

BALAJI TELEFILMS LIMITED

Results for the Quarter ended December 31, 2011

A. Financial Highlights

1. Results comparison of Quarter III ended December 31, 2011 with September 30, 2011

- Income from operations reduced by 7% from Rs. 3547 lacs to Rs. 3302 lacs due to reduction in turnover from Sponsored programming by Rs.168 lacs.
- In the present quarter the company has reported a operating loss of Rs.188 lacs as against a operating loss of Rs. 150 lacs in the previous quarter on account of,
 - Loss in sponsored programming category of Rs.10 Lacs V/s a profit of Rs.117 lacs last quarter
 - Increase in General Administration & other expenditure by 11%,
- Profit after tax increased to Rs.112 lacs from loss of Rs. 70 lacs on account of,
 - Increase in investment income from Rs.270 lacs to Rs.512 Lacs

2. Results comparison of quarter ended December 31, 2011 with quarter ended December 31, 2010

- Income from operations reduced by 15% from Rs.3904 lacs to Rs.3302 lacs.
- In the present quarter the company has reported an Operating loss of Rs. 188 lacs V/s Operating loss of Rs. 43 Lacs in Q3 ended December 31, 2010 on account of reduction in turnover and loss from sponsored program segment.
- Profit after tax reduced to Rs112 lacs from 121 lacs.

3. Results for the Quarter ended December 31, 2011

(Rupees in Lacs except per share data)

| Particulars | Quarter ended | | Growth wrt prev Qtr | Quarter ended | | Growth wrt prev Yr Qtr |
|--|---------------|---------------|---------------------|---------------|--------------|------------------------|
| | Dec 31' 11 | Sept 30'11 | | Dec 31' 11 | Dec 31' 10 | |
| NET SALES | 3,302 | 3,547 | -7% | 3,302 | 3,904 | -15% |
| OTHER OPERATING INCOME | 155 | 48 | 226% | 155 | 46 | 239% |
| Less: | | | | | | |
| Operating Expenditure | 2,701 | 2,882 | -6% | 2,701 | 3,183 | -15% |
| Expenditure relating to New Business | 535 | 536 | 0% | 535 | 392 | 36% |
| Coporate Overheads | 409 | 327 | 25% | 409 | 418 | -2% |
| TOTAL EXPENDITURE | 3,646 | 3,745 | -3% | 3,646 | 3,993 | -9% |
| EBIDTA | (188) | (150) | 26% | (188) | (43) | 342% |
| Depreciation | 269 | 164 | 64% | 269 | 193 | 39% |
| OPERATING PROFIT AFTER DEPRECIATION | (458) | (314) | 46% | (458) | (236) | 94% |
| Other Income | 512 | 270 | 90% | 512 | 315 | 62% |
| PROFIT BEFORE TAX | 54 | (44) | -223% | 54 | 80 | -32% |
| Provision for Taxation | (58) | 26 | -323% | (58) | (42) | 39% |
| COMBINED PROFIT AFTER TAX | 112 | (70) | -260% | 112 | 121 | -8% |
| - Profit From Continued Operations | 146 | (30) | -594% | 146 | 351 | -58% |
| - (Loss) From Discontinued Operations | (34) | (41) | -17% | (34) | (229) | -85% |
| EARNINGS PER SHARE (FV Rs 2) | 0.17 | (0.06) | -375% | 0.17 | 0.19 | -8% |
| KEY RATIOS | | | | | | |
| Operating Margin (%) | -5.70% | -4.23% | 34.87% | -5.70% | -1.09% | 423.16% |
| Net Profit Margin (%) | 3.40% | -1.98% | -271.75% | 3.40% | 3.11% | 9.34% |

