



“Shemaroo Entertainment Limited

Q4/FY25

Earnings Conference Call”

14th May, 2025



ANALYST:

Mr. Anuj Sonpal – Chief Executive Officer - Valorem Advisors

SHEMAROO ENTERTAINMENT LIMITED

MANAGEMENT

: Mr. Hiren Gada – CEO

: Mr. Arghya Chakravarty- COO

: Mr. Amit Haria - CFO

Shemaroo Entertainment Limited
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Moderator: Ladies and gentlemen, good day, and welcome to the Shemaroo Entertainment Limited Q4 FY '25 Earnings Conference Call, hosted by Valorem Advisors.

As a reminder, all participants' 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 touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Nupur Jainkunia from Valorem Advisors. Thank you and over to you, ma'am.

Nupur Jainkunia: Good afternoon, everyone. And a warm welcome to you all. My name is Nupur Jainkunia from Valorem Advisors, we represent Investor Relations for Shemaroo Entertainment Limited. On behalf of the Company and Valorem Advisors, I would like to thank you all for participating in the Company's Earnings Call for the 4th Quarter and the Financial Year ended 2025.

Before we begin a quick cautionary statements. Some of the statements made in today's conference call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs 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 – CFO of the Company.

Without any further delay, I request Mr. Amit Haria to start with his opening remarks on the financial highlights. Thank you and over to you, sir.

Amit Haria: Thank you, Nupur. And good afternoon, everyone. Welcome to our Earnings Call for the 4th Quarter and the Financial Year ended 2025.

Let me first start by giving you some of the key financial highlights, after which our CEO, Mr. Hiren Gada, will give you some of the operational highlights.

For Q4 FY '25, the revenue from operations stood at around Rs. 204 crores which was a growth of approximately 3% year-on-year. EBITDA for the quarter was around Rs. 2.4 crores and there was a net loss of around Rs. 5 crores for the quarter. For the Financial Year ended 2025, the revenue from operations stood at around Rs. 685 crores which declined by 3% year-on-year. EBITDA loss stood at Rs. 80 crores and net loss was reported at around Rs. 85 crores.

In Q4 FY '25, the expenses related to new initiatives amounted to around Rs. 15 crores, while for Financial Year 2025 it was about Rs. 51 crores. If you were to adjust these investments, the adjusted EBITDA in Q4 would have been approximately Rs. 17 crores and EBITDA loss for the financial year end would have been approximately Rs. 29 crores.

Digital media revenues for the 4th Quarter stood at around Rs. 57 crores, up by 1.25% year-on-year. For the full financial year, it was around Rs. 252 crores, which was a growth of approximately 11%. Traditional media revenue for the 4th Quarter stood at around Rs. 148 crores which increased by 3.3% year-on-year, while for the full year it was around Rs. 433 crores, a decline of 9.69% year-on-year.

Now I would request our CEO, Mr. Hiren Gada, to give you the operational highlights for the period under review.

Hiren Gada:

Thank you, Amit. And good afternoon, everyone. The Company has posted its first positive EBITDA in six quarters, primarily driven by materialization of deferred B2B deals. This was despite the impact of accelerated inventory charge-offs. It is important to note that this should be viewed as a non-recurring event given the nature of the B2B licensing business.

The consolidation of the broadcasting industry during the financial year led to a significant decline of our TV syndication business which in turn dragged down the overall top line of the Company for the financial year. If you were to exclude the TV syndication B2B business, the Company's revenue recorded a growth of around 8.3% year-on-year for the full year, despite a challenging advertising environment.

Given the ongoing macroeconomic pressures, geopolitical tensions and major sporting events like IPL, the overall advertising outlook is expected to remain subdued in the near term, particularly for non-sports category. Furthermore, the return of the major broadcasters, GECs to the Free Dish platform is expected to affect viewership across all categories and lead to redistribution of advertising spends. We are actively monitoring the impact, and we are realigning our investment strategy and taking cost rationalization measures as the market dynamics evolve.

The Company's margins are expected to remain under pressure due to ongoing accelerated inventory charge-offs, a strategic initiative that we started undertaking five quarters ago. These charge-offs are accounting adjustments with no effect on the content monetization or the Company's ability to generate free cash flows on this content.

In other updates, for ShemarooMe Gujarati, we released 13 new titles during the quarter with content across movies, web series and plays. Along with digital world premiere of blockbuster movies, The Great Gujarati Matrimony, Maru Mann Taru Thayu, Fodi Laishu Yaar, Kale Lagan Chhe, Ittaa Kittaa, and the release of original web series Arranged with Love and Maatli Chirani.

