



“Shemaroo Entertainment Limited
Q4-FY26/FY26
Earnings Conference Call”
18th May, 2026



ANALYST:

Mr. Anuj Sonpal – Chief Executive Officer - Valorem Advisors

SHEMAROO ENTERTAINMENT LIMITED

MANAGEMENT

: Mr. Hiren Gada - CEO

: Mr. Arghya Chakraborty - COO

: Mr. Amit Haria - Outgoing CFO

: Mr. Ashish Gupta - Incoming CFO

Shemaroo Entertainment Limited
Q4 & FY'26 Conference Call
May 18, 2026

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY 2026 Conference Call of Shemaroo Entertainment Limited, hosted by Valorem Advisors.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone.

I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you.

Purvangi Jain: Good afternoon everyone and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the Investor Relations of Shemaroo Entertainment Limited. On behalf of the Company, I would like to thank you for participating in the Company's Earnings Call for the 4th Quarter and Financial Year Ended 2026.

Before we begin, a quick cautionary statement:

Some of the statements made in today's con-call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's Earnings Conference Call is purely to educate and bring awareness about the Company's fundamental business and financial quarter under review.

Now I would like to introduce you to the management participating with us in today's Earnings Call and hand it over to them for their opening remarks.

We have with us Mr. Hiren Gada - CEO, Mr. Arghya Chakravarty - COO and Mr. Amit Haria – Outgoing CFO, and Mr. Ashish Gupta – Incoming CFO.

Without any delay, I request Mr. Hiren Gada to start with his opening remarks. Thank you and over to you, sir.

Hiren Gada:

Thank you, Purvangi, and good afternoon, everyone, and welcome to our Earnings Call for the 4th Quarter and financial year ended 2026.

Let me begin with sharing some of the key financial highlights for the period under review, followed by the key operational highlights and also the strategic roadmap for FY27.

For the 4th Quarter of the Financial Year 2026, the revenue from operations stood at around INR 140 crores. The Company reported an EBITDA loss of about INR 87 crores for the quarter with a net loss stood at around INR 72 crores. For the Financial Year Ended 2026, the revenue from operations stood at around INR 583 crores. The Company reported an EBITDA loss of about INR 265 crores for the period while the net loss stood at around INR 219 crores.

With regards to the new initiatives, expenses in the 4th Quarter for the Financial Year 2026 amounted to around INR 57 crores. Adjusting for these investments, the EBITDA loss from existing operations for the quarter would have been around INR 31 crores. The same expenses for the Financial Year 2026 amounted to INR 155 crores. Adjusting for these investments, the EBITDA loss from existing operations for the financial year would have been around INR 110 crores.

As you are aware, margins remained under pressure due to the ongoing accelerated inventory charge-off, a strategic initiative that we began nine quarters ago. Over this period, inventory has reduced significantly by about INR 400 crores approximately from about INR 738 crores to INR 339 crores. So, in H1 FY24, which was September 2023, half year, we were at INR 738 crores inventory and that has now come down to INR 339 crores as of March 2026. While debt levels have also declined to around INR 300 crores.

Importantly, Q4 marks the final quarter of the charge-off cycle in line with our earlier guidance. These charge-offs are purely accounting adjustments and do not impact the monetization potential of our current library or our ability to generate free cash flows.

With the strategic inventory charge-off cycle now concluded, we believe the business is entering the next phase with a stronger balance sheet, lower debt levels and a healthier content inventory position providing a solid foundation for long-term growth.

Moving to the business segment performance:

Digital Media revenues for the 4th Quarter stood at approximately INR 67 crores registering a year-on-year growth of 17% while Traditional Media revenues for the quarter stood at around INR 73 crores down by 51%.

For the Financial Year 2026, Digital Media revenues grew by 9% on a year-on-year basis to INR 275 crores while Traditional Media segments saw de-growth of 29% to INR 308 crores.

The overall performance during the quarter continued to be impacted by weakness in the Traditional business even as the Digital segment maintained healthy growth momentum.

Digital revenue growth was led by strong momentum in the syndication business and continued expansion of the ShemarooMe subscriber base which increased by over 30% year-on-year during the quarter.

On the Traditional Media side, revenues were impacted by a weak advertising environment and the moderation in syndication revenues. The decline in syndication was largely driven by the inherently lumpy nature of revenues along with the high base in the corresponding quarter last year.

Advertising performance was further impacted by war-related uncertainties which weighed on overall ad spend while major sporting events attracted a larger share of advertising budgets. Given the ongoing macroeconomic pressures, geopolitical tensions and major sporting events like the IPL, the overall advertising outlook for Traditional business is expected to remain subdued in the near term, particularly for non-sport categories.

In other updates:

ShemarooMe Gujarati released about six new titles for the quarter spanning movies, web series and plays. The platform also saw the world Digital premiere of movies such as 'Chaniya Toli', 'Naankhatai', 'Faati Ne', 'Goti Lo' and 'Subhchintak (Hindi Dubbed)'. ShemarooMe premiered its first original Hindi web series, 'Dil Dhokha aur Desire', under the Shemaroo Premier banner, further strengthening our original content portfolio and premium Digital offerings.

