

# **BALAJI TELEFILMS LIMITED**



## **Results for the Quarter and Nine months ended December 31, 2012**

The Management Discussion and Analysis note is discussed in three sections viz., I. Stand-alone Balaji Telefilms Ltd (the Listed parent), II. Balaji Motion Pictures Ltd (the 100% subsidiary of Balaji Telefilms Ltd) and III. Consolidated Statements.

### **I. BALAJI TELEFILMS LIMITED – STAND ALONE**

#### **A. Financial Highlights**

##### **1. Results comparison of Quarter III ended December 31, 2012 with Quarter II ended September 30, 2012**

- Net sales decreased by 7% from Rs. 34,83.10 lacs to Rs. 32,48.20 lacs as BTL exited the sponsored programs segment during the quarter
- In the quarter under review the company's EBIDTA increased to Rs. 1,84.72 lacs from Rs. 73.04 lacs as a result of better cost control measures undertaken during the quarter
- Net profit for the quarter stood at Rs. 4,94.00 lacs compared to a loss of Rs. 1,16.45 lacs as a result of improved operations and strong other income

##### **2. Results comparison of nine months ended December 31, 2012 with nine months ended December 31, 2011**

- Net sales increased by 14 % from Rs. 90,27.65 lacs to Rs. 103,24.56 lacs on account of;
  - Improvement in realization per hour
- In the quarter ended December 31, 2012, the company has reported an EBITDA of Rs. 5,15.15 lacs V/s Operating Loss of Rs. 5,45.31 lacs for nine months ended December 31, 2011
- Profit after tax is Rs. 8,16.20 lacs as compared to PAT of Rs. 10,06.86 lacs in 9M FY12

##### **3. Results for the Quarter ended DECEMBER 31, 2012 (Rupees in Lacs except per share data)**

Particulars	Quarter ended		Growth wrt prev Qtr	Nine Months ended		Growth wrt prev Yr Qtr
	Dec 31,12	Sep 30,12		Dec 31,12	Dec 31,11	
<b>NET SALES</b>	<b>32,48.20</b>	<b>34,83.10</b>	-7%	<b>103,24.56</b>	<b>90,27.65</b>	14%
OTHER OPERATING INCOME	84.21	82.68	2%	3,51.93	2,16.08	63%
<b>TOTAL EXPENDITURE</b>	<b>31,47.69</b>	<b>33,63.84</b>	-6%	<b>101,61.34</b>	<b>97,89.04</b>	4%
<b>EBIDTA</b>	<b>1,84.72</b>	<b>73.04</b>	153%	<b>5,15.15</b>	<b>(5,45.31)</b>	NA
Depreciation	1,94.15	2,01.94	4%	5,98.42	5,50.73	9%
<b>OPERATING PROFIT/LOSS AFTER DEPRECIATION</b>	<b>(9.43)</b>	<b>(1,28.90)</b>	NA	<b>(83.27)</b>	<b>(10,96.04)</b>	NA
Other Income	3,85.87	1,57.72	145%	10,47.94	23,96.07	- 56%
<b>PROFIT BEFORE TAX</b>	<b>3,76.44</b>	<b>28.82</b>	1,206%	<b>9,64.67</b>	<b>13,00.03</b>	- 26%
Provision for Taxation	(1,17.56)	1,45.27	NA	1,50.44	1,37.66	9%
<b>PROFIT/Loss AFTER TAX -- Continued Operation</b>	<b>4,94.00</b>	<b>(1,16.45)</b>	NA	<b>816.20</b>	<b>11,62.38</b>	- 30%
--(Loss) From Discontinued Operations	-	-	-	-	(1,55.51)	-
<b>Total Profit/Loss after Tax</b>	<b>4,94.00</b>	<b>(1,16.45)</b>	NA	<b>816.20</b>	<b>10,06.86</b>	-19%
<b>EARNINGS PER SHARE (FV Rupees 2)</b>	<b>0.76</b>	<b>(0.18)</b>	NA	1.25	1.54	-19%

### A) For Quarter ended December 31, 2012 V/s Quarter ended September 30, 2012

- Hours of Hindi Commissioned programs stood at 146
- There was no programming in the Sponsored segment. The Company is in the process of identifying new concepts which will translate to fresh content

