“Shemaroo Entertainment Limited
Q2/H1- FY’27
Earnings Conference Call”
November 3, 2026

ANALYST:

Mr. Anuj Sonpal – Chief Executive Officer - Valorem Advisors

SHEMAROO ENTERTAINMENT LIMITED

MANAGEMENT : Mr. Hiren Gada - CEO

: Mr. Ashish Gupta - CFO

Shemaroo Entertainment Limited
Q2 & H1 FY'27 Conference Call
November 03, 2026

Moderator: Ladies and gentlemen, good day and welcome to the Q2/H1FY2027 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: Thank you. 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 2nd Quarter and the First Half of the Financial Year 2027.

Before we begin this cautionary statement, 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 that could cause actual results to differ from those anticipated. Such statements are based on management's beliefs, assumptions, and the information currently available to management. Auditors are cautioned not to place undue reliance on these forward-looking statements when making investment decisions.

The purpose of today's Earnings Conference Call is solely to educate participants and raise awareness of the company's core business and financial performance for the quarter under review.

I would now like to introduce the Management participating in today's Earnings Call and turn the call over to them for their opening remarks. Joining us are Mr. Hiren Gada – CEO, and Mr. Ashish Gupta – CFO.

Without further delay, I invite Mr. Ashish Gupta to begin his opening remarks on the financial highlights. Thank you. The floor is yours, sir.

Ashish Gupta: Thank you, Purvangi, and good afternoon, everyone, and welcome to our Earnings Call for the 2nd Quarter and the first half of the Financial Year 2027.

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

For the 2nd Quarter of the Financial Year 2027, revenue from operations stood at approximately INR 141 crores, deflecting a marginal 2% year-on-year decline.

The company significantly narrowed its EBITDA loss to around INR 2 crores compared to INR 55 crores in the corresponding quarter last year. Net loss also reduced materially from INR 45 crores in Quarter 2 FY26 to INR 8 crores in Quarter 2 Financial Year 2027.

For the first half of the year ended 2027, the revenue from operations stood at around INR 273 crores. The company significantly narrowed its EBITDA loss to around INR 4 crores compared to INR 110 crores in the H1 of FY2026. Net loss also reduced materially from INR 91 crores in H1 FY26 to approximately INR 16 crores in H1 Financial Year 2027. The reduction in losses was primarily attributable to the completion of accelerated amortization two quarters ago, along with the benefits of strategic cost optimization and investment initiatives undertaken by the company.

With regards to the new initiative, the expenses in the 2nd Quarter of Financial Year 2027 amounted to INR 20 crores. Adjusting for these investments, the EBITDA from existing operations for the quarter would have been around INR 18 crores. The same expenses for the first half of Financial Year 2027 amounted to INR 40 crores. Adjusting for these investments, the EBITDA from existing operations for the first half of Financial Year 27 would have been around INR 35 crores. The digital media revenue for the 2nd Quarter stood at approximately INR 76 crores, registering a year-on-year growth of 26%.

Traditional media revenues for the quarter were around INR 66 crores, down by 21% year-on-year. For the first half of Financial Year 2027, digital media revenues grew by 63% year-on-year to INR 131 crores, while traditional media segments saw a degrowth of 9% year-on-year to INR 142 crores.

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

Hiren Gada: Thank you Ashish and good afternoon, everyone. Let me take you through the key operational developments and business performance for the quarter.

To begin with, just to add to what Ashish just mentioned, due to FY27 marks another quarter of progress in our ongoing transformation journey.

While the overall operating revenue declined marginally by 2% year-on-year, we have continued to make meaningful progress on profitability with EBITDA improving by 96% compared to the corresponding quarter last year. This improvement reflects our continued focus on operational efficiencies, cost rationalization and a disciplined approach towards investment.

Coming to the segment-wise performance:

Our digital media business delivered a strong performance, registering a year-on-year growth of 26% during the quarter.