On YouTube, the flagship channel Shemaroo FilmiGanne has surpassed 74 million subscribers during the quarter. While the Shemaroo Entertainment crossed 61 million milestones. Across this entire portfolio of channels, the Company garnered more than 9 billion views during the quarter, reflecting sustained Digital engagement.

We also marked an important milestone in our international content strategy with the co-production of our first Turkish drama series, 'Aska Mahkum', in partnership with Globalsphere Studios.

As we enter FY27, our focus remains on building a strong Digital-First media business by expanding Shemaroo's presence across Digital ecosystems in both domestic and international markets. With audience consumption continuing to shift towards the Digital platform, we are focused on scaling reach, improving monetization and enhancing content discoverability across platforms and formats.

At the same time, we are leveraging technology and AI intervention to drive operational efficiencies and optimize revenues across businesses. We are also focused on strengthening

our portfolio through curated and owned IPs, which we believe will play an important role in driving sustainable growth and long-term value creation for the Company.

With that, I now open the floor for the question-and-answer section.

Moderator: Thank you very much sir. Ladies and gentlemen we will now begin with the question-and-answer session. We will wait for a moment while the question queue assembles. The first question is from the line of Urmish Shah from Moneywiser . Please go ahead.

Urmish Shah: Thank you for the opportunity. I hope I am audible.

Moderator: Yes, sir. Please go ahead.

Urmish Shah: My first question is on Traditional business. I do understand in your opening remarks you did say that we faced a considerable decline. What is the reason for that and how do you see it shape up in FY27 and FY28? If you could just give some color on that..

Hiren Gada: **Sure. So** there are two overall challenges. One is media industry related which is an ad slowdown which is due to various challenges that the economy is facing. Finally, media is a derivative of the economic situation of the country because as various products have to reach the consumer in a buoyant economic, the propensity to advertise increases and in a subdued economy it reduces. So, that is an overall industry level thing. The other is the steady shift from traditional to Digital Media which in this financial year definitely we have seen acceleration of at least the advertising spend shifting far more towards Digital Media as compared to Traditional Media. So, as a combination of both, the Traditional Media revenues have faced challenges. Now in terms of the outlook, the way we are seeing it, we don't anticipate any significant growth acceleration from the Traditional Media business. In fact, as I also shared during my opening remarks that the whole focus of the Company itself we have shifted significantly towards Digital-First kind of thought process and business. So, in that sense we have positioned and geared ourselves significantly towards increasing our investments, people, focus, many other things towards the whole Digital Media. But yes, Traditional Media continues to be a large business for the entire industry and to that extent we have to manage it through its declining phase or the declining contribution towards the entire pie.

Urmish Shah: So, when you say declining contribution, so if I just talk in terms of the product mix, today it is 53:47 from traditional to Digital. So, when you say that Digital-First is our you know strategy going forward, what is the shift in the product mix that you are anticipating? I mean at 60:40 or you know what is your target?

Hiren Gada: So, I believe ultimately over a 3–5-year period we should be probably at more than one-third or two-third or probably even one-fourth, three-fourth. Somewhere in between that in a 3-5 year period we should be moving towards that. Now what will, year-to-year it is very difficult

to give a color that what it will be FY27 or FY28 because of various factors. But we know that in a 3-5 year point of view that is the direction in which it will trend.

Urmish Shah: So, next question is on the debt, in terms of debt reduction plan going forward, if you could just give some color on that.

Hiren Gada: So, as I shared even in the opening remarks that actually even during this period of charge off, the cash flow has been in a good position and we have been able to reduce debt although marginally and considering the fact that this last few months have been an extremely challenging period for the economy and for the industry. Notwithstanding that we are committed to the debt reduction thought process and to that extent we have even in this quarter the promoters have in fact infused capital through a preferential allotment and as an organization we are committed towards that. Obviously, there is an external world that we are dealing with. We are putting in all the necessary input metrics to reach where we want to reach in terms of profitability and cash flow and debt reduction.

Urmish Shah: So, on new initiatives our FY26 cost was INR 155 crores right? So, in FY27 you know have we kept aside some amount for that also or how is it?

Hiren Gada: So, we have and it will be significantly lower than what it was in FY26. It will probably be less than half of it. Right now I am not in a position to give you an exact number but from what we have overall budgeted for this year it will be less than half of what we have spent in.

Arghya Chakravarty: Yes, I think when we are talking about new initiatives basically new initiatives for us has been broadcast and our OTT business. But the point is that broadcast is coming in the traditional part and as you heard Hiren said that our focus going forward in terms of all our investments, people and any other focus will be on driving Digital. So, hence new initiatives as we see today as Hiren said well we cannot put a number but it is likely to come down quite a bit almost maybe even less than half of it. But we can't put a number, but our focus is clearly towards driving more Digital business.

