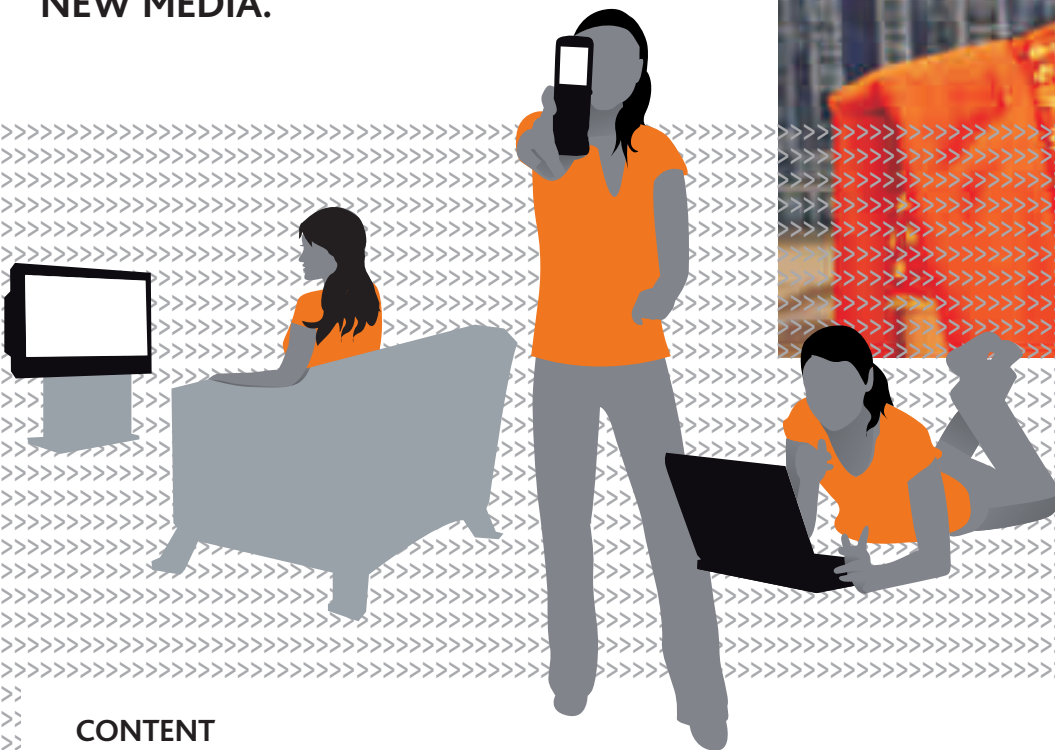


ANNUAL REPORT 2008-09



# VISION STATEMENT

TO EVOLVE FROM A LEADING PLAYER IN THE TELEVISION FICTION ARENA TO BECOME A PROMINENT STUDIO HOUSE, ADDRESSING THE CONTENT NEEDS FOR MULTIPLE MEDIUMS SUCH AS, DIFFERENT GENRES WITHIN THE TELEVISION SPACE, FILMS AND NEW MEDIA.



## CONTENT

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## FORWARD-LOOKING STATEMENT

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set our anticipated results based on the management plans and assumptions. Wherever possible, we have tried to identify such statements by using words such as 'anticipate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of

similar substances in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from anticipated, estimated or projected. Readers should bear this in mind.



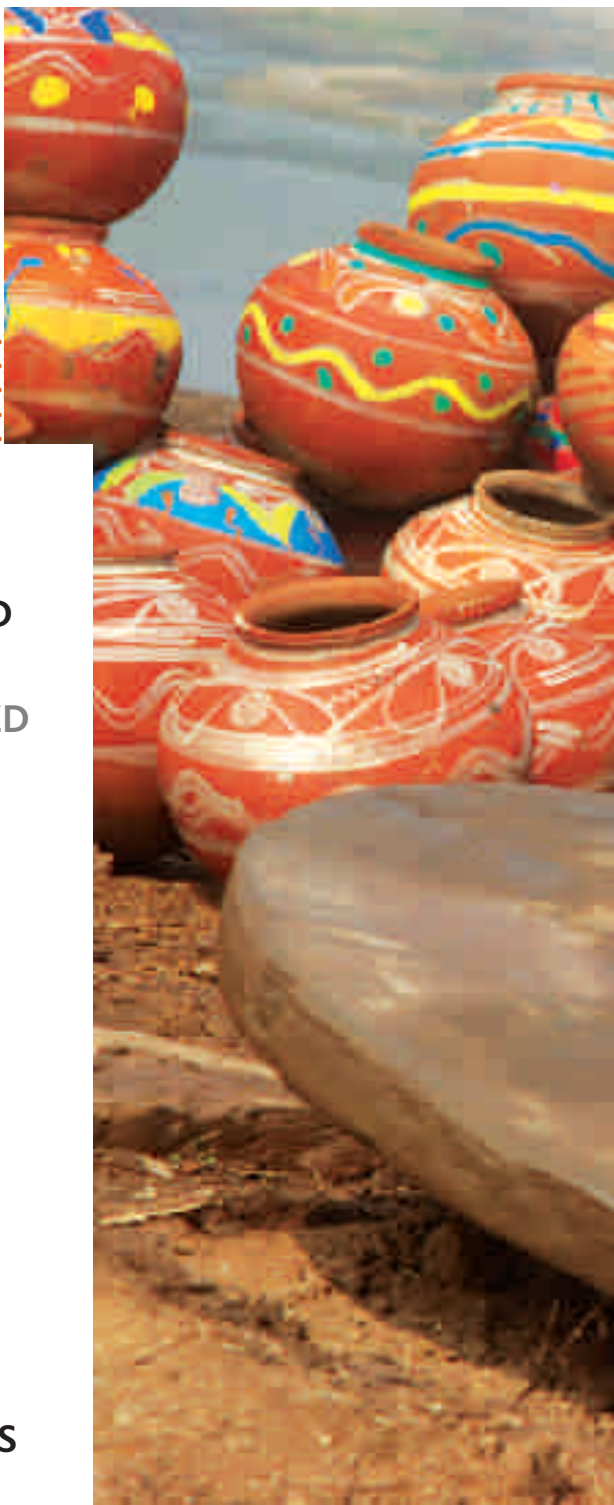
## FRESH PERSPECTIVE

**A** right perception is the beginning of growth. At Balaji Telefilms Limited (Balaji), we have time and time again proved our judicious realism and insight. By discerning and delivering the choice of our viewers, we have succeeded in changing the face of Indian television. Our experience and expertise have enabled us to emerge as leaders in producing great fiction content for television. And we are charting this path with renewed vigour.

Change, however, is inevitable. Today, we are witnessing shifting economic trends, varying audience tastes and changes in our alliance partners. As a perceptive content house, we choose to see the empty half of the glass as a realm of opportunities. With the underlying rationale to make the most of now, we are looking at our business model from a fresh perspective. Revisiting our definition of content, we are developing sound strategies that are aligned to the changing trends and viewers' demands. As we continue to deliver compelling content, we are developing an actionable and systematic approach to engage ourselves differently. We have now fixed our gaze beyond the horizon, to further explore the territories of non-fiction, films and new media. And our plans are backed by our deep financial strength. Today, we can afford to take quality decisions that are in the best interest of the Company. Being fully aware of the responsibilities that lay ahead, we have brought about significant changes in our organizational DNA. Our dynamic management team comprises of individuals with vast industry experience, across all mediums. All in all, we are equipped to participate in a wider arena.

While strategies provide a direction, it is patience and perseverance that incubate success. With our vision set on long-term growth, we possess the requisite resolve in developing a company that is built to last.





**T** HE ART OF CREATING COMPELLING CONTENT IS A SKILL WE HAVE PIONEERED AND MASTERED. TODAY, THE ONSET OF NEW MEDIA PLATFORMS HAS FUELLED THE DEMAND FOR QUALITY ENTERTAINMENT CONTENT.

AS A MEDIA HOUSE THAT THRIVES ON CREATIVITY, WE ARE LEVERAGING OUR STRENGTHS TO EXPLORE NEW FRONTIERS OF CONTENT CREATION. ALREADY A LEADER IN FICTION TELEVISION, WE ARE EQUIPPING OURSELVES TO ADD THE SAME SUCCESS IN DIFFERENT GENRES WITHIN THE TELEVISION ARENA, FILMS AND NEW MEDIA. WE ARE MAKING IMPORTANT INROADS AND STRATEGIC INVESTMENTS FOR SUSTAINABLE, LONG-TERM GROWTH.

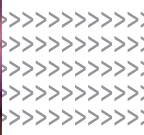
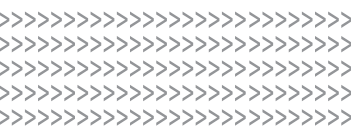
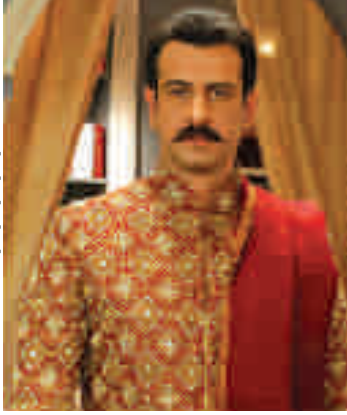
# THE ART...



... OF CREATING  
COMPELLING CONTENT







**FILMS**



**>> LEVERAGING OUR ABILITY TO CREATE LAUDABLE ENTERTAINMENT CONTENT, WE ARE GEARED TO CATER TO THE MOVIE-GOING AUDIENCE. WE AIM TO PRODUCE WORLD-CLASS CONTENT FOR POPULAR MAINSTREAM AS WELL AS NICHE CINEMA.**

**>> BALAJI TELEFILMS LIMITED**

**NEW MEDIA**

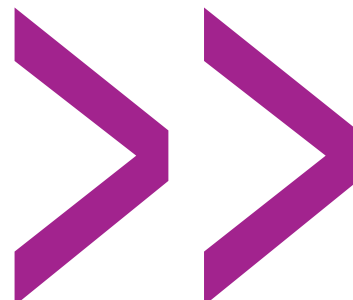


**>> AS A CONTENT-CREATING COMPANY, WE ARE EYEING THE INTERNET AND MOBILE AS EMERGING CONTENT CREATION AND DELIVERING CHANNELS. WE LOOK FORWARD TO CREATING FRESH CONTENT FOR NEW MEDIA.**

## OUR ORGANIZATION STRENGTH

### SUSTAINABLE GROWTH DEFINES OUR COURSE AHEAD.

Once our vision captures a lucid path, we leave no stones unturned to then walk it successfully. We are enhancing our organizational framework to add to our sustainability and resilience. Each business unit at Balaji is an independent centre of excellence.



"BEING A LEADER IN THE TELEVISION FICTION SPHERE HAS NOT DETERRED US FROM GROWING. WE ARE NOT ONLY ENHANCING THE QUALITY OF OUR EXISTING CONTENT BUT ARE ALSO LOOKING AT DEEPENING OUR PRESENCE BY ADDING MORE GENRES - A MOVE THAT WILL TAKE US BEYOND THE PINNACLE WE HAVE REACHED."

## TELEVISION ...



"EQUIPPED WITH STRATEGY, INSIGHT AND RESOLVE, BALAJI MOTION PICTURES IS LAYING THE FOUNDATIONS TO EMERGE AS AN INTEGRATED STUDIO PRODUCTION HOUSE IN TIMES TO COME."

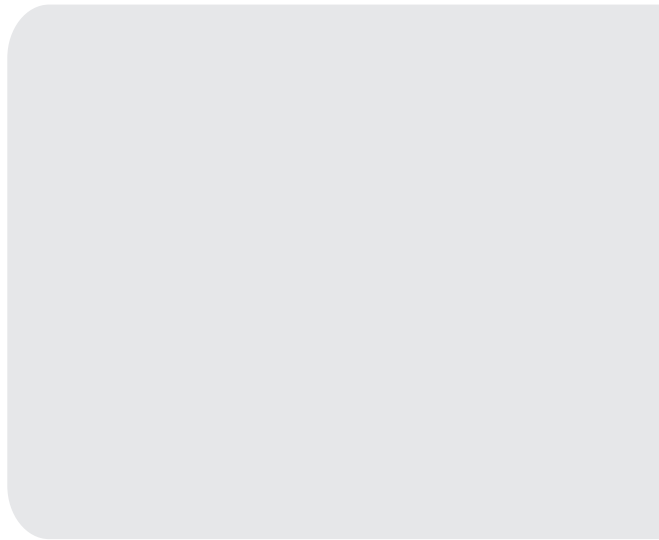
## FILMS ...



"WITH OUR PROFICIENCY AS CONTENT CREATORS, WE ARE BUILDING THE EXPERTISE TO CREATE CUTTING EDGE ENTERTAINMENT CONTENT FOR BOTH, THE INTERNET AS WELL AS HANDHELD PLATFORMS."

## NEW MEDIA ...





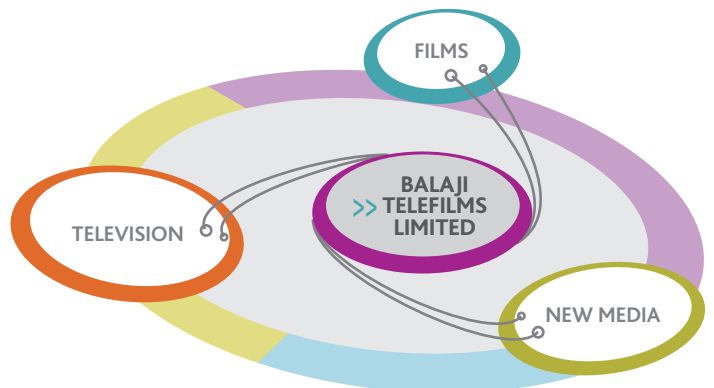
**Mr. Nachiket Pantvaidya**, CEO Television, a PGDBM graduate from IIM Ahmedabad, brings with him a profound work experience in the media industry. He has held key positions at companies such as, BBC Global Channels, The Walt Disney Company (India), Sony Entertainment Television (India), Maersk KK (Japan), Maersk India Pvt. Ltd and IBM (then Tata - IBM).

## GROUP CEO ...

**"BALAJI'S CREATIVE TALENT, SUPERIOR EXECUTION CAPABILITIES AND ITS ABILITY TO DELIVER SCALE ARE ITS FORTE. LEVERAGING OUR INHERENT SKILLS, WE ARE GEARING OURSELVES TO CROSS NEW HORIZONS OF CONTENT CREATION."**

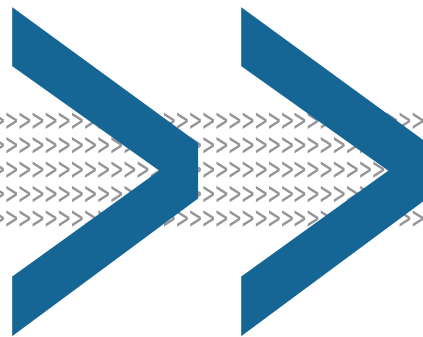
Prior to joining Balaji Telefilms Limited, **Mr. Puneet Kinra**, Group CEO, was with PricewaterhouseCoopers Pvt Limited as Associate Director where he established Corporate Finance and Investment Banking business for PwC in South India. Over the years, he has served as an advisor for select transactions across industries such as, Real Estate, Information Technology, Pharma, Telecom and so on. Currently, he also oversees the film vertical at Balaji.

**Mr. Uday Sodhi**, CEO New Media, has over 19 years of work experience in Sales and Marketing in leading Indian companies and 9 years in the Internet space. Prior to joining Balaji, he was Vice President - Interactive Services at Rediff.com, a NASDAQ listed (REDF) company. He has led the strategic planning and the product development of the eCommerce, RediffMail Subscription, Vertical Search and Mobile businesses at Rediff.com. He holds a Master of Management Studies degree from Narsee Monjee Institute of Management Studies (NMIMS).



OUR PERSONALITY



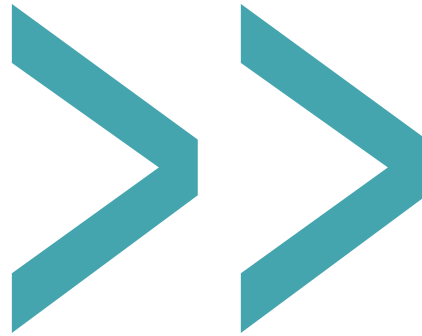


**A** T BALAJI, OUR PEOPLE EXHIBIT PERSISTENCE, CREATIVITY AND A PENCHANT FOR EXCELLENCE IN THEIR CHOSEN AREA OF OPERATION. OUR LEADERSHIP POSITION IN THE TELEVISION FICTION SPACE IS A MANIFESTATION OF THE DEDICATION, DETERMINATION AND EXCEPTIONAL ENTREPRENEURIAL CAPABILITIES OF OUR RESOURCES.

HOWEVER, AT BALAJI, GROWTH IS AN ONGOING PROCESS. WHILE STRATEGIES STEER THE BUSINESS ALONG THE GROWTH PATH, IT IS A TEAM OF MOTIVATED INDIVIDUALS THAT MAKES SUCCESS A REALITY. OUR INTELLECTUAL CAPITAL IS REplete WITH A PASSION TOWARDS DELIVERING SPECTACULAR PRODUCTS - A QUALITY THAT AIDS OUR GROWTH EVERY DAY.







**E**XCEPTIONAL  
EXECUTION  
CAPABILITIES ARE THE  
TRADEMARK AT BALAJI.

AS TRUE PIONEERS, WE HAVE  
BUILT THE SKILL-SET THAT  
DISTINGUISHES US IN A  
CROWDED MARKETPLACE.

OUR ADEPTNESS, EXPERIENCE  
AND THE ABILITY TO FEEL THE  
PULSE OF OUR AUDIENCE HAS  
ENABLED US TO TURN BLUE-  
PRINTS INTO SUCCESSFUL  
PROGRAMMES IN RECORD  
TIME. THE USE OF CUTTING  
EDGE TECHNOLOGY HAS  
FURTHER AIDED THE SPEEDY  
TURNAROUND OF OUR  
SHOWS. AS A RESULT, WE  
HAVE EMERGED AS AN  
EFFICIENT CONTENT CREATOR  
TO PARTNER WITH.



# BALAJI IN MOTION

Being a leader in the space comes with foresight and efficient planning. Over the years, Balaji has prudently worked towards enhancing productivity and optimizing costs.

Dear Shareholders,

**A**t the end of yet another fiscal, I am reminded of the beautiful words of the Roman poet, Horace "It is courage that raises the blood of life to crimson splendor." Fifteen years ago, Balaji dared to be different by foraying into soaps with a family drama theme. It was a time when no one had perceived it to be a revenue generating move. Balaji not only succeeded but also created a benchmark of sorts for others in the industry. Even today, Balaji believes in taking a leadership position in the market and in spite of the inertia in the industry owing to the global economic slowdown, Balaji is sure to prevail and be acknowledged as the leader in the content creation space.

It has been a trying fiscal for all industry players and Balaji has not remained untouched from the heat of global economic meltdown. As compared to Rs. 8,793 lacs in 2007-08, PAT has come down to Rs. 2,267 lacs in 2008-09. Whilst several things went wrong owing to unusual and unforeseen developments across the globe, Balaji still managed to show profits. Besides the global meltdown Balaji encountered some unfortunate events further impacting the performance of the Company negatively.

The strike called by the Federation of Western India Cine Employees and the Core Committee of Producers Association (IMPAA, Film and Television Producers Guild of India Limited and AMPTPP) in November 2008 brought the entire broadcasting industry to a standstill. All major broadcasters in the general entertainment space were running repeat content for nearly a month and the production of all new shows was stalled. During the current financial year, certain trademark shows such as, Kyunki Saas Bhi Kabhi Bahu Thi and Kahani Ghar Ghar Kii went off air. Balaji also

invested in new serials like Bandini, Kitni Mohabbat Hai, Koi Aane Ko Hai and others, with strong story lines and audience connect.

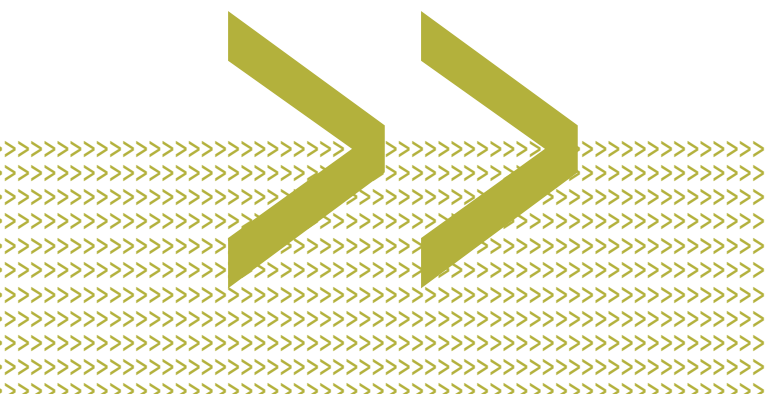
During the year, Balaji built a set exclusively for the serial based on the epic of Mahabharat. Given the magnitude of the saga, it was expected to run for atleast three consecutive years and hence, magnificent sets were installed for the same. Unfortunately, the serial went off air and Balaji was forced to depreciate the entire set value owing to the fact that the set had a periodic feel and thus could not have been utilized for any other serials that were on air. This resulted in an additional loss of Rs. 953.12 lacs. Related to this is also the provision made for bad debts of Rs. 1,816.38 lacs due to doubtful recovery of debts from the broadcaster. The Company generally invests its surplus funds in debt funds. However, small percentage of funds invested in equity funds led to a diminution in value of Rs. 440 lacs.

On the economic front, in general, the advertisement industry was worse affected by the meltdown. This had a cascading effect on all players in the value chain from broadcasters to distribution platforms to content providers. Further, with a fall in consumer discretionary spends, fortunes of the film industry also plunged. As an integral part of the industry, Balaji is naturally exposed to these aspects.

Balaji's content continues to draw eye balls in the South. In fact, we share a great relationship with Sun Network with 6 serials across their 4 regional channels: Sun TV in Tamil Nadu, Gemini TV in Andhra Pradesh, Udaya TV in Karnataka and Surya TV in Kerala. Some of the daily serials like Kasthuree on Sun TV, Kalyanee on Gemini TV and Kadambarii on Udaya TV have run over 3-4 years.







## BEYOND THE ZENITH

Over the years, Balaji has built itself to emerge as a leader in the fiction television arena. However, we always behold the beyond.

**Shobha Kapoor**  
Managing Director

**T**oday, the entertainment and media industry is feeling the heat of the unfavourable economic conditions world over. What is Balaji's position within the industry?

Balaji is not completely exempt from the repercussions of the financial meltdown. However, these times are an acid test that gauge the sustainability of the Company. As a seasoned player in the industry, Balaji has witnessed several business cycles over the years and has evolved to be a tough contender through experience.

Fifteen years ago, we started out in an environment when the economy had not reached the peak it witnessed a couple of years back. I would like to point out that Balaji has, to some extent, pioneered the domestic fiction television market. With changing times, the market is flooded with competition. Today, the audience has a variety of programmes to choose from. Retaining viewership is emerging as a challenge. Further, the economic meltdown has added to the crunch the industry is facing.

In such times, I am often reminded of the saying - 'when the going gets tough, the tough get going'. It couldn't be more true in Balaji's context. Driven by our foresight, we have developed the necessary infrastructure and internal control systems that stand us in good stead today. As a result, we are capable of creating quality content and offer competitive pricing to our customers as is the need in the prevalent environment.

I AM OFTEN REMINDED OF THE SAYING - 'WHEN THE GOING GETS TOUGH, THE TOUGH GET GOING'. IT COULDN'T BE MORE TRUE IN BALAJI'S CONTEXT. DRIVEN BY OUR FORESIGHT, WE HAVE DEVELOPED THE NECESSARY INFRASTRUCTURE AND INTERNAL CONTROL SYSTEMS THAT STAND US IN GOOD STEAD TODAY. AS A RESULT, WE ARE CAPABLE OF CREATING QUALITY CONTENT AND OFFER COMPETITIVE PRICING TO OUR CUSTOMERS AS IS THE NEED IN THE PREVALENT ENVIRONMENT.





Additionally, our strong operational cost management model furthers our ability to take decisions that are in the best interest of the Company and remain competitive, even in times such as these. Plunging TRPs is a phenomenon that is currently prevalent in the television sphere. However, this has failed to dilute the popularity of our shows.

I am pleased to state that we have not only survived testing times, but also thrived along the way to reach where we are today. Our sure footed approach towards growth, not merely survival, has made our Company a name to reckon with.

**How is the business de-risking itself from the lessons learnt from the STAR experience?**

Today, a fresh perspective is sweeping past every aspect of Balaji's business. Apart from being a valued investor in Balaji, STAR continues to bear the potential of being a great customer for us. Looking ahead at the opportunities that await us, our relationship with STAR is also being re-invented and re-negotiated. With new terms and practical commitments directing the STAR-Balaji association, we are looking forward to renewed vigour in our relationship. In the meantime, we have made great progress in establishing business relations with all the leading channels of the industry, ensuring a wider spread of income across more customers thus enabling us to hedge risks that arise out of focused business associations.

**Growth has been the key driver at Balaji. We are continually working on re-inventing ourselves to maintain our supremacy in the content arena. A further strong footing within the fiction content space, along with penetration into different genres and geographies, is our focus for the TV business.**

**What made you decide to add a whole new layer of top management team and how do you expect them to make a difference, going forward?**

I strongly believe that change is the architect of growth. Over the years, Balaji has built itself to emerge as a leader in the fiction television arena. However, we always behold the beyond. Today, we are envisioning greater heights of success. And recognizing the need to become even more corporatised, we have set-up a new top management team as one of the many steps towards our vision. It includes highly skilled and experienced individuals from the fields of films, new media, fiction, management and finance. I am confident that the knowledge, capability and the verve of our new team, along with the existing management members of Balaji, will catalyse our growth process. I am very confident that as a serious content creator, we are geared up to not just meet but exceed expectations.

**What is your outlook about the Company?**

Growth has been the key driver at Balaji. We are continually working on re-inventing ourselves to maintain our supremacy in the content arena. A further strong footing within the fiction content space, alongside offering path-breaking content for different genres across television and films, is our focus. The New Media sector has also crossed our radar and we are currently evaluating it. While the next few quarters will be spent in defining our perspectives and establishing our game plan, in the medium-term, Balaji is equipped to set new standards and cross new milestones in the content creation space.



# A CONTENT POWERHOUSE

We are now present across all genres - romance, horror as well as the conventional fiction programmes, with success across them all.



Ekta Kapoor  
Creative Director



**W**hat is your take on Balaji's current standing in the Indian television arena?  
I am pleased to say that Balaji continues to remain the leading television content provider, despite the inertia the industry has faced over the last year. We are consistently recording high viewership for our prime time content as well as non-prime time fiction shows on television. The fact that our shows retained strong viewership even during the 2009 IPL season is a testament to our continued ability to produce compelling content.

Having come a long way, we are far from being complacent. Today, we stand at a critical juncture along our journey. Structural changes in the industry are impacting every single player and we are continuously taking a fresh perspective in envisioning our path ahead. We have already carved our niche in developing family blockbusters. As a result, we are now present across all genres - romance, horror as well as the conventional fiction programmes, with success across them all. We are adopting a multi-channel approach to routing our content and working with all renowned general entertainment channels like Colours, NDTV Imagine, Star, and Zee TV. In fact, I am pleased to tell you that we have noticed a visible positive impact on the ratings of some of these channels carrying our content.

As a Company that is sensitive to changing audience tastes, we are also looking at anchoring Balaji into different genres across the television arena. By acquiring some of the best talent available to our side, we have already taken early steps in that direction. I am confident that going forward, we will create ripples across different genres in the television space, just as we have done in the fiction space.

AS A COMPANY THAT IS SENSITIVE TO CHANGING AUDIENCE TASTES, WE ARE ALSO LOOKING AT ANCHORING BALAJI INTO DIFFERENT GENRES ACROSS THE TELEVISION ARENA. BY ACQUIRING SOME OF THE BEST TALENT AVAILABLE TO OUR SIDE, WE HAVE ALREADY TAKEN EARLY STEPS IN THAT DIRECTION. I AM CONFIDENT THAT GOING FORWARD, WE WILL CREATE RIPPLES ACROSS DIFFERENT GENRES IN THE TELEVISION SPACE, JUST AS WE HAVE DONE IN THE FICTION SPACE.



**With changing market dynamics and increasing competition, how is Balaji looking at retaining its position in the marketplace?**

The marketplace is indeed getting very competitive. Several players contesting for a greater share of the total entertainment industry pie has resulted in the demand for higher value, niche content at even more competitive prices. Gone are the days when channels could be satisfied after attaining a distinct pole position in the marketplace. Today, they too have to constantly scout for fresh content to retain their viewership. Additionally, there is more competition even on the supply side as production houses are increasingly under pressure to deliver high-quality, captivating content at reasonable costs. As pioneers, we have already developed economies of scale. Superior quality, meticulous execution capabilities as well as the ability to deliver quantity remain our forte. With a longstanding presence in the marketplace, we have the finest, fully functional machinery for creating content. With years of experience and proficiency behind us, we have also developed unrivalled production efficiencies and capacity. Consequently, we are superbly equipped to deliver quality content at competitive costs. This provides us with an enviable armour to successfully quell competition in these challenging times. I expect Balaji's advantage, of being an end-to-end integrated content provider, to further enhance its leading position, in terms of market share and volume, from the less efficient players.

**As pioneers, we have already developed economies of scale. Superior quality, meticulous execution capabilities as well as the ability to deliver quantity remain our forte. With a longstanding presence in the marketplace, we have the finest, fully functional machinery for creating content.**

**What are Balaji's plans concerning its growth in the filmsspace?**

We are already savouring the success of our brand in the television space. We are now also geared to build our brand in the films' arena, with a dedicated strategy in place. The optimists that we are, we always see the glass as half-filled with opportunities and not half empty. The recent economic slowdown has led to cost realignments in the industry, with the availability of great talent at ever more cost-effective rates. We have engaged some of the best established and upcoming talent in the industry, at costs that are viable and value driven. Our early products will be designed to provide us with better leverage with the industry's talent and network. We are also being cautious by taking a de-risked approach where cost and quality are well optimized. All in all, we are quite excited about our future in the films' arena. I believe that, in times to come, the films segment of our business will strongly compete with the growth we expect to see with television. Going forward, we are planning to set up all the arms of a film production unit, right from film production to marketing and distribution, and eventually evolving into a full-fledged studio house.

**How do you ensure that your team is always creatively fresh?**

Every creative person lives to tell a story. I would honestly say that there is nothing like a good story to inspire me. At Balaji, we encourage free flow of creative intelligence thus enabling our existing think tank to churn out par excellence story ideas to begin with. Each idea is then scrutinized to evaluate its sustainability in terms of episodic roll out. Thereafter, following business as well as channel support, a good story eventually goes on air. In doing so, we ensure that the first level of thinking is vetted from the lowest to the highest rungs across our creative team.

However, after some time, even a successful team's creativity starts hitting barriers of fresh thinking. At such junctures, it is imperative to keep the teams motivated. One way we counter this is by introducing new talent and by exposing the existing team members to new experiences. Beyond managing talent internally, we are also interested in engaging with talent externally from across the country. This way we are always endeavoring to stay invigorated.

## BOARD OF DIRECTORS



### JEETENDRA KAPOOR

Popularly known as Jeetendra to millions of fans, Mr. Kapoor starred in more than 200 film in his illustrious 45 year film career. Beginning his career as a junior artiste with legendary filmmaker V. Shantaram, Mr. Kapoor won several prestigious awards for his outstanding performance. He became the Company's Chairman on 1<sup>st</sup> February 2000 and has been leveraging his decades-rich relationships with various television channels, artists, directors and writers to drive the Company's growth.



### SHOBHA KAPOOR

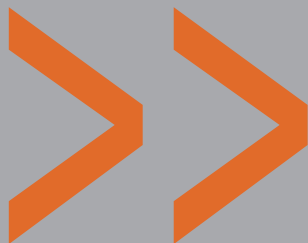
Rising in prominence as one of the most successful Indian television producers, Ms. Shobha Kapoor has been the Company's Managing Director since 10<sup>th</sup> November 1994. She is responsible for overall operations of the Company.



### EKTA KAPOOR

Ms. Ekta Kapoor has been the Creative Director of the Company since 10<sup>th</sup> November 1994. Ms. Kapoor made a landmark contribution to India's entertainment domain at a very young age. Since her debut as a Producer and Creative Director at 19, she has been instrumental in developing concepts, writing scripts and enriching creative conversion.

## CORPORATE INFORMATION



#### DIRECTORS

Mr. Jeetendra Kapoor  
Ms. Shobha Kapoor  
Ms. Ekta Kapoor  
Mr. Akhsay Chudasama  
Mr. Dhruv Kaji  
Mr. Pradeep Sarda

#### GROUP CEO

Mr. Puneet Kinra

#### CFO

Mr. Sunil Shahani

#### COMPANY SECRETARY

Ms. Alpa Khandor

#### STATUTORY AUDITORS

Deloitte Haskins & Sells  
Snehal & Associates

#### INTERNAL AUDITORS

PSK & Associates



### AKSHAY CHUDASAMA

Widely respected in industry circles for his deep insight into corporate laws, Mr. Chudasama has a rich experience in mergers and acquisitions, consumer protection, insurance sector privatization, dispute resolution and cyber laws. He is the director of the Company since 17<sup>th</sup> July 2000.



### DHRUV KAJI

Mr. Kaji is a Chartered Accountant with professional experience of more than two decades. Serving as a Financial Advisor and Management Consultant with expertise in strategic planning, Mr. Kaji was appointed Director on 2<sup>nd</sup> September 2004. Possessing a rich experience in evaluation and guiding business projects in India and abroad, Mr. Kaji was associated with Raymond Ltd. as the Finance Director and Pinesworth Holding Ltd. (Singapore) as the Executive Director.



### PRADEEP KUMAR SARDA

Chairman of the Sarma Group of Industries, Mr. Sarma became the Director of the Company on 17<sup>th</sup> May 2004. He possesses a rich experience across multiple industry verticals, comprising paper, engineering, construction and real estate. He is also the Chairman of the Governing Board of Ecole Mondiale World School, Mumbai.

#### REGISTERED OFFICE

Balaji Telefilms Limited  
C13, Balaji House, Dalia Industrial Estate,  
Opposite Laxmi Industries,  
New Link Road, Andheri (West),  
Mumbai 400 053.  
Tel: +91 22 40698000  
Fax: +91 22 40698181  
www.balajitelefilms.com

#### REGIONAL OFFICES

**Chennai:** Plot No.38, KK Salai,  
Kavery Rangam Nagar,  
Saligramam, Chennai - 600 093.

**Bangalore:** Plot No. 2058,  
19<sup>th</sup> Main Road, 2<sup>nd</sup> Block,  
Rajaji Nagar, Bangalore - 560 010.

**Trivandrum:** Ishara, T.C. 36/589  
Perumthanni, Vallakkadavu, P.O.  
Trivandrum - 695 008.



# SENSITIVE TO MARKET NEEDS

**Diversification is the key to the growth and sustenance of any industry today.**

## INDUSTRY OVERVIEW

As per the FICCI report 2008, the Indian media and entertainment industry, pegged at Rs. 548 billion in 2008, exhibited a growth of 12.5% over the previous year. This significant growth in the market size is mainly witnessed due to an individual's increasing propensity for discretionary spending. Indian production houses are operating across multiple platforms and are constantly unearthing the potential of under penetrated

geographies. Consequently, today they have built scale and are attracting foreign media companies as well as investments. The market is flooded with new content delivery platforms that occupy a significant position in the distribution portfolio of players. However, in wake of the prevalent economic slowdown that began in the last quarter of 2008, the scenario has changed tremendously. The Indian media and entertainment industry is facing tough times. The fragmentation of audiences across media and distribution platforms is compounded by the greater need for accountability and measurability demanded by advertisers today.

### Strong Suits

Before hitting the economic slowdown hurdle, the media and entertainment industry enjoyed a reputation of the fastest growing sectors of the Indian economy. It caters to a vast customer base across the segments of television, films and now extending to mobile, internet and other delivery modes.

