

Balaji Telefilms Ltd.

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CIN No. : L99999MH1994PLC082802



June 30, 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: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding material impact of Covid-19 pandemic.

Dear Sir/Madam,

This is in continuation to our letter dated June 27, 2020 regarding impact of COVID-19 and pursuant to Regulation 30 of Listing Regulations read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May, 2020, following are the brief details relating to the impact of the COVID-19 pandemic and the resultant lockdown on the operations of the Company:

1. Impact of the Covid-19 pandemic on the business

- The lockdowns and restrictions imposed on various activities due to COVID - 19 pandemic, while being a necessary measure to contain its spread, have also posed an unprecedented challenges to all businesses and the business operations at Balaji Telefilms Limited (hereinafter referred to as the “Company” or “Balaji Group”) have also been impacted.
- Availability of fresh content is constrained because of stoppage of all the shooting and other allied production activities resulting in revenue loss for the Company.
- As people stayed at home with limited entertainment options, the Company noticed a spike in its digital business ALTBalaji resulting in an uptick in revenues. Availability of new digital content is constrained because of stoppage of fresh productions and the Company has managed to release shows that were in inventory.
- No Major impact on control environment and operating effectiveness of internal controls as the month end / year end / other controls operated by way of digital or e-mail sign-offs and online reviews through teleconferencing and Video Conference during the lock down period.

- The financial impact of COVID-19 pandemic on the financial statements shall be disclosed along with the Financial Statements under Regulation 33 of LODR to the extent possible.
2. **Ability to maintain operations including studios/sets/office spaces functioning and closed down**
- The Company has managed to ensure smooth functioning of critical operations by providing necessary digital infrastructure including laptops / desktops, VPN access, video conferencing tools, etc. to allow employees to operate from home.
 - All on site production remains closed as the Company followed local regulations during the lockdown.
3. **Schedule, if any for restarting the operations**
- The Company has resumed its content production operations as per the directives and permissions of the State Government and other statutory and trade bodies on June 26, 2020, complying with the advisories issued by concerned authorities and following all health and safety measures.
 - Corporate offices will be opened to full capacity as per the directions received from the concerned authorities and currently operating at 10% capacity
4. **Steps taken to ensure smooth functioning of operations post resumption**
- We have taken the following steps to ensure smooth functioning of operations post conclusion of the lockdown period:
 - i. The Company has identified people in each function whose physical presence in office is essential to maintain smooth operations of the Company.
 - ii. The Company has taken safety measures such as suspending biometric attendance, making hand sanitizer available at key areas around the office including entry and exit points, ensuring that thermal screening takes place during entry and exit, maintaining social distancing in seating and common areas
 - iii. The Company has prepared a detailed manual capturing the guidelines to be followed on resumption of offices to be shared with all the employees at the time of resumption.
 - iv. On the Content Production operations, the Company is adhering to all SOP's as laid out by the State Government and Trade bodies and operating with a reduced staff for the shooting.
5. **Estimation of the future impact of Covid-19 on the operations**
- Company understands that this is a temporary setback and is confident that the economy and the media and entertainment sector will bounce back soon with rejuvenated demand and advertising spends.

- Subject to the Covid-19 situation improving in the country and no relapse of a lockdown, the Company anticipates normalcy to start setting in towards the end of Q2 FY2020-21.
- The Company sees a positive trend of content aggregators needing more content, allowing the Company to profitably sell its produced content. The Company has recently sold one of its movies to a large global OTT player. The Company continues to evaluate alternate options to monetise its content.
- Even though the current situation is very volatile, we are confident about our ability to manage the crisis and come out of it in a strengthened position.
- The Company has taken various steps to mitigate the adverse impact of Covid-19 on the business which includes reduction in employee costs across all levels for a limited period, waiver of rentals and maintenance charges for the leased properties and other cost optimization across various overheads.

6. **Details of impact of Covid-19 on Company**

- There are certain processes and documents which have not been digitalized given the nature of operations in a content production environment. The Company has only partially resumed operations with limited staff in its Corporate Head Office, impacting the Company's ability to timely complete year end closing activities.
- **Financial resources, profitability and liquidity position:**
The Company has sufficient liquidity to fund its businesses and its future commitments.
- The revenue and profitability for the Company for Q1 FY21 is expected to be severally impacted for its TV business which mainly comprises of commissioned sales for the leading broadcast companies. As the production process has been stopped during the lockdown phase, the Company has not been able to deliver TV series to any of its broadcast companies and correspondingly no revenue has been recognized. Production has resumed effective June 26, 2020 with authorities allowing the production of TV series to resume with strict guidelines. The Company's movie business was able to sell certain digital rights for the movies, generating a sizeable profit while ALTBalaji has seen strong growth in revenues as subscriptions continue to grow. The Company during the lockdown phase also concluded a sale of its 3 library series of its digital content for an OTT platform and its broadcast arm.
- The Company has also implemented stringent cost control measures across the organization to conserve cash to address any evolving situation resulting from the pandemic.
- The Company's Management has done an assessment of the situation, including the liquidity position and the recoverability and carrying value of all its assets and liabilities as at March 31, 2020 and concluded that there were no material adjustments required in the financial statements as on March 31, 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainty associated with its nature and duration. The Company will continue to monitor any material changes as the situation evolves.

There is no adverse impact on Capital and Financial Resources of the Company.

- **Ability to Service debt and other financing arrangements:**
The Company does not have any debt which needs to be serviced and maintains very strong relationships with its trade creditors.
- **Internal financial reporting and control:** The Company has adopted strong and adequate measures along with daily review mechanisms with senior management to effectively manage internal MIS and other processes.
- **Demand for its products/ services:** Content demand has become stronger with the lockdown and gradual unlocking. Company expects demand pre lockdown to continue, if not higher.

7. **Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business**

The Company is well-positioned and basis the current situation, it does not foresee any material impact on the business due to non-fulfillment of the obligations by any party.

8. **Other relevant material updates about Company's business**

No other material updates.

Kindly take the above information on record.

Thanking you,
Yours faithfully,

For Balaji Telefilms Limited

Simmi Singh Bisht
Group Head Secretarial
Membership No. A23360