Balaji Telefilms Limited

Annual Report 2011-12

entertainment. entertainment. entertainment.

Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements, written and verbal, that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

CONTENTS

entertainment.
with a difference

What works for Balaji in the dynamic entertainment space?

The answer is: Differentiation works for us.

Difference in the way we think, the way we act and the way we interpret the minds of the audience. The result is creative expression that is refreshingly original and thought provoking for an engaging entertainment experience.

We like to challenge 'assumptions' and that remains our core strength. We will continue to celebrate diversity in India's Media and Entertainment (M&E) landscape, cutting across language barriers, media platforms and geographies. We have built a strong team of dedicated people with the experience and expertise to pursue our strategy and our achievement is the result of their efforts.

Entering the Exciting World of Entertainment...

Established in 1994, Balaji Telefilms Limited (Balaji) has today emerged as one of the leading entertainment houses in India. Since the commencement of our journey, our compelling and cutting-edge content has been the result of our differentiated thinking and implementation.

We have set a benchmark in television programming and were one of the first organisations to explore the prospects of Hindi General Entertainment Channels (GEC) and Regional GECs across India. We have successfully produced over 15,000 hours of television content in Hindi, Tamil, Telugu, Kannada, Malayalam and Bengali entertainment genre.

Realising opportunities in the Indian movies segment, we have forayed further into the domain of motion pictures for the production and distribution of films. Within a short period of time, we have established ourselves as a serious player in Indian movies. Further, despite being one of the youngest in the films segment, we are recognised amongst the top studios with respect to film production and distribution.

Vision

To consistently provide delightful and innovative entertainment experiences by engaging audience and nurturing talent.

Values

Storytelling

Our stories and narratives have been shared in every culture across the country to delight our audience, with our content as means of entertainment, education, cultural preservation and instilling moral values.

Passion

Our eager interest in delivering quality to our audience has driven us to go that extra mile.

Integrity

Our concept of consistency in actions, values, measures and principles has promoted the Company as highly ethical in all its dealings.

Compassion

We believe that the virtue of empathy is a cornerstone of greater social inter-connection. This has enabled us to understand and respect individuals and work together as a great unified team.

Excellence

We have always improved the standard of our performance and continue to raise the benchmark for ourselves.

The Brands

BALAJI™

The Balaji brand comprises traditional television content and high profile Hindi feature films.

ALT™ entertainment

ALT Entertainment represents a cutting-edge youth-oriented brand, engaged in content creation for a more urbane and younger generation of viewers, across the spectrum of India's television and movies.

Telling Different Stories on Television

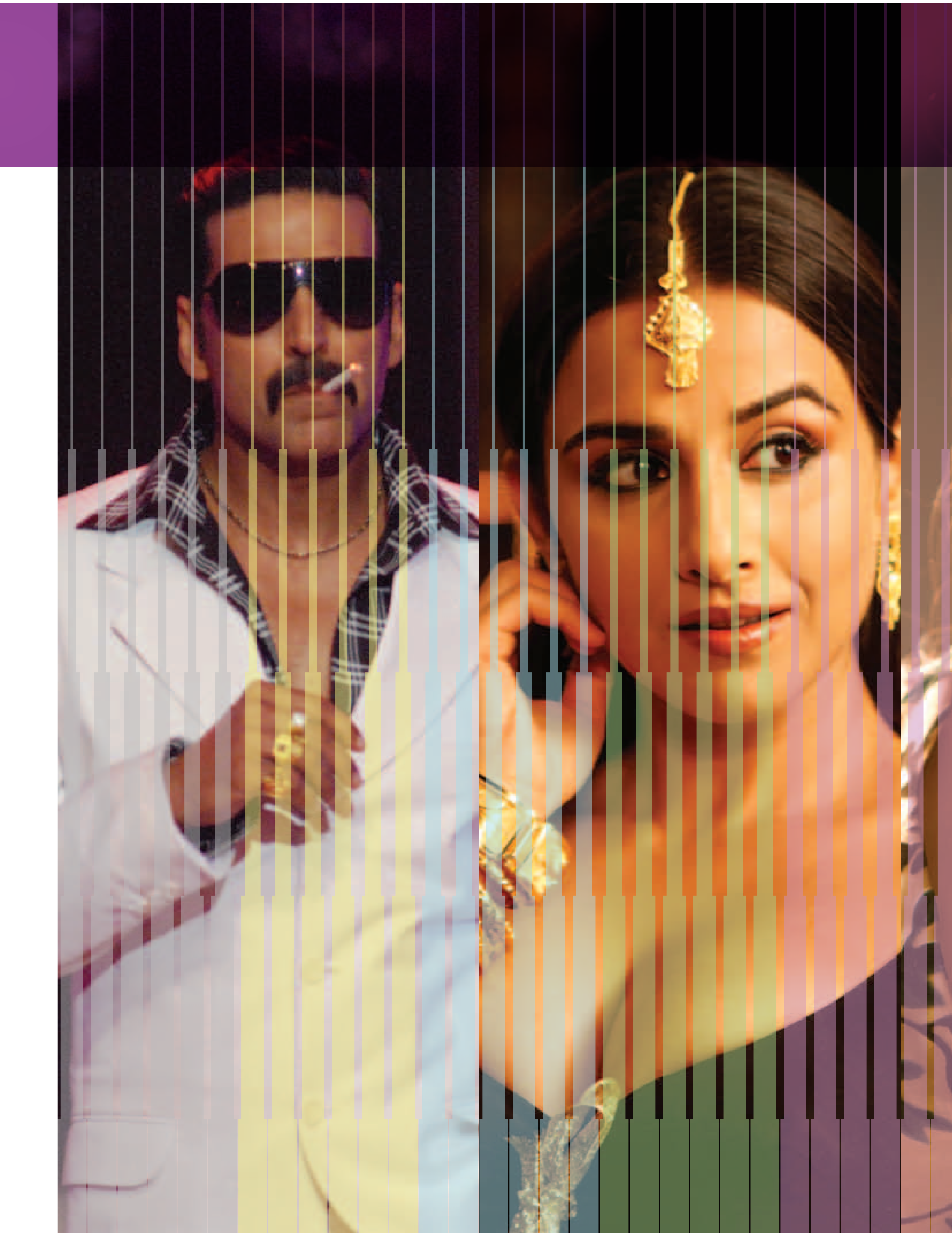
Balaji's business model saw a paradigm shift with its venture into movies. Nevertheless, the success of our movies was not achieved by compromising on the quality of our content for television. Television programming has remained a key factor for us to achieve sustained growth and viewer acceptability. Even though our movies have started contributing to our top-line, television entertainment remains the foundation of our business.

