



# **Media & Entertainment Industry**

Working Capital Management & Financing Guide



# M&E Industry – Overview

₹4.30 L Cr

Market Size (2026)

8.8%

Growth (CAGR)

₹21,032 Cr

OTT Revenue

₹37,535 Cr

Gaming & Esports

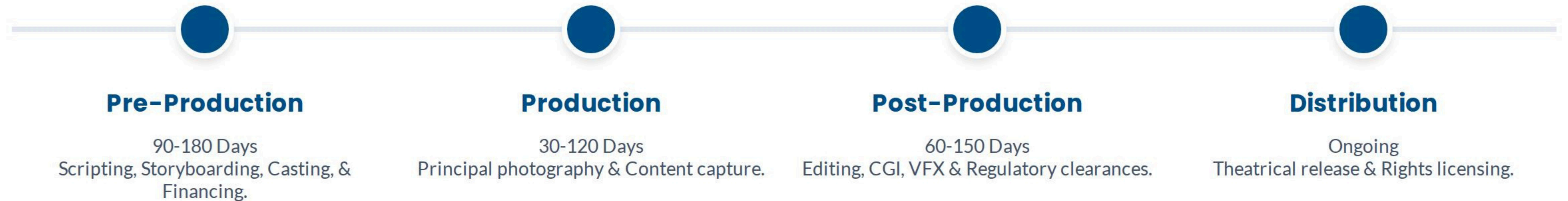
69%

Digital Ad Spend

- **Digital-First Economy:** Digital accounts for nearly 1/3rd of total revenue; 5G enabling 4K streaming.
- **VFX & Animation Hub:** India is a global back-end powerhouse for Hollywood studios.
- **Regional Dominance:** Non-Hindi content commands >50% of box office and streaming.
- **The "Creator" Economy:** Structural shift toward micro-dramas and short-form video.
- **Consolidation 2.0:** Legacy TV networks merging with streaming giants for bundling.



# Operational Process in M&E





# Key Resources & Inputs



## Intellectual Property

Proprietary scripts, characters, music rights, and format licenses.



## Human Capital

Directors, VFX artists, data scientists, and creative writers.



## Tech Infrastructure

Rendering farms, 8K cameras, AI tools, and CDN networks.



## Physical Assets

Sound stages, recording studios, and digital cinema equipment.



## Compliance & Legal

Copyright Act, DPDP Act 2023, and global royalty agreements.



## Market Insight

High-value libraries create long-tail recurring revenue streams.



# Service Deliverables & Revenue



## Subscription (SVOD)

Recurring revenue from OTT platforms (95% of OTT revenue in 2026).



## Advertising (AVOD)

Revenue from digital, TV, and Out-of-Home (OOH) ad placements.



## Theatrical & Box Office

Ticket sales; India remains the third largest market globally.



## Gaming & Esports

In-app purchases, sponsorships, and tournament prize pools.



# Working Capital Cycle in M&E

$$\begin{array}{ccccc} \text{Inventory (WIP)} & & \text{Receivables} & & \text{Payables} \\ 180-365 \text{ Days} & + & 60-150 \text{ Days} & - & 30-60 \text{ Days} \end{array}$$

