrs & 20.01 hrs to 22.00 hrs	Lean time @25% 00.01 hrs to 06.00 hrs 22.01 hrs to 24.00 hrs
Tier A+ full rate sound recording	INR750	INR375	INR188
Tier A + full rate underlying works	INR300	INR150	INR75
Tier A 20% reduction sound recording	INR600	INR300	INR150
Tier A 20% reduction underlying works	INR240	INR120	INR60
Tier B 40% reduction sound recording	INR450	INR225	INR113
Tier B 40% reduction underlying works	INR180	INR90	INR45
Tier C 60% reduction sound recording	INR300	INR150	INR75
Tier D 80% reduction sound recording	INR150	INR75	INR38
Tier D 80% reduction underlying works	INR60	INR30	INR15

31. [https://www.ipab.gov.in/ipab_orders/delhi/OP-\(SEC-31D\)-1-to-9-2020-CR-NZ-and-OP-\(SEC-31D\)-1-2020-CR-WZ.pdf](https://www.ipab.gov.in/ipab_orders/delhi/OP-(SEC-31D)-1-to-9-2020-CR-NZ-and-OP-(SEC-31D)-1-2020-CR-WZ.pdf)

IPAB also directed that such royalty rates fixed for broadcasting sound recordings which are payable respectively for the sound recording and for the underlying literary works shall be effective from 1 October 2020 to 30 September 2021. IPAB further directed the radio broadcasters to pay the arrears of royalty to the music companies on or before 10 February 2021 for the period of 1 October 2020 to 31 January 2021.

On 13 February 2021, the Ministry of Finance and Corporate Affairs introduced a bill in the lower house of the Indian parliament seeking to abolish various tribunals and authorities, including the IPAB.

Subsequent to IPAB's order dated 31 December 2020 fixing new statutory licensing rate for radio royalties, the order dated 4 January 2021 passed by a single judge of the Delhi High Court in *Indian Performing Right Society Limited Vs. Entertainment Network (India) Limited and Phonographic Performance Limited Vs. CRI Events Private Limited*³², seems to have taken a step in a different direction. Under this order, the Delhi High Court distinguished between use of underlying works (lyrics/musical composition) in the broadcast of sound recordings and use thereof in other situations by way of live performances. The Delhi High Court held that when a sound recording is broadcast on radio, separate royalties are not payable for underlying works as the underlying works get communicated as a part of the sound recording and do not have their own independent existence. Separate royalties are payable for the underlying works only when the underlying works are utilized other than in the form of a sound recording, for instance in live performances.

This judgment has been appealed and a division bench of the Delhi High Court on 14 January 2021³³ issued an interim direction stating that the judgment dated 04 January 2021 will not be treated as a precedent in other proceedings³⁴.

Both the judgements stem from the amendments to the copyright laws in 2012 which were aimed towards the welfare of authors. However, there seem to be conflicting positions in two judgements. It is now to be seen what will transpire as the IPAB has since been abolished.

32. http://164.100.69.66/jupload/dhc/RSE/judgement/04-01-2021/RSE04012021S6662006_133303.pdf

33. <http://iprmentlaw.com/wp-content/uploads/2021/01/IPRS-vs-ENIL.pdf>

Royalty on performances - IPRS tariff scheme

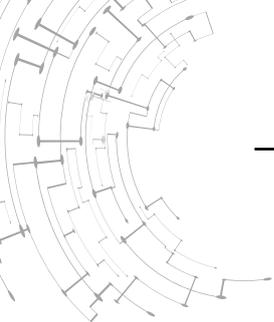
In July 2020, post the COVID-19 lockdowns where all musicians were streaming events live from their homes, IPRS proposed a new tariff scheme for "live-streaming of online events and live/disc-jockey performances" (LE Proposed Tariff)³⁵. The LE Proposed Tariff provided that the royalty/license fee should be the greater of 5% of gross revenue and the minimum rate which is stipulated in the LE Proposed Tariff basis the category of events and duration thereof. This would have had an adverse impact on musicians who would have to pay from their own pockets for free events. Upon receipt of concerns expressed by singers, artistes and other stakeholders, IPRS clarified, by a press release, that the LE Proposed Tariff will come into effect only after being approved by the general body and that IPRS will not charge any license fee/royalty from the live online shows/streaming events of the following categories³⁶:

- ▶ "Free Events" on YouTube, Facebook and Instagram which are not sponsored/branded or co-branded/ticketed/or paid for in any way or form. Provided that this will extend as long as the lockdown/COVID-19 crisis continues
- ▶ Classical music events/classical music singers
- ▶ Devotional music events/devotional music singers
- ▶ Folk music events/folk music singers

34. RFA(OS)5/2021 and RFA(OS) 6/2021 In the Delhi High Court The Indian Performing Right Society Ltd vs Entertainment Network (India) Ltd and others.

35. <https://spicyip.com/2020/07/whats-in-a-stream-the-confounding-case-of-iprss-live-streaming-tariffs.html>

36. https://www.medianama.com/wp-content/uploads/PR-IPRS_Live_Online_Events_docx.pdf



This follows on the heels of IPRS's deal with Facebook, where the IPRS licensed its music repertoire for video and other social experiences across Facebook and Instagram. Users will now be able to choose music from the IPRS repertoire of several songs, to add to their own videos that they share on Facebook and Instagram, as well as other social features like music stickers on stories. The deal with Facebook covers licensing and royalties whenever music represented by the IPRS is used on Facebook and Instagram. IPRS had clarified through a subsequent press release³⁷ that (a) it would not apply the LE Proposed Tariff; and (b) a more rationalized tariff scheme will be announced that balances the interests of creators to be compensated fairly for the use of their music.

Pursuant to a further press release, IPRS has stipulated a new tariff scheme (Final LE Tariff) which comes into force on 1 January 2021³⁸ and applies to all royalties/license fee falling due on or after that date.

- ▶ In respect of free events (i.e., without ad/ticket/ sponsorship) or non-corporate/brand events, IPRS has fixed a royalty/license fee of INR6,000. However, the same was waived till 31 March 2021
- ▶ In respect of shows/events that are paid ticketed/ad supported/sponsored but excluding corporate/brand events, the royalty/license fees are stipulated to be greater of 5% of gross revenue or minimum royalty/ license fees. Further, the minimum fees are differentiated basis the ticket price and the audience size
- ▶ Finally, for corporate/sponsored events where the audience size is of 500 people, the royalty/ license fees fixed is INR30,000

The Final FE Tariff specifically clarifies that, inter-alia, the royalty/license fee stipulated therein is only for performing/mechanical rights of the Indian literary and musical works administered and does not cover any synchronization license.

Online gaming

Judgements by various courts validating online gaming

While sports betting is largely unregulated in India, online fantasy sports gaming (a skill based online sports game where sports fans create their own team made up of real-life players from upcoming matches) has been recently validated by the courts of India.

- ▶ The Bombay High Court by its judgment in the case of Gurdeep Singh Sachar Vs. Union of India and others dated 30 April 2019³⁹, held that Dream11's fantasy sports game depends upon the user's exercise of skill based on superior knowledge, judgment and attention, i.e., that fantasy games are games of skill and not games of chance. This judgement upheld the legality of online fantasy sports gaming in India. However, the Supreme Court by its order dated 6 March 2020⁴⁰ stayed the operation of the impugned judgement and order passed by the Bombay High Court. This order of the apex court has opened up some uncertainty again on the legality of fantasy gaming in India.
- ▶ In response to a PIL filed seeking to regulate the present framework (including virtual or online/cyber space aspect) in reference to gambling and the growing menace of the same, the Gujarat High Court by its order dated 29 September 2020⁴¹, directed the state of Gujarat to promptly look into the issues (including money-laundering or violation of laws relating to foreign exchange as well) and take appropriate decisions in larger public interest.

37. The Press Release - IPRS On Online Streaming Events - IPRS

38. <https://www.iprs.org/wp-content/uploads/TARIFF-LSE.pdf>

39. Gurdeep Singh Sachar vs. Union of India and Ors. Criminal PIL Stamp no. 22 of 2019 in the High Court of Bombay

40. Special Leave Petition (Criminal) Diary No(s). 42282/2019

41. Order dated 29 September 2020 passed by Gujarat High Court in Amit M Nair Vs. State of Gujarat (R/Writ Petition (PIL) No. 146 of 2020)

State enactments on legality of online gaming - Andhra Pradesh, Tamil Nadu, Karnataka and Kerala

Andhra Pradesh

- ▶ In December 2020, the legislative assembly adopted the bill to amend the Andhra Pradesh Gaming Act, 1974 banning online gaming and betting platforms. The amendment, inter alia, included (a) "playing online game for winning money or any other stakes" under the ambit of the Andhra Pradesh Gaming Act, 1974; (b) imposed stringent punishment for every offence committed (including fine and imprisonment); and (c) made every offence under the Andhra Pradesh Gaming Act, 1974 as cognizable and non-bailable⁴².

Tamil Nadu

- ▶ The Tamil Nadu government promulgated the Tamil Nadu Gaming and Police Laws (Amendment) Ordinance 2020⁴³ on 20 November 2020 amending the Tamil Nadu Gaming Act, 1930 to ban online gaming in the state. The ordinance gives way to stringent punishment (including fines and imprisonment) for those found engaging in online gambling. The ordinance proposes to amend the Tamil Nadu Gaming Act, 1930, the Chennai City Police Act, 1888 and the Tamil Nadu District Police Act, 1859.

Karnataka

- ▶ Following the Andhra Pradesh and Tamil Nadu government's decision, it is noted from press articles that the Karnataka government announced in February 2021 that it also proposes to soon bring a law to monitor online games and informed that the bill was in the draft stage.

Kerala

- ▶ Under section 14A of the Kerala Gaming Act, the state government has power to exempt such games where the element of skill is more predominant than the element of chance from the penal provisions of the Kerala Gaming Act, subject to restrictions or conditions that it may specify.
- ▶ The Kerala government by an earlier notification dated 30 September 1976, conditionally exempted certain games (such as rummy, dart and throw, cup and coin, shooting contests and certain card games) from the provisions of the Kerala Gaming Act, 1960 (Kerala Gaming Act), subject to the condition that no side-betting would be permitted in such games.
- ▶ Earlier this year, a PIL was filed by film director and activist Pauly Vadakkan, who not only highlighted the ills of online gambling and rummy but also asked that the same be banned and declared illegal, until an appropriate regulatory regime is established.
- ▶ The Kerala (Ernakulam) High Court passed an order on 10 February 2021⁴⁴ directing the information technology department of the state government of Kerala to take an appropriate decision on online gambling and online betting within the state of Kerala.
- ▶ Subsequently, the Kerala government issued a notification in public interest, pursuant to the said order, on 23 February 2021 under section 14A of the Kerala Gaming of the clarifying that "online rummy when played for stakes" is excluded from the exemption already granted to the game of rummy.
- ▶ The notification creates a distinction between rummy played for stakes physically in clubs or other places within the state (which still remains permitted) and online rummy for stakes which is prohibited. The rationale and justifications behind the distinction between online and offline versions of the same game of rummy are unclear.

42. <https://www.thehindu.com/news/national/andhra-pradesh/state-bans-online-gaming-betting-platforms/article32519907.ece>

43. <https://www.medianama.com/wp-content/uploads/Tamil-Nadu-Gaming-and-Police-Laws-Amendment-Ordinance-2020-Online-Gambling-Ban-Ordinance-2020.pdf>

44. WP(C).No.2096 OF 2021(S) Pauly Vadakkan vs State of Kerala and others

Niti Aayog: Draft regulatory guideline proposal for online fantasy gaming

In December 2020, Niti Aayog⁴⁵, the technology thinktank body under the ambit of the central government, published a draft of the guiding principles for the uniform national-level regulation of online fantasy sports platforms in India. The draft guidelines include provisions on (a) setting up a self-regulating organization; (b) maintaining predominance of skill in games; (c) seeking approval from an independent committee for pay-to-play games; (d) a minimum age of 18 years for participation; (e) fairness and transparency in terms and conditions; (f) policies on misuse; (g) advertising norms, etc. This independent oversight body will also offer a protective layer for start-ups, from facing repetitive legal sanctions in specific states or under similar cases from different customers in different states across India.

