

Quarterly Performance Review – Q2 FY17 and H1 FY17



Balaji Telefilms Ltd.

Unique, Distinctive, Disruptive

Contents

1

About Balaji Telefilms

2

Performance review for Q2 FY17 and H1 FY17

3

Financials



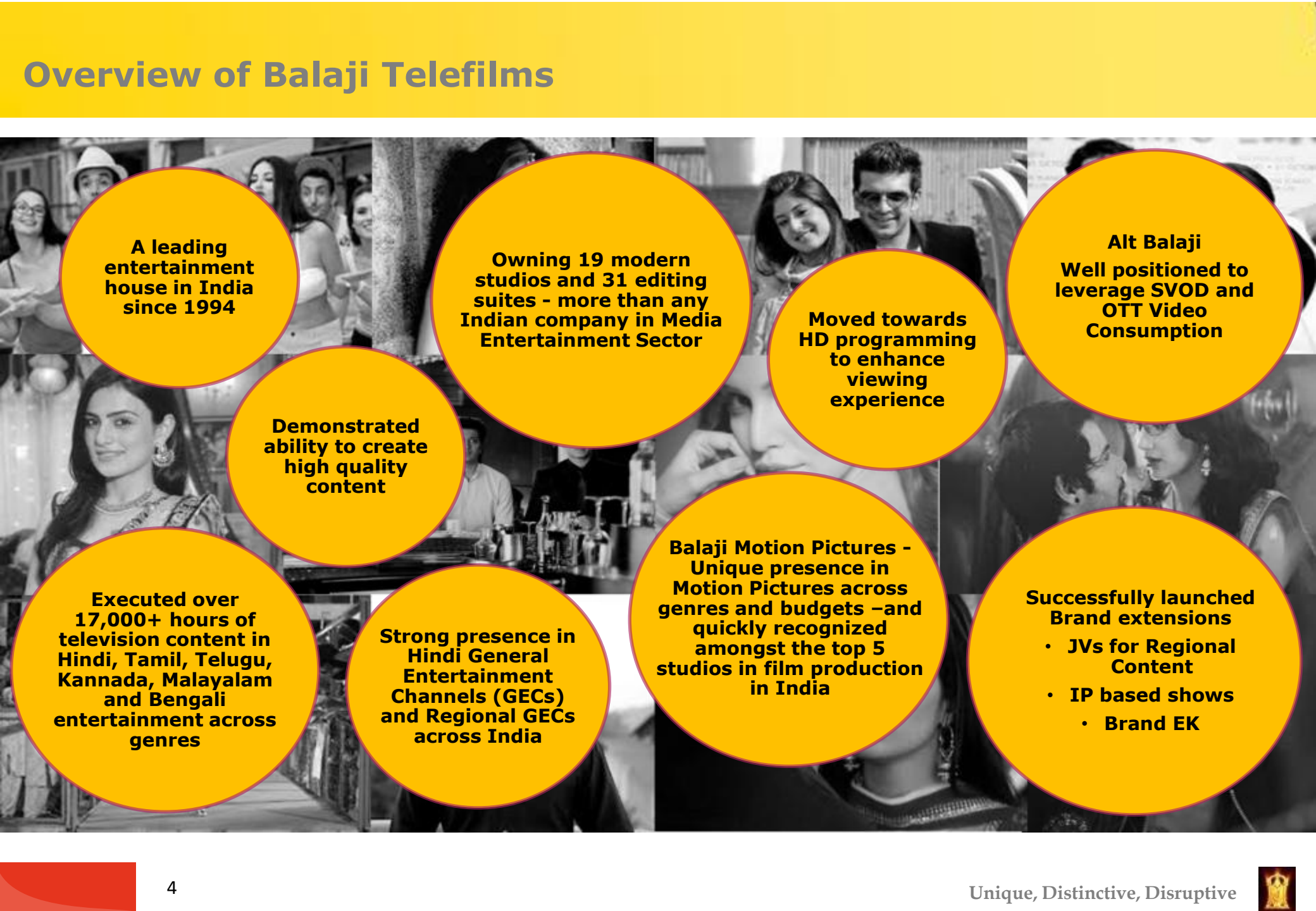


Balaji Telefilms Ltd.

