



*Palaji Telefilms Ltd.*

# Quarterly Performance Update

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Q2 FY21 and H1 FY21

# Content production activity resumes slowly amidst COVID-19



Consolidated Financials (In Rs Cr)	Q2 FY21	Q1FY21	QoQ Growth	H1FY21	H1FY20	Growth
<b>Total Income from operations</b>	78.3	35.1	123%	113.3	278.0	-59%
Cost of Production	60.5	36.6	65%	97.0	198.4	-51%
<b>Gross Margin</b>	17.8	-1.5	na	16.3	79.6	-80%
<i>Gross Margin %</i>	23%	-4%	na	14%	29%	
<b>EBITDA Loss</b>	-12.4	-26.3	53%	-38.7	-28.0	-39%
<i>EBITDA Margin %</i>	-16%	-75%	na	-34%	-10%	
Profit / Loss Before Tax	-17.6	-28.8	39%	-46.4	-41.5	-12%
<b>Net Profit / Loss After Tax</b>	-19.5	-27.9	30%	-47.4	-52.9	10%

- Content production activity has resumed slowly following necessary health and safety precautions
- Income from operation up 123% to Rs 78.3cr QoQ and EBITDA loss narrowed down to Rs 12.4cr
- ALTBalaji revenue inline with previous quarter, direct subscription revenue witnessed marginal de-growth as the country slowly opens up and customers returning back to work and social commitments.
  - Revenue from Zee5 deal recommences in Q2 as content production resumes, revenue of Rs 2.5cr booked
  - Q2 Revenues from ALTBalaji at Rs 14.7cr and H1 FY21 revenues at Rs 29.6cr
- TV business slowly returning to normal, 176.5 hours of content production for the quarter, 12 days lost at the start of the quarter
  - Proactive cost control measures implemented to protect margins
- No movie released in the quarter and completed deals to sell certain movie inventory to digital platforms.
- Remain well funded and with adequate cash balance –value of investments at Rs 219 cr (as on 7 November 2020)

# Digital adoption remains focus area going ahead



## **ALTBalaji's continues to go deeper into mass India**

- ALTBalaji direct subscriptions focus this quarter was to improve retention and push deeper engagement of library given limited fresh content release
  - Despite consumers slowly getting returning back to work and other social commitments
  - Witnessed marginal uptick in international subscriptions as ALTBalaji is gaining traction globally
  - Overall over 2x watch time growth in Q2 FY21 vs Q2 FY20
- ALTBalaji's revenue from content sharing with Zee5 resumes as production restarted in the quarter
- Total Revenue for ALTBalaji at Rs 14.7 for the quarter and Rs 29.6 cr for H1 FY21, Revenue contribution from Zee5 at Rs 2.5cr for the quarter and 2.6cr for H1
- Total library of original shows available on ALTBalaji currently at 65, pipeline for new shows getting stronger and production has now resumed

## **TV – Balaji Telefilms production resumes following all laid down health and safety protocols**

- Content production resumed across 6 shows
  - Kumkum Bhagya, Kundali Bhagya on Zee
  - Kasautii Zindagii Kay and Yeh Hai Chhatein on Star
  - Naagin5 and Pavitra Bhagya on Colors
- 2 new shows in the pipeline for new Zee and Colors

## **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 of Pagglait. The movie will premier on Netflix
- 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), slate for FY22 to be announced later in the year

# ALTBalaji - Hindi language Mass OTT market leader



- 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
  - “Bharat is 58% of viewership this year and India (metros) is 42%
- 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)
  - Pricing consistent since launch, ARPU remains between Rs 140 to Rs 150 a year
- Direct to consumer billing growth pauses temporarily as “Unlock India” commences, leading to more social and work commitments
  - Lack of new shows being added to the platform as production was closed in prior quarter
  - Average daily subscriber addition in Q2FY21 at 9000
  - Pace of content addition to improve in Q3/Q4

## App Annie Rankings (Gross Billing)

Rank	Q2 FY21	Q1 FY21	Q4 FY20	Q3 FY20	Q2 FY20
1	Netflix	Hotstar	Netflix	Netflix	Netflix
2	Hotstar	Netflix	Hotstar	Hotstar	Hotstar
3	Zee5	ZEE5	ZEE5	ZEE5	ZEE5
4	<b>ALTBalaji</b>	Voot	<b>ALTBalaji</b>	<b>ALTBalaji</b>	<b>ALTBalaji</b>
5	Sony LIV	<b>ALTBalaji</b>	Voot	Sony LIV	Sony LIV

