



Palaji Telofilms Ltd.

Quarterly Performance Update

Q2 FY19

Strong operational performance across all three verticals



Balaji Telefilms continues to invest and build its business. TV business returns to profitability after investments made in launching 3 new shows last quarter. ALT continues to grow and stake its place in the Indian OTT sector. ALT subscription and usage metrics continue to improve quarter on quarter. Limited investments being made in Movies.

- **TV business returned to profitability** as shows launched in Q1 stabilizing, **17% improvement in hourly realisation** – currently at Rs 39.9 lakhs. Overall Balaji’s TV production business continues to be a significant contributor to prime time ratings - # 1 Weekend Show and # 1 Daily TV Show Prime Time
 - Quarter saw the launch of **Kasautii Zindagii Kay on Star Plus** – a modern take on the classic TV show from 2001
 - **TV business programming hours at 193 hours at Rs 0.40 cr / hour realisations** vs 170.5 hours at 0.34 cr / hour in Q1 FY19
- **One movie release in the quarter – Laila Majnu** which had a subdued box office performance. Our strategy to work on pre-sales and co-production allows us to mitigate the risk in the business. **Slate for FY20 getting stronger with a mix of commercial and cult cinema**
- **ALTBalaji remains one of the most popular online destinations for Original Exclusive Hindi content**
 - **Continue to build the SVOD habit in India - Ever subscribed base currently at 8.9m and Total Monthly active users at 2.3m. Revenues from ALTBalaji at Rs 14.3 cr for the quarter (11x over Q2 FY18). H1 FY19 revenues at Rs 20.1 cr (H1 FY18 at Rs 2 cr)**
 - **Content continues to witness high level of engagement with subscribers** – ALTBalaji produced content drives significant data traffic for its partners with an **average watch time of over 60 minutes a day**
 - Content highlights – 3 shows launched in the quarter plus 1 daily episode of Dil Hi Toh Hai
 - **Strengthened payment partners** – Gpay and Paypal went live and **exploring new commercial partners** across OTT / DTH / other internet consumer businesses.

ALTBalaji content loved by Indian audiences



Recent Wins



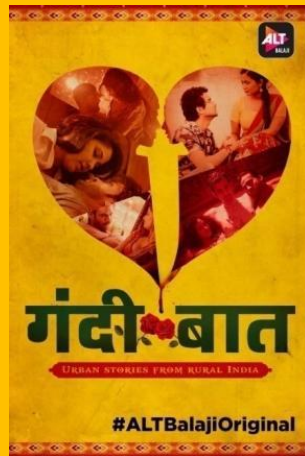
Nominations at ITA 2018*



- Best Web Series
- Best Story
- Best Actor
- Best Actress
- Best Director
- Best Dialogue
- Best Title Music



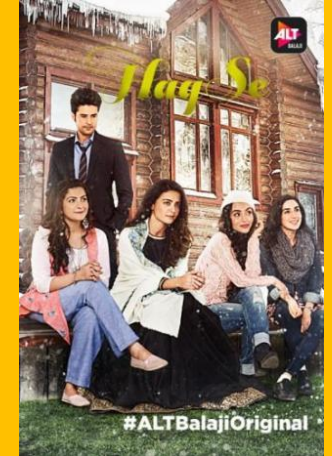
- Best Web Series
- Best Actress



- Best Actress



- Best Dialogue



- Best Director
- Best Dialogue

* Results expected in December

TV margins improving and return to normal run rate of production



Particulars	QoQ change	YoY change	Sep-18	Jun-18	Mar-18	Dec-17	Sep-17	Full Year FY18
Programming Hours	13%	-20%	193	170.5	160	179	240	819
Revenue (Rs Cr)	34%	-1%	77.1	57.34	53.2	59.4	77.6	270.6
Realisation / Hour (Rs Cr)	17%	25%	0.40	0.34	0.33	0.33	0.32	0.33
Gross Margin (Rs Cr)	2208%	-12%	16.6	0.72	16.5	22.5	18.9	80.3
Gross Margin / Hour (Rs Cr)	2053%	8%	0.09	0.004	0.10	0.13	0.08	0.10
Gross Margin %	1697%	-12%	21.6%	1.2%	31.0%	37.9%	24.4%	29.7%