Guidelines on online gaming issued by the Advertising Standards Council of India

On 24 November 2020, the Advertising Standards Council of India introduced gaming guidelines (effective from 15 December 2020) (Gaming Guidelines) to make real-money gaming advertising safer and more responsible including highlighting the financial risks associated with real-money gaming⁴⁶. The Gaming Guidelines have been developed to ensure that such advertising makes users aware about financial and other risks that are associated with playing online games with real money winnings. Thereafter, MIB issued an advisory on 04 December 2020 directing all private television satellite channels to ensure that advertisements appearing on television channels adhere to the Gaming Guidelines in order to protect consumers⁴⁷.

Action taken against endorsers for promoting online gambling

In August 2020, a petition was filed in the Madras High Court, demanding action against the cricketer Virat Kohli and actress Tamannah Bhatia, accusing them of promoting online gambling on the basis that online gambling is plunging Indians into penury and forcing people to commit suicides⁴⁸. The plea moved by the petitioner has impleaded the TRAI, MEITY, Secretary UOI (Ministry of Communication and Information Technology), the home secretary, state of Tamil Nadu, DGP of Tamil Nadu, Virat Kohli, Saurav Ganguly, superstars Prakash Raj, Tammanah Bhatia, Rana Duggubati and Sudeep and others as respondent parties. Thereafter around November 2020, the Madurai Bench of Madras High Court issued notices to, amongst many others, cricketer Virat Kohli and BCCI chief and former Indian cricket team captain Sourav Ganguly, for their involvement in online sports app advertisements⁴⁹.

Also, in January 2021, the Kerala High Court issued notice to the cricketer Virat Kohli and the state government in a plea seeking ban on online gambling in the state. Besides Virat Kohli, the division bench also issued notices to Malayalam actor Aju Varghese and actress Tammanah Bhatia who are the brand ambassadors of online rummy games⁵⁰. This case was disposed by the Kerala High Court stating that the online gaming does not fall under the purview of gambling law. However, the Kerala government subsequently issued a notification in the public interest on 23 February 2021 under section 14A of the Kerala Gaming Act, 1960, excluding "online rummy when played for stakes" from the exemption already granted to the game of rummy, thereby making online gambling and online betting illegal in the state of Kerala.

These actions taken above appear to have been taken as a matter of public policy and not under the amendment to the Consumer Protection Act, 2019 that includes liability for endorsers of products.

45. https://niti.gov.in/sites/default/files/2020-12/FantasySports_DraftForComments.pdf

46. <https://www.ascionline.org/images/pdf/press-release-gaming-guidelines.pdf>

47. <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1678520>

48. <https://www.indialegallive.com/constitutional-law-news/courts-news/virat-kohli-in-a-spot-through-petition-against-online-gambling/>

49. [https://www.nationalheraldindia.com/india/madras-hc-issues-notice-to-virat-kohli-saurav-ganguly-for-endorsing-online-fantasy-league-apps / Case number WP\(MD\) /15275/2020 I. Mohammedrazvi vs TRAI and others](https://www.nationalheraldindia.com/india/madras-hc-issues-notice-to-virat-kohli-saurav-ganguly-for-endorsing-online-fantasy-league-apps / Case number WP(MD) /15275/2020 I. Mohammedrazvi vs TRAI and others)

50. [https://scroll.in/field/985278/kerala-high-court-issues-notice-to-virat-kohli-in-a-plea-seeking-ban-on-online-gambling Case number: WP\(C\) 2096/2021 Pauly Vadakkan vs State of Kerala](https://scroll.in/field/985278/kerala-high-court-issues-notice-to-virat-kohli-in-a-plea-seeking-ban-on-online-gambling Case number: WP(C) 2096/2021 Pauly Vadakkan vs State of Kerala)

Print media and digital libraries

Introduction of norms for conduct of journalist considering COVID-19

The Press Council of India issued the 2020 edition of norms of journalistic conduct (2020 Code)⁵¹ under section 13 of the Press Council Act, 1978. The 2020 Code includes COVID-19 reporting and safety measures for journalists to be served as a ready reference for the journalist fraternity. The 2020 Code inter alia provides that the journalists should, while reporting on issues pertaining to COVID-19 (a) avoid sensationalism and scaremongering which can cause panic among the public; (b) seek expert opinions only from medical professional, scientists and other stakeholders with relevant credentials on COVID-19; and (c) ensure that the identity of affected people is protected. Further, it inter alia provides that media houses must make sure that utmost priority is given to their journalists who are engaged in reporting of COVID-19 and should guarantee:

- ▶ PPE kits are provided to the journalists while performing his/her duty
- ▶ Journalists who get infected with COVID-19 while performing duty are provided with proper health assistance and financial aid
- ▶ Proper leave for self-isolation is provided to the journalists indicating or showing the symptoms of the COVID-19

Copyright guide for Indian libraries

In August 2020, the National Digital Library of India issued India's first copyright guide for Indian libraries⁵² to simplify the complicated provisions of the Copyright Act, 1957 pertaining to libraries. The guide has been developed with the objective of creating a manual which is easy to understand. The guide uses the nuances of the Copyright Act, 1957 together with the IT Act in India in the context of diverse operations in non-digital and digital libraries including digital platforms such as the National Digital Library of India.

51. Untitled-2 (presscouncil.nic.in)

52. <https://ndlproject.iitkgp.ac.in/copyright-guide-indian-libraries>

53. SLP 804/2017 Karmanya Singh Sareen & Anr vs UOI and anr.

54. W.P.(C). Temp. No.84 of 2020 Balu Gopalakrishnan Vs. State of Kerala & Ors

Data privacy on social/digital platforms

New Privacy policy of WhatsApp - Notice issued by Supreme Court of India

WhatsApp introduced its new privacy policy, that was slated to take effect from 8 February 2021, which allows WhatsApp to share the user data with its parent company Facebook and its group companies. This is unlike WhatsApp's previous privacy policy which allowed the user to opt out of sharing the data when it came to powering ad targeting and "product experiences" for Facebook. The new privacy policy for WhatsApp offers no such opt-out option. These changes have not been made globally by WhatsApp in Europe as it does not comply with the stringent requirements of the General Data Protection Regulation.

On 15 February 2021, the Supreme Court of India called upon WhatsApp and other respondents to file their reply affidavit in 4 weeks⁵³ (i.e. by March 2021) on the discrepancies in the standard application of the policy globally. Matters in relation to the new privacy policy of WhatsApp are being considered in the Delhi High Court and Supreme Court of India.

Judicial precedents for regulation of personal data on digital platform

- ▶ In the case of *Balu Gopalakrishnan Vs. State of Kerala & Ors*,⁵⁴ the state government of Kerala executed a contract with a US based entity Sprinklr for granting access to data of patients and persons susceptible to COVID-19 on an online digital software/platform. The Division Bench of Kerala High Court passed an interim order on 24 April 2020 stating, inter alia, that the state of Kerala must anonymize all the sensitive personal data collected with respect to COVID-19 and going forward, the Kerala government should take prior consent from the citizens apprising them that their data is likely to be accessed by third-party service providers. In addition, the Division Bench of Kerala High Court held that data of Indians should also be kept on local Indian servers. Sprinklr was also prohibited from advertising or representing to any third party that it is in possession of COVID-19 related data.

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- ▶ In the case of *Subhranshu Rout @ Gugul Vs. State of Odisha*, the Orissa High Court on 20 October 2020 for the first time evaluated the provisions of the Personal Data Protection Bill, 2019. The Orissa High Court examined the importance of “right to be forgotten” which is the right to have personal information removed from publicly available sources, including the internet and search engines, databases, websites, etc. The case involved removal of intimate photos and videos of a rape victim (taken without the victim’s consent) and uploaded on Facebook. The Orissa High Court recognized that the right to be forgotten is an integral part of an individual’s right to privacy and noted that there is presently no statute that provided for this right. Since the current proceedings were with respect to the bail of the defendant, the Orissa High Court encouraged the victim to seek appropriate orders for the protection of her fundamental right to privacy and to have such offensive posts erased from the public platform, irrespective of the ongoing criminal process. The current draft of the Personal Data Protection Bill, 2019, if passed as law, would introduce the concept of the right to be forgotten in India.

Non-personal data

A series of reports have been published by an expert committee constituted by MEITY for recommending governance for non-personal data, i.e., data which is not personal and does not contain personally identifiable information (NPD).

In December 2020, the NPD framework committee released a revised report⁵⁵ (Revised NPD Report) making a number of modifications and limitations to the regulation of non-personal data after having received comments from several stakeholders. The Revised NPD Report sets out a framework and a regime on compulsory acquisition, regulation and sharing of non-personal data from government entities as well as private companies. The Revised NPD Report provides for, inter alia, (a) creation of a separate authority for administration of the NPD Framework, the Non-Personal Data Authority (NPDA); (b) categorization of non-personal data; (c) registration obligations; (d) guidance on anonymization of personal data; (e) data sharing framework and obligations; and (f) community rights over non-personal data. The Revised NPD Report also (a) details the types of NPD that may be collected and delves into public and private rights that may subsist in such data; (b) sets out the data sharing mechanism that exempts transfers between private entities; (c) proposes separate guidelines for “Data Businesses” or data collecting entities that meet certain thresholds; and (d) calls for the separate treatment of creating and sharing certain “High Value Datasets”. The Revised NPD Report also recommends amendments to the PDP Bill to minimize conflict with the proposed NPD Framework. Public submissions on the Revised Report were being accepted till 27 January 2021.

55. https://static.mygov.in/rest/s3fs-public/mygov_160922880751553221.pdf

M&E contracts – force majeure and other provisions considering COVID-19

The unprecedented lockdown and prohibitions have resulted in non-performance or delayed performance of contractual obligations between content creators, production companies, artists, sponsors, investors, distributors, promoters, vendors, broadcasters, ticketing agencies, etc.

In this context, parties to commercial contracts started to evaluate the inclusion of a robust “force majeure” clause. The provisions of the force majeure clause must be negotiated prudently. Whilst drafting force majeure clauses, the parties must provide for (a) the events that would trigger provisions of force majeure; and (b) consequences of occurrence of a force majeure event, which could include termination or suspension of performance by the affected party, without liability, during the subsistence of the force majeure event, and/ or renegotiation of terms of the contract between the parties.

To better protect oneself against pandemic-induced hardships and uncertainty in the future, production companies, talent agencies, etc. could consider tweaking their contracts with artists and other staff to include obligation of strict adherence to government’s health advisories and consequences for breach thereof. Such clauses should include provisions for specific indemnity or refund of payments already made to the concerned artist, prompt disclosure if any kind of contagion is contracted, timely adherence to self-isolating or quarantine measures, if and when required, etc. It may also be advisable for production companies to obtain waivers against any claims in respect of contracting of any contagion (including COVID-19), from the place of shooting.

Internet access – a fundamental right

In *Anuradha Bhasin and Ors. Vs. Union of India (UOI) and Ors*⁵⁶ in January 2020, the Supreme Court passed a verdict that came pursuant to hearing of a plea in connection with the internet blockade in Jammu and Kashmir since August 2019. The Supreme Court of India ruled that freedom of expression and the freedom to practice any profession online was protected by India’s Constitution (under Article 19(1)(a) and Article 19(1)(g)). Although the Government could suspend the internet, the Government had to prove necessity and impose a temporal limit, which it failed to do in this case. Thus, the government had to review its suspension orders and directed to lift those that were not in consonance with law. Restrictions under section 144 of the Code of Criminal Procedure cannot be used to suppress legitimate expression of opinion or grievance or exercise of any democratic rights. The Court, thus, ordered the State to review its restrictions⁵⁷.

