



*Balaji Telefilms Ltd.*

# Quarterly Performance Report

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Q3 FY18 and 9M FY18

# Financial Highlights for the Quarter



## Television and Movie Business (Standalone business)

- **42% growth** in EBITDA – Q3 FY18 EBITDA at Rs 12.9 cr vs Rs 9.1 cr in Q3 FY17
- **80% growth** in PBT - Q3 FY18 PBT at Rs 12.6 cr vs Rs 7 cr in Q3 FY17
- **29% growth** in PAT Q3 FY18 PAT at **Rs 9.3 cr vs Rs 7.3 cr** in Q3 FY17
- Revenue per hour in the TV business has **improved 3% to Rs 0.33 cr** in Q3 FY18
- **86% improvement** in gross margin per hour in the TV business - Gross Margins in Q3 FY18 at **Rs 0.13 cr vs Rs 0.07 cr** in Q3 FY17
- 9M FY18 PBT at **Rs 29.1 cr vs Rs (11.4) cr** in 9M FY17. 9M FY18 PBT includes an exceptional item of Rs 9 cr adjusted through profit and loss pertaining to certain income tax matters and provided as a matter of abundant precaution.
  - Excluding this PBT would have been at **Rs 38.1 cr for 9M FY18** vs loss of Rs (11.4) cr in 9M FY17

## ALTBalaji

- Q3 FY18 revenues at **Rs 1.1 cr** and 9M FY18 revenues at **Rs 3.2 cr**
- AltBalaji follows a **controlled cash burn** linked to revenue

## Investments

- Investments in mutual fund units at 31<sup>st</sup> December 2017 **Rs 468.5 cr**

# Business Highlights for the Quarter



## ALTBalaji

- **Number 1 OTT platform with 14 Original shows** (Hindi, Tamil and Bengali)
- Over **10 million app install and an additional 2 million** through web browser (excludes users accessing the app through telecom partners video app such as Vodafone Play and Jio Cinema)
- AltBalaji was ranked **Number 4 in Google's most popular apps for India in 2017** and is the only video subscription service in the top 5 which features other free photo editing and messaging apps
- Show called "Bose Dead / Alive" was launched during the quarter – show has a **9.4 / 10 rating on IMDb**, one of the highest ever for an Indian web series
- Launched **India's first Bengali OTT show – Dhimaner Dinkaal** which has been very well received by the Bengali speaking audiences across India and Bangladesh
- AltBalaji went live on the **Vodafone Play** and all our content is now available to Vodafone users in India.
- We continue to strengthen our B2B partnerships ecosystem across a range of OEMs, telecom / internet service providers and payment wallets.

## Television and Movie Business

- **6 shows** were running during the quarter of which Chandra Nandni on Star Plus came to an end during the quarter after over 250 episodes
- No movie releases during the quarter. **Veere Di Wedding** (Hindi movie being co-produced by Balaji Motion Pictures Limited and featuring Kareena Kapoor and Sonam Kapoor) is scheduled to be released in June 2018

## Others

- **NCLT approved merger** of Bolt Media and the film production business of Balaji Motion Pictures Limited into Balaji Telefilms Limited. Merger will result in streamlining group structure and operational cost savings. The process is completed and the effective date of the order is December 15, 2017. The appointed date as mentioned in the order is April 01, 2016

# Consolidated Financial Performance (TV + Movies + ALTBalaji)



## Revenue from Operations

- Q3 FY18 revenues at **Rs 65.1 cr vs Rs 103.4 cr** in Q3 FY17
- 9M FY 18 revenues at **Rs 319.6 cr vs Rs 326.7 cr** in 9M FY17
- Q3 FY18 decrease primarily on account of lower programming hours (83 hours) in the TV business

## EBITDA

- Q3 FY18 EBITDA at **Rs (7.1) cr vs Rs 2.8 cr** in Q3 FY17.
- 9M FY18 EBITDA at **Rs (32.5) cr vs Rs (23.6) cr** in 9M FY17
- Q3 FY18 and 9M FY18 loss on account of launch of ALTBalaji this year, 9M FY17 was impacted due the piracy of our movies that resulted in a revenue loss of approximately Rs 36 cr