Hiren Gada: And just to add to that within that also the investment will be largely skewed for ShemarooMe where we are seeing very good traction.

Urmish Shah: **Correct.**o, one final question I know it is a bit too early considering the numbers right now but till when can we expect to be EBITDA and PAT positive?

Hiren Gada: So, I think it is a very relevant question. As I said earlier also that we are fully committed, and we believe in the long term of this business, and we continue to invest and we feel that all the inputs are constantly there. We have been pushing all the inputs so for example whether it is the ShemarooMe where we have reached a certain point overall in the journey or whether it is all other digital initiative YouTube or licensing syndication, etc. So, we have all the input metrics constantly being monitored and worked upon. Output of course depends on fact a few

external factors. I think if they if they fall in line I think we should have a very good period ahead.

Urmish Shah: Sure sir. Thank you. I will join back to you. Thank you.

Moderator: Thank you. The next question is from the line of Shubhangi from Robo Capital. Please go ahead.

Shubhangi: Thank you for the opportunity. Just wanted to know your outlook on top line, growth and EBITDA margins for FY25 and FY28.

Hiren Gada: FY25?

Shubhangi: Sorry 27 and 28.

Hiren Gada: 27 and 28. So, I just actually addressed this in the previous question that is given the current overall scenario it is very difficult for us to give a guidance but we are working constantly on all the input side metrics whether it is on cost optimization on all our revenue levers that we can push and AI and Digital focus. So, there is a very large AI initiative on multiple fronts that we are working on. So, all of those inputs are you know constantly being fine-tuned and worked upon. The output you know which is growth of top line and bottom-line positivity are beyond a point not in our hand and as we know for last almost three to four quarters the media industry has been severely challenged in terms of overall ad spend. So, as we see and as we speak given the current economic scenario this is likely to remain challenged for some more time. Till that time it is very tough to give any hard outlook.

Shubhangi: **Thank you. That's all. All the best**

Moderator: Thank you. The next question is from the line of Sanjeev Pandya from Lancers. Please go ahead.

Sanjeev Pandya: So, I will look a little beyond. I represent terminal value investors. You know they are large investors and they invest for terminal value. So, I will not be focusing you know on your current results and even your short-term outlook. So, my question relates to the business model volatility. How exactly when you conceptualize. It's okay for you to stop me and then say that no this is too deep a question and maybe it can be taken in fact I am looking for that can be taken offline you know directly. So, if you think I am going too deep into the subject please you can stop me. So, this is about business model volatility. In every valuation table in every discounted cash flow one of the ways by which we price the cost of capital is when we look for lower volatility or some kind of risk management where the downside is taken care of by the Company. In your business I mean the outside perception is that media is by its very nature very-very volatile. As you can see you can't look beyond the next quarter let alone into far into the future. So, unlike let's say a commodity Company where we know that the industry is always going to be there you cannot see the same thing of let's say a media company. So, from a business model angle have you given this some thought?

Hiren Gada:

Okay. Sir I think it's an extremely good question. I have two ways to answer it. One is I will talk about a very brief aspect over here but I will definitely don't mind having a longer discussion offline but I think for now we can have a very small brief answer to it. So, actually contrary to what you are saying media industry has probably one of the most stable and best long term value predictability. Okay. And particularly that is exactly how we have built our business. And to give you just few examples I want to talk of so we believe in the and not just we believe we have demonstrably seen through empirical evidence in the long-term value of content IP. And to give you an example we have perpetually owned a movie called Amar Akbar Anthony. Now this movie when video cassettes were being sold so technology has been evolving and actually expanding the consumption and scaling the business over many decades. But content has been the only constant rather. So, whether Amar Akbar Anthony got sold on video cassettes on VCD or DVD consumed on television on YouTube or on Digital Media. I think it has worked at the conceptual and fundamental level that content has worked, and it has kind of been consumed across whichever media has been at that time consumed by audiences. On similar note you can think of movies like Welcome, Jab We Met, Phir Hera Pheri. etc., which we own perpetual rights to and which you can easily identify or relate to in terms of their long-term value and monetizability. We have in fact experienced the growing monetization trend. In fact ,contrary to what we said the short-term prediction is unlikely it is very difficult because there will be too many variables in any given quarter. But what we have in fact experienced is that in the short term we end up being more pessimistic or overestimating and in the long term we actually end up underestimating. I clearly remember when we did our IPO we were the contribution of Digital business at that time was in single digit and today as we saw and we just shared and spoke earlier we are at roughly 50-50% and the outlook we can say with far more certainty over the next 3-5 years is going to be between two-third and three-fourth thereabouts of Digital contribution. So, actually the very solid predictability of this business, the cash flow generation ability of this business is phenomenally high. What we do with that cash flow how we are investing that cash flow into future avenues, etc., is a different matter. But if you see the core underlying cash-generating ability of this business and predictability in fact it is extremely solid.

Sanjeev Pandya:

So, that opens up two further questions.

Hiren Gada:

Yes, but for which I would like to take this offline.