Note : Only includes commissioned programs

- **8** shows were running during the quarter - 1 new launch (Kasautii Zindagii Kay) during the quarter, 1 show came to an end (Kasam Tere Pyaar Ki) during the quarter after running for over 2 years
- 13% improvement in hours of production QoQ and 17% improvement in Realisation per hour QoQ
- Gross margins improving as shows launched in Q1 begin to stabilize, inline with Balaji Telefilms strategy of launching high cost and high impact initial episodes and then moderating costs

#1 Generator of Prime Time Ratings Consistently



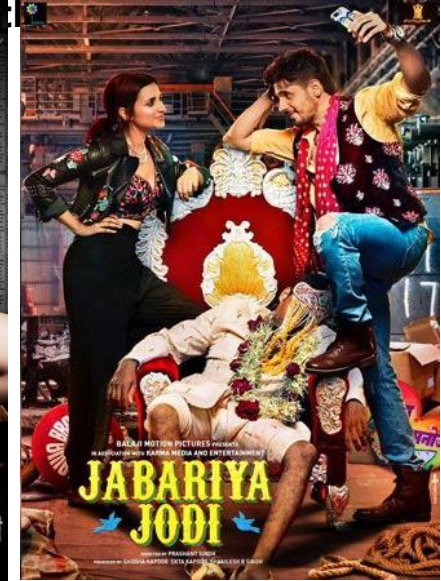
Broadcaster	Show Name	Time	Schedule	Notes
	Naagin 3	20.00 – 21.00	Saturday to Sunday	# 1 show on weekend across Rural and Urban audiences
	Kasam Tere Pyaar Ki	18.00 - 18.30	Monday to Friday	Ended in July 2018 after over 2 years on air
	Dil Hi Toh Hai	22.00 – 22.30	Monday to Friday	Show came to an end post the quarter end
	Ye Hai Mohabbatein	22.30 - 23.00	Monday to Friday	Long running daily show since December 2013
	Qayamat Ki Raat	19.00 – 20.00	Saturday to Sunday	Horror genre on weekends
	Kasautii Zindagii Kay	20.00 – 20.30	Monday to Friday	Reboot of an epic love drama
	Kumkum Bhagya	21.00 - 21.30	Monday to Friday	# 2 weekday fiction show in 2018
	Kundali Bhagya	21.30 - 22.00	Monday to Friday	# 1 weekday fiction show in 2018
	Dayan -New Show for &TV	TBC	Saturday to Sunday	Starting December 2018

Laila Majnu had a subdued performance but movie slate remains strong



Laila Majnu
released 7th Sep

Movies in pipeline



Mental Hai Kya

- Kangana Ranaut, Raj Kumar Rao
- Directed by Prakash Kovelamudi

Dolly Kitty aur Woh Chamakte Sitare

- Bhumi Pednekar and Konkona Sen
- Directed by Alankrita S

Jabariya Jodi

- Siddhart Malhotra and Parineeti Chopra
- Directed by Prashant Singh

Dreamgirl

- Ayushman Khurana
- Directed by Raj Shandilya

Presold Digital, Satellite and Music rights

In active discussion to sell Digital, Satellite and Music rights



Financials

Financial Highlights



Television and Movie Production (Standalone business)

- **Q2 FY 19 Revenue at Rs 113.0 cr comprising of Rs 88.4 cr from content production and Rs 24.6 cr from movies. 6M FY 19 revenues at Rs 246.7 cr – Rs 156.3 from content production and Rs 90.4 cr from movies**
 - QoQ Content production hours improved 13% along with a 17% improvement in realisations per hour
 - TV content production hours at 193 hours in the quarter vs 170.5 hours in Q1 FY19
- **Q2 FY 19 EBITDA at Rs 3.8 cr, H1 FY19 EBITDA at Rs 2.9cr.**
 - New shows launched in Q1 FY19 have started to stabilize resulting in improved margin profile, however Q2 FY19 saw the mega launch of Kasautii Zindagii Kay
 - We follow a strategy of launching high cost and high impact initial episodes and recover these costs as the show progresses.
 - Laila Majnu had a subdued performance in the box office – however strategy of pre sales has helped mitigate loss. **Overall EBITDA for H1 FY19 for movie production at Rs 5 cr**
 - Q2 other expenses includes an amount of Rs 2.5cr towards “loss of fair value of Mutual fund units”. Excluding this **Business EBITDA for the quarter was at Rs 6.3 cr and for H1 FY19 at Rs 5.4 cr**
- **Net profit at Rs 7.1 cr for the quarter and Rs 5.9 cr for 6m FY19**

ALTBalaji

- **ALTBalaji revenues continue to grow strongly – Q2 FY19 revenues at 14.3cr (Q1 FY19 revenue at 5.8cr) and H1 FY19 revenues at Rs 20.1cr.**

