

BALAJI TELEFILMS LIMITED

Results for the Quarter ended June 30, 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 I ended June 30, 2012 with Quarter IV ended March 31, 2012

- Income from operations increased by 29% from Rs. 2,784 Lacs to Rs. 3,593 Lacs due to increase in the turnover of the Hindi Commissioned programs by Rs.370 Lacs & revenue of Rs.600 Lacs from GIFTH event telecasted on Colors TV channel on 15th April 2012
- In the present quarter the company has improved its performance resoundingly from a negative EBIDTA of Rs.164 Lacs to a positive EBIDTA of Rs.257 Lacs this is due to reduction in the production costs thus improving the margins
- Profit after tax increased from Rs.154 Lacs to a profit after tax of Rs. 435 Lacs – a 182% increase in PAT

2. Results comparison of quarter ended June 30, 2012 with quarter ended June 30, 2011

- Income from operations increased by 37% from Rs.2,625 Lacs to Rs.3,593 Lacs on account of;
 - increase in no. of Hrs in Commissioned Segment by 30 Hrs
 - Improvement in realization per hour of Commissioned Segment from Rs.18.5 Lac per hour to Rs.19.7 Lac per hour
 - further during the Quarter revenue of GIFTH event of Rs.600 Lacs was recognized
- In the present quarter the company has reported an Operating Profit of Rs. 257 Lacs V/s Operating Loss of Rs. 228 Lacs in quarter ended June 30, 2011
- Profit after tax is Rs.435 Lacs as compared to PAT of Rs. 1,057 Lacs in Q1 FY12, which is also due to receipts from Keyman Policy received in Q1FY12 of Rs.910 Lacs

3. Results for the Quarter ended June 30, 2012

(Rupees in Lacs except per share data)

Particulars	Quarter ended		Growth wrt prev Qtr	Quarter ended		Growth wrt prev Yr Qtr
	Jun 30,12	Mar,31, 12		Jun 30,12	Jun 30,11	
NET SALES	3,593	2,784	29%	3,593	2,625	37%
OTHER OPERATING INCOME	185	908	-80%	185	13	1291%
TOTAL EXPENDITURE	3,521	3,856	-9%	3,521	2,867	23%
EBIDTA	257	-164	-	257	-228	-
Depreciation	202	160	26%	202	159	28%
OPERATING PROFIT AFTER DEPRECIATION	55	-324	-	55	-387	-
Other Income	504	253	99%	504	1,614	-69%
PROFIT BEFORE TAX	559	-72	-	559	1,228	-54%
Provision for Taxation	125	-226	-	125	170	-27%
PROFIT AFTER TAX -- Continued Operation	435	154	182%	435	1,057	-59%
<i>-- (Loss) From Discontinued Operations</i>					-93	
Total Profit after Tax	435	154		435	965	
EARNINGS PER SHARE (FV Rupees 2)	0.67	0.24	185%	0.67	1.48	-55%
KEY RATIOS						
Operating Margin (%)	7.16%	-5.90%	-	7.16%	29.05%	-75.34%
Net Profit Margin (%)	12.10%	5.54%	118.50%	12.10%	12.89%	-6.15%

A) For Quarter Ended June 30, 2012 V/s Quarter ended March 31, 2012

- Realization per hour from Commissioned programming (HSM) increased marginally from Rs. 19.60 Lacs in Q1FY12 to Rs.19.7 Lacs in Q1FY13
- Realization per hour from Sponsored programming reduced from Rs.1.91 Lacs in the previous quarter to Rs.1.88 Lacs per hour in the current quarter
- Hours of Commissioned programs remained increased from 114 hours to 132 hours
- Hours of Sponsored programs increased marginally from 126 hours in previous quarter to 129 hours in the current quarter

B) For Quarter Ended June 30, 2012 V/s Quarter ended June 30, 2011

- Realization per hour from Commissioned programming (HSM) increased to Rs.19.7 Lacs in the current quarter as against Rs.18.5 Lacs in Q1FY12
- Realization per hour from Sponsored programming reduced from Rs.3.88 Lacs in Q1FY12 to Rs. 1.88 Lacs per hr in Q1FY13
- Hours of Commissioned programs (HSM) increased from 102 hours in Q1FY12 to 132 hours in the current quarter
- Hours of Sponsored programs increased from 105 hours in Q1FY12 to 129 hours in Q1FY13

C) SHOW REPORT FOR THE QUARTER ENDED JUNE 30, 2012
A: EXISTING SHOWS
1 Hindi Speaking Market - Commissioned

SERIAL	CHANNEL	TIME	(In Mins) DURATION	SCHEDULE
Pavitra Rishtaa	Zee TV	9.00pm - 9.30pm	0:30	5 times a Week
Bade Achee Lagte Ho	Sony TV	10.30pm -11.00pm	0:30	4 times a Week
Parichay	Colors TV	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
Gumraah Season II	Channel V	8.00pm - 8.30pm	0:30	4 times a Week