Diversification is the key to the growth and sustenance of any industry today. Media and entertainment is no exception. With the advent of superior technology platforms the industry is



**Mr. Sunil Shahani, CFO,** a Chartered Accountant and Cost Accountant, has a rich work experience of 17 years, of which 12 years are in the media and entertainment sector. He held key positions in The Walt Disney Company (India), MTV Networks, McCann Ericson, Bharat Bijlee Limited.

**ONE OF BALAJI'S GREAT STRENGTHS IS THAT WE HAVE INTERNAL RESOURCES TO FINANCE BOTH OUR CONTENT PROJECTS AS WELL AS CAPITAL INVESTMENTS. WE ARE FINANCIALLY EQUIPPED TO DELIVER ON OUR PROMISE.**

exploring newer formats. Online distribution channels, web-stores, multi and mega-plexes are various platforms to showcase content and provide for sound business propositions.

In addition to these, the DTH services have opened a whole new platform for business. With the introduction of pay per view services, DTH has enabled the content providers to make an entry into the homes of the consumers. TRAI's "must carry" regulations and control on pricing are however presently limiting the scope of this business model.

India is the largest producer of films by volume; an estimated 1000<sup>1</sup> films are released annually. However, it is responsible for only 1%<sup>2</sup> of the global film industry revenues. There is a huge growth potential in this space. With the consumer buying behaviour changing there is an emergence of a new segment between the parallel and the commercial cinema - the low budget films. Whilst niche, this segment has exhibited tremendous growth potential what with generation Y demanding out-of-the-box content. Several new films in this segment like Oye Lucky Oye, Dev D and Wednesday have

done exceptionally well. There is also a surge of young directors, actors and script writers that has led to the celluloid broadening its horizon.

**Challenges**

With the good news comes the bad. Whilst there are opportunities available for growth, there are also some hurdles on the way. Average revenue per subscriber, both on television (Rs. 165 per month<sup>3</sup> per household) and films (Rs. 35 Per ticket) remains the biggest challenge. Besides lack of addressability and digitization, continues to be the bane of the television industry. The fact that the sector by itself is largely disorganized and fragmented doesn't help. Lack of integrated production and distribution infrastructure further adds to the woes of the sector. Tier 2 and rural markets are yet to be penetrated. Lastly the prevalent piracy and violation of intellectual properties remains a perpetual threat.

**Opportunities**

Despite challenges, the sector can pass off as the proverbial 'green pasture'. This is due to several reasons. Launch of alternate distribution platforms has enhanced the viewing experience for

<sup>1,2</sup>FICCI-KPMG Report



the consumer besides focussing on issues relating to addressability. The emerging trend of crossover movies presents an opportunity to cater to a larger audience. The sheen covering the Indian media and entertainment has succeeded in alluring global investors. Further, the sector also presents expansion opportunities on account of poor media penetration among the lower socio-economic sections.

### Television

Today, an Indian viewer is exposed to as many as 450<sup>3</sup> channels, as compared to 120<sup>4</sup> in 2003. So much so that, the television industry has evolved to be classified as one of the leading sectors of the Indian economy. The television industry is estimated to have recorded a CAGR of around 13.8% between 2006-08<sup>5</sup>. This growth stems from an upbeat TV distribution industry that witnessed the emergence of digital mediums in the form of DTH, Digital Cable and IPTV. Having sensed the opportunity, several corporates have ventured into the DTH sector to get their share of the pie. This has led to multi service operators (MSOs) investing in digitizing their networks. Moreover, the subscriber base is also on a rise. CAS implementation in the select cities across the country has provided an added impetus to the digitization of cable. As a result, by September 2008 alone, as many as 717,722 set top boxes were installed across Mumbai, Chennai and Kolkata<sup>6</sup>. The emergence of digital platforms has been able to counter the issue of addressability faced by the television industry to a certain degree. Industry gurus project the DTH subscriber base to touch 28 million by 2013<sup>7</sup>. The launch of commercial IPTV services in Mumbai and Delhi is a step that will help the IPTV services to penetrate further and make their presence felt.

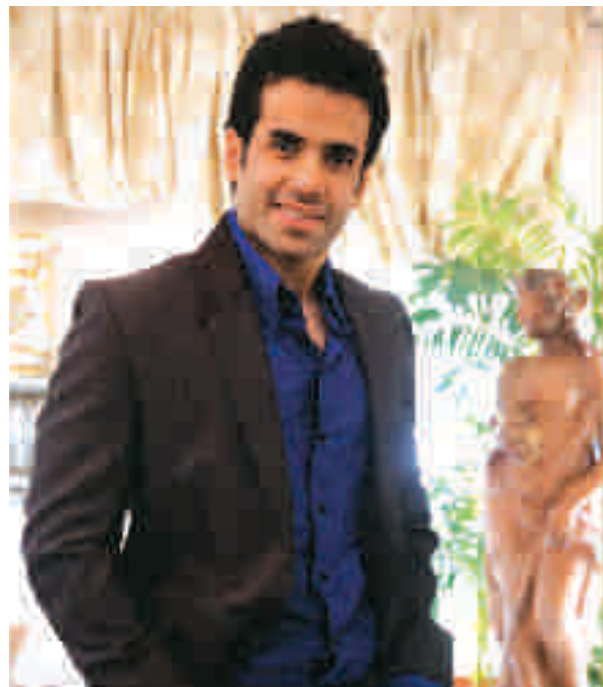
Whilst there are opportunities galore for showcasing of content, one segment is specifically taking a beating in these times of economic downturn. The advertisers have slashed their budgets drastically and are now demanding more value for money. It is a known fact that advertising revenues furnish the requisite impetus to the domestic media and entertainment industry.

It is time to revisit the existing business model and make space for new and innovative business ideas. Economic slump, whilst a bane, can be converted into a lucrative opportunity by exploring newer avenues to sell content and modifying business propositions.

### Films

India produces approximately 1,000<sup>8</sup> films annually, making it the world's largest producer by volume. The film industry accounts for over 3 billion<sup>9</sup> theatrical admissions per annum. The success of this industry has been mainly driven by the audiences who have been open to accepting national and international movies. The multiplex culture has resulted into the audience accepting movies from various cultures and genres. The Indian film industry has been estimated to be worth US\$109.9<sup>10</sup> billion in 2008. It has recorded a growth of 17.7%<sup>11</sup> over the last 3 years.

Today, the Indian film industry is a major source of content for the music, radio and television sectors. Winds of change have swept past the Indian film industry over the last few years, leaving a positive impact on the entire value chain from producers and distributors to exhibitors. Players in the industry now enjoy access to organized funding and increasing overseas



<sup>3-5, 7-11</sup> FICCI-KPMG Report

<sup>6</sup> TRAI Indian Telecom Services Performance Indicators (July-Sept 2008)





collections. Further, the onset of multiplexes has enhanced the realizations for the industry. The success of films such as Jodhaa Akbar, Singh in King, Slumdog Millionaire as well as deals between DreamWorks-Reliance, Disney-UTV and Warner-People Tree Films has added to the global acceptance of the Indian film industry. With the advent of technological innovations, animation and special effects are the rapidly emerging trends within the industry. Moser Baer's entry into the market has resulted in the availability of DVDs and VCDs at affordable costs and hence given a fillip to the home entertainment market. Consequently, the domestic theatrical life of movies has plunged and with increasing movie-making budgets as well as market spend; the breakeven point of films has upped several notches. With the economic slowdown playing its role, satellite revenues have also been affected. To meet this challenge and ensure better monetization the producers are selling their films on a non-exclusive basis to several broadcasting channels with shortened windows.

Corporatisation, high production costs, rising actor fees and lofty acquisition costs for content are other realities the sector is facing. With changing times, the sector is facing increased competition from other media and major events such as, the Indian Premier League's T20 Cricket Tournament are affecting the occupancy rates in theatres. Home video piracy and illegal movie downloads are adversely impacting the revenue collections. But these issues have been countered suitably as the industry is improving the distribution system, keeping in mind the fact that movies now make most of their revenues in the first 2 weeks of release.

Creation of a new niche within the film business that allows for low cost, quality content model is being seen as a value based proposition by the consumer. The generation Y that is willing to spend an economic amount on watching the movie on the big screen, but is also demanding more contemporary storylines consequently leading to the genre of bold cinema. Several movies in the recent times have shown exceptional collections inspite of new cast, director, producer and storyline. This value for money wholesome entertainment has created a new avenue of business for all movie makers. This type of business model has the potential to be a stand alone profit centre as well as play a cash cow to the existing big budget movie making business.

#### **New Media**

New Media refers to new technologies and communication methods in the context of their effects on the established mainstream media. What distinguishes New Media from the rest is the fact that here uniquely individualized information can simultaneously be delivered or displayed to a potentially infinite number of people. Here, all the players involved share equal or reciprocal control over content. New media like internet, mobile, IPTV, etc allows content owner to connect directly with the user and build viable communities around the content.

With shifting trends, the emerging streams of revenues such as entertainment on internet and the mobile phones are fast growing market opportunities. The mobile subscriber base in India has grown rapidly to more than 400<sup>12</sup> million users and Internet User Base in the country is in the region of 80<sup>13</sup> million users. One of the largest segments on the internet is consumption of entertainment content. Internet advertising has

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**Tusshar Kapoor**  
Executive Director,  
Balaji Motion Pictures Limited

<sup>12</sup>Cellular Operators Association of India

<sup>13</sup>International Telecommunication Union Statistics

<sup>14-17</sup>FICCI-KPMG Report

grown from Rs 200<sup>14</sup> Cr in 2006 to Rs 620<sup>15</sup> Cr to 2008. This is projected to grow to Rs 2,140<sup>16</sup> Cr in 2013 at a CAGR of 28%<sup>17</sup>. Video content consumption is one of the key trends and video advertising will become a key part of the above. This will open up significant opportunities for content companies.

With the ever booming mobile subscriber base that is growing at close to 10<sup>18</sup> million users a month, Value Added Services (VAS) is becoming a significant business for content owners and content producers. The current Mobile VAS business is estimated at Rs 5,780<sup>19</sup> Cr by June 08 and is estimated to reach Rs 16,520<sup>20</sup> Cr by 2010. In 2008, Mobile VAS accounts for 9%<sup>21</sup> revenue for service providers and is expected to grow to 12%<sup>22</sup> by 2010.

With 3G a step away from rooting itself in India, the possibilities of quality content being distributed through a portable medium will soon become a reality. In countries where 3G has got established, entertainment content delivered on the high end mobiles has become a sizeable business for mobile companies and content producers. Currently, Bollywood is one of the largest providers of entertainment content for Mobile VAS. As 3G comes in and better phones allow consumption of content, newer business models and opportunities will emerge to provide entertainment content to users.

With the growth of the Internet bandwidth and subscriber base in India, the market is set for an exponential growth in video and multimedia entertainment content on the Internet. Opportunities are emerging for content companies to look at creating entertainment content for the digital devices and syndicate the same to various digital channels to maximize revenue and viewership

**THE BALAJI ADVANTAGE**

Driven by an effective modus operandi, coupled with its inherent strengths, Balaji Telefilms Limited is geared for sustainable, long-term growth. The Company's experience and insight have enabled it to further hone its capabilities and give itself the coveted extra edge in the marketplace.

The following characteristic strengths have enabled Balaji to surge ahead and take an undisputable leadership position in the television area.

**1. Supply chain management**

As an efficient and accomplished production house, the Company has devised a competent supply chain management strategy that is cost efficient.

**Conceptualization**

An elaborate ideation process, followed by timely feedback collection, has resulted in delivering on audience expectations. Balaji has time and again, produced original, high-quality content that is well-received by its viewers.

**Shoot Management**

Exhaustive shoot management procedures are the key to the rise of Balaji as a pre-eminent production house. All the intricacies of shoots at Balaji, ranging from responsibility allocation and equipment mobilisation to costumes are meticulously planned. The Company has also well-negotiated artiste rates depending on factors such as, the budget of the programme, criticality of the role, seniority of the artiste and the extent of assignments provided by the Company to the artiste.

**Logistics Management**

As a leader in the television arena, Balaji has multiple serials on air, simultaneously. Adequate ongoing episode inventory is therefore the need of every hour at Balaji. Leveraging its dexterity and experience, the Company manages the entire procedure in an efficient manner.

Every serial deploys as many as 25-30 artists. Further, every scene demands a director, scriptwriter, cameraman, costume-designers, make-up artists, spot boys, art directors and light men. Their collective availability is imperative for the success of every episode. In order to ensure this, the complete script is finalised well in advance. A detailed schedules plan is then chalked out and responsibilities allocated. Here onwards, every team looks into its own responsibilities. The result then is a comprehensive blueprint that makes way for realistic scene-wise profitability estimates.

**Centralized purchase**

Independence is integral to the success of Balaji. The procurement of every consumable is done in-house to reduce its



<sup>14-17</sup>FICCI-KPMG Report

<sup>18</sup>TRAI Indian Telecom Services Performance Indicators (July-Sept 2008)

<sup>19-22</sup>FICCI-KPMG Report



reliance on external parties. Such measures not only ensure the timely availability of the required materials, but also result in curtailing expenditure.

#### **Enhanced procedures, consistently**

In order to maintain its leading edge, Balaji makes judicious investments in advanced equipment and practices. As a result, the Company enjoys the privilege of a low episode inventory, leaving room for content flexibility as per audience feedback. With efficacious equipment at its disposal, Balaji is in a position to adhere to schedules and deadlines, whilst reducing wastage. Up-to-date technology also results in ensuring scalability.

#### **2. A compelling content deliverer**

Balaji leads by example. The Company undertakes unsaid responsibilities beyond the delivery of an episode to the channel. Driving the popularity of its customer channels is one of them. Balaji has explicitly exhibited its capability in this arena over the past decade. Consequently, its programmes are not only revenue magnets but are increasingly becoming an inherent part of its customers' corporate strategy. Such distinct advantages position the Company to better negotiate its content fee.

#### **3. Product Management**

Balaji moves beyond creating content to developing brands. Much as the production house itself, most of its programmes are morphing into recognisable brands. The Company's astuteness has enabled it to target a niche genre and create distinctive family blockbusters. However, Balaji is not resting on its laurels. The Company is sensitive to the TRPs of its programmes, fan

clubs and word-of-mouth to detect audience taste and consistently work towards meeting their expectations.

#### **4. Talent Management**

Scripts and artists go hand in hand, one incomplete without the other. Quality scripts and skilled talent form the strength of Balaji as a content house. The Company traverses an extra mile to develop and retain talent. At Balaji, above-average remuneration is a function of individual effort and team achievement. This motivates every individual to perform to the best of his/her ability. Balaji also 'hand-holds' fresh talent through the learning curve by imparting training under experienced supervisors. Such initiatives help in boosting professional growth of the talent thus bringing in loyalty and talent retention.

#### **5. Stringent internal audit procedures**

Robust and disciplined accounting procedures bestow sustainability to the business of Balaji. Today, the Company has a resilient audit process, considered to be one of the best in the industry. The exhaustive audit procedures at Balaji encompass as many as 20 units. These units have helped in:

- Developing the first rung of cost control
- Creation of a detailed log book encompassing episodes, scenes, shoot duration, equipment utilisation, scenes per artiste, attendance report, including reasons for time over-run or under-performance or non-utilisation of resources
- Review of a daily MIS report by the senior management in order to identify excess expenditure
- Development of an efficient request-for-proposal quotation process from multiple vendors resulting in transparent vendor selection

#### **6. An efficient management team**

In today's competitive environment, the need to be alert and proficient is even more pronounced. With a clear growth strategy, the Company has put in place, a leadership team of experienced professionals from diverse backgrounds. Balaji is now equipped with a win-win combination of creativity and corporatisation that will see it through the challenges of the future.

#### **BUSINESS MODEL**

During 2008-09, Balaji revisited its business model to further its competence in the marketplace. In a bid to avoid stagnation and trigger its growth to the next level, the Company has undertaken several pertinent measures. As part of its model, Balaji is endeavouring to emerge as an outward looking entity by entering into meaningful collaborations in the industry to create compelling fiction content. Balaji is also broad-basing its business by attempting to deepen its presence in the areas of films and new media. It has already set up autonomous business units for each of these new areas. Leveraging its cash rich position, the Company has hired some of the best resources that bring their extensive experience, across all mediums.





## MANAGEMENT DISCUSSION & ANALYSIS



### Films

Balaji will continue to work with the best talent in the industry, in terms of actors as well as directors to create first-rate content across all genres. With the promoters well networked in the film fraternity, making strategically big alliances do not seem to be a difficult task. While the Company is adequately funded to materialise its plans for the near term, going forward, it will consider alternative funding models as well as options such as, co-production and international studio finance. Balaji already has an ocean of creative talent at its disposal and the production and execution capabilities are unparalleled. Moreover, it is also looking at brand tie-ups at the start of a project to secure funding.

### New Media

Going forward, Balaji has plans to emerge as a content aggregator or a producer for new media. The Company is evaluating macro-trends in the New Media sphere such as, the internet, mobile phones as well as gaming to develop efficient revenue models. However, typically, most media companies focus on advertising as a source of revenues. Being the largest content creator in the business, Balaji is geared up to make the most of the 3G era. Mobile Value Added Services (MVAS) are already becoming popular amongst the youth, Balaji will set its eyes on reaping rewards from this sector, banking on its strength to deliver quality content.

### OPERATIONAL REVIEW

Balaji conducts periodic company-wide operational reviews to detect as well as mend any discrepancies between its operations and objectives.

### Programmes and Programming Hours

The year 2008-09 witnessed as many as 25 Balaji Television serials on air, adding up to 1,497 programming hours. Balaji television serials were present on all major general entertainment channels like Colors, NDTV Imagine, Sony, Star, Zee and 9X. New shows like Bandini, Kitani Mohabbat Hai, Koi Aane Ko Hai, Tujh Sang Preet Lagai Sajana were launched during the financial.

### Programming Mix

#### Sponsored

As per the sponsored programme arrangement, Balaji purchased telecast slots and was entitled to receive free commercial time that is marketed to advertisers.

### Commissioned

Under this arrangement, channel owners approach Balaji for content. Unlike the former format, there is no marketing risk associated here. Apart from a fee that is mutually agreed upon, there is room for rate revision based on the success of the programme.

### Language mix

Balaji has carved a sturdy presence on television as a large and multi-lingual production house. The Company caters to a wide audience with programmes in Hindi, Telugu, Tamil, Kannada and Malayalam. As of the end of the financial year, Balaji had 6 shows on air in 4 regional languages.

### Channel-wise revenues

Balaji continued to have a strong presence in commissioned and sponsored programming. Its business mix is as follows:

### Programming Hours

	FY 2007-08		FY 2008-09	
		%		%
Commissioned programs	918	58.47	927	61.92
Sponsored programs	652	41.53	570	38.08
<b>Total</b>	<b>1,570</b>	<b>100.00</b>	<b>1,497</b>	<b>100.00</b>

### Revenues

(all figures in Rs. crores)

	FY 2007-08		FY 2008-09	
		%		%
Commissioned programs	300	91.46	269	91.19
Sponsored programs	28	8.54	26	8.81
<b>Total</b>	<b>328</b>	<b>100.00</b>	<b>295</b>	<b>100.00</b>



1<sup>st</sup> April, 2008 - 31<sup>st</sup> March, 2009

Name of Serial	Channel	Time Slot	Days Of Telecast
<b>COMMISSIONED</b>			
Kis Desh Mein Hai Meraa Dil	Star Plus	20:30 - 21:00	5 (Mon - Fri)
Tujh Sang Preet Lagayi Sajna	Star Plus	13:00 - 13:30	5 (Mon - Fri)
Kyunki Saas Bhi Kabhi Bahu Thi	Star Plus	22:30 - 23:00	4 (Mon - Thu)
Kahaani Ghar Ghar Ki	Star Plus	22:00 - 22:30	4 (Mon - Thu)
Karam Apnaa Apnaa	Star Plus	14:00 - 14:30	5 (Mon - Fri)
Kasturi	Star Plus	8:00 - 8:30	4 (Mon - Thu)
Kayamath	Star Plus	23:30 - 24:00	4 (Mon - Thu)
Bandini	NDTV Imagine	22:00 - 22:30	5 (Mon - Fri)
Kitani Mohabbat Hai	NDTV Imagine	20:00 - 20:30	5 (Mon - Fri)
Koi Aane Ko Hai	Colors	22:00 - 23:00	2 (Fri - Sat)
Kasamh Se	Zee TV	21:00 - 21:30	5 (Mon - Fri)
Kahaani Hamaaray Mahabhaarat Ki	9x	22:00 - 22:30	4 (Mon - Thu)
Kaun Jeetega Bollywood Ka Ticket	9x	20:00 - 22:00	1 (Sun)
Kya Dill Mein Hai	9x	20:30 - 21:30	4 (Mon - Thu)
Kahe Naa Kahe	9x	21:00 - 21:30	4 (Mon - Thu)
Khwaish	Sony Entertainment TV	20:00 - 20:30	4 (Mon - Thu)
Kuchh Is Tara	Sony Entertainment TV	21:00 - 21:30	4 (Mon - Thu)
Kabhi Kabhi Pyaar Kabhi Kabhi Yaar	Sony Entertainment TV	20:00 - 21:00	2 (Wed - Thu)

<b>SPONSORED</b>			
Kasthuri	Sun TV	18:30 - 19:00	5 (Mon - Fri)
Kanmaneeya	Sun TV	12:00 - 12:30	5 (Mon - Fri)
Kalyanee	Gemini TV	19:30 - 20:00	5 (Mon - Fri)
Kalyanee	Surya TV	17:30 - 18:00	5 (Mon - Fri)
Kootukaari	Surya TV	22:00 - 22:30	5 (Mon - Fri)
Kaadambari	Udaya TV	18:00 - 18:30	5 (Mon - Fri)
Kankkana	Udaya TV	13:30 - 14:00	5 (Mon - Fri)

<b>EVENTS</b>			
Star Parivaar Awards-08	Star Plus	21.00 - 24.00	Sunday
Diwali Rishton Ki	Star Plus	22.00 - 22.30	4 (Mon - Thu)
Rang Barse	Star Plus	22.30 - 24.00	Sunday

As there have been changes in time slots of certain shows, the latest timing of the shows have been taken.

**FINANCIAL OVERVIEW**

**2007-08 vs 2008-09**

- Turnover dropped by 10% from Rs. 328.97 crores in 2007-08 to Rs. 294.92 crores in 2008-09
- Profit before tax reduced by 71% from Rs. 128.48 crores in 2007-08 to Rs. 37.51 crores in 2008-09
- Profit after tax reduced by 70% from Rs. 87.93 crores in 2007-08 to Rs. 26.67 crores in 2008-09

**Margins**

The PAT margins of the company decreased from 27% in 2007-08 to 9% in 2008-09. The Company's PAT has reduced due to certain extra ordinary events :

During the year, the Company constructed sets exclusively for a serial which went off air. These sets are not expected to be of use for any other serials. In view of this, the cost of the set (net of the estimated residual value) has been fully depreciated which resulted in an impact of Rs. 9.53 crores. Further, the Company also made a provision for bad and doubtful debts of Rs. 18.30 crores due to non-recovery of receivables from the broadcaster.

The Company has made a provision of Rs. 4.40 crores for diminution in value of certain investments considered to be permanent in nature.

(in %)

	2008-09	2007-08	2006-07
EBIDTA margin	21	43	41
Cash Profit margin	14	30	29
Pre-tax profit margin	13	39	37
PAT margin	9	27	25

**Surplus management**

The surplus generated during the year was invested to acquire land for a new studio complex with the objective of strengthening the Company's competitive edge.

The investments of surplus funds continue to be focused on relatively safe financial instruments with the overall philosophy of safety and liquidity.

**Capital employed**

The average capital employed by the Company grew by 13% in the absolute terms over 2007-08 to Rs. 376.86 crores largely on account of the increased surplus. The ROCE decreased from 42% in 2007-08 to 16% in 2008-09.

The capital-output ratio decreased from 1.04 in 2007-08 to 0.84 in 2008-09. Working capital as a proportion of turnover decreased from 17% in 2007-08 to 16% in 2008-09.

**Average Capital employed**

(Rs. in crores)

2008-09	2007-08	2006-07	2 year CAGR
376.86	334.51	277.32	17%

**Revenues:** The Company's operational income decreased 10% from Rs. 328.97 crores in 2007-08 to Rs. 294.92 crores in 2008-09, on account of a drop in programming hours accompanied by a drop in the average realisations.

**Split:** The revenue-wise distribution between commissioned and sponsored programming in 2008-09 was as follows:

Programming	2008-09	2007-08	% Increase/(Decrease)
Commissioned	268.44	300.82	(11%)
Sponsored	26.48	28.15	(6%)
<b>Total</b>	<b>294.92</b>	<b>328.97</b>	<b>(10%)</b>

Balaji continued to focus on the commissioned category, deriving 92% of turnover in 2008-09 from this segment. In the sponsored program category, the Company is present in all four states across South India, with programmes running across Tamil Nadu (Sun TV), Andhra Pradesh (Gemini TV), Karnataka (Udaya TV) and Kerala (Surya TV).

The sponsored category consisting of regional content, generated a revenue of Rs. 26.48 crores in 2008-09 as against Rs. 28.15 crores in 2007-08, a nominal decline, given the effect of the slowdown on advertising revenue.





**Overheads**

In the production of entertainment software, a budgeting discipline at the Company was responsible for a strict control on costs. The Company's budgeting discipline comprised the following priorities:

**Profit centre**

Taking into account costs comprising of artists fees, technicians, equipment hire, locations and property hire, each programme was appraised as a profit centre to enable the Company to take holistic and specific perspectives.

**Project life cycle management**

The Company adopted macro perspective to develop a detailed budgetary discipline. Consequently, all the shooting schedules, scene-wise artiste requirement, ongoing shooting progress and final delivery are chalked out well before the commencement of the shooting.

**Checks and Balances**

Non-budgeted expenses need verification prior to sanction and disbursement, an effective check and balance measure.

**Audit**

Besides independent internal auditors, the Company also has internal supervisory audit function that maintains control on the shoot process. Each critical element of the shoot cost is are evaluated from a competitive bidding perspective before procurement.

In addition to the above, Company undergoes statutory and tax audit.

**Gross block**

As a progressive organization, the Company continued to invest in state of the art equipment and infrastructure facilities.

Gross block increased from Rs. 94.77 crores in 2007-08 to Rs. 98.14 crores in 2008-09. The capital work in progress increased from Rs. 17.62 crores in 2007-08 to Rs. 51.39 crores in 2008-09 mainly due to investment in land to build a state-of-the-art studio in the city of Mumbai. The Company's depreciation for the year showed a marked increase from Rs. 12.70 crores in 2007-08 to Rs. 23.52 crores in 2008-09 mainly due to accelerated depreciation to the tune of Rs. 9.53 crores for one of its sets built for a show which has been discontinued.

Over the years, the Company has made the following capital investments to supplement its business related infrastructure requirements.

**Sets**

This enabled the Company to produce sets in-house and save the cost of hire; it enabled the Company to enhance the quality of sets in line with varied episode and scene requirement. The Company re-uses sets whenever required with marginal alterations, resulting in a progressive decline in production costs.

**Land**

The Company has invested in purchase of over ten acres of land in Mumbai to construct a state-of-the-art studio which is expected to give it competitive advantage in terms of costs and turnaround period.

**Equipment**

The Company de-risked itself from dependency on equipment vendors by investing in sophisticated digital cameras, lights, sound equipment and post production facilities.

**Investments**

The Company's investments had a nominal decline from Rs. 249.89 crores as on 31<sup>st</sup> March 2008 to Rs. 245.67 crores as on 31<sup>st</sup> March 2009. The Company invested its surplus funds mainly in debt funds to preserve capital, liquidate at will and generate a fair return on investments. The Company, as a matter of policy, invests a major component of its surplus in high credit quality funds and has only a small proportion in equity funds. The Company's income from investment reduced from Rs. 16.05 crores in 2007-08 to Rs. 14.39 crores in 2008-09. Further, the Company has provided for diminution in value of certain equity investments to the tune of Rs. 4.40 crores. 'Other income' as a proportion of the Company's revenues stood at 7%.

**Debtors**

The Company's terms of trade strengthened during the year under review. Average receivable realization period improved from 75 days in 2007-08 (equivalent to days of income) to 74 days in 2008-09. During the year the Company has made a provision for bad debts of Rs 18.30 crores for amount receivable from a broadcaster for shows that have since gone off air.





#### **Inventories**

The Company's inventory of programmes declined from 11 days in 2007-08 to 1 day in 2008-09. As a proportion of the working capital, it decreased from 17% in 2007-08 to 2% in 2008-09.

#### **Loans and advances**

Loans and advances decreased from Rs. 40.47 crores in 2007-08 to Rs. 23.01 crores in 2008-09, comprising lease deposits for offices and studios, advance tax, subsidiary advances and trade advances. These loans and advances were considered good and related to the company's business.

#### **RISK MANAGEMENT**

Balaji's exhaustive risk management procedures are suitably developed to identify, analyse and mitigate operational as well as business risks. The varying nature of risks the Company faces include:

##### **Audience Attrition Risk**

An increase in the programmes and channels flocking Indian television has resulted in the sharing of viewership. Balaji takes corrective steps based on timely and accurate programme feedback to adapt its shows to the audience tastes, as required. As a result, the Company is experiencing the loyalty of its viewers towards its programmes.

##### **Stagnation Risk**

In a bid to avoid stagnancy, the Company is constantly scouting for business opportunities and is harnessing the untapped potential of the afternoon as well as weekend slots for its programmes. Balaji has also drawn out plans to hedge its creative risks better between the fiction and non-fiction space.

##### **Channel-based Risk**

In wake of a plunging popularity of any channel, the negotiating ability of the content provider takes a beating. As a precautionary measure, Balaji chooses leading multiple broadcasters to partner with.

##### **Technology Risk**

It is not long before any innovative technology is labeled obsolete. Often times, companies are compelled to replace high-

cost equipment, accruing extra expenses. Balaji's investments in digital and state-of-the-art technology as well as its production and post-production equipment, are a result of thorough discernment as well as consultation.

##### **Artiste and People Attrition Risk**

Artiste attrition has a direct impact on the TRPs of Balaji's programmes. The Company has entered into contracts with its team members and artists to counter this risk. Further, it also provides one of the best compensation systems in the industry.

#### **INTERNAL CONTROLS**

The Company continues to have a strong Internal Audit Process, one of its kind in the entertainment industry. The Audit Team functions independent from the Operations team and is the first cost control tier, though the Docket Management System. Further management control is exercised through a daily MIS and also periodic MIS on qualitative parameters. It is also proposed to computerize the Docket Management System this year.

Furthermore, to streamline operations and to strengthen controls on hiring and requisitions of materials, an independent commercial team has been set up, which also allows the Production team to focus more on operational efficiencies.

#### **HUMAN RESOURCES**

Balaji houses an active Human Resource function that is completely aligned with the growth objectives of the Company. It fosters a performance oriented work culture and offers amongst the best opportunities in the industry for professional as well as personal growth of its employees. Balaji aims at maintaining a regular inflow of new talent at a balanced market cost and adequately train its workforce to deliver as per the performance standards of the organization. It identifies the right talent for precise jobs, leading to job satisfaction. Balaji nurtures its technically skilled personnel to deliver quality in a competitive marketplace. The HR function is also responsible in right sizing the organization. It consistently creates a talent pool by hiring from mass-media colleges and MBA campuses. The Company also provides adequate international exposure to its people through participation in relevant exhibitions globally.





Today, Balaji is adopting a fresh perspective towards enhancing efficiency of its workforce. It plans to set up a meticulous performance appraisal system that clearly defines parameters for assessment and increment. It is also involved in the process of designing and implementing a transparent reward and recognition policy. It is further enhancing the internal communications within the organization by launching the Intranet.

#### OUTLOOK

A leadership position in the Indian television fiction space does not mean that Balaji can afford to be complacent. In addition to moving ahead and bolstering its presence in the areas of films and new media, it is critical to solidify the foundations of the fiction business.

Gauging the changing audience preferences, it is essential for Balaji to broaden the type of offerings and to experiment with new styles / types of content going beyond the traditional successful formats. Further, given the effect of the economic downturn on the television industry, reduction in realizations and increased competition would be a reality. Focus on volumes and attempt to increase the breadth of clients in the GEC space would be the priority areas for this year.

#### Films

Balaji has already extended its horizons to capitalize on the opportunities offered by the movie production segment. Having tasted success through movies such as Bhul Bhulaiya, Shootout at Lokhandwala and Sarkar Raj, the Company is working towards the objective of turning its modest beginnings into an established presence in this arena. With this vision, Balaji has unveiled plans to adapt a fully integrated studio model, producing world-class content. With scale and budget as part of its core strategy, Balaji will continue to produce high-quality entertainment content for popular mainstream as well as niche cinema. Armed with the right team and rigorous production capabilities, the Company will conduct meticulous commercial feasibility of every undertaken project. Balaji has already identified as many as 3-4 films for the next fiscal and is looking at hiring the best available talent to emerge successful.

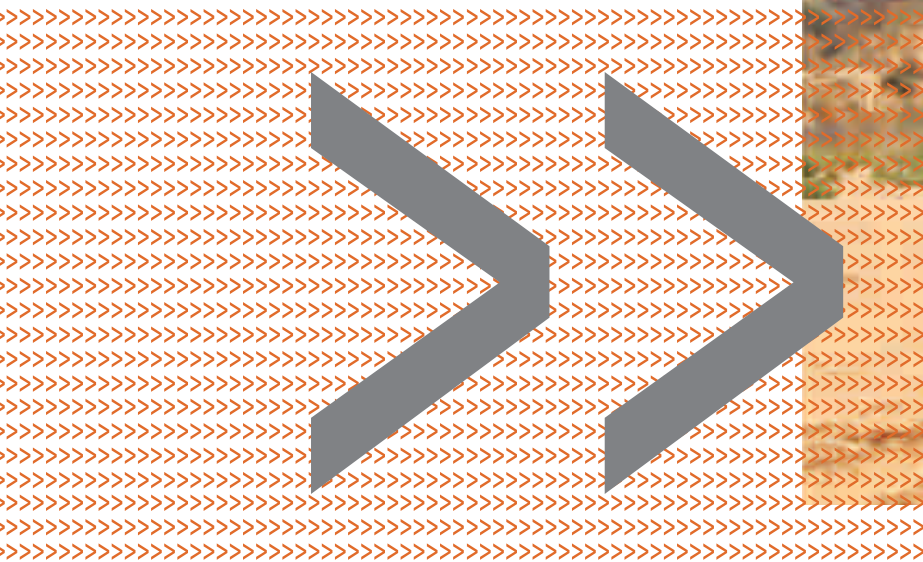
#### New Media

Balaji is consistently scouting for opportunities that enable it to deliver greater shareholder value. Today, the market is witnessing shifting trends from the traditional mediums to new media such as, the internet and handheld platforms as areas of significant content consumption. Having identified the new media segments as a lucrative business option, the Company has firmed up plans for foray into this promising sector as a move up the value chain. As a content-rich production house, Balaji has a repertoire to leverage and make the most of the available opportunity to interact directly with its consumers. The creation of fresh cutting edge content, whilst adapting the existing content to the new format, is also on the anvil. Currently, the Company is evaluating the dynamics of operating within the new media sector in terms of the latest trends, available capacities and size of the market for music, fiction and non-fiction.



# AN EFFICIENT MANAGEMENT TEAM

Our management team is geared to steer the Company along its growth path.



**Y**

our Directors take pleasure in presenting the Fifteenth Annual Report together with the audited statement of accounts of the Company for the year ended 31st March, 2009.

## FINANCIAL RESULTS

(Rupees in lacs)

Particulars	2008-09	2007-08
Income from operations	29,491.89	32,896.85
Total expenditure	25,515.28	20,506.48
<b>Operating profit</b>	<b>3,976.61</b>	12,390.37
Interest	0.00	0.00
Depreciation	2,352.26	1,270.06
<b>Operating profit after interest and depreciation</b>	<b>1,624.35</b>	11,120.31
Other income	2,127.03	1,728.08
<b>Profit before tax</b>	<b>3,751.38</b>	12,848.39
Provision for taxation	1,084.47	4,055.08
<b>Net profit after tax</b>	<b>2,666.91</b>	8,793.31
Balance brought forward from previous year	16,154.01	10,965.09
(Short)/excess provision for tax in respect of earlier years	(34.79)	(54.80)
<b>Appropriations</b>		
Disposable profits	18,786.13	19,703.60
Proposed dividend	195.63	2,282.37
Corporate dividend tax	33.26	387.89
Transfer to general reserve	266.69	879.33
Balance carried to Balance Sheet	18,290.55	16,154.01



## RESULTS OF OPERATIONS

For the year ended 31st March, 2009, the Company earned total revenue of Rs. 31,618.92 lacs, a decrease of 8.68% over the previous year's Rs. 34,624.93 lacs. As per the consolidated accounts, the total revenues have decreased by 9.98% from Rs. 39,591.40 lacs to Rs. 35,641.37 lacs in the year under review. The net profit of the Company for the year decreased from Rs. 8,793.31 lacs to Rs. 2,666.91 lacs in the year under review, a decrease of 69.67%.