## Profit

- Q3 FY18 PBT at **Rs (6.6) cr vs Rs 2.3 cr** in Q3 FY17. 9M FY18 PBT at **Rs (39.7) cr vs 9M FY17 at Rs (19.5) cr** , 9M FY18 PBT includes an exceptional item of Rs 9 cr.
- 9M FY18 Tax include net deferred tax credit (under merger ) of Rs. 23 Cr and net current year tax credit of Rs 6.5cr on account of merger
- Q3 FY18 PAT at **Rs 24.8 cr vs Rs (1.9) cr** in Q3 FY17. Q3 FY18 includes a deferred tax credit of Rs 20 cr created on account of the merger and has been recognised in the quarter as per IND-AS
- 9M FY18 PAT at **Rs (12.4) cr vs Rs (30.0) cr** in 9M FY17
- There is no additional cash outflow on account of taxation

## Investments

- Investments in mutual fund units at 31<sup>st</sup> December 2017 **Rs 468.5 cr vs Rs 506.4 cr** as of 30<sup>th</sup> September 2017
- Total inventory as of 31<sup>st</sup> December 2017 was at **Rs 115.1 cr vs 30<sup>th</sup> September 2017 Rs 85.4 cr**
  - Movie inventory at **Rs 46.7 cr vs Rs 40.7 cr** on 30<sup>th</sup> September 2017

# BTL Standalone Financial Performance (TV + Movie Production)



As part of the scheme of arrangement sanctioned by the National Company Law Tribunal (NCLT) the Company has merged the operations of the Film Production Business of Balaji Motion Pictures Limited and Bolt Media Limited into Balaji Telefilms Limited. This has resulted in streamlining our Group structure and also consolidated our business operations. The NCLT order was received in November 2017 and the scheme is effective 1<sup>st</sup> April 2016. Our financial performance has been restated on account of the above scheme of arrangement.

## Revenue from Operations

- Q3 FY18 revenue at **Rs 71.3 cr vs Rs 103.1 cr** in Q3 FY17. 9M FY18 revenues at **Rs 328.1 cr vs Rs 314.9 cr** in 9M FY17
- Q3 FY18 revenue from the Television business was at **Rs 59.4 cr vs Rs 83.5 cr in Q3 FY17**.
- Q3 FY17 had 10 shows on air during the quarter vs 6 shows in Q3 FY18 resulting in programming hours reducing by 83 hours
- No movie releases in Q3 FY18 and Q3 FY17, however Q3 FY17 had revenue recognition of **Rs 19.2 cr vs Rs 0.8 cr** in Q3 FY18

## EBITDA

- Q3 FY18 EBITDA at **Rs 12.9 cr vs Rs 9.1 cr** in Q3 FY17. 9M FY18 EBITDA at **Rs 38.7 cr vs Rs (7.3) cr** in 9M FY17.
- Improvement on account higher revenue shows and improved cost management in the TV business

## Profit

- Q3 FY18 PBT at **Rs 12.6 cr vs Rs 7.0 cr** in Q3 FY17. 9M FY18 PBT at **Rs 29.1 cr vs Rs (11.4) cr** in 9M FY17. 9M FY18 PBT includes an exceptional expense of Rs 9 cr.
- 3M FY18 PAT at **Rs 9.3 cr vs Rs 7.3 cr** in Q3 FY17. 3M FY18 PAT lower on account of MAT provisioning in the quarter
- 9M FY18 PAT at **Rs 12.5 cr vs Rs 16.4 cr** in 9M FY17. Merger has resulted in creation of a deferred tax asset of Rs 27.8 cr in 9M FY17, resulting in increase in PAT for FY 17
- 9M FY 18 Tax Expense include tax expense of Rs 16.6 cr on account of deferred tax charge and MAT, however there is no cash outflow on account of these charges

