Balaji Telefilms

Operator: Ladies and gentlemen, good day and welcome to the Balaji Telefilms Limited Q4 and FY26 earnings conference call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sanjay Dwivedi, Group CEO and Group CFO, Balaji Telefilms Limited. Thank you and over to you, sir.

Management: Good afternoon everyone. And thank you for joining us for Balaji Telefilms Limited's earnings conference call for the quarter and full year ended March 31, 2026. On the call today, I have with me our finance controller Viren Trivedi and our investor relationship team from Adfactors. I hope you had the opportunity to go through our financial results, presentation and press release shared on the exchanges. It is a pleasure to connect with you all over again.

FY26 has been a transformational year for Balaji Telefilms where we have built a strong foundation for future growth while the financial performance reflects a transitional phase for the business and broader industry challenges. This year has been focused on building a stronger content pipeline, expanding our digital capabilities and repositioning the company for long-term growth across platforms. We believe the investment and strategic initiatives undertaken over the last few quarters are helping create a stronger base for future execution and monetization.

Let me begin with some important developments from the recent period which reinforce our future growth trajectory. One, clearly strengthening our OTT partnership. We expanded our collaboration with Netflix with two new web series currently under development including a large-scale period drama and another premium show. This marks a continuation and deepening of our long strategic partnership and reinforces our position in the premium digital content ecosystem. We now have an order book of approximately 350 crores under this line, out of which we expect to realize over 135 crores or so within the ongoing financial year FY27. Some of the shows under production here include Lock Upp and {? Cook ?} which is tentatively titled, which will be released during this financial year. We also have a show in pipeline which is in collaboration with Amazon.

We have recently entered into a strategic collaboration with Vertigo TV through Balaji Telefilms Studio model to produce Hindi vertical micro-drama tailored for mobile-first audiences. This is a new storytelling format focused on short, immersive, high engagement content. It aligns with the evolving consumer behavior, especially among Gen Z and mobile-first users. We believe this format has the potential to emerge as an incremental growth and monetization opportunity over the medium term.

We are also expanding our digital ecosystem through IP creation. During the year, we have continued to build our digital ecosystem, including scaling of cutting and AVOD-led platforms, strengthening of B2B digital content pipeline, continued focus on IP-led growth, launch of astrology app as a part of service diversification. We are seeing increasing traction in the digital segment,

Report is AI-generated and may contain inaccuracies.

supported by improving visibility in the content pipeline and platform diversification initiatives.

There are some new growth verticals. We have also initiated steps towards expanding our presence beyond traditional production, including building new creative and talent-led ecosystem within the digital segment, exploring new formats, partnership and content adjacencies. These initiatives are aimed at diversifying revenue streams and enhancing our long-term content pipeline.

Just to briefly recap the key developments through the year: integration of ALT and Marinating Tilms, which results into a huge cash saving as we got an input credit of 113 crores. Over the next 4-5 years, we expect Balaji will be a zero tax-paying company. Launch of new digital platforms and initiatives, strengthening of OTT partnership with content pipeline, continued investment in motion pictures and IP creation. FY26 was essentially a year of building the base for the future scale.

Segmental breakup: Digital business. Digital business will be our core growth engine. The addition of new formats like vertical micro-dramas and expansion of OTT partnerships significantly strengthens our position. The B2B order book and platform strategy provides strong revenue visibility. We are building a multi-format, multi-platform digital ecosystem.

Television business continues to remain an important business segment for us, although industry dynamics and viewership trends continue to evolve. This year saw temporary softness due to show transitions and overall paradigm shift away from the traditional TV. We are now rebuilding the pipeline which will support gradual recovery. Business EBITDA in the TV segment grew sequentially from a loss of 7 crores in the previous quarter to a profit of 4 crores in Q4 FY26, indicating a turnaround in this segment performance. With successful shows like Kyunki Saas Bhi Kabhi Bahu Thi 2 and Naagin 7 doing well, we expect this momentum to continue.

Our Motion Pictures business continues to be supported by a strong pipeline of upcoming projects and a calibrated pre-sales led approach. We remain focused on improving content monetization, enhancing revenue visibility and maintaining disciplined capital allocation, which we believe will support sustainable growth in this segment over the medium term. Our recent release Bhoot Bangla received excellent audience reception. In terms of our content slate, we have another 17 movies in the pipeline planned over the next 3 years and we will have 4 movies released in this year out of which 3 movies have already been pre-sold with a cost recovery of 99%. As we have mentioned in the past, our films business model is just that we strive to recover almost all the cost of production before the release, thereby reducing our risk exposure on theatrical performance. This has been the case with Bhoot Bangla and the next two movies that will be coming.