### C) SHOW REPORT FOR THE QUARTER ENDED DEC 31, 2012

#### A: EXISTING SHOWS

#### 1 Hindi Speaking Market - Commissioned

SERIAL	CHANNEL	TIME	DURATION (In Mins)	SCHEDULE
Pavitra Rishtaa	Zee TV	9.00pm - 9.30pm	0:30	5 times a Week
Bade Ache Lagte Hai	Sony TV	10.30pm -11.00pm	0:30	4 times a Week
Parichay	Colors	9.30pm - 10.00pm	0:30	5 times a Week
Kya Hua Tera Vaada	Sony TV	10.00pm -10.30pm	0:30	4 times a Week
Gumrah Season II	Channel V	5.30pm -06.00pm	0:30	4 times a Week
The Serial	Channel V	5.30pm -06.00pm	0:30	4 times a Week

- Hindi Commissioned segment continues to do well. This segment is expected to do even better going forward with the addition of two new shows
  - Jodha a first time ever costume drama on television is expected to be aired on Zee; the theme and content is based on the epic Jodha Akbar
  - This serial, being the first of its kind marks an important milestone for Balaji. The Company is focusing on ensuring strong content has placed tight emphasis on maintaining a tight control on costs to ensure its success

### Management Discussion and Analysis on Financial Results of the Company for the Quarter ended December 31, 2012

#### 1. Revenues

- The Company recorded income from operations in the quarter of Rs. 33,32.41 Lacs as compared to Rs. 35,65.78 Lacs for the quarter ended September 30, 2012. In this quarter, revenues were realized only from Commissioned programming amounting to Rs. 31,81 Lacs against Rs. 31,78 Lacs for quarter ended September 30, 2012. There was no revenue from the Sponsored segment during the quarter as the Company has completely exited from this segment while partial revenues from the Sponsored programming was at Rs. 132 Lacs during the quarter ended September 30, 2012. The share of commissioned programming in revenues during the quarter has improved both in terms of volume and realization.

The revenue-wise distribution between commissioned and sponsored programming during the quarter ended December 31, 2012 compared to the corresponding previous quarter and sequentially preceding quarter is as follows:

Show Type	Revenue for Q Ending (Rupees in Lacs)			Percentage		
	Dec-12	Sep-12	Dec-11	Dec-12	Sept-12	Dec-11
Commissioned*	3,181	3,178	2,395	100%	96%	89%
Sponsored		132	308		4%	11%
<b>Total</b>	<b>3,181</b>	<b>3,483</b>	<b>2,703</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\*Excludes Marathi and Event business

Show Type	Hours for Q Ending			Percentage		
	Dec-12	Sep-12	Dec-11	Dec-12	Sep-12	Dec-11
Commissioned*	146	145	120	100%	71%	56%
Sponsored		88	94.5		29%	44%
<b>Total</b>	<b>146</b>	<b>305</b>	<b>214.5</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\*Excludes Marathi and Event business

## **2. Other Income**

The Other Income during the quarter increased from Rs. 1,57.72 lacs in previous quarter to Rs. 3,85.87 lacs in Q3FY13

## **3. Gross Block**

The Company's fixed assets stood at Rs. 103,44.89 lacs as on Dec 31, 2012, this includes investment in office building, leasehold improvements, Production sets & studios, cameras & equipment.

## **4. Investments**

As on Dec 31, 2012, the Company's total current investments were at Rs. 153,72.80 lacs largely comprising investments in mutual funds and debentures issued by other Body corporates and investment in Trusts.

As a part of the Company's efforts for effective management of its surplus funds it has invested in a fund, set up by 'Indus Balaji Investor Trust' a Domestic Venture Capital Fund registered with SEBI.

Towards its obligations as an investor in the fund i.e. 'Emerging Markets Media and Entertainment Opportunities Fund I-A', (a Scheme of Indus Balaji Investor Trust), the Company has committed to invest upto Rs.40,00 Lacs, of which the first call of Rs. 800 lakhs was invested in the year 2011-12 and a subsequent deployment of Rs.8,00 lacs during the quarter under review. The above Indus Balaji Investor Trust is managed by IPB Capital Advisors, LLP (Investment Manager) in which the Company has a 50% stake. All businesses managed by the fund are in an incubation stage and progressing well having a huge potential to scale-up.