## Balance sheet

- Investments in Mutual fund units as at 31<sup>st</sup> December 2017 at **Rs 329.0 cr vs Rs 326.6 cr** at 30<sup>th</sup> September 2017

# Television Business: Operating metrics



Particulars	QoQ change	YoY change	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16	Full Year FY17
Programming Hours	-25%	-32%	179	240	240	241	262	960
Revenue `(Rs Cr)	-23%	-29%	59.4	77.6	80.4	80.9	83.5	277.9
Realisation / Hour (Rs Cr)	3%	3%	0.33	0.32	0.34	0.34	0.32	0.29
Gross Margin (Rs Cr)	19%	22%	22.5	18.9	22.4	29.0	18.7	74.1
Gross Margin / Hour (Rs Cr)	63%	86%	0.13	0.08	0.09	0.12	0.07	0.08
Gross Margin %	+1350bps	+1550bps	37.9%	24.4%	27.9%	35.8%	22.4%	26.7%

**Note :** Only includes commissioned programs

- Chandra Nandni on Star Plus came to an end in the quarter resulting in a drop in the hours of programming and revenue
- Realisation per hour continue to remain steady on account of focus on high impact prime time programming and the company continuing to receive TRP linked incentives
- Gross margins improved as compared to the previous quarter as no new shows were launched during the quarter

# Television Business: Show Line-up



Channel	Show Name	Time	Schedule
	Kasam Tere Pyaar Ki	18.00 - 18.30	Monday to Friday
	Chandrakanta	20.00 – 21.00	Saturday to Sunday
	Ye Hai Mohabbatein	19.30 - 20.00	6 days a week
	Chandra Nandni*	20.30 - 21.00	Monday to Friday
	Kumkum Bhagya	21.00 - 21.30	Monday to Friday
	Kundali Bhagya	21.30 - 22.00	Monday to Friday

**Note :** \* Show ended during the quarter.



## Revenue from Operations

- Q3 FY18 revenues at **Rs 1.1 cr vs Nil** in Q3 FY17. The service was only launched this year on 16<sup>th</sup> April 2017
- 9M FY18 revenues at **Rs 3.2 cr**
- Revenue recognition policy is based on the validity of subscription plan selected by customers

## EBITDA

- Q3 FY18 EBITDA at **Rs (20.0) cr vs Rs (5.5) cr** in Q3 FY17. 9M FY18 EBITDA at **Rs (70.5) cr vs Rs (13.0) cr** in 9M FY17
- Increase in costs as AltBalaji commenced commercial operations and began expensing content and marketing spend
- AltBalaji to follow a **very controlled cash burn** linked to subscriber revenue growth

## Other income

- Q3 FY18 other income at **Rs 1.7cr vs Rs 1.6 cr** in Q3 FY17
- Other income from investments in mutual fund units, pending deployment of capital in the business

## Profit after Tax

- Q3 FY18 PAT at **Rs (17.8) cr vs Rs (4.5) cr** in Q3 FY17
- 9M FY18 PAT at **Rs (65.8) cr vs Rs (7.0) cr** in 9M FY17