Financial performance: Coming to the financial performance, Q4 FY26 was impacted by timing-related delays in content monetization and a softer contribution from the traditional television business. Revenue from operations for the quarter stood at 47 crores. EBITDA loss for the quarter stood at around 17 odd crores, while loss after tax was 14 crores. For FY26, revenue from operations stood at 210 crores as against 453 crores in FY25. EBITDA loss for the year stood at 65.8 crores while loss after tax stood at 49.6 crores. The performance during the year reflects the overall industry headwinds and changing landscape, lower activity levels in the television segment and continued investment towards strengthening our digital ecosystem and future content pipeline.

Report is AI-generated and may contain inaccuracies.

Having said that, we believe several of these factors are transitional in nature. Our focus remains on improving monetization across the commission and digital businesses, strengthening content delivery across formats and leveraging our strategic partnership to drive growth. With a healthy liquidity position, we have over 165 crores liquid cash in the banks and mutual funds and a robust pipeline across television, films and digital platforms, we remain confident about the medium to long-term growth opportunity for the business.

Looking ahead, we expect FY27 to be the year focused on execution, improved content monetization and gradual business normalization across segments. And this upside in the financial performance and its execution will be very much visible from Q1 FY27. Execution of our OTT partnership, improving traction in the digital pipeline, newer content formats such as micro-dramas, release of multiple films and gradual stabilization of the television pipeline are expected to support business momentum going forward. As we move forward, we expect digital scale and cinematic storytelling to play an increasing role in our growth journey, while television will continue to remain an important backbone for us.

With that, I would like to open the floor for any questions. The entertainment industry is rapidly evolving towards a digital-first format, diverse and IP-led content consumption. With strengthened OTT partnership, entry into new-age formats like micro-series and a robust content pipeline across formats, Balaji Telefilms is well positioned to build a scalable and future-ready entertainment business. With that, I would like to open for the Q&A session.

Operator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and 2. Participants, you are requested to use handsets while asking the question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. A reminder to all the participants, you may press star and 1 to ask a question. We have the first question from the line of Sukriti D Pathan from Insight Contrarian Private Limited. Please go ahead.

Sukriti D Pathan – Insight Contrarian Private Limited: Good afternoon. I have two questions. First question is, I want to understand forward guidance. What type of strategic levers are you prioritizing in FY27 to strengthen Balaji's OTT platforms, AltBalaji and television content pipeline while managing risks from rising production cost and competitive streaming dynamics? That's my first question, I'll ask the second question after this. Thank you.

Management: Okay. So currently Balaji is a content storytelling company across formats and across platforms. So if I just let you know what we have built over the last year which will play out in this financial year of FY27, my commissioned shows, which is TV plus OTT, which is the B2B business, was around 160 odd crores in FY26. We expect it to be around 330 crores in the coming fiscal year. So that is a huge upside that we are seeing with two of the premium shows coming on Netflix in this financial year. One is Lock Upp and the second one is tentatively titled Let's Go, which will come in February, plus one show on Amazon. So that is a huge upside which we are seeing. We have an order book of over 350 crores plus around 50 crores gets added each quarter. So we continue to build on those models.

Report is AI-generated and may contain inaccuracies.

Whatever decline you are seeing in the commissioning TV model gets compensated by the upside which we are seeing on the OTT-led content. However, I must admit here, the margins as compared to television and OTT vary differently and significantly. In TV what happens is the show runs for 6 months, 12 months, 18 months, or 5 years. So the marginal costing and everything comes into play and you have a better yield. Whereas the OTT-led platform typically will not have that kind of yield because these are all finite series; they get shot on a schedule. So though the top line increases manifold, I believe the margin will not be as robust as television. That is on the television side.

Now on coming to the motion pictures side, we hardly had any release last year. That was one of the issues which Balaji has been facing, an erratic cycle and erratic release of the movies. Now we have worked on a 3-year slate; a 75-movie pipeline is ready. Each year we will have 4-5 movies releasing. And we expect this year close to 400 crores top line coming from motion pictures itself, as compared to only 15 crores which was there last year.