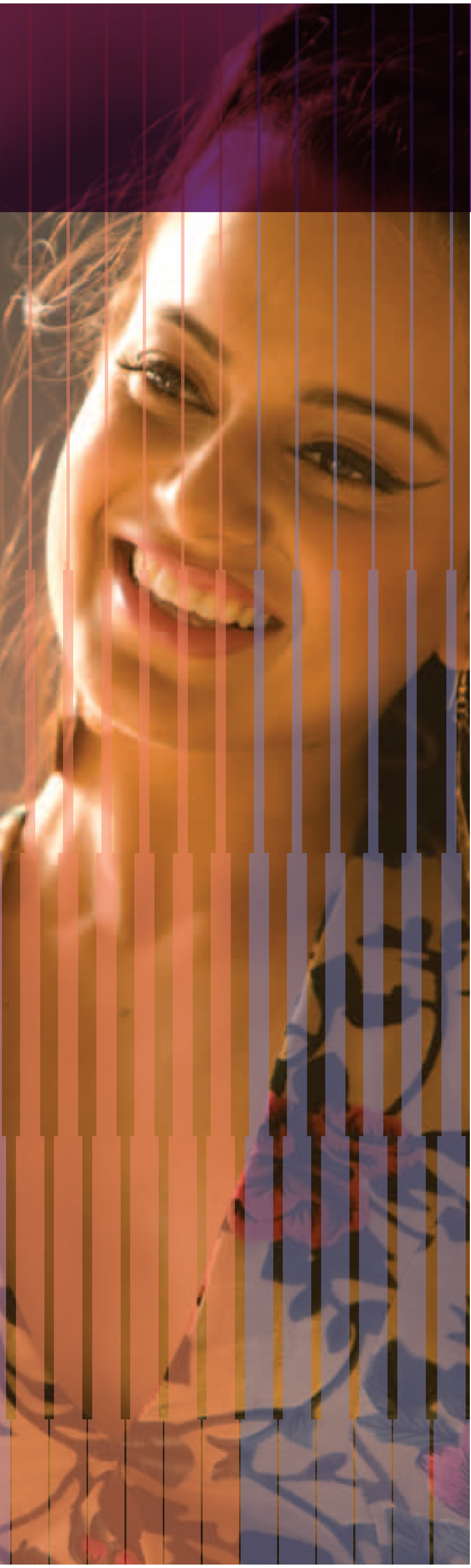
Our continuous focus on Indian television is evident from the growing popularity of our programmes, despite the economic turmoil. Engaging television audience has always been challenging, and to maintain TRP ratings, the shows must entertain viewers regularly by providing addictive content. We achieve this by leveraging our strengths in creative content by understanding the need to provide fresh concepts that help retain viewership. The new and diverse storyline of our shows appeal to the Indian population across varied age groups, income and personality types. The versatility shown in our shows like *Pavitra Rishta* (daily struggle of a middle class family life), *Bade Achche Lagte Hain* (a mature love story), *Parichay* (the fight of a common man for survival) and *Kya Hua Tera Vaada* (emotional turmoil of a young couple) continues to engage our viewers. Our new show, *Gumraah,* is another landmark in television programming. Based on juvenile crime, it is the first of its kind to be converted into a daily soap from a non-GEC channel. Television continues to remain our focus with eight to nine new shows in the pipeline. Not only did we concentrate on the creative side, but also made efforts to comply with the changing industry norms and successfully moved towards HD programming to enhance viewing experience.

Shows
on Television

Serial	Channel	Time slot	Days
COMMISSIONED SHOWS			
Hindi			
Bade Achhe Lagte Hain	Sony Entertainment TV	22.30-23.00	Mon to Thu
Parichay	Colors Viacom18	21.30-22.00	Mon to Fri
Kya Hua Tera Vaada	Sony Entertainment TV	22.00-22.30	Mon to Thu
Tere Liye*	Star Plus	22.00-22.30	Mon to Fri
Gumraah End of Innocence	[V]	19.00-20.00	Sunday
Pavitra Rishta	Zee TV	21.00-21.30	Mon to Fri
Pyaar Kii Ye Ek Kahaani*	Star One	20.30-21.00	Mon to Fri
Marathi			
Bandh Reshmache*	Star Pravah	20.30-21.00	Mon to Sat
Arundhati*	Zee Marathi	19.30-20.00	Mon to Sat
Maziya Priyala Prit Kalena*	Zee Marathi	20.00-20.30	Mon to Sat
Rang Mazaa Vegala	SAAM Marathi	20.00-20.30	Mon to Sat
Bengali			
Konya*	Zee Bangla	20.00-20.30	Mon to Sat
Bhojpuri			
Senur Mag Tikule*	Mahuaa	19.30-20.00	Mon to Thu
Punjabi			
Kinna Sohna Tenu Rab Ne Banaya*	Get Punjabi	19.30-20.00	Mon to Fri
SPONSORED SHOWS			
Produced & Marketed			
Kalyanee	Udaya TV	14.00-14.30	Mon to Fri
Kannavari Kalalu*	Gemini TV	14.00-14.30	Mon to Fri
Kasthuree	Sun TV	11.00-11.30	Mon to Fri
Kotha Bangaram*	Gemini TV	19.00 - 19.30	Mon to Fri
Yuggadi*	Udaya TV	19.00 - 19.30	Mon to Fri
Marketed			
Adagaka Ichina Manasu*	Gemini TV	22.00-22.30	Mon to Fri
Samudrum*	Gemini TV	18.00-18.30	Mon to Fri

** Shows now off-air*





Thinking Level-next Movie Ideas

Movies represent the flagship medium of entertainment amongst all entertainment platforms in India. We emerged on the Indian movie space with refreshing, bold and contemporary ideas, which have been embraced by the new-age audience.

The uniqueness of our content remains our abiding strength. Our content is completely focused on pure entertainment. On the other hand, we broke the dominance of family movies with contemporary concepts. We introduced adult comedy in Indian movies with *Kya Kool Hai Hum*. *The Dirty Picture* is one of the boldest movies in India, revolving around a female protagonist, high-lighting the rise and fall in her career as an actress. The exclusive action, drama and thrill of our movies have been able to cater to the contemporary audience, who seek niche concepts.

We continue to focus on our marketing initiatives as the commercial aspect of filmmaking is equally important. The success of our efforts is evident from the public interest and acceptance of our movies. We believe in identifying one big idea, followed by complete exploration of the market. Our marketing plan begins from the inception of the movie's production and peaks out towards its end. The recent success of *Ragini MMS* and *The Dirty Picture* highlight our innovative marketing approach.

- *Ragini MMS* introduced a completely new concept in film marketing, with teasers behind auto rickshaws. It further stirred the audience's interest by creating special ambience in public locations and theatres
- *The Dirty Picture*'s marketing initiatives began four months prior to the release of the movie with a bold campaign. A conference was organised at the Gaiety theatre to symbolise the era and to create the mood. The initiatives spanned across the regional markets, including small towns, in association with local publishers

UPCOMING MOVIES

Kya Super Kool Hai Hum

Lootera

Shootout at Wadala

Ek thi Daayan

Once Upon A Time in Mumbaai... Again

Ragini MMS 2

Milan Talkies

Delivering across Small and Big Screens

Operational Highlights

Balaji Television Shows

- Moved to High Definition content creation
- While our existing shows like *Pavitra Rishta* and *Bade Achhe Lagte Hain* continue to engross the viewers, new shows are rapidly gaining audience interest
- Launched three new programmes - *Parichay, Kya Hua Tera Vaada* and *Gumraah*

Channel-wise programming hours

(in hours)

Channel	2012	2011
COMMISSIONED		
Star TV	2	105
Star One	98	69
Star Pravah – Marathi	144	18
Sony	109	–
Colours	84	57
Zee	139	148
Zee – Marathi	104	125
Zee – Bangla	53	14
Imagine	20	228
Mahuaa TV	74	–
Get Punjabi	18	–
Total	845	764
SPONSORED		
Sun Network	425	654
Total	425	654
GRAND TOTAL	**1,270**	**1,418**

Balaji Motion Pictures

- Dominated Bollywood with *The Dirty Picture*. The movie witnessed worldwide gross box-office collection of more than ₹ 121 Crores. It broke a number of box office records, being one of the top 15 Hindi films of all times for the opening day, opening weekend and Week 1. The movie also features in the top 15 Hindi films of all times on the basis of the lifetime India NBOC and ranks 6th for 2011 in terms of worldwide gross numbers for Hindi Films

- Received overall critical acclaim for *The Dirty Picture,* including 3 National Awards - Best Actress in a Leading Role (Vidya Balan), Best Costumes and Best Make-up

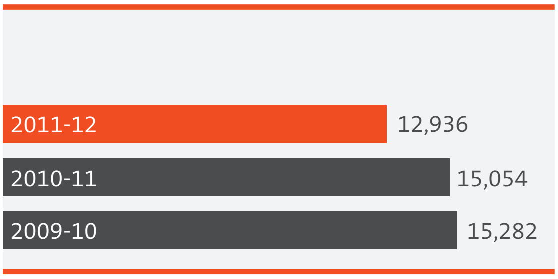
- Received overwhelming response for the home productions – *Shor in the City* and *Ragini MMS* – during the first quarter of the year

- Succeeded in launching our maiden regional Marathi project, *Taryanche Bait,* both commercially and critically. The film won the Best Marathi film and the Best Director (Marathi – Kiran Yadnopavit) Award at the Screen Awards

