Balaji Telefilms Limited

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Tel: 91-22-4069 8000• **Fax:** 91-22-4069 8181/82• **E-mail:** balaji@balajitelefilms.com
Website: www.balajitelefilms.com

Dear Shareholders,

The Indian M&E industry has developed greatly over the last few years primarily on account of changing consumer behavior, evolving business models, hyper competition due to entry of local and global players and proliferation in demand for niche content over a host of varied platforms through which content is delivered. The theatrical segment has been a major contributor to the Sector and has showcased phenomenal growth over the past few years with films breaking records at the box office on a recurrent basis. Few years ago we would witness only one or two movies that would cross the ₹ 100 crore mark at the box office versus more than 4 movies that have already crossed the ₹ 100 crore mark in CY 2012 discounting the festive season of November, December and January. A few attributes that have led to such a shift in paradigm include the growth in multiplex culture and cinema digitization, rising ticket prices, widened acceptance of 3D content and the increasing multiplex footfalls. Multiplex screens across the country are expected to double in the next five years, totaling to over 2,200 screens in 2016. The Sector has also witnessed phenomenal growth in television subscriptions for DTH, VOD, SVOD and Digital Cable. This has catalyzed the growth of new television channels further positively impacting the growth in ad-revenues. The ongoing calendar year has been an encouraging period for the industry as it has exhibited growth trends similar to western markets.

Commenting on our television business we have come a long way enthralling audiences across genres through our diversified content and a wide array of programs. All our programs have been well received across channels and are running successfully. One of our serials, the much acclaimed 'Bade Acche Lagte Hain' infact successfully completed 300 episodes recently. In the coming months we are planning on commissioning two more serials in the Hindi Commissioned segment. The first being a mega period drama to be aired on Zee channel during December 2012. The serial, being the first of its kind marks a significant milestone for Balaji. Your Company has been focusing well on content while maintaining a tight control on costs to ensure success. We are optimistic of the opportunities the Television business offers and believe these will only grow post the entry of digitisation.

SHOW REPORT FOR THE HALF YEAR ENDED SEPT 30, 2012

A: EXISTING SHOWS

1 Hindi Speaking Market - Commissioned

SERIAL	CHANNEL	TIME	DURATION (In Mins)	SCHEDULE
Pavitra Rishtaa	Zee TV	9.00pm - 9.30pm	0:30	5 times a Week
Bade Ache Lagte Hain	Sony TV	10.30pm -11.00pm	0:30	4 times a Week
Parichay	Colors	9.30pm - 10.00pm	0:30	5 times a Week
Kya Hua Tera Vaada	Sony TV	10.00pm -10.30pm	0:30	4 times a Week
Gumrah Season II	Channel V	5.30pm - 6.00pm	0:30	4 times a Week
Pavitra Rista - Ganpati Event	Zee TV	7.30pm-9.00pm	1:30	1 day Event

2 Marathi Speaking Market - Commissioned*

SERIAL	CHANNEL	TIME	DURATION (In Mins)	SCHEDULE
Bandha Reshamache	Star Pravah	8.30pm-9.00pm	0:30	6 times a Week
Arundhati	ZeeMarathi	7.30pm-8.00pm	0:30	6 times a Week
Mission Dosti.Com	SAAM TV	8.30pm-9.00pm	0:30	6 times a Week
Rang Maaza Vegla	SAAM TV	8.00pm-8.30pm	0:30	6 times a Week

B): South Market – Sponsored*

SERIAL	CHANNEL	TIME	DURATION (In Mins)	SCHEDULE
Kalyani	Udaya TV	2.00pm-2.30pm	0:30	5 times a Week
Kasturi	Sun TV	11.00am-11.30am	0:30	5 times a Week
Nuvvu Nachav	Gemini TV	2.00 pm-2.30 pm	0:30	5 times a Week
Yuggadi	Udaya TV	7.00 pm-7.30 pm	0:30	5 times a Week

** Off air as on September 30, 2012.*

Segment-wise performance discussion

Revenues for H1 FY2013 grew by 13% owing to a robust performance by the Commissioned programming (HSM) which grew by 27% for H1 FY13. Contribution from this segment increased to 94% from 84% in H1FY12 on account of newer programs and improving realizations. This is evident from the increasing programming hours in this segment. Revenues from Sponsored programming however have decreased which is commensurate with the declining number of hours. This is a conscious decision as we are in the process of identifying newer concepts that will attract better realizations.