Then we have Balaji Studios, which is typically working with independent creators for the other leading platforms. We had an 8.5 crores revenue last year. We believe it will be around 70 odd crores this financial year. Plus there is Meta, which we just started last year with a revenue of around 6.5 crores. We believe that will be around 15 odd crores this year. Similarly, Balaji Hoonar, the talent agency which we started just in the last quarter of the financial year, has a talent pool of 50 plus artists. We have clocked a revenue of 1.5 crores last quarter. We believe this will be at least doing 12 crores in the coming financial year. And Balaji Astro, which has been a successful app launch, has app installs of around 1.8 million with wallet recharges of 56 lakhs plus, and we expect close to 6.5-7 crores in this financial year. So this is the broad strategy which will play out in FY27. Now I look forward to your second question.

Sukriti D Pathan – Insight Contrarian Private Limited: Thank you. My second question is what type of capital allocation frameworks are being applied in FY27 to balance investments in digital content while sustaining the profitability margin, given AltBalaji's subscriber churn and rising distribution costs? Just want to understand your view on this.

Management: So television doesn't typically require huge capital outlay, television and commissioning model OTT platforms, because it is also funded by the platforms themselves. So maybe 3 months of capital, which will be around 50-55 crores, gets locked into these kind of segments. Whereas on the motion pictures side, we try to pre-sell all movies and 50% of the cost of production gets funded by the pre-sales which we do.

Just to give you an example, if Bhoot Bangla was costing me around 100 crores, I have got around 48 crores funded by the platforms and the balance was funded by us. The way we approach each business now is turnaround time and return on capital. That should be the fundamental going forward instead of... you know, sometimes a movie takes 2 years or 1.5 years and we invest 100 crores and get 10 crores out of it, which typically is a very poor yield at times. So the focus we have changed; we clearly look at capital return now and all those things will play out in FY27 starting Q1 itself.

Management: Thank you. And typically we will have investment of around 125-150 crores at any given point of time because certain movies will be on floor, certain movies will be nearing release,

Report is AI-generated and may contain inaccuracies.

and certain movies will be in advanced stage of discussion and rolling out for the next schedule. And digital business, we do not require more than 10-15 crores working capital to run that stream.

Sukriti D Pathan – Insight Contrarian Private Limited: Thank you and best wishes.

Management: Thank you.

Operator: Thank you. We have the next question from the line of Yajut Shah, individual investor. Please go ahead.

Yajut Shah – Individual Investor: Hi sir. As you have mentioned, Bhoot Bangla cost has been recovered, could you give a guidance on how much we have earned from the movie and also our share in the net box office collection?

Management: So we don't give that kind of guidance in the conference call. But I can assure you we have got very significant returns on this capital employed, which will be visible in the Q1 numbers.

Yajut Shah – Individual Investor: Okay sir. Thank you.

Management: The film has done exceedingly well at the box office; the numbers are there for everybody to see.

Yajut Shah – Individual Investor: Okay sir, so we can expect the numbers in the Q1 release.

Management: Absolutely. Yes.

Yajut Shah – Individual Investor: Thank you sir.

Management: You're welcome.

Operator: Thank you. We have the next question from the line of Yash Parekh, individual investor. Please go ahead.

Yash Parekh – Individual Investor: Hi, am I audible?

Management: Yeah.

Yash Parekh – Individual Investor: Thank you so much for the opportunity. So my question is regarding the recent amalgamation of Alt Digital Media Entertainment and Marinating Films with our Balaji Telefilms. It was effective from April 1. So what specific operational synergies or cost rationalization have we realized in FY26 and what incremental benefits can we expect in FY27?

Management: So I would just lay down two broad indicators of the benefits which will be reflective in the financial statements. If people would recollect, ALT was burning around 125-145 crores each year, say 2 years back. The whole idea was to make it leaner and make it more cash efficient. Last year our cash burn was 50 lakhs thereabout per month. So it is around 6 crores of cash loss on the total digital initiatives including the newer launches like Astro or whatever initiatives we do. So that way we have brought it down to a bare minimum. The turnaround is expected in FY27 and the whole digital business will be cash positive.

Report is AI-generated and may contain inaccuracies.

