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Beyond the Box Office: Analysing Risk-Diversification Models for Hindi Event Films

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Abstract

The traditional way to measure if a movie is successful is to look at its cinema ticket sales. However, the growth of streaming platforms has completely changed how Hindi films make money. Today, big-budget movies with major stars use risk-diversification models to make a profit, even when they flop in theatres. By looking at money made from performance-linked streaming deals (OTT), television, music rights and live experiential events, this study shows that a box office failure does not automatically mean the producer loses money.

Keywords: Film business, Hindi cinema, OTT rights, Risk diversification

1. Introduction

For many years, a movie's success depended on how many people bought tickets at the cinema. If theatres were empty, the film was called a total failure. Today, this perspective is not enough. Digital media overtook television to become the largest segment of India's media and entertainment industry. Cinemas are no longer the only way to get revenue from a movie. Hindi films can now earn money across many different platforms at the same time (FICCI & EY India, 2026).

2. The multi-platform revenue ecosystem

The money made by a modern Hindi film comes from four main areas:

Theatrical collections: Ticket sales from cinemas in India and overseas.

Digital rights (OTT): Licensing the movie to streaming platforms through performance-linked structures.

Satellite rights (TV): Selling the rights to show the movie on television channels.

Music rights: Film producers generally sell the audio rights to music companies or labels, who then handle distribution to audio platforms like Amazon Music or Spotify. The label pays an upfront fee to the film producers or a profit-share agreement to acquire the rights to the music album.

Digital subscriptions in India grew by 60% during 2025, reaching INR 163 billion, with 143 million households now paying for streaming video services (FICCI & EY India, 2026).

This trend is also reflected in the Ormax India Box Office Report: Jan-Jun 26, which indicates that the Indian box office recorded its highest-grossing post-pandemic first half in 2026 (Ormax Media, 2026).

3. Risk-diversification models

To understand how a movie that flops in theatres can still make a profit, the financial risk must be analysed based on how it is shared between the producer, the cinema owners and the streaming platforms.

A. Performance-linked OTT contracts and hybrid deals

OTT content spending fell 18% in 2025, from INR 26.7 billion in 2024 to INR 21.8 billion in 2025, while satellite rights values for films also softened. Platforms are now becoming more selective and linking investments more closely to performance and measurable returns (Best Media Info Bureau, 2026; FICCI & EY India, 2026).

In this structure, the final OTT payment depends on the film achieving certain box office targets. For example, a contract may state that the producer receives the full amount only if the film reaches a specific box office milestone. Although this makes OTT deals partly dependent on theatrical performance, they still help reduce the producer's financial risk. Also, Jha (2026) says that the earlier financial cushion from OTT, satellite, music and overseas rights is shrinking as OTT values have fallen significantly.

B. Fan loyalty and cinematic universes

The global Deloitte 2026 Digital Media Trends Report highlights that true entertainment 'fans' are the industry's most valuable consumers. They spend 16% more time using media each day, while 55% actively follow their favourite franchises across multiple channels (Deloitte Center for Technology, Media & Telecommunications, 2026).

To build this kind of audience, major production houses are investing in interconnected cinematic universes, such as the Maddock Supernatural Universe.

C. A simple example of a high-budget theatrical flop

To understand how this works, consider the following example of a typical high-budget Hindi event film:

Total Movie Budget: INR 150 crore

Money from Digital OTT Rights: INR 80 crore

Money from Television Rights: INR 40 crore

Money from Music Rights: INR 15 crore

Total Money Recovered Before Cinema Release: INR 135 crore

This means that 90% of the film's INR 150 crore budget is recovered before its theatrical release, leaving INR 15 crore to be recovered from theatres.

In this case, if the movie gets poor reviews and finishes its run with a weak total of INR 55 crore at the cinema box office, it is labelled a theatrical flop.

However, after deducting the 18% ticket GST, the Net Box Office Collection stands at INR 46.61 crore. Indian theatrical revenue is then shared between the producers/distributors and cinema exhibitors, with the producer receiving an average of around 50% across the film's theatrical run. This results in a producer's share of approximately INR 23.31 crore. When this is added to the non-theatrical revenues, the total revenue reaches INR 158.31 crore. Compared with the INR 150 crore budget, this results in a profit of INR 8.31 crore despite the film being a theatrical flop.

Disclaimer*:* This example assumes a Tier-1-star film with a Minimum Guarantee OTT deal. Different deal structures and weaker theatrical performance may reduce the producer's final profit.

D. Experiential event IPs and live monetisation

Modern event films no longer rely only on theatres and streaming platforms. They also earn money through live events and other experiences. India's live events and experiential industry grew by 44% during 2025, reaching INR 145 billion (FICCI & EY India, 2026).

This growth creates new opportunities for Hindi event films through brand sponsorships, paid fan events, official merchandise and ticketed multi-city promotional concert tours. These activities can generate extra revenue alongside traditional theatrical and digital revenues.

E. The hybrid release strategy

Total cinema revenues in India actually hit a record high of INR 130 billion (FICCI & EY India, 2026).
This proves that streaming and cinemas can grow together. A movie that fails to bring people to theatres often finds a second, highly successful life on streaming apps.
Ormax Media found that audiences' decision to watch a Hindi film in theatres was not strongly affected by how soon they expected it to appear on OTT. However, audiences who expected a film to arrive on OTT sooner showed lower engagement with its promotional campaign (Ormax Media, 2025).
Industry views on the theatrical-to-OTT window remain mixed. A shorter OTT window can help producers recover their costs faster, although it may reduce the time available for a film to earn from theatres (Gupta, 2025).
Karan Taurani, EVP at Elara Capital, says that most box-office revenue is earned in the first few weeks, with only a small number of successful films running for more than four or five weeks (Gupta, 2025).

4. Key findings

This shift in how movies make money brings three major insights:

Separating 'Flops' from losses: The word 'flop' only describes cinema ticket sales today. It does not mean the production house lost money on the project.

Telecom bundling: Audiences are happy to watch a flawed movie at home since it costs them no extra money. This behaviour is heavily driven by telecom trends, where major networks pack streaming subscriptions directly into mobile data and broadband plans.

Platform competition and premium content: Although OTT platforms have become more selective in their acquisitions, premium Hindi films with strong commercial potential can still secure valuable deals.

5. Conclusion

Hindi event films have successfully adapted to a changing media world. While breaking box office records is still great for recognition, these multi-platform models ensure that a failure in theatres is no longer an automatic financial loss for production houses. Future research should look at whether streaming platforms will start paying less if a movie fails in theatres or if these pre-sales will remain the foundation of film finance.

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