On YouTube, Shemaroo FilmiGaane crossed 71 million subscribers this quarter. The Company garnered more than 10.5 billion views during the quarter across its portfolio channels.

In broadcasting, the GEC channels have a viewership share of around 8.2% in overall Hindi GEC genres. Two original shows were released during the quarter, Bade Haveli Ki Choti Thakurain and Jamuniya.

Looking ahead to the next fiscal, the Company remains committed to strengthening its balance sheet and enhancing operational efficiency, positioning itself to unlock substantial long-term intrinsic value.

With that, I open the floor for question-and-answers.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. We have our first question from the line of Yash Kukreja from Equitree Capital. Please go ahead.

Yash Kukreja: Yes. Sir, thank you so much for the opportunity. In your previous comments you mentioned that some B2B deals are non-recurring, so could you share the quantum of that? And also, given the current demand scenario, how are you anticipating FY '26 to shape up?

Hiren Gada: Okay. So basically, this is content licensing which has been our business overall. This year it got affected due to the merger. And these deals are lumpy in nature essentially, so that's why we call it non-recurring. Unfortunately, I am not in a position to give you the details of the value. But to suffice to say that this year it has impacted our top line. In fact, the major contributor to the top line degrowth has actually been this business. I believe the outlook for the next year is positive. The business should be on a higher number than where we have done this year. We have enough content pipeline on offer as well as on the acquisition pipeline. So, I think that this should be a better year for that business.

Yash Kukreja: Okay. Got it. And sir, my second question is on the operation side. So currently, we have four channels, so have any of them broken even yet? And if not, what is the typical breakeven timeline for a channel?

Hiren Gada: Actually, two of our channels, so one has in fact broken even more than a year, actually probably I would imagine almost last nearly 1.5 year ago. One more channel is in, you can say, near breakeven, very low investment or burn kind of situation. The major investment, if I have to put it, is on Shemaroo Umang where the original etc. are being invested in, original content. So, that's really the channel which kind of is taking up a substantial part of the investment.

Yash Kukreja: Okay. Got it, sir. And my last question is, if I exclude the inventory write-off that we have done in FY '25, we are largely flat on PBT levels. So, sir, what is the roadmap to achieve our profitability? So, will it be led by B2B scaling or do you see some cross-rationalization on the way?

Hiren Gada: No, we are not flat on PBT level. What makes you think we are flat?

Yash Kukreja: Sir, considering, if I add back that Rs. 114 crores inventory write-off that we have done in FY '25, we would have been flat on PBT levels.

Hiren Gada: No, we have not written off Rs. 115 crores. The charge-off has been significantly higher than that.

Yash Kukreja: Correct. So this is the accelerated write-off that we were talking about?

Hiren Gada: Yes. Yash, the accelerated charge-off has been significantly higher than this PBT loss of Rs. 115 crores.

Yash Kukreja: Okay. I will come back in queue, sir. Thank you.

Hiren Gada: Yes. So, just to clarify or put this thing, the accelerated charge-off total for the year is significantly higher than the loss. So, if I have to actually add back that amount, the PBT would have been reasonably positive, in fact, a decent amount positive.

Yash Kukreja: Sir, could you tell me the total write-off that we have done?

Hiren Gada: Accelerated write-off for the year, Amit?

Amit Haria: Just give me two minutes, I will get back to you on that.

Yash Kukreja: Sure. Sir, I will come back in the queue.

Hiren Gada: Yes.

Moderator: Thank you. We have our next question from the line of Ronak Pathak, an individual investor. Please go ahead.

Ronak Pathak: Good afternoon, sir.

Hiren Gada: Yes. Good afternoon.

Ronak Pathak: Yes. Sir, I have two questions, sir. What is the ROCE and ROE, return on equity, if this accelerated inventory charge-off process was not taken?

Hiren Gada: Sorry, can you repeat the question? I did not understand your question.

Ronak Pathak: Sir, what would be the return on capital employed and return on equity if the accelerated inventory charge-off process, which we are taking, that process would not have been taken up?

Hiren Gada: This you are asking at a Company level or for that specific inventory which is being charged?

Ronak Pathak: No, no, sir whole Company level.

