



Palaji Telefilms Ltd.

Quarterly Performance Update

Q2 FY23 and H1 FY23

Television business drives revenue growth for Balaji group



Consolidated Financials (In ₹ Cr)	Q2 FY23	Q1 FY23	Q2 FY22	H1 FY23	H1 FY22
Total Income from operations	164.2	118.8	76.7	283.0	141.5
Cost of Production	148.9	115.1	80.9	264.0	138.3
Gross Margin	15.3	3.7	-4.2	19.0	3.2
Gross Margin %	9%	3%	-5%	7%	2%
EBITDA Loss	-14.8	-20.4	-38.5	-35.3	-68.9
EBITDA Margin %	-9%	-17%	-50%	-12.5%	-49%
Loss Before Tax	-18.8	-23.3	-40.7	-42.0	-74.2
Loss After Tax	-18.6	-24.5	-39.4	-43.1	-73.3

TV

- TV revenue jumped 54% in H1 FY23 to ₹162 cr vs H1 FY22
- TV business contributed to healthy margin in H1 FY23 with ₹ 19 cr of EBITDA vs ₹ 3 cr in H1 FY22, **5 times jump in EBITDA**
- 8 shows contributed to increase in production hours in current quarter i.e., 275 hours against 189 hours in Q2 FY22
- Current quarter realisation at ₹ 30.37 lakhs per hour is 9% higher than previous corresponding quarter i.e., Q2 FY22
- Strong pipeline for the year ahead with 2 new exciting shows currently under production.

ALTBalaji

- EBITDA losses restricted to ₹ 44 cr in H1 FY23 vs ₹ 71 cr in H1 FY22, **improved by 38%**, due to cost rationalisation measures
- ALTBalaji sold 6.1 lakh subscriptions (including 3.2 lakh renewals) in H1 FY23, direct subscription revenues for Q2 stood at approx. ₹ 5 crore with 5.7 lakh active subscriptions at end of H1 FY23.
- Strategic collaborations with leading players in progress for monetization and is expected to achieve fruition in forthcoming quarters.
- 'Apharan 2' and 'Code M S2' were launched in Q1 and Q2 respectively and both shows have been well received.

Movies

- 'Ek Villain Returns' headlined by a strong star cast released to positive reviews on 29th July.
- 'Dobaaraa', starring Taapsee Pannu and 'Goodbye' starring Amitabh Bachchan and Rashmika Mandanna, released on 19th August and 7th October respectively and received widespread critical acclaim by audiences. Dobaaraa trended at No. 1 spot subsequently on Netflix upon its release on OTT.

Key Business Highlights



TV business now fully returned to normal levels, very robust pipeline of new shows across genres

- TV business continued at normal production with 275 hours of production across 8 shows in Q2 FY23. Strong pipeline for the year ahead
- 8 shows were on air
 - Kumkum Bhagya, Kundali Bhagya, Bhagya Lakshmi on Zee, Yeh Hai Chahatein on Star, Naagin 6, Parineeti on Colors and Bade Acche Lagte Hain, Apnapan on Sony
 - 2 new exciting shows lined up which would further drive our volume growth

ALTBalaji remains focused on Hindi Originals

- ALTBalaji's direct subscription revenue at ₹ 5 cr in Q2 FY23. Expected to retain the momentum as per current run rates for the balance 6 months considering a strong content library in place with 93 shows and 18 movies which includes multiple seasons of hit shows
- Pricing remains at ₹ 300 a year (less than ₹ 1 a day making it affordable to mass audiences)
- Overall revenue for H1 FY23 at ₹ 42 cr, however additional 5.61 cr of revenue to be accounted in next 4 quarters as deferred revenue
- Major focus on cost rationalisation to limit cash burn

Movies – 3 theatrical releases till date & 3 more projects lined up for release in FY23