Sanjeev Pandya:

So, this is exactly why terminal value investors people who look at long term sustainable cash flows would value your Company more highly than the next quarter watchers. How exactly you manage this volatility through your business mix which would be a strategic mix of the business and any tactical measures that you might take in you know go through a particular cycle like you said there is a Digital cycle to your ratio of your old content inventory. Those also have shifting patterns depending on the age of the population etc. I mean Amar Akbar Anthony may be interesting to a 60 year old but may not be interesting to a 20-year-old. So, there would be some kind of a decay. So, do you have information on how your portfolio would pan out over a period of time?

Hiren Gada: Absolutely we have and we do finally we also understand the fact that content there is a content certain amount of content decay that happens and that is what we have to manage the life cycle of that content. We understand certain content has higher shelf life certain has lower shelf life. So, all that is part of our DNA. We deal in thousands of movies we have been doing this for decades now. So, we have a certain understanding of this business and this is exactly what we manage across our portfolio across our own acquisition models that we build. We have a proprietary valuation model where this life cycle shelf life is actually an important part of the whole consideration whether we want to pay a premium or not.

And all that is I mean rest assured all that is mapped and this thing only thing I would like to say here is that there is so anyway this is a deeper question. I mean it's not pertaining to a particular year so I think I would like to take this offline.

We have I mean there are many-many more examples I can give about content which content of 2024 and 2025 which doesn't perform at all and content of 1972 which actually deliver like 10x in terms of revenue. So, it's fine.

Sanjeev Pandya: That's my question I am hoping you will give me some personal time.

Hiren Gada: So, I would suggest you can reach out to Valorem Advisors and they will help you set up or even they will be able to answer and they will help you set up the meeting.

Sanjeev Pandya: Okay.Thank You

Moderator: Participants with questions may enter star and one. The next question is from the line of Harshit from Robo Capital. Please go ahead.

Harshit: Yes. So, just wanted to understand that we have 87 crores of EBIDTA loss in this quarter. Can you give me a break up on this?

Hiren Gada: Break up?

Harshit: Yes. Break up of the INR 87 crores of loss. Like how much loss was from ShemarooMe and you know like that.

Hiren Gada: So, we have given a number on the investment, right? In this quarter it was about INR 55 crores right? One second I will tell you.

New initiative was for this quarter INR 56 crores. Yes. New initiative for this quarter was INR 56 crores which has two businesses in it Broadcast and ShemarooMe.

Harshit: Okay. Alright and just from ShemarooMe do we have that break up with you?

Hiren Gada: No, we don't give that break up.

Harshit: Okay. Alright. Thank you.

Moderator: Thank you. The next question is from the line of Rajat Shah an individual investor. Please go ahead.

Rajat Shah: Hi sir. Just had a question regarding the inventory. We have written down INR 275 crores of this year. And I think we stand at around INR 339 crores. So, what is the plan going forward?

Hiren Gada: We have not written down INR 275 crores. But anyway you ask your question.

Rajat Shah: Yes. So, what is the target inventory level? And till when do we write it down like keep writing it down?

Hiren Gada: I think you missed my opening comments because I elaborated very a lot on that. This is the last quarter. So, after this the charge off, the accelerated charge off is over. Now it is in normal course.

Rajat Shah: Alright sir. Cash flow wise we are very much positive. So, all of this seems very much non-cash. So, on that front we are very well. Sure. Yes. So, thank you so much.

Moderator: Thank you. The next question is from the line of Tanmay Golecha from 360 One Capital Market . Please go ahead.

Tanmay Golecha: Hi. Sorry I missed a bit of this call. I just wanted to understand the guidance for FY 27 and FY28. From what front do we see the most growth coming in terms of our segments? And now that the accelerated inventory write off is ended do we see a positive PAT coming in?

Hiren Gada: I have just actually spoken about this earlier. So, two questions we had. One is where do we see the growth coming from? As we have clearly said in the opening remarks also that Digital is the segment where we have seen growth in this year, in fact last couple of years. And we, you know, overall industry has also seen much more growth on the Digital and degrowth on the traditional side actually. The industry advertising spends have actually degrown by more than 15% on traditional side where Digital has grown. So, our whole focus as an organization is on to be the Digital-First, to be a Digital-First organization. And that is really where we are looking forward to the growth. And on the guidance wise, hard numbers as I said is very difficult to give in the current scenario of geopolitical and economic impact of all the various fallout of the geopolitical situation. So, we have worked on the input side metrics. I can talk about that which is you know focusing on the investment on Digital side, on the content, strengthening on the IP front, focusing on various productivity aspects whether it is through AI, through other cost rationalization and optimization measure. And strategically focusing on content segments whether it is outside Hindi, whether it is ShemarooMe, etc.

All those things are very much you know in place and on a constant tracking and monitoring from our end by our team. So, that is something that we are very much doing. Now how it

translates into growth and how much bottom line, right now it is very tough to actually give numbers.

Tanmay Golecha: How much inventory do we have left to write off?