2 Marathi Speaking Market - Commissioned

SERIAL	CHANNEL	TIME	(In Mins) DURATION	SCHEDULE
Rang Maza Vegada	Saam TV	8.00pm-8.30pm	0:30	6 times a Week
Mission Dosti	Saam TV	8.30pm - 9.00pm	0:30	6 times a Week

b) South Market - Sponsored

SERIAL	CHANNEL	TIME	(In Mins) DURATION	SCHEDULE
Kasturi	Sun TV	11 am-11.30 am	0:30	5 times a Week
Nuvvu Nachaav	Gemini TV	2.00pm-2.30pm	0:30	5 times a Week
Kalyani	Udaya TV	2.00pm-2.30pm	0:30	5 times a Week
Ugaddi	Udaya TV	7 pm -7.30 pm	0:30	5 times a Week

Management Discussion and Analysis on Financial Results of the Company for the Quarter ended June 30, 2012
1. Revenues

The Company recorded income from operations in the quarter of Rs.2,845 Lacs as compared to Rs.2,473 Lacs for the quarter ended March 31, 2012. Revenue contribution from Commissioned programming (HSM) was Rs. 2,602 Lacs against Rs. 2,232 Lacs for quarter ended March 31, 2012, while that of Sponsored programming was Rs. 243 Lacs as against Rs. 241 Lacs in the same period.

The share of commissioned programming in revenues during the quarter was 91% while that of sponsored programming was 9%. This is due to improved performance in terms of volume and realization of the commissioned programs.

The revenue-wise distribution between commissioned and sponsored programming during the quarter ended June 30, 2012, is as follows:

Show Type	Revenue for Q Ending (Rupees in Lacs)			Percentage		
	Jun-12	Mar-12	Jun-11	Jun-12	Mar-12	Jun-11
Commissioned*	2,602	2,232	1,885	91%	90%	82%
Sponsored	243	241	407	9%	10%	18%
Total	2,845	2,473	2,292	100%	100%	100%

(* Excludes Marathi segment and Event business)

2. Operational

A. Content for TV Channel - Programming Mix

Commissioned & Sponsored Programs

The hour-wise programming distribution during the quarters ended June 30, 2012 as compared to previous year and quarter is as follows:

Show Type	Hours for Q Ending			Percentage		
	Jun-12	Mar-12	Jun-11	Jun-12	Mar-12	Jun-11
Commissioned*	132	114	102	51%	48%	49%
Sponsored	129	126	105	49%	52%	51%
Total	261	240	207	100%	100%	100%

(* Excludes Marathi segment and Event business)

3. Other Income

The Other Income during the quarter increased from Rs. 253 Lacs in previous quarter to Rs.504 Lacs in Q1FY13 on account of the interest on Income Tax refunds received during the current quarter.

4. Gross Block

The Company's fixed assets stood at Rs. 3,167 Lacs as on June 30, 2012, this includes investment in office building, leasehold improvements, Production sets & studios, cameras & equipment's.

5. Investments

As on June 30, 2012, the Company's total investments were at Rs.24,587 Lacs including;

- Rs.3,000 Lacs invested in wholly owned subsidiary – Balaji Motion Pictures Ltd
- Rs. 19,249 Lacs invested in units of mutual funds
- Rs. 2,338 Lacs in the debentures issued by other Bodies corporates & Trusts

As a part of the Company's efforts in the investment of its surplus funds, the company has decided to invest in two funds, set up by 'Indus Balaji Investor Trust' and 'Indus Balaji Education Investor Trust' each, both of which are Domestic Venture Capital Funds registered with SEBI.

Towards its obligations as an investor in the first 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.4,000 Lacs, of which the first call of Rs. 800 lakhs was invested in the year 2011-12. The above Indus Balaji Investor Trust is managed by IPB Capital Advisors, LLP (Investment Manager) in which the Company has a 50% stake.



The Investment obligation of Balaji Telefilms Ltd. in the second fund i.e. 'Emerging Markets Education Opportunities Fund I-A', a scheme of Indus Balaji Education Investor Trust is yet to be finalized. The Indus Balaji Education Investor Trust is managed by Indus Balaji Education Capital Advisors, LLP (Investment Manager) in which the company has a 37.50% stake.

6. Debtors

The Company's debtors (in days of income) are at 91 days as on June 30, 2012.

7. Loans and advances

A) Short term Loans and advances as at 30th June 2012 amounts to Rs.9,054 Lacs

The Company's principal loans and advances comprised;

- 1) Loan to the Subsidiary Balaji Motion Pictures Ltd. of Rs.6,654 Lacs
- 2) Advance Tax Rs. 1,792 Lacs
- 3) Other advances Rs.608 Lacs

B) Long Term Advances as at 30th June 2012 amounts to Rs. 2,047 Lacs

The principal loans and advances comprises of;

- 1) Loan to Balaji Employee Foundation Rs.1,000 Lacs
- 2) Deposits for leased properties Rs.1,039 Lacs

II. BALAJI MOTION PICTURES LTD

Within three years of its renewed focus, 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 sleeper 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. The year ended on a crescendo with the runaway success of The Dirty Picture, unarguably, the most acclaimed, celebrated and discussed film of Indian cinema.