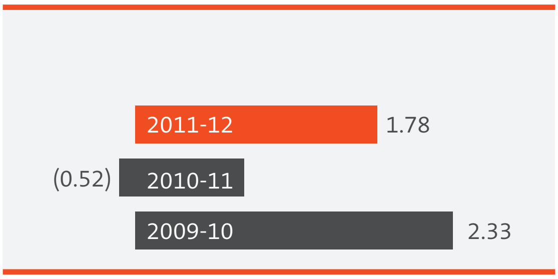
- Honoured with the Performer of the Year (Ekta Kapoor) by the Screen Awards

Financial Highlights

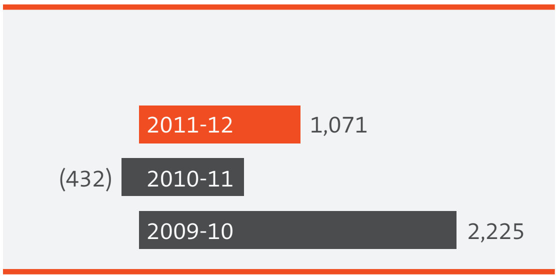
Income from Operations
(₹ in lacs)



EPS
(₹)

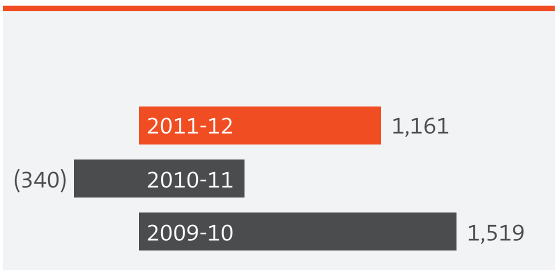


PBT
(₹ in lacs)

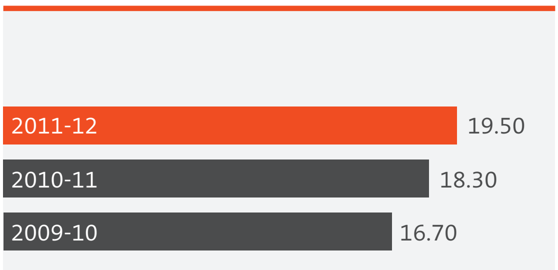


Reserves
(₹ in lacs)

PAT
(₹ in lacs)



Realisation per hour (Commissioned Show)
(₹ in lacs)



(Graphs not to scale)

Wearing Badges of Honour

NATIONAL AWARDS 2012

BEST ACTRESS
Vidya Balan for *The Dirty Picture*

BEST COSTUMES
Niharika Khan for *The Dirty Picture*

BEST MAKEUP
Vikram Gaekwad for *The Dirty Picture*

FILMFARE 2012

BEST ACTRESS POPULAR
Vidya Balan for *The Dirty Picture*

BEST COSTUME
Niharika Khan for *The Dirty Picture*

SCENE OF THE YEAR AWARD
The Dirty Picture

ZEE AWARDS 2012

BEST ACTRESS (POPULAR)
Vidya Balan for *The Dirty Picture*

BEST ACTRESS (CRITIC)
Vidya Balan for *The Dirty Picture*

BEST SONG
Ishq Sufiana of *The Dirty Picture*

BEST SINGER (FEMALE)
Shreya Ghoshal for *Saibo (Shor in the City)*

BEST CHOREOGRAPHY
Ooh La La of *The Dirty Picture*

LIFETIME ACHIEVEMENT AWARD
Jeetendra Kapoor

COLORS SCREEN AWARDS 2012

BEST FILM
The Dirty Picture

BEST ACTOR (FEMALE)
Vidya Balan for *The Dirty Picture*

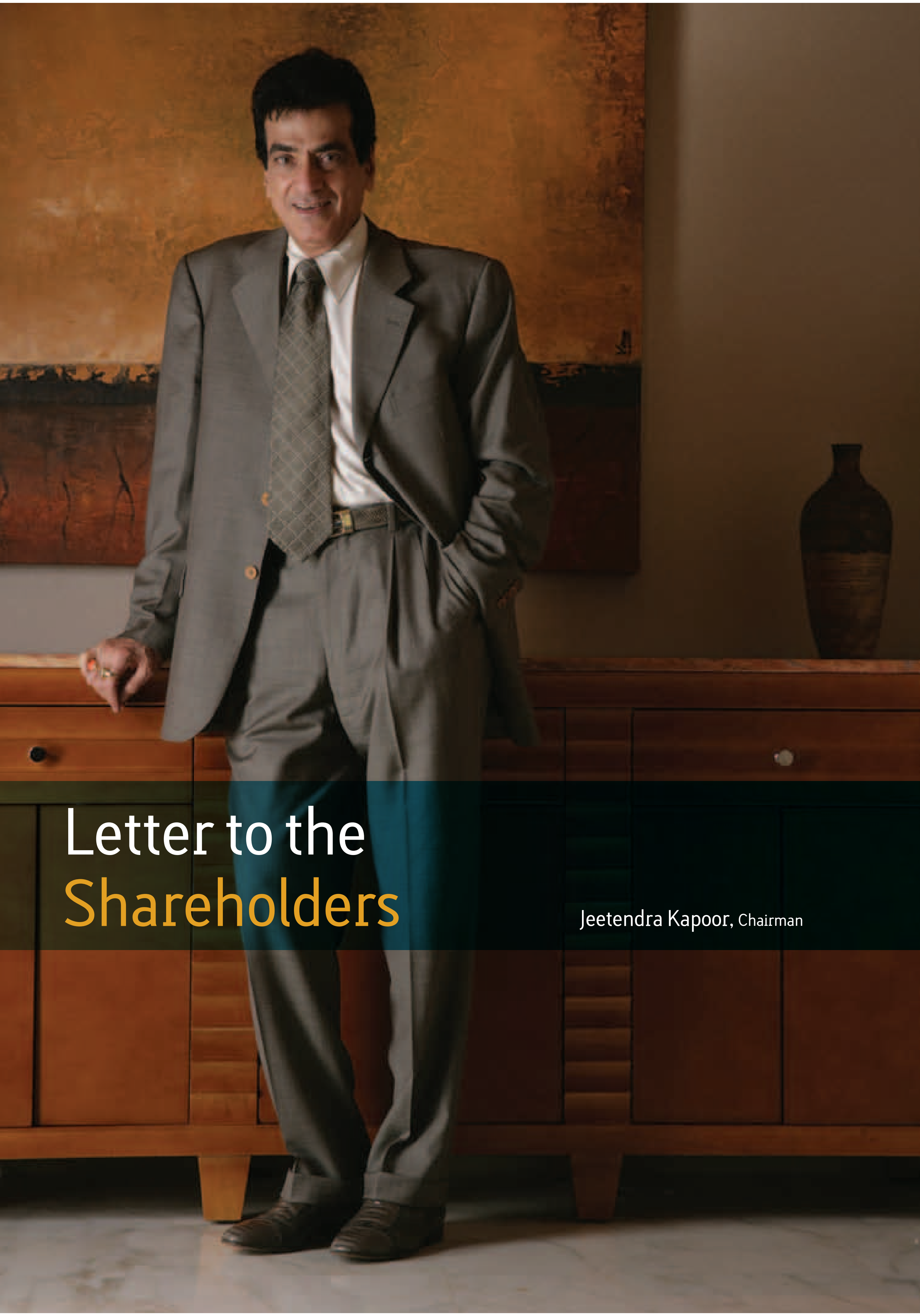
BEST ACTOR IN A COMIC ROLE (MALE/FEMALE)
Pitobash for *Shor in the City*

BEST PLAYBACK SINGER (FEMALE)
Shreya Ghoshal for *Ooh La La (The Dirty Picture)*

PERFORMER OF THE YEAR
Ekta Kapoor

BEST DIALOGUE
Rajat Arora for *The Dirty Picture*

BEST COSTUME
Niharika Khan and Moiz Kapadia for *The Dirty Picture*



Letter to the Shareholders

Jeetendra Kapoor, Chairman

Dear Shareholders,

Today, Balaji stands on the threshold of a humongous opportunity. An opportunity to leverage the transformation of the M&E industry on the strength of its innovative content creation and globally benchmarked execution strategies. India's M&E sector is evolving like never before, and so is the viewing preference of audience. The challenge is to feel the pulse of the new-age audience, go back to the drawing board, innovate aggressively and provide him/her engaging entertainment with a difference.

witnessed a change in audience preferences. We have always provided versatile content to address varied demographics.