## **5. Debtors**

The Company's debtors (in days of income) are at 93 days as on Dec 31, 2012.

## **6. Loans and advances**

Short term loans and Advances

1) Advance Tax: Rs. 13,22 lacs

A. Other Short term Loans and advances as at 31<sup>st</sup> Dec 2012 amounts to Rs. 117,30 lacs of which Loans to subsidiary is Rs 109,48 lacs and others Rs. 7,82 lacs

B. Long Term Advances as at 31<sup>st</sup> Dec 2012 amounts to Rs. 20, 07 lacs

The principal loans and advances comprise of;

- 1) Loan to Balaji Employee Foundation: Rs. 10,00 lacs
- 2) Security Deposits for leased properties: Rs. 9,99. lacs
- 3) Capital Advances: Rs. 8 lacs

## II. BALAJI MOTION PICTURES LTD

In Q3FY13, BMPL received monies for the satellite rights of Kyaa Super Kool Hain Hum after receiving the necessary clearances from the CBFC and FCAT. Additionally, in line with the Company's strategic focus on derisking its financials and limiting exposure to the volatility of the environment, it has already committed a sale of rights for music, overseas and home video for 5 of its movies to be released in 2013 though the paperwork is yet to be formalized. These agreements have been entered into at attractive rates.

BMPL is also in the process of entering into agreements to license the satellite rights of three of its upcoming films.

Agreements with regard to theatrical distribution rights (for individual territories) for all the movies to be released in 2013 are proposed to be entered into closer to the dates of release.

The Company has also firmed up plans to itself distribute all its films to be released in 2013 across the Mumbai and Delhi territories - this will further enhance profitability and minimize any leakages and commission payouts.

BMPL has confirmed current teen sensation, Varun Dhawan (Student Of The Year), as its lead hero for an upcoming production in 2013.

The Company won a case against a South-based production house, Akshaya Productions, for infringing the copyright of the title of 'The Dirty Picture'.

In a short span of 3 years, BMPL has firmly established its place among the top 5 Indian motion picture studios. The youngest and fastest growing entity in the business today, BMPL has become synonymous with commercial cutting edge cinematic content supported by intensive and innovative marketing.

The studio has a number of award-winning and acclaimed box office blockbusters to its credit. Once Upon A Time in Mumbai & Love Sex Aur Dhokha set the ball rolling in 2010.

With four releases, 2011-12 saw the rapid emergence of Alt Entertainment, BMPL's alternate brand, which stands for new-age cinema with alternate sensibilities. Shor in the City, an urban drama, emerged as the most acclaimed film of the year, while Ragini MMS, a paranormal thriller made on a shoe-string budget, became the biggest super hit. Alt's foray into regional cinema with its maiden State Award-winning Marathi co-production, Taryanche Bait, was received with an overwhelming response and set new box office precedents. 2011 ended on a crescendo with the runaway success of The Dirty Picture, unarguably, the most acclaimed, celebrated and discussed film of Indian cinema. In 2012, the Company released the comic sequel, Kyaa Super Kool Hain Hum, which continued its successful track record.

The company is focusing on its development efforts to ensure a steady and creatively sound pipeline for the years ahead. These efforts would be a mix of development of concepts for in-house productions (e.g. Once Upon a time in Mumbai Again, Ragini MMS-2), co-productions (e.g. Shootout at Wadala, Lootera) and signing of key talent i.e. noted Directors and Writers.

The total expenses towards prints and advertising, pertaining to various films, have been expensed off in the quarter under review and have not been matched to the revenue of the films they pertain to, in accordance with the requirements of the relevant Accounting Standards.

The quarterly results of the company going ahead are expected to be 'lumpy' depending on the Film releases during the relevant quarters.

