

BALAJI TELEFILMS LIMITED

Results for the Quarter and Half year ended September 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 II ended September 30, 2012 with Quarter I ended June 30, 2012

- Income from operations marginally dipped by 3% from Rs. 3,593 Lacs to Rs. 3,483 Lacs as BTL exited the sponsored programs segment and revenues from this segment has been received only during the beginning of the quarter
- In the present quarter the company's EBIDTA decreased to Rs. 73 lacs from Rs. 257 Lacs due to marginal increase in the production costs and increase in other expenditure
- Net loss for the quarter stood at Rs. 116 Lacs compared to a profit after tax of Rs. 438 Lacs due to higher tax expenses

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

- Income from operations increased by 20 % from Rs. 5,917 Lacs to Rs. 7,076 Lacs on account of;
 - Increase in no. of Hrs in Commissioned to 214
 - Improvement in realization per hour
- In the present quarter the company has reported a reduction in Operating Loss to Rs. 74 Lacs V/s Operating Loss of Rs. 655 Lacs in quarter ended September 30, 2011
- Profit after tax is Rs. 322 Lacs as compared to PAT of Rs. 895 Lacs in Q2 FY12

3. Results for the Quarter ended SEPTEMBER 30, 2012

(Rupees in Lacs except per share data)

Particulars	Quarter ended		Growth wrt prev Qtr	Quarter ended		Growth wrt prev Yr Qtr
	Sep 30,12	Jun 30,12		Sep 30,12	Sep 30,11	
NET SALES	3,483	3,593	-3 %	7,076	5,917	20 %
OTHER OPERATING INCOME	83	185	-55 %	268	61	339 %
TOTAL EXPENDITURE	3,493	3,521	-1 %	7,014	6,331	-96 %
EBIDTA	73	257	-	330	(353)	-
Depreciation	202	202	-	404	301	-
OPERATING PROFIT/LOSS AFTER DEPRECIATION	(129)	55	-334 %	(74)	(655)	-
Other Income	158	504	-69 %	662	1,884	-65 %
PROFIT BEFORE TAX	29	559	-	588	1,230	-52 %
Provision for Taxation	145	121	-	266	193	38 %
PROFIT/Loss AFTER TAX -- Continued Operation	(116)	438	-127 %	322	1,036	-69 %
-- (Loss) From Discontinued Operations	-	-	-	-	(142)	-
Total Profit/Loss after Tax	(116)	438	-	322	895	-
EARNINGS PER SHARE (FV Rupees 2)	(0.18)	0.67	-127 %	0.49	1.37	-64 %
KEY RATIOS						
Operating Margin (%)	2.10 %	7.16%	-	4.67 %	-5.97 %	-
Net Profit Margin (%)	-3.34 %	12.10%	-	4.55 %	15.12 %	-

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

- Hours of Hindi Commissioned programs stood at 217
- Hours of Sponsored programs stood at 87.5. The Company is in the process of identifying new concepts which will translate to fresh content

C) SHOW REPORT FOR THE QUARTER ENDED SEPT 30, 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 Ho	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 - 6.00pm	0:30	4 times a Week
Pavitra Rista - Ganpati Event	Zee TV	7.30pm-9.00pm	1:30	1 day Event

2 Marathi Speaking Market - Commissioned*

SERIAL	CHANNEL	TIME	DURATION (In Mins)	SCHEDULE
Bandha Reshamache	Star Pravah	8.30pm-9.00pm	0:30	6 times a Week
Arundhati	ZeeMarathi	7.30pm-8.00pm	0:30	6 times a Week
Mission Dosti.Com	SAAM TV	8.30pm-9.00pm	0:30	6 times a Week
Rang Maaza Vegla	SAAM TV	8.00pm-8.30pm	0:30	6 times a Week

b) South Market – Sponsored*

SERIAL	CHANNEL	TIME	DURATION (In Mins)	SCHEDULE
Kalyani	Udaya TV	2.00pm-2.30pm	0:30	5 times a Week
Kasturi	Sun TV	11.00am-11.30am	0:30	5 times a Week
Nuvvu Nachav	Gemini TV	2.00 pm-2.30 pm	0:30	5 times a Week
Yuggadi	Udaya TV	7.00 pm-7.30 pm	0:30	5 times a Week

• Discontinued as on 30th Sept 2012

- Hindi Commissioned segment continues to do well. This segment is expected to do better going forward with the addition of two new shows
 - Jodha a first time ever costume drama on television is to be aired on Zee in December,2012; 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 has been working closely on the content while maintaining a tight control on costs to ensure its success

Management Discussion and Analysis on Financial Results of the Company for the Quarter ended September 30, 2012

1. Revenues

- The Company recorded income from operations in the quarter of Rs. 3,483 Lacs as compared to Rs. 3,592 Lacs for the quarter ended June 30, 2012. Revenue contribution from Commissioned programming (HSM) was Rs. 3,351 Lacs against Rs. 3,350 Lacs for quarter ended June 30, 2012, while that of Sponsored programming was Rs. 132 Lacs as against Rs. 243 Lacs in the same period. Revenues from Sponsored segment has been accounted only during the beginning of Q2FY13 as BTL is in the process of identifying new concepts which will translate to fresh content. The share of commissioned programming in revenues during the quarter was 96% while that of sponsored programming was 4%. 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 September 30, 2012, is as follows:

Show Type	Revenue for Q Ending (Rupees in Lacs)			Percentage		
	Sep-12	Jun-12	Sep-11	Sep-12	Jun-12	Sep-11
Commissioned*	3,351	3,350	2,815	96%	93%	86%
Sponsored	132	243	476	4%	7%	14%
Total	3,483	3,592	3,290	100%	100%	100%

(* Excludes Marathi segment and Event business)

Show Type	Hours for Q Ending			Percentage		
	Sep-12	Jun-12	Sep-11	Sep-12	Jun-12	Sep-11
Commissioned*	217	132	120	71%	51%	55%
Sponsored	88	129	99	29%	49%	45%
Total	305	261	219	100%	100%	100%

(* Excludes Marathi segment and Event business)

2. Other Income

The Other Income during the quarter decreased from Rs. 504 Lacs in previous quarter to Rs. 158 Lacs in Q2FY13

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. The total expenses towards prints and advertising amounted to Rs. 798 lacs, 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 September 2012

Results comparison of Quarter II ended September 30, 2012 with Quarter I ended June 30, 2012

- A) During the quarter the companies turnover increased by 62% due to the;
- Balaji Telefilms Ltd – Volume of the Hindi Commissioned programs improved from 132 hours to 146 hours
 - BMPL posted strong revenues of Rs. 2,413 lacs in comparison to Rs. 44.22 lacs due to revenues realized from the release of 'Kya Super Kool Hain Hum'
- B) EBIDTA improved from Rs. 18.61 Lacs to Rs. 452.26 Lacs this was due to;
- Positive EBIDTA from BTL of Rs. 73.04 Lacs
 - Positive EBIDTA from BMPL of Rs. 380.16 Lacs
- C) Net Profit after Tax increased from Rs. 138.99 Lacs to Rs. 238.20 Lacs.

Sr. No	Particulars	BTL	BMPL	BTL	BTL
		Q2 2012-13 Standalone Un - Audited	Q2 2012-13 Standalone Un - Audited	Q2 2012-13 Consolidated Un - Audited	Q2 2011-12 Consolidated Un - Audited
1	a) Net Sales / Income from Operations	3,483.10	2,412.98	5,896.08	3,306.05
	b) Other Operating Income	82.68		82.38	47.35
	Total	3,565.78	2,412.98	5,978.46	3,353.40
2	Expenditure				
	a) (Increase) / Decrease in stock in trade	38.67	-2,303.43	-2,264.76	-1,115.78
	b) Cost of Production / Acquisition and Telecast Fees	2,852.71	3,423.79	6,276.50	3,709.04
	c) Staff Cost	167.58	164.51	332.09	533.52
	d) Depreciation	201.94	1.00	202.94	143.60
	e) Other Expenditure	433.78	747.95	1,181.43	488.27
	Total	3,694.68	2,033.82	5,728.20	3,758.65
3	Profit / (Loss) from Operation Before Other Income and Finance Cost (1-2)	-128.90	379.16	250.26	-405.25
4	Other Income	157.72	5.75	163.46	270.10
5	Profit / (Loss) before Finance Cost (3+4)	28.82	384.91	413.72	-135.15
6	Finance Costs				
7	Profit / (Loss) from Ordinary Activities Before Tax (5-6)	28.82	384.91	413.72	-135.15
8	Tax Expenses	145.27	25.00	170.27	23.13
9	Excess / (Short) Provision for Tax in respect of earlier years				
10	Net Profit / (Loss) from continuing operations (7-8+9)	-116.45	359.91	243.45	-158.28
11	Net (Loss) from dis-continuing operations (before tax)				-44.87
12	Tax Expenses on dis-continuing operations				4.25
13	Net Profit / (Loss) for the Period / Year (10+11-12)	-116.45	359.91	243.45	-207.40
14	Share of (Loss) / profit of associates	-	-	-5.25	-
15	Net Profit / (Loss) after tax, share of profit of associates (13+14)	-116.45	359.91	238.20	-207.40

1. Gross Block

The Company's fixed assets stood at Rs. 2,982 Lacs as on Sep 30, 2012, this includes investment in office building, leasehold improvements, Production sets & studios, cameras & equipment.

2. Investments

As on Sep 30, 2012, the Company's total investments were at Rs. 20,779.18 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.4,000 Lacs, of which the first call of Rs. 800 lakhs was invested in the year 2011-12 and a subsequent deployment of Rs.800 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.

3. Debtors

The Company's debtors (in days of income) are at 93 days as on Sep 30, 2012.

4. Loans and advances

1) Advance Tax Rs. 1,357.03 Lacs

A) Short term Loans and advances as at 30th Sep 2012 amounts to Rs. 3,234.33 Lacs

The Company's principal loans and advances comprised;

2) Other advances Rs. 1,635.31 Lacs

B) Long Term Advances as at 30th Sep 2012 amounts to Rs. 2,653.97 Lacs

The principal loans and advances comprises of;

1) Loan to Balaji Employee Foundation Rs. 1,000 Lacs

2) Security Deposits for leased properties Rs. 1,027.9 Lacs

3) Advance to vendors Rs. 617.66 lacs

For further details please contact

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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.