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



# ALTBalaji marketing strategy driving subscription with minimum spends



- Content is made for Hindi Speaking audiences across India
  - Recent lockdown has accelerated the shift of consumer base from Tier 1 into non metro and tier 2/tier 3 towns and cities
- Strong organic growth in sale of international pack as content does well in select international markets
- ALTBalaji offers a wide range of content across various genres and story lines
- Engagement time remains high as more library content is consumed, thereby increasing retention
- 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



## Partnerships and Alliances



Auto renewals on all credit cards driving retention rates



100% cashback offers to drive better conversion while reducing cost of consumer acquisition



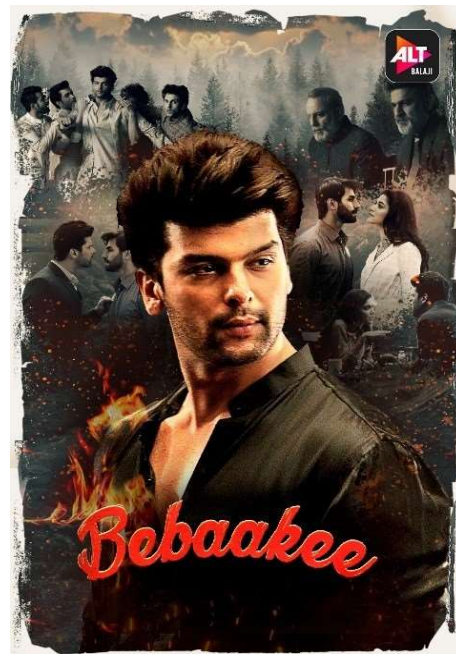
# Very strong pipeline as content production recommences



**Total library of original shows at 65\***

**Includes multiple shows with returning seasons**

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



\* Note as on 05 Nov

# TV and Movie production resumed after COVID lockdown



- TV production has re-started following all laid out SOP and units have adapted to the new working environment
- Shows that were on air in the quarter
  1. Naagin 5
  2. Pavitra Bhagya
  3. Ye Hai Chahatein
  4. Kasautii Zindagii Kay
  5. Kumkum Bhagya
  6. Kundali Bhagya
- Shows that are announced
  1. Brahmarakshas 2
  2. Molki
- Direct to digital movies remain a profitable opportunity given the growing demand from digital platforms
- Sale of Pagglait completed to Netflix, Dolly Kitty Aur Woh Chamakte Sitare completed earlier in the year
- Working on select future projects, confirmed projects include Ek Villain 2 (staring John Abraham) and KTina (staring Disha Patani)
- Currently evaluating production schedules and release schedules for movies in slate



## Financials

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# BTL Standalone Financial Performance (TV + Movie Production)



In Rs Cr	Q2 FY21	Q1 FY21	Q2 FY20	H1FY21	H1FY20
<b>Total Income from operations</b>	78.7	21.2	179.4	99.8	262.2
Cost of Production	58.5	14.6	104.8	73.2	161.1
<b>Gross Margin</b>	20.1	6.6	74.6	26.7	101.2
<i>Gross Margin %</i>	26%	31%	42%	27%	39%
Marketing and Distribution	0.3	0.5	30.8	0.9	31.3
Employee Benefits Expense	2.9	2.8	2.0	5.8	6.9
Other Expenses	4.8	3.6	10.9	8.4	21.5
<b>EBITDA</b>	12.0	-0.4	30.8	11.7	41.4
<i>EBITDA Margin %</i>	15%	-2%	17%	12%	16%
Finance Cost	0.2	0.3	0.6	0.6	1.2
Depreciation and amortisation	6.9	7.0	8.3	13.9	16.7
Other Income	2.7	5.4	4.4	8.1	5.9
Profit Before Tax	7.6	-2.3	26.3	5.3	29.5
Tax Expenses	1.9	-0.9	10.8	1.0	11.4
<b>Net Profit After Tax</b>	5.7	-1.4	15.5	4.3	18.0

- Slowly resumed TV content production in Q2 FY21
- Gross margins impacted as broadcasters have reduced rate, costs increased due to COVID-19 precautions
- H1 FY21 impacted by complete closure of production in Q1
- H1 FY20 included the hugely successful movie Dream Girl