Unique, Distinctive, Disruptive

About Balaji Telefilms

Overview of Balaji Telefilms



A leading entertainment house in India since 1994

Owning 19 modern studios and 31 editing suites - more than any Indian company in Media Entertainment Sector

Alt Balaji
Well positioned to leverage SVOD and OTT Video Consumption

Moved towards HD programming to enhance viewing experience

Demonstrated ability to create high quality content

Executed over 17,000+ hours of television content in Hindi, Tamil, Telugu, Kannada, Malayalam and Bengali entertainment across genres

Strong presence in Hindi General Entertainment Channels (GECs) and Regional GECs across India

Balaji Motion Pictures - Unique presence in Motion Pictures across genres and budgets –and quickly recognized amongst the top 5 studios in film production in India

Successfully launched Brand extensions

- **JVs for Regional Content**
- **IP based shows**
- **Brand EK**



Successful storytellers across formats and audiences

TV



Television programming has been the foundation stone

Unmatched track record with string of hit shows – Hindi and Regional

Proven ability in gauging the pulse of masses – current shows continue to garner strong TRP

9 Primetime shows on 4 leading GECs and National Television

Digital



Global Subscription based video streaming platform

Allow users to watch high quality content across devices

Premium, Original and Exclusive content

Movies



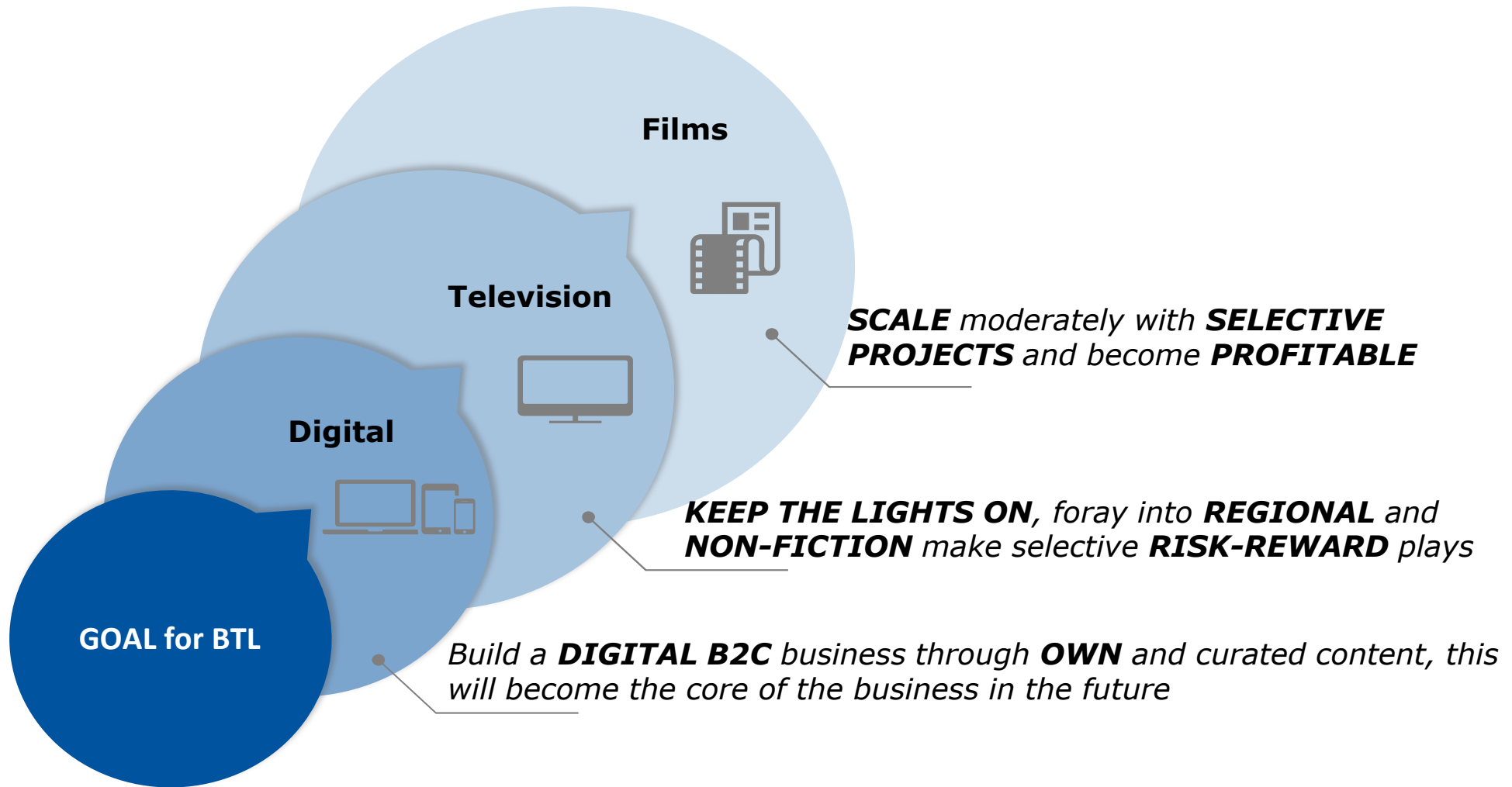
Combination of modest budget, high-concept movies as well as high-profile big star-cast films