Hiren Gada: No, our accelerated charge off is over. Rest is all normal inventory which we have closed the year at INR 339 crores.

Tanmay Golecha : Okay, I think that is all for us. Thank you.

Hiren Gada: Yeah , thank you.

Moderator: Thank you. The next question is from the line of Amit Mehendale from Robo Capital. Please go ahead.

Amit Mehendale: Thank you. Thanks for the opportunity. My first question is on the Digital business.

How do you see revenue growth there for the next 2-3 years? And also some, you know, the margins, if you see, that will be of great help.

Arghya Chakravarty: Yes, I think, this is Arghya here, I think the Digital business as you see this year also, as you know, as Hiren called out in his opening comments. This quarter we have grown by about 17% and at an overall annual level we have grown by about 9 odd percent. And I think the momentum that we see around Digital business over a period of time now, I think is likely to continue.

And our entire investment and our entire strategic focus will continue to drive our Digital businesses, whether it is on the various platforms, you know, we have various platforms as you know. So, we expect the growth momentum to continue, and we are prepared and we have, you know, prepped ourselves in terms of all our investment and all our planning strategies around that. To quantify it would be very difficult to do, but we think that the healthy clip of growth of Digital would continue to maintain at the same pace.

We will hope that it is better. As of now, that's the kind of outlook that we have on the Digital front.

Amit Mehendale: Sir, could you comment? I also missed the earlier part of the call. Could you comment on the margins? Like what were the margins for FY26 and how do you see, you know, over, say, two, three years as the business scales up on the Digital side?

Arghya Chakravarty: We have not called, we have not spoken about our margins on the Digital side. There are, if you look at broadly, from a Digital business point of view, there are two large pockets. One is our DVPbusiness, which is our YouTube and a small amount of, reasonably small amount of Facebook business that we do. Meta. And on the other side is OTT. And OTT, which is our

ShemarooMe, which is, you know, we have also called out very strong performance metrics in terms of a 30% plus subscriber growth. OTT business, as you know, not just us, but the overall industry, it's a negative margin business. And as you scale, you can scale higher, your margins will only grow. So, we are very, in this kind of an environment, at an overall macroeconomic and geopolitical situation, where the overall pressures are there on numbers, we have always been very prudent and cautious in scaling of our OTT business. So, ShemarooMe, we have scaled significantly over the last few years, while we have kept the burns at a prudent level. And that is what we continue to do. We will continue to do so, while the other parts of the Digital business is margin accretive. And that also has the same focus and will continue to stay focused. So, at an overall level, there are two parts to it. One is margin accretive and one is not so. Both, we are driving. One, the one which is not margin accretive, we are being a little prudent. We have been prudent, we will continue to be prudent. But we are seeing growth on both fronts.

Amit Mehendale: Right, sir. And could you give a break-up of the 56 crores that was the earlier of the new initiative? Some broad break-up, like top 2 – 3 items

Hiren Gada: . There are only two businesses in that, the Broadcast and ShemarooMe. Only two businesses. I can say without putting numbers, definitely the investment was significant. The amount was significantly higher on Broadcast front compared to ShemarooMe in the last financial year.

Amit Mehendale: Okay, perfect. I think that's it from my end. I would also like to discuss the terminal value part on the Digital business. So, I would also like to join if there is a call.

Hiren Gada: . Yes, I request that anyone who may want to have any further query, we would love to answer. We are happy to connect with everyone. But you can reach out to Valorant Advisor. That's my request.

Moderator: Thank you. The next question is from the line of Chirag, an individual investor. Please go ahead.

Chirag: So, sir, can you please provide the revenue split, like how much comes from YouTube, how much from OTT, and how much from syndication business, etc?

Hiren Gada: Unfortunately, we do not report revenue in that manner. We have been... For the last, I mean, more than 10 years, we have been reporting traditional and Digital. And that kind of is the, you know, split that we have been kind of giving for the last many years.

Chirag: Okay. So, one more question. Sir, how is the content acquisition strategy evolving for FY27? Specifically, what is the mix between Hindi catalog and Digital content? And are you seeing any inflation in acquisition costs?

Hiren Gada: Okay. So, I will address it in this way. See, the overall content, as we have been talking throughout this, today's whole discussion, the focus on content acquisition is largely going to be Digital led.

Now, in that, whether it's the language mix of Hindi, Gujarati, or even other languages like South, etc, I think that is something that we will... Each business, you know, has mapped out their own strategy.

Whether it's on the acquisition front or on the creation front, it will both be driven by Digital. Second is on traditional side, the content acquisition strategy will be very opportunistic based on, you know, some opportunity to license and syndicate and bundle it along with our existing library catalog. The other aspect of the question was on the cost.

So, finally, cost of content is linked to revenue and recovery. So, where the Digital Media business, we have overall seen revenues go up. So, the costs have also commensurately been going up.

And where Traditional Media, the revenues have been going down, the costs have been going down. Our focus always, normally, when we do an acquisition is an 18% IRR. It's really not...

