

Quarterly Performance Review – Q3 FY17 and 9M FY17



Balaji Telefilms Ltd.

Unique, Distinctive, Disruptive

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Balaji Telefilms Ltd.

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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

Demonstrated ability to create high quality content

Moved towards HD programming to enhance viewing experience

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

10 Primetime shows on air across leading GECs and National Television

Digital



Subscription based video streaming platform

Premium, Original and Exclusive content

Allow users to watch high quality content across multiple connected devices

Movies



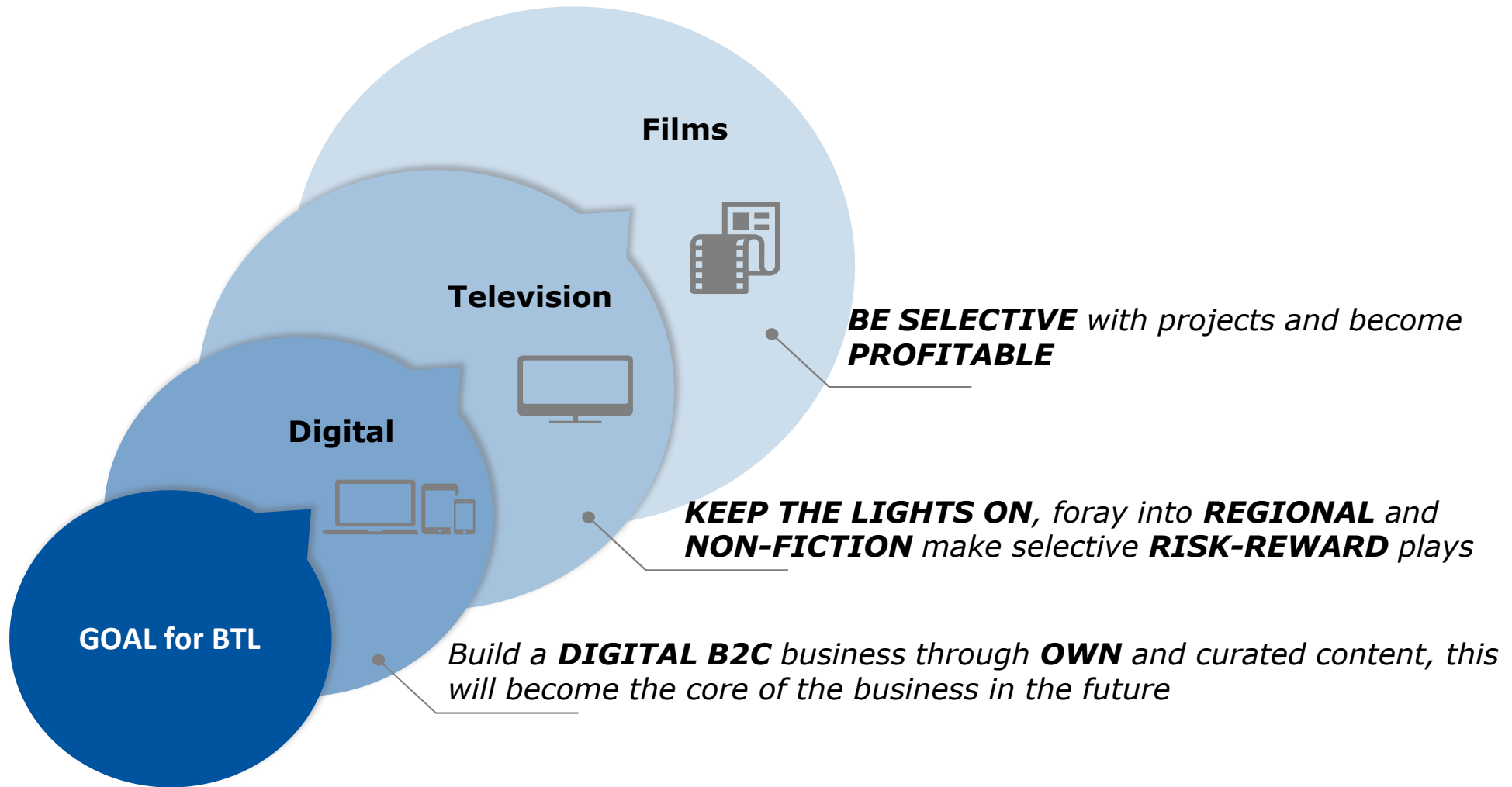
Combination of modest budget, high-concept movies as well as high-profile big star-cast films