This growth was primarily driven by a B2B licensing deal and improved YouTube advertising revenues, supported by healthy consumer engagement across our digital platforms. On the other hand, our traditional media business continued to face challenges, registering a 21% decline year-on-year. The prolonged BARC Rating blackout has impacted advertiser sentiment and weighed on television advertising revenues.

Additionally, certain broadcasters have deferred their content investments, resulting in delays in the closure of television-related B2B licensing deals. Looking ahead, we remain cautiously optimistic about the business outlook. The coming festive season is expected to support the advertising demand.

However, persistent geopolitical uncertainties and increasing input costs faced by advertisers may continue to influence their spending decisions. Furthermore, the continuation of the BARC Rating blackout remains a near-term challenge for the television industry and therefore the traditional media revenues. In this environment, our focus remains on strengthening the digital business, rationalizing costs across the traditional business and maintaining disciplined content investments.

We are also continuing to drive operational efficiencies across the organization with the objective of improving profitability and building a more sustainable business model.

Moving to some of the key developments across our businesses:

ShemarooMe Gujarati:

During the quarter, ShemarooMe Gujarati continued to strengthen its content offering and regional presence. We released nine new titles during the quarter, spanning movies, web series and plays. Some of the key releases included movies Laalo - Krishna Sada Sahaayate and Jindagi Once More, along with web series such as Chaskela Season 1, Sada Che Ni Bus, Tuition and Ok Boss.

These editions reflect our continued focus on strengthening our regional content library and delivering relevant entertainment for audiences.

YouTube:

Coming to our YouTube business, we continue to achieve strong audience engagement across our channel portfolio.

Our flagship channel Shemaroo Filmi Gaane surpassed 75 million subscribers, which was a very big milestone for us, while Shemaroo Entertainment crossed the milestone of 62.3 million subscribers during the quarter. Across our entire portfolio of channels, we garnered approximately 9.6 billion views during the quarter, demonstrating the continued reach and popularity of our content across digital platforms.

On this syndication front, we continue to strengthen our distribution partnerships and expand the reach of our content. During the quarter, we became the worldwide digital and satellite distribution partner for Telugu film Ramba Oorvasi Menaka. To conclude, while the operating environment continues to remain challenging, particularly for traditional media, we believe that the structural opportunity in digital entertainment remains encouraging.

Over the last few quarters, we have been consciously realigning our business towards digital opportunities while rationalizing investments in traditional media and strengthening our operational efficiencies.

Our focus remains on driving sustainable growth, improving profitability, and ensuring that our investments generate meaningful long-term returns. We remain confident in the strength of our content library, our distribution capabilities, and the digital platforms we have built.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take a first question from the line of Gaurav Patel, an individual investor.

Gaurav Patel: Sir, revenue was down slightly in Q2 as well as in H1. What main factors dragged the performance line down? How are you looking to grow for the second half of this year?

Hiren Gada: So, there are two parts to the revenue growth or degrowth aspect. One is, structurally, there is a shift happening from traditional to digital. So, if you see the underlying business, the digital business has been growing and continues to grow.

It is a traditional business which is in the base and therefore it is kind of degrowing. So, combination of that is giving the challenge of top line growth. But interestingly, just to give you a sense that digital business is now, so in this quarter itself, digital has been 54% of the business and the first half also it has been nearly, so the trending wise it's been 48% of the overall

business in the first half of the year. So, that is one. Second, on the traditional side, we have seen combination of BARC blackout and advertisers spend lower because of the whole geopolitical challenges. So, that is a whatever industry issue which is happening. But yes, it impacts the top line.

Gaurav Patel: Yes, that's it from my side. Thank you.

Moderator: Thank you. Next question is from the line of Pranav Seth, an individual investor. Please go ahead.

Pranav Seth: So, I had a question regarding the on the B2B licensing side. So, there is that inherent lumpiness in this. So, like on the front of quarterly run rate. So, what is like the sustainable quarterly run rate that you guys are seeing in the digital segment going forward?