56. AIR2020SC 1308, (2020)3SC C 637

57. <https://globalfreedomofexpression.columbia.edu/cases/bhasin-v-union-of-india/>

Emerging technologies

Cloud computing

Though many argue that the IT Act covers cloud computing, globally light touch regulatory frameworks have been adopted for cloud computing. On 14 September 2020, TRAI issued recommendations on cloud services⁵⁸ after taking into consideration the responses from stakeholders on the consultation paper issued by TRAI on 23 October 2019. TRAI has suggested adopting a light touch regulatory approach to bring cloud computing under its own legal framework. TRAI has also suggested setting up an industry body to regulate cloud service providers. The scope of cloud service providers may be initially limited to providers offering Infrastructure as a Service (IaaS) and Platform as a Service (PaaS) in India or to customers in India. Software as a Service (SaaS) providers may voluntarily enroll for membership, if they so wish. Any expansion of scope to mandate membership beyond IaaS and PaaS may be considered by the industry body on need basis and recommended to DoT for acceptance.

Artificial intelligence - National AI Portal

There is a global void for law and regulation of development and implementation of Artificial Intelligence (AI) and Machine Learning (ML) Technologies. With growing dependency upon technology and machine learning capabilities, the authorities are working extensively on preparing policy and legal frameworks for the regulation of AI. AI systems around the world are coming under the regulatory scanner for violating ethics. MEITY has set up committees to consider various issues and, inter alia, recommended that a unified portal for AI be setup in India, in partnership with all stakeholders viz. government, industries, associations, start-ups,

entrepreneurs, academia and other interested parties. This unified portal will be "by India, for India" and will be a one stop destination for everything AI in India. Their reports also, inter alia, set out the potential use of AI in various fields including in framing of policies and regulations, patient segmentation and identification of at-risk populations, skilling and re-skilling of front-line workers, clinical decision support systems and skill substitution. Currently <https://Indiaai.gov.in/> acts as a national AI portal. A subsequent report of committee - D on "Cyber Security, Safety, Legal and Ethical Issues" showcases how AI can be put to use for cybersecurity on social media in terms of fake content/ mis-information analysis, national security, inorganic user behavior, cybercrime analysis and privacy on social media.

Although the Government of India has not issued any national policy document on AI describing a regulatory framework for AI, a few guiding documents recently NITI Aayog hint at specifics for Ethics in AI and its regulation and lay a clearer picture of the regulatory future ahead. These guiding documents include the "National Strategy for Artificial Intelligence #AIForAll"⁵⁹ (issued June 2018), "Working Document: Towards Responsible #AIForAll - Part I" (issued August 2020), and the latest one being the "Working Document: Towards Responsible #AIForAll - Part II"⁶⁰ (issued November 2020) (collectively Policy Documentation). Policy documents focus on ethics, privacy, data collection, data management, risks associated with using AI, benefits of AI, etc.



Vihang Virkar
Partner, PDS Legal

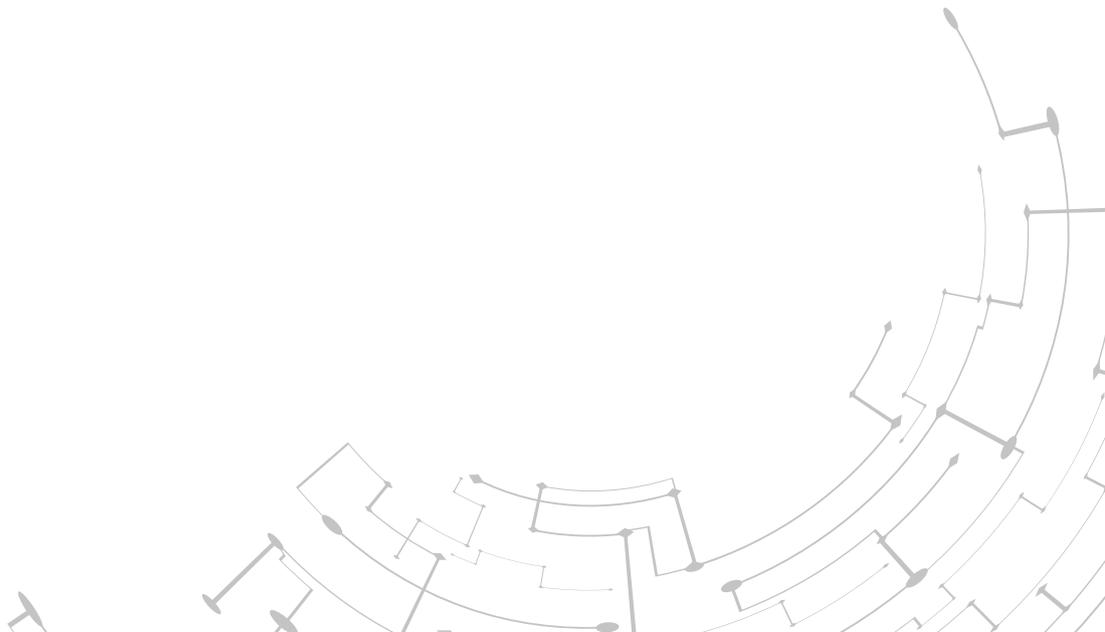
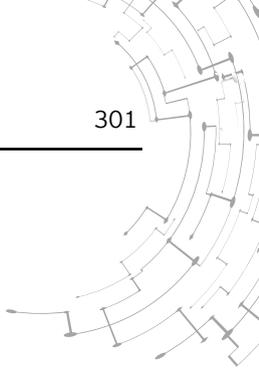


Pragni Kapadia
Senior Advisor - IP,
Technology, M&E,
PDS Legal

58. https://www.trai.gov.in/sites/default/files/Recommendations_CS_14092020_0.pdf

59. <http://niti.gov.in/sites/default/files/2019-01/NationalStrategy-for-AI-Discussion-Paper.pdf>

60. https://niti.gov.in/sites/default/files/2020-11/Towards_Responsible_AIForAll_Part1.pdf



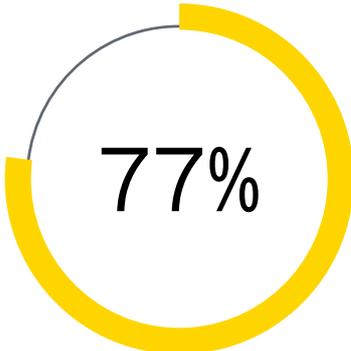
The background is a vibrant, futuristic scene. It features a glowing grid floor that recedes into the distance. On the right side, there are two vertical light beams that create a sense of depth and perspective. The overall color palette is dominated by deep purples and bright magentas. In the center, a large, glowing circular frame with multiple concentric lines surrounds the text.

Data privacy in the M&E sector



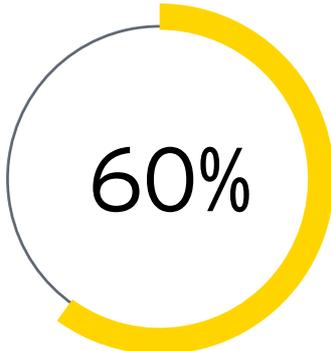
Privacy is applicable to most M&E segments which are B2C and/or operate in geographies with privacy regulations

- ▶ Since the EU General Data Protection Regulation (GDPR) has come into effect, several countries across the world are set to review existing or enforce new data privacy laws
- ▶ Most M&E segments such as print, broadcast, social media, radio, etc. have implemented digital products via websites, apps and platforms and are expanding their reach across multiple geographies where privacy regulations exist
- ▶ Since these businesses are now dealing with individuals' personal data, i.e., business to consumer (B2C), they are majorly impacted by privacy regulations



77%

of surveyed Indian M&E organizations are present in **multiple** privacy regulated countries where they offer services



60%

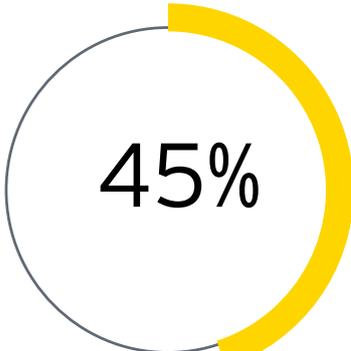
of surveyed organizations had at least two privacy regulations applicable to them

90%

EU GDPR

55%

CCPA

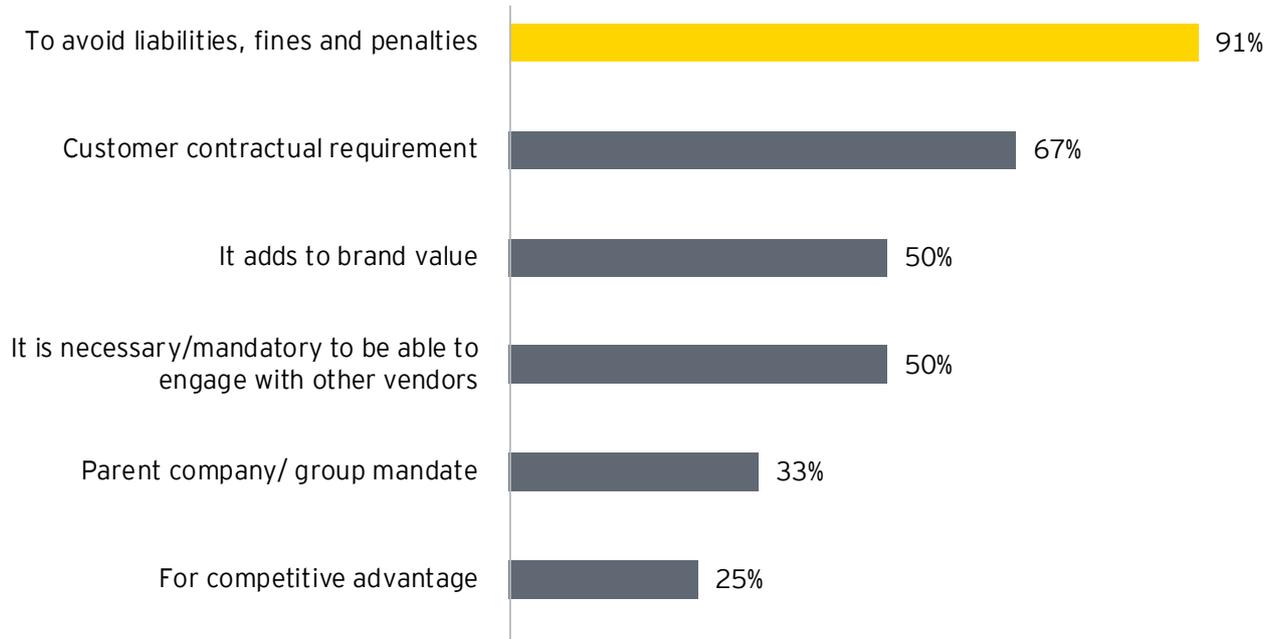


45%

of surveyed Indian M&E organizations are present **only in India** but offer services to **multiple** privacy regulated countries

Implementation is driven by compliance, not competitiveness

Key drivers for ensuring compliance



EY survey of Indian M&E companies 2021 | Percentage of respondents

- ▶ For 91% of the survey respondents, compliance was the driver for implementing data privacy, while two-thirds of the respondents were implementing it due to contractual customer requirements and only 25% felt it provided them with a competitive advantage
- ▶ Most organizations have tasked existing departments such as legal or compliance, or their security functions, with the additional responsibilities to track and manage privacy requirements
- ▶ Only 10% of surveyed Indian M&E organizations had a dedicated data privacy team