Balance of 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 and 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 10 shows running on air during the quarter spread across the GEC broadcasters – newly launched shows such as Naagin 2 and Chandra Nandni are well received
- Won rights to develop and telecast programming on primetime (8pm to 930pm weekdays) for the National Broadcaster – Doordarshan

ALT Digital

- Continue to add original, exclusive and disruptive content in preparation for launch – content library at launch to have 6 original shows and some curated content totaling over 200 hours of content
- Entered into marketing and distribution tie ups with leading Smartphone OEMs / Telco / ISP / Ecommerce and Payment partners

Movie Business

- No movies released during the quarter and the company continues to be very selective with its movie pipeline
- Post production work continues for two movies – Half Girlfriend (mid budget Hindi film) and Super Singh (Punjabi regional film), both expected to release in H1 FY18

Others

- Process underway to merge Bolt Media and Film Production business of Balaji Motion Pictures Limited. Received observation letter from the Stock exchanges. Expected to complete in Q1 FY 18



Consolidated Financial Performance

Income from Operations

- Q3 FY17 revenues at Rs 1,034 million vs Rs 1,059 million in Q2 FY17
- 9M FY17 revenues at Rs 3,267 million vs Rs 2,095 million in 9M FY16
- Increase in revenues on account of higher revenues from the movies business as 9M FY17 had 4 movie releases vs no movie release in 9M FY16

EBITDA

- Q3 FY17 EBITDA at Rs 28 million vs Rs (262) million in Q2 FY17
- 9M FY17 EBITDA at Rs (236) million vs Rs 235 million in 9M FY16
- Piracy of our movies Great Grand Masti and Udta Punjab in 9M FY17 has severely impacted our profitability in this period

Profit after Tax (including Minority Interest)

- Q3 FY17 PAT at Rs (18) million vs Rs (280) million in Q2 FY17
- 9M FY17 PAT at Rs (291) million vs Rs 125 million in 9M FY16

Investments

- Investments in mutual fund units at 31st December 2016 Rs 1,490 million (of which Rs 1,115 million through ALT and Rs 375 million through BTL)
- Amount invested till 31st December 2016 in movies that are under production Rs 503 million



BTL Standalone Financial Performance

Income from Operations

- Q3 FY17 revenues at Rs 839 million vs Rs 616 million in Q2 FY17. Improvement on account of increase in hours of programming coupled with newer shows at higher realizations
- 9M FY17 revenues at Rs 1,991 million vs Rs 1,997 million in 9M FY16.

EBITDA

- Q3 FY17 EBITDA at Rs 104 million vs Rs 61 million in Q2 FY17.
- 9M FY17 EBITDA at Rs 208 million vs Rs 341 million in 9M FY16. 9M FY 16 had higher margin shows such as Nach Baliye and Jodha Akbar

Other income

- Q3 FY17 other income at Rs 46 million vs Rs 29 million in Q2 FY17
- 9M FY17 other income at Rs 142 million vs Rs 158 million in 9M FY16

Profit after Tax

- Q3 FY17 PAT at Rs 80 million vs Rs 44 million in Q2 FY17
- 9M FY17 PAT at Rs 182 million vs Rs 319 million in 9M FY16




Television business – Operating KPIs

Particulars	Dec-16	Sep-16	Jun-16	Mar-16	Dec-15	Full Year FY16
Programming Hours	262	231	226	247	294	1,002
Revenue (Rs M)	835	609	526	556	713	2,472
Realisation / Hour (Rs M)	3.19	2.63	2.33	2.25	2.42	2.47
Gross Margin (Rs M)	187	147	117	167	256	733
Gross Margin / Hour (Rs M)	0.71	0.64	0.52	0.68	0.87	0.73

- Increase in programming hours this quarter as 10 serials on air against 9 in Q2 FY17
- Realisation per hour has improved due to higher quality programming and recently launched shows at higher realisations
- Gross margins continue to improve as recently launched shows have begun to stabilise



Television business – Show line up

Channel	Shows	Time	Schedule
	Kasam Tere Pyaar Ki	22.00 - 22.30	Monday to Friday
	Kawach Kaali Shaktiyon Se *	19.00 - 20.00	Saturday to Sunday
	Naagin 2	20.00 - 21.00	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
	Ye Hai Mohabbatein	19.30 - 20.00	7 days a week
	Chandra Nandni	20.30 - 21.00	Monday to Friday
	Pardes Mein Hai Meraa Dill	20.00 - 20.30	Monday to Friday
	Brahmarakshas	21.00 - 22.00	Saturday to Sunday
	Kumkum Bhagya	21.00 - 21.30	Monday to Friday