A detailed discussion on the business performance is presented in the Management Discussion and Analysis section of the Annual Report.

## APPROPRIATIONS

### Dividend

The Directors are pleased to recommend a final dividend of Rs. 0.30 per share (15 per cent on a par value of Rs. 2 per share) for the approval of the members. The final dividend, if declared as above, would involve an outflow of Rs. 195.63 lacs towards the dividend (previous year Rs. 2,282.37 lacs) and Rs. 33.26 lacs towards dividend tax (previous year Rs. 387.89 lacs), resulting in a total outflow of Rs. 228.89 lacs as against Rs. 2,670.26 lacs in the previous year. Dividend (including dividend tax) as percentage of profit after tax is 8.58%, as compared to 30.37% in the previous year.

### Transfer to Reserves

We propose to transfer Rs. 266.69 lacs to the general reserve out of the amount available for appropriations. An amount of Rs. 18,290.55 lacs is proposed to be retained in the profit and loss account.

### Subsidiaries

During the year the Company had two wholly owned subsidiaries: Balaji Motion Pictures Limited (BMPL) and Balaji Telefilms FZE (BTF).

BMPL was established in March 2007 to handle the film related business of the Company. BMPL released four movies during the year i.e. Sarkar Raj, EMI, C Kkompany and Mission Istanbul. It has started production of one film which is tentatively scheduled for release in the financial year 2009-10. BMPL achieved turnover of Rs. 4,256.06 lacs compared to Rs. 3,653.22 lacs of last year. In the current financial year BMPL has reported loss after tax of Rs. 2,331.06 lacs (includes write off / provision of Rs. 885.11 lacs) compared to profit after tax of Rs. 549.11 lacs for last year.

BTF was incorporated in Sharjah Airport International Free Zone in September 2006, to provide content to the leading channels of the region. BTF launched its first serial 'Khwaish' in June 2007 on ARY and Sony channel successfully. The production of the serial was discontinued in April 2008 and BTF has been liquidated effective August 2008. There was surplus of Rs. 273.67 lacs on liquidation of BTF.

## DIRECTORS' REPORT

### Directors

Mr. John Lau and Mr. Paul Ailleo resigned as directors of the Company effective 25th August, 2008. Ms Ella Wong, being Alternate Director to Mr. John Lau also ceased to be director effective 25th August, 2008. Mr. Tusshar Kapoor resigned as director of the Company effective 24th January, 2009.

The board places on record its sincere appreciation of the valuable services rendered by Mr. John Lau, Mr. Paul Ailleo and Mr. Tusshar Kapoor, during their tenure.

Mr. Akshay Chudasama and Mr. Pradeep Sarda retire by rotation at the ensuing Annual General Meeting. Both of them, being eligible, offer themselves for re-appointment.

The brief resume/details relating to the Directors who are to be appointed/re-appointed are furnished alongwith the notice convening the Annual General Meeting.

### PARTICULARS OF EMPLOYEES

Particulars of employees, as required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are set out as under:

Sr. No.	Name	Age (Years)	Designation & Nature of Duties	Gross remuneration	Qualification	Experience	Date of joining	Previous employment
1	Ashish Gharde	34	National Head - HR	3,841,420	MBA in HR	11 Years	12-Feb-08	Music Broadcast India Pvt. Ltd., HR Head
2	Ekta Kapoor	34	Creative Director	26,930,600	-	15 years	10-Nov-94	N/A
3	Indrajit Ray*	34	Chief Creative Officer- Non Fiction	343,862	Graduate	13 Years	6-Mar-09	UTV Software Communications Ltd., Vice President
4	Ketan Gupta*	32	General Manager Operations	2,771,962	B.Com	9 years	1-Mar-00	N/A
5	Nachiket Pantvaitya*	38	Chief Executive Officer - Television	1,260,943	B.Sc, PGDM - IIMA	16 Years	16-Feb-09	BBC Global Channels, General Manager-South Asia
6	Puneet Kinra*	37	Group Chief Executive Officer	5,064,194	MBA in Strategy & Finance	15 Years	15-Oct-08	PricewaterhouseCoopers Pvt. Ltd., Associate Director
7	Ramalingam Karthikeyan	40	Chief Operating Officer Regional Languages-Television	6,178,800	M.Sc, MBA	16 years	1-Mar-00	Nimbus Communications Ltd., Sr. Marketing Executive
8	Sandeep Jain*	39	Chief Financial Officer	5,384,900	C.A., C.S.	14 years	3-May-2006	SET Discovery Pvt. Ltd., Senior Manager
9	Shobha Kapoor	60	Managing Director	24,712,400	-	15 years	10-Nov-94	N/A
10	Srinivasa Shenoy*	33	Finance Controller	420,078	PG in Finance & Marketing, CA	10 Years	16-Feb-09	Entertainment Network (India) Ltd., Business Head and Sr. Vice President
11	Sunil Shahani*	41	Chief Financial Officer	875,517	CA, CWA	17 Years	11-Feb-09	The Walt Disney Company India Private Limited, Executive Director-Finance
12	Uday Sodhi*	43	Chief Executive Officer-New Media	840,470	MBA	19 Years	16-Feb-09	Rediff.com India Limited, Sr. Vice President-Interactive Services
13	Umesh Ray*	45	President Operations	4,599,700	B.Com, LLB, B.Ed.	17 years	1-Mar-00	Independent Consultant
14	Vinod Ahuja*	57	Senior Vice President	788,260	M.Sc, PG in Personnel & Business Management	41 Years	5-Jan-09	Indian Army, Brigadier Deputy Director General-Maharashtra, & Goa Gujarat

#### Note:

- The gross remuneration shown above comprises of salary, commission, allowances, Company's contribution to provident fund, mediclaim insurance, gratuity under LIC scheme in terms of actual expenditure incurred by the company and monetary value of the perquisites as per income tax rules.
- The nature of employment in all cases is contractual. Services of Ms. Shobha Kapoor and Ms. Ekta Kapoor are terminable by twelve month's notice for each. Services of all other employees mentioned above are terminable by either party, by giving three month's notice.
- None of the above employees mentioned above are related to any Directors of the Company, except for Ms. Shobha Kapoor and Ms. Ekta Kapoor, who are related to each other.
- As on 31st March 2009, Ms. Shobha Kapoor holds 9,935,000 shares constituting 15.24% and Ms. Ekta Kapoor holds 9,727,000 shares constituting 14.92% of shares in the Company.
- \* Indicates employed for part of the year.

### CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year 2008-09.

### MANAGEMENT

Mr. Puneet Kinra was appointed as Group Chief Executive Officer of the Company effective 15th October 2008. Mr. Sunil Shahani was appointed as Chief Financial Officer of the Company in place of Mr. Sandeep Jain, who resigned effective 28th February 2009.

### Auditors

M/s. Deloitte Haskins and Sells, Chartered Accountants, Mumbai and M/s. Snehal & Associates, Chartered Accountants, Mumbai, the Joint Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have also confirmed their eligibility and willingness for re-appointment if made the Joint Auditors of the Company and confirmed that, if appointed as auditors for the year 2009-10, their appointment will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.



## PARTICULARS UNDER SECTION 212 OF THE COMPANIES ACT, 1956

As per Section 212 of the Companies Act, 1956, we are required to attach certain documents of our subsidiaries. We have attached the directors' report, auditors' report, balance sheet and profit and loss account of Balaji Motion Pictures Limited, the wholly owned Indian subsidiary of the Company and the statement under section 212 of the holding company's interest in the subsidiaries. Balaji Telefilms FZE, wholly owned overseas subsidiary of the Company got liquidated effective 28th August, 2008. Since the said subsidiary was not in existence as on 31st March, 2009, the provisions of Section 212 of the Companies Act, 1956 were not applicable to the same. Besides, the Company has received the exemption from attaching the accounts of the Balaji Telefilms FZE from the Central Government. Accordingly, the Annual Report does not contain the financial statements of this subsidiary. We will make available the audited accounts and related information of this subsidiary, wherever applicable, upon request by any of our investors. These documents will also be available for inspection during business hours at our registered office. The Company also presents the audited consolidated financial statements in the Annual Report. We believe that the consolidated accounts present a full and fair picture of the state of affairs and financial condition, and are accepted globally.

## AUDITORS' REPORT

The observations of Auditors in their report read with the relevant notes to accounts in Schedule 15 are self-explanatory and do not require further explanation.

## CONSERVATION OF ENERGY

### Energy conservation measures taken by the Company

Our operations are not energy intensive. However, significant measures are taken to reduce energy consumption by using energy-efficient computers and by purchasing energy-efficient equipment. We purchase PCs, laptops, air conditioners etc. that meet environmental standards, wherever possible and replace the old equipment with more energy-efficient equipment. Currently, we use CFL fixtures to reduce the power consumption in the illumination system.

### Additional investments and proposals, if any, being implemented for reduction of consumption of energy

We constantly evaluate new technologies and invest into this to make our infrastructure more energy efficient.

### Impact of the measures and consequent impact on the cost of production of goods

As energy costs comprise a very small part of our total expenses, the financial impact of these measures is not material.

### Total energy consumption

Since the Company does not form part of the list of industries specified in the schedule, the same is not applicable to the Company.

## TECHNOLOGY ABSORPTION

The Company's research and development initiatives mainly consists of ideation of new subjects for our serials which are used in the creation of new storyline and tracks. The expenses incurred on such initiatives are not practically quantifiable.

The Company is an integrated player in the entertainment industry and our business is such that there is limited scope for new technology absorption, adaptation and innovation.

However, the Company uses the latest technology, wherever possible for better production values as a regular process.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings is Rs. 17,735.84 lacs, including Rs. 273.67 lacs towards surplus on liquidation of subsidiary and the outgo is Rs. 23.83 lacs, as given in Point 19 in Schedule 15 (statement of significant accounting policies and notes forming part of accounts) of the Financial Statements.

## FIXED DEPOSITS

The Company has not accepted any fixed deposits and as such, no amount of principal or interest was outstanding as on the balance sheet date.

## CORPORATE GOVERNANCE

A separate section on corporate governance and a certificate from Auditors of the Company regarding compliance of the conditions of corporate governance as stipulated under clause 49 of the listing agreement with the stock exchanges forms part of this Annual Report.

Certificate of CEO / CFO, inter alia, confirming the correctness of the financial statements, adequacy of the internal measures and reporting of matters to the audit committee in terms of the clause 49 of the listing agreements with stock exchanges, is also attached as a part of this Annual Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 and based on the representation received from the operating management, the Directors hereby confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That they have prepared the annual accounts on a going concern basis.

## ACKNOWLEDGMENTS

Your Directors take this opportunity to express their sincere appreciation for the excellent support and co-operation extended by the shareholders, bankers and other business associates. Your Directors further wish to place on record their appreciation of the exemplary contribution made by the employees at all levels, who, through their competence, hard work, solidarity, cooperation and support enabled the Company to achieve consistent growth.

On behalf of the Board of Directors,

**Jeetendra Kapoor**  
Chairman

13th May, 2009  
Mumbai



**B**alaji Telefilms Limited is committed to strong corporate governance and believes in its indispensability in investor protection. The Company's compliance with the Corporate Governance Code in terms of Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, is given here in below:

#### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is as under:

- Ensure that quantity, quality and frequency of financial and managerial information, which management shares with the Board, places the Board members fully in control of the Company's affairs
- Ensure that the Board exercises its fiduciary responsibilities towards shareholders and creditors, thereby ensuring high accountability
- Ensure that the extent to which the information is disclosed to present and potential investors is maximized
- Ensure that the Board, the employees and all concerned are fully committed to maximizing long-term value to the Shareholders and the Company

#### COMPOSITION OF THE BOARD

The Board currently has six members, of whom two are Executive Directors. The Board has a Non-Executive Chairman. At present half of the strength of the Board of Directors comprises of

Independent Directors. Securities and Exchange Board of India (SEBI) has vide its circular dated 8<sup>th</sup> April, 2008 amended clause 49 of the listing agreement whereby, if the non-executive chairman is a promoter or related to promoters, atleast one-half of the Board of the Company should consist of independent directors. In view of the said amendment the Company has complied with the requirement by reducing the number of Non-Independent directors by January 2009.

The Board either directly exercises its powers or functions through Committees. Policy formulation, setting up of goals and evaluation of performance and control functions vest with the Board, while the Committees oversee operational issues.

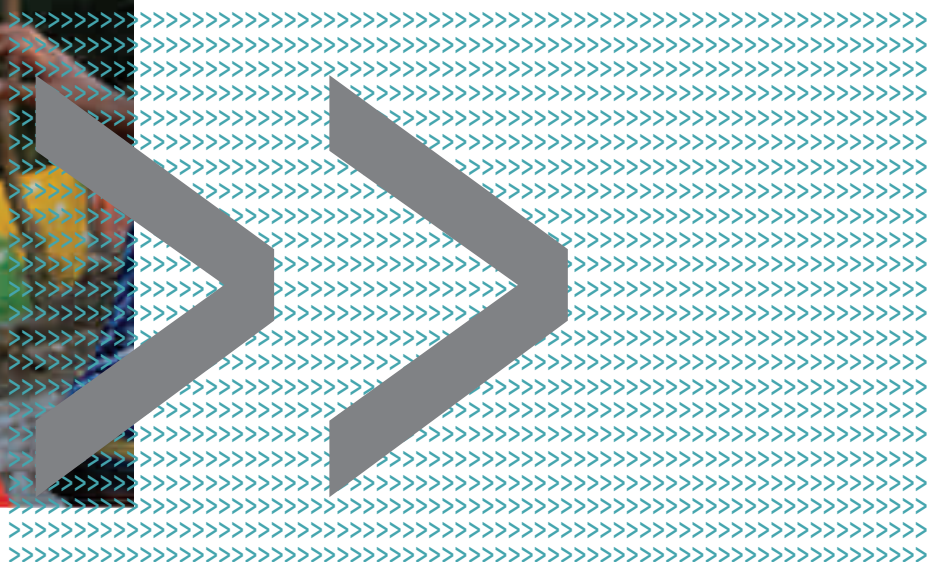
Six meetings of the Board of Directors were held during the year on 22nd May, 29th July, 18th August and 24th October in 2008 and on 28th January and 26th March in 2009. The maximum time gap between any two meetings was not more than four calendar months. None of the Directors of the Company held committee membership of more than ten committees nor committee chairmanships of more than five committees across all companies in which the person was a director.

The names of members of the Board of Directors, their attendance at Balaji Telefilms Limited's Board meetings, last Annual General Meeting (AGM), the number of other directorships and memberships / chairmanships of the committees in various companies are set out here in.



## WIDENING OUR HORIZONS

Balaji is primed to tap the opportunities across different genres within the television and films arena.



Name of the Director	Attendance Particulars		No. of Directorships and Committee Memberships / Chairmanships		
	Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Jeetendra Kapoor (P, N)	6	Present	5	3	1
Ms. Shobha Kapoor (P, E)	6	Present	6	1	0
Ms. Ekta Kapoor (P, E)	5	Present	4	1	0
Mr. Akshay Chudasama (N, I)	5	Present	6	3	0
Mr. Dhruv Kaji (N, I)	6	Present	4	3	2
# Mr. Tusshar Kapoor (P,N)	4	Present	NA	NA	NA
Mr. Pradeep Sarda (N,I)	5	Present	21	2	0
* Mr. John Lau (N,NI)	0	Not Present	NA	NA	NA
* Mr. Paul Aiello (N, NI)	0	Not Present	NA	NA	NA
* Ms. Ella Wong (N,A)	1	Not Present	NA	NA	NA

P = Promoter; E = Executive; N = Non-Executive; I = Independent; NI = Non-Independent; A = Alternate

\* ceased to be director with effect from 25th August, 2008

# ceased to be director with effect from 24th January, 2009

NA = Not Applicable

## AUDIT COMMITTEE

### Terms of Reference

The Audit Committee provides direction to the audit and risk management function in the Company and monitors the quality of internal audit and management audit. The responsibilities of the Audit Committee include overseeing the financial reporting process to ensure proper disclosure of financial statements, recommending appointment / removal of external auditors and fixing their remuneration, reviewing the annual financial statements before submission to the Board, reviewing adequacy of internal control systems, structure and staffing of the internal audit function, reviewing findings of internal investigations and discussing the scope of audit with external auditors.

The terms and composition of the Audit Committee conform to the requirement of Section 292A of the Companies Act, 1956.

### Composition

The composition of the Audit Committee is as follows:

Chairman	: Mr. Dhruv Kaji
Members	: Mr. Akshay Chudasama Mr. Jeetendra Kapoor Mr. Pradeep Sarda *Mr. John Lau
Secretary	: Ms. Alpa Khandor
Invitees	: Chief Financial Officer, Representatives of Statutory Auditors and Internal Auditor

\* ceased to be director with effect from 25th August, 2008

### Meetings and Attendance

The details of meetings held during the year, and the attendance thereat are as follows:

**Dates of Meetings:** 22nd May, 29th July and 24th October in 2008 and 28th January in 2009.

### Attendance

Name of the Director	No. of Meetings attended
Mr. Dhruv Kaji	4
Mr. Akshay Chudasama	3
Mr. Jeetendra Kapoor	4
Mr. Pradeep Sarda	3
Mr. John Lau	0

The Statutory Auditors and Internal Auditor of the Company are invitees to the Audit Committee Meetings. The Audit Committee holds discussions with the Statutory Auditors on "Limited Review" of the quarterly and half yearly accounts, yearly Audit of the Company's accounts and other related matters. The report of the Internal Auditor is reviewed by the Audit Committee.

## SHAREHOLDERS' COMMITTEE

### Terms of Reference

The functions and powers of the Shareholders' Committee include approval / rejection of transfer / transmission and rematerialization of equity shares, issue of duplicate certificates and supervising the operations of the Registrar and Transfer Agents and also maintaining investor relations and review and redressal of shareholders / investors' grievances / complaints. The details in this respect are given in the General Shareholder Information section of this report.

### Composition

The composition of the Shareholders' Committee is as follows:

Chairman	: Mr. Jeetendra Kapoor
Members	: Ms. Shobha Kapoor Ms. Ekta Kapoor
Compliance Officer	: Ms. Alpa Khandor, Company Secretary

### Meetings and Attendance

The details of meetings held during the year, and the attendance thereat are as follows:

**Dates of Meetings:** 15th September, 10th October, 4th November, 10th December and 24th December in 2008

### Attendance

Name of the Director	No. of Meetings attended
Mr. Jeetendra Kapoor	5
Ms. Shobha Kapoor	5
Ms. Ekta Kapoor	5

The committee oversees share transfers and monitors investors' grievances. The committee reviewed the shareholder grievances and the share transfers for the year and expressed satisfaction with the same. The committee also noted the shareholding in dematerialized mode as on 31st March, 2009 being 99.93%.

## REMUNERATION COMMITTEE

### Terms of Reference

The Committee is entrusted with the role and responsibilities of approving compensation packages of Managing Director/ Whole Time Director, reviewing and approving the performance based incentives to be paid to the Managing Director/ Whole Time Director and reviewing and approving compensation package and incentive schemes of senior managerial personnel.

### Composition

The composition of the Remuneration Committee is as follows:

Chairman	: Mr. Akshay Chudasama
Members	: Mr. Dhruv Kaji Mr. Jeetendra Kapoor Mr. Pradeep Sarda * Mr. John Lau
Secretary	: Ms. Alpa Khandor

\* ceased to be director with effect from 25th August, 2008





### Meetings and Attendance

The details of meetings held during the year, and the attendance thereat are as follows:

**Dates of Meeting:** 22nd May and 24th October in 2008 and 28th January in 2009

### Attendance

Name of the Director	No. of Meetings attended
Mr. Akshay Chudasama	2
Mr. Dhruv Kaji	3
Mr. Jeetendra Kapoor	3
Mr. Pradeep Sarda	2
Mr. John Lau	0

### Remuneration Policy and Details of Remuneration Paid

The remuneration of the Directors is decided by the Board of Directors as per the remuneration policy of the Company within the ceiling approved by shareholders.

No performance linked incentives were paid or are payable to the Managing Director and the Creative Director for the year under review, other than the commission @ of 2.5% each, of the net profits of the Company computed in accordance with Sections 349 and 350 of the Companies Act, 1956.

No remuneration was paid to non-executive directors apart from sitting fees and commission at fixed rate of 0.80% to the Chairman and 0.20% of the net profits of the Company computed in accordance with Sections 349 and 350 of the Companies Act, 1956, to all other Non-Executive Directors as on date with a ceiling of Rs. 3 lacs each, as approved by the shareholders by postal ballot result declared on 14th November, 2006. The Non-Executive Directors are paid remuneration having regard to the prevalent practice in the Industry and commensurate with their experience. Besides the above remuneration, sitting fees and rent amounting to Rs. 22.46 lacs paid to Mr. Jeetendra Kapoor and Rs. 5.09 lacs paid to Mr. Tusshar Kapoor (refer Note No. B-8 in Schedule 15 'Notes on Accounts', annexed to the Financial Statements of the year), there is no other pecuniary transaction by the Company with Non Executive Directors.

### Details of the remuneration to the Directors for the year ended 31st March, 2009

Name	Designation	Remuneration for the year 2008-2009 (in Rs.)					Total	No. of shares held by Non-Executive Directors
		Salary	Perquisites	Commission	Sitting Fees	Employer Contribution to Provident Fund		
Ms. Shobha Kapoor	Managing Director	5,520,000	4,830,000	13,700,000	-	662,400	24,712,400	N.A.
Ms. Ekta Kapoor	Creative Director	6,630,000	5,805,000	13,700,000	-	795,600	26,930,600	N.A.
# Mr. Tusshar Kapoor	Director	-	-	-	60,000	-	60,000	N.A.
Mr. Jeetendra Kapoor	Chairman	-	-	4,384,000	90,000	-	4,474,000	4,392,000
Mr. Akshay Chudasama	Director	-	-	300,000	75,000	-	375,000	-
Mr. Dhruv Kaji	Director	-	-	300,000	90,000	-	390,000	-
Mr. Pradeep Sarda	Director	-	-	300,000	75,000	-	375,000	-
* Ms. Ella Wong	Alternate Director	-	-	-	15,000	-	15,000	NA

\* ceased to be director with effect from 25th August, 2008

# ceased to be director with effect from 24th January, 2009

NA=Not Applicable

None of the Directors are related to any other Director on the Board, except for Mr. Jeetendra Kapoor, his spouse Ms. Shobha Kapoor and daughter Ms. Ekta Kapoor who are related to each other.

The agreements with Managing Director and the Creative Director are for a period of five years. The nature of employment of Ms. Shobha Kapoor and Ms. Ekta Kapoor is contractual and terminable by twelve month's notice in writing. If the tenure of the office of Managing Director or Creative Director is terminated before expiration of the agreements, the severance fees would be equivalent to the remuneration for unexpired residue of the tenure or for three years, whichever is shorter.

## GENERAL BODY MEETINGS

The details of Annual General Meetings held in the last three years are given below:

Annual General Meeting	Day, Date	Time	Venue
12th Meeting	Friday, 18th August, 2006	3:30 p.m.	'The Club', 197, D. N. Nagar, Andheri (West), Mumbai - 400 053.
13th Meeting	Thursday, 26th July, 2007	4:00 p.m.	'Shri Bhaidas Maganlal Sabhagriha" Swami Bhaktivedanta, Marg, J.V.P.D. Scheme, Vile Parle (West), Mumbai - 400 056.
14th Meeting	Tuesday, 29th July, 2008	4:30 p.m.	'The Club', 197, D. N. Nagar, Andheri (West), Mumbai - 400 053.

### Special resolutions

Following special resolutions were passed at the last three Annual General Meetings:

2006 - None | 2007 - None

### 2008

1. Alteration of an Article in Articles of Association of the Company
2. Appointment of Mr. Tusshar Kapoor as Executive Director of Balaji Motion Pictures Limited, wholly owned subsidiary of the Company
3. Appointment of Mr. Ramesh Sippy as Chief Executive Officer of Balaji Motion Pictures Limited, wholly owned subsidiary of the Company

Two special resolutions were passed through postal ballot in October 2008:

1. Alteration of Object clause of Memorandum of Association
2. Alteration of the Articles of Association by adoption of new set of Articles

### Details of Voting Pattern

99.99 % of shares in assent and 0.01 % of shares in dissent

### Person who conducted the postal ballot

Nilesh G. Shah, Company Secretary in Practice

### Whether any special resolution is proposed to be conducted through postal ballot

None

### Procedure of postal ballot

As per the provisions of the Companies Act, 1956 and rules made thereunder

## DISCLOSURES

### 1. Related Parties transactions

None of the transactions with any of the related parties were in conflict with interest of the Company. Transactions with the related parties are disclosed in Note No. B - 8 in Schedule 15 "Significant Accounting Policies and Notes on Accounts" annexed to the Financial Statements of the year.

### 2. Compliances by the Company

The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the

Company by the stock exchanges, SEBI or other statutory authorities relating to the above.

3. Though there is no formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.
4. The Company has laid down a code of conduct for the Directors and Senior Management of the Company. The code has been posted on the website of the Company. A declaration to the effect that the Directors and Senior Managerial Personnel have adhered to the same, signed by the Managing Director and the Group CEO of the Company, forms part of this Report, which along with the auditors' certificate on compliance of Clause 49 of the Listing Agreement by the Company is annexed to this report. The Company has complied with all the mandatory requirements of clause 49 of the Listing Agreement.

## RE-APPOINTMENT OF DIRECTORS

The individual details of Directors seeking re-appointment at the ensuing Annual General Meeting of the Company are annexed to the notice of Annual General Meeting.

## MEANS OF COMMUNICATION

The Company believes that all stakeholders should have access to adequate information, regarding the Company's position to enable them to accurately assess its future potential. In accordance with the applicable guidelines / listing agreements with the stock exchanges, all information which could have a material bearing on Balaji Telefilms Limited's share price is released at the earliest.

The Company's financial results were published in Business Standard, Free Press Journal and Navshakti (regional daily). The financial results and official news releases were displayed on the Company's website [www.balajitelefilms.com](http://www.balajitelefilms.com). Presentation made to the institutional investors and analysts are displayed on the Company's website. No such presentations were made in the current financial year. The Company sends a copy of its half-yearly results to each shareholder.



The Financial Results of the Company for each quarter were also put on the web site of Electronic Data Information and Retrieval (EDIFAR) maintained by National Informatics Centre and can also be accessed from the web site www.sebidifar.nic.in.

Managements' discussion and analysis forms part of the Annual Report, which is being posted to shareholders of the Company.

## GENERAL SHAREHOLDER INFORMATION

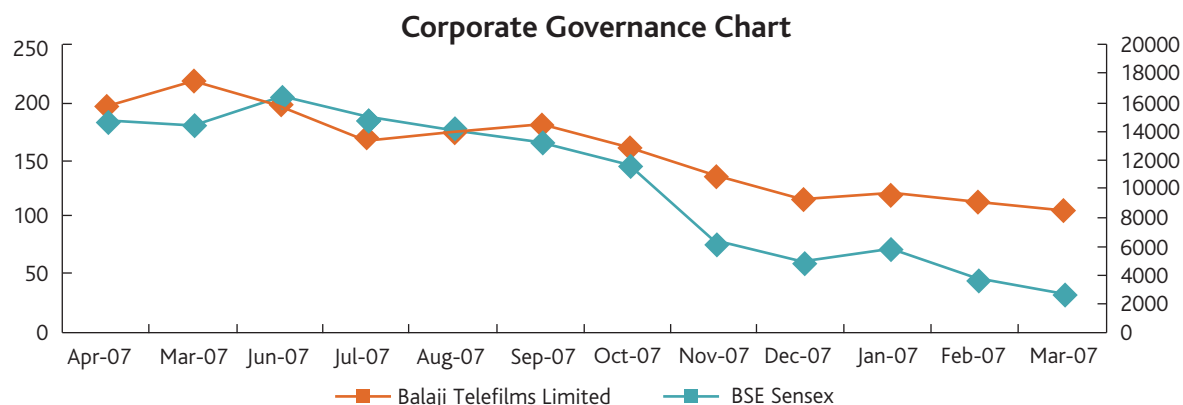
- 1. Date of Book Closure**  
20th July, 2009 to 29th July, 2009 (both days inclusive).
- 2. Date, time and venue of the Annual General Meeting**  
29th July, 2009 at 4:30 p.m. at "The Club", 197, D. N. Nagar, Andheri (West), Mumbai - 400 053.
- 3. Dividend payment**  
The Board of Directors has recommended final dividend of Rs. 0.30 per share, i.e. 15% for the year ended 31st March, 2009. The final dividend will be paid within the stipulated number of days once it is approved at the Annual General Meeting.
- 4. Listing on Stock Exchanges**
  1. Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. Tel: +91-22-22721233/34 Fax: +91-22-22721919/3027 (Stock Code - 532382)
  2. National Stock Exchange of India Limited, Exchange Plaza, 5<sup>th</sup> floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051. Tel: +91-22-26598235/36 Fax: +91-22-26598237/38 (Stock Code - BALAJITELE)
- 5. ISIN**  
INE794B01026
- 6. Listing Fees**  
Paid for both the above Stock Exchanges as per listing agreements
- 7. Listing on Stock Exchanges outside India**  
Not applicable
- 8. Registered Office of Company**  
C-13, Balaji House, Dalia Industrial Estate, Opp. Laxmi Industries, New Link Road, Andheri (West), Mumbai - 400 053. Tel: +91-22-40698000, Fax: +91-22-40698181/82 Email: balaji@balajitelefilms.com www.balajitelefilms.com
- 9. Share transfers in physical, communication regarding share certificates, dividends, change in address etc. may be addressed to**  
Karvy Computershare Private Limited (Company's Registrar and Transfer Agents) Unit: Balaji Telefilms Limited Plot No.17 to 24, Near Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad - 500 081. Tel: +91-40-23420815-820, Fax: +91-40-23420814 Email: mailmanager@karvy.com
- 10. Share Transfer System**  
Shares sent for physical transfer are registered and returned within one month from the date of receipt, if the documents are clear in all respects. The Shareholders' Committee meets as often as required. There were 22 shares transferred in physical form during the year 2008-2009 and no share transfer was pending as on 31st March, 2009.
- 11. Stock Market Data relating to Shares listed in India**  
The Company's shares are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, since 22nd November, 2000. The Company's market capitalisation as on 31st March, 2009 was Rs. 19,269.68 lacs. The monthly high and low quotations as well as the volume of shares traded during the year are as below:

Month	BSE			NSE		
	High	Low	No. of Shares Traded	High	Low	No. of Shares Traded
April	196.50	217.00	1,091,040	215.50	161.55	1,360,879
May	179.90	214.00	3,347,703	214.30	164.10	4,874,647
June	208.00	221.70	2,982,500	221.80	164.00	5,678,725
July	168.50	187.00	864,512	190.00	148.10	1,465,548
August	170.90	200.00	3,329,430	208.00	156.05	6,098,240
September	167.00	178.00	1,167,422	177.70	121.15	2,341,587
October	140.60	147.50	633,077	147.80	65.05	1,368,280
November	77.00	79.30	310,756	79.00	54.00	765,129
December	59.30	87.00	963,262	85.90	57.10	2,403,845
January	69.00	74.90	768,973	74.95	44.25	1,390,853
February	44.50	46.00	1,877,904	46.20	31.15	3,596,371
March	31.60	38.90	3,934,642	38.90	24.80	8,361,702

## Fact Sheet

Items	2008-09	2007-08
Earnings per share (Rs.)	4.04	13.40
EPS - Fully diluted (Rs.)	4.04	13.40
Dividend per share (Rs.)	0.30	3.50
Number of shares	65,210,443	65,210,443
Share price data (Rs.)		
High	221.80	388.00
Low	24.80	121.15
Closing	29.55	196.35

The performance of Balaji Telefilms Limited's equity shares relative to the BSE Sensitive Index (Sensex) is given in the chart below:



## 12. Investor Service Complaints Received During the year

Nature of Complaints	Year ended 31st March, 2009	
	Received	Disposed
Non Receipt of Dividend	20	20
Non Receipt of Annual Report	2	2

The Company has disposed of all of the investor grievances. There are no complaints pending as on 31st March, 2009.

## 13. Shareholding Pattern of Balaji Telefilms Limited as on 31st March, 2009

Category	No. of shares held	Percentage of shareholding
Promoters	26,085,250	40.00
Foreign Corporate Bodies	16,948,194	25.99
Foreign Institutional Investors	5,406,714	8.29
Mutual Funds / UTI	6,673,130	10.23
Resident Individuals	4,601,793	7.06
Bodies Corporates	4,114,172	6.31
Indian Financial Institutions / Banks	394,372	0.60
Non Resident Indians	279,218	0.43
H U F	230,630	0.36
Clearing Members	476,919	0.73
Trusts	51	0.00
<b>GRAND TOTAL</b>	<b>65,210,443</b>	<b>100</b>



#### 14. Distribution of shareholding as on 31st March, 2009

Number of Shares	Number of Shareholders	% of total Shareholders	Total Shares	Amount	% Holding
1 to 5000	20,648	98.21	3,272,044	6,544,088	5.01
5001 to 10000	171	0.81	619,493	1,238,986	0.95
10001 to 20000	85	0.40	631,943	1,263,886	0.97
20001 to 30000	29	0.14	364,145	728,290	0.56
30001 to 40000	15	0.07	268,341	536,682	0.41
40001 to 50000	6	0.03	136,926	273,852	0.21
50001 to 100000	30	0.14	1,014,332	2,028,664	1.56
100001 & above	41	0.20	58,903,219	117,806,438	90.33
<b>Total</b>	<b>21,025</b>	<b>100.00</b>	<b>65,210,443</b>	<b>130,420,886</b>	<b>100.00</b>

#### 15. Shares under Lock-in

In accordance with SEBI Guidelines, currently no Equity Shares held by promoters are subject to lock-in.

#### 16. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

As on 31st March, 2009 the Company did not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

#### 17. Dematerialization of Equity Shares

The Company's shares are traded in dematerialized form. To facilitate trading in dematerialized form there are two depositories, i.e., National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The Company has entered into agreement with both these depositories. Shareholders can open account with any of the depository participants registered with any of these depositories. As on 31st March, 2009 about 99.93% comprising 65,164,303 Equity Shares were in the dematerialized form.

#### 18. Financial Calendar (tentative and subject to change)

Particulars	Date
Annual General Meeting	29th July, 2009
Financial reporting for 1st quarter ending 30th June, 2009	Last week of July, 2009
Financial reporting for 2nd quarter ending 30th September, 2009	Last week of October, 2009
Financial reporting for 3rd quarter ending 31st December, 2009	Last week of January, 2010
Financial reporting for the year ended 31st March, 2010 (audited)	June, 2010
Annual General Meeting for year ended 31st March, 2010	August, 2010

#### 19. Plant Locations

The details of regional offices of the Company are available on page number 19 of the Annual Report.

#### 20. Investors' Correspondence

Investors' correspondence may be addressed to Ms. Alpa Khandor, Company Secretary, Balaji Telefilms Limited, C-13, Balaji House, Dalia Industrial Estate, Opp. Laxmi Industries, New Link Road, Andheri (West), Mumbai 400 053. Tel: +91-22-40698000 Fax: +91-22-40698181/82 Email: investor@balajitelefilms.com

Any queries relating to the financial statements of the Company be addressed to:

Mr. Sunil Shahani, Chief Financial Officer, Balaji Telefilms Limited, C-13, Balaji House, Dalia Industrial Estate, Opp. Laxmi Industries, New Link Road, Andheri (West), Mumbai 400 053. Tel: +91-22-40698000 Fax: +91-22-40698181/82 Email: sunil.shahani@balajitelefilms.com

#### 21. Insider Trading

In terms of the SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has framed code of conduct.