Show Type	Revenues for Half year Ending September 2012(₹ in Lacs)		Percentage	
	H1 FY13	H1 FY12	H1 FY13	H1 FY12
Commissioned*	5,953	4,701	94%	84%
Sponsored	375	883	6%	16%
Total	6,328	5,584	100%	100%

*(*Excludes Marathi segment and Event business)*

Show Type	Hours for Half year Ending September 2012		Percentage	
	H1FY13	H1 FY12	H1 FY13	H1 FY12
Commissioned*	278	222	56%	52%
Sponsored	217	204	44%	48%
Total	494	426	100%	100%

(Excludes Marathi segment and Event business)*

Our initiatives undertaken in the previous months have proven beneficial and given our current performance, we are confident that in the coming months our television performance is set to improve with newer programs at enhanced margins leading to increased number of programming hours. Going forward, the performance is set to further improve on the back of niche and quality content which has been well received by the audiences.

Balaji Motion Pictures Ltd (BMPL)

Moving on to BMPL, we are pleased to inform that the pace at which this business is shaping up is very encouraging. In a very short period of time BMPL is recognized as one of the top 5 leading production studios. Our films encompass quality content which has been developed and monitored in-house. Our film content has enthralled audiences across genres, showcasing a higher degree of content acceptance. During H1 FY13 we have released 'Kya Super Kool Hain Hum' with NBOC (Net Box Office Collections) of approx Rs. 22 crore over the first weekend. Certain revenue's from the movie 'The Dirty Picture' were also recognized which was a runaway success. The results for the next couple of quarters are expected to be lumpy based on the films released.

In order to stabilize our revenues in the coming years, we have been working on creating a strong pipeline of films across varied budgets. This will help us maintain our growth momentum in foreseeable future. This is supported by a commitment of ₹ 150 crore on a rolling basis for films across varied budgets.

We will have a mix of in-house and co-produced movies. In-house productions include 'Once Upon a time in Mumbai... Again' and co-productions include 'Shootout at Wadala' and 'Lootera'. Through these, we endeavor to mitigate risks and ensure sustained profitability. We expect to release atleast one additional major film in 2012-2013 and four films in 2013-2014 details of which we will share at a later stage.

Looking at the prospects and visibility of this division, based on our ability to produce films with rich content on stringent budgets, we are certain on witnessing traction from this division which is expected to be maintained.

Consolidated Results

(₹ in Lacs)

Sr.Nos	Particulars	Half Year Ended		Previous Year
		September 30, 2012 (Un-Audited)	September 30, 2011 (Un-Audited)	March 31, 2012 (Audited)
1	a) Net Sales / Income from Operations	9,533.57	6,871.33	17,657.02
	b) Other Operating Income	300.44	60.35	1,122.88
	Total	**9,834.01**	**6,931.68**	**18,779.90**
2	Expenditure			
	a) (Increase) / Decrease in stock in trade	(4,260.88)	(696.70)	(3,019.14)
	b) Cost of Production / Acquisition and Telecast Fees	11,318.21	5,941.59	15,557.01
	c) Staff Cost	666.67	1,047.03	1,998.33
	d) Depreciation	406.26	303.25	714.75
	e) Other Expenditure	1,638.20	1,570.86	4,127.96
	Total	**9,768.46**	**8,166.03**	**19,378.91**
3	**Profit / (Loss) from Operation Before Other Income and Finance Cost (1-2)**	**65.55**	**(1,234.35)**	**(599.01)**
4	Other Income	667.92	1,955.24	2,724.17
5	**Profit / (Loss) before Finance Cost (3+4)**	**733.47**	**720.89**	**2,125.16**
6	Finance Costs	-	-	13.91
7	**Profit / (Loss) from Ordinary Activities Before Tax (5-6)**	**733.47**	**720.89**	**2,111.25**
8	Tax Expenses	353.00	184.96	142.96
9	Excess / (Short) Provision for Tax in respect of earlier years	1.97	(8.47)	233.37
10	**Net Profit / (Loss) from continuing operations (7-8+9)**	**382.44**	**527.46**	**2,201.66**
11	Net (Loss) from dis-continuing operations (before tax)	-	(141.70)	(157.88)
12	Tax Expenses on dis-continuing operations	-	0.04	-
13	**Net Profit / (Loss) for the Period / Year (10+11-12)**	**382.44**	**385.72**	**2,043.78**
14	Share of (loss) / profit of associates	(5.25)	-	0.39
15	**Net Profit / (Loss) after tax, share of profit of associates (13+14)**	**377.19**	**385.72**	**2,044.17**