A) For Quarter Ended December 31, 2011 V/s Quarter ended September 30, 2011

- Realization per hour from Commissioned programming (HSM) reduced to Rs. 20 lacs v/s Rs.21 lacs in the previous quarter
- Realization per hour from Sponsored programming reduced from Rs.4.8 lacs in the previous quarter to Rs.3.3 lacs per hour in the current quarter
- Hours of Commissioned programs remained constant at 120 hours
- Hours of Sponsored programs reduced from 99 hours in previous quarter to 95 hours in the current quarter

B) For Quarter Ended December 31, 2011 V/s Quarter ended December 31, 2010

- Realization per hour from Commissioned programming (HSM) increased to Rs.20 lacs in Q3 11 as against Rs.18.5 lacs in Q3 10
- Realization per hour from Sponsored programming increased from Rs.3.3 lacs in Q3 11 to Rs. 3.13 Lacs per hr in Q2 11
- Hours of Commissioned programs (HSM) reduced from 162 hours in Q3 2010 to 120 hours in Q3 11
- Hours of Sponsored programs reduced from 187 hours in Q3 2011 to 95 hours in Q3 11

C) SHOW REPORT FOR THE QUARTER ENDED DECEMBER 31, 2011

| A: EXISTING SHOWS | | | | | |
|---|-------------|------------------|----------|----------------|------------------|
| 1 Hindi Speaking Market - Commissioned | | | | | (In Mins) |
| SERIAL | CHANNEL | TIME | 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 | 9.30pm - 10.00pm | 0:30 | 5 times a Week | |
| 2 Marathi Speaking Market - Commissioned | | | | | (In Mins) |
| SERIAL | CHANNEL | TIME | DURATION | SCHEDULE | |
| Bandha Reshamache | Star Pravah | 8.30pm-9.00pm | 0:30 | 6 times a Week | |
| Arundhati | Zee Marathi | 7.30pm-8.00pm | 0:30 | 6 times a Week | |
| 3 Bhojpuri Market - Commissioned | | | | | (In Mins) |
| SERIAL | CHANNEL | TIME | DURATION | SCHEDULE | |
| Sindor Mange Tikuli | Mahuaa TV | 8.00pm-8.30pm | 0:30 | 4 times a Week | |
| b) South Market - Sponsored | | | | | (In Mins) |
| SERIAL | CHANNEL | TIME | DURATION | SCHEDULE | |
| Kalyani | Udaya TV | 7.00pm-7.30pm | 0:30 | 5 times a Week | |
| Kasturi | Sun TV | 11 am-11.30 am | 0:30 | 5 times a Week | |
| Kanna Varri Kalalu | Gemini TV | 2.00pm-2.30pm | 0:30 | 5 times a Week | |
| B: CHANGES DURING THE QUARTER (OFF AIR) | | | | | |
| SERIAL | CHANNEL | TIME | DURATION | SCHEDULE | |
| Pyaar Ki Yeh Ek Kahaani | Star One | 8.30pm-9.00pm | 0:30 | 5 times a Week | |
| C: NEW UPCOMING SHOWS | | | | | |
| SERIAL | CHANNEL | LANGUAGE | DURATION | SCHEDULE | |
| 1 Kyaa Hua Tera Wada | Sony TV | Hindi | 0:30 | 4 times a Week | |
| 2 Ugaddi | Udaya TV | Kannada | 0:30 | 5 times a Week | |

D) Other Highlights

- The Company has obtained shareholders approval vide resolution passed through postal ballot, results whereof were declared on February 18, 2011, to sell and transfer as a going concern, on slump sale basis on such terms and conditions as are negotiated by the Board and/or the Managing Director, its Mobile, Internet and Education division (Collectively the “Undertakings”) at not less than fair value determined by an independent firm of Chartered Accountants or any other professional valuer and with effect from such date and in such manner as may be determined by the Board and/ or the Managing Director.

During the current quarter, on 29th December, 2011, the Company has entered into binding business transfer agreements, to sell its Mobile and Education division for a consolidated sum of Rs. 837 Lacs, based on fair value determined by an independent firm of Chartered Accountants. The transactions would be effective on receipt of the full consideration within a period not exceeding a period of 90 days from the date of the agreement. The transactions would be reflected accordingly in the books of accounts on the effective date.