#### 22. Secretarial Audit

A qualified practicing Company Secretary carries out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The secretarial audit report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

#### 23. Non Mandatory Requirements

- Chairman of the Board**  
The Company has Non-Executive Chairman, who is entitled to maintain a Chairman's office at the Company's expenses. The expenses incurred by him during performance of his duties are reimbursed to him.
- Remuneration Committee**  
The Company has appointed a Remuneration Committee since January 2003.
- Shareholder Rights**  
The Company has been sending to each shareholder its half-yearly results, starting from the half-year ended 30th September, 2001.



**CEO DECLARATION**

We, Shobha Kapoor, Managing Director and Puneet Kinra, Group Chief Executive Officer of Balaji Telefilms Limited based on confirmation received from all the directors and senior management of the Company, do hereby state that all Board Members and senior management personnel have affirmed compliance with the code of conduct of the Company for the year ended 31st March 2009.

**Shobha Kapoor**  
Managing Director  
Mumbai,  
13th May, 2009

**Puneet Kinra**  
Group Chief Executive Officer

**CEO/CFO CERTIFICATION**

We, Shobha Kapoor, Managing Director, Puneet Kinra, Group Chief Executive Officer and Sunil Shahani, Chief Financial Officer of Balaji Telefilms Limited, do hereby certify to the Board that:

- a. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2009 and that to the best of our knowledge and belief :
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Shobha Kapoor**  
Managing Director  
Mumbai,  
13th May, 2009

**Puneet Kinra**  
Group Chief Executive Officer

**Sunil Shahani**  
Chief Financial Officer

**CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of  
BALAJI TELEFILMS LIMITED

We have examined the compliance of conditions of corporate governance by BALAJI TELEFILMS LIMITED, for year ended on 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**For Snehal & Associates**  
Chartered Accountants

**A. Siddharth**  
Partner

**Snehal Shah**  
Proprietor

Membership No. 31467  
Mumbai, Dated: 13th May, 2009

Membership No. 40016  
Mumbai, Dated: 13th May, 2009

## AUDITORS' REPORT

To,  
The Members of  
**Balaji Telefilms Limited**

1. We have audited the attached Balance Sheet of **Balaji Telefilms Limited** as at 31st March, 2009, the Profit and Loss Account and also the Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:-
  - i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
- iii. the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
- iv. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. on the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
- vi. in our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
  - b) in case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - c) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**(A.Siddharth)**  
Partner  
Membership No.: 31467

Place : Mumbai  
Dated : 13th May, 2009

**For Snehal & Associates**  
Chartered Accountants

**(Snehal Shah)**  
Proprietor  
Membership No.: 40016

Place : Mumbai  
Dated : 13th May, 2009

## ANNEXURE TO AUDITORS' REPORT

### Re: Balaji Telefilms Limited

Referred to in Paragraph 3 of our report of even date

- (i) The requirements of clauses (xiii) and (xiv) of paragraph 4 of the Order are not applicable to the Company for the year.
- (ii) (a) The Company has maintained proper records, showing full particulars including quantitative details and situation of its fixed assets.
- (b) The fixed assets have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and nature of its assets. We are informed that no material discrepancies were noticed on such verification.
- (c) There has not been any significant disposal of fixed assets during the year.
- (iii) (a) The inventory (tapes) has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventories. No material discrepancies were noticed on verification.
- (iv) (a) The Company has granted interest free loans to the two wholly owned subsidiaries covered in the Register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 2,810.04 lacs and the year end balance is Rs. 391.61 lacs.
- (b) In our opinion and according to the information and explanations given to us, other terms and conditions of the loans granted by the Company are not prima facie prejudicial to the interest of the Company.
- (c) Since there are no repayment schedules with regard to the loans granted, the question of commenting on payment of principal dues does not arise.
- (d) The Company has not taken loans from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Consequently, requirements of clauses iii(e) to iii(g) of paragraph 4 of the Order are not applicable.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of television serials. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (vi) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts/arrangements that need to be entered into the Register maintained under section 301 of the Companies Act, 1956 have been entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts/arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs 5 lacs in respect of each party during the year have been made at the prices which are reasonable having regard to prevailing market prices at the relevant time or the prices at which transactions for similar services have been made with other parties or as per information available with the Company.
- (vii) The Company has not accepted deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, where applicable and the Rules framed there under. We are informed that no Order has been passed by the Company Law Board or the Reserve Bank of India or any Court or any other Tribunal.
- (viii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (ix) The maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
- (x) (a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, where applicable, have generally been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2009 for a period of more than six months from the dates of them becoming payable.
- (b) According to the information and explanations given to us, there are no cases of non-deposit with appropriate authorities of disputed dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess.





**BALANCE SHEET As at 31st March, 2009**

(Rupees in lacs)

	Schedule No.	31st March, 2009	31st March, 2008
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' funds</b>			
A. Share capital	1	1,304.21	1,304.21
B. Reserves and surplus	2	37,583.71	35,180.48
		38,887.92	36,484.69
<b>2. Deferred tax liability (net)</b>		-	430.88
<b>TOTAL</b>		<b>38,887.92</b>	<b>36,915.57</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed assets</b>			
Gross block	3	9,813.60	9,477.23
Less :- depreciation		5,768.44	5,048.91
Net block		4,045.16	4,428.32
Capital work in progress		5,138.99	1,762.20
		9,184.15	6,190.52
<b>2. Investments</b>	4	24,567.32	24,989.34
<b>3. Deferred tax asset (net)</b>		429.45	-
<b>4. CURRENT ASSETS, LOANS AND ADVANCES</b>			
A. Inventories	5	90.28	957.41
B. Sundry debtors	6	5,056.84	6,854.25
C. Cash and bank balances	7	1,112.99	761.66
D. Loans and advances	8	2,301.00	4,047.40
		8,561.11	12,620.72
<b>Less :- Current liabilities and provisions</b>			
A. Current liabilities	9	3,548.85	4,142.92
B. Provisions	10	305.26	2,742.09
		3,854.11	6,885.01
<b>Net current assets</b>		4,707.00	5,735.71
<b>TOTAL</b>		<b>38,887.92</b>	<b>36,915.57</b>
Significant accounting policies and notes on accounts			
	15		

As per our attached report of even date  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

For and on behalf of **Balaji Telefilms Limited**

**A. SIDDHARTH**  
(Partner)  
Membership No. 31467  
Place : Mumbai  
Date : 13th May, 2009

**Jeetendra Kapoor**  
(Chairman)

**Shobha Kapoor**  
(Managing Director)

For **SNEHAL & ASSOCIATES**  
Chartered Accountants

**Dhruv Kaji**  
(Director)

**Puneet Kinra**  
(Group CEO)

**SNEHAL SHAH**  
(Proprietor)  
Membership No. 40016  
Place : Mumbai  
Date : 13th May, 2009

**Alpa Khandor**  
(Company Secretary)  
Place : Mumbai  
Date : 13th May, 2009

**Sunil Shahani**  
(Chief Financial Officer)

# PROFIT AND LOSS ACCOUNT For the year ended 31st March, 2009

(Rupees in lacs)

	Schedule No.	For the Year 2008-2009	Previous Year 2007-2008
<b>INCOME</b>			
Turnover		29,491.89	32,896.85
Other income	11	2,127.03	1,728.08
<b>TOTAL</b>		<b>31,618.92</b>	<b>34,624.93</b>
<b>EXPENDITURE</b>			
Cost of production of television serials	12	18,066.38	16,120.17
Employees costs	13	1,320.41	1,361.93
Administrative and other expenses	14	6,128.49	3,024.38
Depreciation / Amortisation (refer note 14 of schedule 15)		2,352.26	1,270.06
<b>TOTAL</b>		<b>27,867.54</b>	<b>21,776.54</b>
<b>PROFIT BEFORE TAX</b>		<b>3,751.38</b>	<b>12,848.39</b>
<b>Provision for tax</b>			
Current tax (including Rs.4.80 lacs (previous year Rs. 4.55 lacs) for wealth tax)		(1,859.80)	(4,029.55)
Deferred tax		860.33	46.47
Fringe Benefit Tax		(85.00)	(72.00)
<b>PROFIT AFTER TAX</b>		<b>2,666.91</b>	<b>8,793.31</b>
(Short) provision for tax in respect of earlier years		(34.79)	(54.80)
Balance brought forward from previous year		16,154.01	10,965.09
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>18,786.13</b>	<b>19,703.60</b>
<b>Appropriation</b>			
Transferred to general reserve		266.69	879.33
Proposed dividend		195.63	2,282.37
Corporate dividend tax		33.26	387.89
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>18,290.55</b>	<b>16,154.01</b>
Basic and diluted earnings per share		4.04	13.40
(Refer note 10 of Schedule 15)			
Significant accounting policies and notes on accounts	15		

As per our attached report of even date  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

For and on behalf of Balaji Telefilms Limited

**A. SIDDHARTH**  
(Partner)  
Membership No. 31467  
Place : Mumbai  
Date : 13th May, 2009

**Jeetendra Kapoor**  
(Chairman)

**Shobha Kapoor**  
(Managing Director)

For **SNEHAL & ASSOCIATES**  
Chartered Accountants

**Dhruv Kaji**  
(Director)

**Puneet Kinra**  
(Group CEO)

**SNEHAL SHAH**  
(Proprietor)  
Membership No. 40016  
Place : Mumbai  
Date : 13th May, 2009

**Alpa Khandor**  
(Company Secretary)  
Place : Mumbai  
Date : 13th May, 2009

**Sunil Shahani**  
(Chief Financial Officer)

# CASH FLOW STATEMENT For the year ended 31st March, 2009

(Rupees in lacs)

	For the Year 2008-2009	Previous Year 2007-2008
<b>A Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>3,751.38</b>	<b>12,848.39</b>
Adjustments for:		
Depreciation / amortisation	2,352.26	1,270.06
Bad debts written off	2.73	81.22
Provision for doubtful debts (net)	1,827.61	11.23
Loss on sale / discard of fixed assets(net)	149.93	27.25
Profit on sale of long term investments (non trade) (net)	(838.18)	(998.07)
Excess provision of earlier years written -back (net)	(359.42)	(89.78)
Provision for diminution in long term investments (non-trade)	440.00	-
Surplus on liquidation of subsidiary	(273.67)	-
Interest/dividend income	(622.19)	(607.10)
Operating profit before working capital changes	6,430.45	12,543.20
Decrease / (Increase) in trade and other receivable	335.80	(282.99)
Decrease / (Increase) in inventories	867.13	(270.66)
(Decrease) / Increase in trade payables	(234.80)	832.99
	<b>7,398.58</b>	<b>12,822.54</b>
Direct taxes paid and fringe benefit tax paid (net)	(2,415.61)	(3,850.57)
<b>Net cash from operating activities (a)</b>	<b>4,982.97</b>	<b>8,971.97</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(5,498.46)	(3,157.05)
Sale of fixed assets	2.64	9.80
Purchase of investments	(8,246.14)	(9,279.61)
Sale of investments	9,047.47	6,014.14
Investments in subsidiary	-	(2,850.00)
Loans / Advances given to subsidiaries	(1,948.28)	(2,841.66)
Loans / Advances repaid by subsidiaries	3,766.77	2,701.67
Liquidation of Investment in subsidiary	18.87	-
Surplus on liquidation of subsidiary	273.67	-
Interest/dividend income received	611.44	604.59
<b>Net cash (used in) investing activities(b)</b>	<b>(1,972.02)</b>	<b>(8,798.12)</b>
<b>C Cash flow from financing activities</b>		
Dividend paid	(2,282.48)	(52.73)
Corporate dividend tax paid	(387.89)	-
<b>Net cash (used in) financing activities (c)</b>	<b>(2,670.37)</b>	<b>(52.73)</b>
<b>Net increase in cash and Cash equivalents (a+b+c)</b>	<b>340.58</b>	<b>121.12</b>
Cash and cash equivalent at the beginning of the year	759.15	638.03
Cash and cash equivalents at the end of the year	1,099.73	759.15
Note:		
Reconciliation of Cash and Cash Equivalents:		
As per Balance Sheet - Schedule 7	1,112.99	761.66
Less: Interest accrued on bank deposits	13.26	2.51
As per Cash Flow Statement	<b>1,099.73</b>	<b>759.15</b>

As per our attached report of even date  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

For and on behalf of Balaji Telefilms Limited

**A. SIDDHARTH**  
(Partner)  
Membership No. 31467  
Place : Mumbai  
Date : 13th May, 2009

**Jeetendra Kapoor**  
(Chairman)

**Shobha Kapoor**  
(Managing Director)

For **SNEHAL & ASSOCIATES**  
Chartered Accountants

**Dhruv Kaji**  
(Director)

**Puneet Kinra**  
(Group CEO)

**SNEHAL SHAH**  
(Proprietor)  
Membership No. 40016  
Place : Mumbai  
Date : 13th May, 2009

**Alpa Khandor**  
(Company Secretary)  
Place : Mumbai  
Date : 13th May, 2009

**Sunil Shahani**  
(Chief Financial Officer)

## SCHEDULES FORMING PART OF BALANCE SHEET

(Rupees in lacs)

SCHEDULE - 1	As at 31st March, 2009	As at 31st March, 2008
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
75,000,000 equity shares of Rs. 2/- each	1,500.00	1,500.00
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
65,210,443 equity shares of Rs. 2/- each	1,304.21	1,304.21
<b>Note:</b>		
6,500,000 equity shares of the original value of Rs. 10/- each were allotted as fully paid up bonus shares by capitalisation of surplus in Profit and Loss account.		
<b>TOTAL</b>	<b>1,304.21</b>	<b>1,304.21</b>

SCHEDULE - 2		
RESERVES AND SURPLUS		
<b>Share premium account</b>		
As per last Balance sheet	14,785.61	14,785.61
<b>General reserve</b>		
As per last Balance sheet	4,240.86	3,361.53
Add: Transferred from Profit and Loss account	266.69	879.33
	4,507.55	4,240.86
Surplus in Profit and Loss account	18,290.55	16,154.01
<b>TOTAL</b>	<b>37,583.71</b>	<b>35,180.48</b>

SCHEDULE - 3										
FIXED ASSETS										
Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1st April, 2008	Additions	Deductions	As at 31st March, 2009	Upto 31st March, 2008	For the year	On Deductions	Upto 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008
Buildings	456.61	12.75	-	469.36	27.30	7.54	-	34.84	434.52	429.31
Plant and machinery - Computers	683.59	173.01	345.08	511.52	451.79	69.81	344.20	177.40	334.12	231.80
Plant and machinery - Others	1,824.77	153.13	-	1,977.90	637.12	135.05	-	772.17	1,205.73	1,187.65
Studios and sets	4,892.08	1,586.60	1,415.30	5,063.38	3,465.77	1,975.57	1,273.99	4,167.35	896.03	1,426.31
Vehicles	662.31	105.92	24.92	743.31	178.24	65.79	14.54	229.49	513.82	484.07
Furniture and fixtures	242.61	25.93	-	268.54	66.33	15.95	-	82.28	186.26	176.28
Computers	259.49	21.61	-	281.10	177.57	37.58	-	215.15	65.95	81.92
Office equipments	243.29	25.40	-	268.69	35.13	12.28	-	47.41	221.28	208.16
Electrical fittings	31.96	9.41	-	41.37	5.90	1.78	-	7.68	33.69	26.06
Lease Hold Improvements	180.52	7.91	-	188.43	3.76	30.91	-	34.67	153.76	176.76
<b>Total</b>	<b>9,477.23</b>	<b>2,121.67</b>	<b>1,785.30</b>	<b>9,813.60</b>	<b>5,048.91</b>	<b>2,352.26</b>	<b>1,632.73</b>	<b>5,768.44</b>	<b>4,045.16</b>	<b>4,428.32</b>
<b>Previous Year</b>	<b>7,767.94</b>	<b>1,777.39</b>	<b>68.10</b>	<b>9,477.23</b>	<b>3,809.90</b>	<b>1,270.06</b>	<b>31.05</b>	<b>5,048.91</b>	<b>4,428.32</b>	
Capital work in progress									5,138.99	1,762.20

Note:

Building includes Rs.220.86 lacs (previous year Rs.220.86 lacs), being cost of ownership premises in co-operative society including cost of shares of face value of Rs.0.01 lac received under Bye-law of the society.

SCHEDULES FORMING PART OF BALANCE SHEET

(Rupees in lacs)

SCHEDULE - 4	Face Value (In Rupees)	Numbers		Value	
		As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2008
<b>INVESTMENTS</b>					
<b>LONG TERM INVESTMENTS (NON TRADE)</b>					
<b>UNQUOTED</b>					
<b>EQUITY SHARES OF SUBSIDIARY COMPANIES (FULLY PAID UP)</b>					
Balaji Telefilms FZE	AED 150,000	-	1	-	18.87
Balaji Motion Pictures Limited	10.00	30,000,000	30,000,000	3,000.00	3,000.00
<b>IN UNITS OF MUTUAL FUNDS</b>					
Fortis FTP - Series 10 - Plan B - Inst. Growth *	10.00	1,000,000	1,000,000	100.00	100.00
Fortis FTP - Series 8 Yly Plan C - Inst. Growth *	10.00	-	1,500,000	-	150.00
Fortis FTP - Series 14A *	10.00	2,000,000	-	200.00	-
Fortis FTP - Series 14C *	10.00	5,000,000	-	500.00	-
Fortis FTP - Series 13 Plan B *	10.00	1,000,000	-	100.00	-
AIG FMP I Series I - Institutional - Growth	1,000.00	15,000	-	150.00	-
Birla FTP - Series - O - Growth	10.00	-	1,000,000	-	100.00
Birla FTP - Series - P - Growth	10.00	-	1,000,000	-	100.00
Birla FTP - Series - AA - Growth	10.00	-	1,000,000	-	100.00
Birla FTP - Series - AB - Growth	10.00	-	1,000,000	-	100.00
Birla FTP - Series - AD - Growth	10.00	2,000,000	2,000,000	200.00	200.00
Birla FTP - Series - AE - Growth	10.00	2,000,000	2,000,000	200.00	200.00
Birla FTP - Series - AJ - Growth	10.00	2,000,000	2,000,000	200.00	200.00
Birla FTP - Series - AL - Growth	10.00	1,500,000	1,500,000	150.00	150.00
Birla FTP - Series - X - Growth	10.00	-	2,000,000	-	200.00
Birla FTP - Series - Y - Growth	10.00	-	2,000,000	-	200.00
Birla Income Plus - Growth	10.00	423,668	423,668	150.00	150.00
Birla Sun Life Fixed Term Plan Series BG - 370 Days - Growth	10.00	2,000,000	-	200.00	-
Birla Sun Life Fixed Term Plan Series BI - 370 Days - Growth	10.00	2,000,000	-	200.00	-
Birla Sun Life Fixed Term Plan Series BK	10.00	5,000,000	-	500.00	-
Birla Sunlife Liquid Plus - Institutional - Weekly Dividend Reinvestment	10.00	-	2,983,472	-	300.00
Birla Sun Life Short Term Fund - Institutional Growth	10.00	1,965,602	-	200.00	-
Birla Sunlife Special Situation Fund - Growth	10.00	977,995	977,995	100.00	100.00
Canara Robeco Fixed Maturity Plan - Series 4 (19 Months Plan)	10.00	2,000,000	-	200.00	-
DSP BlackRock FMP - Institutional - 18 Months - Series 1 - Growth *	10.00	2,000,000	2,000,000	200.00	200.00
DSP BlackRock FMP - Institutional - 15 Months - Series 2 - Growth *	10.00	1,500,000	1,500,000	150.00	150.00
DSP BlackRock Strategic Bond Fund - Regular Plan - Monthly Dividend Reinvestment *	1,000.00	-	10,292	-	103.26
DSP BlackRock Strategic Bond Fund - Institutional Plan - Growth *	1,000.00	-	48,923	-	500.00
DSP BlackRock Liquid Plus - Institutional Plan - Weekly Dividend Reinvestment *	1,000.00	-	52,054	-	521.03
DWS Fixed Term Fund - Series 33 - Growth	10.00	-	1,000,000	-	100.00
DWS Money Plus Fund - Regular Plan - Weekly Dividend Reinvestment	10.00	-	3,120,627	-	314.53
DWS Money Plus Fund - Institutional Plan - Weekly Dividend Reinvestment	10.00	-	5,215,306	-	523.67
DWS Fixed Term Fund - Series 51 - Regular Growth	10.00	1,000,000	-	100.00	-
DWS Fixed Term Fund - Series 52 - Institutional Growth	10.00	1,000,000	-	100.00	-
DWS Fixed Term Fund - Series 55 - Institutional Growth	10.00	1,000,000	-	100.00	-
DWS Fixed Term Fund - Series 62 - Institutional Growth	10.00	10,000,000	-	1,000.00	-
Fidelity Fixed Maturity Plan - Series 1 - Plan B - Institutional Growth	10.00	1,500,000	-	150.00	-
Fidelity Fixed Maturity Plan - Series 1 - Plan C - Institutional Growth	10.00	1,000,000	-	100.00	-
Fidelity Fixed Maturity Plan - Series 1 - Plan A - Institutional Growth	10.00	1,500,000	-	150.00	-
FT MIP Plan A - Quarterly Dividend	10.00	-	2,324,101	-	273.78
HDFC Monthly Income Plan Short Term Fund - Quarterly Dividend	10.00	2,539,860	2,539,860	260.30	260.30
HDFC FMP 16M January 2007 (3) - Wholesale Plan Growth	10.00	-	1,000,000	-	100.00
HDFC FMP 18M November 2007 - Wholesale Plan Growth	10.00	2,000,000	2,000,000	200.00	200.00
HDFC FMP 26M August 2006 (1) - Institutional Plan - Growth	10.00	-	1,000,000	-	100.00
HDFC FMP 181D December 2007 - Institutional Plan - Dividend	10.00	-	2,000,000	-	200.00

SCHEDULES FORMING PART OF BALANCE SHEET

(Rupees in lacs)

	Face Value (In Rupees)	Numbers		Value	
		As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2008
<b>INVESTMENTS (contd.)</b>					
HDFC Equity Fund - Dividend	10.00	507,692	507,692	200.00	200.00
HDFC Income Fund - Dividend Reinvestment	10.00	-	4,303,695	-	457.87
HDFC Cash Management Fund - Savings Plus Plan - Wholesale - Daily Dividend	10.00	-	2,312,897	-	232.02
HDFC Short Term Plan - Dividend Reinvestment	10.00	-	5,066,319	-	526.40
HDFC FMP 370D July 2008 (VIII) (1) - Wholesale plan Growth	10.00	2,000,000	-	200.00	-
HDFC FMP 20M August 2008 (IX) - Wholesale plan Growth	10.00	2,000,000	-	200.00	-
HSBC Fixed Term Series 22 - Institutional - Growth	10.00	-	2,000,000	-	200.00
HSBC Fixed Term Series 32 - Institutional - Growth	10.00	-	3,000,000	-	300.00
HSBC Fixed Term Series 33 - Institutional - Growth	10.00	-	2,000,000	-	200.00
HSBC Fixed Term Series 63 - Institutional - Growth	10.00	2,000,000	-	200.00	-
HSBC Fixed Term Series 52 - Institutional - Growth	10.00	2,000,000	-	200.00	-
I.C.I.C.I. Prudential Flexible Income Plan - Dividend *	10.00	482,795	449,077	53.08	49.52
I.C.I.C.I. Prudential Short Term Plan - Cumulative Option *	10.00	-	2,737,958	-	350.00
I.C.I.C.I. Prudential FMP Series 34 - 16 Months Plan - Institutional - Growth *	10.00	-	2,000,000	-	200.00
I.C.I.C.I. Prudential Equity & Derivatives Fund - Income Optimiser - Retail Dividend *	10.00	1,145,899	1,033,333	115.16	103.50
I.C.I.C.I. Prudential FMP SERIES 41 - 19 Months Plan - Retail Cumulative *	10.00	2,500,000	2,500,000	250.00	250.00
I.C.I.C.I. Prudential FMP SERIES 42 - 16 Months Plan - Institutional Growth *	10.00	2,000,000	2,000,000	200.00	200.00
I.C.I.C.I. Prudential Institutional Income Plan - Growth *	10.00	330,424	-	100.00	-
IDFC Fixed Maturity Plan - Yearly Series 7 - Growth *	10.00	-	1,000,000	-	100.00
IDFC Fixed Maturity Arbitrage Fund - Series 1 - Plan B - Growth *	10.00	-	1,000,000	-	100.00
IDFC FMP - Thirteen Months Series 1 - Plan B - Growth *	10.00	5,000,000	-	500.00	-
ING Vysya Fixed Maturity Fund Series - XXXI - Growth Option	10.00	-	2,000,000	-	200.00
ING Vysya Fixed Maturity Fund Series - XXXII - Growth Option	10.00	-	1,000,000	-	100.00
ING Vysya Fixed Maturity Fund Series - 38 - Institutional Growth	10.00	1,000,000	1,000,000	100.00	100.00
ING Vyasa Fixed Maturity Fund - 47 Institutional Growth	10.00	2,000,000	-	200.00	-
ING Vyasa Yearly FMP 366-A - Institutional Growth	10.00	1,500,000	-	150.00	-
JM Arbitrage Advantage Fund - Growth Plan	10.00	2,000,000	2,000,000	200.00	200.00
JM Agri & Infra Fund - Growth Plan	10.00	1,500,000	1,500,000	150.00	150.00
JM Contra Fund - Growth Plan	10.00	977,995	977,995	100.00	100.00
JM Fixed Maturity Fund - Series VII - 18 Months Plan - Institutional Growth Plan	10.00	2,500,000	2,500,000	250.00	250.00
JM Fixed Maturity Fund - Series VII - 15 Months Plan - Institutional Growth Plan	10.00	1,000,000	1,000,000	100.00	100.00
JP Morgan India Smaller Companies Fund - Growth Plan	10.00	977,995	977,995	100.00	100.00
Kotak Equity Arbitrage Fund - Dividend	10.00	-	2,156,626	-	219.77
Kotak FMP 16M Series 1 - Growth	10.00	-	1,000,000	-	100.00
Kotak Wealth Builder Series 1 - Growth	10.00	1,000,000	1,000,000	100.00	100.00
Kotak Bond (Short Term) - Monthly Dividend	10.00	9,107,473	8,391,199	915.79	843.96
Kotak Bond (Regular) - Monthly Dividend	10.00	-	4,662,967	-	508.22
Kotak Bond (Regular) - Quarterly Dividend	10.00	1,733,197	-	202.78	-
Kotak Floater Long Term - Daily Dividend Reinvestment	10.00	2,019,660	-	203.58	-
Kotak FMP 13M Series 4 - Institutional - Growth	10.00	2,000,000	2,000,000	200.00	200.00
Kotak FMP 14M Series 3 - Institutional - Growth	10.00	2,000,000	2,000,000	200.00	200.00
Kotak FMP 16M Series 2 - Institutional - Growth	10.00	2,000,000	2,000,000	200.00	200.00
Kotak FMP 17M Series 1 - Institutional - Growth	10.00	1,500,000	1,500,000	150.00	150.00
Kotak FMP 12M Series 3 - Institutional - Growth	10.00	2,000,000	-	200.00	-
Kotak FMP 12M Series 7 - Institutional - Growth	10.00	1,500,000	-	150.00	-
Kotak FMP 12M Series 8 - Institutional - Growth	10.00	1,000,000	-	100.00	-
Kotak FMP 12M Series 9 - Institutional - Growth	10.00	1,000,000	-	100.00	-
Kotak FMP 19M Series 1 - Institutional - Growth	10.00	2,000,000	-	200.00	-
LIC MF FMP Series 20 - 14 Months Growth Plan	10.00	-	1,000,000	-	100.00
LIC MF FMP Series 32 - 13 Months Growth Plan	10.00	-	2,000,000	-	200.00

SCHEDULES FORMING PART OF BALANCE SHEET

(Rupees in lacs)

	Face Value (In Rupees)	Numbers		Value	
		As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2008
<b>INVESTMENTS (contd.)</b>					
LIC MF FMP Series 34 - 16 Months Growth Plan	10.00	2,000,000	2,000,000	200.00	200.00
LIC MF FMP Series 42 - 13 Months Growth Plan	10.00	1,500,000	-	150.00	-
Principal PNB Fixed Maturity Plan (FMP 39) 385 Days Series V	10.00	-	5,000,000	-	500.00
Principal PNB Fixed Maturity Plan (FMP 40) 385 Days Series VI	10.00	-	1,000,000	-	100.00
Principal PNB Fixed Maturity Plan (FMP 40) 385 Days Series VII	10.00	1,000,000	-	100.00	-
Principal MIP plus - Monthly Dividend Reinvestment	10.00	3,967,683	3,701,663	476.26	447.31
Religare FMP - 14 Months - Series III - Institutional Growth *	10.00	2,000,000	2,000,000	200.00	200.00
Religare FMP - 15 Months - Series II - Institutional Growth *	10.00	2,000,000	2,000,000	200.00	200.00
Religare FMP - 3 Months - Series XXII - Dividend *	10.00	-	1,013,174	-	101.32
Religare FMP - 375 Days - Series I - Institutional Growth *	10.00	-	1,000,000	-	100.00
Religare FMP - 375 Days - Series XVII - Institutional Growth *	10.00	1,000,000	-	100.00	-
Religare FMP - Series I - Plan A (375 Days) - Institutional Growth *	10.00	5,000,000	-	500.00	-
Reliance Equity Opportunities Fund - Dividend Plan	10.00	653,357	653,357	122.56	122.56
Reliance Fixed Horizon Fund - Institutional Plan C - Series I - Institutional Growth Plan	10.00	-	5,000,000	-	500.00
Reliance Fixed Horizon Fund II - Annual Plan - Series III - Institutional Growth Plan	10.00	-	2,000,000	-	200.00
Reliance Fixed Horizon Fund II - Annual Plan - Series IV - Institutional Growth Plan	10.00	-	1,000,000	-	100.00
Reliance Fixed Tenor Fund Plan - B - Growth Option	10.00	-	3,000,000	-	300.00
Reliance Fixed Horizon Fund IV - Annual Plan - Series II - Institutional Growth Plan	10.00	-	1,500,000	-	150.00
Reliance Fixed Horizon Fund IV - Annual Plan - Series 7 - Institutional Growth Plan	10.00	2,000,000	2,000,000	200.00	200.00
Reliance Fixed Horizon Fund IV - Annual Plan - Series 5 - Institutional Growth Plan	10.00	2,000,000	2,000,000	200.00	200.00
Reliance Fixed Horizon Fund IV - Annual Plan - Series 1 - Institutional Growth Plan	10.00	-	2,000,000	-	200.00
Reliance Fixed Horizon Fund VII - Series 5 - Institutional Growth Plan	10.00	2,000,000	2,000,000	200.00	200.00
Reliance Fixed Horizon Fund VIII - Series 3 - Institutional Growth Plan	10.00	1,000,000	-	100.00	-
Reliance Fixed Horizon Fund VIII - Series 6 - Institutional Growth Plan	10.00	1,000,000	-	100.00	-
Reliance Fixed Horizon Fund IV - Series 6 - Institutional Growth Plan	10.00	2,000,000	2,000,000	200.00	200.00
Reliance Fixed Horizon Fund X - Series 2 - Institutional Growth Plan	10.00	1,500,000	-	150.00	-
Reliance Fixed Horizon Fund X - Series 8 - Super Institutional Growth Plan	10.00	2,000,000	-	200.00	-
Reliance Fixed Horizon Fund IX - Series 6 - Institutional Growth Plan	10.00	2,000,000	-	200.00	-
Reliance Fixed Horizon Fund XII - Series 3 - Super Institutional Growth Plan	10.00	10,000,000	-	1,000.00	-
Reliance Fixed Horizon Fund VII - Series 1 - Institutional Growth Plan	10.00	1,000,000	1,000,000	100.00	100.00
Reliance Interval Fund Quarterly Plan - Series I - Institutional Dividend Plan	10.00	3,493,127	3,223,210	349.34	322.33
Reliance Natural Resources Fund - Growth Plan - Growth Option	10.00	977,995	977,995	100.00	100.00
Reliance Fixed Horizon Fund VI - Series 2 - Institutional Dividend Plan	10.00	-	1,000,000	-	100.00
Reliance Annual Interval Fund - Series I - Institutional Growth Plan	10.00	1,807,142	-	200.00	-
SBI Debt Fund Series - 18 Months - 3 - Institutional Growth	10.00	1,000,000	-	100.00	-
SBI Debt Fund Series - 370 Days - 2 - Institutional Growth	10.00	1,000,000	-	100.00	-



SCHEDULES FORMING PART OF BALANCE SHEET

(Rupees in lacs)

	Face Value (In Rupees)	Numbers		Value	
		As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2008
<b>INVESTMENTS (contd.)</b>					
Sundaram BNP Paribas Fixed Term Plan Series XXI - 16 Months - Growth	10.00	-	1,000,000	-	100.00
Sundaram BNP Paribas Liquid Plus Super Inst. Div Rein Weekly	10.00	-	5,136,267	-	519.99
Sundaram BNP Paribas Fixed Term 367 Days Plan I Inst - Growth	10.00	-	2,000,000	-	200.00
Sundaram BNP Paribas Fixed Term Plan 16 Institutional Growth	10.00	2,000,000	-	200.00	-
Sundaram BNP Paribas Fixed Term Plan H Institutional Growth	10.00	1,000,000	-	100.00	-
Sundaram BNP Paribas Fixed Term Plan I Institutional Growth	10.00	1,000,000	-	100.00	-
Sundaram BNP Paribas Fixed Term Plan K Institutional Growth	10.00	1,000,000	-	100.00	-
Sundaram BNP Paribas Fixed Term Plan L Institutional Growth	10.00	2,000,000	-	200.00	-
Sundaram BNP Paribas Fixed Term 367 days Series 8 Super Institutional Growth	10.00	10,000,000	-	1,000.00	-
Tata Fixed Horizon Fund Series 7 - Scheme B - Growth - Institutional Plan	10.00	-	1,000,000	-	100.00
Tata Fixed Investment Plan - 1 Scheme A - Institutional Plan - Growth	10.00	2,000,000	2,000,000	200.00	200.00
Tata Fixed Horizon Fund Series 14 Scheme B - IG - Growth	10.00	-	1,500,000	-	150.00
Tata Fixed Horizon Fund Series 13 Scheme B - IG - Growth	10.00	-	3,000,000	-	300.00
Templeton India Short Term Income Plan Growth	1,000.00	-	11,283	-	150.00
Templeton Quarterly Interval Plan - Plan A - Institutional - Dividend Reinvestment	10.00	-	1,050,561	-	105.05
Templeton Fixed Horizon Fund Series VIII - Plan E	10.00	1,000,000	-	100.00	-
Templeton Fixed Horizon Fund Series IX - Plan A	10.00	1,500,000	-	150.00	-
UTI Fixed Term Income Fund Series I - Plan 16 - Institutional Growth Plan	10.00	-	3,000,000	-	300.00
UTI Fixed Term Income Fund - Series II Plan 16 - Institutional Growth Plan	10.00	-	1,000,000	-	100.00
UTI Fixed Term Income Fund Series - III Plan 20 - Institutional Growth	10.00	2,000,000	2,000,000	200.00	200.00
UTI Fixed Maturity Plan Yearly Series YFMP/0807 - Inst. Growth	10.00	-	1,000,000	-	100.00
UTI Fixed Income Interval Fund Annual Interval Plan Series III - Inst. Growth Plan	10.00	2,000,000	2,000,000	200.00	200.00
UTI Fixed Income Interval Fund Annual Interval Plan Series II - Institutional Growth Plan	10.00	3,000,000	3,000,000	300.00	300.00
UTI Fixed Income Interval Fund Annual Interval Plan IV - Institutional Growth Plan	10.00	1,000,000	-	100.00	-
UTI Fixed Income Interval Fund Series II Quarterly Interval Plan VII - Institutional Dividend Plan	10.00	2,000,000	-	200.00	-
UTI Fixed Term Income Fund Series IV - Plan X (May 08 - 12 Months) - Institutional Growth Plan	10.00	1,000,000	-	100.00	-
UTI Fixed Term Income Fund Series V - I (13 Months) - Institutional Growth Plan	10.00	1,500,000	-	150.00	-
UTI Fixed Term Income Fund Series V - III (24 Months) - Institutional Growth Plan	10.00	1,000,000	-	100.00	-
UTI Fixed Maturity Plan Yearly Series YFMP/0309 - Inst. Growth	10.00	5,000,000	-	500.00	-
UTI Fixed Income Interval Fund - Quarterly Plan Series - III - Institutional Dividend Plan - Reinvestment	10.00	1,084,794	1,007,965	108.47	100.80
				<b>25,007.32</b>	<b>24,476.06</b>
<b>Quoted</b>					
6.75% Tax free Bonds of Unit Trust of India of Rs.100/- each	-	-	500,000	-	513.28
				<b>25,007.32</b>	<b>24,989.34</b>
Less: Provision				440.00	-
<b>TOTAL</b>				<b>24,567.32</b>	<b>24,989.34</b>