Segment -wise revenue

(₹ in Lacs)

Sr.Nos	Particulars	Half Year Ended		Previous Year
		September 30, 2012 (Un-Audited)	September 30, 2011 (Un-Audited)	March 31, 2012 (Audited)
1	Segment Revenue			
	a) Commissioned Programs	6,700.31	5,030.77	10,369.42
	b) Sponsored Programs	374.69	882.89	1,431.98
	c) Films	2,490.53	2,490.53	5,845.50
	Total	**9,565.53**	**8,404.19**	**17,646.90**

Balance Sheet Perspective

Net Block

- The Company's fixed assets stood at ₹ 2,982 Lacs as on September 30, 2012, this includes investment in office building, leasehold improvements, Production sets & studios, cameras & equipment

Investments

- As on September 30, 2012, the Company's total investments were at ₹ 20,779.18 Lacs largely comprising investments in mutual funds and debentures issued by other Body corporates and investment in Trusts
- As a part of the Company's efforts for effective management of its surplus funds it has invested in a fund, set up by 'Indus Balaji Investor Trust' a Domestic Venture Capital Fund registered with SEBI
- As a part of the Company's efforts for effective management of its surplus funds it has invested in a fund, set up by 'Indus Balaji Investor Trust' a Domestic Venture Capital Fund registered with SEBI
- Towards its obligations as an investor in the fund i.e. 'Emerging Markets Media and Entertainment Opportunities Fund I-A', (a Scheme of Indus Balaji Investor Trust), the Company has committed to invest upto ₹ 4,000 Lacs, of which the first call of ₹ 800 lacs was invested in the year 2011-12 and a subsequent deployment of ₹ 800 lacs during the quarter under review. The above Indus Balaji Investor Trust is managed by IPB Capital Advisors, LLP (Investment Manager) in which the Company has a 50% stake. All businesses managed by the fund are in an incubation stage and progressing well having a huge potential to scale-up

Debtors

- The Company's debtors (in days of income) are at 93 days as on September 30, 2012

Loans and advances

- Advance Tax ₹ 1,357.03 Lacs

The Company's principal loans and advances comprised;

- Other advances ₹ 1,635.31 Lacs
- Long Term Advances as at September 30, 2012 amounts to ₹ 2,653.97 Lacs

The principal loans and advances comprises of;

- Loan to Balaji Employee Foundation ₹ 1,000.00 Lacs
- Security Deposits for leased properties ₹ 1,027.99 Lacs
- Advance to vendors ₹ 617.66 Lacs

Your Company's performance is attributable to its presence in the entertainment sector for close to 2 decades and has resulted in developing profound relationships with entities in the Indian Media & Entertainment sector. We believe that your Company is currently on the forefront of multidimensional opportunities that this sector is on the threshold of witnessing. Balaji Telefilms's robust business model backed by its creative approach has fostered in further augmenting its brand value. I invite you to continue to partner us in this exciting journey

UN-AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER / HALF YEAR ENDED SEPTEMBER 30, 2012

(₹ in lacs)