**Launched 16<sup>th</sup> April 2017**

**10 million + 1.2million**  
App Downloads and web traffic<sup>1</sup>

**500,000+**  
paid users<sup>2</sup>

**14**  
Original and exclusive shows



**433 million**  
Minutes of  
Video consumed since launch

**Rs 4.4 cr**  
Gross billing<sup>3</sup>

**98 minutes**  
Average watch time per user<sup>4</sup>

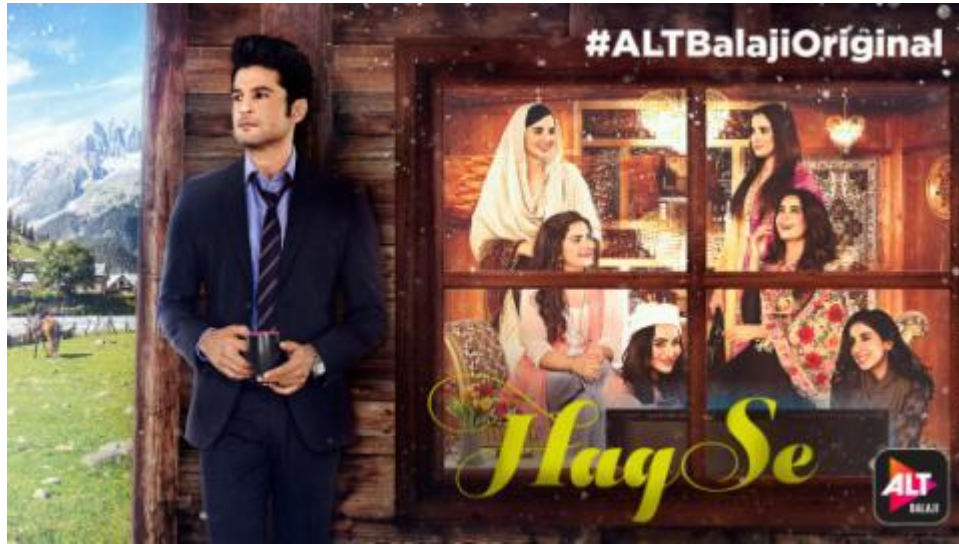
**Note : All data as of 31<sup>st</sup> December 2017**

1. Does not include users accessing the service through Third Party Telecom apps such as Vodafone Play
2. Includes users accessing and paying for the service through Third Party Telecom apps
3. Gross billing is total collections until 31<sup>st</sup> December 2017. Revenue reported in financials as per IND-AS standards
4. Average time is calculated as total time watched by paying users divided by total number of paying users

# Shows Added in the Quarter



# Up coming shows...





## Financials

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# BTL Standalone Financial Performance (TV + Movie Production)



Particulars (Amounts in INR Cr)	Q3FY18	Q2 FY18	Q3 FY17	9M FY18	9M FY17	FY17
<b>Total Income from operations</b>	71.3	105.1	103.1	328.1	314.9	410.9
Cost of Production	47.1	81.7	84.2	253.7	290.9	358.0
<b>Gross Margin</b>	24.2	23.4	18.9	74.4	24.1	52.9
Gross Margin %	34%	22%	18%	23%	8%	13%
Employee Benefits Expense	3.3	4.6	4.3	12.0	13.1	18.5
Other Expenses	8.1	10.3	5.5	23.7	18.2	27.1
<b>EBITDA</b>	12.9	8.6	9.1	38.7	(7.3)	7.3
EBITDA Margin %	18%	8%	9%	12%	-2%	2%
Depreciation and amortisation expense	3.3	3.7	3.4	10.7	8.9	12.3
Other Income	3.1	5.0	1.3	10.1	4.7	7.2
Exceptional Item (tax provision)	-	9.1	-	9.1	-	-
Profit / (Loss) Before Tax	12.6	0.8	7.0	29.1	(11.4)	2.3
Tax Expenses	3.3	5.0	(0.2)	16.6	(27.8)	(27.1)
<b>Net Profit / (Loss) After Tax</b>	9.3	(4.2)	7.3	12.5	16.4	29.4
Other Comprehensive Income	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)
Total Comprehensive Income	9.3	(4.2)	7.3	12.4	16.4	29.3

