



*Palaji Telefilms Ltd.*

# Quarterly Performance Update

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Q1 FY21

# COVID-19 impacts all content production activity



Consolidated Financials (In Rs Cr)	Q1 FY21	Q1FY20	Q4 FY20
<b>Total Income from operations</b>	<b>35.1</b>	<b>90.5</b>	<b>107.7</b>
Cost of Production	36.6	80.5	74.7
<b>Gross Margin</b>	<b>-1.5</b>	<b>10.0</b>	<b>33.0</b>
<i>Gross Margin %</i>	-4%	11%	31%
<b>EBITDA</b>	<b>-26.3</b>	<b>-33.2</b>	<b>-0.8</b>
<i>EBITDA Margin %</i>	-75%	-37%	-1%
Profit / Loss Before Tax	-28.8	-41.5	-12.7
<b>Net Profit / Loss After Tax</b>	<b>-27.9</b>	<b>-42.2</b>	<b>-19.8</b>

- Balaji Telefilms Q1FY21 impacted by lockdown and closure of all content production activity, revenues primarily from Digital business ALTBalaji and sale of digital rights in the movies business
- ALTBalaji direct subscription revenues continues to grow, accounted for ~90% of the total revenue.
- ALTBalaji Q1 FY21 total revenue at Rs 14.9cr vs Q1FY20 Rs 12.3cr
  - Minimal contribution from Zee5 deal as content production was closed during the quarter, will normalize as shows are launched
- Zero hours of content produced during the quarter in the BTL TV Business
  - Proactive cost control measures implemented and EBITDA loss curtailed
  - Content production has resumed towards the end of June following all laid down safety procedures
- No movie released in the quarter, finalized deals to sell certain movie inventory to digital platforms.
- Remain well funded and with adequate cash balance -Investment in Bank FD and Mutual Funds Rs 174 cr. Short term working capital in movies of Rs 67cr. Total balance at Rs 241cr\*

# COVID-19 impacts operations, digital adoption continues



## **ALTBalaji's dominates the Mass OTT market – creates hit shows for OTT**

- ALTBalaji direct subscriptions impacted as limited fresh content release, however direct subscription revenue grown ~90% year on year – Rs 12.9cr vs Rs 6.7cr in Q1FY20
- ALTBalaji's revenue from content sharing with Zee5 affected as shows were not launched for a major part of the quarter
- Total Revenue for ALTBalaji at Rs 14.9cr vs Rs 12.3cr in Q1FY20
- Total library of original shows available on ALTBalaji currently at 64, one of the largest in the country
- Current year pipeline to include 20 to 24 original shows – production resumed from July 2020

## **TV – Balaji Telefilms production closed due to lockdown through the quarter**

- Content production only commenced in the last week of the quarter after following necessary health and safety precautions.
- 6 shows currently under production and operation back to pre-Covid levels
- Sales to broadcasters only commenced in Q2 FY21

## **Movies – Sales to digital platforms completed**

- COVID-19 has impacted the theatrical release of movies so the Company has completed the direct to digital releases for two of its movies and is evaluating options for the others
  - Dolly Kitty Aur Woh Chamakte Sitare will premier on Netflix on September 18
  - Pagglait will also premier on Netflix in the coming quarter
- Remain conservative with the investments in movies and working on few projects.
- Confirmed projects include Ek Villain 2 (staring John Abraham), K Tina (staring Disha Patani)

# ALTBalaji continues to dominate the Hindi language OTT market



- ALTBalaji remains one of the Top 5 paid Apps in the country
- Clear positioning as OTT of the masses – Hindi Masaledaar Content for India and Hindi Speaking Diaspora
- ALTBalaji is one of the most affordable OTT options with plans at Rs 300 a year / Rs 100 a quarter (less than Re 1 a day)
  - Yearly ARPU remains between Rs 140 to Rs 150
- Direct to consumer billing continues to grow
  - April addition remained very strong, however May and June witnessed some slowdown
- High engagement time with subscribers though some reduction in recent weeks as limited fresh content is available

## App Annie Rankings (Gross Billing)

Rank	Q1 FY21	Q4 FY20	Q3 FY20	Q2 FY20	Q1 FY20
1	Hotstar	Netflix	Netflix	Netflix	Netflix
2	Netflix	Hotstar	Hotstar	Hotstar	Hotstar
3	ZEE5	ZEE5	ZEE5	ZEE5	ZEE5
4	Voot	<b>ALTBalaji</b>	<b>ALTBalaji</b>	<b>ALTBalaji</b>	<b>ALTBalaji</b>
5	<b>ALTBalaji</b>	Voot	Sony LIV	Sony LIV	Sun NXT