Sr. No.	Particulars	3 months ended			Half Year ended		Previous Year ended
		September 30 2012	June 30 2012	September 30 2011	September 30 2012	September 30 2011	March 31 2012
		Standalone					
		(Un-Audited)	(Un-audited)	(Un-audited)	(Un-Audited)	(Un-Audited)	(Audited)
1	a) Net Sales / Income from Operations	3,483.10	3,593.27	3,291.78	7,076.36	5,917.10	11,811.52
	b) Other Operating Income	82.68	185.03	47.65	267.72	60.95	1,124.08
	Total	**3,565.78**	**3,778.30**	**3,339.43**	**7,344.08**	**5,978.05**	**12,935.60**
2	Expenditure						
	a) Decrease / (Increase) in stock in trade	38.67	501.59	(44.92)	540.26	(26.98)	(538.11)
	b) Cost of Production / Acquisition and Telecast Fees	2,852.71	2,479.49	2,684.72	5,332.20	4,729.98	10,063.54
	c) Staff Cost	167.58	243.65	408.01	411.23	787.03	1,494.84
	d) Depreciation	201.94	202.33	142.64	404.27	301.31	710.84
	e) Other Expenditure	433.78	296.18	418.27	729.96	841.34	2,624.98
	Total	**3,694.68**	**3,723.24**	**3,608.72**	**7,417.92**	**6,632.68**	**14,356.09**
3	**(Loss) / Profit from Operation Before Other Income and Finance Cost (1-2)**	**(128.90)**	**55.06**	**(269.29)**	**(73.84)**	**(654.63)**	**(1,420.49)**
4	Other Income	157.72	504.35	270.01	662.07	1,884.33	2,648.95
5	**Profit before Finance Cost (3+4)**	**28.82**	**559.41**	**0.72**	**588.23**	**1,229.70**	**1,228.46**
6	Finance Costs	-	-	-	-	-	-
7	**Profit from Ordinary Activities Before Tax (5-6)**	**28.82**	**559.41**	**0.72**	**588.23**	**1,229.70**	**1,228.46**
8	Tax Expenses	145.27	122.73	21.91	268.00	193.43	142.96
9	Excess Provision for Tax in respect of earlier years	-	1.97	-	1.97	-	233.37
10	**Net (Loss) / Profit from continuing operations (7-8+9)**	**(116.45)**	**438.65**	**(21.19)**	**322.20**	**1,036.27**	**1,318.87**
11	Net (Loss) from dis-continuing operations (before tax)	-	-	(44.87)	-	(141.70)	(157.88)
12	Tax Expenses on dis-continuing operations	-	-	4.17	-	0.04	-
13	**Net (Loss) / Profit for the Period / Year (10+11-12)**	**(116.45)**	**438.65**	**(70.23)**	**322.20**	**894.53**	**1,160.99**
14	Paid-up Equity Share Capital (Face Value Rs. 2/- each)	1,304.21	1,304.21	1,304.21	1,304.21	1,304.21	1,304.21
15	Reserves excluding Revaluation Reserves						39,390.88
16	Earnings Per Share (EPS) Basic and Diluted	(0.18)	0.67	(0.11)	0.49	1.37	1.78
17	Public Shareholding:						
	- Number of Shares	38079585	38079585	38361907	38079585	386361907	38247285
	- Percentage of Shareholding	58.39	58.39	58.83	58.39	58.83	58.65
18	Promoters and promoter group Shareholding a) Pledged / Encumbered						
	- Number of Shares	-	-	-	-	-	-
	- Percentage of Shareholding (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-
	- Percentage of Shareholding (as a % of the total share capital of the company)	-	-	-	-	-	-
	b) Non-encumbered						
	- Number of Shares	27130858	27130858	26848536	27130858	26848536	26963158
	- Percentage of Shareholding (as a % of the total shareholding of promoter and promoter group)	100.00	100.00	100.00	100.00	100.00	100.00
	- Percentage of Shareholding (as a % of the total share capital of the company)	41.61	41.61	41.17	41.61	41.17	41.35

SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(₹ in lacs)