Hiren Gada: So, yes, B2B business is lumpy. There is no doubt about it. And that is why we have been always asking the investor community to look at our business on a 12 month or a one year basis, because that's when the lumpiness kind of evens out. In a given quarter, there is likely to be some lumpiness. But having said that, for example, if we see the first half of the year itself, the digital business has grown from INR 127 crores to INR 131 crores. So, it kind of evens out on a longer period.

Pranav Seth: Okay, got it, got it. So, another question that I had on the BARC Rating. So, are you seeing any indications on like what exactly, any structural blackout impact or something on the Broadcast advertisement?

Hiren Gada: So, there are two or three ways in which BARC Rating impacts the business. Firstly, since there is no measurement of any of the performance of the channel, so any, any new programming that we may introduce or even current programming any changes that we make, how it is impacting the rating and therefore, how is an advertiser buying on what basis they are buying and measuring their own campaign performance is not known. So, that is one big, big challenge because of lack of measurement, the advertiser is hesitant to invest even in the existing channel or in any new impact property that one may. So, for example, if a channel is doing say a world television premiere of a movie or some other impact property say maybe a sporting event or something, then there is a certain uncertainty about how much rating is going to get generated. Now, in the absence of measurement, how do you buy and sell? I mean, how do you price the ad rate?

So, that is what is the challenge. That's a key challenge and because of that the spend is lower because many of the advertisers may either price it conservatively or they may shift their spend to another medium, say digital or print or some other medium. Second impact of that is that for a channel whose impact property is not monetizing at the optimal level for that channel also, for them to invest further in content.

So, it becomes a challenge and therefore, we have seen a tempering down of many of their channels investment budget. We have ourselves also for our channels have also tempered down the budgets because same thing applies for us as a broadcaster. Two of the businesses which on the traditional side, which are television dependent on whether it's broadcast or syndication, both are impacted by this rating blackout.

Moderator: Pranav, you are done, right?

Pranav Seth: Of course, yes.

Moderator: Thank you. Next question is from the line of Shlok Singh, an individual investor. Please go ahead.

Shlok Singh: Thank you for the opportunity to ask the questions. So, my question is regarding the given the intensifying competition in the OTT industry, how is Shemaroo positioning itself to retain subscribers? Is the strategy focused on building a broad market platform or strengthening its regional and like a niche content offerings?

Hiren Gada: Our core focus has always been to build the Gujarati regional offering, regional language on the Gujarati side. And I am happy to with the progress. And I think we have already gained a very strong consumer traction, very strong share of mind in terms of the brand recall or connect. And very importantly, a very good consumption metrics. Arguably, I believe we are literally like the larger default Gujarati entertainment platform on the digital side. So, that is a strong market position that we have created.

On the Hindi side, which is our other segment, we already have a very strong existing content library, which is being monetized. And we do invest partly in that to keep the library to refresh or to add some or the other content, whether it's a catalog or whether it's new. Both combination we keep investing. But the bulk of the focus in terms of investment, marketing, etc. is on the Gujarati side.

Shlok Singh: Okay, so that was helpful. Just one last question from my side. Could the management provide a segment wise breakdown of content acquisition spending across like OTT, YouTube and other broadcasting businesses during this quarter specifically?

Hiren Gada: It's difficult to give that. But indicatively, what I can say is that bulk of the investment on content is on the digital side. And when I am saying digital, we by and large by a bundle of rights, which allows us to monetize it on the OTT platform on YouTube or to license or syndicate that content, whether it's within India or internationally. So, that is the overall approach. In fact, that is the approach for all content that we buy. But in the last few quarters, our focus has been and the value driver or investment drivers for any content acquisition has been on digital monetization-led acquisition.

Shlok Singh: Okay, so that was helpful. That's it from my side and all the best for the future. Thank you.

Moderator: Thank you. Next question is from the line of Tanya Shah, an individual investor. Please go ahead.

Tanya Shah: I just wanted to ask this is the company exploring opportunities to leverage artificial intelligence and content creation, localization and distribution to improve monetization and operational efficiency.