Investments

- The Company is very well funded to execute its growth strategy - Total value of investments in mutual fund held across the Company as on **30th September 2018 was at Rs 389 cr**

BTL Standalone Financial Performance (TV + Movie Production)



Particulars (Amounts in INR Cr)	Q2 FY19	Q1 FY19	Q2 FY18	H1 FY19	H1 FY18	Full Year 18
Total Income from operations	113.0	133.7	105.1	246.7	256.8	416.6
Cost of Production	95.5	122.4	81.7	217.8	206.6	315.1
Gross Margin	17.6	11.3	23.4	28.9	50.1	101.5
Gross Margin %	16%	8%	22%	12%	20%	24%
Employee Benefits Expense	5.4	3.6	4.6	8.9	8.7	16.0
Other Expenses	8.4	8.6	10.3	17.0	15.6	32.5
EBITDA	3.8	(0.9)	8.6	2.9	25.8	53.1
EBITDA Margin %	3%	-1%	8%	1%	10%	13%
Depreciation and amortisation	3.5	3.1	3.7	6.7	7.3	13.9
Other Income	7.6	2.9	5.0	10.5	7.0	16.6
Exceptional Items	-	-	9.1	-	9.1	9.1
Profit Before Tax	7.9	(1.1)	0.8	6.8	16.4	46.7
Tax Expenses	0.7	0.1	5.0	0.9	13.3	30.4
Net Profit After Tax	7.1	(1.2)	(4.2)	5.9	3.1	16.3
Total Comprehensive Income	7.1	(1.2)	(4.2)	5.9	3.1	16.3

Note : numbers may not add up due to rounding

BTL Standalone Balance Sheet



Equity and Liabilities (in Rs Cr)	30th Sep 2018	31st Mar 2018
Equity Share Capital	20.2	20.2
Other Equity	969.5	963.1
Total Equity	989.7	983.3
Non Current Liabilities		
Current Liabilities		
Trade and other payables	99.2	42.7
Others	11.1	16.7
Total Current Liabilities	110.2	59.4
Total Liabilities	1,099.9	1,042.7

Assets (in Rs Cr)	30th Sep 2018	31st Mar 2018
Non-current assets		
Property, plant and equipment	32.9	30.2
Capital work-in-progress	2.1	2.3
Investments	500.8	345.9
Deferred tax assets (net)	20.7	19.6
Others	79.0	91.9
Total Non Current Assets	635.5	489.9
Current Assets		
Inventories	34.9	68.6
Investments	230.1	341.9
Trade Receivables	118.9	83.0
Cash and Cash Equivalent	4.4	10.4
Others	76.1	48.9
Total Current Assets	464.4	552.8
Total Assets	1,099.9	1,042.7

BTL Consolidated Financial Performance



Particulars (Amounts in INR Cr)	Q2 FY19	Q1 FY19	Q2 FY18	H1 FY19	H1 FY18	Full Year 18
Total Income from operations	119.1	123.4	109.8	242.5	254.4	413.3
Cost of Production	100.7	115.8	89.8	216.5	202.3	323.7
Gross Margin	18.4	7.7	20.0	26.0	52.1	89.6
<i>Gross Margin %</i>	15%	6%	18%	11%	20%	22%
Marketing and Distribution	11.2	12.9	7.8	24.0	36.3	55.2
Employee Benefits Expense	13.1	9.0	8.4	22.1	16.9	31.1
Other Expenses	12.8	13.8	14.4	26.5	24.4	55.1
EBITDA	(18.6)	(28.0)	(10.6)	(46.6)	(25.4)	(51.8)
<i>EBITDA Margin %</i>	-16%	-23%	-10%	-19%	-10%	-13%
Depreciation and amortisation	4.8	4.3	4.8	9.1	9.2	17.7
Other Income	9.0	5.4	6.8	14.4	10.4	19.0
Exceptional Items	-	-	9.1	-	9.1	9.1
Loss Before Tax	(14.5)	(26.9)	(17.7)	(41.3)	(33.2)	(59.6)
Tax Expenses	1.0	0.1	(3.8)	1.1	4.1	(13.2)
Loss After Tax	(15.4)	(27.0)	(13.8)	(42.5)	(37.3)	(46.3)
Other Comprehensive Income	-	-	-	(0.1)	(0.1)	(0.1)
Total Comprehensive Income	(15.5)	(27.1)	(13.9)	(42.5)	(37.3)	(46.4)

