

# INDIAN MEDIA INDUSTRY – TELEVISION DISTRIBUTION

**Structural headwinds to keep  
industry on toes; 'cord-cutting' will  
squeeze profitability of MSOs and  
DTH operators**

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*Low-pay TV ARPUs and broadband penetration will keep a check on 'cord-cutting' in India; hybrid offerings (Cable TV+ OTT) and industry consolidation will be likely strategies to remain relevant.*

*While revenues are expected to stay flat or see a slow decline, margin fall is likely to be sharper, driven by pricing pressures and need for continued investment in infrastructure and content.*



The Indian television (TV) market is next only to China, with nearly 190 million TV households in 2024 (estimated), a number which is expected to keep growing in the near term, with the shift from TV-dark (i.e., having no TV) households. However, changing customer behaviour is driving a continued decline in pay-TV subscriber base, with sharper fall in urban areas led by increasing adoption of over-the-top (OTT) platforms and shift to connected TVs, and traction for free dish services (offering free-content) in low-income households.



Despite a large subscriber base, Indian TV distribution industry lags developed markets like the U.S. and Europe in terms of revenues due to their higher average revenue per user (ARPU), despite declining subscriber base. The ARPU is the highest in the U.S. and Europe, as consumers can pay for premium content like sports, HD, and exclusive programming, while India and China maintain much lower ARPU due to the vast, price-sensitive subscriber bases.



Several factors make OTT a preferred mode of watching TV for consumers in India – like - on-demand and personalised content, ad-free viewing options, access to regional content and flexible subscription models (mobile only to multi-screen, basic to premium quality). In addition, the telecom and digital revolution (with increasing smart phone penetration, affordable data plans, percolation of smart/connected TVs) and regulatory changes (tariff orders) have aided the shift to non-traditional modes of TV viewing.

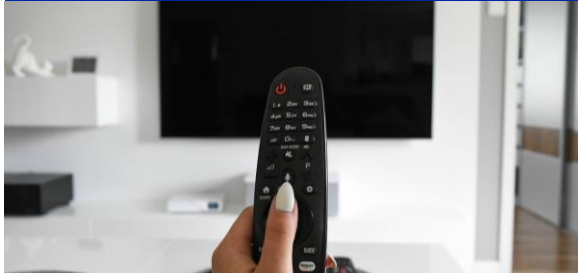


'Cord-cutting' will result in shrinkage of the net pay-TV subscriber base; however, the pace of this contraction is likely to be moderate in India vis-a-vis the developed countries, with significant variation in urban vs. rural markets. This would be on account of low ARPUs, availability of affordable hybrid offerings, a strong tradition of TV viewing and challenges related to internet infrastructure and awareness.



ICRA expects revenues of pay-TV operators to continue to decline in FY2026 due to falling net subscriber base, supported, to an extent, by higher ARPUs on bundled and/or premium offerings and industry consolidation. Operating margins and coverage indicators are expected to moderate further, though strong parentage of major players will ensure adequate liquidity and access to capital for investments.

## 1 Indian pay-TV market – Trends



## 2 Comparison – India Vs. key global pay-TV markets



## 3 Credit profile of MSO and DTH operators and outlook



## 4 Annexures



- **MSO**: Multi-system operator; MSOs provide TV signals to LCOs, who then distribute the signals to subscribers
- **LCO** : Local cable operator
- **DTH** : Direct to Home
- **HITS** : Headend in the Sky
- **IP** : Internet Protocol
- **IPTV** : Internet Protocol Television
- **DPO** : Distribution Platform Operators – DTH/ MSO/HITS/IPTV
- **OTT CDN** : Over-the-Top Content Delivery Network,
- **ARPU** : Average revenue per user
- **SD/HD** : Standard Definition / High Definition – terminology referring to resolution and quality of video
- **DOT** : Department of Telecom, India
- **Pay-TV** : Traditional TV services (cable, satellite, IPTV, terrestrial) for which consumers pay a monthly or annual charge
- **Free-TV**: Refers to services/ channels that can be accessed on a free platform without any subscription, i.e., no monthly charges are incurred. E.g.: Doordarshan in India
- **Subscription Video on Demand (SVoD)**: Online TV services for which consumers pay a monthly or annual charge to view content without ads, such as Netflix and Amazon Prime Video
- **Advertising-supported Video on Demand (AVoD) and free ad-supported streaming television (FAST)** include free online TV services, such as MX Player, Airtel TV, and JioCinema.
- **Connected-TV**: A TV set that is connected to the Internet either natively (such as a Smart TV) or via an external device (for example, a streaming stick or digital media player). It includes all devices like – Connected or streaming devices: Devices that connect to a TV screen to display video streams (Roku, Apple TV, and so forth), Smart TV (TVs with integrated Internet connections), Gaming consoles and Set top boxes (devices delivering traditional cable and VoD content.)
- **Cord-cutting** - The practice of cancelling or forgoing a pay-TV subscription or landline phone connection in favour of an alternative internet-based or wireless service.



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# Analytical Contact Details

Name	Designation	Email	Contact Number
Ashish Modani	Senior Vice-President and Group Head	<a href="mailto:ashish.modani@icraindia.com">ashish.modani@icraindia.com</a>	022 – 6169 3300
Suprio Banerjee	Vice-President and Co-Group Head	<a href="mailto:supriob@icraindia.com">supriob@icraindia.com</a>	022 -- 6114 3443
Ritu Goswami	Assistant Vice-President and Sector Head	<a href="mailto:ritu.goswami@icraindia.com">ritu.goswami@icraindia.com</a>	0124 – 4545 826





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# Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	<a href="mailto:shivakumar@icraindia.com">shivakumar@icraindia.com</a>	022-61693304
Neha Agarwal	Head – Research Sales	<a href="mailto:neha.agarwal@icraindia.com">neha.agarwal@icraindia.com</a>	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	<a href="mailto:rohitg@icraindia.com">rohitg@icraindia.com</a>	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	<a href="mailto:vivek.bhalla@icraindia.com">vivek.bhalla@icraindia.com</a>	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	<a href="mailto:vinita.baid@icraindia.com">vinita.baid@icraindia.com</a>	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	<a href="mailto:shivam.bhatia@icraindia.com">shivam.bhatia@icraindia.com</a>	0124-4545803
Naznin Prodhani	Head – Group Corporate Communications & Media Relations	<a href="mailto:communications@icraindia.com">communications@icraindia.com</a>	0124-4545860





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