- 'Ek Villain Returns' starring John Abraham and Arjun Kapoor released on 29th July. The movie was subsequently released on Netflix and continues to perform well on OTT
- 'Dobaaraa', an engaging thriller starring actress Taapsee Pannu and directed by Anurag Kashyap released in theatres on 19th August 2022 to widespread critical acclaim especially on account of its niche concept. The movie was thereafter released on Netflix in October and trended in the top ten movie category for multiple weeks
- 'Goodbye' starring Amitabh Bachchan and Rashmika Mandanna and directed by Vikas Bahl was theatrically released on 7 October 2022 and received positive reviews from critics. The film will soon be releasing on Netflix
- Pre-locked exciting revenue deals on movies, covered ~90% cost of production through pre-sales thereby de-risking our movie business segment

New Theatrical Releases



➤ Theatrical Releases

- ✓ Ek Villain Returns released in July 2022
- ✓ Dobaaraa released in August 2022
- ✓ Goodbye released in October 2022

Upcoming Projects



Content Launches in H1 FY23



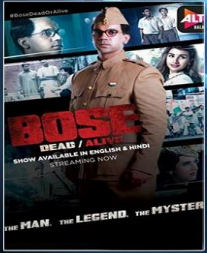
- Apharan 2 was launched in May 2022
- Garnered more than a million views within 3 weeks of launch



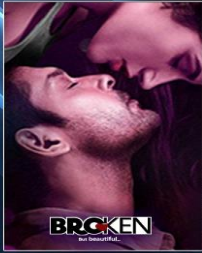
- Code M – Season 2 was launched in Aug 2022



IMDb



8.7 ★



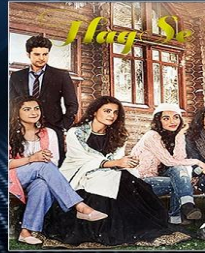
8.6 ★



8.4 ★



8.4 ★



8.2 ★

TOP IMDb SHOWS



7.9 ★



7.9 ★



7.6 ★



7.5 ★



7.1 ★

ALTBalaji critically acclaimed shows on IMDB

- Bose
- Broken But Beautiful
- The Test Case
- Apharan
- Haq Se
- Cartel
- Baarish
- Code M
- His Story
- Bicchu Ka Khel

Strong pipeline in FY23 – TV & Movies



- Overall demand for TV content remains strong with our shows continuing to generate good margins in Q2 FY23
- 8 shows contributed to increase in hours of production in current quarter, 275 hours against 189 hours in Q2 FY22
- Strong pipeline with 2 new exciting shows currently under production. Volume growth to drive revenues and pricing remains soft
- Shows on Air :

Broadcaster	Show
Zee	<ul style="list-style-type: none">• Kumkum Bhagya• Kundali Bhagya• Bhagya Lakshmi
Star	<ul style="list-style-type: none">• Yeh Hai Chahatein
Colors	<ul style="list-style-type: none">• Naagin 6• Parineeti
Sony	<ul style="list-style-type: none">• Bade Acche Lagte Hain 2• Apnapan

Status of current projects ready to release in coming months:

- **Freddy** starring the popular youth icon Kartik Aryan - Direct to Digital on Disney+ Hotstar,
- **U Turn** starring Alaya F, remake of hit Kannada movie
- **Kathal** starring Sanya Malhotra, - Direct to Digital on Netflix,
- **Thankyou for Coming** starring Bhumi Pednekar, now under post-production.

Exciting upcoming projects:

- **Dream Girl 2** (Starring Ayushmann Khurrana and Ananya Panday) commenced production in August 2022
- **Buckingham Murder** (Starring Kareena Kapoor & Director Hansal Mehta) commenced production in October 2022
- **Sabarmati** (Starring Yami Gautam)
- **Crew** led by all female star cast of Tabu, Kareena Kapoor and Kriti Sanon expected to go on floors soon