Note : numbers may not add up due to rounding

BTL Consolidated Balance Sheet



Equity and Liabilities (in Rs Cr)	30th Sep 2018	31st Mar 2018
Equity		
Equity Share Capital	20.2	20.2
Other Equity and non control interest	790.1	829.4
Total Equity	810.3	849.6
Non Current Liabilities	0.3	0.3
Current Liabilities		
Trade and other payables	119.7	74.4
Others	24.6	24.9
Total Current Liabilities	144.2	99.3
Total Liabilities	954.8	949.1

Assets (in Rs Cr)	30th Sep 2018	31st Mar 2018
Non-current assets		
Property, plant and equipment	34.9	32.3
Capital work-in-progress	2.1	2.3
Investments	31.7	31.7
Deferred tax assets (net)	20.7	19.6
Others	85.0	102.8
Total Non Current Assets	174.3	188.7
Current Assets		
Inventories	124.7	127.8
Investments	389.3	442.1
Trade Receivables	126.6	93.5
Cash and Cash Equivalent	15.3	22.0
Others	124.5	75.1
Total Current Assets	780.5	760.4
Total Assets	954.8	949.1

Legal Entity wise performance : Q2 FY19



Particulars (In Rs cr)	BTL (TV + Movie Production)	BMPL (Movie Distribution)	ALT (Digital)	MFPL	CBEPL	Eliminations	Consol
Net Sales / Income from Operations	112.6	0.7	14.3	-0.0	0.0	9.0	118.6
Other Operating Income	0.4						0.4
Total Income	113.0	0.7	14.3	-0.0	0.0	9.0	119.1
Cost of Production	89.9		19.3	-0.0	0.4	-8.9	100.7
Marketing and Distribution Expenses	5.5		5.6				11.2
Staff Cost	5.4	0.9	4.5	0.0		2.2	13.1
Finance Cost		0.1	0.0	0.0	0.0	-0.1	0.0
Depreciation	3.5		1.2		0.0		4.8
Other Expenditure	8.4	0.1	7.1	0.0	0.1	-2.9	12.7
Total Expenditure	112.8	1.1	37.8	0.1	0.5	-9.7	142.5
Profit / (Loss) from Operation Before Other Income	0.3	-0.4	-23.5	-0.1	-0.4	-0.7	-23.4
Other Income	7.6		1.5	0.0		0.1	9.0
Profit / (Loss) from Ordinary Activities Before Tax	7.9	-0.4	-22.0	-0.1	-0.4	-0.6	-14.5
Tax Expenses	0.7	0.3					1.0
Net Profit / (Loss) from continuing operations	7.1	-0.6	-22.0	-0.1	-0.4	-0.6	-15.5

Legal Entity wise performance : H1 FY19



Particulars (In Rs cr)	BTL (TV + Movie Production)	BMPL (Movie Distribution)	ALT (Digital)	MFPL	CBEPL	Eliminations	Consol
Net Sales / Income from Operations	245.8	3.0	20.1	1.1	1.0	29.4	241.6
Other Operating Income	0.9						0.9
Total Income	246.7	3.0	20.1	1.1	1.0	29.4	242.5
Cost of Production	202.1		37.9	1.1	1.3	-25.9	216.5
Marketing and Distribution Expenses	15.7		8.3				24.0
Staff Cost	8.9	1.3	8.1	0.0		3.8	22.1
Finance Cost		0.2	0.0	0.0	0.0	-0.2	0.0
Depreciation	6.7		2.4		0.1		9.1
Other Expenditure	17.0	0.3	15.9	0.0	0.1	-6.8	26.5
Total Expenditure	250.4	1.7	72.5	1.1	1.5	-29.1	298.2
Profit / (Loss) from Operation Before Other Income	-3.7	1.3	-52.5	-0.0	-0.5	0.3	-55.7
Other Income	10.5		4.0	1.4		1.6	14.4
Profit / (Loss) from Ordinary Activities Before Tax	6.8	1.3	-48.4	1.4	-0.5	1.8	-41.3
Tax Expenses	0.9	0.3					1.1
Net Profit / (Loss) from continuing operations	5.9	1.0	-48.4	1.4	-0.5	1.8	-42.5

Note : numbers may not add up due to rounding



Accounting Policies for Amortization on Inventory

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

Digital

- Original content amortised over 2 years, 75% of the cost in the first year and 25% in the second year
- Acquired content is amortised over license period



Thank You

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