\* Note:

Following Asset Management Companies have changed their name which are mentioned as follows

Old Name	New Name
ABN AMRO	Fortis
DSP Merrill Lynch	DSP Black Rock
Lotus	Religare
Standard Chartered	IDFC
Prudential I.C.I.C.I.	I.C.I.C.I. Prudential

SCHEDULES FORMING PART OF BALANCE SHEET

(Rupees in lacs)

	Cost	Market Value
<b>INVESTMENTS (contd.)</b>		
<b>Notes</b>		
1 Aggregate of Quoted Investments	-	-
Previous Year	513.28	503.00
Aggregate of Unquoted investments (net of provision)	24,567.32	
Previous Year	24,476.06	
Total	24,567.32	
Previous year	24,989.34	

**2. Details of investments purchased and sold during the year** (Rupees in lacs)

Particulars	Nos.	Cost
AIG India Treasury Plus Fund Super Institutional - Daily Div Reinvest	10,395,912	1,040.73
Birla Sunlife Liquid Plus - Institutional - Weekly Dividend Reinvestment	167,472	16.90
Birla Sunlife Liquid Plus - Institutional - Growth	1,303,535	200.00
Canara Robeco FMP - Series 3 - Qrtly Plan 2 - Inst - Dividend Payout	1,000,000	100.00
Canara Robeco FMP - Series 4 - Qrtly Plan 2 - Inst - Dividend Payout	3,000,000	300.00
DWS Money Plus Fund - Institutional Plan - Weekly Dividend Reinvestment	63,697	6.80
DWS Money Plus Fund - Regular Plan - Weekly Dividend Reinvestment	38,007	3.94
DWS Fixed Maturity Plan - Series 61	5,000,000	500.00
DSP BlackRock Strategic Bond Fund - Regular Plan - Monthly Dividend Reinvestment	111	1.11
DSP BlackRock Liquid Plus - Institutional Plan - Weekly Dividend Reinvestment	1,155	11.56
JM Money Manager Fund Super Plus Plan - Weekly Dividend	2,067,312	209.27
Fedility Ultra Short Term Debt Fund Institutional - Weekly Dividend	2,041,415	204.26
FT MIP Plan A - Quarterly Dividend	79,057	8.34
HDFC Cash Management Fund - Savings Plus Plan - Wholesale - Daily Dividend	5,402,027	541.08
HDFC FMP 90 days June 2008 (2) - Dividend Payout	1,000,000	100.00
HDFC FMP 90D November 2008 (X) (3) - Wholesale Plan Dividend Payout	2,000,000	200.00
HDFC Short Term Plan - Dividend Reinvestment	27,830	2.87
HSBC Interval Fund - Plan I - Institutional Dividend - Tenure 91 Days	1,000,000	100.00
HSBC Liquid Plus Fund - Institutional - Weekly Dividend Reinvest	5,189,623	520.91
HSBC Fixed Term Series 60 - Tenure 90 Days	1,500,000	150.00
I.C.I.C.I. Prudential Institutional Liquid Plan - Super Institutional Weekly Div	5,241,140	524.65
IDFC LIQUID PLUS FUND - TREASURY PLAN - INST PLAN B - DLY DIV	1,091,347	109.90
Kotak Bond (Regular) - Monthly Dividend	65,360	6.79
Kotak Equity Arbitrage Fund - Dividend	74,638	7.96
Kotak FMP Series 32	2,000,000	200.00
Kotak Quarterly Interval Plan Series 9	2,048,748	204.88
LICMF Income Plus Fund - Weekly Dividend Plan	10,532,876	1,054.19
Reliance Fixed Horizon Fund - XII - Series 13 - Super Institutional - Dividend Payout	1,500,000	150.00
Reliance Fixed Horizon Fund VIII - Series 9 - Institutional Dividend Tenure 91 D	1,500,000	150.00
Reliance Fixed Horizon Fund XII - Series 13 - Super Institutional Dividend Plan	1,500,000	150.00
SBI Debt Fund Series - 90 Days - 31 - Dividend	2,000,000	200.00
SBI Debt Fund Series - 90 Days - 32 - Dividend	2,000,000	200.00
Sundaram BNP Paribas Interval Fund Qly - Plan - B - Institutional Dividend	999,760	100.00
Sundaram BNP Paribas Liquid Plus Super Inst. Div Rein Weekly	5,089,156	525.45
Templeton Quarterly Interval Plan - Plan A - Institutional - Dividend Reinvestment	76,793	7.70
UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan - VII - Institutional Dividend Plan	2,000,000	200.00
UTI Fixed Maturity Plan QFMP (06/08) II - Dividend Payout	1,000,000	100.00

## SCHEDULES FORMING PART OF BALANCE SHEET

(Rupees in lacs)

### 2. Details of investments purchased and sold during the year (contd.)

Particular	Nos.	Cost
<b>INVESTMENTS (contd.)</b>		
UTI Short Term Fixed Maturity Plan Series 1 - IX (90days) - Institutional Dividend Plan - Payout	1,000,000	100.00
Templeton Floating Rate Income Fund Long Term Plan Institutional Option - Dividend Reinvestment	4,990,080	516.14
UTI Fixed Maturity Plan Quarterly Series QFMP / 0607/II - Institutional Dividend Plan - Payout	2,000,000	200.00
HSBC Cash Fund - Institutional Plan - Weekly Dividend	3,213,420	336.18
HSBC Liquid Plus - Institutional - Weekly Dividend	4,178,962	419.34
Birla FTP - Quarterly - Series 12 - Dividend - Payout	1,000,000	100.00
DWS Credit Opportunities Cash Fund - Dividend Plan	12,319,671	1,238.91
DWS Quarterly Interval Fund - Series 1 - Dividend Plan	2,068,484	206.85
ICICI Prudential FMP Series - XII - Institutional 1 Dividend Reinvestment	13,034	1.30
ING Liquid Plus Fund - Institutional Weekly Dividend	10,373,877	1,041.89
Kotak Flexi Debt Scheme	5,207,606	522.38
Kotak FMP 6M Series 2 - Dividend	3,394	0.34
Kotak FMP 3M Series 12 - Dividend	22,443	2.24
Kotak FMP 3M Series 14 - Dividend	69,868	6.99
Kotak FMP 3M Series 22 - Dividend	1,000,000	100.00
Kotak FMP 3M Series 13 - Dividend	36,601	3.71
Lotus India FMP - 3 Months - Series IV - Institutional Dividend	23,363	2.34
Principal Floating Rate Fund FMP Insti. Option - Dividend Reinvestment Weekly	2,061,120	206.17
Standard Chartered Liquidity Manager - Plus - Monthly Dividend	919	9.19
Standard Chartered Fixed Maturity Plan - Quarterly Series 9 - Dividend	20,947	2.10
DBS Chola Fixed Maturity Plan - Series 7 ( Quarterly Plan - 4)	1,000,000	100.00

(Rupees in lacs)

SCHEDULE - 5	As at 31st March, 2009	As at 31st March, 2008
<b>INVENTORIES</b>		
Television serials	72.22	944.69
Tapes	18.06	12.72
<b>TOTAL</b>	<b>90.28</b>	<b>957.41</b>

### SCHEDULE - 6

#### SUNDRY DEBTORS

##### ( Unsecured )

Debts outstanding for a period exceeding six months	1,946.87	48.55
Other debts	4,948.81	6816.93
	6,895.68	6,865.48
Less: Provision	1,838.84	11.23
<b>TOTAL</b>	<b>5,056.84</b>	<b>6,854.25</b>

#### Notes:

1) Considered Good	5,056.84	6,854.25
Considered Doubtful	1,838.84	11.23
	6,895.68	6,865.48
2) Debts due from a company under the same management within the meaning of sub-section(1B) of Section 370 of the Companies Act, 1956 :		
Balaji Telefilms FZE	-	224.00

SCHEDULES FORMING PART OF BALANCE SHEET

(Rupees in lacs)

SCHEDULE - 7	As at 31st March, 2009	As at 31st March, 2008
<b>CASH AND BANK BALANCES</b>		
Cash on hand	24.37	30.29
<b>Balances with scheduled banks</b>		
In Current accounts	672.23	670.88
In Fixed deposits accounts (including interest accrued Rs.13.26 lacs (previous year Rs.2.51 lacs))	416.39	60.49
(banks have a lien on Fixed Deposit receipts of Rs.58.55 lacs (previous year Rs.60.49 lacs))	1,088.62	731.37
<b>TOTAL</b>	<b>1,112.99</b>	<b>761.66</b>

SCHEDULE - 8		
<b>LOANS AND ADVANCES (Unsecured, considered good)</b>		
Loans /Advances to Subsidiary Companies	391.61	2,210.10
Advances recoverable in cash or in kind or for value to be received	361.53	746.39
Advance tax (net)	577.85	141.10
Fringe benefit tax (net)	5.57	1.50
Deposits *	964.44	948.31
<b>TOTAL</b>	<b>2,301.00</b>	<b>4,047.40</b>

**Notes:**

1. *: Includes deposits given to directors / relative of directors for property taken on lease from them	746.60	736.60
2. Maximum amount outstanding at any time during the year for above deposits	746.60	736.60
3. Loan / Advances to subsidiaries (Interest free loans with no repayment schedule)		
- Balaji Telefilms FZE	-	258.06
Maximum balance outstanding at any time during the year	258.06	508.60
- Balaji Motion Pictures Limited	391.61	1,952.04
Maximum balance outstanding at any time during the year	2,551.98	1,952.18

SCHEDULE - 9		
<b>CURRENT LIABILITIES</b>		
Sundry creditors		
i) Total outstanding dues to micro enterprises and small enterprises	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,893.29	3,683.01
	2,893.29	3,683.01
Advances received from customers	6.77	11.76
Unclaimed Dividend *	12.84	12.95
Other liabilities	635.95	435.20
<b>TOTAL</b>	<b>3,548.85</b>	<b>4,142.92</b>

\* Appropriate amount shall be transferred to "Investor Education and Protection Fund" if and when due.

SCHEDULE - 10		
<b>PROVISIONS</b>		
For tax (net)	73.23	68.43
For Leave Encashment / Gratuity	3.14	3.40
For Proposed dividend	195.63	2,282.37
For Corporate dividend tax	33.26	387.89
<b>TOTAL</b>	<b>305.26</b>	<b>2,742.09</b>

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

(Rupees in lacs)

SCHEDULE - 11	For the year 2008 - 2009		Previous year 2007 - 2008	
<b>OTHER INCOME</b>				
<b>Interest on</b>				
Fixed deposits with banks ( gross )	74.53		45.52	
(Tax deducted at source Rs. 15.51 lacs (previous year Rs. 9.52 lacs))				
Tax Free Bonds	8.44		33.75	
Income tax refund	21.19		-	
Staff loan	4.30	108.46	2.72	81.99
Insurance claim received		3.04		20.24
Dividend on long term investments ( non trade )		518.03		527.83
Surplus on liquidation of subsidiary (refer note 15 of schedule 15)		273.67		-
Excess provision of earlier years written back (net)		359.42		89.78
Profit on sale of long term investments ( non trade) (net)		838.18		998.07
Bad debts recovered		-		1.00
Miscellaneous income		26.23		9.17
	<b>TOTAL</b>	<b>2,127.03</b>		<b>1,728.08</b>

<b>SCHEDULE - 12</b>				
<b>COST OF PRODUCTION OF TELEVISION SERIALS</b>				
Opening stock of television serials and tapes		957.41		686.75
<b>Add: Cost of production</b>				
Purchase of costumes and dresses	363.13		226.11	
Purchase of tapes	262.60		322.88	
Payments to and provision for artists, junior artists, dubbing artists fees	3,976.31		3,887.29	
Payments to and provision for directors, technicians and other fees	6,127.36		5,850.63	
Shooting and location expenses	1,692.52		1,630.88	
Telecasting fees	1,055.92		840.62	
Uplinking charges / Special dispatch charges	250.26		488.34	
Food and refreshments	402.11		443.84	
Set properties and equipment hire charges	1,288.08		1,264.24	
Other production expenses	1,780.96	17,199.25	1,436.00	16,390.83
		18,156.66		17,077.58
Less: Closing stock of television serials / tapes		90.28		957.41
	<b>TOTAL</b>	<b>18,066.38</b>		<b>16,120.17</b>

## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

(Rupees in lacs)

SCHEDULE - 13	For the year 2008 - 2009	Previous year 2007 - 2008
<b>EMPLOYEES COSTS</b>		
Salaries, wages and bonus *	1,182.90	1,291.20
Contribution to Provident and Other funds *	59.31	36.61
Staff welfare expenses	78.20	34.12
<b>TOTAL</b>	<b>1,320.41</b>	<b>1,361.93</b>

\* Includes Managerial Remuneration (refer note 4 of Schedule 15)

SCHEDULE - 14		
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Electricity and water charges	480.90	374.80
Lease rent	881.28	618.33
Rates and taxes	73.68	69.47
Insurance	141.66	165.65
<b>Repairs and maintenance</b>		
- Building	9.73	6.63
- Plant and machinery	37.37	29.59
- Others	265.94	265.45
Travelling and conveyance expenses	179.82	222.43
Legal and professional charges	828.71	446.26
Communication charges	72.69	55.33
Loss on sale / discard of fixed assets (net)	149.93	27.25
Provision for diminution in value of long term investments (non trade)	440.00	-
Donations	54.19	44.24
Bad debts written off	2.73	81.22
Provision for doubtful debts (net)	1,827.61	11.23
Director's sitting fees	4.05	3.75
Advertisement and sales promotion expenses	36.12	29.60
Miscellaneous expenses	642.08	573.15
<b>TOTAL</b>	<b>6,128.49</b>	<b>3,024.38</b>

**SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**A. Significant Accounting Policies:**

**Basis of accounting**

The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with generally accepted accounting principles in India.

**Fixed assets**

Fixed assets are stated at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation / amortisation and impairment loss, if any.

**Depreciation / Amortisation**

Depreciation on fixed assets is provided on straight line basis in accordance with provisions of the Companies Act, 1956 at the rates and in the manner specified in schedule XIV of this Act except for the following fixed assets where higher rates of depreciation have been applied:

Studios and sets @ 33.33%

Plant and machinery - Computers @ 16.21%

Leasehold improvements are amortised over the period of lease

**Impairment loss**

Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amounts. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

**Investments**

Current investments are carried at lower of cost and fair value. Long term investments are carried at cost. However, when there is a decline, other than temporary, the carrying amount is reduced to recognise the decline.

**Inventories**

Items of inventory are valued at lower of cost and net realisable value. Cost is determined on the following basis:

Tapes : First In First Out

Television serials/ feature films : Average cost

Unamortised cost of feature films : The cost of feature films is amortised in the ratio of current revenue to expected total revenue. At the end of each accounting period, balance unamortised cost is compared with net expected revenue. If net expected revenue is less than unamortised cost, the same is written down to net expected revenue.

**Revenue recognition**

- a) In respect of sponsored programmes, revenue is recognised as and when the relevant episodes of the programmes are telecast.
- b) In respect of commissioned programmes, revenue is recognised as and when the relevant episodes of the programmes are delivered to the channels.
- c) In respect of films, revenue is recognised in accordance with the terms and conditions of the agreements on or after the first theatrical release of the films.

In all other cases, revenue (income) is recognised when no significant uncertainty as to its determination or realisation exists.

**Employee benefits**

- a) Post employment benefits and other long term benefits
  - i) Defined Contribution Plans:  
The Company contributes towards Provident Fund and Family Pension Fund. Liability in respect thereof is determined on the basis of contribution as required under the Statute / Rules.
  - ii) Defined Benefit Plans:  
The trustees of Balaji Telefilms Limited Employees Group Gratuity Scheme have taken a Group Gratuity cum Life Assurance Policy from the Life Insurance Corporation of India (LIC).

**SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (contd.)**

Contributions are made to LIC in respect of gratuity based upon actuarial valuation done at the end of every financial year using 'Projected Unit Credit Method' Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions are accounted in the profit and loss account.

b) Short Term Employee Benefits:

Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

**Foreign currency transactions**

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. At the year end, monetary items denominated in foreign currency are reported using the closing rates of exchange. Exchange differences arising thereon and on realisation / payment of foreign exchange are accounted in the relevant year as income or expense.

**Borrowing costs**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**Taxes on income**

Tax expense comprises both current and deferred tax at the applicable enacted / substantively enacted rates. Current tax represents the amount of income tax payable/ recoverable in respect of the taxable income/ loss for the reporting period. Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

**Provisions and Contingencies**

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

**B. Notes on Accounts**

(Rupees in lacs)

	As at 31st March, 2009	As at 31st March, 2008
1. Estimated amount of contracts remaining to be executed on capital account and not provided for :	75.00	2,525.00
2. The Company has applied to the Office of the Commissioner of Sales- tax, Mumbai, to ascertain whether the Company's sales are liable to tax under the Sales- tax laws. The matter is still pending before the Sales -tax authority.		
3. Contingent liabilities in respect of Claim against the Company not acknowledged as debts This represents demand raised by a Prasar Bharti Broadcasting Corporation of India. The Company is of the view that the claim is not valid. Legal proceedings have been initiated for quashing the said demand. The amount disclosed is the minimum liability on this count excluding interest thereon which is presently not quantifiable.	495.00	495.00

(Rupees in lacs)

	For the year 2008 - 2009	Previous year 2007 - 2008
4. <b>Managerial remuneration under section 198 of the Companies Act, 1956 to Directors</b> (including to the Managing Director) (included under the head "Employees Costs" refer Schedule 13)		
Salary	121.50	100.92
Perquisites	106.35	88.49
Commission	326.84	762.07
Contribution to Provident Fund	14.58	12.11
<b>TOTAL</b>	<b>569.27</b>	<b>963.59</b>



**SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (contd.)**

**5. Computation of net profit in accordance with section 198 read with section 309 of the Companies Act, 1956:**

(Rupees in lacs)

	For the year 2008 - 2009	Previous year 2007 - 2008
<b>Profit before tax</b>	<b>3,751.38</b>	<b>12,848.39</b>
Add:		
Managerial remuneration	569.27	963.59
Provision for diminution in value of Long Term Investments (non trade)	440.00	-
Provision for Doubtful Debts (net)	1,827.61	11.23
Directors sitting fees	4.05	3.75
	<b>2,840.93</b>	<b>978.57</b>
	<b>6,592.31</b>	<b>13,826.96</b>
Less:		
Profit on sale of long term investments (non-trade) (net)	838.18	998.07
Surplus on liquidation of subsidiary	273.67	-
	<b>1,111.85</b>	<b>998.07</b>
<b>Net Profit for the year</b>	<b>5,480.46</b>	<b>12,828.89</b>
Commission @ 2.50% each to the Executive Directors	274.00	641.44
Commission @ 0.80% to the Chairman	43.84	102.63
Commission @ 0.20% to other Non-Executive Directors, restricted to Rs.3 lacs each	9.00	18.00

**6. Payment to auditors**

a) as auditors	15.00	15.00
b) as advisor, or in any other capacity, in respect of taxation matters	0.03	0.03
c) in any other manner (certification work, etc )	9.30	5.75
d) as expenses	0.17	0.05
	<b>TOTAL</b>	<b>24.50</b>
		<b>20.83</b>

7. The Company has investments in 30,000,000 equity shares of its 100% subsidiary Balaji Motion Pictures Limited (BMPL) at cost of Rs.3,000 lacs. As per the latest audited balance sheet of BMPL for the year ended 31st March, 2009, the accumulated losses have partly eroded its net worth. However, no provision for diminution in the value of the investment is necessary in view of the investment being long term and of strategic importance and the diminution in the value being on account of temporary factors.

**8. Related Party Disclosures**

a) Name of related parties and description of relationship.

Name of the Related Party	Relationship
Mr. Jeetendra Kapoor	Key management person
Ms. Shobha Kapoor	Key management person
Ms. Ekta Kapoor	Key management person
Mr. Tusshar Kapoor	Relative of Key management person
Mr. Ramesh Sippy	Relative of Key management person
Balaji Telefilms FZE	Subsidiary Company (control exist)
Balaji Motion Pictures Limited	

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (contd.)

b) Details of Transactions with related parties during the year

(Rupees in lacs)

Nature of Transactions	Column number (refer note II below)						Total	
	1		2		3		Current Year	Previous Year
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year		
<b>Advances given</b>								
Balaji Telefilms FZE	-	149.14	-	-	-	-	-	149.14
Balaji Motion Pictures Limited	1,948.28	2,692.52	-	-	-	-	1,948.28	2,692.52
<b>Investments</b>								
Balaji Motion Pictures Limited	-	2,850.00	-	-	-	-	-	2,850.00
<b>Turnover</b>								
Balaji Telefilms FZE	48.00	272.00	-	-	-	-	48.00	272.00
<b>Directors sitting fees</b>								
Mr. Jeetendra Kapoor	-	-	0.90	0.75	-	-	0.90	0.75
Mr. Tusshar Kapoor	-	-	-	-	0.60	0.30	0.60	0.30
<b>Rent</b>								
Mr. Jeetendra Kapoor	-	-	22.46	21.60	-	-	22.46	21.60
Ms. Shobha Kapoor	-	-	315.78	249.60	-	-	315.78	249.60
Mr. Tusshar Kapoor	-	-	-	-	5.09	4.80	5.09	4.80
Others	1.20	0.14	-	-	-	-	1.20	0.14
<b>Advances Recovered/ Adjusted</b>								
Balaji Telefilms FZE	258.06	250.54	-	-	-	-	258.06	250.54
Balaji Motion Pictures Limited	3,508.71	2,451.13	-	-	-	-	3,508.71	2,451.13
<b>Remuneration</b>								
Ms. Shobha Kapoor	-	-	247.12	416.48	-	-	247.12	416.48
Ms. Ekta Kapoor	-	-	269.31	422.72	-	-	269.31	422.72
Mr. Jeetendra Kapoor	-	-	43.84	102.63	-	-	43.84	102.63
Others	-	-	-	-	-	6.76	-	6.76
<b>Dividend paid</b>								
Ms. Shobha Kapoor	-	-	347.73	-	-	-	347.73	-
Ms. Ekta Kapoor	-	-	340.45	-	-	-	340.45	-
Mr. Jeetendra Kapoor	-	-	153.72	-	-	-	153.72	-
Mr. Tusshar Kapoor	-	-	-	-	71.06	-	71.06	-
Others	-	-	-	-	0.04	-	0.04	-
<b>Liquidation of Investment</b>								
Balaji Telefilms FZE	18.87	-	-	-	-	-	18.87	-
<b>Surplus on liquidation</b>								
Balaji Telefilms FZE	273.67	-	-	-	-	-	273.67	-
<b>Amount payable as at 31st March, 2009</b>								
Ms. Shobha Kapoor	-	-	145.63	328.70	-	-	145.63	328.70
Ms. Ekta Kapoor	-	-	147.36	329.48	-	-	147.36	329.48
Mr. Jeetendra Kapoor	-	-	43.84	102.63	-	-	43.84	102.63
Others	-	-	-	-	-	3.00	-	3.00

**SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (contd.)**

b) Details of Transactions with related parties during the year (contd.)

(Rupees in lacs)

Nature of Transactions	Column number (refer note II below)						Total	
	1		2		3		Current Year	Previous Year
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year		
<b>Amount receivable as at</b>								
<b>31st March, 2009</b>								
Ms. Shobha Kapoor *	-	-	340.00	330.00	-	-	340.00	330.00
Mr. Jeetendra Kapoor *	-	-	306.60	306.60	-	-	306.60	306.60
Mr. Tusshar Kapoor *	-	-	-	-	100.00	100.00	100.00	100.00
Balaji Telefilms FZE	-	482.06	-	-	-	-	-	482.06
Balaji Motion Pictures Limited	391.61	1,952.04	-	-	-	-	391.61	1,952.04

\* Deposits for lease property

**Notes:**

- I. There are no provision for doubtful debts, amounts written off or written back during the year in respect of debts due from or due to related parties.
- II. Column number represents:
  1. Subsidiary companies
  2. Key management personnel
  3. Relative of key management personnel

**9. Segment Information**

A) Information about primary segments -

The Company has considered business segment as the primary segment for disclosure. The reportable business segments are as under:

- a) Commissioned Programmes : Income from sale of television serials to channels
- b) Sponsored Programmes : Income from telecasting of television serials on channels

(Rupees in lacs)

	Commissioned Programmes		Sponsored Programmes		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>REVENUE</b>						
From External Customers	26,844.18	30,081.74	2,647.71	2,815.11	29,491.89	32,896.85
Add: Inter Segment sale	-	-	-	-	-	-
<b>Total Revenue</b>	<b>26,844.18</b>	<b>30,081.74</b>	<b>2,647.71</b>	<b>2,815.11</b>	<b>29,491.89</b>	<b>32,896.85</b>
<b>RESULTS</b>						
Segment result	6,682.81	14,800.08	952.92	822.68	7,635.73	15,622.76
Unallocable Corporate (expenses)/ income (net)	-	-	-	-	(5,622.69)	(4,382.26)
Operating Profit					2,013.04	11,240.50
Interest income/Dividend on Long-Term Investments					626.49	609.82
Surplus on liquidation of subsidiary					273.67	-
Profit on sale of Long-Term Investments (non trade)					838.18	998.07
Provision for tax					(1,084.47)	(4,055.08)

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (contd.)

(Rupees in lacs)

	Commissioned Programmes		Sponsored Programmes		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Profit after tax					2,666.91	8,793.31
<b>OTHER INFORMATION:</b>						
Segment assets	12,307.82	12,030.07	969.68	972.96	13,277.50	13,003.03
Unallocated Corporate assets					29,464.53	30,797.55
<b>Total assets</b>					<b>42,742.03</b>	<b>43,800.58</b>
Segment liabilities	2,870.95	2,776.94	181.24	157.60	3,052.19	2,934.54
Unallocated Corporate liabilities					801.92	4,381.35
<b>Total Liabilities</b>					<b>3,854.11</b>	<b>7,315.89</b>
Capital expenditure	5,289.52	2,501.08	-	-	5,289.52	2,501.08
Depreciation / Amortisation	2,180.43	1,145.48	-	-	2,180.43	1,145.48
<b>Significant Non cash expenses other than depreciation / amortisation</b>						
Loss on sale / discard of fixed assets (net)	142.20	24.61	-	-	142.20	24.61
Provision for doubtful debts	1,827.61	11.23	-	-	1,827.61	11.23
Bad debts written off	-	64.08	2.73	17.14	2.73	81.22

B) Segment information for secondary segment reporting (by geographical segment)

The Company has two reportable geographical segments based on location of customers:

- i) Revenue from customers within India - local
- ii) Revenue from customers Outside India - export

(Rupees in lacs)

	Export		Local		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
a) Revenue (Turnover)	17,462.17	25,623.73	12,029.72	7,273.12	29,491.89	32,896.85
b) Carrying amount of assets	2,044.54	4,340.98	13,612.70	11,355.90	15,657.24	15,696.88
c) Addition to fixed assets	-	-	5,498.46	3,157.05	5,498.46	3,157.05

10. Earnings Per Share

Earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as under:

(Rupees in lacs)

	For the year 2008 - 2009	Previous year 2007 - 2008
Net profit after tax as per the Profit and Loss account -(Rs. in lacs)	2,666.91	8,793.31
(Short) provision for tax in respect of earlier years -(Rs.in lacs)	(34.79)	(54.80)
a) Profit for the year attributable to equity share holders-(Rs.in lacs)	2,632.12	8,738.51
b) Weighted average number of equity shares outstanding during the year (Nos.)	65,210,443	65,210,443
c) Earnings per share - Basic and diluted (Rs.)	4.04	13.40
d) Nominal value of shares (Rs.)	2	2

**SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (contd.)**

**11. Components of Deferred Tax Assets/(Liabilities)**

(Rupees in lacs)

	As at 31st March, 2009	As at 31st March, 2008
Difference between the books and tax written down values of fixed assets	(246.58)	(435.77)
Provision for diminution in value of Long Term Investments (non trade)	49.85	-
Provision for doubtful debts	625.02	3.82
Disallowance under the Income Tax Act, 1961	1.16	1.07
<b>Deferred tax asset/ (liability)-net</b>	<b>TOTAL</b>	<b>(430.88)</b>

**12. Lease Transactions**

- a) The Company has taken certain premises on non-cancellable operating lease basis. The tenure of leases ranges from 11 to 60 months. Future lease rentals in respect of fixed assets taken on non-cancellable operating lease basis are as follows:

(Rupees in lacs)

	As at 31st March, 2009	As at 31st March, 2008
1) Amount due within 1 year	277.93	392.68
2) Amount due later than 1 year and not later than 5 years	85.05	273.59
3) Amount due later than 5 years	Nil	Nil
<b>TOTAL</b>	<b>362.98</b>	<b>666.27</b>

- b) The Company has taken certain premises on cancellable operating lease basis. The tenure of the lease ranges from 11 to 36 months  
 c) Amount of lease rentals charged to the profit and loss account in respect of operating leases is Rs.881.28 lacs (previous year Rs.618.33 lacs)

**13. Employee Benefits**

- a) **Defined Contribution Plans**  
 Both the employees and the Company make predetermined contributions to the provident fund. Amount recognized as expense amounts to Rs.50.94 lacs (previous year Rs.36.35 lacs)

- b) **Defined Benefit Plans** (Rupees in lacs)

	Gratuity (Funded) 2008-09	Gratuity (Funded) 2007-08
<b>I. Reconciliation of liability recognized in the Balance Sheet</b>		
Fair Value of plan assets as at the end of the year	17.57	14.96
Present Value of Obligation as at the end of the year	13.33	14.22
Net (assets) in the Balance Sheet	(4.24)	(0.74)
<b>II. Movement in net liability recognized in the Balance Sheet</b>		
Net (assets) as at the beginning of the year	(0.74)	(1.70)
Net expense recognized in the profit and loss account	4.54	0.96
Contribution during the year	(8.04)	-
Net (assets) as at the end of the year	(4.24)	(0.74)
<b>III. Expense Recognized in the profit and loss account (Under the head "Employees Costs" refer Schedule 13)</b>		
Current Service Cost	5.24	3.35
Interest Cost	1.30	1.23
Expected Return on Plan assets	(0.94)	(1.10)
Actuarial (gains)/losses	(1.06)	(2.52)
Expense charged to Profit and Loss Account	4.54	0.96

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (contd.)

	(Rupees in lacs)	
	Gratuity (Funded) 2008-09	Gratuity (Funded) 2007-08
<b>IV. Return on Plan Assets</b>		
Expected return on plan assets	(0.94)	(1.10)
Actuarial (gains) / losses	0.04	(0.14)
Actual return on plan assets	(0.90)	(1.24)
<b>V. Reconciliation of defined benefits commitments</b>		
Commitments at beginning of the year	14.22	12.02
Current Service Cost	5.24	3.35
Interest Cost	1.30	1.23
Actuarial (gains)/losses	(1.10)	(2.38)
Benefits paid	(6.33)	-
Settlement cost	-	-
Commitments at year end	13.33	14.22
<b>VI. Reconciliation of plan assets</b>		
Fair Value of plan assets at beginning of the year	14.96	13.72
Expected return on plan assets	0.94	1.10
Actuarial gains/(losses)	(0.04)	0.14
Employer contribution	8.04	-
Benefits paid	(6.33)	-
Fair Value of plan assets at year end	17.57	14.96
<b>VII. Actuarial Assumptions</b>		
Mortality Table (LIC)	1994-96	1994-96
	(Ultimate)	(Ultimate)
Discount Rate (per annum)	7.75%	8.00%
Expected Rate of return on Plan assets (per annum)	8.00%	8.00%
Rate of escalation in Salary(per annum)	5.00%	5.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

Composition of fund balance with LIC as at 31st March, 2009 and 31st March, 2008 is not available with the Company.

14. The Company follows the policy of depreciating studios and sets @ 33.33%. During the year, a set constructed exclusively for a serial which went off air is not expected to be used for any other purpose. In view thereof, the cost of the set (net of the estimated residual value) has been entirely depreciated. This treatment has the effect of increasing the depreciation charge for the year by Rs.953.12 lacs and reducing the profit before tax by the like amount.
15. During the year, the Company liquidated its subsidiary Balaji Telefilms FZE. Surplus on liquidation of subsidiary represents excess of net assets of the subsidiary realized over the Company's investment in the subsidiary.
16. During the year, the Company has entered into agreement with Star Group and the promoters of the Company, whereby the parties have agreed to terminate various agreement into between the parties inter-se in August 2004 in relation to the acquisition by the Star Group of a total of 25.99% of the share capital in the Company and the Agreement entered in April 2007, relating to the regional languages joint venture.
17. The Company received a notice for termination of its program "Kyunki Saas Bhi Kabhi Bahu Thi" from SGL Entertainment Limited (Part of Star Group) with effect from 10th November, 2008. The Company has initiated arbitration proceedings against the same.

	(Rupees in lacs)	
	For the year 2008 - 2009	Previous year 2007 - 2008
18. Exchange gain included in the profit and loss account	-	0.08

**SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (contd.)**

19. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of schedule VI of the Companies Act, 1956 (to the extent applicable) (Rupees in lacs)

	For the year 2008 - 2009	Previous year 2007 - 2008
a. Expenditure in foreign currency		
Travelling expenses	23.83	234.81
b. Earnings in foreign exchange:		
Export of television software/ serials	17,462.17	25,623.73
Surplus on liquidation of subsidiary	273.67	-
c. CIF value of imports		
Capital goods	-	177.46

d. Amount remitted during the financial year in foreign currency on account of dividends:  
The Company has not made any remittance in foreign currency on account of dividend and does not have information as to the extent to which remittances in foreign currency on account of dividends have been made by or on behalf of non-resident shareholders. The particulars of dividend paid to non-resident shareholders are as under:-

	For the year 2008 - 2009	Previous year 2007 - 2008
<b>Amount of Dividend (Rupees in lacs)</b>		
<b>Year to which dividend relates</b>		
Final dividend for the financial year 2007-2008	2,282.37	-
<b>Number of non-resident shareholders</b>		
<b>Year to which dividend relates</b>		
Final dividend for the financial year 2007-2008	353	-
<b>Number of equity shares held by them on which dividend was due</b>		
<b>Year to which dividend relates</b>		
Final dividend for the financial year 2007-2008	187,023	-
<b>Amount remitted (net of tax) to banks or power holders in India of the non-resident shareholders</b>		
<b>Year to which dividend relates</b>		
Final dividend for the financial year 2007-2008	6.55	-

20. Figures of the previous year have been regrouped wherever necessary to correspond with those of the current year.

**Signatures to Schedule 1 to 15**

As per our attached report of even date  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

For and on behalf of **Balaji Telefilms Limited**

**A. SIDDHARTH**  
(Partner)  
Membership No. 31467  
Place : Mumbai  
Date : 13th May, 2009

**Jeetendra Kapoor**  
(Chairman)

**Shobha Kapoor**  
(Managing Director)

For **SNEHAL & ASSOCIATES**  
Chartered Accountants

**Dhruv Kaji**  
(Director)

**Puneet Kinra**  
(Group CEO)

**SNEHAL SHAH**  
(Proprietor)  
Membership No. 40016  
Place : Mumbai  
Date : 13th May, 2009

**Alpa Khandor**  
(Company Secretary)  
Place : Mumbai  
Date : 13th May, 2009

**Sunil Shahani**  
(Chief Financial Officer)

# BALANCE SHEET ABSTRACT

## Information pursuant to the provisions of Part IV of the Schedule VI to the Companies Act, 1956

### I. Registration Details

Registration No. 11-82802  
Balance Sheet 31032009

State Code 11

### II. Capital raised during the year (amount in Rs. Thousands)

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

NIL

Private Placement

NIL

### III. Position of Mobilisation and deployment of funds (amount in Rs. Thousands)

Total Liabilities

38888

Total Assets

38888

Sources of funds

Paid-up capital

130421

Reserves and Surplus

3758371

Secured Loans

NIL

Unsecured Loans

NIL

Application of funds

Net Fixed Assets

918415

Investments

2456732

Net Current Assets

470700

Miscellaneous Expenditure

NIL

Accumulated Losses

NIL

Deferred tax liability (net)

NIL

Deferred Tax Asset (Net)

429

### IV. Performance of the Company (amount in Rupees thousands)

Turnover

3161892

Total Expenditure

2786754

Profit/(Loss) before tax

375138

Profit/(Loss) after tax

266691

Earnings Per Share (Rs.)