Okay. Whether the costs have gone up or down, it doesn't matter as long as there is a monetization and a potential to make an 18% IRR.

Chirag: Okay, sir.

Hiren Gada: Yes.

Chirag: Thank you so much, sir. Thank you. Good day.

Moderator: Thank you. The next question is from the line of Rajesh Jain, an individual investor. Please go ahead.

Rajesh Jain: Hello. So, my first question was when do you expect ShemarooMe to achieve EBITDA break even and what would be the key milestones required to get there?

Arghya Chakravarty: So, ShemarooMe, you know, I think a couple of questions back I had spoken about is our OTT business. And OTT business, I mean, not just us.

I think very few, you know, industry-wise, you know, it's not, it's something which is not, it's a cash burn kind of a business. So, hence, and as we scale, as we scale the size of this, as we scale this business, there will continue to be cash burn. The only thing that we are going to do is, as we scale like we have done this year to a very large extent, the scaling of ShemarooMe will largely be by keeping the cash burn to a minimum.

So, we will be prudent in our, in our objective of scaling ShemarooMe. So, as of now, breakeven is not the objective. The objective is to drive more subscriber base, driving long-term value, and creating further dominance in Gujarati, where we are already dominant, and gradually,

you know, expanding our footprint to, you know, other IP curations, slash creations in Hindi and other languages.

So, our milestones are very clearly around driving scale through increasing the subscriber base, increasing the permanent life base of our subscribers, and getting further dominant in Gujarati and expanding across other languages. Those are the milestones that we are chasing in ShemarooMe. But while we are doing that, we will be doing it, as I said, I repeat once again, we will be very prudent in terms of keeping our cash burns low.

But EBIDTA positive or EBIDTA neutral is not the objective on ShemarooMe right now.

Hiren Gada: I will just add to that, I think what we have achieved here is a significantly high market share and a significantly high mind share amongst the core Gujarati consuming audience. And today, you know, one can very proudly say that we are by, very big mile we are, you know, ahead literally from whoever would be the next number two. So, that I think, and what that does is gives us a very strong headroom.

One is to expand the market, go and expand the market and for which we need to, you know, do certain more investments. Because please understand one thing that this business, once we have reached that kind of position, then the lifetime value of the user base that you have actually comes into play and that is a significant number. Now, that point is still some time away and current objective for this business is to chase that and reach that point rather than, you know, focus on lowering costs, etc.

And because the moment you do that, you will lose lifetime value, you know, whatever of the audience and that really is the focus. And while doing all of that, do it in a prudent manner that we don't, so to say, break the bank on this.

Rajesh Jain: Okay, sir. Thank you. That answers my question. My next question was regarding the money that we spent on new initiatives. So, if I am not mistaken, last year we had given the guidance that we will spend 70% on new initiatives. So, why didn't you give the guidance?

Hiren Gada: Your voice is cracking. I am not able to hear. Mr. Rajesh.

Rajesh Jain: Yes. So, sir, my question was regarding the money that you spent towards the new initiatives this year. So, I think you spent 155 crores this year and last year you had given the guidance that you were going to spend 75 crores. So, my question is that why did you exceed your guidance by 80 crores?

Hiren Gada: As I said at the beginning of the call also that a large part of that was spent on television, on the broadcasting business. And this particular year, due to combination of various factors, the slower advertising revenue front and the entry of the big four broadcasters, channels on the free-to-air, free-dish, you know, because of that, the anticipated loss that we started with or the investment that we started with at the beginning of the year and kind of went up

significantly throughout the year while we did various course correction and all of that. But, you know, this is a business where many costs are committed upfront and revenue doesn't translate. You know, it takes time to pull back and reduce and, you know, which we have done now in the ensuing period but and all of, you know, many of that you will see the impact of that visible in the next year. But, yes, last year we have been continuously updating the fact that both the combination of slowdown in Traditional Media advertising and the entry of the big four on the free-to-air space has had an impact on the revenue front.

Rajesh Jain: Okay. So, sir, what would be our guidance for next year?

Hiren Gada: I just spoke about it earlier. It will be less than half is what we anticipate. Again, given the fact that this year we are beginning on a kind of condition of situation of economic turmoil because of the geopolitical situation, we also, you know, are not able to give a more solid guidance.

But, yes, as of now, we have not, we have, based on everything that we have budgeted for the year, it is less than half of what we spent last year.

Rajesh Jain: Okay, sir. My next question was regarding your inventory level. So, is there a change in the amortization policy going forward from now so that we don't have to do an accelerated inventory charge-off?

Hiren Gada: So, we have, of course, so to give you the context of this, this inventory charge-off policy actually was changed nine quarters ago. Okay. And what we saw at that time, we took a decision to accelerate the charge-off on a set of inventory and the rest of it, anyway, is following the changed charge-off policy.

And I will quickly tell you what has changed. One is that earlier, a lot of the charge-off was linked to the deal or transaction happening, which was a kind of one-in-five-year event. And that, in a way, led to some amount of, you know, bloating or whatever, that carrying that inventory for a longer period.