Continuing its exponential growth curve, BMPL released Kya Super Kool Hain Hum in Q2FY13 on 27th July 2012 and is expected to release at least one more major film in 2012-2013 and at least four films in 2013-2014. The company is focussing on its development efforts to ensure a healthy and steady 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), co-productions (e.g. Shootout at Wadala, Lootera) and signing of key talent i.e. Directors and writers.

The company has opted to consolidate the results of its subsidiary in its quarterly results starting this quarter as a measure of further transparency in its results. The income reflected in the subsidiary in the current quarter is ancillary income from the previous year releases. In the 1st quarter there has been no film release by the company and hence the results show a loss (Rs. 240 Lacs) primarily on account of administrative expenses (including staff costs) and marketing expenses. The marketing expenses to the extent of Rs. 87 lakhs, pertaining to various films have been expensed off in the current quarter 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. The second quarter of the Company will include the results of Kya Super Kool Hain Hum, which was released on 27th July, 2012.

Kya Super Kool Hain Hum has opened excellently at the box office with an NBOC (Net Box Office Collections) of approx. 22 crore over the first weekend. The company had de-risked the revenues of the Film by selling the India Theatrical rights on a Minimum Guarantee basis. The Satellite and Music rights of the film were also sold in prior months. This has ensured that the film will be a highly profitable and successful project of the company, which has further been validated by the collections in the first weekend of the release.

III. Consolidated results of Balaji Telefilms Ltd as on 30th June 2012

Results comparison of Quarter I ended June 30, 2012 with Quarter IV ended March 31, 2012

- A) During the quarter the companies turnover increased by 2% due to the;
- Improved performance of Balaji Telefilms Ltd – standalone wherein the turnover jumped by 29%, this was due to increase in the volume of the Hindi Commissioned programs from 114 hours to 132 hours and is also supported by the increase in the realization per hour from Rs.19.5 lac per hour to Rs,19.7 lac per hour,
 - In BMPL only marginal revenue could be realized as there was no film released in the quarter.
- B) EBIDTA improved from negative EBIDTA of Rs.669 Lacs to a profit of Rs. 19 Lacs this was due to;
- Positive EBIDTA from BTL of Rs.257 Lacs
 - Negative EBIDTA from BMPL of Rs.239 Lacs
- C) Net Profit after Tax reduced from Rs.593 Lacs to Rs.139 Lacs. Q1FY12 PAT also included maturity amount of Rs.9.10 Crs from the keyman policy which was part of other income.

Sr.	Particulars	BTL	BMPL	BTL	BTL
		Q1 2012-13 Stand-alone (Un-Audited)	Q1 2012-13 Stand-alone (Un-Audited)	Q1 2012-13 Consolidated (Un-Audited)	Q1 2011-12 Consolidated (Un-Audited)
1	a) Net Sales / Income from Operations	3,593.27	44.22	3,637.49	3,565.28
	b) Other Operating Income	185.03	33.33	218.36	13.30
	Total	3,778.30	77.55	3,855.85	3,578.58
2	Expenditure			-	
	a) Decrease / (Increase) in stock in trade	501.59	(2,497.71)	(1,996.12)	419.08
	b) Cost of Production / Acquisition and Telecast Fees	2,479.49	2,562.22	5,041.71	2,232.55
	c) Staff Cost	243.65	90.93	334.58	513.51
	d) Depreciation	202.33	0.99	203.31	159.64
	e) Other Expenditure	296.18	160.89	457.07	1,082.89
	Total	3,723.24	317.32	4,040.56	4,407.68
3	Profit / (Loss) from Operation Before Other Income and Interest (1-2)	55.06	(239.76)	(184.71)	(829.10)
4	Other Income	504.35	0.11	504.46	1,685.14
5	Profit / (Loss) before Interest (3+4)	559.40	(239.65)	319.75	856.04
6	Finance Costs	-	-	-	-
7	Profit / (Loss) from Ordinary Activities Before Tax (5-6)	559.40	(239.65)	319.75	856.04
8	Tax Expenses	122.73	60.00	182.73	161.83
9	Excess / (Short) Provision for Tax in respect of earlier years	1.97		1.97	(8.47)
10	Net Profit from continuing operations (7-8+9)	438.64	(299.65)	138.99	685.74
11	Net (Loss) from dis-continuing operations (before tax)	-	-		(96.83)
12	Tax Expenses on dis-continuing operations	-	-		(4.21)
13	Net Profit for the Period / Year (10+11-12)	438.64	(299.65)	138.99	593.12
14	Paid-up Equity Share Capital (Face Value Rs. 2/- each)	1,304.21	1,304.21	1,304.21	1,304.21
15	Reserves excluding Revaluation Reserves				-
16	Earnings Per Share (EPS) Basic and Diluted	0.67	(0.46)	0.21	0.91

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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.