Hiren Gada: For the Company level. So, which in fact is what the previous question also we were trying to address. So, more than return on capital or return on net worth, I think what we have is. So, the accelerated, while the exact number is not available, but I can give a range. It has been in the range of between Rs. 150 crores to Rs. 160 crores accelerated charge-off. So, if you add that back, then the PBT would be positive by about Rs. 40 odd crores.

Ronak Pathak: . And sir, I have a second question. Sir, the US tariff, which recently some news came that US Government has put some tariff. So, that US tariff, does it impact our business or Company's performance in FY '26?

Hiren Gada: As of now, there is no order that has come in. So, we do not know what is the nature or the basis on which this is going to be applicable. There are multiple interpretations, and the industry bodies are also examining. I am also on a few of the industry bodies, and I know that there is an active representation that is being prepared, and an active dialogue is being initiated with the relevant authorities. So however, there are two interpretations, one is that this is actually probably meant for US produced films, or US Produced films which are shot outside USA, and not really intended to impact foreign films. Because by nature a foreign film is going to be shot in its local territory or local country. So, this is how one interpretation is there. But we are examining it.

And secondly, this is probably also likely to be the case for new releases and not really for a lot of the catalog content that we deal with. But like I said, since we do not have any official order on this, there is a lot of speculation going on right now in terms of how it will impact different parts of the business. My personal estimate, and you know at this point, I personally think it is not going to have any major impact.

While all of this will be examined and done, we do not think it is intended for any foreign films, this is a personal view, and I do not think it is intended for foreign films. Because a lot of Hollywood films were being shot outside the USA due to different subsidies and different other points which kind of led to a de-growth in Hollywood's own ecosystem. So which I believe this is more to arrest that rather than to say that we will stop or we will tax foreign films at those rates.

Ronak Pathak: Okay. Okay, sir. And sir, one more question, sir. Just in Wave Summit which recently happened, sir, there was a lot of buzz of D2M, launch of D2M. So sir, can you help me to understand that this technology may be it would roll out in just I think FY '26, so when this technology comes in phone and fully becomes implemented, so can this turn around the Company's performance?

Hiren Gada: You are saying direct-to-mobile, right?

Ronak Pathak: Yes, yes, D2M, direct-to-mobile technology.

Hiren Gada: See, finally direct-to-mobile also will have to go through some, if we have to see the revenue mechanism, it will have to go through some or the other provider, like say an app or some kind of a thing. So right now the government has itself launched Wave, but there are other apps like YouTube, Netflix, our own app ShemarooMe, etc., etc., Jio, Hotstar, etc. So essentially it may be one more mechanism to distribute those apps is probably one of the things. We are examining that technology. So we have a full technology stack in place in terms of our own readiness, so that I do not think is an issue. If one more delivery mechanism opens up, we will be happy to adopt that.

Ronak Pathak: Okay, sir. Thank you.

Hiren Gada: Thank you.

Moderator: Thank you. And we have a follow-up question from the line of Yash Kukreja from Equitree Capital. Please go ahead.

Yash Kukreja: Thank you for taking up the follow-up question. Sir, my question is on debt reduction guidance that you have given. So, you had said we will reduce the debt by Rs. 100 crores in the next two years. So, we have almost reduced it by Rs. 37 crores in FY '25. So sir, are we on track to reduce around Rs. 60 crores in FY '26?

Amit Haria: We are on track, and we wish to achieve the guidance that we have given. However, considering the market changes with respect to the big four entry, we are constantly evaluating the requirement of any further investment, and we will keep you updated on the same.

Yash Kukreja: Okay. And sir, my last question is, so sir, how much write-off are we planning to do in FY '26? And sir, why are we not taking the full write-off in one go?

Hiren Gada: The accelerated charge-off I would imagine would be similar, marginally plus or minus of the number as we have shared. So, on the why not in one go, we have end of consulted different consultants right from tax to different consultants about this, and auditors and lot of people involved in the process. And based on that advice we received from everyone that we decided to do it on a quarterly basis.

Yash Kukreja: Okay. So sir, the quarterly run rate will be around Rs. 30 crores to Rs. 35 crores per quarter?

Amit Haria: Yes, around the same.

Hiren Gada: Yes. As I said, the amount for this year would be roughly similar to marginally maybe in a 5% odd range of what it has been for FY '25. And just to add to that, FY '26 is the last part of this charge-off. After that we are done with the accelerated part, then we are on a normal trajectory.

Yash Kukreja: Got it. And sir, any update on the new channel, launch of new channel?