Hiren Gada: Oh, yes, absolutely. There is a very big AI adoption and acceleration track that is going on. We believe that AI is a very big force multiplier on many fronts.

In fact, it's actually far beyond what you have even spoken about. So, creation and all there is a lot of work happening at an industry level multiple players that we can be also engaged in that in a strong way. In fact, just to give you a sense of what we do or the level at which we are. So, one of our corporate films that we did was last year in December, which kind of in June won an award for the best use of AI. So, that's the level at which we have already landed ourselves and obviously deeply engaging and growing the AI aspect. In fact, this award part we had shared in the last quarter.

So, there is a strong and deep AI work happening. And there is a lot of work, I would say, below the surface, which is happening, but not yet at a stage where we can share much more about it. So, and as I said, the AI impact, particularly on the business front and all there is a whole AI transformation initiative and multiple teams are looking doing many things. So, AI is a very big focus area for us.

Tanya Shah: And my last question is, what is the company's strategy and growth outlook for the Malayalam market and expanding regional content?

Hiren Gada: So, we started the whole South regional journey about three years ago, approximately. And I would say it's been a very interesting and rewarding journey. And in a way, we got up opportunity to associate with Malayalam's biggest theatrical movie ever called Lokah. And that movie is even now being distributed across various international platforms and continues to generate revenue. Apart from that, there are many movies that we have participated. So, Malayalam, just to give a flavor is that it's been one of the fast-growing theatrical markets in terms of box office collections. So, that gives a sense that it is itself in a growing market. And secondly, Malayalam also has a lot of international appeal and business potential. And that was one of the key reasons also to do that. And yes, we will have a slow and steady we will continue to grow in this space overall.

Tanya Shah: Okay. Thank you so much.

Moderator: Thank you. Thank you. Next question is from the line of Ayush Jalan, an individual investor. Please go ahead.

Ayush Jalan: Hi, good afternoon. Thank you for the opportunity. Just a few questions. The first one is in the last call, you had guided that FY27 should be EBITDA positive and FY28 should be cash positive. Do you still stick by the guidance or is there any change?

Hiren Gada: So, just to clarify, we do not give any guidance. This is an ambition or aspiration that we have spoken about. And I think we are still very much working towards this aspiration.

If you see even in the first half itself, we are just marginally at a negative EBITDA. So, if things work out well, and particularly BARC and all that, if things improve, I think there is a good probability for us to aim towards that. And of course, various initiatives that we had taken over the last few quarters have been helping us improve the overall cost, cash flow, etc.

And the improvement we are seeing on a literally on a quarter-on-quarter basis will continue. So, which is where we are fairly confident of even the next year. Plus, I would add one more thing that as digital itself crosses more than 50% of the revenue, then it goes in, it's a different tipping point for us. So, hopefully, that also helps us improve on the margin front.

Ayush Jalan: Thank you, sir. But you mentioned digital, but in H1, we have only seen a 3% growth. So, is there some reason that the growth has been slowing down? Because I think that also you are hoping for double-digit growth in digital, but that also seems to be slowing down. So, if you can throw a little color on that?

Hiren Gada: Yes, so we have, so this has, if you see the overall environment and context, as I was mentioning earlier, is that there is an overall ad issue going on with the with the whole international geopolitical situation and all of it. And that is definitely has an impact on ad spend on the digital side also. Traditional is impacted additionally more, in fact, overall traditional is impacted more, plus there is a BARC issue. So, it's more pronounced in the traditional side. But as a result of this, definitely on the licensing syndication side, etc., the business flow has been relatively slower. In fact, we called it out in the last quarter, we have seen a resumption.

So, last quarter, in fact, digital revenue had actually come down to 40% to 58% digital and traditional. This quarter, we have seen a 25% growth because many of those B2B deals kind of translated. So, as I shared earlier, there is a lumpy nature of the digital for the B2B business piece.