Note : numbers may not add up due to rounding

# BTL Standalone Balance Sheet (TV + Movie Production)



Particulars (Rs Cr)	30-Sep-20	31-Mar-20	Particulars (Rs Cr)	30-Sep-20	31-Mar-20
<b>Equity</b>			<b>Non-current assets</b>		
Equity Share Capital	20.2	20.2	Property, plant and equipment	21.9	26.9
Other Equity and non control interest	1,042.8	1,037.2	Right to use assets	11.1	26.7
<b>Total Equity</b>	<b>1,063.0</b>	<b>1,057.4</b>	Capital work-in-progress	1.8	1.8
			Investments	640.9	623.9
<b>Non Current Liabilities</b>	<b>1.9</b>	<b>6.9</b>	Other Financial Assets	10.3	9.6
			Others (including Deferred Tax Assets)	63.0	55.9
<b>Current Liabilities</b>			<b>Total Non Current Assets</b>	<b>749.0</b>	<b>744.8</b>
Trade and Other Payables	70.0	98.9			
Others	37.6	50.5	<b>Current Assets</b>		
<b>Total Current Liabilities</b>	<b>107.6</b>	<b>149.4</b>	Inventories	15.0	23.8
			Investments	16.9	100.5
<b>Total Equity + Liabilities</b>	<b>1172.5</b>	<b>1213.7</b>	Trade Receivables	86.6	124.6
			Cash and Cash Equivalent	120.8	13.8
			Others	184.1	206.2
			<b>Total Current Assets</b>	<b>423.5</b>	<b>468.8</b>
			<b>Total Assets</b>	<b>1172.5</b>	<b>1213.7</b>

Note : numbers may not add up due to rounding

# BTL Consolidated Financial Performance



In Rs Cr	Q2 FY21	Q1FY21	Q2 FY20	H1FY21	H1FY20
<b>Total Income from operations</b>	78.3	35.1	187.5	113.3	278.0
Cost of Production	60.5	36.6	117.9	97.0	198.4
<b>Gross Margin</b>	17.8	-1.5	69.6	16.3	79.6
<i>Gross Margin %</i>	23%	-4%	37%	14%	29%
Marketing and Distribution	6.4	6.1	37.2	12.5	48.8
Employee Benefits Expense	7.3	5.5	6.5	12.8	18.5
Other Expenses	16.5	13.2	20.6	29.7	40.2
<b>EBITDA</b>	-12.4	-26.3	5.3	-38.7	-28.0
<i>EBITDA Margin %</i>	-16%	-75%	3%	-34%	-10%
Finance Cost	0.3	0.4	0.6	0.7	1.4
Depreciation and amortisation	7.4	7.8	9.8	15.3	19.6
Other Income	2.5	5.7	5.2	8.3	7.4
Profit Before Tax	-17.6	-28.8	0.0	-46.4	-41.5
Tax Expenses	1.9	-0.9	10.8	1.0	11.4
<b>Net Profit After Tax</b>	-19.5	-27.9	-10.7	-47.4	-52.9

- H1FY21 Revenue from Operations does not include big movie release, H1 FY20 included the hugely successful movie Dream Girl
- ALTBalaji revenues in H1FY21 at Rs 29.6cr
- Remain well funded, value of investments at Rs 219cr (as on 7Sep)

Note : numbers may not add up due to rounding

# BTL Consolidated Balance Sheet



Particulars (Rs Cr)	30-Sep-20	31-Mar-20	Particulars (Rs Cr)	30-Sep-20	31-Mar-20
<b>Equity</b>			<b>Non-current assets</b>		
Equity Share Capital	20.2	20.2	Property, plant and equipment	22.5	27.9
Other Equity and non control interest	625.9	672.0	Right to use assets	12.8	28.8
<b>Total Equity</b>	<b>646.1</b>	<b>692.2</b>	Capital work-in-progress	1.8	1.8
			Other Financial Assets	9.3	11.6
<b>Non Current Liabilities</b>	<b>3.0</b>	<b>8.3</b>	Others (including Deferred Tax Assets)	67.8	63.7
			<b>Total Non Current Assets</b>	<b>114.2</b>	<b>133.8</b>
<b>Current Liabilities</b>					
Trade and Other Payables	85.2	118.9	<b>Current Assets</b>		
Others	49.7	68.3	Inventories	117.1	155.8
<b>Total Current Liabilities</b>	<b>135.0</b>	<b>187.2</b>	Investments	31.8	122.6
			Trade Receivables	83.1	176.7
<b>Total Equity + Liabilities</b>	<b>784.1</b>	<b>887.8</b>	Cash and Cash Equivalent	160.3	19.9
			Others	277.6	279.0
			<b>Total Current Assets</b>	<b>669.8</b>	<b>754.0</b>
			<b>Total Assets</b>	<b>784.1</b>	<b>887.8</b>