### III. Consolidated results of Balaji Telefilms Ltd as on 31<sup>st</sup> December 2012

#### Results comparison of Quarter III ended December 31, 2012 with Quarter III ended Dec 31, 2011

A) During the quarter the companies turnover decreased by 30.89% due to the following;

- Balaji Telefilms Ltd – Revenues were not realized from the Sponsored segment as BTL exited this segment
- BMPL posted revenues of Rs. 13,25.42 lacs in comparison to Rs. 34,72.91 lacs as there were no movie released in the quarter. Significant revenues comprised the sale of satellite rights of ‘Kya Super Kool Hain Hum’ and ‘Shootout at Lokhandwala’

B) EBIDTA improved from Rs. 45.66 Lacs to Rs. 7,72.53 Lacs this was due to;

- Positive EBIDTA from BTL of R s. 1,84.72 Lacs
- Positive EBIDTA from BMPL of Rs. 5,87.82 Lacs

C) Net Profit after Tax increased from Rs. 3,38.17 Lacs to Rs. 10,23.49 Lacs.

Sr. No	Particulars	BTL Q3 2012 - 13 Standalone Un - Audited	BMPL Q3 2012 - 13 Standalone Un - Audited	BTL Q3 2012 - 13 Consolidated Un - Audited	BTL Q3 2011 - 12 Consolidated Un - Audited
1	a) Net Sales / Income from Operations	32,48.20	13,25.42	45,73.61	65,82.57
	b) Other Operating Income	84.21	2.41	86.33	1,60.76
	<b>Total</b>	<b>33,32.41</b>	<b>13,27.83</b>	<b>46,59.94</b>	<b>67,43.33</b>
2	<b>Expenditure</b>				
	a) (Increase) / Decrease in stock in trade	-48.17	-14,75.09	-15,23.26	-7,31.79
	b) Cost of Production / Acquisition and Telecast Fees	25,40.07	19,55.90	44,95.97	56,11.81
	c) Staff Cost	1,83.24	1,71.87	3,55.11	4,84.10
	d) Depreciation	1,94.15	6.89	2,01.04	2,50.41
	e) Other Expenditure'	4,72.55	87.33	5,59.59	13,33.54
	<b>Total</b>	<b>33,41.84</b>	<b>7,46.91</b>	<b>40,88.45</b>	<b>69,48.07</b>
3	<b>Profit / (Loss) from Operation Before Other Income and Finance Cost (1-2)</b>	<b>-9.43</b>	<b>5,80.93</b>	<b>5,71.49</b>	<b>-2,04.75</b>
4	Other Income	3,85.87	14.20	4,00.08	5,14.83
5	<b>Profit / (Loss) before Finance Cost (3+4)</b>	<b>3,76.44</b>	<b>5,95.13</b>	<b>9,71.57</b>	<b>3,10.08</b>
6	Finance Costs	-	-	-	13.91
7	<b>Profit / (Loss) from Ordinary Activities Before Tax (5-6)</b>	<b>3,76.44</b>	<b>5,95.13</b>	<b>9,71.57</b>	<b>2,96.17</b>
8	Tax Expenses	-1,17.56	64.98	-52.57	-55.77
9	Excess / (Short) Provision for Tax in respect of earlier years	0.00	0.00	0.00	0.00
10	<b>Net Profit / (Loss) from continuing operations (7-8+9)</b>	<b>4,94.00</b>	<b>5,30.14</b>	<b>10,24.14</b>	<b>3,51.95</b>
11	Net (Loss) from dis-continuing operations (before tax)	0.00	0.00	0.00	-16.19
12	Tax Expenses on dis-continuing operations	0.00	0.00	0.00	-2.41
13	<b>Net Profit / (Loss) for the Period / Year (10+11-12)</b>	<b>4,94.00</b>	<b>5,30.14</b>	<b>10,24.14</b>	<b>3,38.17</b>
14	Share of (Loss) / profit of associates	0.00	0.00	-0.65	0.00
15	<b>Net Profit / (Loss) after tax, share of profit of associates (13+14)</b>	<b>4,94.00</b>	<b>5,30.14</b>	<b>10,23.49</b>	<b>3,38.17</b>

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**Safe Harbor**

*Certain statements in this update concerning our future growth prospects are forward looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The achievement of such results is subject to risks, uncertainties and even inaccurate assumptions. Readers may please take a note of this.*