Focus on balance of cost, creativity and profitability

Emphasis on film content rather than the star cast



Our strategy is to be where our audience is...



The Balaji Telefilms Advantage



Balaji Telefilms Ltd.

Superior content creation ability

- Track record for producing good serials with differentiated content
- Ability to produce multiple serials at any given point in time

Growth strategy in place

- Digital business to commence soon with the launch of ALT
- Selective participation in Movies business to deliver high ROI

Unmatched relationships

- Over 20 years in the industry
- Strong relationships with talents, vendors and broadcasters

Management Team

- Led by experienced Promoter and professional management team
- Strong pedigree and superior understanding on the content business

Strong Financial profile

- Debt free Company, healthy P&L, cash generative core business
- Well funded for future expansions and strong cost management skills





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Quarterly Performance

Operating highlights for the quarter

Television Business

- Total of 9 shows running during the quarter, of which 2 shows (Ye Kahan Aa Gaye Hum and Mazak Mazak Mein) were on air for only part of the quarter
- Continue to expand programming across weekday and weekend slots - 3 new shows have commenced post 30th September (Naagin 2 on Colors, Chandra Nandni and Pardes Mein Hai Meraa Dill on Star Plus)

ALT Digital

- Continue to build library of original, exclusive and disruptive content in preparation for launch in early Q4 FY17 – Content library at launch expected to be over 200 hours including curated content
- Commissioned marquee and unique web series with leading international celebrity Nimrat Kaur and directed by Nagesh Kukunoor

Movie Business

- Released critically acclaimed movie Udta Punjab – collections were significantly affected due to piracy of the movie ahead of its theatrical release. Successfully sold satellite rights for A Flying Jatt
- Production continues for two upcoming movies – Half Girlfriend (mid budget film) and Super Singh (Punjabi regional film), expected to release in FY18

Others

- Announced merger of Bolt Media and Film Production business of Balaji Motion Pictures Limited into Balaji Telefilms Limited to derive greater operational synergies and reduce costs



Consolidated Financial Performance

Income from Operations

- Q2 FY17 revenues at Rs 1,059 million vs Rs 551 million in Q2 FY16
- H1 FY17 revenues at Rs 2,233 million vs Rs 1,309 million in H1 FY16
- Increase in revenues is on account of 4 movies released in H1 FY17 vs none in H1 FY16

EBITDA

- Q2 FY17 EBITDA at Rs (262) million vs Rs 63 million in Q2 FY16
- H1 FY17 EBITDA at Rs (265) million vs Rs 111 million in H1 FY16
- Piracy of our movies Great Grand Masti and Udta Punjab led to approximate loss of Rs 360 million in revenues, severely impacting our profitability in this period

Profit after Tax (including Minority Interest)