Hiren Gada: No, currently we have no plans. As I shared in my opening comments, the big four GECs have entered on the Free Dish platform. And as a result of that, the viewership shares and lot of things there has been a significant change in that. And we are currently on a close watch kind of a mode and trying to ensure that the impact on us is minimized in terms of the revenue as well as ratings overall as a network.

Yash Kukreja: Got it, sir. Okay. Thank you so much.

Moderator: Thank you. We have our next participant from the line of Maanvardhan Baid from Laurel Advisory Services. Please go ahead.

Maanvardhan Baid: Good afternoon, everyone. Just wanted to get some understanding about this acquisition that we have made and what does this acquisition bring on the table for us?

Hiren Gada: Yes. So, basically, the Aikyam is the acquisition that we have made. They essentially hold the underlying broadcast licenses on which we are operating the ShemarooTV, Shemaroo Umang and Shemaroo Marathi Bana. So, essentially what it does is it brings in the end-to-end control of the broadcast right from the licensing part. The rest of the operations anyway was being handled by us. But because we were not the owner of the underlying license, that was always a challenge from a long-term point of view. So, it is kind of fortifying the business more strongly. It will have some cost-saving, nominal cost-saving of the rent that we were paying for it. And kind of broadly that is essentially the objective.

Yash Kukreja: Right. Okay. Thank you.

Hiren Gada: Yes.

Moderator: Thank you. We have a next question from the line of Ronak Pathak, an individual investor. Please go ahead.

Ronak Pathak: Yes. Thank you, sir. Sir, in terms of our TV channel, what is the viewership of Shemaroo FilmiGaane? I am asking Shemaroo FilmiGaane, not YouTube channel, television channel, Chumbak TV and the new channel which we launched recently, Deiveegam, a Tamil devotional channel.

Hiren Gada: Yes. So, I will just clarify, Shemaroo FilmiGaane is not a TV channel, it is a channel on YouTube. And that numbers, we have shared in terms of the subscriber numbers, etc., which I shared in my opening remarks, which has crossed 71 million subscribers.

The Tamil channel that you spoke of is actually not really a channel, it is a subscription service on the DTH platform we have launched with Tata Play. So, it is paid, just like we have our other Tata Play Bollywood Premiere, Tata Play Bollywood Classic, etc., Tata Play Comedy, etc. In those lines it is a paid subscription channel at Tata Play. So we are the content partner, and Tata Play is operating the service for that. It is a value-added service on a DTH platform.

The third channel that you spoke of is Chumbak. Chumbak is the channel which we are operating on the Free Dish platform. And Chumbak in fact has been on a good growth path. This last recent rating also we have for Chumbak has been kind of on a fresh new high. And in fact, it is one of the few channels which has not been impacted by the entry of the big four large broadcasters on the Free Dish platform.

Ronak Pathak: Okay. Sir, Shemaroo FilmiGaane I was asking that one which in Jio TV, that one, which is telecasted in Jio TV.

Hiren Gada: Yes, that is just like an IPTV channel. It's not really a broadcast. It's just a linear feed of songs that we have put up. It's not really a broadcast channel. So, in a different way you can say that we are early testing these connected TV based or IPTV kind of channels. This is more an experiment or something. It's not really something which is currently being, the monetization model over there is still negligible.

Ronak Pathak: Okay. And sir, has Chumbak TV reached its breakeven point or is it yet to achieve it?

Hiren Gada: So, Chumbak TV has not reached breakeven point, but as I shared earlier, that the ratings have been on a growth path and it has in fact not gotten affected by the entry of these big four on the Free Dish platform. So the outlook for Chumbak to breakeven is quite positive. So, we are actually on a good trajectory and a good path for Chumbak TV.

Ronak Pathak: And sir, last question. Sir, there are many large production houses who are outsourcing their animation and VFX work to other companies. So, since you are having a presence in studios, so

are you involved in doing that kind of service? Means the service which they outsource of doing animation and VFX, you take, do for them and deliver them?

Hiren Gada: No, we do not run a VFX or animation studio. In fact, whatever content that we have ourselves produced has also been outsourced to other studios that we have worked with. As of now, our core business has been much more around the ownership of IPR. So, not really been focusing on doing the outsourced kind of work.

Ronak Pathak: Okay. Thank you, sir. Thank you.

Moderator: Thank you. As there are no further questions, I now hand the conference over to the management for closing comments. Over to you, sir.

Hiren Gada: Thank you, everyone, for participating in the Q4 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 so much, sir. On behalf of Shemaroo Entertainment Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.