Note : numbers may not add up due to rounding

# BTL Consolidated Financial Performance (TV + Movie + ALTBalaji)



Particulars (Amounts in INR Cr)	Q3FY18	Q2 FY18	Q3 FY17	9M FY18	9M FY17	FY17
<b>Total Income from operations</b>	65.1	109.8	103.4	319.6	326.7	421.2
Cost of Production	46.3	89.8	84.4	248.6	270.9	335.7
<b>Gross Margin</b>	18.9	20.0	18.9	71.0	55.8	85.4
Gross Margin %	29%	18%	18%	22%	17%	20%
Marketing and Distribution	7.0	7.8	0.0	43.3	32.8	36.4
Employee Benefits Expense	6.9	8.4	6.6	23.7	19.9	28.3
Other Expenses	12.1	14.4	9.5	36.4	26.7	38.7
<b>EBITDA</b>	(7.1)	(10.6)	2.8	(32.5)	(23.6)	(18.1)
EBITDA Margin %	-11%	-10%	3%	-10%	-7%	-4%
Depreciation and amortisation expense	4.2	4.8	3.4	13.3	9.0	12.5
Other Income	4.7	6.8	3.0	15.1	13.2	17.8
Exceptional Item (tax provision)	-	9.1	-	9.1	-	-
Profit / (Loss) Before Tax	(6.6)	(17.7)	2.4	(39.7)	(19.5)	(12.8)
Tax Expenses	(31.4)	(3.8)	4.2	(27.3)	10.5	16.9
<b>Net Profit / (Loss) After Tax</b>	24.8	(13.8)	(1.9)	(12.4)	(30.0)	(29.7)
Other Comprehensive Income	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)
Total Comprehensive Income	24.8	(13.9)	(1.9)	(12.5)	(30.0)	(29.8)

Note : numbers may not add up due to rounding

# Legal Entity wise performance : Q3 FY18



Particulars (In Rs cr)	BTL (TV + Movie Production)	BMPL (Movie Distribution)	ALT (Digital)	MFPL	EML	CBEPL	Eliminations	Consol
Net Sales / Income from Operations	69.8	(0.0)	1.1			0.5	7.9	63.6
Other Operating Income	1.6							1.6
<b>Total Income</b>	<b>71.3</b>	<b>(0.0)</b>	<b>1.1</b>			<b>0.5</b>	<b>7.9</b>	<b>65.1</b>
Cost of Production	46.6	0.0	7.7	(0.0)		0.5	8.4	46.3
Marketing and Distribution Expenses	0.4	0.0	6.5					7.0
Staff Cost	3.3	0.3	3.3	0.0				6.9
Finance Cost		0.1			0.0	0.0	0.0	0.0
Depreciation	3.3		0.9	0.0		0.0		4.2
Other Expenditure	8.2	0.2	3.6	0.0		0.1		12.1
<b>Total Expenditure</b>	<b>61.8</b>	<b>0.6</b>	<b>22.0</b>	<b>(0.0)</b>	<b>0.0</b>	<b>0.5</b>	<b>8.5</b>	<b>76.4</b>
<b>Profit / (Loss) from Operation Before Other Income</b>	<b>9.6</b>	<b>(0.6)</b>	<b>(20.9)</b>	<b>0.0</b>	<b>(0.0)</b>	<b>0.0</b>	<b>(0.6)</b>	<b>(11.3)</b>
Other Income	3.1		1.7				0.0	4.7
Profit/(loss) before tax & exceptional items	12.6	(0.6)	(19.2)	0.0	(0.0)	0.0	(0.6)	(6.6)
Exceptional Items								
<b>Profit / (Loss) from Ordinary Activities Before Tax</b>	<b>12.6</b>	<b>(0.6)</b>	<b>(19.2)</b>	<b>0.0</b>	<b>(0.0)</b>	<b>0.0</b>	<b>(0.6)</b>	<b>(6.6)</b>
Tax Expenses	3.3		(1.3)					(31.4)
<b>Net Profit / (Loss) from continuing operations</b>	<b>9.3</b>	<b>(0.6)</b>	<b>(17.8)</b>	<b>0.0</b>	<b>(0.0)</b>	<b>0.0</b>	<b>(0.6)</b>	<b>24.8</b>
Other adjustments (Minority share / defined benefit etc)								(0.1)
Net Profit								24.8