4.04

Dividend rate

15%

### REFER NOTE NO. 8 OF SCHEDULE 15

### V. Generic names of three principal products / services of the company (as per monetary terms)

Item Code No. Not applicable

Product Description Television Serials





## AUDITORS' REPORT

The Board of Directors  
**Balaji Telefilms Limited**

We have audited the attached consolidated balance sheet of Balaji Telefilms Limited Group, as at 31st March, 2009, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Balaji Telefilms Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by Balaji Telefilms Limited's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements notified by Companies (Accounting Standards) Rules, 2006.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated balance sheet, of the state of affairs of the Balaji Telefilms Limited Group as at 31st March, 2009.
- b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
- c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**For Snehal & Associates**  
Chartered Accountants

**(A.Siddharth)**  
Partner  
Membership No.: 31467

**(Snehal Shah)**  
Proprietor  
Membership No.: 40016

Place : Mumbai  
Dated : 13th May, 2009

Place : Mumbai  
Dated : 13th May, 2009

CONSOLIDATED BALANCE SHEET As at 31st March, 2009

(Rupees in lacs)

	Schedule No.	As at 31st March, 2009	As at 31st March, 2008
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' funds</b>			
A. Share capital	1	1,304.21	1,304.21
B. Reserves and surplus	2	35,802.37	35,983.75
		37,106.58	37,287.96
<b>2. Deferred tax liability (net)</b>		-	430.94
<b>TOTAL</b>		<b>37,106.58</b>	<b>37,718.90</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed assets</b>			
Gross block	3	9,834.65	9,479.22
Less :- depreciation		5,771.44	5,049.08
Net block		4,063.21	4,430.14
Capital work in progress		5,138.99	1,772.20
		9,202.20	6,202.34
<b>2. Investments</b>	4	21,567.32	21,970.47
<b>3. Deferred tax asset (net)</b>		429.45	-
<b>4. Current assets, loans and advances</b>			
A. Inventories	5	922.56	1,844.59
B. Sundry debtors	6	5,072.36	7,469.21
C. Cash and bank balances	7	1,184.91	833.02
D. Loans and advances	8	3,029.75	6,900.83
		10,209.58	17,047.65
<b>Less : Current liabilities and provisions</b>			
A. Current liabilities	9	3,996.19	4,758.24
B. Provisions	10	305.78	2,743.32
		4,301.97	7,501.56
<b>Net current assets</b>		5,907.61	9,546.09
<b>TOTAL</b>		<b>37,106.58</b>	<b>37,718.90</b>
Significant accounting policies and notes on accounts	15		

As per our attached report of even date  
For DELOITTE HASKINS & SELLS  
Chartered Accountants

For and on behalf of Balaji Telefilms Limited

**A. SIDDHARTH**  
(Partner)  
Membership No. 31467  
Place : Mumbai  
Date : 13th May, 2009

**Jeetendra Kapoor**  
(Chairman)

**Shobha Kapoor**  
(Managing Director)

For SNEHAL & ASSOCIATES  
Chartered Accountants

**Dhruv Kaji**  
(Director)

**Puneet Kinra**  
(Group CEO)

**SNEHAL SHAH**  
(Proprietor)  
Membership No. 40016  
Place : Mumbai  
Date : 13th May, 2009

**Alpa Khandor**  
(Company Secretary)  
Place : Mumbai  
Date : 13th May, 2009

**Sunil Shahani**  
(Chief Financial Officer)

# CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 31st March, 2009

(Rupees in lacs)

	Schedule No.	For the Year 2008-2009	Previous Year 2007-2008
<b>INCOME</b>			
Turnover (Refer Note 11 of Schedule 15)		33,747.95	37,836.42
Other income	11	1,893.42	1,754.98
<b>TOTAL</b>		<b>35,641.37</b>	<b>39,591.40</b>
<b>EXPENDITURE</b>			
Cost of production / acquisition of television serials / films	12	23,546.82	19,535.42
Employees costs	13	1,440.82	1,396.78
Administrative and other expenses	14	7,129.93	3,413.76
Depreciation / Amortisation (refer note 10 of schedule 15)		2,355.09	1,289.32
<b>TOTAL</b>		<b>34,472.66</b>	<b>25,635.28</b>
<b>PROFIT BEFORE TAX</b>		<b>1,168.71</b>	<b>13,956.12</b>
Provision for tax			
Current tax (including Rs.4.80 lacs (previous year Rs. 4.55 lacs) for wealth tax)		(1,859.80)	(4,314.55)
Deferred tax		860.39	46.36
Fringe Benefit Tax		(87.00)	(73.60)
<b>PROFIT AFTER TAX</b>		<b>82.30</b>	<b>9,614.33</b>
(Short) provision for tax in respect of earlier years		(34.79)	(54.80)
Balance brought forward from previous year		16,957.28	10,947.34
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>17,004.79</b>	<b>20,506.87</b>
Appropriation			
Transferred to general reserve		266.69	879.33
Proposed dividend		195.63	2,282.37
Corporate dividend tax		33.26	387.89
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>16,509.21</b>	<b>16,957.28</b>
<b>Basic and diluted earnings per share</b>		<b>0.07</b>	<b>14.66</b>
<b>(Refer note 8 of Schedule 15)</b>			
Significant accounting policies and notes on accounts			
	15		

As per our attached report of even date  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

For and on behalf of Balaji Telefilms Limited

**A. SIDDHARTH**  
(Partner)  
Membership No. 31467  
Place : Mumbai  
Date : 13th May, 2009

**Jeetendra Kapoor**  
(Chairman)

**Shobha Kapoor**  
(Managing Director)

For **SNEHAL & ASSOCIATES**  
Chartered Accountants

**Dhruv Kaji**  
(Director)

**Puneet Kinra**  
(Group CEO)

**SNEHAL SHAH**  
(Proprietor)  
Membership No. 40016  
Place : Mumbai  
Date : 13th May, 2009

**Alpa Khandor**  
(Company Secretary)  
Place : Mumbai  
Date : 13th May, 2009

**Sunil Shahani**  
(Chief Financial Officer)

**CONSOLIDATED CASH FLOW STATEMENT For the year ended 31st March, 2009**

(Rupees in lacs)

	For the Year 2008-2009	Previous Year 2007-2008
<b>A Cash flow from operating activities</b>		
<b>Profit before extra-ordinary item and tax</b>	<b>1,168.71</b>	<b>13,956.12</b>
Adjustments for:		
Depreciation / amortisation	2,355.09	1,289.32
Bad debts written off	2.73	81.22
Advances written off	133.11	-
Provision for doubtful debts and advances (net)	2,579.61	96.15
Loss on sale / discard of fixed assets(net)	149.93	105.80
Surplus on liquidation of subsidiary	(20.12)	-
Provision for diminution in value of long term investments (non trade)	440.00	-
Profit on sale of long term investments (non trade) (net)	(838.18)	(998.07)
Excess provision of earlier years written -back (net)	(359.42)	(89.78)
Interest / dividend income	(642.13)	(614.55)
Operating profit before working capital changes	4,969.33	13,826.21
Decrease / (Increase) in trade and other receivable	4,634.01	(4,240.54)
Decrease / (increase) in inventories	922.03	(590.67)
(Decrease) / Increase in trade payables	(403.69)	1,181.93
	<b>10,121.68</b>	<b>10,176.93</b>
Direct taxes paid and fringe benefit tax paid (net)	(3,058.12)	(4,262.96)
<b>Net cash from operating activities (a)</b>	<b>7,063.56</b>	<b>5,913.97</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(5,507.52)	(3,174.13)
Sale of fixed assets	2.64	9.80
Purchase of investments	(8,271.36)	(9,279.61)
Sale of investments	9,072.69	6,014.14
Surplus on liquidation of subsidiary	20.12	-
Interest / dividend income received,	631.38	614.55
<b>Net cash (used in) investing activities(b)</b>	<b>(4,052.05)</b>	<b>(5,815.25)</b>
<b>C Cash flow from financing activities</b>		
Dividend paid	(2,282.48)	(52.73)
Corporate dividend tax paid	(387.89)	-
<b>Net cash (used in) financing activities (c)</b>	<b>(2,670.37)</b>	<b>(52.73)</b>
<b>Net increase in cash and Cash equivalents (a+b+c)</b>	<b>341.14</b>	<b>45.99</b>
Cash and cash equivalent as at beginning of the year	830.51	787.03
Cash and cash equivalents as at end of the year	1,171.65	830.51
Note:		
Reconciliation of Cash and Cash Equivalents:		
As per Balance Sheet - Schedule 7	1,184.91	833.02
Less: Interest accrued on bank deposits	13.26	2.51
As per Cash Flow Statement	<b>1,171.65</b>	<b>830.51</b>

As per our attached report of even date  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

For and on behalf of **Balaji Telefilms Limited**

**A. SIDDHARTH**  
(Partner)  
Membership No. 31467  
Place : Mumbai  
Date : 13th May, 2009

**Jeetendra Kapoor**  
(Chairman)

**Shobha Kapoor**  
(Managing Director)

For **SNEHAL & ASSOCIATES**  
Chartered Accountants

**Dhruv Kaji**  
(Director)

**Puneet Kinra**  
(Group CEO)

**SNEHAL SHAH**  
(Proprietor)  
Membership No. 40016  
Place : Mumbai  
Date : 13th May, 2009

**Alpa Khandor**  
(Company Secretary)  
Place : Mumbai  
Date : 13th May, 2009

**Sunil Shahani**  
(Chief Financial Officer)

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

(Rupees in lacs)

SCHEDULE - 1	As at 31st March, 2009	As at 31st March, 2008
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
75,000,000 equity shares of Rs. 2/- each	1,500.00	1,500.00
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
65,210,443 equity shares of Rs. 2/- each	1,304.21	1,304.21
Note: 6,500,000 equity shares of the original value of Rs. 10/- each were allotted as fully paid up bonus shares by capitalisation of surplus in Profit and Loss account.		
<b>TOTAL</b>	<b>1,304.21</b>	<b>1,304.21</b>

SCHEDULE - 2		
<b>RESERVES AND SURPLUS</b>		
Share premium account		
As per last Balance sheet	14,785.61	14,785.61
General reserve		
As per last Balance sheet	4,240.86	3,361.53
Add: Transferred from Profit and Loss account	266.69	879.33
	<b>4,507.55</b>	<b>4,240.86</b>
Surplus in Profit and Loss account	16,509.21	16,957.28
<b>TOTAL</b>	<b>35,802.37</b>	<b>35,983.75</b>

SCHEDULE - 3											
FIXED ASSETS											
Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 1st April, 2008	Additions	Deductions	As at 31st March, 2009	Upto 31st March, 2008	For the year	On Deductions	Upto 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008	
Buildings	456.61	12.75	-	469.36	27.30	7.54	-	34.84	434.52	429.31	
Plant and machinery - Computers	683.59	189.48	345.08	527.99	451.79	72.11	344.20	179.70	348.29	231.80	
Plant and machinery - Others	1,824.77	153.13	-	1,977.90	637.12	135.05	-	772.17	1,205.73	1,187.65	
Studios an sets	4,892.08	1,586.60	1,415.30	5,063.38	3,465.77	1,975.57	1,273.99	4,167.35	896.03	1,426.31	
Vehicles	662.31	105.92	24.92	743.31	178.24	65.79	14.54	229.49	513.82	484.07	
Furniture and fixtures	242.61	25.93	-	268.54	66.33	15.95	-	82.28	186.26	176.28	
Computers	261.25	24.20	-	285.45	177.73	38.10	-	215.83	69.62	83.52	
Office equipments	243.52	25.40	-	268.92	35.14	12.29	-	47.43	221.49	208.38	
Electrical fittings	31.96	9.41	-	41.37	5.90	1.78	-	7.68	33.69	26.06	
Lease Hold Improvements	180.52	7.91	-	188.43	3.76	30.91	-	34.67	153.76	176.76	
<b>Sub Total</b>	<b>9,479.22</b>	<b>2,140.73</b>	<b>1,785.30</b>	<b>9,834.65</b>	<b>5,049.08</b>	<b>2,355.09</b>	<b>1,632.73</b>	<b>5,771.44</b>	<b>4,063.21</b>	<b>4,430.14</b>	
Previous Year	7,864.37	1,784.47	169.62	9,479.22	3,813.78	1,289.32	54.02	5,049.08	4,430.14		
Capital work in progress									5,138.99	1,772.20	

Note:  
Building includes Rs.220.86 lacs (previous year Rs.220.86 lacs), being cost of ownership premises in co-operative society including cost of shares of face value of Rs.0.01 lac received under Bye-law of the society.

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

(Rupees in lacs)

SCHEDULE - 4	Face Value (In Rupees)	Numbers		Value	
		As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2008
<b>INVESTMENTS</b>					
<b>LONG TERM INVESTMENTS ( NON TRADE )</b>					
<b>UNQUOTED</b>					
<b>IN UNITS OF MUTUAL FUNDS</b>					
Fortis FTP - Series 10 - Plan B - Inst. Growth *	10.00	1,000,000	1,000,000	100.00	100.00
Fortis FTP - Series 8 Yly Plan C - Inst. Growth *	10.00	-	1,500,000	-	150.00
Fortis FTP - Series 14A *	10.00	2,000,000	-	200.00	-
Fortis FTP - Series 14C *	10.00	5,000,000	-	500.00	-
Fortis FTP - Series 13 Plan B *	10.00	1,000,000	-	100.00	-
AIG FMP I Series I - Institutional - Growth	1,000.00	15,000	-	150.00	-
Birla FTP - Series - O - Growth	10.00	-	1,000,000	-	100.00
Birla FTP - Series - P - Growth	10.00	-	1,000,000	-	100.00
Birla FTP - Series - AA - Growth	10.00	-	1,000,000	-	100.00
Birla FTP - Series - AB - Growth	10.00	-	1,000,000	-	100.00
Birla FTP - Series - AD - Growth	10.00	2,000,000	2,000,000	200.00	200.00
Birla FTP - Series - AE - Growth	10.00	2,000,000	2,000,000	200.00	200.00
Birla FTP - Series - AJ - Growth	10.00	2,000,000	2,000,000	200.00	200.00
Birla FTP - Series - AL - Growth	10.00	1,500,000	1,500,000	150.00	150.00
Birla FTP - Series - X - Growth	10.00	-	2,000,000	-	200.00
Birla FTP - Series - Y - Growth	10.00	-	2,000,000	-	200.00
Birla Income Plus - Growth	10.00	423,668	423,668	150.00	150.00
Birla Sun Life Fixed Term Plan Series BG - 370 Days - Growth	10.00	2,000,000	-	200.00	-
Birla Sun Life Fixed Term Plan Series BI - 370 Days - Growth	10.00	2,000,000	-	200.00	-
Birla Sun Life Fixed Term Plan Series BK	10.00	5,000,000	-	500.00	-
Birla Sunlife Liquid Plus-Institutional-Weekly Dividend Reinvestment	10.00	-	2,983,472	-	300.00
Birla Sun Life Short Term Fund - Institutional Growth	10.00	1,965,602	-	200.00	-
Birla Sunlife Special Situation Fund - Growth	10.00	977,995	977,995	100.00	100.00
Canara Robeco Fixed Maturity Plan - Series 4 (19 Months Plan)	10.00	2,000,000	-	200.00	-
DSP BlackRock FMP- Institutional-18 Months-Series 1-Growth *	10.00	2,000,000	2,000,000	200.00	200.00
DSP BlackRock FMP- Institutional-15 Months-Series 2-Growth *	10.00	1,500,000	1,500,000	150.00	150.00
DSP BlackRock Strategic Bond Fund - Regular Plan - Monthly Dividend Reinvestment *	1,000.00	-	10,292	-	103.26
DSP BlackRock Strategic Bond Fund-Institutional Plan-Growth *	1,000.00	-	48,923	-	500.00
DSP BlackRock Liquid Plus - Institutional Plan - Weekly Dividend Reinvestment *	1,000.00	-	52,054	-	521.03
DWS Fixed Term Fund - Series 33 - Growth	10.00	-	1,000,000	-	100.00
DWS Money Plus Fund-Regular Plan-Weekly Dividend Reinvestment	10.00	-	3,120,627	-	314.53
DWS Money Plus Fund - Institutional Plan - Weekly Dividend Reinvestment	10.00	-	5,215,306	-	523.67
DWS Fixed Term Fund - Series 51 - Regular Growth	10.00	1,000,000	-	100.00	-
DWS Fixed Term Fund - Series 52 - Institutional Growth	10.00	1,000,000	-	100.00	-
DWS Fixed Term Fund - Series 55 - Institutional Growth	10.00	1,000,000	-	100.00	-
DWS Fixed Term Fund - Series 62 - Institutional Growth	10.00	10,000,000	-	1,000.00	-
Fidelity Fixed Maturity Plan - Series 1 - Plan B - Institutional Growth	10.00	1,500,000	-	150.00	-
Fidelity Fixed Maturity Plan - Series 1 - Plan C - Institutional Growth	10.00	1,000,000	-	100.00	-
Fidelity Fixed Maturity Plan - Series 1 - Plan A - Institutional Growth	10.00	1,500,000	-	150.00	-
FT MIP Plan A - Quarterly Dividend	10.00	-	2,324,101	-	273.78
HDFC Monthly Income Plan Short Term Fund - Quarterly Dividend	10.00	2,539,860	2,539,860	260.30	260.30
HDFC FMP 16M January 2007 (3) - Wholesale Plan Growth	10.00	-	1,000,000	-	100.00
HDFC FMP 18M November 2007 - Wholesale Plan Growth	10.00	2,000,000	2,000,000	200.00	200.00
HDFC FMP 26M August 2006 (1) - Institutional Plan - Growth	10.00	-	1,000,000	-	100.00
HDFC FMP 181D December 2007 - Institutional Plan - Dividend	10.00	-	2,000,000	-	200.00

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rupees in lacs)

	Face Value (In Rupees)	Numbers		Value	
		As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2008
<b>INVESTMENTS (contd.)</b>					
HDFC Equity Fund - Dividend	10.00	507,692	507,692	200.00	200.00
HDFC Income Fund - Dividend Reinvestment	10.00	-	4,303,695	-	457.87
HDFC Cash Management Fund - Savings Plus Plan - Wholesale - Daily Dividend	10.00	-	2,312,897	-	232.02
HDFC Short Term Plan - Dividend Reinvestment	10.00	-	5,066,319	-	526.40
HDFC FMP 370D July 2008 (VIII) (1) - Wholesale plan Growth	10.00	2,000,000	-	200.00	-
HDFC FMP 20M August 2008 (IX) - Wholesale plan Growth	10.00	2,000,000	-	200.00	-
HSBC Fixed Term Series 22 - Institutional - Growth	10.00	-	2,000,000	-	200.00
HSBC Fixed Term Series 32 - Institutional - Growth	10.00	-	3,000,000	-	300.00
HSBC Fixed Term Series 33 - Institutional - Growth	10.00	-	2,000,000	-	200.00
HSBC Fixed Term Series 63 - Institutional - Growth	10.00	2,000,000	-	200.00	-
HSBC Fixed Term Series 52 - Institutional - Growth	10.00	2,000,000	-	200.00	-
I.C.I.C.I. Prudential Flexible Income Plan - Dividend *	10.00	482,795	449,077	53.08	49.52
I.C.I.C.I. Prudential Short Term Plan - Cumulative Option *	10.00	-	2,737,958	-	350.00
I.C.I.C.I. Prudential FMP Series 34 - 16 Months Plan - Institutional - Growth *	10.00	-	2,000,000	-	200.00
I.C.I.C.I. Prudential Equity & Derivatives Fund - Income Optimiser - Retail Dividend *	10.00	1,145,899	1,033,333	115.16	103.50
I.C.I.C.I. Prudential FMP SERIES 41-19 Months Plan-Retail Cumulative *	10.00	2,500,000	2,500,000	250.00	250.00
I.C.I.C.I. Prudential FMP SERIES 42-16 Months Plan-Institutional Growth *	10.00	2,000,000	2,000,000	200.00	200.00
I.C.I.C.I. Prudential Institutional Income Plan - Growth *	10.00	330,424	-	100.00	-
IDFC Fixed Maturity Plan - Yearly Series 7 - Growth *	10.00	-	1,000,000	-	100.00
IDFC Fixed Maturity Arbitrage Fund - Series 1 - Plan B - Growth *	10.00	-	1,000,000	-	100.00
IDFC FMP - Thirteen Months Series 1 - Plan B - Growth *	10.00	5,000,000	-	500.00	-
ING Vysya Fixed Maturity Fund Series - XXXI - Growth Option	10.00	-	2,000,000	-	200.00
ING Vysya Fixed Maturity Fund Series - XXXII - Growth Option	10.00	-	1,000,000	-	100.00
ING Vysya Fixed Maturity Fund Series - 38 - Institutional Growth	10.00	1,000,000	1,000,000	100.00	100.00
ING Vyasa Fixed Maturity Fund - 47 Institutional Growth	10.00	2,000,000	-	200.00	-
ING Vyasa Yearly FMP 366-A - Institutional Growth	10.00	1,500,000	-	150.00	-
JM Arbitrage Advantage Fund - Growth Plan	10.00	2,000,000	2,000,000	200.00	200.00
JM Agri & Infra Fund - Growth Plan	10.00	1,500,000	1,500,000	150.00	150.00
JM Contra Fund - Growth Plan	10.00	977,995	977,995	100.00	100.00
JM Fixed Maturity Fund - Series VII - 18 Months Plan - Institutional Growth Plan	10.00	2,500,000	2,500,000	250.00	250.00
JM Fixed Maturity Fund - Series VII - 15 Months Plan - Institutional Growth Plan	10.00	1,000,000	1,000,000	100.00	100.00
JP Morgan India Smaller Companies Fund - Growth Plan	10.00	977,995	977,995	100.00	100.00
Kotak Equity Arbitrage Fund - Dividend	10.00	-	2,156,626	-	219.77
Kotak FMP 16M Series 1 - Growth	10.00	-	1,000,000	-	100.00
Kotak Wealth Builder Series 1 - Growth	10.00	1,000,000	1,000,000	100.00	100.00
Kotak Bond (Short Term) - Monthly Dividend	10.00	9,107,473	8,391,199	915.79	843.96
Kotak Bond (Regular) - Monthly Dividend	10.00	-	4,662,967	-	508.22
Kotak Bond (Regular) - Quarterly Dividend	10.00	1,733,197	-	202.78	-
Kotak Floater Long Term - Daily Dividend Reinvestment	10.00	2,019,660	-	203.58	-
Kotak FMP 13M Series 4 - Institutional - Growth	10.00	2,000,000	2,000,000	200.00	200.00
Kotak FMP 14M Series 3 - Institutional - Growth	10.00	2,000,000	2,000,000	200.00	200.00
Kotak FMP 16M Series 2 - Institutional - Growth	10.00	2,000,000	2,000,000	200.00	200.00
Kotak FMP 17M Series 1 - Institutional - Growth	10.00	1,500,000	1,500,000	150.00	150.00
Kotak FMP 12M Series 3 - Institutional - Growth	10.00	2,000,000	-	200.00	-
Kotak FMP 12M Series 7 - Institutional - Growth	10.00	1,500,000	-	150.00	-
Kotak FMP 12M Series 8 - Institutional - Growth	10.00	1,000,000	-	100.00	-

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**

(Rupees in lacs)

	Face Value (In Rupees)	Numbers		Value		
		As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2008	
<b>INVESTMENTS (contd.)</b>						
Kotak FMP 12M Series 9 - Institutional - Growth	10.00	1,000,000	-	100.00	-	
Kotak FMP 19M Series 1 - Institutional - Growth	10.00	2,000,000	-	200.00	-	
LIC MF FMP Series 20 - 14 Months Growth Plan	10.00	-	1,000,000	-	100.00	
LIC MF FMP Series 32 - 13 Months Growth Plan	10.00	-	2,000,000	-	200.00	
LIC MF FMP Series 34 - 16 Months Growth Plan	10.00	2,000,000	2,000,000	200.00	200.00	
LIC MF FMP Series 42 - 13 Months Growth Plan	10.00	1,500,000	-	150.00	-	
Principal PNB Fixed Maturity Plan (FMP 39) 385 Days Series V	10.00	-	5,000,000	-	500.00	
Principal PNB Fixed Maturity Plan (FMP 40) 385 Days Series VI	10.00	-	1,000,000	-	100.00	
Principal PNB Fixed Maturity Plan (FMP 40) 385 Days Series VII	10.00	1,000,000	-	100.00	-	
Principal MIP plus - Monthly Dividend Reinvestment	10.00	3,967,683	3,701,663	476.26	447.31	
Religare FMP - 14 Months - Series III - Institutional Growth *	10.00	2,000,000	2,000,000	200.00	200.00	
Religare FMP - 15 Months - Series II - Institutional Growth *	10.00	2,000,000	2,000,000	200.00	200.00	
Religare FMP - 3 Months - Series XXII - Dividend *	10.00	-	1,013,174	-	101.32	
Religare FMP - 375 Days - Series I - Institutional Growth *	10.00	-	1,000,000	-	100.00	
Religare FMP - 375 Days - Series XVII - Institutional Growth *	10.00	1,000,000	-	100.00	-	
Religare FMP - Series I - Plan A (375 Days) - Institutional Growth *	10.00	5,000,000	-	500.00	-	
Reliance Equity Opportunities Fund - Dividend Plan	10.00	653,357	653,357	122.56	122.56	
Reliance Fixed Horizon Fund - Institutional Plan C - Series I - Institutional Growth Plan	10.00	-	5,000,000	-	500.00	
Reliance Fixed Horizon Fund II - Annual Plan - Series III - Institutional Growth Plan	10.00	-	2,000,000	-	200.00	
Reliance Fixed Horizon Fund II - Annual Plan - Series IV - Institutional Growth Plan	10.00	-	1,000,000	-	100.00	
Reliance Fixed Tenor Fund Plan - B - Growth Option	10.00	-	3,000,000	-	300.00	
Reliance Fixed Horizon Fund IV - Annual Plan - Series II - Institutional Growth Plan	10.00	-	1,500,000	-	150.00	
Reliance Fixed Horizon Fund IV - Annual Plan - Series 7 - Institutional Growth Plan	10.00	2,000,000	2,000,000	200.00	200.00	
Reliance Fixed Horizon Fund IV - Annual Plan - Series 5 - Institutional Growth Plan	10.00	2,000,000	2,000,000	200.00	200.00	
Reliance Fixed Horizon Fund IV - Annual Plan - Series 1 - Institutional Growth Plan	10.00	-	2,000,000	-	200.00	
Reliance Fixed Horizon Fund VII - Series 5 - Institutional Growth Plan	10.00	2,000,000	2,000,000	200.00	200.00	
Reliance Fixed Horizon Fund VIII-Series 3-Institutional Growth Plan	10.00	1,000,000	-	100.00	-	
Reliance Fixed Horizon Fund VIII-Series 6-Institutional Growth Plan	10.00	1,000,000	-	100.00	-	
Reliance Fixed Horizon Fund IV- Series 6-Institutional Growth Plan	10.00	2,000,000	2,000,000	200.00	200.00	
Reliance Fixed Horizon Fund X- Series 2-Institutional Growth Plan	10.00	1,500,000	-	150.00	-	
Reliance Fixed Horizon Fund X- Series 8-Super Institutional Growth Plan	10.00	2,000,000	-	200.00	-	
Reliance Fixed Horizon Fund IX-Series 6 - Institutional Growth Plan	10.00	2,000,000	-	200.00	-	
Reliance Fixed Horizon Fund XII-Series 3-Super Institutional Growth Plan	10.00	10,000,000	-	1,000.00	-	
Reliance Fixed Horizon Fund VII-Series 1-Institutional Growth Plan	10.00	1,000,000	1,000,000	100.00	100.00	
Reliance Interval Fund Quarterly Plan-Series I-Institutional Dividend Plan	10.00	3,493,127	3,223,210	349.34	322.33	
Reliance Natural Resources Fund - Growth Plan - Growth Option	10.00	977,995	977,995	100.00	100.00	
Reliance Fixed Horizon Fund VI-Series 2-Institutional Dividend Plan	10.00	-	1,000,000	-	100.00	
Reliance Annual Interval Fund - Series I - Institutional Growth Plan	10.00	1,807,142	-	200.00	-	
SBI Debt Fund Series - 18 Months - 3 - Institutional Growth	10.00	1,000,000	-	100.00	-	
SBI Debt Fund Series - 370 Days - 2 - Institutional Growth	10.00	1,000,000	-	100.00	-	
Sundaram BNP Paribas Fixed Term Plan Series XXI-16 Months-Growth	10.00	-	1,000,000	-	100.00	
Sundaram BNP Paribas Liquid Plus Super Inst. Div Rein Weekly	10.00	-	5,136,267	-	519.99	
Sundaram BNP Paribas Fixed Term 367 Days Plan I Inst - Growth	10.00	-	2,000,000	-	200.00	



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rupees in lacs)

	Face Value (In Rupees)	Numbers		Value	
		As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2008
<b>INVESTMENTS (contd.)</b>					
Sundaram BNP Paribas Fixed Term Plan 16 Institutional Growth	10.00	2,000,000	-	200.00	-
Sundaram BNP Paribas Fixed Term Plan H Institutional Growth	10.00	1,000,000	-	100.00	-
Sundaram BNP Paribas Fixed Term Plan I Institutional Growth	10.00	1,000,000	-	100.00	-
Sundaram BNP Paribas Fixed Term Plan K Institutional Growth	10.00	1,000,000	-	100.00	-
Sundaram BNP Paribas Fixed Term Plan L Institutional Growth	10.00	2,000,000	-	200.00	-
Sundaram BNP Paribas Fixed Term 367 days Series 8 Super Institutional Growth	10.00	10,000,000	-	1,000.00	-
Tata Fixed Horizon Fund Series 7-Scheme B-Growth-Institutional Plan	10.00	-	1,000,000	-	100.00
Tata Fixed Investment Plan-1 Scheme A-Institutional Plan-Growth	10.00	2,000,000	2,000,000	200.00	200.00
Tata Fixed Horizon Fund Series 14 Scheme B - IG - Growth	10.00	-	1,500,000	-	150.00
Tata Fixed Horizon Fund Series 13 Scheme B - IG - Growth	10.00	-	3,000,000	-	300.00
Templeton India Short Term Income Plan Growth	1,000.00	-	11,283	-	150.00
Templeton Quarterly Interval Plan - Plan A - Institutional - Dividend Reinvestment	10.00	-	1,050,561	-	105.05
Templeton Fixed Horizon Fund Series VIII - Plan E	10.00	1,000,000	-	100.00	-
Templeton Fixed Horizon Fund Series IX - Plan A	10.00	1,500,000	-	150.00	-
UTI Fixed Term Income Fund Series I - Plan 16 - Institutional Growth Plan	10.00	-	3,000,000	-	300.00
UTI Fixed Term Income Fund - Series II Plan 16 - Institutional Growth Plan	10.00	-	1,000,000	-	100.00
UTI Fixed Term Income Fund Series - III Plan 20 - Institutional Growth	10.00	2,000,000	2,000,000	200.00	200.00
UTI Fixed Maturity Plan Yearly Series YFMP/0807 - Inst. Growth	10.00	-	1,000,000	-	100.00
UTI Fixed Income Interval Fund Annual Interval Plan Series III - Inst. Growth Plan	10.00	2,000,000	2,000,000	200.00	200.00
UTI Fixed Income Interval Fund Annual Interval Plan Series II - Institutional Growth Plan	10.00	3,000,000	3,000,000	300.00	300.00
UTI Fixed Income Interval Fund Annual Interval Plan IV - Institutional Growth Plan	10.00	1,000,000	-	100.00	-
UTI Fixed Income Interval Fund Series II Quarterly Interval Plan VII - Institutional Dividend Plan	10.00	2,000,000	-	200.00	-
UTI Fixed Term Income Fund Series IV - Plan X (May 08 - 12 Months) - Institutional Growth Plan	10.00	1,000,000	-	100.00	-
UTI Fixed Term Income Fund Series V - I (13 Months) - Institutional Growth Plan	10.00	1,500,000	-	150.00	-
UTI Fixed Term Income Fund Series V - III (24 Months) - Institutional Growth Plan	10.00	1,000,000	-	100.00	-
UTI Fixed Maturity Plan Yearly Series YFMP/0309 - Inst. Growth	10.00	5,000,000	-	500.00	-
UTI Fixed Income Interval Fund - Quarterly Plan Series - III - Institutional Dividend Plan - Reinvestment	10.00	1,084,794	1,007,965	108.47	100.80
				<b>22,007.32</b>	<b>21,457.19</b>
<b>Quoted</b>					
6.75% Tax free Bonds of Unit Trust of India of Rs.100/- each		-	500,000	-	513.28
				<b>22,007.32</b>	<b>21,970.47</b>
Less: Provision				440.00	-
<b>TOTAL</b>				<b>21,567.32</b>	<b>21,970.47</b>

\* Note:

Following Asset Management Companies have changed their name which are mentioned as follows

Old Name	New Name
ABN AMRO	Fortis
DSP Merrill Lynch	DSP BlackRock
Lotus	Religare
Standard Chartered	IDFC
Prudential I.C.I.C.I.	I.C.I.C.I. Prudential

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rupees in lacs)

	Cost	Market Value
<b>INVESTMENTS (contd.)</b>		
<b>Notes</b>		
1. Aggregate of Quoted Investments	-	-
Previous Year	513.28	503.00
Aggregate of Unquoted investments (net of provision)	21,567.32	
Previous Year	21,457.19	
<b>TOTAL</b>	<b>21,567.32</b>	
Previous year	21,970.47	

**2. Details of investments purchased and sold during the year**

Particulars	Nos.	Cost
AIG India Treasury Plus Fund Super Institutional - Daily Div Reinvest	10,395,912	1,040.73
Birla Sunlife Liquid Plus - Institutional - Weekly Dividend Reinvestment	167,472	16.90
Birla Sunlife Liquid Plus - Institutional - Growth	1,303,535	200.00
Canara Robeco FMP - Series 3 - Qrtly Plan 2 - Inst - Dividend Payout	1,000,000	100.00
Canara Robeco FMP - Series 4 - Qrtly Plan 2 - Inst - Dividend Payout	3,000,000	300.00
DWS Money Plus Fund - Institutional Plan - Weekly Dividend Reinvestment	63,697	6.80
DWS Money Plus Fund - Regular Plan - Weekly Dividend Reinvestment	38,007	3.94
DWS Fixed Maturity Plan - Series 61	5,000,000	500.00
DSP BlackRock Strategic Bond Fund - Regular Plan - Monthly Dividend Reinvestment	111	1.11
DSP BlackRock Liquid Plus - Institutional Plan - Weekly Dividend Reinvestment	1,155	11.56
JM Money Manager Fund Super Plus Plan - Weekly Dividend	2,067,312	209.27
Fedility Ultra Short Term Debt Fund Institutional - Weekly Dividend	2,041,415	204.26
FT MIP Plan A - Quarterly Dividend	79,057	8.34
HDFC Cash Management Fund - Savings Plus Plan - Wholesale - Daily Dividend	5,402,027	541.08
HDFC FMP 90 days June 2008 (2) - Dividend Payout	1,000,000	100.00
HDFC FMP 90D November 2008 (X) (3) - Wholesale Plan Dividend Payout	2,000,000	200.00
HDFC Short Term Plan - Dividend Reinvestment	27,830	2.87
HSBC Interval Fund - Plan I - Institutional Dividend - Tenure 91 Days	1,000,000	100.00
HSBC Liquid Plus Fund - Institutional - Weekly Dividend Reinvest	5,189,623	520.91
HSBC Fixed Term Series 60 - Tenure 90 Days	1,500,000	150.00
I.C.I.C.I. Prudential Institutional Liquid Plan - Super Institutional Weekly Div	5,241,140	524.65
IDFC LIQUID PLUS FUND - TREASURY PLAN - INST PLAN B - DLY DIV	1,091,347	109.90
Kotak Bond (Regular) - Monthly Dividend	65,360	6.79
Kotak Equity Arbitrage Fund - Dividend	74,638	7.96
Kotak FMP Series 32	2,000,000	200.00
Kotak Quarterly Interval Plan Series 9	2,048,748	204.88
LICMF Income Plus Fund - Weekly Dividend Plan	10,532,876	1,054.19
Reliance Fixed Horizon Fund - XII - Series 13 - Super Institutional - Dividend Payout	1,500,000	150.00
Reliance Fixed Horizon Fund VIII - Series 9 - Institutional Dividend Tenure 91 D	1,500,000	150.00
Reliance Fixed Horizon Fund XII - Series 13 - Super Institutional Dividend Plan	1,500,000	150.00
SBI Debt Fund Series - 90 Days - 31 - Dividend	2,000,000	200.00
SBI Debt Fund Series - 90 Days - 32 - Dividend	2,000,000	200.00
Sundaram BNP Paribas Interval Fund Qly - Plan - B - Institutional Dividend	999,760	100.00
Sundaram BNP Paribas Liquid Plus Super Inst. Div Rein Weekly	5,089,156	525.45
Templeton Quarterly Interval Plan - Plan A - Institutional - Dividend Reinvestment	76,793	7.70
UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan - VII - Institutional Dividend Plan	2,000,000	200.00
UTI Fixed Maturity Plan QFMP (06/08) II - Dividend Payout	1,000,000	100.00
UTI Short Term Fixed Maturity Plan Series 1 - IX (90days) - Institutional Dividend Plan - Payout	1,000,000	100.00