So, the visible, optically, the number looked higher. Whereas now we are not doing that since last nine quarters. We are, for content which we own long-term, right, which is 10 years and above, that we are charging off equally in a 10-year period.

So, that is one major change. Rest all, the charge-off policy broadly remains the same. So, I don't anticipate, already we have brought it down to 400 crores.

I don't anticipate when, you know, there may be some quarterly fluctuations here and there based on what we have bought, what we have traded or sold. But, by and large, I don't see any, you know, any charge-off, any such situation coming back.

Rajesh Jain: Thank you so much. My last question was regarding your Dubai subsidiary. So, can we get an update on the operational status there?

Hiren Gada: At this point, I would say it is on a low key. We have formed it for the Web 3.0 Metaverse kind of thing. That entire ecosystem is kind of right now on a slow burn, slow burner.

So, we have not really, you know, stepped up any investment over there. So, we have kind of kept it on a, you know, slow, soft pedal kind of thing, as and when. So, we have various development initiatives in place for the Web 3.0 Metaverse, etc. But, considering the fact that the ecosystem has kind of slowed down, we have ourselves slowed down that investment.

Rajesh Jain: Okay, sir. My last question was that Shemaroo Josh has now completed around 7 to 8 months since its launch. So, could you share some color on its current TRP performance, reach, revenue run rate, anything concrete that, you know, that can help us?

Arghya Chakravarty: Shemaroo Josh, I think, has, you know, I think it has moved, it has gone through its own trajectory and it still, you know, work in progress as we move in the Hindi film business. But, the revenues and the GRPs have moved positively, but not to the extent that we would have wanted it to. Having said that, the monetization, considering the overall AD industry challenge that we are going through, you know, which has been talked about now, the impact of the same is being felt on that also.

And hence, the overall channel is not at the level that we wanted it to, but it has gone through its own pace. That's how I would place it right now.

Rajesh Jain: That's all from my side, sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Gaurav, an individual investor. Please go ahead.

Gaurav: The accelerated inventory charge-off we have done, will it help us on EBITDA margin front or just the ROE front of the business, sir?

Hiren Gada: Sorry, I am not able to hear your question.

Gaurav: The accelerated inventory charge-off we have done, will it help our business income from EBITDA margin or the ROE side of the business?

Hiren Gada: Both ways, right? The balance sheet has shrunk because the inventory has come down. So, obviously, the capital employed has come down to that extent. So, that is one. And of course, the charge-off itself, as the accelerated charge-off reduces, the additional charge-off that we have been loading the inventory, the P&L for last nine quarters, that will go away. So, yes, that both impacts should be visible.

Gaurav: Okay, sir. Sir, my next question is on tax front. How will be the tax front going forward, sir, since we can carry forward these losses?

Hiren Gada: So, we have created deferred tax asset as a part of this. And as the Company goes into profit for next foreseeable period, at least we will be consuming that deferred tax asset. So, to that extent, we would end up not having a tax liability for next foreseeable few years. Basically, we have to stay shield due to the losses that has been created.

Gaurav: And, sir, my next question would be on the broadcastfront. How do you see the broadcast business, and has it improved advertising in this quarter, sir?

Arghya Chakravarty: Gaurav, I don't know whether you joined late or not, but a lot of discussions have already happened on this.. The overall Traditional Media business, which is, a lot of it is advertising-dependent, has been under serious challenge not just this quarter, but for the quite a few, you know, last four, five quarters because of the stress. Because the overall ad economy has shrunk because of various reasons, you know, macroeconomic and so on and so forth. And now, of late, we have these geopolitical issues, you know, adding on top of it. So, all these things put together, the overall advertising business has come under pressure.

And, coupled with that, the surge on the Digital businesses front, which has continued, and even for our Company as we have spoken about. So, both these things put together have put serious pressure on the Traditional business, which is the television business. And, hence, it has been a very challenging year on that front.

And, going forward also, I don't see that challenge changing, you know, drastically going forward. At least in the near and immediate future, that stress will continue to be there because the overall economic and environmental situation has not changed. Okay, sir.

Gaurav: Okay. Sir, my last question, the content acquisition we do from here, do we own these new contents officially or on an aggregated basis?

Hiren Gada: Which content are you talking of?

Gaurav: The content we are acquiring now for this last two, three years and going forward.

Hiren Gada: That is, our model itself is a mix of both partial ownership and complete ownership. So, broadly, we kind of maintain that mix of partial and complete. Because some part of the business is pure aggregation or use-based business. So, that we only license the content for a period. And, some of it we own it. So, it's a combination of both.

Gaurav: Okay, sir. Okay, sir. Thank you very much, sir.

Moderator: The next is a follow-up from the line of Amit Mehendale from Robo Capital. Please go ahead.

Amit Mehendale: Thank you. My next, yes, my follow-up was on the revenue growth for OTT business. Can you provide some color on that? Like, what is the current revenue cagr? What do you expect in the next two, three years?