M&E companies have implemented different strategies, processes and technologies for managing and conforming to different privacy regulations

- ▶ Some have simply modified their services to provide vanilla versions where a customer's personal data is not collected
- ▶ Other M&E organizations have also opted for a multi-product approach towards compliance: different products or phases of their services are released, from initial vanilla versions to versions with personalized services where privacy controls have been fully implemented
- ▶ Certain publisher websites have modified their services only for specific regions to include additional privacy controls while others have applied it uniformly across geographies

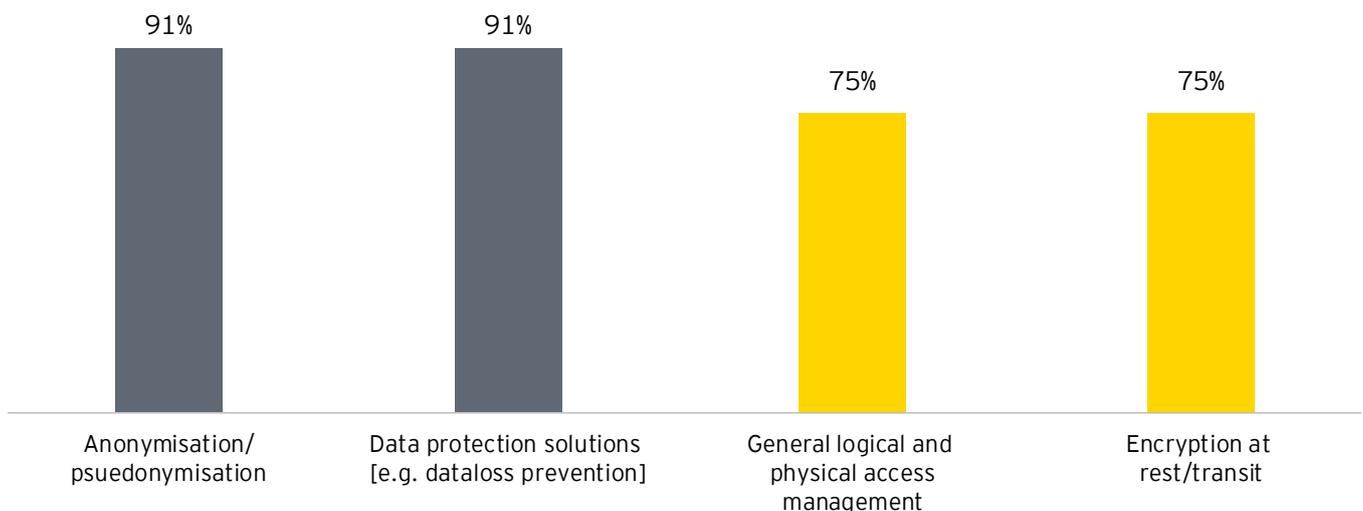
M&E companies are rethinking their business strategy with the changing privacy landscape

- ▶ The potential for personalization on digital platforms like OTT is powerful, but the ability to deliver a true cross-channel experience depends on sharing personal data across various channels
- ▶ Big companies such as Google and Facebook have implemented global privacy policies which require Indian M&E companies interacting with them to make changes to their technology systems, platforms and applications and to comply with these policies even in the absence of a formal privacy law in India
- ▶ Ad networks, partners and ad exchanges operating globally are part of various industry leading advertising business organization such as Interactive Advertising Bureau (IAB), Association of National Advertisers (ANA) US, Internet Corporation for Assigned Names and Numbers (ICANN), etc. requiring these companies to adhere to their personal data related code of conduct and accordingly make changes to their business model for running advertisements

Organizations have begun to implement technical and organizational measures to comply with privacy requirements

- ▶ Digital advertising service providers have invested in technical solutions to enable protection of their customer data including adopting pseudonymization for the protection of cross-platform customer personal data
- ▶ To measure the effectiveness of technical controls implemented, privacy auditing efforts (both internal audits and third-party managed audits) have been implemented
- ▶ In addition, most organizations surveyed had also implemented periodic privacy awareness sessions for employees who handled customer personal data

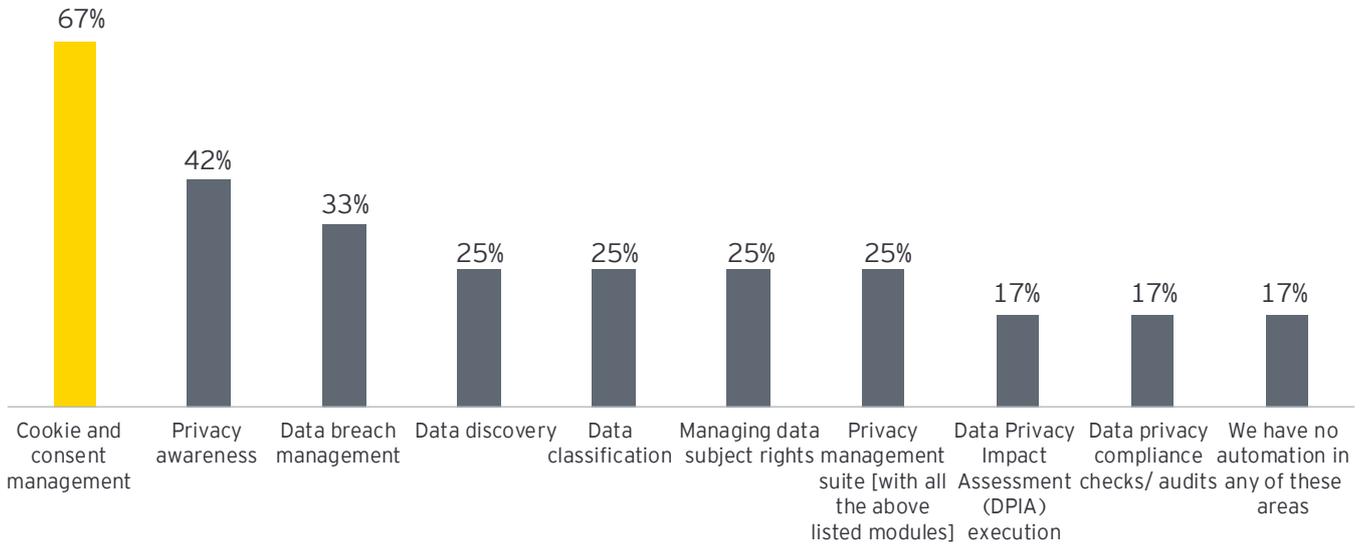
Data protection controls most widely adopted



EY survey of Indian M&E companies | Percentage of respondents

Automating compliance was key to managing it

Areas of compliance automation



EY survey of Indian M&E companies | Percentage of respondents

- ▶ Surveyed organizations have implemented both manual processes and automated solutions (internal or vendor-supplied) for their compliance activities
- ▶ Two in three organizations had automated cookie and consent management solutions
- ▶ Respondent organizations claimed a high level of confidence in their ability to comply with applicable privacy regulations in the long term

Lack of skilled resources is the leading roadblock in ensuring ongoing compliance

- ▶ The results of our survey indicate that while organizations have implemented controls and solutions, they are facing challenges in ensuring adherence and ongoing compliance due to:
 - ▶ lack of skilled resources/knowledge
 - ▶ absence of adequate solutioning and automation
 - ▶ temporary controls and ad-hoc implementations
- ▶ Current measures may not be sustainable in the long run, especially considering the expanding regulatory requirements and the increasing challenge of keeping customer personal data secure

What's next?

Define a unified compliance framework

- ▶ With emerging regulations compelling organizations to undertake a variety of initiatives, embracing the following leading practices is what we believe will help organizations sustain long term compliance:
 - ▶ defining a unified compliance framework
 - ▶ embracing technology and automation across the privacy journey
 - ▶ encouraging organization-wide collaboration
- ▶ Organizations can leverage the activities listed below to define their privacy sustenance journey

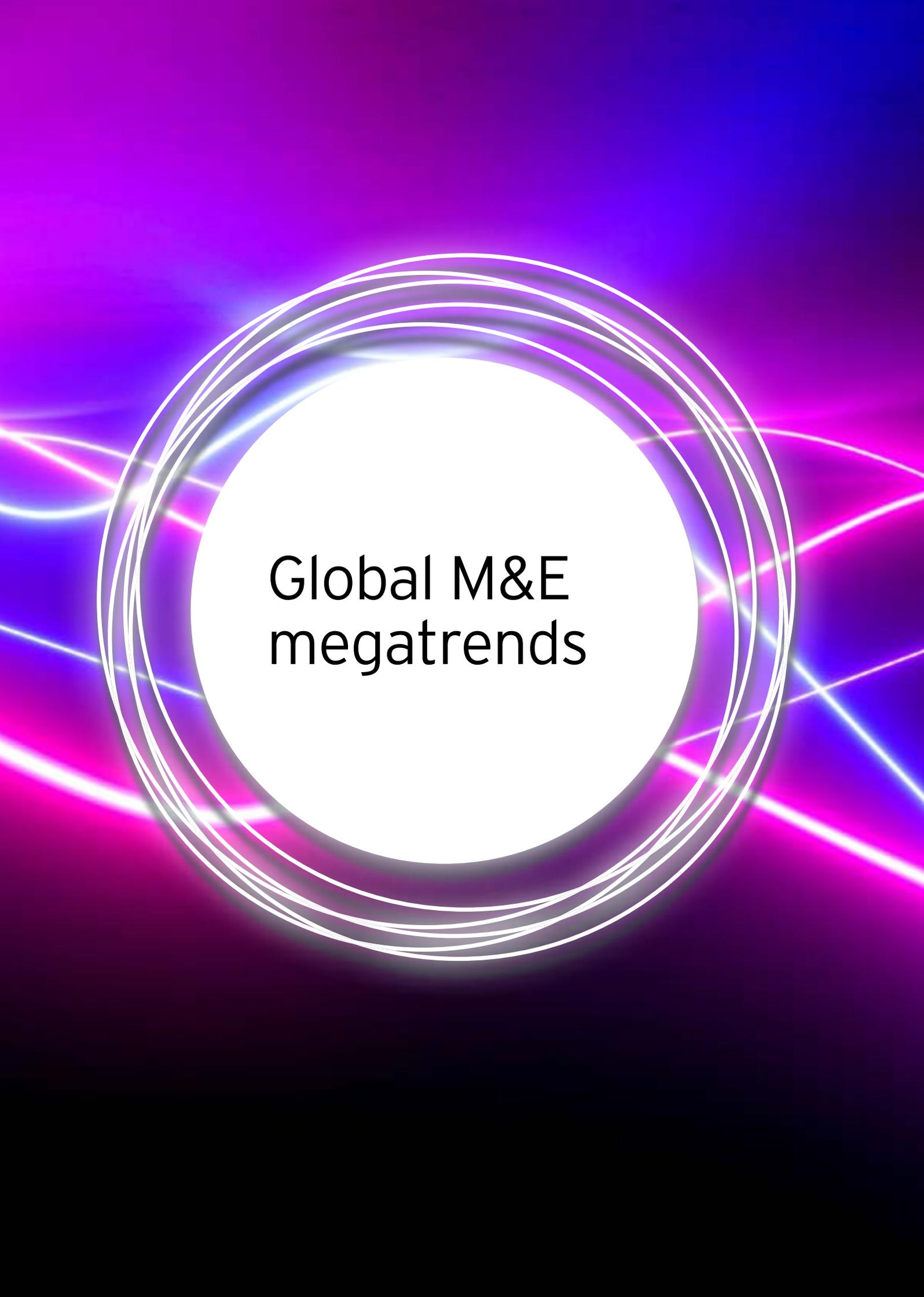
Critical steps to align with global privacy policies

