

Balaji Telefilms Ltd.

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Website : www.balajitelefilms.com
CIN No. : L99999MH1994PLC082802



November 09, 2020

To,

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001
Stock Code: 532382

National Stock Exchange of India Ltd.

"Exchange Plaza",
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400 051
Stock Code: BALAJITELE

Sub: Outcome of Board Meeting held on November 09, 2020

Dear Sir/Madam,

This is further to our letter dated November 09, 2020 intimating the outcome of Board Meeting for consideration and approval of Unaudited Financial Results for the quarter and half year ended September 30, 2020. We are hereby submitting Quarterly Performance Report and Press Release in this regard.

The above information will also be made available on the Company's website, www.balajitelefilms.com

You are requested to take the aforementioned information on your record.

Thanking you,

Yours Faithfully,

For Balaji Telefilms Limited

Simmi Singh Bisht
Group Head Secretarial
Membership No. A23360



Encl: a/a



Quarterly Performance Update

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
Total Income from operations	78.3	35.1	123%	113.3	278.0	-59%
Cost of Production	60.5	36.6	65%	97.0	198.4	-51%
Gross Margin	17.8	-1.5	na	16.3	79.6	-80%
<i>Gross Margin %</i>	23%	-4%	na	14%	29%	
EBITDA Loss	-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%
Net Profit / Loss After Tax	-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	ALTBalaji	Voot	ALTBalaji	ALTBalaji	ALTBalaji
5	Sony LIV	ALTBalaji	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



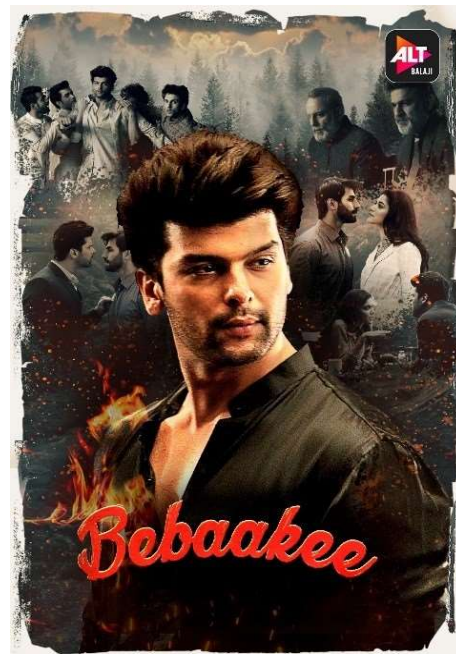
Very strong pipeline as content production recommences



**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

BTL Standalone Financial Performance (TV + Movie Production)



In Rs Cr	Q2 FY21	Q1 FY21	Q2 FY20	H1FY21	H1FY20
Total Income from operations	78.7	21.2	179.4	99.8	262.2
Cost of Production	58.5	14.6	104.8	73.2	161.1
Gross Margin	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
EBITDA	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
Net Profit After Tax	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
Equity			Non-current assets		
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
Total Equity	1,063.0	1,057.4	Capital work-in-progress	1.8	1.8
			Investments	640.9	623.9
Non Current Liabilities	1.9	6.9	Other Financial Assets	10.3	9.6
			Others (including Deferred Tax Assets)	63.0	55.9
Current Liabilities			Total Non Current Assets	749.0	744.8
Trade and Other Payables	70.0	98.9			
Others	37.6	50.5	Current Assets		
Total Current Liabilities	107.6	149.4	Inventories	15.0	23.8
			Investments	16.9	100.5
Total Equity + Liabilities	1172.5	1213.7	Trade Receivables	86.6	124.6
			Cash and Cash Equivalent	120.8	13.8
			Others	184.1	206.2
			Total Current Assets	423.5	468.8
			Total Assets	1172.5	1213.7

Note : numbers may not add up due to rounding

BTL Consolidated Financial Performance



In Rs Cr	Q2 FY21	Q1FY21	Q2 FY20	H1FY21	H1FY20
Total Income from operations	78.3	35.1	187.5	113.3	278.0
Cost of Production	60.5	36.6	117.9	97.0	198.4
Gross Margin	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
EBITDA	-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
Net Profit After Tax	-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
Equity			Non-current assets		
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
Total Equity	646.1	692.2	Capital work-in-progress	1.8	1.8
			Other Financial Assets	9.3	11.6
Non Current Liabilities	3.0	8.3	Others (including Deferred Tax Assets)	67.8	63.7
			Total Non Current Assets	114.2	133.8
Current Liabilities					
Trade and Other Payables	85.2	118.9			
Others	49.7	68.3	Current Assets		
Total Current Liabilities	135.0	187.2	Inventories	117.1	155.8
			Investments	31.8	122.6
Total Equity + Liabilities	784.1	887.8	Trade Receivables	83.1	176.7
			Cash and Cash Equivalent	160.3	19.9
			Others	277.6	279.0
			Total Current Assets	669.8	754.0
			Total Assets	784.1	887.8

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
Total Income	78.67		14.67			15.08	78.26
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
EBITDA	12.04	-0.77	-28.78	-0.01	-0.03	5.11	-12.44
Finance Cost	0.25	0.45	0.10			-0.51	0.29
Depreciation	6.86		0.58				7.44
Total Expenditure	73.74	1.22	44.14	0.01	0.03	-20.70	98.43
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
Net Profit / (Loss) from continuing operations	5.70	-1.21	-29.13	0.01	-0.03	5.11	-19.54