- Q2 FY17 PAT at Rs (280) million vs Rs 39 million in Q2 FY16
- H1 FY17 PAT at Rs (273) million vs Rs 82 million in H1 FY16

Investments

- Investments in mutual fund units at 30th September 2016 Rs 1,763 million (of which Rs 1,300 million through ALT and Rs 452 million through BTL and 11 million in Marinating Films)
- Amount invested till 30th September 2016 in movies that are under production Rs 441 million



BTL Standalone Financial Performance

Income from Operations

- Q2 FY17 revenues at Rs 616 million vs Rs 532 million in Q2 FY16. Improvement on account of increase in hours of programming coupled with better realizations
- H1 FY17 revenues at Rs 1,152 million vs Rs 1,226 million in H1 FY16. Marginal reduction in revenues as H1 FY16 had higher realisation shows such as Nach Baliye

EBITDA

- Q2 FY17 EBITDA at Rs 61 million vs Rs 92 million in Q2 FY16. Current quarter had shows which were coming to an end coupled with recently launched shows where margins take some time to improve
- H1 FY17 EBITDA at Rs 104 million vs Rs 162 million in H1 FY16. H1 FY 16 had higher margin shows such as Nach Baliye and Jodha Akbar

Other income

- Q2 FY17 other income at Rs 29 million vs Rs 13 million in Q2 FY16
- H1 FY17 other income at Rs 96 million vs Rs 61 million in H1 FY16
- Improvement in other income on account of interest from inter company loans and advances

Profit after Tax

- Q2 FY17 PAT at Rs 44 million vs Rs 69 million in Q2 FY16
- H1 FY17 PAT at Rs 102 million vs Rs 137 million in H1 FY16
- PAT for the period is lower due to lower EBITDA in the period



Television business – Operating KPIs

Particulars	Sep-16	Jun-16	Mar-16	Dec-15	Sep-15	Full Year FY16
Programming Hours	231	226	247	294	199	1,002
Revenue (Rs M)	609	526	556	713	483	2,472
Realisation / Hour (Rs M)	2.63	2.33	2.25	2.42	2.43	2.47
Gross Margin (Rs M)	147	117	167	256	169	733
Gross Margin / Hour (Rs M)	0.64	0.52	0.68	0.87	0.85	0.73

Note

- Increase in programming hours this quarter due to certain special episodes being commissioned during the quarter for our daily soaps
- Realisation per hour has improved due to better episodic fees
- Gross margins have improved this quarter and will continue to improve once the newer shows stabilise



Television business – Show line up

Channel	Shows	Time	Schedule
	Ye Kahan Aa Gaye Hum *	21.30 – 22.00	Monday to Friday
	Kasam Tere Pyaar Ki	22.00 - 22.30	Monday to Friday
	Kawach Kaali Shaktiyon Se	19.00 – 20.00	Saturday to Sunday
	Pavitra Bandhan Do Dilo Ka	20.30 - 21.00	Monday to Friday
	Kalash-EK Vishwaas	20.30 - 21.00	Monday to Friday
	Mazak Mazak Mein *	20.00 – 21.00	Saturday to Sunday
	Ye Hai Mohabbatein	19.30 - 20.00	Sunday to Saturday
	Brahmarakshas	21.00 – 22.00	Saturday to Sunday
	Kumkum Bhagya	21.00 - 21.30	Monday to Friday

Note : Ye Kahan Aa Gaye Hume and Mazak Mazak Mein were on air for part of the quarter.
Shows launched post the quarter – Naagin 2 on Colors , Chandra Nandni and Pardes Mein Hai Meraa Dill on Star Plus



Digital Business - ALT Financial Performance

Income from Operations

- Nil as the company is getting ready to launch commercial services in early Q4 FY17

EBITDA

- Q2 FY17 EBITDA at Rs (43) million vs Rs (9) million in Q2 FY16
- H1 FY17 EBITDA at Rs (75) million vs Rs (9) million in H1 FY16
- EBITDA decreased as employee and other costs have increased as the company scales up for launch

