Company Name: Shemaroo Entertainment Ltd

Quarter under review: Q4-FY26

Shemaroo Entertainment Ltd – Q4-FY26/FY26 Concall Highlights:

Shemaroo Entertainment Ltd (Consolidated)								
INR In Mn	Q4-FY26	Q4-FY25	Y-o-Y	Q3-FY26	Q-o-Q	FY26	FY25	Y-o-Y
Operational Income	1395	2043	(31.7%)	1607	(13.2%)	5831	6851	(14.9%)
EBITDA	(872)	24	NA	(674)	(29.4%)	(2648)	(798)	NA
EBITDA M (%)	(62.51%)	1.15%	NA	(41.93%)	NA	(45.42%)	(11.64%)	NA
PAT	(721)	(51)	NA	(554)	(30.1%)	(2186)	(850)	NA
PAT M (%)	(51.71%)	(2.51%)	NA	(34.50%)	NA	(37.49%)	(12.40%)	NA
Diluted EPS	(26.38)	(1.87)	NA	(20.28)	(30.1%)	(79.96)	(31.09)	NA

Operational Highlights:

- Expenses related to new initiatives for FY26 stood at approximately INR 155 crores, of which around INR 57 crores were incurred during Q4 FY26.
- Over the past nine quarters inventory has reduced significantly by around INR 400 crores, from approximately INR 738 crores in H1 FY24 to INR 339 crores at the end of FY26.
- Q4 FY26 marked the completion of the charge-off cycle, in line with earlier guidance. These charge-offs are purely accounting adjustments and do not affect the monetization potential of the content library or the ability to generate free cash flows.
- Digital media revenues grew by 9% on a year-on-year basis to INR 275 crores while traditional media segments saw degrowth of 29% to INR 308 crores.
- 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 moderation in syndication revenues.
- Advertising performance was further impacted by war-related uncertainties, which weighed on overall ad spends, while major sporting events attracted a larger share of advertising budgets.
- On YouTube, the flagship channel Shemaroo FilmiGaane surpassed 74 million subscribers during the quarter, while Shemaroo Entertainment crossed the 61 million milestone.
- On YouTube, generated more than 9 billion views during the quarter.
- Achieved a key milestone in international content strategy with the co-production of our first Turkish drama series, 'Aska Mahkum', in collaboration with Globalsphere Studios.
- ShemarooMe Gujarati released 6 new titles during the quarter.
- As FY27 begins, the focus remains on strengthening Shemaroo's digital-first media ecosystem by expanding its presence across digital platforms in both domestic and international markets.
- Technology and AI-led interventions are being leveraged to enhance operational efficiencies and optimize revenue generation across the business.
- They expects spending on new initiatives (like broadcast and ShemarooMe) to be less than half in FY27 compared to the INR 155 crores spent in FY26.

Key Questions & Answers discussed during the Concall:

- **What are the key reasons behind the decline in the traditional media business, and how do you see the outlook evolving over FY27 and FY28?** We believe the traditional media business is facing pressure due to two key factors, an overall industry-wide advertising slowdown amid a subdued economic environment, and an accelerated shift of advertising spends from traditional to digital media. As a result, traditional media revenues remained challenged during FY26. Going forward, we do not anticipate any significant growth acceleration in the traditional media business over FY27 and FY28. Accordingly, our strategic focus, investments, and resources are increasingly being directed towards building a digital-first media ecosystem.

- **Could you provide some colour on the company's debt reduction plans going forward?** We remain committed to the debt reduction process and have continued to generate healthy cash flows despite challenging industry conditions and the ongoing charge-off cycle. Debt levels have reduced gradually during the period, supported further by promoter capital infusion through preferential allotment during the quarter.

- **By when can we expect the business to turn EBITDA and PAT positive?** We remain fully committed to the long-term growth of the business and continue to invest across key digital initiatives, including ShemarooMe, YouTube, licensing, and syndication. We are closely monitoring and improving key operating metrics across businesses. While the pace of profitability improvement will also depend on external industry factors, we remain optimistic about delivering stronger financial performance going forward.

- **How does the company view business model volatility in the media industry, particularly from a long-term predictability and cash flow perspective?** We believe the media business, contrary to common perception, offers strong long-term predictability driven by the enduring value of content IP. Content franchises such as Amar Akbar Anthony, Welcome have continued to generate monetization opportunities across evolving platforms including television, YouTube, and digital media. While quarterly performance may remain volatile due to multiple external variables, the long-term cash generation ability and monetization potential of the content library remain structurally strong.

- **Could you comment on the digital business margins and how margins may evolve over the next few years as the digital business scales up?** We believe the digital business broadly consists of two segments - YouTube and Meta platforms, which are margin accretive, and the OTT business through ShemarooMe, which currently operates at negative margins, in line with broader industry trends. We continue to scale ShemarooMe prudently while maintaining controlled cash burn, even as subscriber growth remains strong. Going forward, we expect growth across both segments while maintaining a balanced and disciplined approach towards profitability and scale.

- **Is there any change in the amortization policy going forward to avoid accelerated inventory charge-offs in the future?** We revised the inventory charge-off policy around nine quarters ago to accelerate amortization on a set of inventory. Earlier, charge-offs were largely linked to content transactions or deals, which resulted in inventory being carried on the balance sheet for longer periods. Under the revised policy, content with long-term rights of 10 years or more is amortized evenly over a 10-year period. We believe the policy is now stable and do not anticipate any similar large accelerated charge-off situation going forward, apart from normal quarterly fluctuations.

- **Could you provide an update on the operational status of the Dubai subsidiary?** We had set up the Dubai subsidiary primarily to explore opportunities in the Web 3.0 and Metaverse ecosystem. However, given the slowdown in the broader ecosystem, investments and operational activities have currently been kept at a low scale. While development initiatives in the space continue, we remain cautious and are adopting a measured approach towards further investments.
- **Could you share some colour on the performance of Shemaroo Josh after 7–8 months of launch, particularly in terms of reach, TRPs, and monetization?** We believe the channel has continued to progress gradually since launch, with both revenues and GRPs showing improvement over time. However, the performance has remained below our initial expectations, largely due to the broader slowdown in the advertising environment impacting monetization across the industry. While the channel is still evolving and building scale, we believe it is progressing steadily on its growth trajectory.
- **How should we look at the tax outflow going forward, considering the carry-forward losses?** We have created a deferred tax asset against the carry-forward losses. As the company returns to profitability over the foreseeable period, this deferred tax asset is expected to be utilized, which should limit or significantly reduce tax liability over the next few years.

Key Participants:
- *Tanmay Golecha – 360 One AMC*
- *Urmish Shah - Moneywiser*
- *Amit Mehendale - Robo Capital*
- *Sanjeev Pandiya - Lancers Impex Brokerage House*