Note : * Serials ended during the quarter. **Balaji Telefilms has won telecast rights for 3 weekday slots (8pm to 930pm) on the National Broadcaster. These shows are expected to commence in Q1 FY18**



Digital Business - ALT Financial Performance

Income from Operations

- Nil as the company is currently testing the services ahead of its commercial launch

EBITDA

- Q3 FY17 EBITDA at Rs (55) million vs Rs (43) million in Q2 FY17
- 9M FY17 EBITDA at Rs (130) million vs Rs (25) million in 9M FY16
- Increase in costs as the company scales up for commercial launch

Other income

- Q3 FY17 other income at Rs 16 million vs Rs 33 million in Q2 FY17
- 9M FY17 other income at Rs 84 million vs Rs Nil in 9M FY16
- Other income from investments in mutual fund units, pending deployment of capital in the business

Profit after Tax

- Q3 FY17 PAT at Rs (45) million vs Rs (18) million in Q2 FY17
- 9M FY17 PAT at Rs (70) million vs Rs (26) million in 9M FY16

Investments

- Total amount invested as of 31st December 2016 Rs 307 million
- Investments in mutual fund as at 31st December 2016 Rs 1,115 million



Movies Business - BMPL Financial Performance

Income from Operations

- Q3 FY17 revenues at Rs 192 million vs Rs 432 million in Q2 FY17
- 9M FY17 revenues at Rs 1,158 million vs Rs 39 million in 9M FY16

EBITDA

- Q3 FY17 EBITDA at Rs (17) million vs Rs (280) million in Q2 FY17
- 9M FY17 EBITDA at Rs (294) million vs Rs (79) million in 9M FY16
- Piracy of our movies released in 9M 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

- Q3 FY17 PAT at Rs (51) million vs Rs (305) million in Q2 FY17
- 9M FY17 PAT at Rs (392) million vs Rs (164) million in 9M FY16

Investments

- Total amount invested as of 31st December in movies that are under production Rs 503 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)	Q3 FY17	Q2 FY17	Q3 FY16	9M FY17	9M FY16
Net Sales / Income from Operations	835.0	609.2	720.3	1,970.7	1,916.0
Other Operating Income	4.0	7.0	51.2	20.3	81.3
Total Income from operations	839.0	616.2	771.5	1,991.0	1,997.3
Cost of Production	652.0	469.3	515.8	1,540.5	1,431.0
Gross Margin	187.0	146.9	255.7	450.5	566.3
Gross Margin %	22%	24%	33%	23%	28%
Employee Benefits Expense	37.9	36.8	31.8	107.6	91.4
Other Expenses	45.2	48.8	44.8	134.7	134.0
EBITDA	103.9	61.3	179.1	208.2	340.9
EBITDA Margin %	12%	10%	23%	10%	17%
Depreciation and amortisation expense	32.6	27.1	24.4	84.7	63.3
Other Income	45.7	28.8	96.8	141.5	158.3
Profit Before Tax	117.0	63.0	251.5	265.0	435.9
Tax Expenses	36.5	18.9	68.6	82.6	116.5
Net Profit After Tax	80.5	44.1	182.9	182.4	319.4
Other Comprehensive Income	(0.1)	(0.1)	-	(0.3)	(0.1)
Total Comprehensive Income	80.4	44.0	182.9	182.1	319.3



BTL Consolidated Financial Performance

Particulars (Amounts in INR Mn)	Q3 FY17	Q2 FY17	Q3 FY16	9M FY17	9M FY16
Net Sales / Income from Operations	1,029.6	1,052.1	731.5	3,246.2	2,006.4
Other Operating Income	4.0	7.0	55.0	20.3	88.8
Total Income from operations	1,033.6	1,059.1	786.5	3,266.5	2,095.2
Cost of Production	844.4	1,158.7	541.4	3,037.2	1,510.6
Gross Margin	189.2	(99.6)	245.1	229.3	584.6
Gross Margin %	18%	-9%	31%	7%	28%
Employee Benefits Expense	66.3	68.1	49.1	198.9	140.7
Other Expenses	94.6	94.2	72.1	266.9	209.1
EBITDA	28.3	(261.8)	123.9	(236.5)	234.8
EBITDA Margin %	3%	-25%	16%	-7%	11%
Depreciation and amortisation expense	34.4	28.7	26.3	89.9	69.2
Other Income	29.7	37.5	13.7	131.6	75.3
Finance costs	0.1	0.1	-	0.3	0.1
Profit / (Loss) Before Tax	23.5	(253.1)	111.3	(195.1)	240.8
Tax Expenses	42.1	26.9	68.6	105.5	116.5
Net (Loss) / Profit After Tax	(18.6)	(280.0)	42.7	(300.6)	124.3
Share of Profit / (Loss) of associates	-	0.1	(0.1)	0.1	(0.1)
Minority interest	0.8	(0.1)	1.2	9.4	1.2
Net (Loss) / Profit after tax, share of assoc. and min. int.	(17.8)	(280.0)	43.8	(291.1)	125.4
Other Comprehensive Income	-	-	0.2	(0.1)	0.6
Total Comprehensive Income	(17.8)	(280.0)	44.0	(291.2)	126.0