Two, the other major initiatives or the significant benefits which will arise for the parent company, which is Balaji Telefilms, is the huge input credit of GST which is around 117 odd crores. So we have that asset which remains to be utilized and plus I believe for the next 4-5 years there won't be any incidence of direct tax also, which will be reflected in the P&L statement. So that is a key benefit coming out of it. And plus there is operational efficiency in all those things which happens which is getting reflected in the cash saving which I just mentioned. We are burning around 50 lakhs per month and we are seeing a downward trend there also.

Yash Parekh – Individual Investor: Correct sir. So another question sir is regarding this AI automation and IP, which are the three pillars for the company going forward. So could you elaborate on how we are using AI and automation? Is it for content production, distribution targeting, or for measuring efficiency? How are we using AI?

Management: We have set up our own AI team in the company. There is a captive team which works on the various formats which we do. We have done many newer things using AI tools. One is creating short format reels and shows, and we also won awards for it. Two, we have also generated an AI music library which is doing very well on the internet. And we are bullish on this segment; we are a little cautious on the investment side and we gradually hope to scale it up as time passes and it will be a full-fledged AI team integrated into the overall production efficiency model which we have in-house. This is going to play a critical role here too, including shows and VFX. Those things we are developing in-house so that we have the skill within the company because we are present in all the formats: TV, digital, motion pictures, and web series. So it makes more sense to have a specialist in the company to run the show.

Yash Parekh – Individual Investor: That answers it. Another question sir is regarding inventory. So it rose from around 73 odd crores to somewhere around 207 crores. So could you give us a little breakdown on this inventory? How much is movies under production versus digital? What is the expected delivery timeline or when will you start recording revenue?

Management: A large component of it is coming out of motion pictures. So what you see as of March is largely your Bhoot Bangla, {? Vroom ?} and {? Hero Heeroine ?}. The inventory for those three movies is residing there. Typically what happens in accounting is when you sign talent and when you give advances, it resides as an advance on the balance sheet. The moment it goes on floor, it gets translated into inventory until you see the first monetization. Usually, that is theatrical. From that time onwards, we start amortizing these inventories. And on the last leg of the monetization, this inventory is fully written off. So we don't carry any intangibles on the balance sheet post the last monetization.

Yash Parekh – Individual Investor: Correct. And sir, last question from my side. The cash and the investments that we have declined from 178 odd crores to nearly 127 crores in FY26. So could you explain the difference between the balance sheet figures and the current level right now?

Management: Actually the earlier question will kind of answer your last question on cash and cash equivalents. If you see our liquid cash, we have around 165 crores and the balance is in inventory.

Yash Parekh – Individual Investor: Okay. And sir, what is the minimum liquidity threshold that we are comfortable with going forward?

Report is AI-generated and may contain inaccuracies.

Management: In motion pictures?

Yash Parekh – Individual Investor: Yes.

Management: Close to 125-150 crores.

Yash Parekh – Individual Investor: Okay. That answers my questions. Thank you so much.

Management: Thank you.

Operator: Thank you. We will take the next question from the line of Vansh Rathore from JJ Investments. Please go ahead.

Vansh Rathore – JJ Investments: Hello? Am I audible?

Management: Yeah.

Vansh Rathore – JJ Investments: Yeah, good afternoon sir. Sir I just had one question. Shows like Kyunki Saas Bhi Kabhi Bahu Thi 2 and Naagin 7 are doing so well on TRP basis. What do you think about the cost for Balaji Telefilms as well? I mean the kind of efforts which we put in and the kind of rewards which we get, because the IP is primarily owned by the broadcaster. So it is becoming less lucrative for a production house to run this kind of business where the yield year-on-year keeps degrowing and the tenure of the shows also is getting reduced. Earlier the show used to run for a year, 2 years, 3 years and there was enough and more opportunities for a production house to make a decent return.

With the tenure of the shows, very few shows run more than a year these days. If you just scan each of these broadcast companies, you will find 6-9 months is becoming the norm. So everybody is going through the tried and tested formula; format shows will play. We intend to build our own IP around that and take it from there. So IP retention will be key rather than just doing work-for-hire business. I think that's the way it is currently looking. But I still believe television as a medium still has a life for 10, 12, or 15 years. But they need to invest in content, which I currently don't see them doing. However, they are bullish on the OTT segment. So that's another challenge for them. They bleed on OTT but they are not investing so much in content where the profit is being generated.