The Indian box office registered commendable success in the last few years. Yet, considering the number of movies produced and number of tickets sold each year, the box office revenue still has remarkable growth potential as ticket prices for Indian cinema is one of the lowest in the world. To leverage the growing

We are optimistic of the journey ahead and consider challenges as a necessary part of the growth trajectory. Balaji Telefilms has overcome challenges on the strength of its passion to entertain diverse audience and an ability to foresee industry evolution.

Our creative expertise, technology focus and foresight have enabled us to remain relevant in a dynamic entertainment space, despite challenges.

The year witnessed reasonable application of the long-promised digital ecosystem. Subsequently, Indian movies have benefited from digital distribution with wide releases and revenue accretion. The television industry has grown via leveraging the rapidly evolving segment of digital cable and HD channels. Growing use of smart phones and tablets brought a seminal transformation in entertainment, with proliferation in the number of screens further impacting video consumption patterns. The regional and rural media is also on a growth trajectory, capitalising on the increased number of television households and growing consumption of Tier II and Tier III cities. Overall, India's M&E market is expanding steadily and is expected to grow at a compounded annual growth rate of 15 percent over the next five years, to reach ₹ 1.4 trillion in 2016.

At Balaji, we have anticipated upcoming industry opportunities. Our expertise and experience tell us that while watching a programme, viewers are less inclined towards social issues or controversies. We follow one simple approach to engross them: we deliver a complete entertainment package. Since the beginning of our journey, entertaining viewers has been our focal point. Leveraging our capabilities to cater to the needs of the Indian audience, we are all set to explore market opportunities. The last few years

possibilities of the Indian film industry, we have shifted dynamically from television content to movies. The roaring success of our movies testifies our strategy of refreshing ideation and professional execution. We also acknowledge the importance of talented and skilled workforce to serve the entertainment industry. We are putting our best foot forward to create a healthy and professionalised work environment and nurture the potential of our human assets.

We are optimistic about the journey ahead and consider challenges as a necessary part of the growth trajectory. Balaji has overcome challenges on the strength of its passion to entertain diverse audience and an ability to foresee industry evolution. I would like to thank all our investors, business partners, viewers and all the members of the Balaji family for supporting us during tough times and seek their participation in our journey forward.

Warm regards,

Jeetendra Kapoor
Chairman

Dear Shareholders,

At Balaji, Fiscal 2011-12 has been a year of metamorphosis. The preceding three years have been tough for Balaji with historically low realisations and declining volumes for television content production. However, this period has also been one of 'introspection' on Balaji's identity and of strategic 'action'.

Balaji took the patient and arduous route to become a film studio. It has worked through the slowdown to create a distinct identity for itself, both in television production through its eclectic content offering as well as in the film domain, wherein it has come to be recognised as a serious and credible studio.

We have accepted the hurdles in the right spirit to carve our own niche in the entertainment space. We have identified the ideal requirements and focused on them – be it innovative content, creative marketing or resource strength, which, I am proud to say, have established Balaji Telefilms as a mature, determined and responsive organisation in the dynamic M&E space.

In television production, the focus has been on providing a diverse offering across all the GECs to match up with the evolving audience tastes – the success of *Bade Acche Lagte Hain* being a case in point. Nurturing and encouraging talent to create superior content continues the show; *Gumraah* offers a testimony to this. We have slowly seen an uptick in the number of programming hours, which we expect to be consistent and growing in future. Operational efficiencies continue to provide us with opportunities and we believe that we have managed to achieve a satisfactory level of excellence. This has been possible by making the optimum and innovative utilisation of our existing sets, which continue to remain our strong USP, and by an effective management reporting system, which enables us to continuously monitor and control costs.

In film content, we have a healthy pipeline of releases. We are focusing our efforts in the current year for creating robust releases for 2013-14 and 2014-15. The success of our past films including *LSD, Once Upon a Time in Mumbaai, Ragini MMS* and *Shor in the City* as well as the resounding success of *The Dirty Picture*, has given us a platform of credibility and respect in the industry, and it is this platform, which will create a foundation for our future growth.

Not taking recourse to the 'acquisition' strategy, we have preferred to drive our growth through the difficult (but profitable) method of in-house productions, as well as through co-productions with reputed film makers on exciting scripts. These scripts we believe can achieve the tough standards of cinematic excellence and pass the litmus test of audience acceptance. On the operational side of film production, we have adopted the practice of cost control through strict monitoring and effective benchmarking. This enables us to manage costs and take informed decisions without compromising on the quality of production.

We have identified the ideal requirements and focused on them – be it innovative content, creative marketing or resource strength, which, I am proud to say, have established Balaji Telefilms as a mature, determined and responsive organisation in the dynamic M&E space.

While the results in the past year have not lived up to our expectations, given the challenging business environment, we believe we are on the threshold of a profitable change in our operations – both in the film and television domains. Our commitment to stakeholder expectations will help us emerge as a more powerful, flexible and diverse national brand.

Warm Regards,

Shobha Kapoor
Managing Director

Managing Director's Review

Shobha Kapoor, MD

Joint Managing Director's Message

Ekta Kapoor, Joint MD

Dear Friends,

The only certain reality of the Indian entertainment industry is the continuous demand for unique entertainment and the willingness of the audience to pay a premium for it. Our core strength is our ability to think different, think beyond and not be a victim of the 'trend mentality'. We have been known as trendsetters in content creation in the television and movies space.

Soon after the commencement of our journey, we helped Hindi GECs to reach the mass media through our legendary shows. Our simple yet engrossing content turned our protagonists into household names. The talent we introduced has moved on to making flourishing careers for themselves. Balaji has also considered the aspiration of today's young and new-age audience, and embraced contemporary content. Our extended reach to the Regional GECs demonstrated our ability to take on further challenges. To be successful on this front, it is important to have an emotional connect with the people and culture of the respective region.

This is a proud moment for Balaji as we are the only organisation with significant success in both films and television. In fact, our swift success in the films space came as a surprise to many, and for that, I have the passion and diligence of my team to thank.

We have emerged as a magnet to attract industry-relevant talent, and are hopeful of continuing our journey of creation. We have a plethora of projects in the pipeline, which promise to be just as engaging and entertaining as the ones you have seen. We believe that the coming years are going to be increasingly exciting, as we explore new territories and make new conquests in the dynamic world of Media and Entertainment.

Warm Regards,

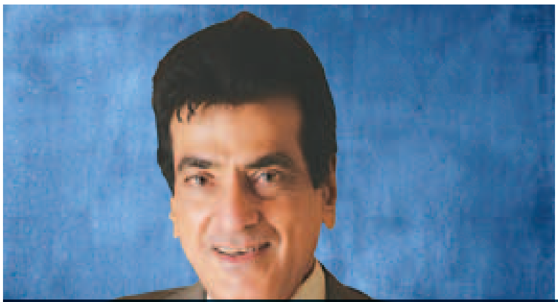
Ekta Kapoor
Joint Managing Director

The drive to innovate delivered additional success in FY 2012, a landmark year for the Company. *The Dirty Picture* emerged as the most celebrated film of the decade, and inarguably, a compelling and supremely powerful cinematic brand.

The drive to innovate delivered additional success in FY 2012, a landmark year for the Company. *The Dirty Picture* emerged as the most celebrated film of the decade, and inarguably, a compelling and supremely powerful cinematic brand. The award-winning movie broke conventional industry myths and restored the position of the female protagonist in Indian cinema. Some of our small budget movies like *Shor in the City* and *Ragini MMS* bagged incredible acclaim and re-endorsed our standing as a creator of alternative, cutting-edge content. The success of the State award winning Marathi film, *Taaryanche Bait,* further emphasised our capability to create different movies.

Balaji has become synonymous with creative and innovative marketing in order to generate widespread public interest. The pre-release marketing campaigns for our films became Case Studies for the industry to emulate, besides creating strong audience anticipation.