With various solutions and service providers globally implementing unified privacy programs, it has become very critical for Indian M&E companies to align their business and operating model in alignment with their requirements, irrespective of a formal privacy law in India. Key steps to follow would include the following:

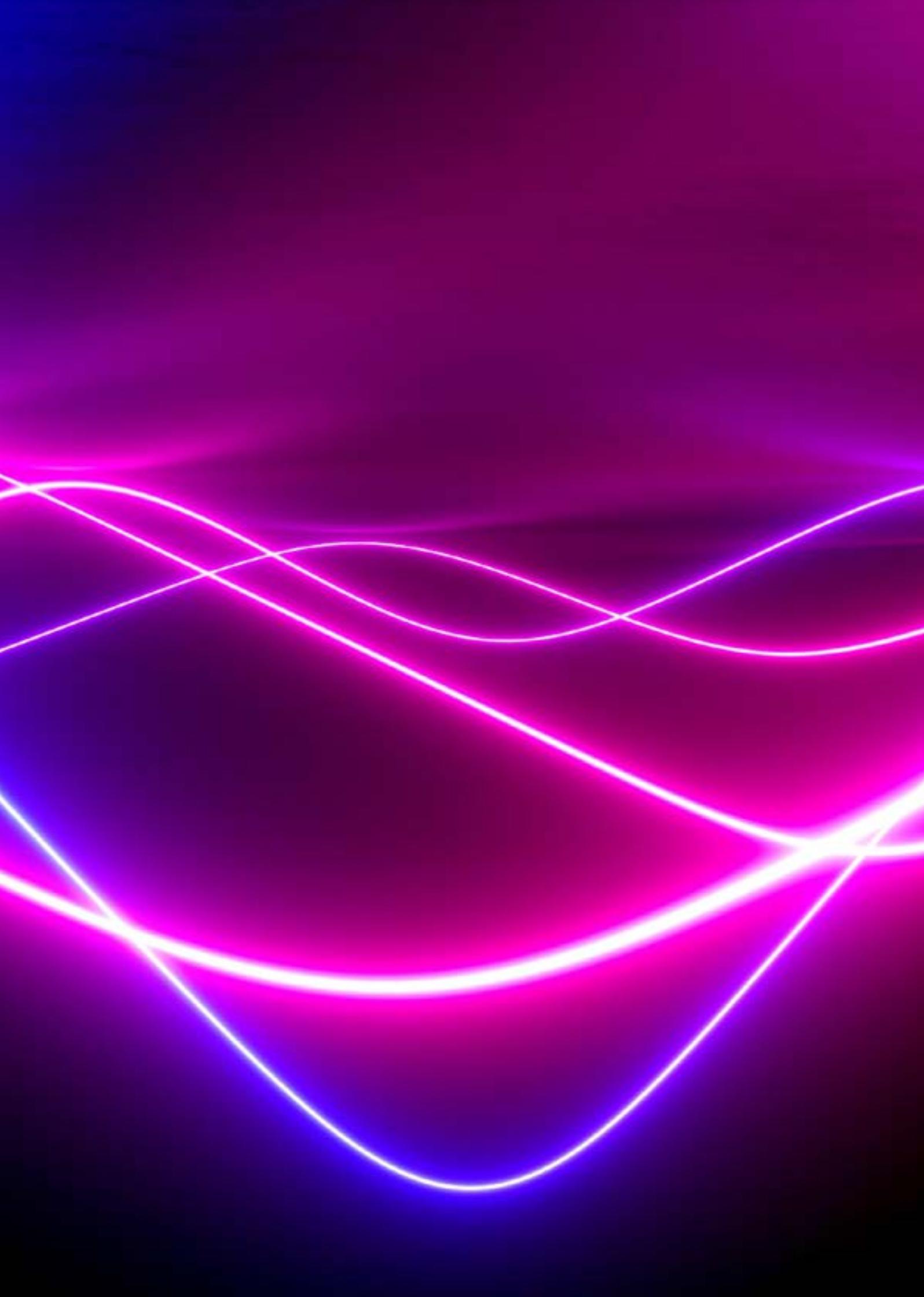
- ▶ Keep an eye on changing terms of use, policies of global partners/ stakeholders that Indian M&E companies do business with
- ▶ Realign service models, i.e., customer acquisition, marketing models, revenue models that require collecting, acquiring, processing or analyzing customer personal data in line with changing terms
- ▶ Identify and ensure changes required to upgrade the technology stack for sharing/transfer of personal data are implemented
- ▶ Identify and incorporate changes to downstream contracts, terms of use, etc. if any
- ▶ Invest in automated tools and technologies for protection of personal data, automated responses to service providers and seamless processing of personal data
- ▶ Surveyed organizations have implemented both manual processes and automated solutions (internal or vendor-supplied) for their compliance activities
- ▶ Two in three organizations had automated cookie and consent management solutions
- ▶ Respondent organizations claimed a high level of confidence in their ability to comply with applicable privacy regulations in the long term

Unified compliance framework

Area	Objective	Key action steps
Cross-regulatory compliance	To provide a detailed catalogue of security and privacy controls applicable to the organization, that could be implemented to protect consumer personal data	<ul style="list-style-type: none"> ▶ Understand the overlap in applicable privacy regulations and document a unified compliance framework
Technology automation	To integrate privacy and security concepts into development systems and manage regulatory requirements	<ul style="list-style-type: none"> ▶ Identify privacy areas where automation/ technology solutions can be implemented, such as data discovery, data classification, breach management, data subject request management, data protection, etc. ▶ Integrate privacy solutions with operational systems
Privacy governance	To segregate compliance responsibilities across various teams involved in the process of ensuring sustenance	<ul style="list-style-type: none"> ▶ Assign dedicated personnel to lead data privacy ▶ Establish a privacy governance structure and culture where all the privacy, legal, IT and business functions are jointly responsible
Privacy toll gating	To ensure implementation of privacy by design and default	<ul style="list-style-type: none"> ▶ Setup processes to ensure privacy impact assessments act as a privacy tollgate before any new services/ programs are introduced or changed if they involve personal data
Privacy audits	To ensure operating effectiveness of implemented privacy controls	<ul style="list-style-type: none"> ▶ Conduct internal audits based on the documented unified compliance framework
Privacy trainings	To ensure awareness of data privacy and privacy practices implemented in the organization	<ul style="list-style-type: none"> ▶ Undertake periodic training and awareness sessions for all personnel handling personal data



Global M&E
megatrends



M&E sector continues to evolve at break-neck speed

US\$840 billion Total media ad spending worldwide, in 2024¹

~US\$27.5 billion Combined spend by Netflix, Amazon, Apple on content in 2019²

In 2024, global digital video viewers will surpass
3.5 billion¹

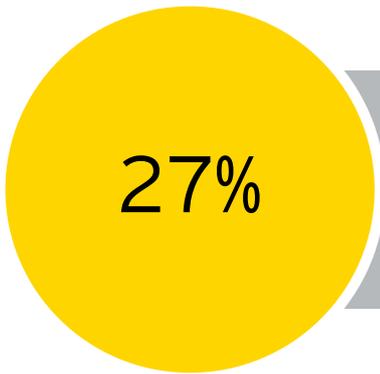
In 2023, global gaming market will reach
US\$200 billion³

By 2024, subscription OTT video viewers will surpass
1.9 billion from 1.5 billion in 2020¹

In 2021, **27%** internet users in the US will be using ad blockers¹

1. eMarketer
2. Variety
3. Newzoo

Globally, digital media adoption accelerated



of people say media consumption habits have permanently changed due to impact of COVID-19

EY US study "10 ways the COVID-19 crisis is changing the digital home experience"

(Average (time spent) per day)



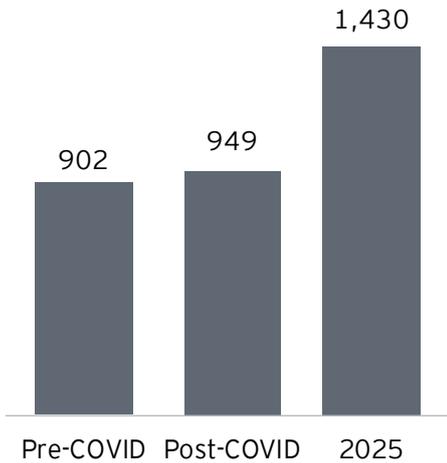
● Traditional media (TV, Newspapers, Radio, Magazines) ● Digital media (audio, video, social across mobile, desktop, other connected devices)

*Includes all time spent with each medium, regardless of multitasking. For instance, one hour of multitasking on a mobile device while watching TV is counted as one hour for TV and one hour for mobile.

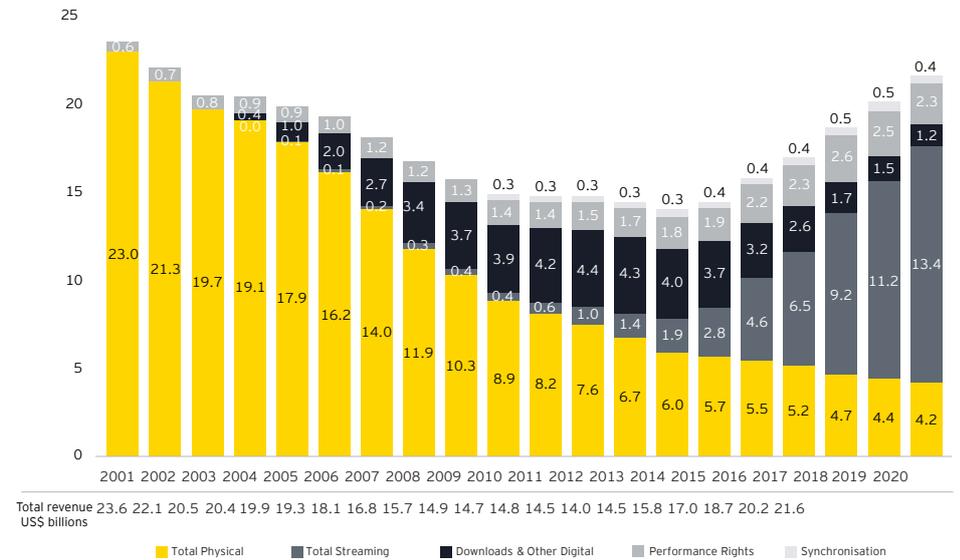
Time Spent with Media 2020, eMarketer, April 2020