Note : numbers may not add up due to rounding

# Legal Entity Wise Performance : Q2 FY21



Particulars (In Rs cr)	BTL (TV + Movie Production)	BMPL (Movie Distribution)	ALTBalaji	MFPL	CBEPL	Elimination	Consol
Net Sales / Income from Operations	75.68		14.67			14.43	75.93
Other Operating Income	2.99					0.66	2.33
<b>Total Income</b>	<b>78.67</b>		<b>14.67</b>			<b>15.08</b>	<b>78.26</b>
Cost of Production	58.54		22.14			-20.19	60.48
Marketing and Distribution Expenses	0.35		6.07				6.42
Staff Cost	2.92	0.72	2.25			1.43	7.32
Other Expenditure	4.83	0.04	13.00	0.01	0.03	-1.43	16.48
<b>EBITDA</b>	<b>12.04</b>	<b>-0.77</b>	<b>-28.78</b>	<b>-0.01</b>	<b>-0.03</b>	<b>5.11</b>	<b>-12.44</b>
Finance Cost	0.25	0.45	0.10			-0.51	0.29
Depreciation	6.86		0.58				7.44
<b>Total Expenditure</b>	<b>73.74</b>	<b>1.22</b>	<b>44.14</b>	<b>0.01</b>	<b>0.03</b>	<b>-20.70</b>	<b>98.43</b>
Profit / (Loss) from Operation Before Other Income	4.93	-1.22	-29.46	-0.01	-0.03	5.62	-20.17
Other Income	2.69	0.01	0.34	0.02	0.00	-0.51	2.55
Profit / (Loss) from Ordinary Activities Before Tax	7.62	-1.21	-29.13	0.01	-0.03	5.11	-17.62
Tax Expenses	1.92						1.92
<b>Net Profit / (Loss) from continuing operations</b>	<b>5.70</b>	<b>-1.21</b>	<b>-29.13</b>	<b>0.01</b>	<b>-0.03</b>	<b>5.11</b>	<b>-19.54</b>

Note : numbers may not add up due to rounding.

# Legal Entity Wise Performance : H1FY21



Particulars (In Rs cr)	BTL (TV + Movie Production)	BMPL (Movie Distribution)	ALTBalaji	MFPL	CBEPL	Elimination	Consol
Net Sales / Income from Operations	95.83	0.43	29.58			14.85	110.98
Other Operating Income	4.02					1.68	2.33
<b>Total Income</b>	<b>99.85</b>	<b>0.43</b>	<b>29.58</b>			<b>16.53</b>	<b>113.31</b>
Cost of Production	73.15		46.15			-22.25	97.04
Marketing and Distribution Expenses	0.86		12.05			-0.43	12.49
Staff Cost	5.76	1.05	3.78			2.25	12.84
Other Expenditure	8.40	0.07	23.37	0.01	0.08	-2.25	29.69
<b>EBITDA</b>	<b>11.68</b>	<b>-0.70</b>	<b>-55.77</b>	<b>-0.01</b>	<b>-0.08</b>	<b>6.14</b>	<b>-38.74</b>
Finance Cost	0.58	0.97	0.22			-1.10	0.67
Depreciation	13.89		1.40		0.00		15.29
<b>Total Expenditure</b>	<b>102.63</b>	<b>2.09</b>	<b>86.96</b>	<b>0.01</b>	<b>0.09</b>	<b>-23.78</b>	<b>168.00</b>
Profit / (Loss) from Operation Before Other Income	-2.78	-1.67	-57.38	-0.01	-0.09	7.24	-54.69
Other Income	8.09	0.01	1.18	0.04	0.06	-1.10	8.29
Profit / (Loss) from Ordinary Activities Before Tax	5.31	-1.66	-56.21	0.03	-0.02	6.14	-46.40
Tax Expenses	1.01						1.01
<b>Net Profit / (Loss) from continuing operations</b>	<b>4.30</b>	<b>-1.66</b>	<b>-56.21</b>	<b>0.03</b>	<b>-0.02</b>	<b>6.14</b>	<b>-47.42</b>

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 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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