Board of Directors



Jeetendra Kapoor, Chairman

- One of the most popular matinee idols of Bollywood in 1970s and 1980s, with an experience of four decades
- Honoured with the Filmfare Lifetime Achievement Award, the Legends of Cinema Award and the Dadasaheb Phalke Academy Award
- Guiding Balaji since 2000
- Opened new business avenues with his extensive relationships in the Indian entertainment industry

Shobha Kapoor, Managing Director

- Managed our operations since the beginning of our journey
- Strengthened the Balaji brand from very modest beginnings to one of India's most respected brands in the Indian M&E industry
- Bestowed with multiple awards, including the Indian Telly Awards (CEO of the Year), The Economic Times award (Businesswoman of the Year) and numerous Best Producer awards for television shows produced by Balaji

Ekta Kapoor, Joint Managing Director

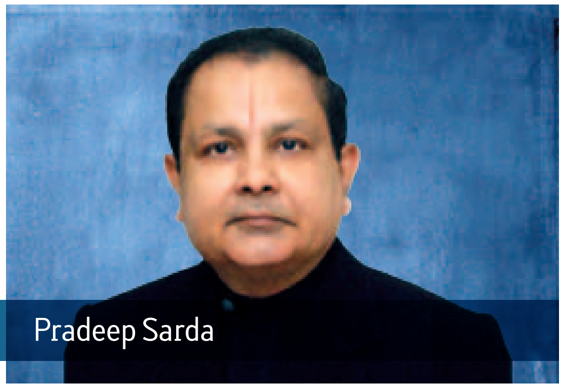
- The principal innovator, whose ideation abilities encompass television and motion pictures
- Pioneered an entire genre of television content, creating some of the most successful shows and paving the way for India's satellite television boom
- Directs each of Balaji's television shows and films
- Received The Economic Times (Business Woman of the Year 2002) award, Ernst & Young (Entrepreneur of the Year 2001) award and recognition from the American Biographical Institute (Woman of the Year 2001), among others

Tusshar Kapoor

- An accomplished Bollywood actor and an MBA from Michigan University, U.S.A
- Won prestigious awards such as the Filmfare Award and the Zee Cine Award for the Best Male Debutant for *Mujhe Kuch Kehna Hain*

Akshay Chudasama

- Widely respected for his deep insight in corporate law and a partner at J. Sagar Associates
- Specialised in Mergers and Acquisitions, Joint Ventures, Cross Border Investments and Private Equity Funds



Pradeep Sarda

- The Chairman of the Sarda Group of Companies and the Chairman of the Governing Board of the Ecole Mondiale World School
- Experienced in multiple industry verticals, including paper, engineering, construction and real estate

D. G. Rajan

- A Chartered Accountant and Fellow of the Institute of Chartered Accountants in England and Wales, and the Institute of Chartered Accountants of India
- Prior to this, he was a Partner at Lovelock & Lewes, the President of the Management Consultants Association of India, the Chairman of the Southern Region of the Indian Paint Association, the Chairman of Direct Taxation Committee of Southern India Chamber of Commerce and Industry and the Governor of The Doon School
- Currently, the Advisor and Management Consultant for many domestic and International Groups

Ashutosh Khanna

- Heads the Global Consumer Markets practice of Korn/ Ferry International's New Delhi office
- Leverages the deep relationships he has built within the marketing and advertising fraternity to work closely with clients for senior level placements in the industry

Management Discussion and Analysis Report

1. ECONOMIC REVIEW

2011-12 was a challenging year across the global economic and political spectrum: sluggish economic growth, fifth consecutive year of recession in Greece, political instability across the Middle East and North Africa, deepening European crisis and a fragile US recovery. The liquidity infusions by the European Central Bank (ECB) have considerably improved the global financial markets. Nevertheless, an acceptable solution to the euro-zone crisis is still not in sight. The emerging economies are also witnessing slowdown, largely due to the trickledown effect of the global slowdown, and domestic pressures. The World Bank has predicted a modest global GDP growth of 2.5 percent in 2012, increasing to 3 percent in 2013 and 3.3 percent in 2014

The global turbulence has predictably, impacted India's economic performance as well. The domestic economy witnessed 6.5 percent growth in FY 2011-12, the lowest in nine years. Tight monetary control measures, high inflation, increasing fuel cost, growing fiscal deficit, slow infrastructure investments, contracting exports and imports and weakening rupee further arrested growth.

However, the long-term economic prospects appear bright, compared to most countries of the world. The World Bank has marginally raised India's growth forecast for 2012-13 to 6.9 percent, from its January estimate of 6.8 percent.

(Source: World Bank)

2. GLOBAL MEDIA & ENTERTAINMENT INDUSTRY REVIEW

The Media & Entertainment industry comprises the creation, aggregation, and distribution of content, news and information, advertising, and entertainment through various media channels and platforms. The global M&E industry is highly fragmented, with North America dominating the market. Asia Pacific (APAC), Latin America, and the Middle East are anticipated to develop rapidly, with APAC expected to witness the highest growth during the next five years, i.e. 2012–2017. Internet-based entertainment is gaining importance quite rapidly. It is projected to grow in double digits, and account for 10 percent of overall global industry growth in the next six years. Concisely, the market holds significant opportunities and it is expected to reach approximately US$1,289 Billion in 2017 with a CAGR of 5 percent during 2012–2017.

(Source: Global Media and Entertainment Industry 2012–2017: Trend, Profit, and Forecast Analysis by Lucintel Research)

The growth of the industry is expected to be about 13 percent, to reach ₹ 823 Billion in 2012. Going forward, the sector is estimated to grow at a healthy CAGR of 14.9 percent to reach ₹ 1,457 Billion by 2016.

3. INDIAN MEDIA & ENTERTAINMENT INDUSTRY

The recent fiscal has been a vibrant year for the Indian Media & Entertainment (M&E) industry. The industry has progressed considerably leveraging the dynamic consumer preferences towards niche content, digital delivery platforms, evolving business models and changing regulations. The year witnessed robust growth in advertising in the first half, and rather muted in the second. The highly anticipated digital ecosystem showcased its impact in various segments. The film segment also witnessed new means of distribution via digitalisation with regards to Cable & Satellite (C&S) and music.

Backed by a strong consumption especially in Tier II and Tier III cities, continual regional media development and fast growing new media businesses, the Indian M&E industry grew to ₹ 728 Billion in 2011. The growth of the industry is expected to be about 13 percent, to reach ₹ 823 Billion in 2012. Going forward, the sector is estimated to grow at a healthy CAGR of 14.9 percent to reach ₹ 1,457 Billion by 2016.

Television remains the leading medium in the sector. Sectors such as animation, VFX, digital advertising and gaming are growing their share of the market rapidly. Advertising spends across all media witnessed 41 percent growth in 2011, compared to the previous fiscal. Advertising revenues registered a growth of 13 percent in 2011 against 17 percent observed in 2010.

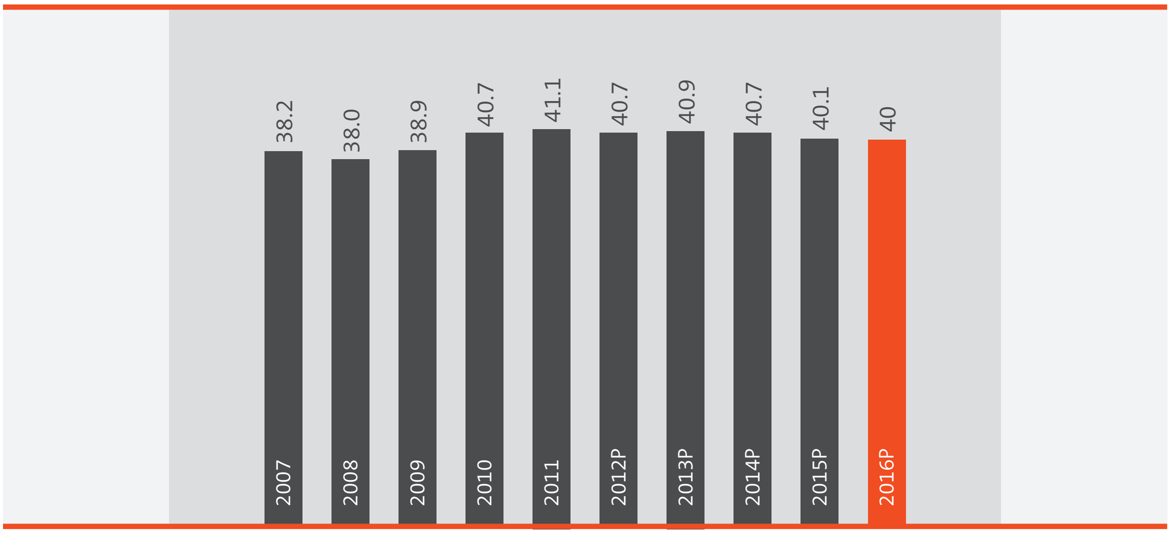
Overall Industry size (₹ Billion)