Sr. No.	Particulars	3 months ended			Half Year ended		Previous Year ended
		September 30 2012	June 30 2012	September 30 2011	September 30 2012	September 30 2011	March 31 2012
		Standalone					
		(Un-Audited)	(Un-audited)	(Un-audited)	(Un-Audited)	(Un-Audited)	(Audited)
1	Segment Revenue						
	a) Commissioned Programs	3,350.67	3,349.64	2,814.69	6,700.31	5,030.77	10,369.42
	b) Sponsored Programs	131.84	242.85	475.77	374.69	882.89	1,431.98
	Total	3,482.51	3,592.49	3,290.46	7,075.00	5,913.66	11,801.40
	Less: Inter Segment Revenue	-	-	-	-	-	-
	Total Net Sales/ Income from Operations	**3,482.51**	**3,592.49**	**3,290.46**	**7,075.00**	**5,913.66**	**11,801.40**
2	Segment Results						
	Profit Before Tax and Interest from each Segment						
	a) Commissioned Programs (includes other operating income)	372.04	568.84	463.77	940.88	888.80	1,337.68
	b) Sponsored Programs	(85.79)	(73.61)	145.81	(159.40)	217.15	18.46
	Total	**286.25**	**495.23**	**609.58**	**781.48**	**1,105.95**	**1,356.14**
	Less: (i) Interest	-	-	-	-	-	-
	(ii) Other Unallocable Expenditure	416.41	441.25	1,181.54	857.68	2,376.07	3,927.05
	(iii) Unallocable Income **Total**	(158.98)	(505.43)	(527.81)	(664.41)	(2,358.12)	(3,641.49)
	Profit / (Loss) before tax Capital	**28.82**	**559.41**	**(44.15)**	**588.23**	**1,088.00**	**1,070.58**
3	Employed (Segment Assets - Segment Liabilities)						
	a) Commissioned Programs	4,577.43	4,610.60	5,181.41	4,577.43	5,181.41	4,774.41
	b) Sponsored Programs	192.32	333.70	613.82	192.32	613.82	516.18
	c) Unallocable	36,247.53	36,189.44	34,786.84	36,247.53	34,786.84	35,404.50
	Total	**41,017.28**	**41,133.74**	**40,582.07**	**41,017.28**	**40,582.07**	**40,695.09**

STATEMENT OF ASSETS AND LIABILITIES

(₹ in lacs)

	PARTICULARS	Standalone Balance Sheet	
		As at September 30, 2012	As at March 31, 2012
		₹ in Lacs	₹ in Lacs
A	EQUITY AND LIABILITIES		
1	Shareholders' funds		
	(a) Share capital	1,304.21	1,304.21
	(b) Reserves and surplus	39,713.07	39,390.88
		41,017.28	40,695.09
2	Current liabilities		
	(a) Trade payables	2,036.52	1,921.38
	(b) Other current liabilities	552.47	738.66
	(c) Short-term provisions	5.91	161.58
		2,594.90	2,821.62
	TOTAL	43,612.18	43,516.71
B	ASSETS		
1	Non-current assets		
	(a) Fixed assets		
	(i) Tangible assets	2,971.74	3,167.81
	(ii) Capital work-in-progress	-	69.92
		2,971.74	3,237.73
	(b) Non-current investments	6,174.03	4,759.30
	(c) Deferred tax assets (net)	80.23	103.23
	(d) Long-term loans and advances	2,035.06	2,124.23
		11,261.06	10,224.49
2	Current assets		
	(a) Current investments	17,610.40	20,996.21
	(b) Inventories	144.91	685.17
	(c) Trade receivables	3,850.91	3,155.08
	(d) Cash and cash equivalents	547.98	539.01
	(e) Short-term loans and advances	10,026.16	7,851.27
	(f) Other current assets	170.76	65.48
		32,351.12	33,292.22
	TOTAL	43,612.18	43,516.71

Notes:

1. During the previous year, the Company in accordance with the shareholders' approval vide, resolution passed through postal ballot, has entered into binding business transfer agreements, to sell its Mobile and Education division for a consolidated sum of ₹ 837.00 lacs on slump sale basis, based on fair value determined by an independent firm of Chartered Accountants. As per the terms of the agreements, the transactions would be effective on receipt of full consideration within a period not exceeding a period of 90 days from the date of the agreements. Accordingly, the net consideration of ₹ 824.80 lacs has been accounted in the last quarter of the previous year as "other operating income".