Source: 1. App Annie – Based on Gross Revenue across Ios and Google



# ALTBalaji marketing strategy to drive subscription with minimum spends

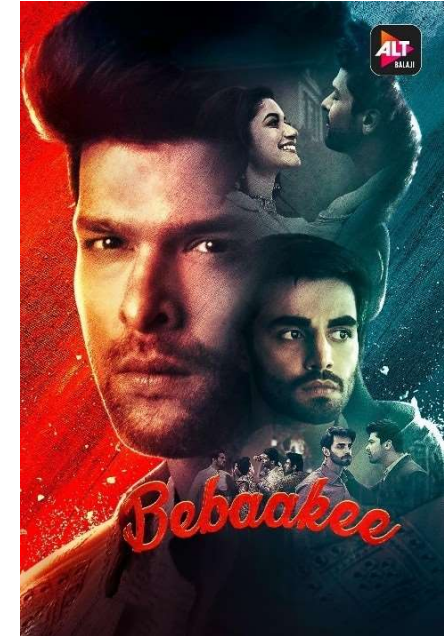
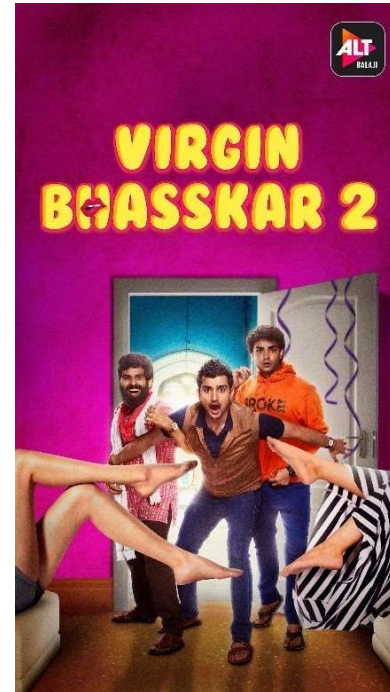


- Content is made for Hindi Speaking audiences across India
  - Only 35% of the consumer are from the 8 big cities (Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, Mumbai, Pune)
  - 65 % of consumer from non metro and tier 2/tier 3 towns and cities
- ALTBalaji offers a wide range of content across various genres and story lines
  - 7 shows already in multiple season
  - A number of shows are designed with longer format with more episodes
- Leverage Balaji ecosystem of TV and Films to promote shows and acquire consumers via lower marketing spends. Digital Debut choice OTT platform for many large Bollywood/TV stars
- Deeper library of original shows allows ALTBalaji to acquire customers at a lower cost of acquisition, progressively witnessing lower cost of consumer acquisition

## Influencer and Media appreciation to drive subscriptions



# Pace of adding new show to resume post lifting of lockdown



**Total library of original shows at 64\***

**Includes multiple shows with returning seasons**

**Continue to add 20-24 shows for the year**

\* Note as on 14 Sep

# TV and Movie production impacted during Q1 – Now Resumed



- All production activity stopped on March 18<sup>th</sup> as per local regulations and health and safety measures and resumed 26<sup>th</sup> June 2020, almost entire quarter was not available for production.
- Changes in line up in Q2 FY21 expected as COVID-19 continues to affect production schedules
- Shows that are currently under production
  1. Naagin 5
  2. Pavitra Bhagya
  3. Ye Hai Chahatein
  4. Kasautii Zindagii Kay
  5. Kumkum Bhagya
  6. Kundali Bhagya
- Working on select future projects, confirmed projects include Ek Villain 2 (staring John Abraham) and KTina (staring Disha Patani)
- 2 sales to digital platforms
  1. Dolly Kitty Aur Woh Chamakte Sitare (Staring Konkona Sen Sharma and Bhumi Pednekar)
  2. Pagglait (staring Sanya Malhotra)
- Currently evaluating production schedules and release schedules given the disruption caused by COVID-19





## Financials

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# BTL Standalone Financial Performance (TV + Movie Production)