Vansh Rathore – JJ Investments: Okay. Sir regarding your mention that a particular show runs for approximately 6-9 months. So do we prepare for the future, like determining what next show will come in this pipeline?

Management: Yes, we do. We do because as a business we have to have active discussion with the broadcasters. If my show is coming to an end, what is that show which we should be pitching? But there is a lag between the time the show ends and the time you go with another show on air. Hence what we are doing is we are building the B2B business with the leading OTT platforms. So whatever dip you will see in the top line of the television traditional business will get compensated by the business which we generate from the OTT platforms.

Vansh Rathore – JJ Investments: Okay. So this is one of the security measures for the dip. Any other steps you take?

Report is AI-generated and may contain inaccuracies.

Management: Yes. Because in the OTT business you can see a swing and an upside there. So we believe whatever decline you see on TV will get compensated by that medium.

Vansh Rathore – JJ Investments: Done. Sir if I can ask one more, regarding the merger of ALT and MFPL, so what are the specific cost savings or any operational synergies that will be reflected moving forward?

Management: I just covered it in the earlier questions. But largely I can lay out the financial benefits for you as well. One is the indirect tax benefit of around 117 crores as an input tax credit, which is straight cash savings on the balance sheet. And for the next 4-5 years, the company will not be paying any tax because of the brought forward losses of all businesses. That is a gain on the P&L side. Other operational efficiencies I have already illustrated in the earlier questions from the gentleman that asked.

Vansh Rathore – JJ Investments: No issues sir. Thank you so much. Have a great day and all the best.

Management: Thank you.

Operator: Thank you. We have the next question from the line of Analyst. Please go ahead.

Analyst: Thank you for the opportunity. How should investors think about Balaji's business mix in the next 2-3 years?

Management: I would put it this way. Historically Balaji was known as a television production company. I believe in the next 2-3 years this pyramid will shift and Balaji will be more an IP-led content creator with movies contributing more than 50% to the top line and profitability, followed by digital business, and television will be the least contributor to the segment. That is my take; we will be more IP-led. In television, we were not having IPs; it was more like contract for hire.

In the long term, though it used to give us strong profit, over the last 5 years the margin has been depleting. The content production cost is under pressure and broadcasters are not investing much in this television space. So we clearly see an OTT side and we believe Balaji Motion Pictures will be more of an IP-led company where we intend to retain IP and build our own scale. So Motion Pictures will become the key business for Balaji Telefilms. We have a strong pipeline of 17 movies over the next 3 years with 4-6 movies in each year and we continue to build on it. With a proper de-risked formula where we pre-sell all the movies before we go on floor, the clear focus will be on the turnaround time which we have for the project to see how quickly we can turn around. Finally, the last and most important feature which we have introduced internally is the capital return on the Motion Pictures. So quick return, healthy returns, and a virtually risk-free business model.

Analyst: Okay. And how much revenue visibility are we currently seeing for FY27?

Management: In FY27, we will be expecting close to an 800 odd crores top line, largely driven by Motion Pictures. Movies will give almost 50% of it.

Analyst: Okay. And how scalable is the current digital content pipeline?

Report is AI-generated and may contain inaccuracies.

Management: Digital business I believe... when I say digital it is B2C. The way we see digital business is B2C. Whatever we do for leading OTT platforms, we call it a commission model. So television plus commission model will be close to around 300 odd crores. Motion Pictures will contribute around 400 crores, and the B2C business where we own IP, retain everything, and monetize will be contributing around 100 odd crores in this financial year. So that is up to 800 crores.

Analyst: Okay. And sir which of our business verticals is currently seeing the strongest traction?

Management: It is Motion Pictures followed by digital.

Analyst: Okay. All right. Thank you so much sir.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, we now conclude the question and answer session. I now hand the conference back to Mr. Sanjay Dwivedi for the closing comments. Thank you and over to you sir.

Management: Thank you all. Hopefully, the Q1 numbers when we release them will reassure most of the people and investors about the strategies which we have worked upon last year. We were hard at work and I think all the efforts which we have put in last year should play out in the year to come. More specifically, I am quite clear that from Q1 itself it will be seen in the financial numbers. With that I would like to thank you all for taking the time to join us today. Thank you.

Operator: Thank you members of the management. On behalf of Balaji Telefilms Limited, we conclude this conference. Thank you all for joining with us today and you may now disconnect your lines. Thank you.

Report is AI-generated and may contain inaccuracies.