Financials

BTL Consolidated Financial Performance



In ₹ Cr	Q2 FY23	Q1 FY23	Q2 FY22	H1 FY23	H2 FY22
Total Income from operations	164.2	118.8	76.7	283.0	141.5
Cost of Production	148.9	115.1	80.9	264.0	138.3
Gross Margin	15.3	3.7	-4.2	19.0	3.2
<i>Gross Margin %</i>	9%	3%	-5%	7%	2%
Marketing and Distribution	10.0	3.5	8.3	13.6	24.1
Employee Benefits Expense	7.2	3.0	6.8	10.3	13.2
Other Expenses	12.9	17.5	19.3	30.4	34.8
EBITDA	-14.8	-20.4	-38.5	-35.3	-68.9
<i>EBITDA Margin %</i>	-9%	-17%	-50%	-12.5%	-49%
Finance Cost	1.3	1.1	0.1	2.4	0.3
Depreciation and amortisation	3.3	3.3	3.8	6.6	7.8
Other Income	0.6	1.5	1.7	2.1	2.9
Profit / Loss Before Tax	-18.8	-23.3	-40.7	-42.0	-74.2
Tax Expenses	-0.2	1.2	1.3	-1.0	0.8
Net Profit After Tax	-18.6	-24.5	-39.4	-43.1	-73.3

Note : Numbers may not add up due to rounding

Legal Entity Wise Performance : Q2 FY23



Particulars (In ₹ cr)	BTL (TV + Movie Production)	BMPL (Movie Distribution)	ALTBalaji	Ding	Elimination	Consol
Net Sales / Income from Operations	144.3	1.7	5.6	14.3	1.7	164.2
Other Operating Income	-	-	-	-	-	-
Total Income	144.3	1.7	5.6	14.3	1.7	164.2
Cost of Production	122.5	-	13.2	13.9	0.7	148.9
Marketing and Distribution Expenses	10.3	-	1.5	-	1.7	10.0
Staff Cost	3.7	0.9	0.9	0.2	-1.5	7.2
Other Expenditure	5.7	0.2	8.1	0.5	-1.5	12.9
EBITDA	2.1	0.7	-18.1	-0.3	-0.7	-14.9
Finance Cost	1.3	0.2	1.2	0.0	1.4	1.3
Depreciation	3.1	-	0.1	0.1	-	3.3
Profit / (Loss) from Operation Before Other Income	-2.3	0.6	-19.4	-0.3	-2.0	-19.4
Other Income	1.7	-	0.2	0.1	1.4	0.6
Profit / (Loss) from Ordinary Activities Before Tax	-0.6	0.6	-19.2	-0.3	-0.7	-18.8
Tax Expenses	-0.2	-	-	-	-	-0.2
Net Profit / (Loss) from continuing operations	-0.4	0.6	-19.2	-0.3	-0.7	-18.6

Note : numbers may not add up due to rounding

Legal Entity Wise Performance : H1 FY23



Particulars (In ₹ cr)	BTL (TV + Movie Production)	BMPL (Movie Distribution)	ALTBalaji	Ding	Elimination	Consol
Net Sales / Income from Operations	221.0	1.7	42.5	19.6	1.8	283.0
Other Operating Income	0.9	-	-	-	0.9	-
Total Income	221.9	1.7	42.5	19.6	2.7	283.0
Cost of Production	184.5	-	62.9	19.1	2.5	264.0
Marketing and Distribution Expenses	10.4	-	4.9	-	1.7	13.6
Staff Cost	5.8	1.7	2.3	0.4	-0.1	10.3
Other Expenditure	12.9	0.3	16.4	0.9	0.1	30.4
EBITDA	8.3	-0.3	-44.0	-0.8	-1.6	-35.2
Finance Cost	2.3	0.3	1.8	0.0	2.0	2.4
Depreciation	6.0	-	0.4	0.2	-	6.6
Profit / (Loss) from Operation Before Other Income	- 0.1	-0.6	-46.1	-0.9	-3.6	-44.2
Other Income	3.7	-	0.2	0.2	2.0	2.1
Profit / (Loss) from Ordinary Activities Before Tax	3.7	-0.6	-45.9	-0.8	-1.5	-42.0
Tax Expenses	1.0	-	-	-	-	1.0
Net Profit / (Loss) from continuing operations	2.6	-0.6	-45.9	-0.8	-1.5	-43.1

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 added to inventory

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

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