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
Total Income	99.85	0.43	29.58			16.53	113.31
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
EBITDA	11.68	-0.70	-55.77	-0.01	-0.08	6.14	-38.74
Finance Cost	0.58	0.97	0.22			-1.10	0.67
Depreciation	13.89		1.40		0.00		15.29
Total Expenditure	102.63	2.09	86.96	0.01	0.09	-23.78	168.00
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
Net Profit / (Loss) from continuing operations	4.30	-1.66	-56.21	0.03	-0.02	6.14	-47.42

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

CIN : L99999MH1994PLC082802

<http://www.balajitelefilms.com>

Sanjay Dwivedi – Group CFO

Simmi Singh Bisht - Group Head – Secretarial

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Balaji Telefilms content production slowly returns to normal. ALTBalaji remains resilient despite limited new show releases

November 9, 2020: Balaji Telefilms Limited, India's leading media and content powerhouse, today announced its financial results for the second quarter and half year ended 30th September 2020.

ALTBalaji's continues to go deeper into mass India and saw good success during the quarter to improve consumer retention and push deeper engagement of library. Watch time grew on the platform despite only two new show launches and consumers slowly getting back to work and other social commitments. Total revenue for ALTBalaji at Rs 14.7cr for the quarter and Rs 29.6cr for H1 FY21. The total library of original shows available on ALTBalaji was at 65, and the pipeline for new shows getting much stronger, with production resumed across multiple shows.

Balaji Telefilms TV content production has slowly restarted following necessary health and safety precautions. 6 shows were on air during the quarter and the Company is expected to launch two new shows in the coming quarter.

Movie business had very limited activity and the Company completed the sale of digital rights of Pagglait to Netflix. Given the uncertainties around theatrical reopening the Company is exploring more such direct to digital sales for its movie portfolio.

Mrs. Shobha Kapoor, Managing Director, Balaji Telefilms Limited said, "This quarter we took steps to restore our content production activity and have slowly returned to more normal levels of TV content production. The teams are adapting to the new processes of shooting and I am confident we will adapt quickly given our strength and successful track record. Our digital businesses had limited fresh content during the quarter but we have managed to get better engagement using our library of over 65 original shows. We will soon restart adding more shows to platform as shows are ready for launch. Overall some of the cost optimisation programs initiated should continue to allow us to see strong profitability as our operations return to pre-COVID levels."

OPERATIONAL HIGHLIGHTS

- TV content production recommences with 176.5 hours of content produced during the quarter. 6 shows on air during the quarter and two new shows in the pipeline

- ALTBalaji's continues to go deeper into mass India and the focus this quarter was to improve retention and push deeper engagement of library given limited fresh content was released
- Total library of original shows available on ALTBalaji at 65, pipeline for new shows getting stronger and production has now resumed. Company has announced an exciting line up of shows for the coming festive season
- Revenues from ALTBalaji's partnership with Zee5 recommenced in the quarter as 2 shows are shared across the OTT platforms
- Sale of movies to digital platforms completed and work has restarted on projects for the coming year. Confirmed projects include Ek Villain2 and K Tina. Additional movies to be announced later in the year

FINANCIAL PERFORMANCE HIGHLIGHTS (Consolidated)

- Income from operation up 123% QoQ to Rs 78.3cr
- EBITDA loss reduced to Rs 12.4cr vs Rs 26.3cr in Q1FY21
- Net loss after tax reduced to Rs 19.5cr vs Rs 27.9cr in Q1FY21
- Balance sheet remains strong with good liquidity - value of investments at Rs 219 cr (as of 7 November 2020)

About Balaji Telefilms Limited:

Balaji Telefilms is India's leading integrated media conglomerate operating across television, movie and digital content production. The Company, under the stewardship of Mrs. Shobha Kapoor and Ms. Ekta Kapoor, enjoys market leadership in the television content industry for over two decades with an exemplary track record for content creation across genres and target groups.

Balaji Telefilms is a household name which has produced some of the best television serials in the country including the famous K Series of daily soaps such as Kyunki Saas Bhi Kabhi Bahu Thi and Kahaani Ghar Ghar Ki. More recently it has created an extremely successful mystical fantasy series of Naagin 1 to Naagin 5, paving the way for weekend fiction based programming.

Over the years the company through its movies business has also demonstrated success in pioneering the production of a differentiated cinematic content across different genres. The Company has been involved in creating a number of commercial as well as critically acclaimed movies such as The Dirty Picture, LSD, Once Upon a Time, Ek Villain, Udta Punjab and most recently Veere Di Wedding and Dream Girl

Balaji Telefilms Ltd's foray into original shows on digital platforms, ALT Digital Media Entertainment Limited is a wholly owned subsidiary of the production house. Serving as a multi-device subscription Video on Demand (SVOD) Platform, ALTBalaji's offerings include premium, disruptive content and original series across genres, that audiences can watch at their convenience. With originality, courage and relentlessness at its core, ALTBalaji's content stands out for being non-conformist and inclusive. ALTBalaji is here to set new standards and benchmarks in giving digitally-first audiences an alternate content platform.

For further queries please contact:

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