Other income

- Q2 FY17 other income at Rs 33 million vs Rs Nil in Q2 FY16
- H1 FY17 other income at Rs 68 million vs Rs Nil in H1 FY16
- Other income from investments in mutual fund units, pending deployment of capital in the business

Profit after Tax

- Q2 FY17 PAT at Rs (18) million vs Rs (9) million in Q2 FY16
- H1 FY17 PAT at Rs (25) million vs Rs (9) million in H1 FY16

Investments

- Total amount invested as of 30th September 2016 Rs 216 million
- Investments in mutual fund as at 30th September 2016 Rs 1,300 million



Movies Business - BMPL Financial Performance

Income from Operations

- Q2 FY17 revenues at Rs 432 million vs Rs 16 million in Q2 FY16
- H1 FY17 revenues at Rs 966 million vs Rs 28 million in H1 FY16

EBITDA

- Q2 FY17 EBITDA at Rs (280) million vs Rs (19) million in Q2 FY16
- H1 FY17 EBITDA at Rs (277) million vs Rs (42) million in H1 FY16
- Piracy of our movies released in H1 FY17 led to loss of revenues against marketing and productions costs already incurred which has severely affected our profitability in this period
- Estimated loss of revenue on account of piracy at approximately Rs 360 million

Profit after Tax (including Minority Interest)

- Q2 FY17 PAT at Rs (305) million vs Rs (20) million in Q2 FY16
- H1 FY17 PAT at Rs (340) million vs Rs (43) million in H1 FY16

Investments

- Total amount invested as of 30th September in movies that are under production Rs 441 million
- BMPL to selectively commission new movies going forward that have an extremely favorable risk reward profile





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Financials

BTL Standalone Financial Performance

Particulars (Amounts in INR Mn)	Q2 FY17	Q1 FY17	Q2 FY16	H1 FY17	H1 FY16
Net Sales / Income from Operations	609.1	526.6	511.1	1,135.8	1,195.7
Other Operating Income	7.0	9.3	20.9	16.3	30.1
Total Income from operations	616.1	535.9	532.0	1,152.1	1,225.8
Cost of Production	469.3	419.2	363.1	888.5	915.1
Gross Margin	146.8	116.7	168.9	263.6	310.7
Gross Margin %	24%	22%	32%	23%	25%
Employee Benefits Expense	36.8	32.9	32.8	69.7	59.6
Other Expenses	48.7	40.7	44.2	89.5	89.2
EBITDA	61.3	43.1	91.9	104.4	161.9
EBITDA Margin %	10%	8%	17%	9%	13%
Depreciation and amortisation expense	27.1	25.1	19.7	52.1	38.9
Other Income	28.8	67.0	13.0	95.8	61.4
Profit Before Tax	63.0	85.0	85.2	148.1	184.4
Tax Expenses	18.8	27.2	16.6	46.1	47.9
Net Profit After Tax	44.2	57.8	68.6	102.0	136.5
Other Comprehensive Income	(0.1)	(0.1)	(0.0)	(0.2)	(0.1)
Total Comprehensive Income	44.1	57.7	68.6	101.8	136.4



BTL Standalone Balance Sheet

Particulars (in Rs Mn)	As at 30 September, 2016
ASSETS	
Non-current assets	
Property, plant and equipment	277.0
Capital work-in-progress	45.5
Investments	2,171.4
Deferred tax assets (net)	10.0
Others	215.9
Total Non-current assets	2,719.8
Current assets	
Inventories	210.9
Investments	452.1
Trade receivables	761.1
Cash and cash equivalents	20.1
Others	2,738.6
Total Current assets	4,182.8
Total Assets	6,902.6
EQUITY AND LIABILITIES	
Equity	
Equity share capital	151.9
Other equity	6,141.6
Total Equity	6,293.5
Liabilities	
Non-current liabilities	-
Current liabilities	
Trade and other payables	540.6
Other current	68.5
Total Current liabilities	609.1
Total Liabilities	6,902.6

- Includes investments in Subsidiaries and Investments in Indus Balaji PE Fund

- Investments in Mutual fund units

- Includes short term loans and advances to vendors and balance with Government authorities (VAT / Service Tax)