Ayush Jalan: Understood, sir. Thank you so much for that. Just one last question, sir. Is there any further clarity on how we may end FY27 with our net debt?

Hiren Gada: So, as we have shared earlier directionally, we aspire it to be lower than where we are. And if you see, we have kind of held it at, even in this quarter, we have held it at where we were. So, in terms of cash flow, it's continues to remain in a strong cash flow position.

Ayush Jalan: Thank you, sir. That was all from me and wishing you and everyone a very Happy Diwali and Festive Season.

Moderator: Thank you.

Ayush Jalan: Same to you.

Moderator: Thank you. Next question is from the line of Daksha Shah, an individual investor. Please go ahead.

Daksha Shah: So, my first question was on the festive season. With the festive season coming up right now, we see a lot of increase in terms of companies increasing their ad spend over this quarter, over the next two months. So, are you seeing any demand uptick in the start of the 3rd Quarter?

Hiren Gada: So, yes, I'll break it up into traditional and digital. Digital side, yes, definitely, we have seen a good demand uptake. No doubt about it.

Traditional side, also the demand has grown. It is the BARC blackout which is making the revenue and spend suboptimal because the measurement is not there. So, everyone is conservatively spending or some campaigns are not spending on TV itself.

So, but yes, in spite of that, there is definitely a festive uptick. So, I can say that the last year's festive season has seen a degrowth also because of the whole GST cuts and various other logistical challenges that were going on. Compared to that this year, there is growth across both traditional and digital.

Daksha Shah: Surely, sir. So, my next question was on the YouTube side. So, you see, I am seeing that YouTube subscribers are growing strongly quarter-on-quarter. We have now increased up to 75 million subscribers. So, how do you see YouTube as a platform for a long-term growth? Because we see a lot of competition coming in terms of newer social media apps and newer OTT platforms. So, does YouTube still be a major part of your revenue going forward and with the growth opportunity there?

Hiren Gada: So, YouTube, in fact, right now, globally, we have been tracking developments across the global spectrum. Actually, there is a whole narrative or not even a whole discussion around many of the large platforms actually have seen slower growth in engagement and YouTube has actually overtaken significantly and continues to grow. And YouTube has been doing many, many innovative partnerships and a lot of innovations on many fronts.

So, I believe that YouTube carries a very strong advantage with the kind of network effect it has in terms of number of users as well as content. It's a kind of a virtual cycle in terms of engagement. And there are quite a few growth drivers on the YouTube side across various different platforms like the connected TV, on many other fronts YouTube has growth opportunities.

So, yes, on certain platforms, on certain parts, there may be competition or there may be other potential places where consumers spend time. But in terms of the revenue mix and where the advertiser is moving, I think YouTube is strongly present overall.

Shlok Singh: Okay, sir. And just one last question from my side we have seen a lot of other OTT players spending or doing heavy CAPEX, not just in terms of content acquisition, but in terms of trying and producing their own movies or series. You also started, I guess, a small venture in the Gujarati cinema side.

So, any update in terms of what we are doing there and how we are trying to get into producing movies or series on a smaller scale at least?

Hiren Gada: So, yes, I mean, web series is something that we have been working on and producing since some time. In fact, this year, we have already added two on the Gujarati side and two on Hindi side, which have been, I would say, more on the more prominent investment side. And we continue to consider web series as an important part of the whole offering that we have, a bouquet of offering that we have to the consumer because it gives variety, as well as it gives additional ability beyond just movies for us to tell more interesting and exciting stories.

Moderator: Daksha, does that answer your question? Thank you. Next question is from the line of Roshni Shukla, an individual investor. Please go ahead. Hello.

Roshni Shukla: Yes. So, I had two questions. So, firstly, the company is spending approximately INR 19.9 crores on new initiatives, right? So, what are the key initiatives and when can we expect returns on these investments?