	2007	2008	2009	2010	2011	Growth in 2011 over 2010	2012P	2013P	2014P	2015P	2016P	CAGR (2011-16)
TV	211.0	241.0	257.0	297.0	329.0	10.8%	380.0	435.0	514.0	618.0	735.0	17.0%
Print	160.0	172.0	175.2	192.9	208.8	8.3%	226.0	246.8	270.0	294.9	323.4	9.0%
Film	92.7	104.4	89.3	83.3	92.9	11.5%	100.0	109.7	121.1	134.5	150.3	10.0%
Radio	7.4	8.4	8.3	10.0	11.5	15.0%	13.0	16.0	20.0	24.0	29.5	21.0%
Music	7.4	7.4	7.8	8.6	9.0	4.7%	10.0	11.3	13.1	15.4	18.2	15.0%
OOH	14.0	16.1	13.7	16.5	17.8	7.6%	19.5	21.5	23.6	26.0	29.0	10.0%
Animation and VFX	14.0	17.5	20.1	23.6	31.0	31.2%	36.3	43.0	51.1	61.0	69.0	17.0%
Gaming	4.0	7.0	8.0	10.0	13.0	30.0%	18.0	23.0	29.0	37.0	46.0	29.0%
Digital Advertising	4.0	6.0	8.0	10.0	15.4	54.0%	19.9	25.8	33.5	43.7	57.0	30.0%
TOTAL	**514.0**	**580.0**	**587.0**	**652.0**	**728.0**	**11.7%**	**823.0**	**932.0**	**1,076.0**	**1,254.0**	**1,457.0**	**14.9%**

* P - Projection

Source – FICCI-KPMG Indian Media and Entertainment Industry Report, 2012

Contribution of Advertising Revenues of Overall Industry Size (%)



* P - Projection

Source – FICCI-KPMG Indian Media and Entertainment Industry Report, 2012

3.1 Key industry trends

3.1.1 Proliferation of new age user devices

The proliferation of various entertainment platforms has made media consumption more personal than ever. Smart phones, tablets, PCs, and gaming devices are gradually influencing content creation and distribution. Multiple media including TV, films, news, radio, music etc are being impacted with this change.

3.1.2 New age consumers

With India's growing young population, there is a greater need for integration and innovation across traditional and new media platforms. The recent introduction of 3G and high bandwidth data networks have enabled consumers to subscribe to customised digital content. Digital formats have provided a platform to deliver content over mobile phones, tablets and other forms of portable computers and devices to meet the demand. The industry perceives changes in media consumption habits and increased inclinations for niche content, and has begun providing additional and greater touch points to engage with audience.

3.1.3 Emergence of regional markets

The regional entertainment industry has been on a sustained growth trajectory primarily on account of increased regional income and consumption. National advertisers are looking at leveraging these markets as prime mediums, and increase their footprint. Local advertisers are also focusing on the regional media realising the benefits of marketing their products. Film studios and funds have already showcased their interest by investing in regional cinema.

3.1.4 Continued dependency on advertising revenue

Advertising revenue is still the main stream of income for the Indian M&E industry as the ARPU for television and average ticket price for films continue to be low, owing to intense competition.

3.1.5 Growth of the Music industry

The Indian music industry achieved revenues of ₹ 9 Billion in 2011, registering 5 percent growth over 2010. The industry witnessed a 19 percent Y-o-Y decline in sales of physical music, which was compensated by significant jump of 24 percent Y-o-Y in digital music consumed. While 2010 was the year of structural shift from physical formats to digital ones, 2011 provided users viable options of music consumption through different digital platforms such as pay per download, unlimited music streaming and subscription based music services.

3.1.6 Regulatory shifts

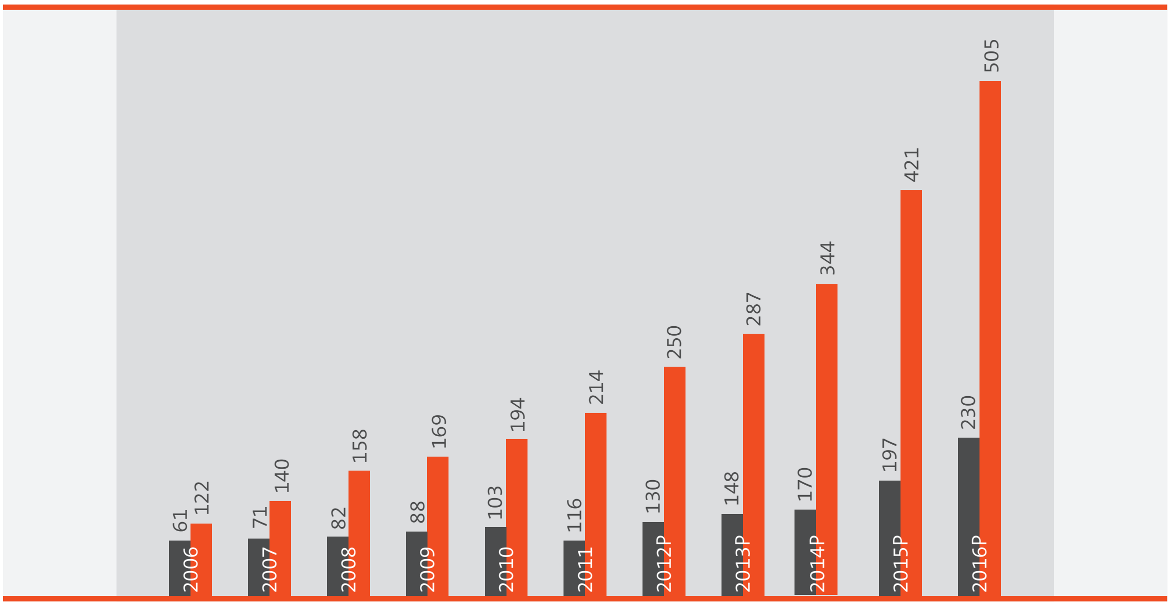
There have been significant changes in the regulatory front in the past few years. The implementation of the recently enacted regulation on digitisation for cable impacts the industry considerably. Implementation of Phase 3 and the roll out of 4G will further affect the industry.

3.2 Indian Television Industry

In terms of revenue, television remains the largest medium for media delivery, representing around 45 percent of the total industry turnover. India continues to be the third largest TV market after USA and China, with 146 Million television households. C&S penetration of television households currently stands at 80 percent of the total households, with DTH driving a significant part of the growth in the last 12 months. In the near horizon, digitisation of all analog cable subscribers will promote the penetration level of digital households. The over-all television industry size was estimated to be ₹ 329 Billion in 2011, and is expected to grow at a CAGR of 17 percent over 2011-16, reaching ₹ 735 Billion in 2016.

The share of subscription to the total industry revenue is expected to increase from 65 percent in 2011 to 69 percent in 2016. The total number of TV channels in India has gone up to 623 in 2011, and a number of channels are anticipating approvals for broadcast. The industry currently witnesses a robust demand for satellite bandwidth with the introduction of HD channels, DTH expansion and new channel launches. This leads to delivering customised content based on a consumer's spending capability in the near future.