BTL Consolidated Financial Performance

Particulars (Amounts in INR Mn)	Q2 FY17	Q1 FY17	Q2 FY16	H1 FY17	H1 FY16
Net Sales / Income from Operations	1,052.1	1,164.5	528.5	2,216.6	1,274.9
Other Operating Income	7.0	9.3	22.3	16.3	33.9
Total Income from operations	1,059.1	1,173.8	550.8	2,232.9	1,308.8
Cost of Production	1,158.7	1,034.0	367.5	2,192.7	969.3
Gross Margin	(99.6)	139.8	183.3	40.2	339.5
Gross Margin %	-9%	12%	35%	2%	27%
Employee Benefits Expense	68.1	64.6	49.7	132.6	91.6
Other Expenses	94.1	78.2	70.3	172.4	137.0
EBITDA	(261.8)	(3.0)	63.3	(264.8)	110.9
EBITDA Margin %	-25%	0%	11%	-12%	8%
Depreciation and amortisation expense	28.7	26.7	21.7	55.5	42.8
Other Income	37.5	64.3	12.4	101.9	61.5
Finance costs	0.1	0.1	0.0	0.2	0.1
(Loss) / Profit Before Tax	(253.1)	34.5	54.0	(218.6)	129.5
Tax Expenses	26.9	36.5	15.9	63.3	47.9
Net (Loss) / Profit After Tax	(280.0)	(2.0)	38.1	(281.9)	81.6
Share of Profit / (Loss) of associates	0.1	(0.0)	0.0	0.1	(0.0)
Minority interest	(0.1)	8.7	0.9	8.5	-
Net (Loss) / Profit after tax, share of assoc. and min. int.	(280.0)	6.7	39.0	(273.3)	81.6
Other Comprehensive Income	(0.0)	(0.0)	0.2	(0.1)	0.4
Total Comprehensive Income	(280.0)	6.7	39.2	(273.4)	82.0



BTL Consolidated Financial Performance – Q2 FY17

Particulars (in Rs Million)	BTL	BMPL	BOLT	EML	MFPL	CBEL	ALT	Eliminations	Consol
Net Sales / Income from Operations	609.1	431.9	-	-	2.8	8.3	-	-	1,052.1
Other Operating Income	7.0	-	-	-	-	-	-	-	7.0
Total	616.1	431.9	-	-	2.8	8.3	-	-	1,059.1
Expenditure	-	-	-	-	-	-	-	-	-
Cost of movie Production	469.3	680.9	-	-	0.1	8.3	-	-	1,158.7
Staff Cost	36.8	11.0	-	-	1.3	-	19.0	-	68.1
Finance Cost	-	24.6	0.3	0.2	-	0.1	-	25.1	0.1
Depreciation	27.1	1.3	0.1	-	0.0	0.0	0.3	-	28.7
Other Expenditure	48.7	19.6	0.2	0.2	1.0	0.3	24.2	-	94.1
Total	581.9	737.4	0.6	0.4	2.4	8.7	43.5	25.1	1,349.7
Profit / (Loss) from Operation Before Other Income	34.2	(305.5)	(0.6)	(0.4)	0.4	(0.4)	(43.5)	(25.1)	(290.6)
Other Income	28.8	0.4	-	-	0.3	-	33.1	25.1	37.5
Profit / (Loss) from Ordinary Activities Before Tax	63.0	(305.1)	(0.6)	(0.4)	0.7	(0.4)	(10.4)	-	(253.1)
Tax Expenses	18.8	-	-	-	0.1	-	7.9	-	26.9
Net Profit / (Loss) from continuing operations	44.2	(305.1)	(0.6)	(0.4)	0.6	(0.4)	(18.3)	-	(280.0)
Share of Loss of associates	-	-	-	-	-	-	-	-	0.1
Reimbursements of the defined benefit liabilities	-	-	-	-	-	-	-	-	(0.0)
Minority share in Loss	-	-	-	-	-	-	-	-	(0.1)
Net Profit / (Loss) after tax, share of profit of associates	44.2	(305.1)	(0.6)	(0.4)	0.6	(0.4)	(18.3)	-	(280.0)