Hiren Gada: So, our two key new initiatives that we have been investing for the last few years that we have been sharing, and when we talk of investment in new initiatives, it refers to those two, which is television broadcasting and ShemarooMe. These are the two initiatives. Out of that, on the television broadcasting side, I think, of course, we have been impacted by these developments, as we shared earlier. But in general, I think we are now there has been a significant rationalization on many fronts in terms of the portfolio, in terms of the relooking at the various channels, etc., etc., the programming strategy, content strategy, etc. So, with that, we believe that we are on a strong footing with on that business. And as and when some form of television rating or television measurement kind of comes in place, I think we stand a very good opportunity over there.

On the digital side, which is ShemarooMe, I think OTT business overall is still in an investment mode as far as the entire industry is concerned. So, we also continue to do that. What we have been doing two or three things.

One is keeping the investment tempered and in a controllable kind of a manner and not making not doing it in a prudent manner, I would say, which is not kind of burning a hole on the P&L

balance sheet or cash flow. Second, while doing all that have a smart spend in terms of and directed towards key aspects of content towards consumer proposition and the brand connect. So, I think over there, as I said earlier, we, I believe we have created a lot of value in the with the consumer in terms of the offering and that as and when the digital OTT business scales and turns profitable at an industry level, I am sure we will also have that feet beyond that front foot also.

Roshni Shukla: Okay. Okay. Understood. And next question is that in quarter two, our finance cost has been increased despite the warrants remaining stable. So, what is driving this increase and how are we taking initiative to control it?

Ashish Gupta: Yes. So, I'll take this up. So, basically, it is a moment of when we, a temporary moment of funds, for example, we have OD and CC limits and when we use these to buy some content in respective quarters, the finance cost technically tend to move slightly here and there in respective months or respective days. So, if you see the finance cost, technically, it has risen only by approximately 45 lakhs on overall debt of 300 crores, which is a very marginal increase. And this happens, as I said, because of the use of funds. So, we are not increasing the debt, it's just a moment of funds.

Roshni Shukla: Okay. Thank you so much.

Moderator: Thank you. Next question is from the line of Aman Sheikh, an individual investor. Please go ahead.

Aman Sheikh: Yes. Thank you so much for the opportunity. I just have two questions. First is, so once you acquire a particular content item, what is the typical timeline for monetizing it across platforms like television, OTT and YouTube?

Hiren Gada: So, are you saying in terms of deployment or you saying in terms of payback.

Aman Sheikh: Both.

Hiren Gada: So, deployment depends on the commencement of the right. So, many times we acquire forward rights, so which may be two years, three years ahead.

Many a times we acquire immediately commencing rights. So, deployment depends on that. And then based on that commencement, we do the respective business.

We also do windowing based on what we believe is the best way to optimize the monetization of that title. So, that is on the deployment side. On the payback side, typically, the TV licensing part is an upfront kind of a business, it's a fixed fee business.

So, we do a fixed fee deal with a five-year kind of right. So, the cycle is very short in terms of the payback for that particular right. Again, within digital, there is a licensing syndication part where we may be selling two-year, three-year kind of rights, one-year rights or something.

So, that is one part. And then on YouTube, on ShemarooMe or on many other platforms where we have continuing monetization, variable arrangements, it's an overall monetization which happens typically on a month-on-month basis, which kind of comes to us on a monthly basis.

Aman Sheikh: And the second question I have is, given the significant improvement in the operating profitability, when do you expect to achieve a consolidated EBITDA breakeven?

Hiren Gada: As I said in the earlier question also, the aspiration which we have put out at the beginning of the year, we are still working towards it to be EBITDA breakeven by the end of this year at least and move further from there in the next year.

Aman Sheikh: Okay, got it. Thank you. That is from my side. Thank you so much and all the best for the future. Thank you.

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

Hiren Gada: Thank you 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 managers at Valorem Advisors. Thank you and wishing everyone Happy Diwali and a Prosperous New Year. See you next quarter. Thanks.

Moderator: Thank you, sir. Thank you, members of the Management. On behalf of Shemaroo Entertainment Limited, that concludes this conference call. Thank you all for joining us and you may now disconnect your lines.