TV industry size (₹ in Billion)



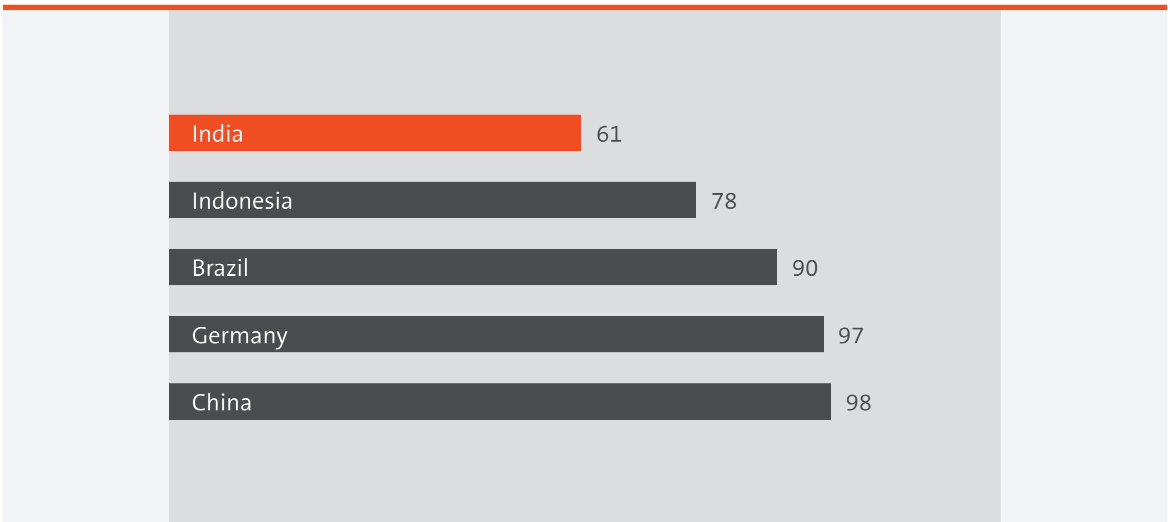
Source – FICCI-KPMG Indian Media and Entertainment Industry Report, 2012

3.2.1 Growth drivers

3.2.1.1 Low television penetration

Compared to other developing countries television penetration is still low in India. Indian TV households were estimated to be around 146 Million in 2011, indicating a TV penetration of approximately 60 percent. The statistics indicate huge growth opportunity. TV penetration in 2016 is estimated to rise by almost 70 percent.

TV penetration in select countries in 2011 (%)



Source – FICCI-KPMG Indian Media and Entertainment Industry Report, 2012

3.2.1.2 Increased television sales

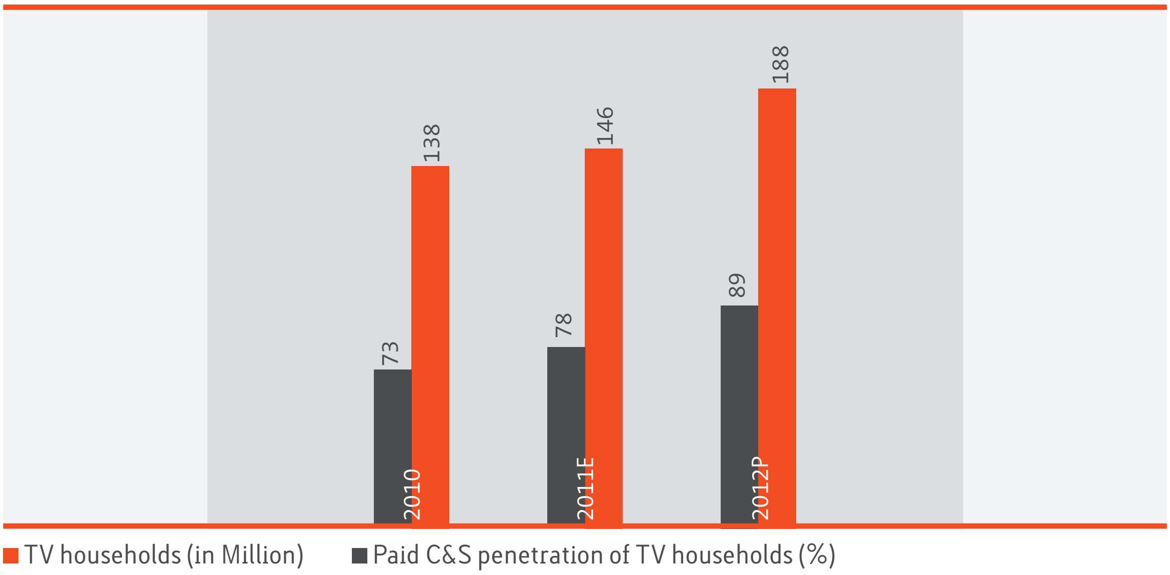
Sales of new TV sets have been on a rise in India. It was estimated to be approximately 17 Million in 2011. Since 2005, India has added 12-16 Million TV sets every year. Owing to rising Indian middle class, growing per capita income and newer television sets with superior technologies, the trend is expected to continue.

3.2.1.3 Increased C&S penetration

During 2011, the number of C&S households has grown by 11 Million to reach 119 Million in India. Of the total TV households, C&S penetration has increased to 81 percent in 2011 from 78 percent in 2010. In the coming years, demand for C&S is expected to be driven by consumer demand for content beyond free to air channels, combined with the relatively low ARPUs in India.

By 2016, the number of C&S households is estimated to reach approximately 176 Million of which paid C&S households is estimated to be 168 Million households, representing a 89 percent of total TV households.

Growth in number of C&S households

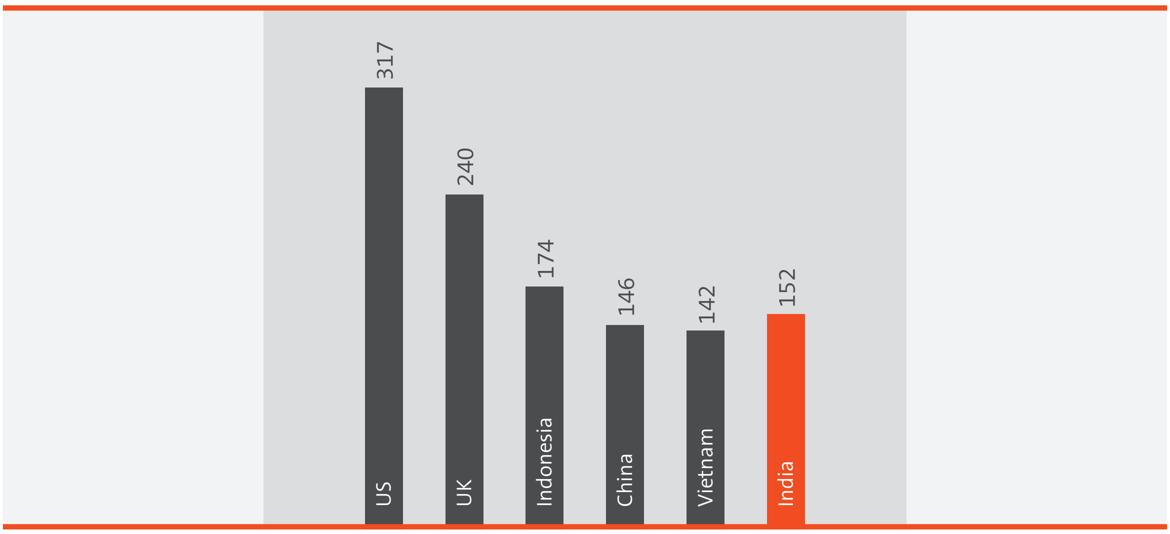


* P - Projection
* E - Estimate
Source – FICCI-KPMG Indian Media and Entertainment Industry Report, 2012

3.2.1.4 Increased TV viewing time

Compared to the developed nations average television viewing time continues to be low in India. Nevertheless, the average television viewing is expected to increase due to various innovations in the sector.