In Rs Cr	Q1 FY21	Q1 FY20	Q4 FY20	FY20
<b>Total Income from operations</b>	<b>21.2</b>	<b>82.9</b>	<b>116.1</b>	<b>576.6</b>
Cost of Production	14.6	56.3	72.5	358.9
<b>Gross Margin</b>	<b>6.6</b>	<b>26.6</b>	<b>43.6</b>	<b>217.7</b>
<i>Gross Margin %</i>	31%	32%	38%	38%
Marketing and Distribution	0.5	0.5	0.4	36.2
Employee Benefits Expense	2.8	4.9	3.3	13.9
Other Expenses	3.6	10.6	11.6	43.5
<b>EBITDA</b>	<b>-0.4</b>	<b>10.6</b>	<b>28.3</b>	<b>124.2</b>
<i>EBITDA Margin %</i>	-2%	13%	24%	22%
Finance Cost	0.3	0.7	0.6	2.4
Depreciation and amortisation	7.0	8.3	8.3	33.1
Other Income	5.4	1.6	-1.8	6.1
Profit Before Tax	-2.3	3.2	17.6	94.7
Tax Expenses	-0.9	0.6	7.2	36.8
<b>Net Profit After Tax</b>	<b>-1.4</b>	<b>2.5</b>	<b>10.4</b>	<b>57.9</b>

- Revenue significantly impacted as TV production was closed until 26<sup>th</sup> June
- Tight cost controls initiated, staff and other overheads reduced from 15.5cr in Q1FY20 to 6.4cr

Note : numbers may not add up due to rounding

# BTL Consolidated Financial Performance



In Rs Cr	Q1 FY21	Q1FY20	Q4 FY20	FY20
<b>Total Income from operations</b>	<b>35.1</b>	<b>90.5</b>	<b>107.7</b>	<b>573.6</b>
Cost of Production	36.6	80.5	74.7	389.4
<b>Gross Margin</b>	<b>-1.5</b>	<b>10.0</b>	<b>33.0</b>	<b>184.2</b>
<i>Gross Margin %</i>	-4%	11%	31%	32%
Marketing and Distribution	6.1	11.6	5.0	60.6
Employee Benefits Expense	5.5	12.0	8.6	36.4
Other Expenses	13.2	19.7	20.2	76.4
<b>EBITDA</b>	<b>-26.3</b>	<b>-33.2</b>	<b>-0.8</b>	<b>10.7</b>
<i>EBITDA Margin %</i>	-75%	-37%	-1%	2%
Finance Cost	0.4	0.7	0.6	2.7
Depreciation and amortisation	7.8	9.8	9.7	38.8
Other Income	5.7	2.2	-1.6	8.6
Profit Before Tax	-28.8	-41.5	-12.7	-22.2
Tax Expenses	-0.9	0.6	7.2	36.8
<b>Net Profit After Tax</b>	<b>-27.9</b>	<b>-42.2</b>	<b>-19.8</b>	<b>-59.0</b>

- ALTBalaji and Movie contributed to revenue as TV production was closed until 26<sup>th</sup> June
- Tight cost controls initiated, staff and other overheads reduced from 31.7cr in Q1 FY20 to 18.7cr
- Remain well funded and with adequate cash balances. Total balance at Rs 241cr\*

Note : numbers may not add up due to rounding

\* Note as on 14 Sep

# Legal Entity Wise Performance : Q1 FY21



Particulars (In Rs cr)	BTL (TV + Movie Production)	BMPL (Movie Distribution)	ALTBalaji	MFPL	CBEPL	Elimination	Consol
Net Sales / Income from Operations	20.1	0.4	14.9			-0.4	35.1
Other Operating Income	1.0					-1.0	
<b>Total Income</b>	21.2	0.4	14.9			-1.5	35.1
Cost of Production	14.6		24.0			-2.1	36.6
Marketing and Distribution Expenses	0.5		6.0			-0.4	6.1
Staff Cost	2.8	0.3	1.5			0.8	5.5
Other Expenditure	3.6	0.0	10.4		0.1	-0.8	13.2
<b>EBITDA</b>	-0.4	0.1	-27.0		-0.1	1.0	-26.3
Finance Cost	0.3	0.5	0.1			-0.6	0.4
Depreciation	7.0		0.8				7.8
<b>Total Expenditure</b>	28.9	0.9	42.8		0.1	-3.1	69.6
Profit / (Loss) from Operation Before Other Income	-7.7	-0.5	-27.9		-0.1	1.6	-34.5
Other Income	5.4		0.8		0.1	-0.6	5.7
Profit / (Loss) from Ordinary Activities Before Tax	-2.3	-0.5	-27.1			1.0	-28.8
Tax Expenses	-0.9						-0.9
<b>Net Profit / (Loss) from continuing operations</b>	-1.4	-0.5	-27.1			1.0	-27.9

Note : numbers may not add up due to rounding, no activity in MFPL



## 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 3 years, 65% of the cost in the first year and 25% in the second year and 10% in third year
- Acquired content is amortised over license period



# Thank You

**Balaji Telefilms Limited**

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