



“Shemaroo Entertainment Limited
Q1-FY26
Earnings Conference Call”
25th July, 2025



ANALYST:

Mr. Anuj Sonpal – Chief Executive Officer - Valorem Advisors

SHEMAROO ENTERTAINMENT LIMITED

MANAGEMENT

: Mr. Hiren Gada – CEO

: Mr. Arghya Chakrvarty - COO

: Mr. Amit Haria - CFO

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Moderator: Good day, and welcome to the Shemaroo Entertainment Limited Q1FY '26 Earnings Conference Call, 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 touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Nupur Jainkunia. Thank you and over to you, ma’am.

Nupur Jainkunia: Thank you. Good afternoon, everyone. And a warm welcome to you all. My name is Nupur Jainkunia from Valorem Advisors, we represent the Investor Relations of Shemaroo Entertainment Limited. On behalf of the company, I would like to thank you all for participating in the company’s earnings call for the First Quarter and the Financial Year 2026.

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 First Quarter and the Financial Year 2026. 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 Q1 FY '26, the revenue from operations stood at around INR 140 crores which declined by approximately 10 % year-on-year. The company reported an EBITDA loss of about INR 56 crores for the quarter, while the net loss stood at around INR 46 crores. With regards to the new initiatives, expenses in Q1 FY '26 amounted to INR 32 crores. Adjusting for this investment, the EBITDA loss from existing operations for the quarter would have been around INR 24 crores.

Digital media revenues for the first quarter stood at around INR 67 crores, growing by 18% year-on-year. Traditional media revenues for the quarter stood at around INR 72 crores, which declined by 26% year-on-year.

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

Hiren Gada:

Thank you, Amit, and good afternoon, everyone. As discussed in the last quarter, the re-entry of major broadcast channels such as Star Utsav, Colors Rishtey, Zee Anmol, Sony Pal on the Free Dish platform led to a redistribution of viewership within Free-To-Air ecosystem or the Free-To-Air segment. This shift impacted the performance of existing GECs and Hindi movie channels category, including our bouquet of channels.

Additionally, a packed sports calendar and ongoing softness in FMCG advertising, further intensified headwinds across all traditional entertainment businesses. In sharp contrast, our digital media business had a very strong growth driven by robust performance matrices across our portfolio, including YouTube, ShemarooMe, and Syndication. In response to these shifting dynamics, we are proactively implementing a range of strategic measures.

These include rationalizing costs for select channels, repositioning others to better align with audience preferences, and reinforcing our investment strategy across the content portfolio. ShemarooMe Gujarati released six new titles during this quarter, featuring a diverse mix of movies, web series, and plays. Noteworthy digital premieres included blockbuster films such as Umbarro, All The Best Pandya and Hindi Dubbed version of Hellaro.

On YouTube, our flagship channel Shemaroo Filmi Gaane crossed a significant milestone of 72.5 million subscribe. Across our entire portfolio of channels, the company garnered more than 10 billion views during the quarter, underscoring the sustained strength of our digital engagement with the audiences. We remain cautiously optimistic about a seasonal pickup in advertising spend in the upcoming quarter, supported by the festive season and strong viewership momentum in our digital platform.

However, margins are expected to remain under pressure due to the ongoing accelerated inventory charge-offs, a strategic initiative we began six quarters ago. It is important to highlight that these charge-offs are purely accounting adjustments and do not reflect the monetization of our content or ability to generate free cash flows. Looking ahead, we remain

focused on strengthening our balance sheet, driving operational efficiencies, and positioning the company to unlock substantial long-term value.

With that, I open the floor for a question-and-answer session.

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

Yash Kukreja: Thank you for the opportunity. So, sir, my first question is, as you said, the entry of major broadcasters has had some impact. Could you elaborate more on the extent of impact this has had on our channel viewership and also the advertising revenue?

Hiren Gada: Yeah, Arghya, may go ahead.

Arghya Chakravarty: Hi, Yash. So basically, with the entry of the four broadcasters like we had already announced in the last call, I think we have seen it now for one quarter, the impact. The impact is largely around what has happened, with the entry of the four new broadcasters, the viewership numbers have not increased. It is not that new viewers have come to the Free Dish platform. So what has happened is, overall, GRCs in the Free Dish platforms have got redistributed.

So while the new broadcasters have garnered a lot of GRCs, it has come from some from existing GEC channels, some from Hindi movie channels, some from news, and some from other sectors. So basically, there has been a redistribution of viewership. So as a result, what has happened is, the overall ad spend in Free Dish platforms have not come down, but the advertising monies have also got redistributed according to the viewership changes.

So that is what has happened. I mean, it depends on which channel has got hit so much and so on and so forth. But largely, at an overall level, I think about, we would say about 15% - 20% - 25% changes in the advertising monies, depending on which channels viewership has moved. So that is what has happened.

Yash Kukreja: Okay, got it. And sir, considering what you said now and also our revenue mix, which from digital comes around 37%, so are we trying to focus more there or are we planning to grow there?

Arghya Chakravarty: So, as Hiren said in his opening comment, Yash, that we are also, readjusting our investments in our overall content portfolio. So while we are continuing to our focus in broadcast, we are taking some rationalizing of cost measures and so on and so forth. But we have increased our investments on our digital media businesses, largely around YouTube. So we are investing around bringing in more fresh content on YouTube, as well as, focusing on increasing our title mixes on ShemarooMe, which is our OTT platform.

So yes, there is a change in the investment pattern. This is what we are seeing in the movement happening around the overall advertising market and overall spend mix changes.

Yash Kukreja: Got it, sir. And sir, my another question is, sir, what is the current debt level as of Q1? Like we have seen the reduction in the finance cost.

Amit Haria: So, current debt level is INR 306 crores.