SVOD continued to gain traction

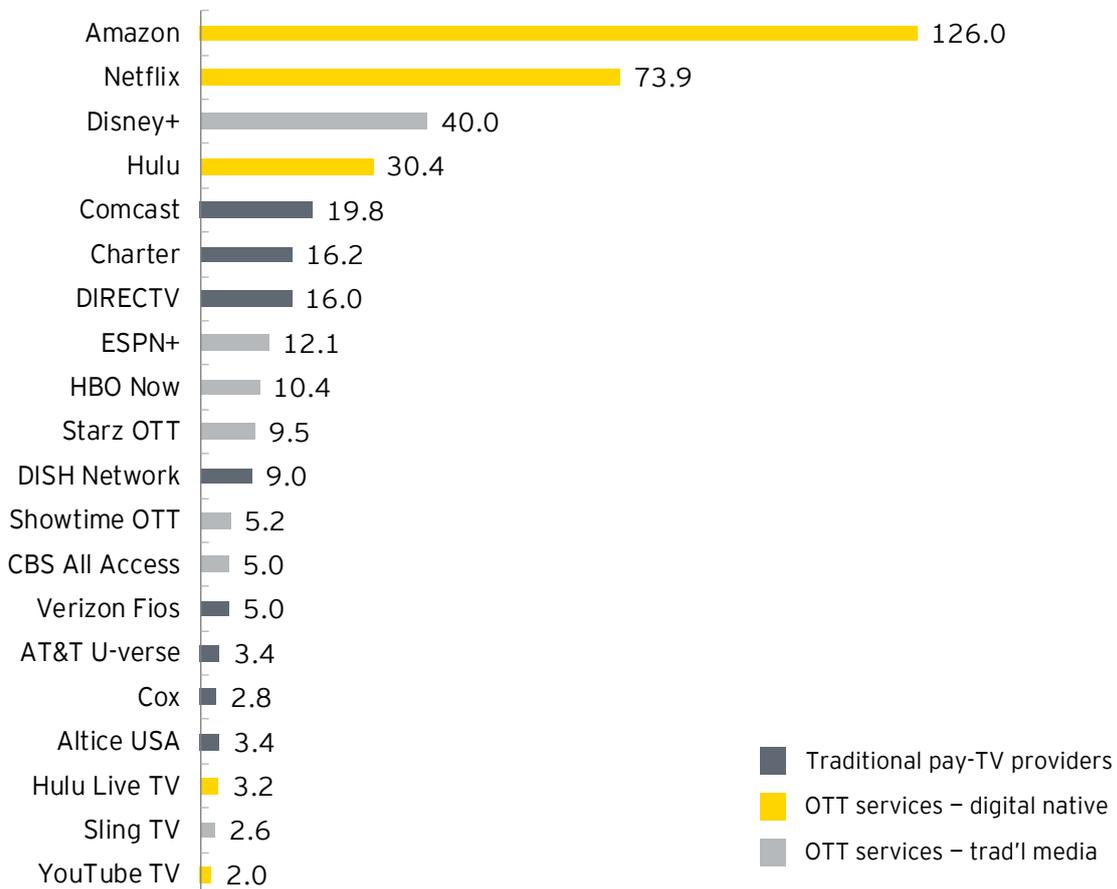
Global projections for SVOD subscribers (in million)



Global recorded music industry revenues 2001-2020 (US\$ billions)

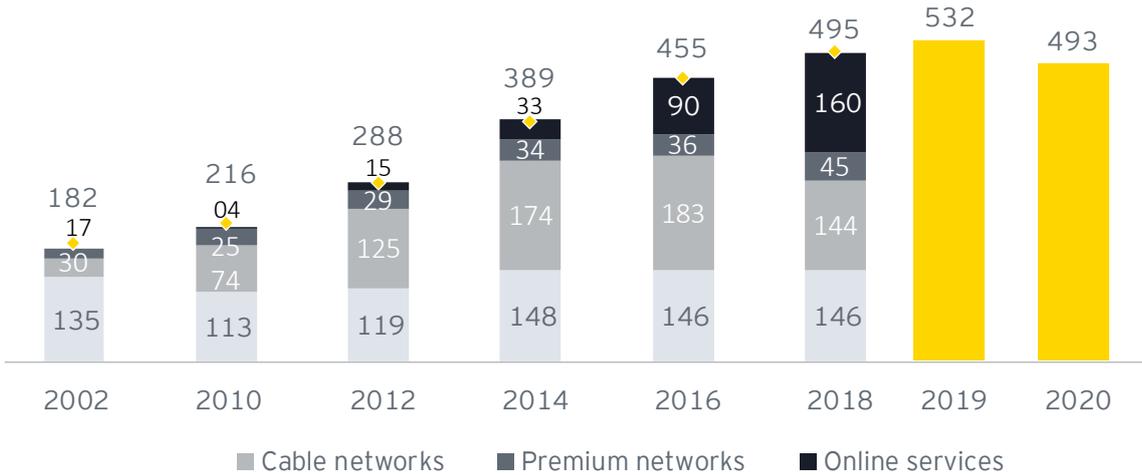


US digital video platform subscriptions have surpassed those of traditional pay-TV providers (in million)



Digital platforms are driving up demand for original content

Number of scripted original series in the US

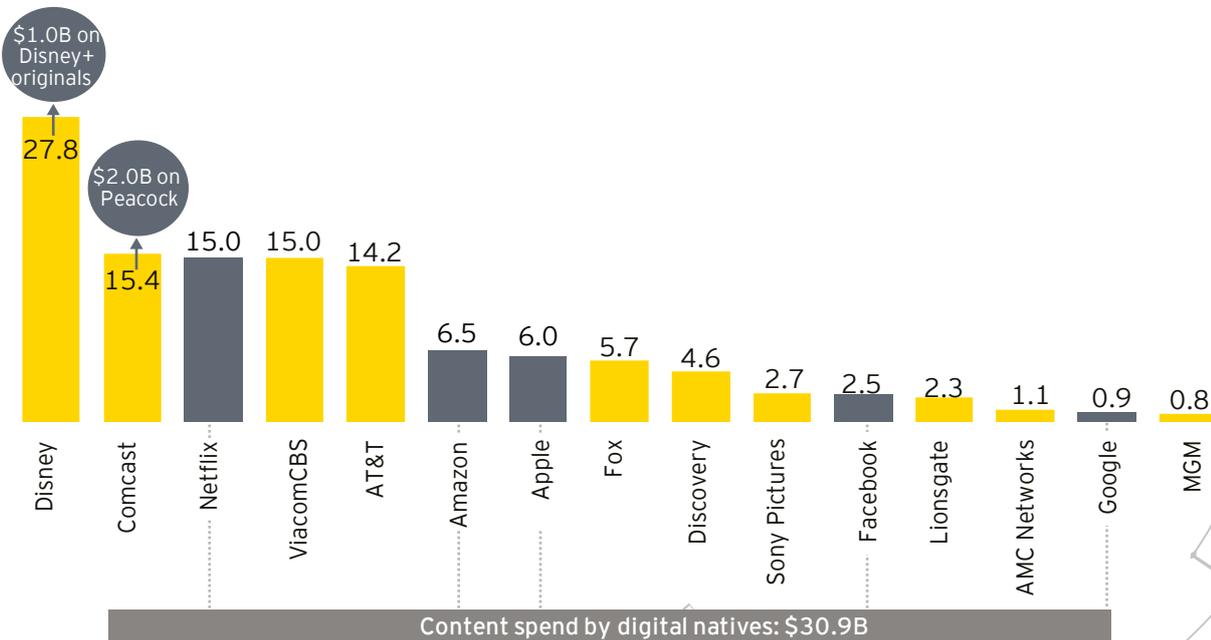


FX Networks

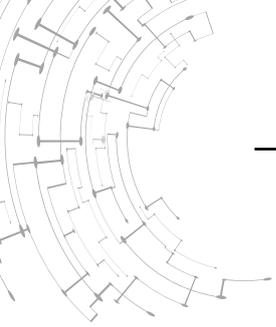
In 2020, the total volume of scripted original TV series declined by 7% for the first time in a decade in the US due to the production slowdown amid the pandemic

As more players enter, content production spends continue to grow

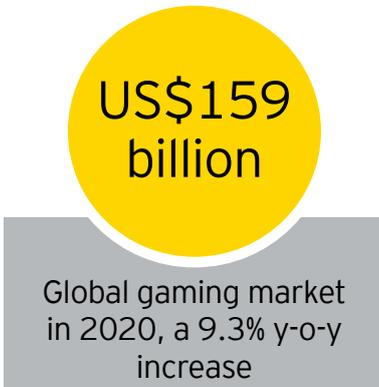
2019 original content spend estimates (US\$ billion)



Variety; Financial Times (Apple); BMO Capital Markets (Netflix); Credit Suisse (Disney, ViacomCBS); RBC Capital Markets, SNL Kagan, Company Reports (All Other Figures)

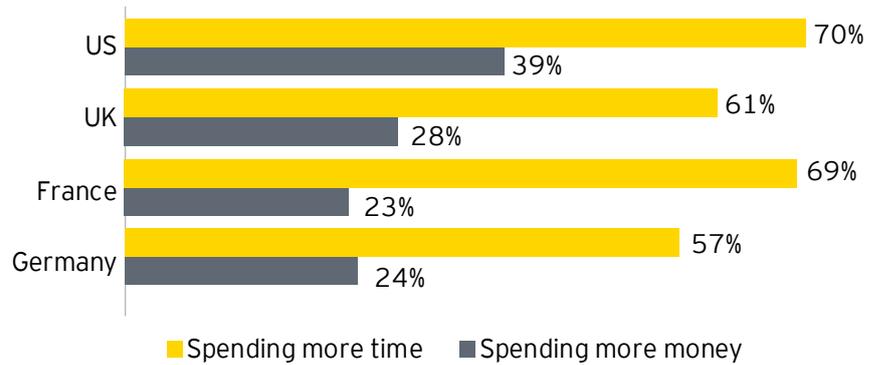


In-home experiences benefited significantly in 2020...



Newzoo

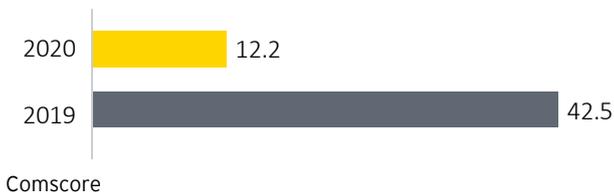
Both time spent and revenues grew during the onset of the pandemic



Nielsen's Weekly Video Game Tracking survey, 23-29 March (via Bloomberg website)

... while the Global box office fell 71%

Estimated global box office revenue: 2020 (US\$ billion)



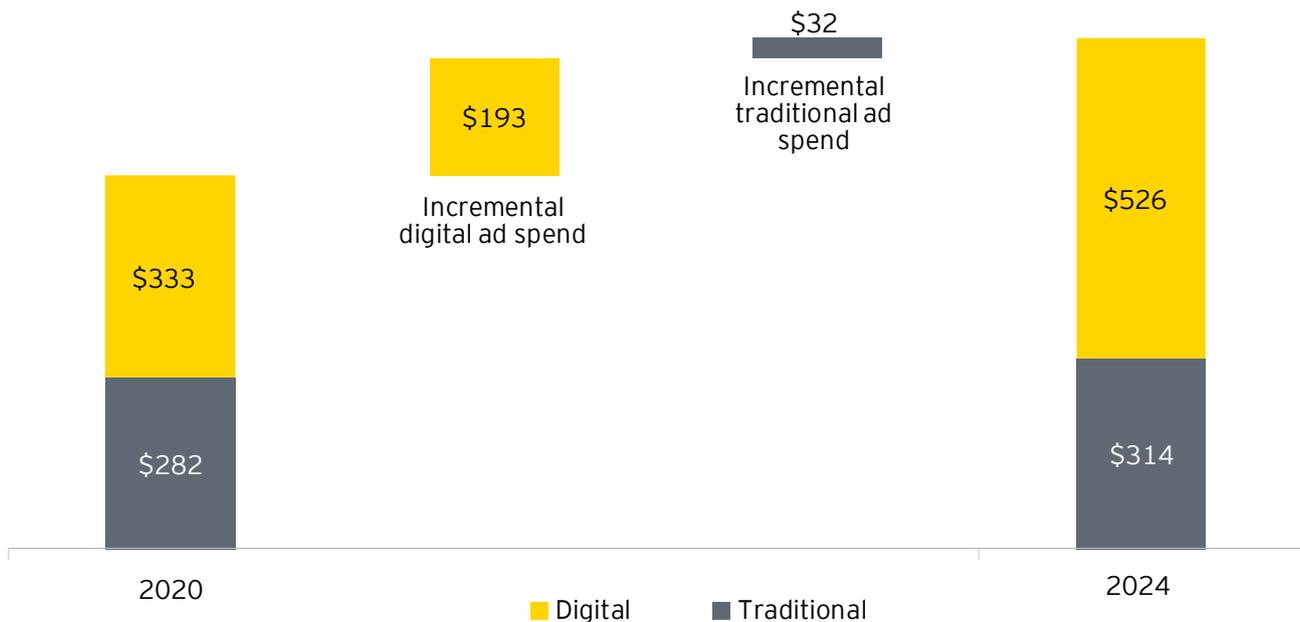
Comscore



SNL Kagan survey, April 2020

Both digital and traditional ad spends will continue to grow...