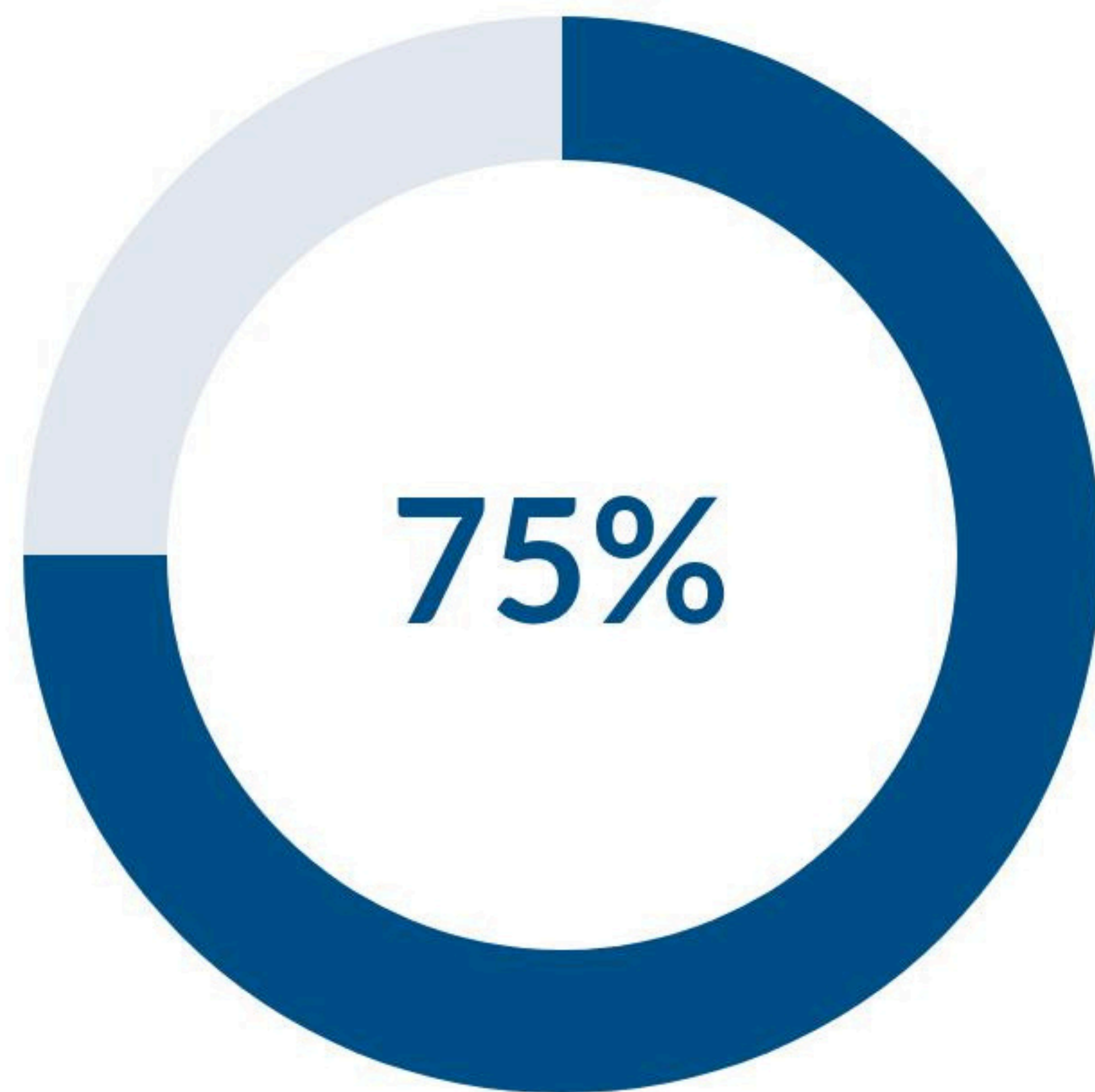
The Cash Gap

**120 - 240 Days**

\* Liquidity gap caused by high upfront production costs.



# Current Asset Composition



- **Work-in-Progress (70-80%):** The dominant asset representing content under production.
- **Trade Receivables:** Substantial unpaid licensing fees from platforms.
- **Prepaid Expenses:** Marketing budgets and star advances.
- **Digital Assets:** High-value libraries of older content.



# Common Mistakes to Avoid

- ✗ **Poor Rights Management:** Failing to define digital vs. satellite vs. international rights.
- ✗ **Marketing Imbalance:** Overspending on production while ignoring audience discovery (Ads/PR).
- ✗ **Underestimating VFX Timelines:** CGI delays causing interest costs to spiral.
- ✗ **Ignoring Tax Credits:** Not leveraging state subsidies or international tax incentives.