BTL Consolidated Financial Performance – H1 FY17

Particulars (In Rs Million)	BTL	BMPL	BOLT	EML	MFPL	CBEL	ALT	Eliminations	Consolidated
Net Sales / Income from Operations	1,135.7	966.3	-	-	76.0	38.6	-	-	2,216.6
Other Operating Income	16.3	-	-	-	-	-	-	-	16.3
Total	1,152.0	966.3	-	-	76.0	38.6	-	-	2,232.9
Expenditure	-	-	-	-	-	-	-	-	-
Cost of Production	888.5	1,178.7	-	-	84.2	41.4	-	-	2,192.7
Staff Cost	69.7	22.3	-	-	2.2	-	38.4	-	132.6
Finance Cost	-	62.2	0.8	0.5	-	0.2	0.0	63.5	0.2
Depreciation	52.1	2.5	0.1	-	0.0	0.1	0.6	-	55.4
Other Expenditure	89.5	41.9	0.3	0.2	3.1	0.9	36.6	-	172.4
Total	1,099.8	1,307.6	1.2	0.7	89.5	42.6	75.6	63.5	2,553.3
Profit / (Loss) from Operation Before Other Income	52.2	(341.3)	(1.2)	(0.7)	(13.5)	(4.0)	(75.6)	(63.5)	(320.4)
Other Income	95.9	0.9	-	-	1.1	-	67.6	63.5	101.9
Profit / (Loss) from Ordinary Activities Before Tax	148.1	(340.4)	(1.2)	(0.7)	(12.4)	(4.0)	(8.0)	-	(218.5)
Tax Expenses	46.1	-	-	-	0.3	-	16.9	-	63.4
Net Profit / (Loss) from continuing operations	102.0	(340.4)	(1.2)	(0.7)	(12.7)	(4.0)	(24.9)	-	(281.9)
Share of (Loss) / profit of associates	-	-	-	-	-	-	-	-	0.1
Reimbursements of the defined benefit liabilities / (asset)	-	-	-	-	-	-	-	-	(0.1)
Minority share in Loss	-	-	-	-	-	-	-	-	8.6
Net Profit / (Loss) after tax, share of profit of associates	102.0	(340.4)	(1.2)	(0.7)	(12.7)	(4.0)	(24.9)	-	(273.3)



BTL Consolidated Balance Sheet

Particulars (in Rs Mn)	As at 30 September, 2016
ASSETS	
Non-current assets	
Property, plant and equipment	312.6
Capital work-in-progress	86.0
Investments	325.3
Deferred tax assets (net)	10.0
Others	796.5
Total Non-current assets	1,530.4
Current assets	
Inventories	958.1
Investments	1,762.9
Trade receivables	841.2
Cash and cash equivalents	92.5
Others	909.2
Total Current assets	4,563.9
Total Assets	6,094.3
EQUITY AND LIABILITIES	
Equity	
Equity share capital	151.9
Other equity	4,865.2
Non controlling interests	(3.7)
Total Equity	5,013.4
Deferred tax liabilities (net)	17.3
Total Non-current liabilities	17.3
Current liabilities	
Trade and other payables	726.7
Other current liabilities	336.9
Total Current liabilities	1,063.6
Total Liabilities	6,094.3

- Includes security deposits and advance income tax (TDS)

- Investments in Mutual fund units

- Includes short term loans and advances to vendors and balance with Government authorities (VAT / Service Tax)



Accounting policies for amortisation on inventory

Television serials

- Inventories are valued at lower of cost and net realisable value. Cost is determined on the basis of average cost.

Movies

- Items of inventory are carried at lower of cost and net realisable value. Cost is determined on the following basis:
 - Films: Actual Cost
 - Unamortised cost of films: The cost of films is amortised in the ratio of current revenue to the expected total revenue. At the end of each accounting period, balance unamortised cost is compared with the net expected revenue. If the net expected revenue is less than unamortised cost, the same is written down to the net expected revenue
- Marketing and distribution expenses are charged to revenue in the period in which they are incurred and are not inventorised



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Thank you