Arghya Chakravarty: Normally, Amit, we do not provide details of the revenue number. But, as we have called out, you can see a very healthy subscriber base increase, which we have talked about. A 30% increase.

And, a large part of the revenue growth on the OTT business is driven by subscription growth. And, that's what, you know, we are focusing on. Our focus is on creating long-term value.

And, on keep increasing our subscriber base and increase, expand the Gujarati market and get it to other languages. You know, that's where I would put it. But, it has been a very healthy clip of growth for sure.

Amit Mehendale: Right, sir. And, the burn, you know, for OTT is more on the subscriber side or what side of business? Is it more for acquisition, customer acquisition, like CAC?

Arghya Chakravarty: So, our business is an SVOD business. We don't have an AVOD business. So, yes, the burn is, I mean, a burn is led by, a lot of it is led by customer acquisition. And, also, content, you know, there is an investment in content.

Hiren Gada: Broadly, the three large cost lines are on content, on customer acquisition, and on the technology front. So, I think it's all a combination of now. It's difficult to identify and say which is, you know, which causes what. I mean, it's an aggregation kind of thing.

Amit Mehendale: **Right, sir. I think, you know, if there is some, any time left, it will be, you know, great to understand more on the strategy going forward. You would know better that there is another listed player that tried doing OTT for many years, didn't work out.** So, what are we doing differently here that, you know, or what lessons have we learned from, you know, that side that we can incorporate here? Any comment on that, that will be great if there is any time left.

Arghya Chakravarty: It's a larger question, Amit, and I think this would require a larger conversation. Because, you know, we have been in this business for four or five years, and it has been growing steadily. We have our objectives and our strategy very clearly cut out. But that would require a larger conversation. I would suggest that you, you know, get in touch with us through Valorem

Hiren Gada: Yes, happy to meet and discuss this. Yes. I would just say one point that when we started the business also, we were very clear about the fact that this, as the OTT consumption goal, it will be a segmented business.

And we need to identify a sharp segment and be focused and own or, you know, have a dominance on that segment. And which is really the focus at which we took it and which is broadly, if I have to refer to it, is Gujarati language. And that's what we stuck to.

We have not really deviated into anything else and single-mindedly focused on that. And I think that is now giving us the kind of strength and confidence in the future of this business. Right, sir.

Amit Mehendale: Sure. Thanks a lot. I will take it offline.

Moderator: Thank you. The next question is from the line of Sanjeev Pandya from Lancers. Please go ahead.

Sanjeev Pandya: Yes. So, this is a follow-up on the risk side, although it remains a terminal value question. You have certain amount of debt. Now, the debt has to be paid with a probability of 1. What would be the optionality on the written-off inventory where you could get sudden bursts of windfall profits? This often happens in various kinds of cyclical.

So, even though you are saying that the inventory is written-off, there would be a certain optionality of revenues that could potentially still come from there. Do you have some kind of color on that possibility and how much of that could, you know, as a proportion of the debt?

Hiren Gada: So, I again would like to quote one or two examples over here or put it in a little different way. I mean, irrespective of the fact, and this is something we have been continuously alluding to and saying, that irrespective of the fact that there is an accelerated charge-off, it does not mean that that movie or that content is not being consumed. It is being heavily, like, depending on its own trajectory and its life cycle, it is being consumed that pace has not changed or the trajectory, whatever it has been following, has not changed at all.

So, the monetization ability of that content has not at all changed. So, I mean, I can give some example over here. I mean, you know, if you think of, you know, Amar Akbar Anthony itself, or a movie like, you know, say, I don't know, Beta or something, which, you know, is regularly heavily consumed on across all media, television, Digital, etc., etc. The value of that on the balance sheet is zero. Yes, but it is, does it mean that it's not getting monetized or lesser monetization? No, I mean, our team is aggressively, it doesn't look at what is the cost side of that or what is on the balance sheet side.

Beta is being looked at as a piece of content with its inherent potential and being, you know, monetized in that fashion.

Sanjeev Pandya: We can't get a color on how, as a proportion of the debt, how much of the debt can be considered as paid from, from the lifespan?

Hiren Gada: As I told you earlier, this is beyond the scope of this quarter and here for discussion. It's, we can have a separate discussion on that, which I am happy to do, as I have invited you earlier also. I am happy to do all of that. But right now, I mean, I am not able to give you, I also need to go back, do some working and come back, right?

Sanjeev Pandya: Right. Thank you. Thank you, sir.

Moderator: Thank you. To ask a question, you may enter star and one. As there are no further questions, I hand the floor back to the management for closing remarks.

Hiren Gada:

Yes. Thank you so much everyone for participating in today's Earnings Call. I hope we have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the Company, please reach out to our IR manager, Valorem advisors. Thank you.

Moderator:

Thank you very much. On behalf of Shemaroo Entertainment Limited, that concludes this conference. Thank you for joining and you may now disconnect your lines. Thank you.