The Management of the Company has decided to retain the internet division within the Company.

Pursuant to this, the Net Profit after tax for the Quarter ended December 31, 2011 i.e. Rs. 112 lacs would be split into two:

- Net Profit after tax from Continuing Operations - Rs. 146 lacs and
- Net Loss after tax from Discontinuing Operations - Rs. 34 lacs.

| Particulars | 3 Months Ended December 31, 2011 | | | 3 Months Ended September 30, 2011 | | | 3 Months Ended December 31, 2010 | | |
|-----------------------------------|----------------------------------|-------------------------|-----------------|-----------------------------------|-------------------------|-----------------|----------------------------------|-------------------------|-----------------|
| | Continuing Operation | Discontinuing Operation | Total | Continuing Operation | Discontinuing Operation | Total | Continuing Operation | Discontinuing Operation | Total |
| Turnover (net) | 3,110.55 | 191.62 | 3,302.17 | 3,290.46 | 256.52 | 3,546.98 | 3,814.70 | 89.65 | 3,904.35 |
| Other Income | 666.87 | - | 666.87 | 317.67 | - | 317.67 | 361.27 | - | 361.27 |
| Total Income | 3,777.42 | 191.62 | 3,969.04 | 3,608.13 | 256.52 | 3,864.65 | 4,175.97 | 89.65 | 4,265.62 |
| Total Expenditure | 3,687.26 | 227.63 | 3,914.89 | 3,607.41 | 301.39 | 3,908.80 | 3,867.08 | 319.00 | 4,186.08 |
| Profit / (Loss) before tax | 90.14 | (36.01) | 54.13 | 0.72 | (44.87) | (44.15) | 308.89 | (229.35) | 79.54 |
| Provision for taxation | (55.78) | (2.41) | (58.18) | 30.25 | (4.17) | 26.08 | (41.92) | - | (41.92) |
| (Loss) / Profit after tax | 145.92 | (33.61) | 112.31 | (29.53) | (40.70) | (70.23) | 350.81 | (229.35) | 121.46 |

Management Discussion and Analysis on Financial Results of the Company for the Quarter ended December 31, 2011

1. Revenues

The Company recorded income from operations in the quarter of Rs.3302 lacs as compared to Rs.3547 lacs for the quarter ended September 30, 2011. Revenue contribution from Commissioned programming (HSM) was Rs. 2797 lacs against Rs. 2815 lacs for quarter ended September 30, 2011, while that of Sponsored programming was Rs. 308.24 lacs as against Rs. 476 lacs in the same period. The share of commissioned programming in revenues during the quarter was 89% while that of sponsored programming was 11%.

The revenue-wise distribution between commissioned and sponsored programming during the quarter ended December 31, 2011, is as follows:

| Show Type | Revenue for Q Ending (Rs in Lacs) | | | Percentage | | |
|---------------|-----------------------------------|--------------|--------------|-------------|-------------|-------------|
| | Dec-11 | Sep-11 | Dec-10 | Dec-11 | Sep-11 | Dec-10 |
| Commissioned* | 2,395 | 2,550 | 3,007 | 89% | 84% | 84% |
| Sponsored | 308 | 475 | 585 | 11% | 16% | 16% |
| Total | 2,703 | 3,025 | 3,592 | 100% | 100% | 100% |

(* Excludes regional 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 December 31, 2011 as compared to previous year and quarter is as follows:

| Show Type | Hours for Q Ending | | | Percentage | | |
|---------------|--------------------|------------|------------|-------------|-------------|-------------|
| | Dec-11 | Sep-11 | Dec-10 | Dec-11 | Sep-11 | Dec-10 |
| Commissioned* | 120 | 120 | 162 | 56% | 55% | 46% |
| Sponsored | 94.5 | 99 | 187 | 44% | 45% | 54% |
| Total | 214.5 | 219 | 349 | 100% | 100% | 100% |

(* Excludes regional segment and Event business)

3. Other Income

The Other Income during the quarter increased from Rs. 270 lacs in Q2,2011 to Rs.512 lacs in Q3,2011.