Hiren Gada: Okay. Got it.

Yash Kukreja: And sir, do we stick to your guidance of reducing it by INR 60 crores in this financial year '26?

Hiren Gada: That is definitely our intent. Given the way the first quarter has happened at this point, that looks unlikely. I would to definitely call it out. We, if you see, even in spite of everything that has happened during this last quarter, including the big four entries, the debt, so the cash flow has been quite robust. And the debt has just gone up by about INR 5 crores from the March balance sheet.

So there is a very strong micro management of cash flow, working capital, etc. happening. So we are very cognizant of that. As of now, our intent to reduce that debt definitely remains. But given the way the first quarter has gone, that currently seems a little unlikely, to be honest.

Yash Kukreja: Okay, got it. And sir, my last question is, what was the operating cash flow in this quarter?

Amit Haria: It was negative around INR 5 crores.

Yash Kukreja: Okay. Thank you so much, sir. I will join back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Urmish Shah from MoneywiseIrs Please go ahead.

Urmish Shah: Thank you for the opportunity. I joined the call a bit late, so I am sorry if I missed something and I am asking it again. So, I just want to know that in FY '26, on a year-on-year basis, your Y-o-Y growth is minus 9.63%. Any reason for that? And how do you see it for the full year going forward?

Hiren Gada: Actually, sorry, but we have explained the entire aspect about each thing.

Urmish Shah: Okay. I joined the call a bit late. So, okay.

Hiren Gada: Yes.

Urmish Shah: And one more thing, as I can see in your presentation, your traditional business is under significant pressure again. So, I just wanted an outlook on what do you see going forward for the full year FY '26 and maybe FY '27 as well. I just wanted an outlook on that.

Arghya Chakravarty: So, Urmish, again, I think you missed some part. This is Arghya here, so I will still try and answer. So there are two parts in our traditional businesses, Urmish. One is the broadcast business and one is our traditional syndication business, which is our aggregation business that we do, right.

Urmish Shah: Right.

Arghya Chakravarty: So the broadcast business has obviously come under pressure and it is not something which was a bit of a surprise, which we are aware of. With the presence of the four broadcasters coming in, right?

Urmish Shah: Right.

Arghya Chakravarty: There is an impact because of that. I mean, if you look at it from last year, first quarter we had those four broadcasters were not good and the advertising monies along with the viewership has shifted around. So some of our monies have gone into. So there is a decline because of that. The second part is the syndication business, which if you have been following us and if you have been following our calls, you would know by now that it is a lumpy business.

Urmish Shah: Yes.

Arghya Chakravarty: It happens in some quarters and it does not happen. So in this quarter, last year we had some syndication business, but this year, in this quarter, that has not happened. But there are a lot of deals in pipeline, so it will happen sometime over the future in the next three quarters. So that is something which will get arrested. So the decline will be there, but not to what you are seeing, because the pressure on traditional media will continue in line with the broadcasters.

Urmish Shah: So, it will be a slower decline going forward, is that what you are saying?

Arghya Chakravarty: Yes. And I do not know, I mean, if we get bigger deals and all that.

Urmish Shah: Yeah, obviously.

Arghya Chakravarty: So this thing is.

Urmish Shah: Yes, yes, but from the current levels, it will obviously be a bit of slower decline.

Arghya Chakravarty: That is right. Significantly slower than that. This is what we anticipate. The pressure on broadcast revenues will continue because that is how the entire year will go.

Urmish Shah: Right. Okay, sir. Thank you. And I am sorry I joined the call late.

Arghya Chakravarty: No issues.

Urmish Shah: Yes. Thank you. Thank you, sir.

Arghya Chakravarty: Thank you, Urmish.

Moderator: The next question is from the line of Yash Kukreja from Equitree Capital. Please go ahead.

Yash Kukreja: Thank you for taking up the follow-up question. So, sir, what is the total budgeted spend on new initiatives for FY '26?

Hiren Gada: So, when we started the year, we had budgeted around at INR 75 crores, which is higher than what we had spent last year because we knew that the big four broadcasters will come in. And there is definitely going to be a pressure on revenue and bottom line, thanks to that. So, we will see how the year goes.

We are hopeful that from here, since now the ratings have stabilized and we all know where which channel stands and therefore, the revenue is there. We have already recalibrated or are in the process of recalibrating costs as I shared in the opening comments. So, INR 75 crores is what we had budgeted at the beginning of the year.

Yash Kukreja: Got it, sir. And our second question is, sorry if I missed. So, what is the breakdown, the cost of basically accelerated inventory charge of taken in Q1 and also, how much are we planning to do in FY '26?

Hiren Gada: So, Amit will answer it. To give you just the numbers, we closed March '25 at INR 568 crores of inventory. June, we stand at INR 528 crores. So, about INR 40 crores reduction in the inventory and which includes net of further additions, etc. But yes, Amit will...

Amit Haria: So, yes, as I mentioned in the previous calls, the quarterly charge-off is in the range of around INR 35 crores across the quarters, every quarter. So, if I have to just extrapolate that, it would be around in the region of INR 140 crores of accelerated amount that we will be taking in this financial year.

Yash Kukreja: Okay, and so this financial year will be the last year, right?

Hiren Gada: Yes.

Amit Haria: Yes.

Yash Kukreja: Okay, thank you so much, sir.

Hiren Gada: Thank you.

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

Hiren Gada: Yeah, thank you everyone for participating in the Q1 earnings call. I hope we have been able to answer your questions satisfactorily. If you have any further questions or you would like to know more about the company, please reach out to our IR manager, Valorem Advisors Thank you.

Moderator: Thank you. On behalf of Shemaroo Entertainment, that concludes this conference. Thank you for joining us and you may now disconnect your lines.