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

2. Details of investments purchased and sold during the year (contd.)

(Rupees in lacs)

Particulars	Nos.	Cost
<b>INVESTMENTS (contd.)</b>		
HDFC Cash Management Fund - Savings Plus Plan - Retail - Daily Dividend	251,672	25.22
Templeton Floating Rate Income Fund Long Term Plan Institutional Option - Dividend Reinvestment	4,990,080	516.14
UTI Fixed Maturity Plan Quarterly Series QFMP / 0607/II - Institutional Dividend Plan - Payout	2,000,000	200.00
HSBC Cash Fund - Institutional Plan - Weekly Dividend	3,213,420	336.18
HSBC Liquid Plus - Institutional - Weekly Dividend	4,178,962	419.34
Birla FTP - Quarterly - Series 12 - Dividend - Payout	1,000,000	100.00
DWS Credit Opportunities Cash Fund - Dividend Plan	12,319,671	1,238.91
DWS Quarterly Interval Fund - Series 1 - Dividend Plan	2,068,484	206.85
ICICI Prudential FMP Series - XII - Institutional 1 Dividend Reinvestment	13,034	1.30
ING Liquid Plus Fund - Institutional Weekly Dividend	10,373,877	1,041.89
Kotak Flexi Debt Scheme	5,207,606	522.38
Kotak FMP 6M Series 2 - Dividend	3,394	0.34
Kotak FMP 3M Series 12 - Dividend	22,443	2.24
Kotak FMP 3M Series 14 - Dividend	69,868	6.99
Kotak FMP 3M Series 22 - Dividend	1,000,000	100.00
Kotak FMP 3M Series 13 - Dividend	36,601	3.71
Lotus India FMP - 3 Months - Series IV - Institutional Dividend	23,363	2.34
Principal Floating Rate Fund FMP Insti. Option - Dividend Reinvestment Weekly	2,061,120	206.17
Standard Chartered Liquidity Manager - Plus - Monthly Dividend	919	9.19
Standard Chartered Fixed Maturity Plan - Quarterly Series 9 - Dividend	20,947	2.10
DBS Chola Fixed Maturity Plan - Series 7 ( Quarterly Plan - 4)	1,000,000	100.00

SCHEDULE - 5	As at 31st March, 2009	As at 31st March, 2008
<b>INVENTORIES</b>		
Television serials / films	904.50	1,831.87
Tapes	18.06	12.72
<b>TOTAL</b>	<b>922.56</b>	<b>1,844.59</b>

SCHEDULE - 6		
SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months	1,962.39	48.55
Other debts	4,948.81	7,516.81
	<b>6,911.20</b>	<b>7,565.36</b>
Less: Provision	1,838.84	96.15
<b>TOTAL</b>	<b>5,072.36</b>	<b>7,469.21</b>
<b>Note:</b>		
Considered Good	5,072.36	7,469.21
Considered Doubtful	1,838.84	96.15
	<b>6,911.20</b>	<b>7,565.36</b>

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rupees in lacs)

SCHEDULE - 7	As at 31st March, 2009	As at 31st March, 2008
<b>CASH AND BANK BALANCES</b>		
Cash on hand	24.71	33.38
Bank balances		
- with Scheduled banks		
In Current accounts	743.81	727.30
In Fixed deposits accounts (including interest accrued Rs.13.26 lacs (previous year Rs.2.51 lacs) (banks have a lien on Fixed Deposit receipts of Rs.58.55 lacs (previous year Rs.60.49 lacs))	416.39	60.49
- with others		
In Current accounts	-	11.85
	1,160.20	799.64
<b>TOTAL</b>	<b>1,184.91</b>	<b>833.02</b>

SCHEDULE - 8		
<b>LOANS AND ADVANCES (Unsecured)</b>		
Advances recoverable in cash or in kind or for value to be received	1,375.20	5,587.18
Advance tax (net)	1,336.33	258.87
Fringe benefit tax (net)	5.57	1.50
Deposits (refer note 2)	1,064.65	1,053.28
	3,781.75	6,900.83
Less: Provision	752.00	-
<b>TOTAL</b>	<b>3,029.75</b>	<b>6,900.83</b>

**Notes:**

1. Considered Good	3,029.75	6,900.83
Considered Doubtful	752.00	-
	3,781.75	6,900.83
2. Includes deposits given to directors / relative of directors for property taken on lease from them	846.60	836.60
3. Maximum amount outstanding at any time during the year for above deposits	846.60	836.60

SCHEDULE - 9		
<b>CURRENT LIABILITIES</b>		
Sundry creditors		
i) Total outstanding dues to micro enterprises and small enterprises	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,987.07	3,758.84
	2,987.07	3,758.84
Advances received from customers	306.17	498.66
Unclaimed Dividend *	12.84	12.95
Other liabilities	690.11	487.79
<b>TOTAL</b>	<b>3,996.19</b>	<b>4,758.24</b>

\* Appropriate amount shall be transferred to "Investor Education and Protection Fund" if and when due.

SCHEDULE - 10		
<b>PROVISIONS</b>		
For tax (net)	73.43	68.43
For Leave Encashment / Gratuity	3.46	4.63
For Proposed dividend	195.63	2,282.37
For Corporate dividend tax	33.26	387.89
<b>TOTAL</b>	<b>305.78</b>	<b>2,743.32</b>

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rupees in lacs)

SCHEDULE - 11	For the year 2008 - 2009		Previous year 2007 - 2008	
<b>OTHER INCOME</b>				
<b>Interest on:</b>				
Fixed deposits with banks ( gross )	86.03		52.97	
(Tax deducted at source Rs. 18.10 lacs ( previous year Rs. 10.34 lacs))				
Tax Free Bonds	8.44		33.75	
Income tax refund	21.19		-	
Advance Given	8.22		-	
Staff loan	4.30	128.18	2.72	89.44
Insurance Claim Received		3.04		20.24
Dividend on long term investments ( non-trade )		518.03		527.83
Dividend on investment in mutual funds (current) (non-trade)		0.22		-
Surplus on liquidation of subsidiary (refer note 1 (b) of schedule 15)		20.12		-
Excess provision of earlier years written back (net)		359.42		89.78
Profit on sale of long term investments ( non-trade) (net)		838.18		998.07
Bad debts recovered		-		1.00
Exchange Gain (Net)		-		19.45
Miscellaneous income		26.23		9.17
<b>TOTAL</b>		<b>1,893.42</b>		<b>1,754.98</b>

(Rupees in lacs)

SCHEDULE - 12	For the year 2008 - 2009		Previous year 2007 - 2008	
<b>COST OF PRODUCTION / ACQUISITION OF TELEVISION SERIALS / FILMS</b>				
Opening stock of television serials / films and tapes		1,823.32		1,253.92
Add: Cost of production				
Acquisition Cost	3,643.00		2,338.00	
Purchase of costumes and dresses	380.61		233.88	
Purchase of tapes / raw stock	408.49		465.92	
Payments to and provision for artists, junior artists, dubbing artists fees	4,305.22		4,167.55	
Payments to and provision for directors, technicians and other fees	6,419.35		6,184.16	
Shooting and location expenses	1,751.05		1,767.41	
Telecasting fees	1,055.92		840.62	
Uplinking charges / Special dispatch charges	250.26		488.34	
Food and refreshments	407.73		507.16	
Set properties and equipment hire charges	1,323.77		1,304.64	
Negative processing charges	77.55		92.60	
Commission	107.29		106.81	
Publicity expenses	398.17		9.61	
Other production expenses	1,867.65	22,396.06	1,619.39	20,126.09
		24,219.38		21,380.01
Less: Closing stock of television serials / films and tapes		672.56		1,844.59
<b>TOTAL</b>		<b>23,546.82</b>		<b>19,535.42</b>

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rupees in lacs)

SCHEDULE - 13	For the year 2008 - 2009	Previous year 2007 - 2008
<b>EMPLOYEES COSTS</b>		
Salaries, wages and bonus *	1,297.84	1,321.95
Contribution to Provident and Other funds *	64.77	36.85
Staff welfare expenses	78.21	37.98
<b>TOTAL</b>	<b>1,440.82</b>	<b>1,396.78</b>

\* Includes managerial remuneration (refer note 5 of schedule 15)

(Rupees in lacs)

SCHEDULE - 14	For the year 2008 - 2009	Previous year 2007 - 2008
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Electricity and water charges	480.90	396.90
Lease rent	885.37	701.14
Rates and taxes	77.39	141.48
Insurance	141.80	165.66
Repairs and maintenance		
- Building	9.73	6.63
- Plant and machinery	37.37	29.59
- Others	267.69	267.13
Travelling and conveyance expenses	184.74	237.90
Legal and professional charges	919.11	463.07
Communication charges	74.11	56.43
Loss on sale / discard of fixed assets (net)	149.93	105.80
Loss on sale of current investments (Non Trade)	0.01	-
Provision for diminution in value of long term investments (non trade)	440.00	-
Donations	54.21	44.29
Bad debts written off	2.73	81.22
Advances written off	133.11	-
Provision for doubtful debts and advances (Net)	2,579.61	96.15
Director's sitting fees	4.65	3.75
Advertisement and sales promotion expenses	36.12	30.04
Miscellaneous expenses	651.35	586.58
<b>TOTAL</b>	<b>7,129.93</b>	<b>3,413.76</b>

**SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**A. Significant accounting policies to the Consolidated Financial Statements**

**Basis of consolidation:**

Accounts of Balaji Telefilms Limited and its subsidiary 'Balaji Motion Pictures Limited' have been consolidated in accordance with generally accepted principles and is in conformity with the Accounting Standard (AS) 21 'Consolidated Financial Statements' notified by Companies (Accounting Standards) Rules, 2006.

**Basis of accounting**

The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with generally accepted accounting principles in India.

**Fixed assets**

Fixed assets are stated at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation / amortisation and impairment loss, if any.

**Depreciation / Amortisation**

Depreciation on fixed assets is provided on straight line basis in accordance with provisions of the Companies Act, 1956 at the rates and in the manner specified in schedule XIV of this Act except for the following fixed assets where higher rates of depreciation have been applied:  
 Studios and sets @ 33.33%  
 Plant and machinery - Computers @ 16.21%  
 Leasehold improvements are amortised over the period of lease

**Impairment loss**

Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amounts. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

**Investments**

Current investments are carried at lower of cost and fair value. Long term investments are carried at cost. However, when there is a decline, other than temporary, the carrying amount is reduced to recognise the decline.

**Inventories**

Items of inventory are valued at lower of cost and net realisable value. Cost is determined on the following basis :

- Tapes : First In First Out
- Television serials/ feature films : Average cost
- Unamortised cost of feature films : The cost of feature films is amortised in the ratio of current revenue to expected total revenue. At the end of each accounting period, balance unamortised cost is compared with net expected revenue. If net expected revenue is less than unamortised cost, the same is written down to net expected revenue.

**Revenue recognition**

- a) In respect of sponsored programmes, revenue is recognised as and when the relevant episodes of the programmes are telecast.
- b) In respect of commissioned programmes, revenue is recognised as and when the relevant episodes of the programmes are delivered to the channels.
- c) In respect of films, produced / co-produced / acquired, revenue is recognised in accordance with the terms and conditions of the agreements on or after the first theatrical release of the films. In all other cases, revenue (income) is recognized when no significant uncertainty as to its determination or realization exists.

**Employee benefits**

- a) Post employment benefits and other long term benefits
  - i) Defined Contribution Plan:  
The Company contributes towards Provident Fund and Family Pension Fund. Liability in respect thereof is determined on the basis of contribution as required under the Statute / Rules.
  - ii) Defined Benefit Plans:  
The trustees of Balaji Telefilms Limited and Balaji Motion Pictures Limited Employees Group Gratuity Scheme have taken a Group Gratuity cum Life Assurance Policy from the Life Insurance Corporation of India (LIC). Contributions are made to LIC in respect of gratuity based upon actuarial valuation done at the end of every

**SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (contd.)**

financial year using 'Projected Unit Credit Method' Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions are accounted in the profit and loss account.

- b) Short Term Employee Benefits:  
Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

**Foreign currency transactions**

Transactions in foreign currency, including in respect of foreign operations integral in nature, are recorded at the original rates of exchange in force at the time the transactions are effected. At the year end, monetary items, including those of foreign operations integral in nature, denominated in foreign currency are reported using the closing rates of exchange. Exchange differences arising thereon and on realization/ payment of foreign exchange are accounted for in the relevant year as income or expense.

**Borrowing costs**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**Taxes on income**

Tax expense comprises both current and deferred tax at the applicable enacted / substantively enacted rates. Current tax represents the amount of income tax payable/ recoverable in respect of the taxable income/ loss for the reporting period. Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

**Provisions and Contingencies**

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

**B. NOTES ON ACCOUNTS TO CONSOLIDATED FINANCIAL STATEMENTS**

- 1. a) Details of Subsidiary included in Consolidated Financial Statements

Name	Country of Incorporation	% of Ownership interest / voting power
Balaji Motion Pictures Limited	India	100%

- b) During the year, parent Company liquidated its subsidiary Balaji Telefilms FZE. Consequently the same has not been consolidated. (Rupees in lacs)

	As at 31st March, 2009	As at 31st March, 2008
2. Estimated amount of contracts remaining to be executed on : capital account and not provided for :	75.00	2,533.00
3. Balaji Telefilms Limited (The Parent Company) has applied to the Office of the Commissioner of Sales- tax, Mumbai, to ascertain whether the Company's sales are liable to tax under the Sales- tax laws. The matter is still pending before the Sales -tax authority.		
4. Contingent liabilities in respect of Claim against the Parent Company not acknowledged as debts :	495.00	495.00
This represents demand raised by a Prasar Bharti Broadcasting Corporation of India. The Parent Company is of the view that the claim is not valid. Legal proceedings have been initiated for quashing the said demand. The amount disclosed is the minimum liability on this count excluding interest thereon which is presently not quantifiable.		



SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (contd.)

(Rupees in lacs)

	For the year 2008 - 2009	Previous year 2007 - 2008
5. Managerial remuneration under section 198 of the Companies Act, 1956 to Directors (including to the Managing Director) (included under the head "Employees Costs" refer Schedule 13)		
Salary	127.50	104.92
Perquisites	111.3	91.85
Commission	326.84	762.07
Contribution to Provident Fund	15.18	12.11
<b>TOTAL</b>	<b>580.91</b>	<b>970.95</b>

6. Related Party Disclosures

a) Name of related parties and description of relationship

Name of the Related Party	Relationship
Mr. Jeetendra Kapoor	Key management person
Ms. Shobha Kapoor	Key management person
Ms. Ekta Kapoor	Key management person
Mr. Tusshar Kapoor	Relative of Key management person
Mr. Ramesh Sippy	Relative of Key management person

b) Details of Transactions with related parties during the year

(Rupees in lacs)

Nature of Transactions	Column number (refer note II below)				Total	
	1		2		Current Year	Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
<b>Directors sitting fees</b>						
Mr. Jeetendra Kapoor	1.2	0.75	-	-	1.20	0.75
Mr. Tusshar Kapoor	-	-	0.60	0.30	0.60	0.30
<b>Rent</b>						
Mr. Jeetendra Kapoor	22.46	21.60	-	-	22.46	21.60
Ms. Shobha Kapoor	315.78	249.60	-	-	315.78	249.60
Mr. Tusshar Kapoor	-	-	5.09	4.80	5.09	4.80
Ms. Ekta Kapoor	5.29	0.57	-	-	5.29	0.57
<b>Remuneration</b>						
Ms. Shobha Kapoor	247.12	416.48	-	-	247.12	416.48
Ms. Ekta Kapoor	269.31	422.72	-	-	269.31	422.72
Mr. Jeetendra Kapoor	43.84	102.63	-	-	43.84	102.63
Others	-	-	38.46	14.80	38.46	14.80
<b>Dividend paid</b>						
Ms. Shobha Kapoor	347.73	-	-	-	347.73	-
Ms. Ekta Kapoor	340.45	-	-	-	340.45	-
Mr. Jeetendra Kapoor	153.72	-	-	-	153.72	-
Mr. Tusshar Kapoor	-	-	71.06	-	71.06	-
Others	-	-	0.04	-	0.04	-
<b>Amount payable as at 31st March, 2009</b>						
Ms. Shobha Kapoor	145.63	328.70	-	-	145.63	328.70
Ms. Ekta Kapoor	147.36	329.48	-	-	147.36	329.48

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

**SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (contd.)**

(Rupees in lacs)

Nature of Transactions	Column number (refer note II below)				Total	
	1		2		Current Year	Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Mr. Jeetendra Kapoor	43.84	102.63	-	-	43.84	102.63
Others	-	-	3.76	4.60	3.76	4.60
<b>Amount receivable as at 31st March, 2009</b>						
Ms. Shobha Kapoor *	340.00	330.00	-	-	340.00	330.00
Mr. Jeetendra Kapoor *	306.60	306.60	-	-	306.60	306.60
Mr. Tusshar Kapoor *	-	-	100.00	100.00	100.00	100.00
Ms. Ekta Kapoor *	100.00	100.00	-	-	100.00	100.00

\* Deposits for lease property

Notes:

- I. There are no provision for doubtful debts, amounts written off or written back during the year in respect of debts due from or due to related parties.
- II. Column number represents:
  1. Key management person
  2. Relatives of key management person

**7. Segment Information:**

A) Information about primary segments -

The Group has considered business segment as the primary segment for disclosure. The reportable business segments are as under:

- a) Commissioned Programmes : Income from sale of television serials to channels
- b) Sponsored Programmes : Income from telecasting of television serials on channels
- c) Feature Films : Income from Films

(Rupees in lacs)

	Commissioned Programmes		Sponsored Programmes		Features Film		Elimination		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>REVENUE</b>										
From External Customers	26,844.18	29,809.74	2,647.71	4,373.46	4,256.06	3,653.22	-	-	33,747.95	37,836.42
Add: Inter Segment sale	-	272.00	-	-	-	-	-	(272.00)	-	-
<b>Total Revenue</b>	<b>26,844.18</b>	<b>30,081.74</b>	<b>2,647.71</b>	<b>4,373.46</b>	<b>4,256.06</b>	<b>3,653.22</b>	<b>-</b>	<b>(272.00)</b>	<b>33,747.95</b>	<b>37,836.42</b>
<b>RESULTS</b>										
Segment result	6,682.81	14,655.24	952.92	1,454.19	(2,111.80)	912.96	-	-	5,523.93	17,022.39
Unallocable Corporate Expenses									(5,859.95)	(4,681.62)
Operating Profit									(336.02)	12,340.77
Interest income/Dividend on Long-Term Investments									646.43	617.28
Surplus on liquidation of subsidiary									20.12	-
Profit on sale of Long-Term Investments (non trade)									838.18	998.07
Provision for tax									(1,086.41)	(4,341.79)
Profit after tax									82.30	9,614.33
<b>OTHER INFORMATION:</b>										
Segment assets	12,307.82	11,806.07	969.68	1,733.01	1,123.85	5,911.86	-	-	14,401.35	19,450.94
Unallocated Corporate assets									27,007.20	25,769.52
<b>Total assets</b>									<b>41,408.55</b>	<b>45,220.46</b>
Segment liabilities	2,870.95	2,776.94	181.24	175.13	428.88	597.79	-	-	3,481.07	3,549.86
Unallocated Corporate liabilities									820.90	4,382.64
<b>Total Liabilities</b>									<b>4,301.97</b>	<b>7,932.50</b>
Capital expenditure	5,289.52	2,501.08	-	-	6.47	-	-	-	5,295.99	2,501.08
Depreciation	2,180.43	1,145.48	-	18.56	2.30	-	-	-	2,182.73	1,164.00

**SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (contd.)**

(Rupees in lacs)

	Commissioned Programmes		Sponsored Programmes		Features Film		Elimination		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>Significant Non cash expenses other than depreciation</b>										
Loss on sale / discard of fixed assets (net)	142.20	94.90	-	-	-	-	-	-	142.20	94.90
Provision for doubtful debts and advances	1,827.61	96.15	-	-	752.00	-	-	-	2,579.61	96.15
Advances Written off	-	-	-	-	133.11	-	-	-	133.11	-
Bad debts written off	-	64.08	2.73	17.14	-	-	-	-	2.73	81.22

B) Segment information for secondary segment reporting (by geographical segment)

The Group has two reportable geographical segments based on location of customers:

- i) Revenue from customers within India - local
- ii) Revenue from customers Outside India - export

(Rupees in lacs)

	Export		Local		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
a) Revenue (Turnover)	18,862.37	26,022.15	14,885.58	11,814.27	33,747.95	37,836.42
b) Carrying amount of assets	2,044.54	4,761.36	14,840.43	17,395.24	16,884.97	22,156.60
c) Addition to fixed assets	-	-	5,507.52	3,159.04	5,507.52	3,159.04

**8. EARNINGS PER SHARE:**

Earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as under:

(Rupees in lacs)

	For the year 2008 - 2009	Previous year 2007 - 2008
Net profit after tax as per the Profit and Loss account -(Rs. in lacs)	82.30	9,614.33
(Short) provision for tax in respect of earlier years -(Rs.in lacs)	(34.79)	(54.80)
a) Profit for the year attributable to equity share holders-(Rs.in lacs)	47.51	9,559.53
b) Weighted average number of equity shares outstanding during the year (Nos.)	65,210,443	65,210,443
c) Earnings per share - Basic and diluted (Rs.)	0.07	14.66
d) Nominal value of shares (Rs.)	2	2

**9. COMPONENTS OF DEFERRED TAXASSETS/(LIABILITIES)**

(Rupees in lacs)

	As at 31st March, 2009	As at 31st March, 2008
Difference between the books and tax written down values of fixed assets	(249.82)	(435.98)
Provision for diminution in value of Long Term Investments (non trade)	49.85	-
Provision for doubtful debts and advances	628.12	3.82
Preliminary expenses u/s 35D of the Income Tax Act, 1961	0.03	0.04
Disallowance under the Income Tax Act, 1961	1.27	1.18
Deferred tax asset/ (liability)-net	<b>429.45</b>	<b>(430.94)</b>

**SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (contd.)**

10. The Company follows the policy of depreciating studios and sets @ 33.33%. During the year, a set constructed exclusively for a serial which went off air is not expected to be used for any other purpose. In view thereof, the cost of the set (net of the estimated residual value) has been entirely depreciated. This treatment has the effect of increasing the depreciation charge for the year by Rs.953.12 lacs and reducing the profit before tax by the like amount.

11. Turnover includes Rs.250.00 lacs (Previous Year Rs Nil ) being the value of unamortised cost of a film coproduced by the subsidiary.

**12. Lease Transactions:**

a) The Company has taken certain premises on non-cancellable operating lease basis. The tenure of leases ranges from 11 to 60 months Future lease rentals in respect of fixed assets taken on non-cancellable operating lease basis are as follows:

	As at 31st March, 2009	As at 31st March, 2008
1) Amount due within 1 year	277.93	396.91
2) Amount due later than 1 year and not later than 5 years	85.05	282.39
3) Amount due later than 5 years	-	-
<b>TOTAL</b>	<b>362.98</b>	<b>679.30</b>

b) The Company has taken certain premises on cancellable operating lease basis. The tenure of the lease ranges from 11 to 36 months

c) Amount of lease rentals charged to the profit and loss account in respect of operating leases is Rs.885.37 lacs (previous year Rs.701.14 lacs)

13. Figures of the previous year have been regrouped wherever necessary to correspond with those of the current year.

**Signatures to Schedule 1 to 15**

As per our attached report of even date  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

For and on behalf of **Balaji Telefilms Limited**

**A. SIDDHARTH**  
(Partner)  
Membership No. 31467  
Place : Mumbai  
Date : 13th May, 2009

**Jeetendra Kapoor**  
(Chairman)

**Shobha Kapoor**  
(Managing Director)

For **SNEHAL & ASSOCIATES**  
Chartered Accountants

**Dhruv Kaji**  
(Director)

**Puneet Kinra**  
(Group CEO)

**SNEHAL SHAH**  
(Proprietor)  
Membership No. 40016  
Place : Mumbai  
Date : 13th May, 2009

**Alpa Khandor**  
(Company Secretary)  
Place : Mumbai  
Date : 13th May, 2009

**Sunil Shahani**  
(Chief Financial Officer)

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES FOR THE YEAR 2008-09

Name of the Subsidiary Company	Balaji Motion Pictures Limited	Balaji Telefilms FZE
1. The Financial year/period of the Subsidiary Companies ended on	31st March, 2009	28th August, 2008-(Refer note 1)
2. Date from which they became Subsidiary Companies	9th March, 2007-Being the date of incorporation.	3rd September, 2006- Being the date of incorporation.
3. a. Number of shares held by the Company with its nominees in the subsidiaries at the end of the financial year of the Subsidiary Companies	30,000,000	1
3 b. Extent of interest in subsidiary Company	100%	100%
4. The Net aggregate amount of the Subsidiary Companies Profit/(loss) so far as it concerns the members of the Company.		
a) Not dealt with in the Company's accounts		
i) for the financial year ended 31st March, 2009	Rs. (233,106,303)	NIL
ii) for the previous financial years of the Subsidiary Companies since they became the Company's subsidiaries	Rs. 54,972,050	NIL
b) Dealt with in the Company's accounts		
i) for the financial year ended 31st March, 2009	NIL	AED 2,097,611 Rs. 27,366,698
ii) for the previous financial years of the Subsidiary Companies since they became the Company's subsidiaries	NIL	AED 2,437,115 Rs. 26,435,622

## Note :

- Balaji Telefilms FZE has been liquidated effective 28th August, 2008 and hence the accounts of the subsidiary has been drawn up to the period ended 28th August, 2008 ( 1st April, 2008 to 28th August, 2008) and same has been audited by the firm of the Chartered Accountants. Figures represented are that of 28th August 2008.
- Figures in bracket represent loss.

## For and on behalf of Balaji Telefilms Limited

**Jeetendra Kapoor**  
(Chairman)

**Shobha Kapoor**  
(Managing Director)

**Dhruv Kaji**  
(Director)

**Puneet Kinra**  
(Group CEO)

**Alpa Khandor**  
(Company Secretary)

**Sunil Shahani**  
(Chief Financial Officer)

Place : Mumbai  
Date : 13th May, 2009

The particulars of Subsidiary Company as required by Approval No. 47/40/2009-CL-III dated 4th February, 2009 of Ministry of Corporate Affairs, Government of India, issued under section 212(8) of the Companies Act, 1956 are as follows:

Name of Subsidiary Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover/ Total Income	Profit Before Taxation	Profit Before Taxation	Profit After Taxation	Dividend Paid
*Balaji Telefilms FZE	INR	1,638,750	26,370,155	28,161,725	28,161,725	-	9,120,644	(2,738,259)	-	(2,738,259)	27,366,698
	AED	150,000	2,207,853	2,357,853	2,357,853	-	763,630	(229,262)	-	(229,262)	2,097,611

\*Balaji Telefilms FZE has been liquidated effective 28th August, 2008 and hence the accounts of the subsidiary has been drawn up to the period ended 28th August, 2008 ( 1st April, 2008 to 28th August, 2008) and dealt with in the books of accounts of Balaji Telefilms Limited.  
As on 28th August, 2008, 1AED = 11.944 INR

## DIRECTORS' REPORT

The Directors present their Third Annual Report together with the audited accounts of the Company for the year ended 31st March, 2009.

### FINANCIAL RESULTS

The summarised results are as follows:

	(Rupees)	
	For the Year 2008-2009	For the Year 2007-2008
<b>Income</b>		
Turnover	425,605,539	365,321,999
Other income	2,114,465	758,847
<b>Total</b>	<b>427,720,004</b>	<b>366,080,846</b>
<b>Expenditure</b>		
	660,349,468	282,482,135
<b>(Loss)/Profit before depreciation, interest &amp; tax</b>	<b>(232,629,464)</b>	<b>83,598,711</b>
Interest	-	-
Depreciation	282,873	16,637
Profit before tax	(232,912,337)	83,582,074
Tax	193,966	28,671,337
<b>Profit after tax</b>	<b>(233,106,303)</b>	<b>54,910,737</b>
Balance brought forward from previous year/period	54,972,050	61,313
<b>Total</b>	<b>(178,134,253)</b>	<b>54,972,050</b>
<b>Appropriations</b>		
General reserve	-	-
Balance carried to the balance sheet	(178,134,253)	54,972,050

### OPERATIONS AND BUSINESS PERFORMANCE

The Company released four movies during the year and achieved total income of Rs. 4,277.20 lacs. During the year, the Company incurred a loss after tax of Rs. 2,331.06 lacs which includes a write off / provision for Rs 885.11 lacs.

The Company has started its own production of one film in May 2009 which is expected to be completed in Financial Year 2009-10. The company is at various stages of discussion with directors for additional movie ventures during the year.

Mr. Ramesh Sippy resigned from his office as CEO of the Company effective from 31st December, 2008. Mr. Ajit Thakur assumed office as CEO of the Company effective from 5th January, 2009.

### FINANCIAL STATEMENTS

The Audited Financial Statements for the year ended 31st March, 2009 is annexed to this Report.

### TRANSFER TO RESERVES

The Company has incurred losses in the current year due to which it does not propose to transfer any amount to the reserves.

### DIVIDEND

The Company has incurred losses in the current year hence your Board has not recommended any dividend for the year ended 31st March, 2009.

### SHARE CAPITAL

During the year under review there was no change in the Authorised and Paid-up Capital of the Company. As on 31st March, 2009, the Authorised Capital of the Company stands at Rs. 350,000,000 (Rupees Thirty Five Crore Only) and the Paid up Capital of the Company stands at Rs. 300,000,000 (Rupees Thirty Crore Only). All the shares are held by Balaji Telefilms Limited, the holding Company and its nominees.

### MATERIAL CHANGES AND COMMITMENTS

In our view, there are no material changes and commitments occurred between end of the current financial year 2008-09 and the date of this report, which have effect over the financial position of the Company.

### DIRECTORS

During the year, Mr. Jeetendra Kapoor and Mrs. Shobha Kapoor retiring directors were appointed as director of the Company in the Second Annual General Meeting of the Company held on 29th July, 2008. Mr. John Lau resigned from the office of director of the Company effective from 25th August, 2008. Ms. Ella Wong who was appointed as Alternate Director to Mr. John Lau ceased to hold her office as such effective from 25th August, 2008.

Mr. Akshay Chudasama and Mr. Pradeep Sardha were appointed as additional directors of the Company on 28th January, 2009. Mr. Chudasama and Mr. Sardha shall hold office only up to the date of the ensuing Annual General Meeting of the company and being eligible; offer themselves for reappointment as director of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Ms. Ekta Kapoor and Mr. Dhruv Kaji shall retire by rotation and being eligible, offer themselves for reappointment. Your directors recommend above appointments and reappointments at the ensuing Annual General Meeting. A brief profile of the Directors is as below:-

#### Ekta Kapoor

Ms. Kapoor is a director of the Company since 9th March, 2007. Ms. Kapoor made a landmark contribution to India's entertainment domain at a very young age. Since her debut as a producer and creative director at 19, she has been instrumental in

developing concepts, writing scripts and enriching creative conversion.

Ms. Kapoor currently holds one share in the Company as nominee of Balaji Telefilms Limited, the holding Company.

#### Dhruv Kaji

Mr. Kaji is a chartered accountant with a professional experience of more than two decades. Serving as a financial advisor and management consultant with expertise in strategic planning, Mr. Kaji was appointed as director of the Company on 27th March, 2007. Possessing a rich experience in evaluating and guiding business projects in India and abroad, Mr. Kaji was associated with Raymond Ltd. as the Finance Director and Pinesworth Holding Ltd. (Singapore) as the Executive Director.

Mr. Kaji does not hold any share in the Company.

#### Akshay Chudasama

Widely respected in industry circles for his deep insight into corporate laws, Mr. Chudasama has a rich experience in mergers and acquisitions, consumer protection, insurance sector privatization, dispute resolution and cyber laws.

Mr. Chudasama does not hold any share in the Company.

#### Pradeep Sardha

Chairman of the Sardha Group of Industries, Mr. Sardha possesses a rich experience across multiple industry verticals, comprising paper, engineering, construction and real estate. He is also the Chairman of the Governing Board of Ecole Mondiale World School, Mumbai

Mr. Sardha does not hold any share in the Company.

### AUDITORS

The auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if re-appointed. You are requested to appoint the Auditors to hold office from the conclusion of the ensuing Annual General Meeting till conclusion of the next Annual General Meeting.

### AUDITORS REPORT

The comment given by auditors in para (ix) (a) of annexure to their report for the financial year ended 31st March, 2009 is suitably explained in para B - 4 of the Schedule 15 (Significant accounting policies and notes on accounts) to the annual accounts.

### AUDIT COMMITTEE

During the year the Audit Committee of the Board was re-constituted on 24th October, 2008 and 28th January, 2009. Presently the Audit Committee consists of Mr. Dhruv Kaji, Chairman and Mr. Jeetendra Kapoor, Mr. Akshay Chudasama and Mr. Pradeep Sardha, members. All the members are non executive directors of the Company.

### FIXED DEPOSITS

The Company has not accepted any fixed deposits and as such, no amount of principal or interest was outstanding as on the balance sheet date.

### DISCLOSURE OF PARTICULARS

As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant information regarding conservation of energy and technology absorption is as given below:

#### Conservation of Energy:

The operations of the Company are not energy intensive. Adequate measures and steps have been taken to reduce energy consumption, wherever possible. The Company, wherever feasible, has bought star rated equipments, which are energy efficient. Further the Company has spread awareness among the employees on the need to conserve energy, which is well adopted by the employees. We constantly evaluate new technologies and invest into this to make our infrastructure more energy efficient. As energy cost forms a very small part of the total cost, the impact on cost is not material.

#### Technology Absorption:

The Company is in the Media and Entertainment industry and carries out research and innovation, on need basis, in creating content in various segments of entertainment as part of its regular on going business.

Our business is such that there is not much scope for new technology absorption, adaptation and innovation. However, your Company continues to use the latest technologies for improving the productivity and quality of its services and products, wherever possible.

#### Foreign Exchange Earnings and Outgo

Earning in foreign exchange was Rs. 140,020,000 (Previous year Rs. 10,500,000).

Expenditure in foreign exchange was Rs. 175,450 (Previous year Rs. 777,508).