**Key Risk:** Content being locked in "Development Hell" due to lack of staged funding.

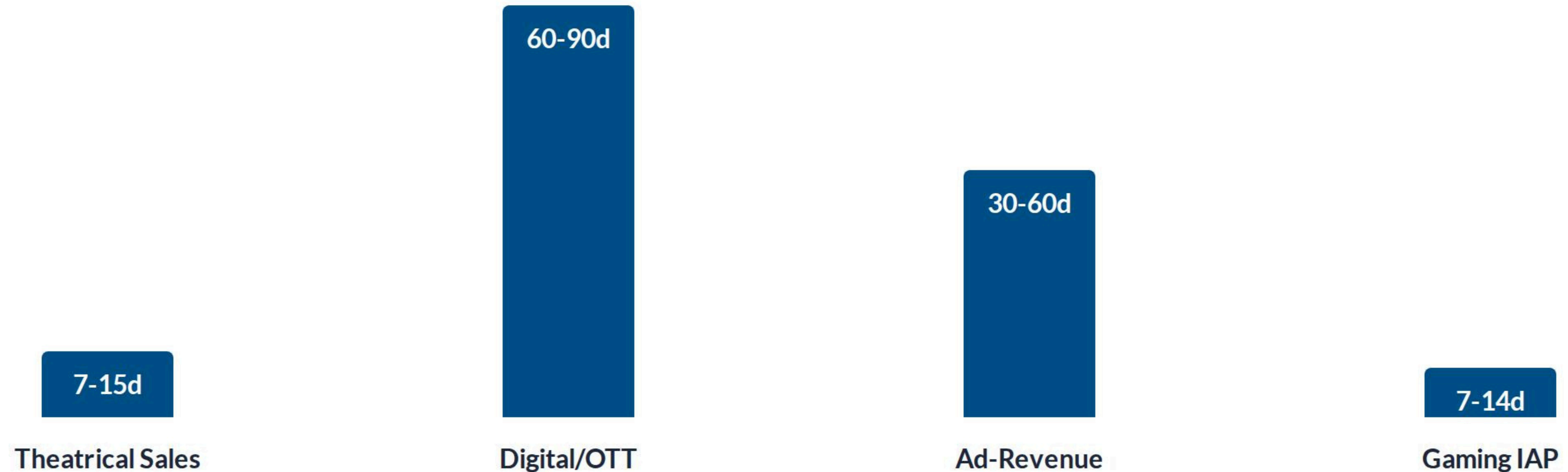


# Standard Operating Metrics Table

Metric	Industry Standard (2026)
ARPU (OTT Subscription)	₹180 - ₹250 (Monthly)
P&A (Prints & Advertising) Ratio	20% - 35% of Production Cost
Customer Retention (Churn)	< 4% (For Streaming)
VFX/CGI Cost %	15% - 40% (For Tentpole Projects)
Content Amortization Period	2 - 5 Years



# Revenue Realization Periods



*Best Practice: Use Milestone-based Funding to match production stages.*



# Industry Threats & Challenges

- ⚠️ **Content Piracy:** Bleeds the industry of 10-15% of potential revenue.
- ⚠️ **Talent Shortage:** A "Writers Crisis" and lack of high-end VFX supervisors.
- ⚠️ **Attention Spans:** Shift to "Micro-dramas" requiring faster production cycles.
- ⚠️ **Regulatory Uncertainty:** Norms on censorship and AI-usage ethics.



# How Terkar Capital Can Help

## Project Finance

Debt funding for film, web series, and animation (₹5 Cr to ₹100 Cr+).

## Invoice Discounting

Immediate liquidity against contracts with Netflix, Amazon, or Star.

## Unsecured WC

Up to ₹5 Cr for post-production, dubbing, and marketing (P&A).

## Equipment Loans

Funding for rendering farms, 8K cameras, and studio setups.

## Subsidized Debt

Government-backed loans for VFX/Animation startups (CGTMSE).

## Why Terkar?

- ✓ 7-10 Day Disbursement
- ✓ Rates from 9% PA
- ✓ M&E Industry Expertise



# Partner with Terkar Capital

Scripting Your Financial Success in the Digital Age.



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