The disclosures as required by AS 24 are as under:

Particulars	3 Months Ended September 30, 2012			3 Months Ended September 30, 2011			Half Year Ended September 30, 2012			Half Year Ended September 30, 2011			Year Ended March 31, 2012		
	Continuing Operation	Discontinuing Operation	Total	Continuing Operation	Discontinuing Operation	Total	Continuing Operation	Discontinuing Operation	Total	Continuing Operation	Discontinuing Operation	Total	Continuing Operation	Discontinuing Operation	Total
Turnover (net)	3,565.78	-	3,565.78	3,339.43	256.52	3,595.94	7,344.08	-	7,344.08	5,978.05	470.35	6,448.40	12,935.60	661.97	13,597.57
Other Income	157.72	-	157.72	270.01	-	270.01	662.07	-	662.07	1,884.33	-	1,884.33	2,648.95	-	2,648.95
Total Income	**3,723.50**	**-**	**3,723.50**	**3,609.43**	**256.52**	**3,865.95**	**8,006.15**	**-**	**8,006.15**	**7,862.38**	**470.35**	**8,332.73**	**15,584.55**	**661.97**	**16,246.52**
Total Expenditure	3,694.68	-	3,694.68	3,608.72	301.39	3,910.11	7,417.92	-	7,417.92	6,632.68	612.05	7,244.73	14,356.09	819.85	15,175.94
Profit / (Loss) before tax	**28.82**	**-**	**28.82**	**0.71**	**(44.87)**	**(44.15)**	**588.23**	**-**	**588.23**	**1,229.70**	**(141.70)**	**1,088.01**	**1,228.46**	**(157.88)**	**1,070.58**
Provision for taxation	145.27	-	145.27	30.25	(4.17)	26.08	266.03	-	266.03	193.43	0.04	193.47	(90.41)	-	(90.41)
(Loss) / Profit after tax	**(116.45)**	**-**	**(116.45)**	**(29.54)**	**(40.70)**	**(70.23)**	**322.20**	**-**	**322.20**	**1,036.27**	**(141.74)**	**894.53**	**1,318.87**	**(157.88)**	**1,160.99**

2. During the previous financial years, the Company had received demand notices from the Office of the Commissioner of Service Tax, Mumbai aggregating to ₹ 9,245.00 lacs (excluding interest and penalty) pertaining to Service tax for the period from April 2006 to March 2010 on exports made to one of the customers of the Company. On appeal, the matter pertaining to the period from April 2006 to March 2008 was adjudicated in favour of the Company. The Commissioner has further filed an appeal against the adjudication with the Customs, Excise & Service Tax Appellate Tribunal. The matter is pending for hearing, including for the balance period from April 2008 to March 2010.
3. During the previous financial years, the Company had received notices of demand from the Department of Sales Tax, Government of Maharashtra, to the extent of ₹ 17,107.87 lacs (including interest and penalty) pertaining to the years 2000 to 2004. The department has sought to tax the Sales revenue of the Company under the 'Commissioned Programs' category to Sales tax under the Bombay Sales Tax Act, 1959. The Company has appealed against the said order of the Sales Tax Officer to the Deputy Commissioner (Appeals) and the same is pending adjudication.
4. There were no Investors Complaints pending at the beginning of the quarter. The Company has received 6 complaints from the investors during the quarter ended September 30, 2012 and all the complaints were disposed of during the quarter. There were no complaints lying unsolved at the end of the quarter.
5. Corresponding figures of the previous period / year have been regrouped / restated, wherever necessary.
6. The above un-audited financial results have been reviewed by the Audit Committee and by the Board of Directors at their meeting held on November 9, 2012.

Place: Mumbai
Date : November 9, 2012

By Order of the Board
For Balaji Telefilms Limited

Jeetendra Kapoor
Chairman

For further details please contact

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Safe Harbor

Certain statements in this update concerning our future growth prospects are forward looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The achievement of such results is subject to risks, uncertainties and even inaccurate assumptions. Readers may please take a note of this.

Book Post

BALAJI

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Balaji Telefilms Limited

C-13, Balaji House,
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