Note : numbers may not add up due to rounding

# Legal Entity wise performance : 9M FY18



Particulars (In Rs cr)	BTL (TV + Movie Production)	BMPL (Movie Distribution)	ALT (Digital)	MFPL	EML	CBEPL	Eliminations	Consol
Net Sales / Income from Operations	325.9	7.5	3.2			1.0	20.2	317.3
Other Operating Income	2.3				0.0			2.3
<b>Total Income</b>	<b>328.1</b>	<b>7.5</b>	<b>3.2</b>		<b>0.0</b>	<b>1.0</b>	<b>20.2</b>	<b>319.6</b>
Cost of Production	245.1	6.4	16.4	(0.0)		0.9	20.2	248.6
Marketing and Distribution Expenses	8.7	0.0	34.6					43.3
Staff Cost	12.0	0.6	11.0	0.1				23.7
Finance Cost		0.2			0.1	0.0	0.2	0.0
Depreciation	10.7		2.7	0.0		0.0		13.3
Other Expenditure	23.7	0.7	11.7	0.2	0.0	0.2		36.4
<b>Total Expenditure</b>	<b>300.1</b>	<b>7.9</b>	<b>76.4</b>	<b>0.3</b>	<b>0.1</b>	<b>1.1</b>	<b>20.4</b>	<b>365.4</b>
<b>Profit / (Loss) from Operation Before Other Income</b>	<b>28.0</b>	<b>(0.4)</b>	<b>(73.2)</b>	<b>(0.3)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(45.8)</b>
Other Income	10.1		4.6	0.5		0.1	0.2	15.1
<b>Profit/(loss) before tax &amp; exceptional items</b>	<b>38.1</b>	<b>(0.4)</b>	<b>(68.6)</b>	<b>0.2</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>(30.7)</b>
Exceptional Items	9.1							9.1
<b>Profit / (Loss) from Ordinary Activities Before Tax</b>	<b>29.1</b>	<b>(0.4)</b>	<b>(68.6)</b>	<b>0.2</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>(39.7)</b>
Tax Expenses	16.6		(2.8)	0.2				(27.3)
<b>Net Profit / (Loss) from continuing operations</b>	<b>12.5</b>	<b>(0.4)</b>	<b>(65.8)</b>	<b>0.1</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>(12.4)</b>
Other adjustments (Minority share / defined benefit etc)								(0.1)
Net (Loss)								(12.5)

Note : numbers may not add up due to rounding



# Additional Information in case Merger was not effective 1<sup>st</sup> April 2016



## BTL (Only Television Business)

Particulars (Amounts in INR Cr)	Q3FY18	Q2 FY18	Q3 FY17	9M FY18	9M FY17	FY17
Total Income from operations	68.9	81.7	83.5	244.4	197.1	279.8
Gross Margin	22.5	18.7	18.3	65.1	43.0	69.7
Gross Margin %	33%	23%	22%	27%	22%	25%
EBITDA	13.7	7.2	10.4	36.9	20.8	38.6
EBITDA Margin %	20%	9%	12%	15%	11%	14%
Profit Before Tax	13.4	11.5	11.7	42.2	26.5	45.5
Tax Expenses and exceptional items	-1.5	-6.1	-3.6	-16.0	-8.3	-14.5
Net Profit After Tax	11.8	5.4	8.0	26.2	18.2	31.0

## BMPL : Movie Production and Distribution Business

Particulars (Amounts in INR Cr)	Q3FY18	Q2 FY18	Q3 FY17	9M FY18	9M FY17	FY17
Total Income from operations	0.8	30.8	19.2	88.9	115.8	126.3
Gross Margin	0.0	5.6	0.2	8.0	-21.0	-21.6
Gross Margin %	0%	18%	1%	9%	-18%	-17%
EBITDA	-1.4	2.0	-1.7	1.6	-29.4	-32.8
EBITDA Margin %	-161%	7%	-9%	2%	-25%	-26%
Profit Before Tax	-1.5	-1.0	-5.1	-4.5	-39.2	-44.7
Tax Expenses	-	-	-	-	-	0.4
Net Profit After Tax	-1.5	-1.0	-5.1	-4.5	-39.2	-44.3

Note : numbers may not add up due to rounding

# Accounting Policies for Amortization on Inventory

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## 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

## 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

# Investor Contacts

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**Thank You**

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