BTL Consolidated Financial Performance – Q3 FY17

Particulars (In Rs Million)	BTL	BMPL	BOLT	EML	MFPL	CBEL	ALT	Eliminations	Consolidated
Net Sales / Income from Operations	835.0	192.0	-	-	2.6	-	-	-	1,029.6
Other Operating Income	4.0	-	-	-	-	-	-	-	4.0
Total Income	839.0	192.0	-	-	2.6	-	-	-	1,033.6
Expenditure									
Cost of production	652.0	189.5	-	-	2.8	0.1	-	-	844.4
Staff Cost	37.9	7.6	-	-	0.6	-	20.2	-	66.3
Finance Cost	-	33.1	0.4	0.2	-	0.1	-	33.7	0.1
Depreciation	32.6	1.2	0.1	-	-	-	0.5	-	34.4
Other Expenditure	45.2	12.3	0.3	(0.2)	1.5	0.5	35.0	-	94.6
Total Expenditure	767.7	243.7	0.8	-	4.9	0.7	55.7	33.7	1,039.8
Profit / (Loss) from Operation Before Other Income and Finance Cost	71.3	(51.7)	(0.8)	-	(2.3)	(0.7)	(55.7)	(33.7)	(6.2)
Other Income	45.7	0.4	0.1	-	0.9	-	16.3	33.7	29.7
Profit / (Loss) Ordinary Activities Before Tax	117.0	(51.3)	(0.7)	-	(1.4)	(0.7)	(39.4)	-	23.5
Tax Expenses	36.5	-	-	-	(0.4)	-	6.0	-	42.1
Net Profit / (Loss) from continuing operations	80.5	(51.3)	(0.7)	-	(1.0)	(0.7)	(45.4)	-	(18.6)
Minority share in Loss	-	-	-	-	-	-	-	-	0.8
Net (Loss) after tax, share of profit of associates and minority interest	-	-	-	-	-	-	-	-	(17.8)



BTL Consolidated Financial Performance – 9M FY17

Particulars (In Rs Million)	BTL	BMPL	BOLT	EML	MFPL	CBEL	ALT	Eliminations	Consol
Net Sales / Income from Operations	1,970.7	1,158.2	-	-	78.7	38.6	-	-	3,246.2
Other Operating Income	20.3	-	-	-	-	-	-	-	20.3
Total Income	1,991.0	1,158.2	-	-	78.7	38.6	-	-	3,266.5
Expenditure									
Cost of production	1,540.5	1,368.2	-	-	87.0	41.5	-	-	3,037.2
Staff Cost	107.6	29.9	-	-	2.8	-	58.6	-	198.9
Finance Cost	-	95.3	1.1	0.7	-	0.3	-	97.1	0.3
Depreciation	84.7	3.7	0.2	-	-	0.1	1.2	-	89.9
Other Expenditure	134.7	54.1	0.6	-	4.5	1.4	71.6	-	266.9
Total Expenditure	1,867.5	1,551.2	1.9	0.7	94.3	43.3	131.4	97.1	3,593.2
Profit / (Loss) from Operation Before Other Income and Finance Cost	123.5	(393.0)	(1.9)	(0.7)	(15.6)	(4.7)	(131.4)	(97.1)	(326.7)
Other Income	141.5	1.3	0.1	-	2.0	-	83.8	97.1	131.6
Profit / (Loss) Ordinary Activities Before Tax	265.0	(391.7)	(1.8)	(0.7)	(13.6)	(4.7)	(47.6)	-	(195.1)
Tax Expenses	82.6	-	-	-	-	-	-	-	105.5
Net Profit / (Loss) from continuing operations	182.4	(391.7)	(1.8)	(0.7)	(13.6)	(4.7)	(70.5)	-	(300.6)
Share of profit of associates	-	-	-	-	-	-	-	-	0.1
Minority share in Loss	-	-	-	-	-	-	-	-	9.4
Other comprehensive income	-	-	-	-	-	-	-	-	(0.1)
Net (Loss) after tax, share of profit of associates and minority interest	-	-	-	-	-	-	-	-	(291.2)



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