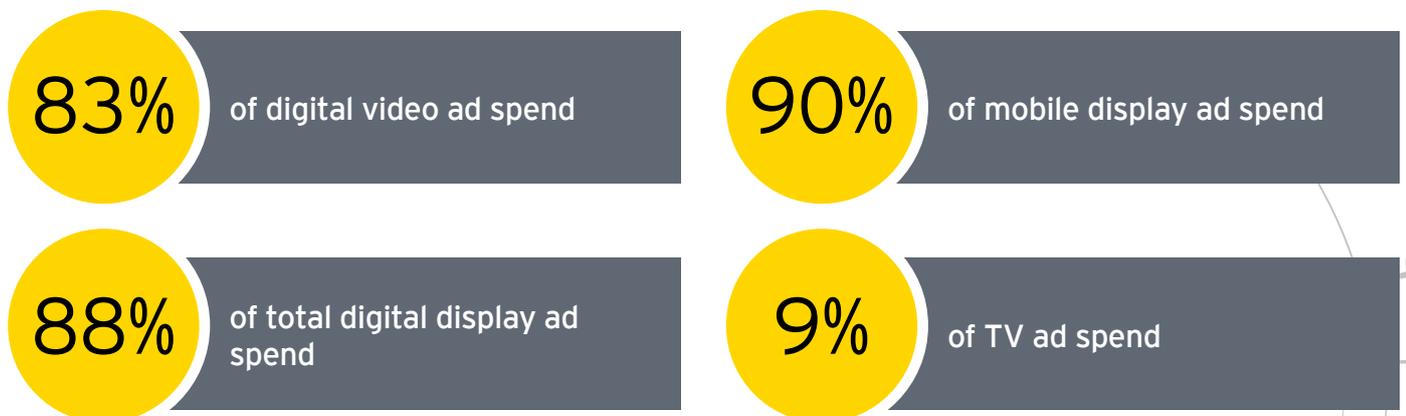
Global total advertising spending by medium, 2020-2024 (US\$ billion)



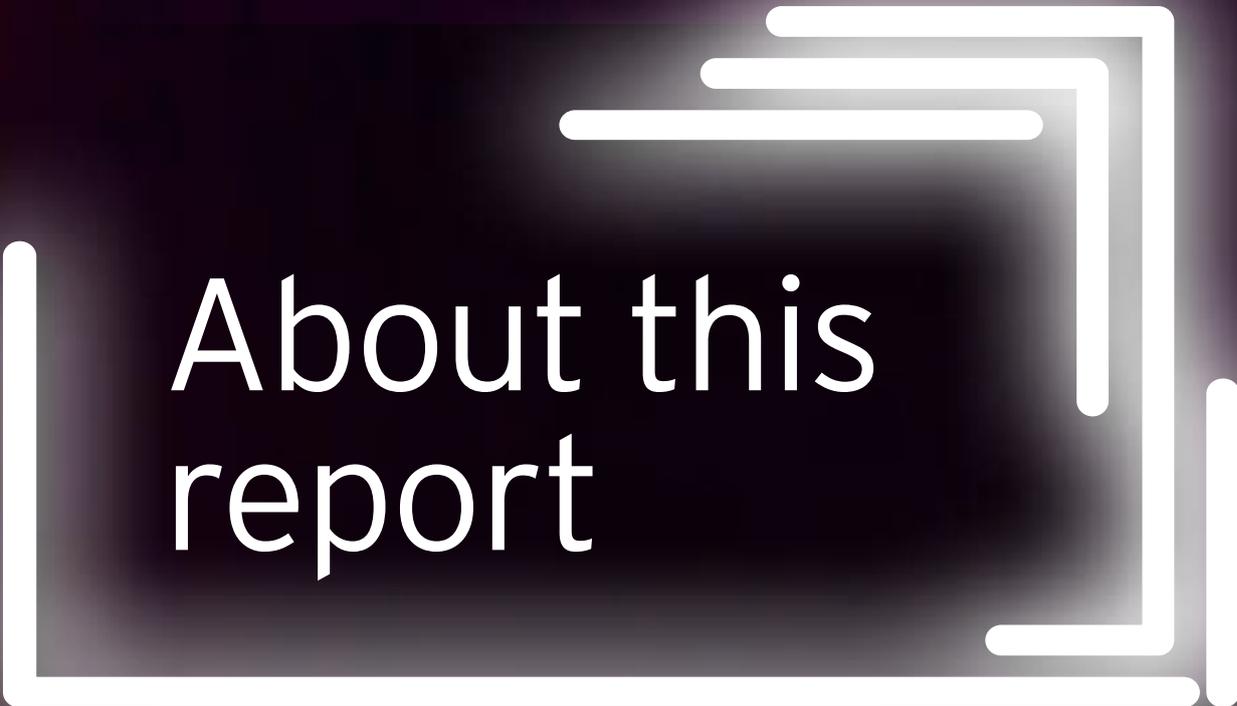
Note: Digital includes desktop/laptop, mobile and other internet-connected devices; Traditional includes TV, radio, directories, magazines, newspapers, and out-of-home

eMarketer, June 2020

...as will the share of programmatic advertising

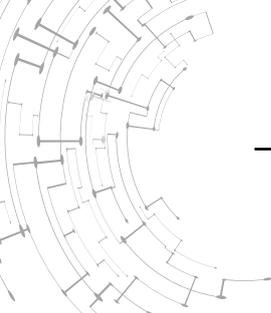


eMarketer, June 2020



About this report





Glossary

AAR	Authority for advance rulings	BFSI	Banking financial services and insurance
ABC	Audit Bureau of Circulation	BI	Broadcast India survey
ABP	Ananda Bazar Patrika	BN	Billion
ABSC	Army Boys Sports Company	BSNL	Bharat Sanchar Nigam Limited
Ad	Advertising	BTL	Below the line or event spends
AdEX	Advertisement expenditure	BWF	Badminton World Federation
AGR	Adjusted gross revenue	CAGR	Compounded annual growth rate
AI	Artificial Intelligence	CEO	Chief Executive Officer
AIGF	All India Gaming Federation	CGST	Central Goods and Services Tax
AIR	All India Radio	CIO	Chief Information Officer
AMA	Average Minute Audience	CMO	Chief Marketing Officer
Apps	Application	COE	Centre of Excellence
Apr	April	CPI	Consumer price index
AR	Augmented Reality	CPM	Cost per mille (thousand)
AROI	Association of Radio Operators in India	CPSEs	Central Public Sector Enterprises
ARPU	Average revenue per user	CPT	Costperthousand
ATL	Above the line,or media spends	CRISIL	Credit Rating Information Services of India
ATP	Average ticket price	CRM	Customer Relationship Management
AUG	August	CRORE	Ten million
Auto	Automobile	CSO	Central Statistical Organisation
AVG	Average	CSR	Corporate social responsibility
AVGC	Animation,visualeffects ,gamingand comics	CWG	Commonwealth Games
AVOD	Advertising VOD	CX	Customer Experience
B2B	Business to Business	CY	Calendaryear (January to December)
B2C	Business to Customer	D2C	Direct to customer
BARC	Broadcast Audience Research Council	DAN	Dentsu Aegis Network
BBL	Billionbarrels	DAS	Digital Addressable System
BCCI	Board of Control for Cricket	DAU	Daily Active user
BCD	Basic customs duty	DAVP	Directorate of Advertising and Visual Publicity
BEAT	Base erosion anti-abuse tax		
BEPS	Base erosion and profit shifting		

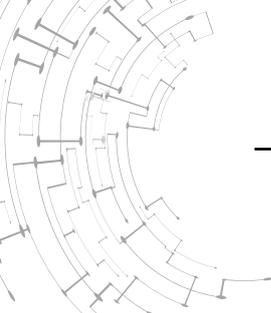
DD	Doordarshan	F&B	Food & Beverage
Dec	December	FC	Football club
DIPP	Department of Industrial Policy and Promotion	FCT	Free commercial time
DOOH	Digital out of home	FDI	Foreign direct investment
DoS	Department of Space	FEB	February
DOT	Department of Telecom	FEMA	Foreign Exchange Management Act,1999
DPIIT	Department for Promotion of Industry	FFO	Film Facilitation Office
DPOs	Distribution platform owners	FICCI	Federation of Indian Chambers of Commerce & Industry
DRHP	Draft red herring prospectus	FIFA	Fédération Internationale de Football Association
DRM	Digital Radio Mondiale	Fintech	Financial technology
DRP	Distributor retail price	FIPB	Foreign Investment Promotion Board
DSP	Demand side platform	FM	Frequency modulation
DTAA	DoubleTaxation Avoidance Agreement	FMCG	Fast moving consumer goods
DTC/D2C	Direct to consumer	FMV	Fair market value
DTH	Direct to home	FTA	Free to air
DVD	Digital video disc	FY	Fiscal year(April to March)
EBITDA	Earnings before interest tax depreciation amortization	GB	Gigabyte
ECB	External commercial borrowing	GBO	Gross box office
EEMA	Events & Entertainment Management Association	GDP	Gross domestic product
EMDEs	Emerging Markets and Developing Economies	GDPR	General Data Protection Regulation
Entertainment Studies		GEC	General entertainment channel
EODB	Ease of doing business	GILTI	Global intangible low taxed Income
EPG	Electronic program guide	GMPCS	Global Mobile Personal Communication Services
EPL	English Premier League	GOI	Government of India
EQL	Equalization Levy	GSM	Grams per square meter
ER	Effectiverate	GSMA	Global System for Mobile Communications
ESL	Electronic Sports League	GST	Goods and Services Tax
EU	European Union	GSTR	Goods and Services Tax Return
EY	Ernst&YoungLLP,India		