### PARTICULARS OF EMPLOYEES

Particulars of employees for the year ended 31st March, 2009 as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, are as under:

# AUDITOR'S REPORT

Sr.	Name of the Employee	Designation & Nature of Duties	Gross Remuneration (Rs.)	Nature of Employment	Qualification	Experience	Date of Joining	Age (yr)	Last employment	Name of Director or Manager, who is relative	% of Equity Shares held
1.	Mr. Ajit Thakur	Chief Executive Officer	2,723,009	Employee	MBA from IIM (Lucknow)	11 years	05/01/2009	36	UTV Software Communications Limited	N.A.	Nil
2.	Mr. Nandu Ahuja	Chief Operating Officer	2,048,080	Employee	B.Com.	28 Years in Film Trade	05/11/2007 (resigned w.e.f. 31/12/2008)	46	Adlabs Films Limited as Indian Distribution Head	N.A.	Nil
3.	Mr. Ramesh Sippy	Chief Executive Officer	2,682,000	Employee	B.Sc.	41 Years in Film Trade	25/3/2008 (resigned w.e.f. 31/12/2008)	65	Self - Employed (Film Distribution)	Ms. Shobha Kapoor	Nil

## Notes:

- All the three employees were in service for part of the year.
- The nature of employment in all cases is contractual.
- The gross remuneration shown above comprises salary, allowances, gratuity under LIC scheme in terms of actual expenditure incurred by the Company and monetary value of the perquisites as per income tax rules.

## DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to requirement under Section 217 (2AA) of the Companies Act, 1956 and based on the representation received from the operating management, the Directors hereby confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That they have prepared the annual accounts on a going concern basis.

## ACKNOWLEDGEMENTS

Your Directors express their appreciation for the contribution made by the employees and their dedicated service and commitment to the Company's growth.

Mumbai  
13th May, 2009

For and on behalf of the Board of Directors,  
**Jeetendra Kapoor**  
Chairman

## Auditor's Report

To, the Members of  
**Balaji Motion Pictures Limited**

- We have audited the attached Balance Sheet of Balaji Motion Pictures Limited as at 31st March 2009, the Profit and Loss Account and also the Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- Further to our comments in the Annexure referred to above, we report that:
  - we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
  - the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
  - in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - on the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - we draw attention to note 12 of schedule 15, regarding accounts of the Company prepared on going concern basis.
  - In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - in case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009;
    - in case of the Profit and Loss Account, of the loss for the year ended on that date; and
    - in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**A. Siddharth**  
Partner  
Membership no. 31467  
Mumbai, dated 13th May, 2009

## ANNEXURE TO THE AUDITOR'S REPORT

### Re: Balaji Motion Pictures Limited

(referred to in paragraph 3 of our report of even date)

- i) The requirements of clauses (ii), (x), (xiii) and (xiv) of paragraph 4 of the Order are not applicable to the Company for the year.
- ii) a) The Company has maintained proper records, showing full particulars including quantitative details and situation of its fixed assets.  
b) The fixed assets have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.  
c) There has not been any substantial disposal of fixed assets during the year.
- iii) a) The Company has not granted loans to companies, firms and other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Consequently requirements of clauses (iiia) to (iiid) of paragraph 4 of the Order are not applicable.  
b) The Company has taken interest free loan from the holding company being a party covered in the Register maintained under section 301 of the Companies Act, 1956. In respect of the said loan, the maximum amount outstanding at any time during the year is Rs. 255,197,705/- and year end balance is Rs. 39,160,722/-.  
c) In our opinion and according to the information and explanations given to us, other terms and condition on which loans have been taken from a party listed in the Register maintained under section 301 of the Companies Act, 1956 are not, prima facie prejudicial, to the interest of the Company.  
d) The Principal amounts are payable on demand in respect of the said loans.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of films. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) a) In our opinion and according to the information and explanations given to us, the particulars of contracts/arrangements that need to be entered into the Register maintained under section 301 of the Companies Act, 1956 have been entered.  
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts/arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs 500,000/- in respect of each party during the year have been made at the prices which are reasonable having regard to prevailing market prices at the relevant time or the prices at which transactions for similar services have been made with other parties or as per information available with the Company.
- vi) The Company has not accepted deposits from the public within the meaning of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, where applicable, and the Rules framed thereunder. We are informed that no Order has been passed by the Company Law Board or the Reserve Bank of India or any Court or any other Tribunal.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) The maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956.
- ix) a) In our opinion and according to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employee's state insurance, income tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues, where applicable, with the appropriate authorities except in respect of Maharashtra Value Added Tax (MVAT). There are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the dates of them becoming payable except in respect of MVAT of Rs.4,700,000/-.  
b) According to the information and explanations given to us, there are no cases of non-deposit with appropriate authorities of disputed dues of sales tax /income-tax / customs duty / wealth-tax / service tax / excise duty / cess.
- x) The Company does not have borrowings from financial institutions and bank and has not issued debentures. Consequently the question of commenting on default in repayment of dues in respect thereof does not arise.
- xi) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xii) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by Others from banks or financial institutions.
- xiii) The Company has not obtained any term loans during the year and hence the question of commenting on application thereof does not arise.
- xiv) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xv) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- xvi) No debentures have been issued by the Company and hence the question of creating security or charge in respect thereof does not arise.
- xvii) During the year, the Company has not raised money by public issue(s).
- xviii) To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

### For Deloitte Haskins & Sells

Chartered Accountants

### A. Siddharth

Partner  
Membership no. 31467  
Mumbai, dated, 13th May, 2009



# BALANCE SHEET As at 31st March, 2009

(Rupees)

	Schedule No.	31st March, 2009	31st March, 2008
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' funds</b>			
A. Share capital	1	300,000,000	300,000,000
B. Reserves and surplus	2	-	54,972,050
		300,000,000	354,972,050
<b>2. LOAN FUNDS</b>			
Unsecured Loans			
Other Loans and advances from others - Holding Company		39,160,722	195,203,930
3. Deferred tax liability (net)		-	6,034
<b>TOTAL</b>		<b>339,160,722</b>	<b>550,182,014</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed assets</b>	3		
Gross block		2,104,507	199,369
Less :- depreciation		299,510	16,637
Net block		1,804,997	182,732
Add: Capital work in progress		-	1,000,000
		1,804,997	1,182,732
<b>2. Current assets, loans and advances</b>			
A. Inventories	4	83,228,165	86,590,995
B. Sundry debtors	5	1,551,906	10,915,873
C. Cash and bank balances	6	7,192,376	5,939,603
D. Loans and advances	7	112,035,763	505,455,688
		204,008,210	608,902,159
<b>Less : Current liabilities and provisions</b>			
A. Current liabilities	8	44,734,574	59,779,480
B. Provisions	9	52,164	123,397
		44,786,738	59,902,877
<b>Net current assets</b>		159,221,472	548,999,282
<b>3. Profit and Loss Account</b>		178,134,253	-
<b>TOTAL</b>		<b>339,160,722</b>	<b>550,182,014</b>
Significant accounting policies and notes on accounts	15		

As per our attached report of even date  
For DELOITTE HASKINS & SELLS  
Chartered Accountants

For and on behalf of Balaji Motion Pictures Limited

**A. SIDDHARTH**  
(Partner)  
Membership No. 31467

**Jeetendra Kapoor**  
(Chairman)

**Shobha Kapoor**  
(Director)

**Tusshar Kapoor**  
(Executive Director)

**Dhruv Kaji**  
(Director)

**Puneet Kinra**  
(Group CEO)

**Sunil Shahani**  
(Chief Financial Officer)

**Nitesh Shrivastava**  
(Company Secretary)

Place : Mumbai  
Date : 13th May, 2009

Place : Mumbai  
Date : 13th May, 2009

## PROFIT AND LOSS ACCOUNT For the year ended 31st March 2009

(Rupees)

	Schedule No.	For the Year 2008-2009	Previous Year 2007-2008
<b>INCOME</b>			
Turnover	10	425,605,539	365,321,999
Other income	11	2,114,465	758,847
<b>TOTAL</b>		<b>427,720,004</b>	<b>366,080,846</b>
<b>EXPENDITURE</b>			
Cost of films produced / acquired	12	548,044,679	274,025,916
Employee costs	13	12,040,558	2,986,292
Administrative and other expenses	14	100,264,231	5,469,927
Depreciation		282,873	16,637
<b>TOTAL</b>		<b>660,632,341</b>	<b>282,498,772</b>
<b>(LOSS) / PROFIT BEFORE TAX</b>		<b>(232,912,337)</b>	<b>83,582,074</b>
<b>Provision for tax</b>			
Current tax		-	(28,500,000)
Deferred tax		6,034	(11,337)
Fringe benefit tax		(200,000)	(160,000)
<b>(LOSS) / PROFIT AFTER TAX</b>		<b>(233,106,303)</b>	<b>54,910,737</b>
Balance brought forward from previous year / period		54,972,050	61,313
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>(178,134,253)</b>	<b>54,972,050</b>
<b>Basic and diluted earnings per share</b>		<b>(7.77)</b>	<b>4.05</b>
(Refer note 8 of Schedule 15)			
Significant accounting policies and notes on accounts	15		

As per our attached report of even date  
For DELOITTE HASKINS & SELLS  
Chartered Accountants

For and on behalf of Balaji Motion Pictures Limited

**A. SIDDHARTH**  
(Partner)  
Membership No. 31467

**Jeetendra Kapoor**  
(Chairman)

**Shobha Kapoor**  
(Director)

**Tusshar Kapoor**  
(Executive Director)

**Dhruv Kaji**  
(Director)

**Puneet Kinra**  
(Group CEO)

**Sunil Shahani**  
(Chief Financial Officer)

**Nitesh Shrivastava**  
(Company Secretary)

Place : Mumbai  
Date : 13th May, 2009

Place : Mumbai  
Date : 13th May, 2009

# CASH FLOW STATEMENT For the year ended 31st March, 2009

(Rupees)

	For the Year 2008-2009	Previous Year 2007-2008
<b>A. Cash flow from operating activities</b>		
(Loss) / Profit before tax	(232,912,337)	83,582,074
Adjustments for:		
Depreciation	282,873	16,637
Interest / Dividend Income	(1,994,465)	(744,709)
Loss on sale of Current Investment ( Non Trade)	641	-
Provision for doubtful advances	75,200,000	-
Advance written off	13,311,000	-
Operating (loss) / profit before working capital changes	(146,112,288)	82,854,002
Decrease / (Increase) in trade and other receivable	378,343,507	(340,385,185)
Decrease / (Increase) in inventories	3,362,830	(54,735,229)
(Decrease) / Increase in trade payables	(15,136,139)	37,271,137
	<b>220,457,910</b>	<b>(274,995,275)</b>
Direct taxes and fringe benefit tax paid	(64,250,615)	(41,239,025)
<b>Net cash generated from / (used in) operating activities (a)</b>	<b>156,207,295</b>	<b>(316,234,300)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(905,138)	(1,199,369)
Purchase of Investment	(2,521,987)	-
Sale of Investment	2,521,346	-
Interest / Dividend Income received	1,994,465	744,709
<b>Net cash generated from / (used in) investing activities (b)</b>	<b>1,088,686</b>	<b>(454,660)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from Issue of Shares		285,000,000
Loan/ Advances given by Holding Company	194,828,475	269,251,552
Loan/ Advances repaid to Holding Company	(350,871,683)	(245,112,669)
<b>Net cash (used in) / generated from financing activities (c)</b>	<b>(156,043,208)</b>	<b>309,138,883</b>
<b>Net increase / (decrease) in cash and Cash equivalents (a+b+c)</b>	<b>1,252,773</b>	<b>(7,550,077)</b>
Cash and cash equivalent at the beginning of the year	5,939,603	13,489,680
Cash and cash equivalents at the end of the year	7,192,376	5,939,603

As per our attached report of even date  
For DELOITTE HASKINS & SELLS  
Chartered Accountants

For and on behalf of Balaji Motion Pictures Limited

A. SIDDHARTH  
(Partner)  
Membership No. 31467

Jeetendra Kapoor  
(Chairman)

Shobha Kapoor  
(Director)

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(Executive Director)

Dhruv Kaji  
(Director)

Puneet Kinra  
(Group CEO)

Sunil Shahani  
(Chief Financial Officer)

Nitesh Shrivastava  
(Company Secretary)

Place : Mumbai  
Date : 13th May, 2009

Place : Mumbai  
Date : 13th May, 2009

## SCHEDULES FORMING PART OF BALANCE SHEET

(Rupees)

SCHEDULE - 1	As at 31st March, 2009	As at 31st March, 2008
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
35,000,000 equity shares of Rs. 10/- each	350,000,000	350,000,000
ISSUED, SUBSCRIBED AND PAID-UP		
30,000,000 Equity shares of Rs. 10/- each	300,000,000	300,000,000
(All the above shares are held by Balaji Telefilms Limited, the holding company and its nominees)		
<b>TOTAL</b>	<b>300,000,000</b>	<b>300,000,000</b>

SCHEDULE - 2	As at 31st March, 2009	As at 31st March, 2008
<b>RESERVES AND SURPLUS</b>		
Surplus in Profit and Loss account	-	54,972,050
<b>TOTAL</b>	<b>-</b>	<b>54,972,050</b>

(Rupees)

SCHEDULE - 3	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 1st April, 2008	Additions	As at 31st March, 2009	Upto 31st March, 2008	For the Year	Upto 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008
<b>FIXED ASSETS</b>								
Computers	176,869	258,242	435,111	16,103	51,315	67,418	367,693	160,766
Office equipment	22,500	-	22,500	534	1,066	1,600	20,900	21,966
Plant and Machinery - Computer	-	1,646,896	1,646,896	-	230,492	230,492	1,416,404	-
<b>TOTAL</b>	<b>199,369</b>	<b>1,905,138</b>	<b>2,104,507</b>	<b>16,637</b>	<b>282,873</b>	<b>299,510</b>	<b>1,804,997</b>	<b>182,732</b>
Previous year	-	199,369	199,369	-	16,637	16,637	182,732	-
Capital work in progress								1,000,000

## SCHEDULES FORMING PART OF BALANCE SHEET

(Rupees)

SCHEDULE - 4	As at 31st March, 2009	As at 31st March, 2008
<b>INVENTORIES</b>		
Films	83,228,165	86,590,995
<b>TOTAL</b>	<b>83,228,165</b>	<b>86,590,995</b>

(Rupees)

SCHEDULE - 5	As at 31st March, 2009	As at 31st March, 2008
<b>SUNDRY DEBTORS</b>		
(Unsecured and considered good)		
Debts outstanding for a period exceeding six months	1,551,906	-
Other debts	-	10,915,873
<b>TOTAL</b>	<b>1,551,906</b>	<b>10,915,873</b>

(Rupees)

SCHEDULE - 6	As at 31st March, 2009	As at 31st March, 2008
<b>CASH AND BANK BALANCES</b>		
Cash on hand	34,080	298,040
Balances with scheduled bank		
In Current account	7,158,296	5,641,563
<b>TOTAL</b>	<b>7,192,376</b>	<b>5,939,603</b>

(Rupees)

SCHEDULE - 7	As at 31st March, 2009	As at 31st March, 2008
<b>LOANS AND ADVANCES</b>		
(Unsecured)		
Advances recoverable in cash or in kind or for value to be received (refer note 4)	101,366,633	483,597,173
Advance tax (net)	75,847,710	11,777,095
Deposits (refer note 2)	10,021,420	10,081,420
	<b>187,235,763</b>	<b>505,455,688</b>
Less: Provision	75,200,000	-
<b>TOTAL</b>	<b>112,035,763</b>	<b>505,455,688</b>

**Notes :**

1. Considered good	112,035,763	505,455,688
Considered doubtful	75,200,000	-
	<b>187,235,763</b>	<b>505,455,688</b>
2. Includes deposit given to a director for property taken on lease.	10,000,000	10,000,000
3. Maximum amount outstanding at any time during the year for above deposit	10,000,000	10,000,000
4. Includes advances towards acquisition of rights in films under production / co-production aggregating to Rs.85,200,000/- (Previous Year Rs. 482,833,302/-)		

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

(Rupees)

SCHEDULE - 12	For the Year 2008-2009	For the Year 2007-2008
<b>COST OF FILMS PRODUCED / ACQUIRED</b>		
Opening stock of films	86,590,995	31,855,766
<b>Add: cost of production / acquisition</b>		
Acquisition Cost	364,300,000	233,800,000
Purchase of costumes and dresses	1,748,497	533,519
Purchase of tapes / raw stock	14,588,721	13,630,789
Payments to and provision for artistes, junior artistes, dubbing artistes fees	32,890,612	17,608,661
Payments to and provision for directors, technicians and other fees	29,199,907	21,546,067
Shooting and location expenses	5,853,117	9,937,962
Food and refreshments	561,769	2,602,885
Set properties and equipment hire charges	3,569,016	3,777,121
Negative processing charges	7,755,245	9,260,272
Commission	10,729,267	10,680,634
Publicity expenses	39,816,760	960,817
Other production expenses	8,668,938	4,422,418
	<b>606,272,844</b>	<b>360,616,911</b>
Less: Closing stock of films	58,228,165	86,590,995
<b>TOTAL</b>	<b>548,044,679</b>	<b>274,025,916</b>

(Rupees)

SCHEDULE - 8	As at 31st March, 2009	As at 31st March, 2008
<b>CURRENT LIABILITIES</b>		
Sundry creditors:		
i) Total outstanding dues to micro enterprises and small enterprises	-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	9,378,477	5,830,549
	<b>9,378,477</b>	<b>5,830,549</b>
Advances received from customers	29,939,528	48,690,000
Other liabilities	5,416,569	5,258,931
<b>TOTAL</b>	<b>44,734,574</b>	<b>59,779,480</b>

(Rupees)

SCHEDULE - 9	As at 31st March, 2009	As at 31st March, 2008
<b>PROVISIONS</b>		
For tax (net)	20,000	-
For Leave encashment / Gratuity	32,164	123,397
<b>TOTAL</b>	<b>52,164</b>	<b>123,397</b>

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

(Rupees)

SCHEDULE - 10	For the Year 2008-2009	Previous Year 2007-2008
<b>TURNOVER</b>		
Sale of Film rights acquired	421,956,781	331,386,990
Sale of Film rights - Own Production	43,852,713	-
Share of (Loss) / Profit from Co- Production (net) *	(40,203,955)	33,935,009
<b>TOTAL</b>	<b>425,605,539</b>	<b>365,321,999</b>

\* net of unamortised cost of film of Rs. 25,000,000/- (previous year NIL)

(Rupees)

SCHEDULE - 11	For the Year 2008-2009	For the Year 2007-2008
<b>OTHER INCOME</b>		
Interest on:		
Fixed deposits with banks (gross)	1,150,059	744,709
(Tax deducted at source Rs. 259,434/- (previous year Rs. 81,885/-))		
Advance given	822,419	1,972,478
Rent Received	120,000	14,138
Dividend on Investment in Mutual funds (current) (non-trade)	21,987	-
<b>TOTAL</b>	<b>2,114,465</b>	<b>758,847</b>

# SCHEDULES FORMING PART OF THE ACCOUNTS

## SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT (contd.)

(Rupees)

SCHEDULE - 13	For the Year 2008-2009	Previous Year 2007-2008
<b>EMPLOYEES COSTS</b>		
Salaries, wages and bonus *	11,494,031	2,957,256
Contribution to Provident and Other funds*	545,695	-
Provision for Gratuity *	-	24,003
Staff welfare expenses	832	5,033
<b>TOTAL</b>	<b>12,040,558</b>	<b>2,986,292</b>

\* Includes managerial remuneration (refer note 2 of schedule 15)

SCHEDULE - 14	For the Year 2008-2009	Previous Year 2007-2008
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Lease rent	529,440	56,552
Rates and taxes	371,071	1,678,637
Insurance	14,661	796
Repairs and maintenance - Others	174,714	74,209
Travelling and conveyance expenses	491,934	1,269,449
Legal and professional charges	9,039,500	1,599,745
Provision for doubtful advances	75,200,000	-
Advances written off	13,311,000	-
Communication charges	141,859	53,355
Loss on sale of current investment (non trade)	641	-
Donations	2,000	5,000
Directors sitting fees	60,000	-
Advertisement and sales promotion expenses	-	44,236
Miscellaneous expenses	927,411	687,948
<b>TOTAL</b>	<b>100,264,231</b>	<b>5,469,927</b>

## SCHEDULE FORMING PART OF THE ACCOUNTS

### SCHEDULE - 15

#### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

##### A. Significant accounting policies:

###### Basis of accounting

The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with generally accepted accounting principles in India.

###### Fixed assets

Fixed assets are stated at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation and impairment loss, if any.

###### Depreciation

Depreciation on fixed assets is provided on straight line basis in accordance with provisions of the Companies Act, 1956 at the rates and in the manner specified in schedule XIV of the Act.

###### Impairment loss

Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amounts. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

###### Inventories

Items of inventory are carried at lower of cost and net realizable value. Cost is determined on the following basis:

Films : Average Cost

Unamortised cost of films : The cost of films is amortised in the ratio of current revenue to expected total revenue. At the end of each accounting period, balance unamortised cost is compared with net expected revenue. If net expected revenue is less than unamortised cost, the same is written down to net expected revenue.

###### Revenue recognition

In respect of films, produced / co-produced / acquired, revenue is recognised in accordance with the terms and conditions of the agreements on or after the first theatrical release of the films.

In other cases, revenue (income) is recognized when no significant uncertainty as to its determination or realization exists.

###### Employee benefits

a) Post employment benefits and other long term benefits

i) Defined Contribution Plans:

The Company contributes towards Provident Fund and Family Pension Fund. Liability in respect thereof is determined on the basis of contribution as required under the Statute / Rules.

ii) Defined Benefit Plans:

The trustees of Balaji Motion Pictures Limited Employees Group Gratuity Scheme have taken a Group Gratuity cum Life Assurance Policy from the Life Insurance Corporation of India (LIC).

Contributions are made to LIC in respect of gratuity based upon actuarial valuation done at the end of every financial year using 'Projected Unit Credit Method'. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions are accounted in the profit and loss account.

b) Short Term Employee Benefits:

Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

##### Foreign currency transactions

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. At the year end, monetary items denominated in foreign currency are reported using the closing rates of exchange. Exchange differences arising thereon and on realisation / payment of foreign exchange are accounted in the relevant year as income or expense.

##### Taxes on income

Tax expense comprises both current and deferred tax at the applicable enacted / substantively enacted rates. Current tax represents the amount of income tax payable/ recoverable in respect of the taxable income/ loss for the reporting period. Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

##### Provisions and Contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

## B. Notes on Accounts

(Rupees)

	As at 31st March, 2009	As at 31st March, 2008
1. Estimated amount of contracts remaining to be executed on capital account and not provided for :	-	800,000
2. Managerial remuneration under section 198 of the Companies Act, 1956 to Director (included under the head "Employees Costs" refer Schedule 13)		
	For the Year 2008-2009	Previous Year 2007-2008
Salary	600,000	400,000
Perquisites	504,000	336,000
Contribution to Provident fund	60,000	-
<b>TOTAL</b>	<b>1,164,000</b>	<b>736,000</b>

Notes:

a) The above remuneration excludes provision for gratuity as the incremental liability has been accounted for the Company as a whole.

b) In view of losses incurred during the year, managerial remuneration is subject to the limits specified in Schedule XIII of the Companies Act, 1956. Accordingly the remuneration paid to the director (and charged to the profit and loss account) has been restricted to the limit specified in Schedule XIII. The Company has filed application on 01st October, 2008 with the Central Government seeking approval for balance remuneration payable to the director, which is awaited.

c) As per the terms of appointment of the directors of the Company, they are entitled to receive commission out of profits of the Company. In view of the losses incurred during the year, commission is not payable to them. Hence the computation of net profit in accordance with Section 198 read with Section 309 of the Companies Act, 1956 has not been provided.

### 3. Payment to auditors

(Rupees)

	For the Year 2008-2009	Previous Year 2007-2008
a) as auditors	500,000	500,000
b) in any other manner (certification work, etc.)	60,000	-
c) for service tax	58,916	61,800
<b>TOTAL</b>	<b>618,916</b>	<b>561,800</b>

4. The Government of Maharashtra has covered sale of Rights of cinematographic films under Maharashtra Value Added Tax Act, 2002 (MVAT). The Company has collected Rs.4,700,000/- (previous year Rs.4,700,000/-) towards MVAT on satellite rights but is yet to deposit it with the authorities, as the trade associations i.e. Indian Motion Pictures Distribution Association and The Film & TV Producer's Guilds of India have submitted representation to the authorities for withdrawing MVAT on such sale. The amount will be withheld till final disposal of the matter by the authorities.

## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE FORMING PART OF THE ACCOUNTS (contd.)

5. Following investment has been purchased and sold during the year

Particulars	Face Value Rupees	Nos.	Cost Rupees
HDFC CMF - SPP - RETAIL - WEEKLY DIVIDEND	10	251,672	2,521,987

### 6. RELATED PARTY DISCLOSURES

- a) Name of related parties and description of relationship.

Name of the Related Party	Relationship
Mr. Jeetendra Kapoor	Key management person
Ms. Ekta Kapoor	Key management person
Mr. Tusshar Kapoor	Key management person
Mr. Ramesh Sippy	Relative of key management person
Balaji Telefilms Limited	Holding Company (Control Exist)

- b) Details of Transactions with related parties during the year

(Rupees)

Nature of Transactions	Column number (refer note II below)						Total	
	1 Current Year	2 Previous Year	3 Current Year	4 Previous Year	5 Current Year	6 Previous Year	7 Current Year	8 Previous Year
<b>Advances Received</b>								
Balaji Telefilms Limited	194,828,475	269,251,552	-	-	-	-	194,828,475	269,251,552
<b>Issue of Shares</b>								
Balaji Telefilms Limited	-	285,000,000	-	-	-	-	-	285,000,000
<b>Rent Paid</b>								
Ms. Ekta Kapoor	-	-	529,440	56,552	-	-	529,440	56,552
<b>Rent received</b>								
Balaji Telefilms Limited	120,000	14,138	-	-	-	-	120,000	14,138
<b>Advances Repaid/ Adjusted</b>								
Balaji Telefilms Limited	350,871,683	245,112,669	-	-	-	-	350,871,683	245,112,669
<b>Directors sitting fees</b>								
Jeetendra Kapoor	-	-	30,000	-	-	-	30,000	-
<b>Remuneration</b>								
Mr. Tusshar Kapoor	-	-	1,164,000	736,000	-	-	1,164,000	736,000
Mr. Ramesh Sippy	-	-	-	-	2,682,000	67,741	2,682,000	67,741
<b>Amount payable as at</b>								
<b>31st March, 2009</b>								
Balaji Telefilms Limited	39,160,722	195,203,930	-	-	-	-	39,160,722	195,203,930
Others	-	-	92,000	92,000	283,600	67,741	375,600	159,741
<b>Amount receivable as at</b>								
<b>31st March, 2009</b>								
Ms. Ekta Kapoor *	-	-	10,000,000	10,000,000	-	-	10,000,000	10,000,000

\* Deposit for lease property

Notes:

- There are no provisions for doubtful debts, amounts written off or written back during the year in respect of debts due from or due to related parties.
- Column number represents,
  - Holding Company
  - Key management personnel
  - Relative of key management personnel

7. a) The primary segment of the Company is business segment which comprises of carrying on the business of production and / or distribution of motion pictures and films. As the Company operates in a single primary business segment, therefore the question of disclosing the primary segment information does not arise.

- b) Segment information for secondary segment reporting (by geographical segment)  
The Company has two reportable geographical segments based on location of customers:

- Revenue from customers within India-local
- Revenue from customers Outside India- export

(Rupees)

	Export		Local		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
a) Revenue (Turnover)	140,020,000	10,500,000	285,585,539	354,821,999	425,605,539	365,321,999
b) Carrying amount of assets	-	-	122,773,121	592,368,193	122,773,121	592,368,193
c) Addition to fixed assets	-	-	905,138	1,199,369	905,138	1,199,369

### 8. EARNINGS PER SHARE:

Earnings per share is calculated by dividing the (loss) / profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as under:

(Rupees)

	For the Year 2008-2009	Previous Year 2007-2008
a) Net (loss)/profit after tax as per the Profit and Loss account (Rs.)	(233,106,303)	54,910,737
b) Weighted average number of equity shares outstanding during the year (Nos.)	30,000,000	13,553,279
c) Earnings per share - Basic and diluted (Rs.)	(7.77)	4.05
d) Nominal value of shares (Rs.)	10	10

### 9. COMPONENTS OF DEFERRED TAX ASSETS/(LIABILITIES)

(Rupees)

	As at 31st March, 2009	As at 31st March, 2008
(Difference between the books and tax written down values of fixed assets)	(324,441)	(20,944)
Provision for doubtful advances*	310,327	-
Preliminary expenses	3,181	3,977
Disallowances under the Income Tax Act, 1961	10,933	10,933
Deferred tax asset / (liability) -net	<b>TOTAL</b>	<b>(6,034)</b>

\* Restricted to the net deferred tax liability

## SCHEDULES FORMING PART OF THE ACCOUNTS

### 10. Lease Transactions:

- a) The Company has taken a premise on non-cancellable operating lease basis. The tenure of the lease is for 36 months. Future lease rentals in respect of the same are as follows:

	As at 31st March, 2009	As at 31st March, 2008
1) Amount due within 1 year	-	543,084
2) Amount due later than 1 year and not later than 5 years	-	1,111,320
3) Amount due later than 5 years	-	-
	-	<b>1,654,404</b>

- b) Amount of lease rentals charged to the profit and loss account in respect of operating leases is Rs.529,440/- (previous year Rs.56,552/-)  
c) Future minimum sub-lease payments expected to be received under non-cancellable sub-lease are Rs. Nil (Previous year Rs.351,000/-)  
d) Amount of sub-lease rentals recognized to the profit and loss account is Rs.120,000/- (previous year Rs. 14,138/-)

### 11. Employee Benefits

- a) Defined Contribution Plans

Both the employees and the Company make predetermined contributions to the provident fund. Amount recognized as expense amounts to Rs.535,302 (previous year Rs. Nil)

- b) Defined Benefit Plans

	Gratuity (Rupees)	
	(Funded) 2008 - 2009	(Unfunded) 2007-2008
<b>I. Reconciliation of liability recognized in the Balance Sheet</b>		
Fair Value of plan assets as at the end of the year	97,987	-
Present Value of Obligation as at the end of the year	40,286	24,003
Net (assets) / liability in the Balance Sheet	(57,701)	24,003
<b>II. Movement in net liability recognized in the Balance Sheet</b>		
Net liability as at the beginning of the year	24,003	-
Net expense recognized in the profit and loss account	9,096	24,003
Contribution during the year	(90,800)	-
Net (assets) / liability as at the end of the year	(57,701)	24,003
<b>III. Expense Recognized in the profit and loss account (Under the head "Employees Costs" refer Schedule 13)</b>		
Current Service Cost	110,336	24,003
Interest Cost	10,747	-
Expected Return on Plan assets	(7,264)	-
Actuarial (gains) / losses	(104,723)	-
Expense charged to Profit and Loss Account	9,096	24,003
<b>IV. Return on Plan Assets</b>		
Expected return on plan assets	(7,264)	-
Actuarial (gains) / losses	77	-
Actual return on plan assets	(7,187)	-
<b>V. Reconciliation of defined benefits commitments</b>		
Commitments at beginning of the year	24,003	-
Current Service Cost	110,336	24,003
Interest Cost	10,747	-
Actuarial (gains) / losses	(104,800)	-
Benefits paid	-	-
Settlement cost	-	-
Commitments at year end	40,286	24,003
<b>VI. Reconciliation of plan assets</b>		
Fair Value of plan assets at beginning of the year	-	-
Expected return on plan assets	7,264	-
Actuarial gains/(losses)	(77)	-
Employer contribution	90,800	-
Benefits paid	-	-
Fair Value of plan assets at year end	97,987	-
<b>VII. Actuarial Assumptions</b>		
Mortality Table (LIC)	1994-96	1994-96
(Ultimate) (Ultimate)		
Discount Rate (per annum)	7.75%	8.00%
Expected Rate of return on Plan assets (per annum)	8.00%	8.00%
Rate of escalation in Salary (per annum)	5.00%	5.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

Composition of fund balance with LIC as at 31st March, 2009 is not available with the Company.

12. The accumulated losses of Rs.178,134,253/- as at 31st March, 2009 have partly eroded the net worth of the Company. The accounts of the Company have, however been prepared on a going concern basis, which is depended upon continuing availability of finance and future profitability.

13. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of schedule VI of the Companies Act, 1956 (to the extent applicable)

	For the Year 2008-2009	Previous Year 2007-2008
a) Expenditure in foreign currency Travelling and Conveyance Expenses	175,450	777,508
b) Earnings in foreign exchange: Export of Satellite and Distribution Rights (Included in Turnover)	140,020,000	10,500,000

14. Figures for the previous year have been regrouped wherever necessary to correspond with those of the current year.

### Signatures to Schedule 1 to 15

As per our attached report of even date For and on behalf of Balaji Motion Pictures Limited For DELOITTE HASKINS & SELLS Chartered Accountants

A. SIDDHARTH (Partner) Membership.No. 31467	Jeetendra Kapoor (Chairman)	Shobha Kapoor (Director)	Tusshar Kapoor (Executive Director)
	Puneet Kinra (Group CEO)	Sunil Shahani (Chief Financial Officer)	Nitesh Shrivastava (Company Secretary)
	Dhruv Kaji (Director)		

Place : Mumbai  
Date : 13th May, 2009

Place : Mumbai  
Date : 13th May, 2009

## BALANCE SHEET ABSTRACT

Information pursuant to the provisions of Part IV of the Schedule VI to the Companies Act, 1956

### I Registration Details

Registration No. U22300MH2007PLC168515  
Balance sheet date 31st March, 2009 State Code 11

### II Capital raised during the year (amount in Rs. Thousands)

Public issue NIL Rights Issue NIL  
Bonus issue NIL Private Placement 285,000

### III Position of Mobilisation and deployment of funds (amount in Rs. Thousands)

Total Liabilities 339,161 Total Assets 339,161

### Sources of funds

Paid-up capital 300,000 Reserves and Surplus NIL  
Secured Loans - Unsecured Loans 39,161

### Application of funds

Net Fixed Assets 1,805 Investments -  
Net Current Assets 159,221 Miscellaneous Expenditure -  
Accumulated Losses 178,134 Deferred tax liability (net) -

### Performance of the Company (amount in Rupees thousands)

Turnover 427,720 Total Expenditure 660,632  
Profit/(Loss) before tax (232,912) Profit/(Loss) after tax (233,106)  
Earnings Per Share (Rs.) (7.77) Interim Dividend rate 0%

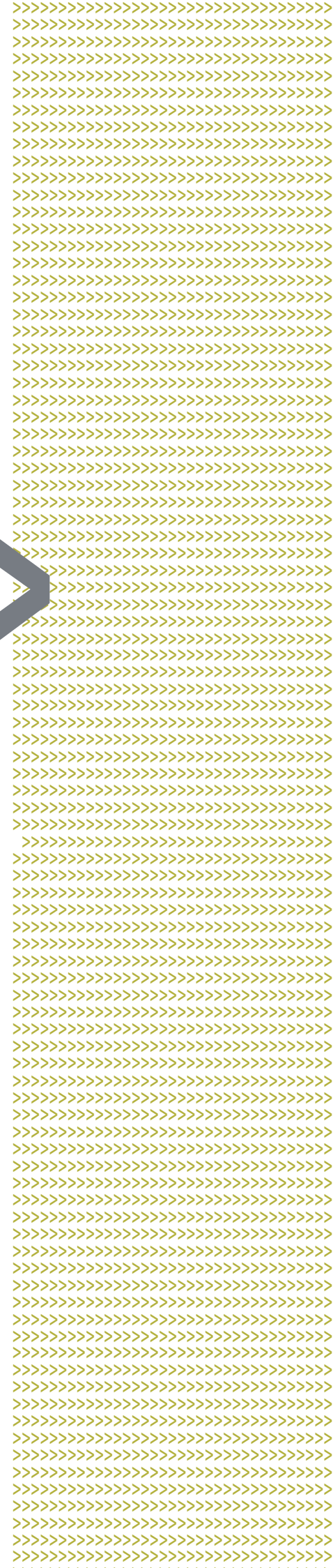
### REFER NOTE NO. 8 OF SCHEDULE 15

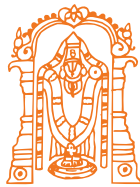
### IV Generic names of three principal products / services of the company (as per monetary terms)

Item Code No. Not applicable  
Product Description Feature Films



**AT BALAJI, WE ARE  
GEARING TO GREET  
OUR PROMISING  
FUTURE AND CHART  
GREATER HEIGHTS IN  
TIMES TO COME.**





*Balaji Telefilms Limited*

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