4. Gross Block

The Company's fixed assets stood at Rs. 3405 Lacs as on December 31, 2011, This includes investment in office building, leasehold improvements, state-of-the art studios, cameras & equipments. During the quarter the company sold its land at Mira Road for a net value of Rs.50 Crs.

5. Investments

As on December 31, 2011, the Company's total investments were at Rs.25687 lacs including Rs.3000 lacs invested in wholly owned subsidiary – Balaji Motion Pictures Ltd. Out of the above, Rs.22687 lacs was invested in units of mutual funds & debentures issued by other corporates & Trusts as compared to Rs.19125 lacs as on September, 30 2011.

6. Debtors

The Company's debtors (in days of income) are at 99 days as on December 31, 2011 as compared to 113 days as on September 30, 2011.

7. Loans and advances

Loans and advances have increased from Rs.7961 lacs on 30 Sept 2011 to Rs.9700 lacs as on the current quarter end.

The Company's principal loans and advances comprised,

- a) Loan to the Subsidiary Balaji Motion Pictures Ltd. of Rs.3952 lacs,
- b) Loan to the Balaji Employees foundation of Rs.1000 lacs,
- c) Lease deposits for offices / studios Rs.1005 lacs.
- d) Advance Tax of Rs.2882 lacs, &
- e) Advances to other corporate Rs.298 lacs

8. Operations of the Subsidiary – Balaji Motion Pictures Ltd.

The year has been extremely eventful for Balaji Motion Pictures with the company being recognized as a force to reckon with in the Film industry.

A) Releases during the Year

The Dirty Picture, our latest project was released on 2nd December, 2011 and has been one of the biggest hits of the year. With a worldwide Net box-office collection in excess of Rs. 85 crores, the film has performed far beyond expectations. Some of the box office records that it has crossed include it being included in the top 15 hindi films of all times for the opening day, opening weekend and Week 1 numbers. The Dirty Picture also features in the top 15 Hindi films of all times on the basis of the lifetime India NBOC and is at # 6 for the year 2011 in terms of worldwide gross numbers for Hindi Films.

In addition to the audience accolades in the form of the box office numbers, the film has received overall critical acclaim. At the recently concluded Screen awards, *The Dirty Picture* won the Best Film award, Best Actress in a Leading Role (Vidya Balan), Best Director (Milan Luthria), Best dialogues (Rajat Aroraa) etc..

During the first quarter of the year, Shor in the City, and Ragini MMS, our home productions were released successfully and both the films have made their mark in the respective genres.

Our maiden regional Marathi project *Taryanche Bait* was also released in the same quarter and received a tremendous response, commercial as well as critical. The film won the Best Marathi film award at the Screen awards in addition to the Best Director (Marathi – Kiran Yadnopavit).

The success of these efforts is reflected and acknowledged by the fact that the Screen awards gave the Best Performer of the Year award to Ekta Kapoor and Balaji Motion pictures.

Please note that the financial results of the above film releases would be disclosed along with the consolidated results of the parent Company in the March quarter i.e. for the year ending 31st March, 2012. The company has not opted for quarterly consolidation of its results for the year and hence only stand-alone results for the parent company are being declared today.

B) Films Under Production

Kya Super Kool Hai Hum, a home production, directed by Sachin Yardi, starring Riteish Deshmukh and Tusshar Kapoor and a sequel to the earlier home production *Kya Kool Hai Hum* has gone into production during the quarter. Further, 'Lootera', a co-production with Phantom Productions Pvt Ltd and directed by Vikramaditya Motwani, starring Ranveer Singh and Sonakshi Sinha, also started production during the quarter.

A few more projects currently at the development / pre-production stage are expected to start production shortly.



For further information on results, please contact us on following nos:
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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.