Glossary

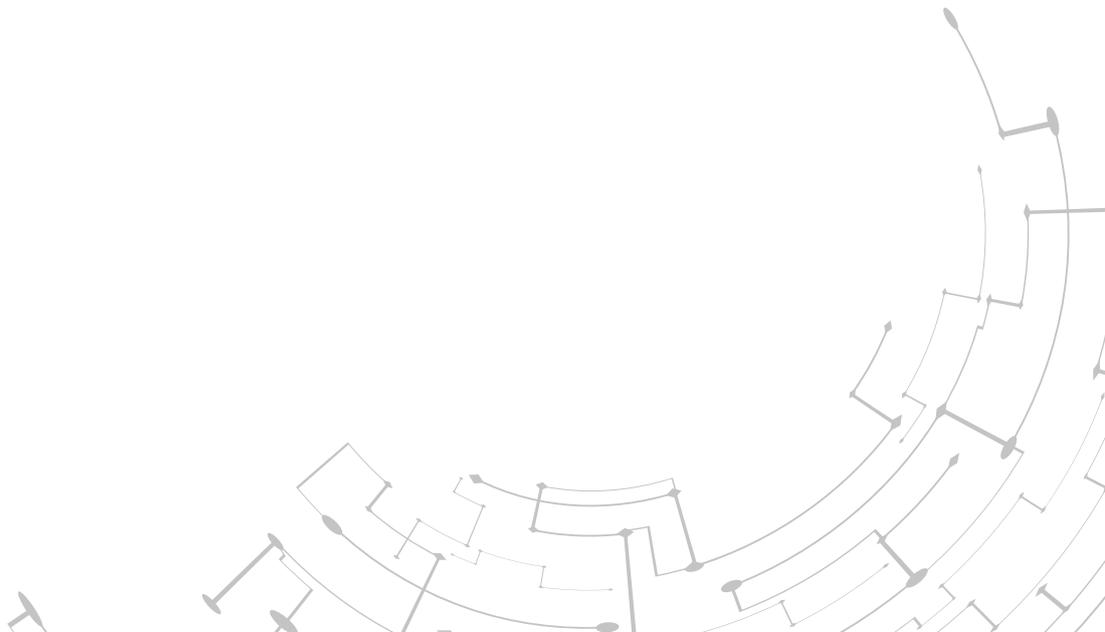
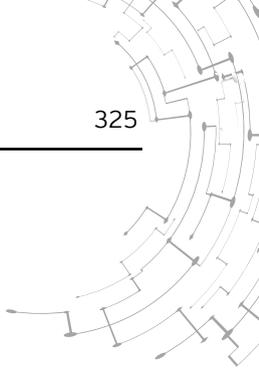
HD	Highdefinition	ISP	Internet service provider
HFY	Half Financial Year	IT	Information technology
HIL	Hockey India League	ITU	International Telecommunication Union
HITS	Headend in the sky	Jan	January
HNI	High net worth individual	Jul	July
HR	Human resources	Jun	June
HSM	Hindi speaking markets	JV	Jointventure
IAMAI	Internet and Mobile Association of India	KBC	Kaun Banega Crorepati
IBC	Insolvency and Bankruptcy Code 2016	KPI	Key performance indicator
ICC	International Cricket Council	KYC	Know your customer
ICO	Initial coin offering	LBET	Local Body Entertainment Tax
IFPI	International Federation of the Phonographic Industry	LCD	Liquid Crystal Display
IFSG	Indian Federation of Sports Gaming	LCO	Local Cable Operators
IHAF	InHouse Agency Forum	LED	Light emitting diode
IIFL	India Infoline Finance Limited	LHS	Left hands ide
IMF	International Monetary Fund	LTD	Limited
IMI	Indian Music Industry	M&A	Mergers & Acquisitions
INR	Indian Rupees	M&E	Media and entertainment
Internal	Trade	MAR	March
iOS	iPhone operating system	MAU	Monthly active users
IoT	Internet of Things	MEITY	The Ministry of Electronics and Information
IPC	Indian Penal Code,1860	MENA	Middle east and North Africa
IPL	Indian Premier League	MESC	Media & Entertainment Skills Council
IPLC	International Private Leased Circuit	MIB	Ministry of Information & Broadcasting
IPR	Intellectual property rights (also,IP)	MICE	Meetings incentives conferences and exhibitions
IPRS	Indian Performing Rights Society	MIS	Management information system
IPTV	Internet protocol television	ML	Machine Learning
IRD	Integrated receiver/decoder	MLB	Major League Baseball
IRS	Indian Readership Survey	MMA	Mobile Marketing Association
ISL	Indian Super League		

MN	Million	OOH	Out of home
MNREGA	The Mahatma Gandhi National Rural Employment Guarantee Act 2005	OPEC	Organization of the Petroleum Exporting Countries
MoSPI	The Ministry of Statistics and Programme	OTT	Over the top
MRP	Maximum retail price	P2P	Principal to principal
MRUC	Media Research Users Council	PAT	Profit after tax
MSDE	Ministry of Skill Development and Entrepreneurship	PC	Personal computer
MSO	Multi system operator	PDP	Personal Data Protection
MVPD	Multichannel video programming distributor	PE	Permanent Establishment
MYAS	Ministry of Youth Affairs and Sports	PFAMES	Prime Focus Academy of Media and Entertainment Services
NA	Not applicable	PGA	Public Gaming Act, 1867
NAS	National Accounts Statistic	PLI	Production- Linked Incentive
NASSCOM	National Association of Software and Services	PM	Prime minister
NBOC	Net boxoffice collection	PMRTS	Public Mobile Radio Trunk Service
NCCS	New consumer classification system	POS	Place of supply
NCF	The National Curriculum Framework	PPL	Phonographic Performance Limited
NDCP	National Digital Communications Policy	PPP	Purchasing Price Parity
NFL	National Football League	PSU	Public sector undertaking
NGO	Non governmental organisation	PWL	Pro Wrestling League
NIP	National Infrastructure Pipeline	QFY	Quarter Financial Year
NOV	November	QR	Quick response
NSO	National Statistical Office	RAM	Radio audience measurement
NSTC	National Sports Talent Contest	RBI	Reserve Bank of India
NTO	New Tariff Order	RCEP	Regional Comprehensive Economic Partnership
OCT	October	RERA	Real Estate Regulatory Authority
ODI	One Day International	RHS	Right hand side
OECD	The Organization for Economic Cooperation and Development	RJs	Radio Jockeys
OEM	Original equipment manufacturer	RMG	Real Money Games
		ROI	Return on investment
		ROOH	Real Time Out of Home



Glossary

RPA	Robotic process automation	UMS	Universal Measurement System
SAARC	The South Asian Association of Regional Cooperation	UP	Uttar Pradesh
SAI	Sports Authority of India	US\$	United States Dollar (US\$1=INR70)
SC	Supreme Court of India	US/USA	United States of America
SD	Standard definition	UT	Union Territory
SEBI	Securities and Exchange Board of India	VAT	Value added tax
SEC	Socio Economic Category	VC	Virtual Currency
SEP	Significant Economic Presence	VFX	Visual effects
SEPT	September	VOD	Video on demand
SGST	State Goods and Services Tax	VR	Virtual reality
SME	Small and medium enterprises	V-Sat	very small aperture terminal
SMS	Short Message Service	WIPO	World Intellectual Property Organization
SSP	Supply Side Platform	WK	Week
STB	Set top box	Y-O-Y	Year on year
STC	SAI Training Centre		
SVOD	Subscription video on demand		
TAM	Television Audience Measurement		
TDS	Tax deducted at source		
TDSAT	Telecom Disputes Settlement Appellate Tribunal		
TRAI	Telecom Regulatory Authority of India		
TRF	The Rummy Federation		
TSP	Telecom Service Providers		
TV	Television		
UAE	United Arab Emirates		
UBA	United Basketball Alliance		
UDAN	Ude Desh ka Aam Naagrik		
UEFA	Union of European Football Associations		
UGC	User-generated content		
UK	United Kingdom		



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Dheeraj
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MMA

Anshu Yardi
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TAM AdEX

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Conceptual Pictures
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Adobebstock

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Data collation, interviews and analysis

Abhishek Tyagi
Aishwarya S
Amit Bhalerao
Amit Maru
Anu Goyal
Anuj Kaul
Gaurav Chopra
Kanika Lungani
Kaushal Shah
Lokesh Jain
Mansi Dharmani
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Pragya Shrivastav
Pratik Sampat
Pratik Kamdar
Priyanka Minawala
Rebecca Toms
Saumya Baheti
Shweta Lohiya
Shubh Mittal
Sugandh Bhandari
Suhani Shah
Tarrung Kapur
Vipul Ubale

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Adarsh Chheda
Kunal Bhati

Quality & editorial

Arunima Mitra
Pranjal Bhatnagar
Vikram D Choudhury

Design

Yashaswita Vijay Dhargalkar
Tania Dutta

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EY's M&E leadership team



Ashish Pherwani
Consulting
ashish.pherwani@in.ey.com



Ajay Shah
Transaction Advisory
ajay.shah@in.ey.com



Amod Khare
Direct Tax Advisory
amod.khare@in.ey.com



Rakesh Jariwala
Direct Tax Advisory
rakesh.jariwala@in.ey.com



Uday Pimprikar
Indirect Tax
uday.pimprikar@in.ey.com



Utkarsh Sanghvi
Indirect Tax
utkarsh.sanghvi@in.ey.com



Govind Ahuja
Assurance
govind.ahuja@in.ey.com



Atul Mehta
Transaction Diligence
atul.mehta@in.ey.com



Geetanjali Bhattacharji
Marketing RoI
geetanjali.b@in.ey.com



Mini Gupta
Cyber Security
mini.gupta@in.ey.com



Amiya Swarup
Marketing & Advertising Advisory
amiya.swarup@in.ey.com



Raghav Anand
Digital Media
raghav.anand@in.ey.com



Saakshi Kishnani
Event Risk Management
saakshi.kishnani@in.ey.com



Shashank Shwet
UI/UX
shashank.shwet@in.ey.com



Anshul Pahwa
Internal Audit
anshul.pahwa@in.ey.com



Mukul Shrivastava
Forensics
mukul.shrivastava@in.ey.com



Bhavesh Laddha
Content Production Audit
bhavesh.laddha@in.ey.com



Parag Mehta
Valuation
parag.mehta@in.ey.com



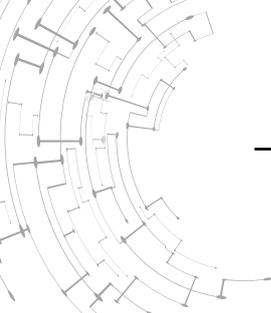
Amol Telang
Distribution Validation
amol.telang@in.ey.com



Jay Sampat
Business Development
jay1.sampat@in.ey.com



Radhika Pradhan
Marketing
radhika.pradhan@in.ey.com



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Key assumptions used to size the segments of this report:

1. Sizing of various segments has been arrived at using various sources of data, primary research and proprietary EY research. We have tried to then validate the sizing through industry discussions
2. All INR amounts are gross of taxes. Changes in GST rates have been factored into the relevant segments
3. Sales between any two segments of the M&E sector are included as revenues for the segment providing the service. Content production has not been independently sized as it is assumed to be a part of the segment it serves
4. Digital subscription and TV distribution revenues are considered at end customer prices. Content purchased by telcos has been valued under subscription incomes of media companies and not at end customer prices of bundled data packs
5. Digital ad and subscription revenues are not released by most companies and are hence sized based on industry discussions and correlated to media articles and analyst reports, should be used from a trending perspective only. Ad revenues are grossed up at 18%
6. International ad and subscription revenues of TV broadcasting companies have not been included in sizing the television segment
7. Filmed entertainment segment does not include any revenues from food and beverage operations, parking revenues, retail revenues or any ticketing charges billed by online booking portals. Film gross box office is considered at end customer price, for both domestic and international theatricals, the latter being impacted by exchange rate fluctuations
8. Gaming captures only online gaming and no other forms of gaming
9. OOH does not consider the large unorganised wall-painting, ambient media and retail point of sale markets
10. The live events segment does not consider value of broadcast rights (unless the IP is owned by the event company), the large unorganized sector and pure MICE and travel companies
11. Animation, VFX and post production revenues include those earned from domestic and export services by companies in India and are correlated to averages across the content value chain
12. No hardware sales are included where bundled with content. Value of sporting goods is not included in the sports segment
13. Where alternate sources of sizing exist, we have considered the most conservative, unless there is adequate justification not to
14. Forward estimates assume that there will be no further pandemic-related lock-downs or major restrictions

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15. There are several statements in this report which refer to certain media companies. Where sources for these statements have not been specifically mentioned, these statements have been sourced from news articles available in the public domain
 16. Prior year numbers have been updated where estimates were used, to reflect actuals
 17. Forward estimates have been provided on best effort basis and are subject to change to reflect the impact of the coronavirus
 18. Analysis of deals is based on secondary research and may not be complete

Note: This is an abbreviated list of all assumptions used.

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Contact:

Leena Jaisani

Asst. Secretary General
Media & Entertainment Division
FICCI

E: leena.jaisani@ficci.com
T: +91-11-2348-7505

Radhika Pradhan

Markets
EY

E: radhika.pradhan@in.ey.com
T: +91-22-6192-3386