Average TV viewing time in 2011 (Minutes per day)



Source –FICCI-KPMG Indian Media and Entertainment Industry Report, 2012

3.2.1.5 Untapped market in advertising

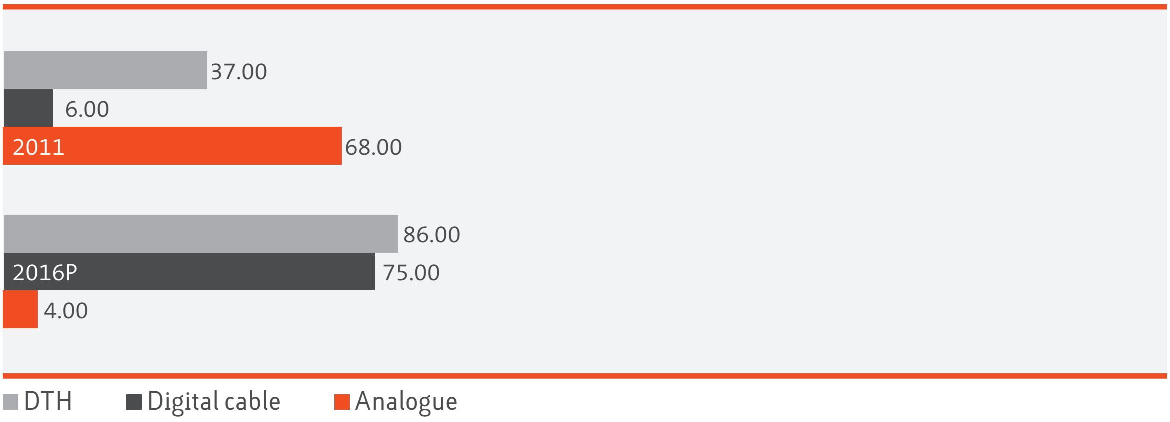
Currently in India, a large number of advertisers are still using only the print platform. However newer and more effective mediums are gaining prominence. As the industry depends primarily on advertisement revenues, emergence of newer platforms provides ample growth prospects.

3.2.1.6 Digitisation opportunities

The Indian cable television industry is transforming to the Digital Addressable System (DAS) for television distribution. Under DAS regime, cable operators would be legally bound to transmit only digital signals. Subscribed channels can be received at the customer's premises only through a set-top-box equipped with a conditional access card, and a Subscriber Management System (SMS). In a nut-shell, each user in the network would be uniquely identifiable to the service provider.

The consumer on account of digital television is expected to gain access to a higher number of TV channels along with customised tariffs, availability of broadband and other value-added-services leading to an enhanced user experience through better viewing quality and consumer service.

Number of digital households in India (in Million)



Source –FICCI-KPMG Indian Media and Entertainment Industry Report, 2012

3.3 Indian Film Industry

The resurgence of Hindi movies with mass connect backed by improved content quality has benefitted occupancy rates in 2011, which in turn increased domestic box-office collections. The estimated market size of the Indian film industry stood at around ₹ 93 Billion in 2011, registering a growth of 11.5 percent as compared to 2010. Competitive bidding by broadcasters for large budget films resulted in 26 percent growth of Cable and Satellite rights. Ancillary revenues (such as licensing and merchandising, in-cinema advertising and pay per view) which are yet less significant with respect to size and scale, have also displayed strong growth in 2011. The Home video segment was the only exception to the growth trend with most filmmakers ceasing to consider this as a major line-item in their revenue estimations.

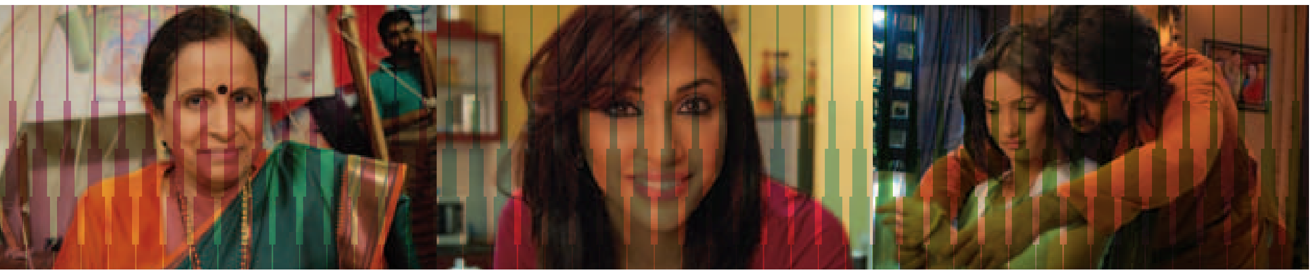
With several upcoming high budget Hindi releases, year 2012 is expected to sustain the growth momentum witnessed in 2011. The Indian film industry is projected to grow at a CAGR of 10.1 percent to touch ₹150 Billion in 2016. The dominance of domestic theatrical revenues in the film industry is expected to sustain. The market share of C&S rights and overseas theatricals revenues are also increasing as strong marketing initiatives for films in the International market may further accelerate the growth of theatrical revenues overseas.

Size of the Indian film industry (₹ Billion)

Film Industry	2007	2008	2009	2010	2011	CAGR (2007-11)	2012P	2013P	2014P	2015P	2016P	CAGR (2011-16)
Domestic Theatrical	71.5	80.2	68.5	62.0	68.8	-1.0%	73.5	80.2	88.0	97.2	108.0	9.4%
Overseas Theatrical	8.7	9.8	6.8	6.6	6.9	-5.5%	7.5	8.3	9.2	10.2	11.5	10.5%
Home Video	3.3	3.8	4.3	2.3	2.0	-12.0%	1.7	1.4	1.2	1.0	0.9	-15.0%
Cable & Satellite Rights	6.2	7.1	6.3	8.3	10.5	14.0%	12.0	13.7	15.6	17.8	20.3	14.2%
Ancillary Revenue Streams	2.9	3.5	3.5	4.1	4.7	12.3%	5.4	6.2	7.2	8.3	9.6	15.4%
TOTAL INDUSTRY SIZE	**92.7**	**104.4**	**89.3**	**83.3**	**92.9**	**0.1%**	**100.0**	**109.7**	**121.1**	**134.5**	**150.3**	**10.1%**

* P - Projection

Source – FICCI-KPMG Indian Media and Entertainment Industry Report, 2012

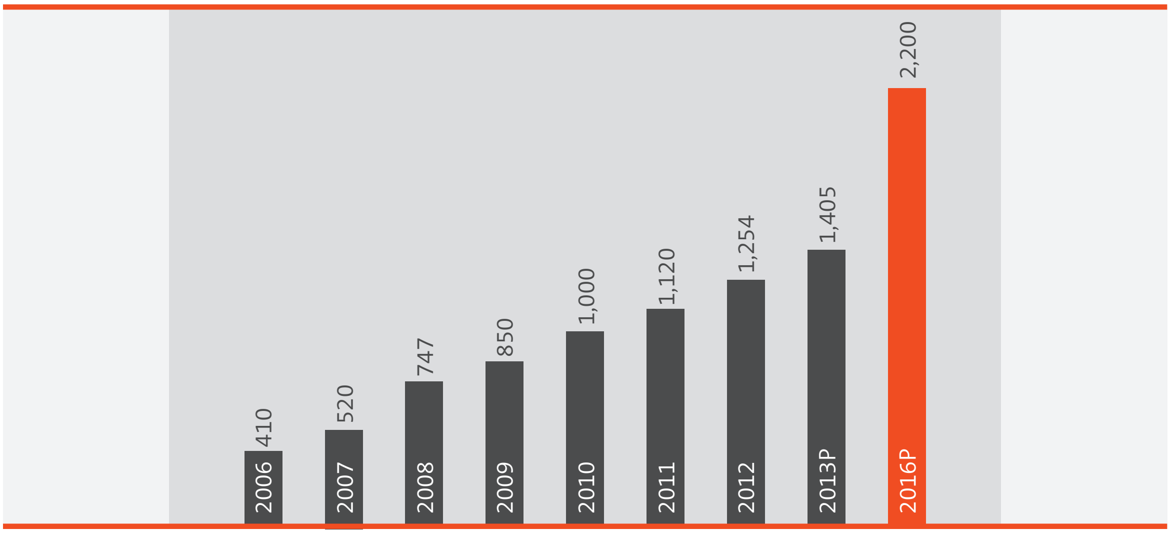


3.3.1 Distribution landscape

Larger film budgets supported by aggressive marketing campaigns and promotional tactics are gaining importance. With growing importance of local presence, there are larger opportunities for producers to unlock the complete potential of a given geography.

In 2011, commercial success ratio of films remains roughly 15 percent to 17 percent. While small budget films continue to struggle for screen space, the number of domestic and international screens for big budget films has more than doubled. Medium budget films have also observed steady growth with regards to domestic screens. The industry expects this number to increase further.

No. of Multiplexes in India



* P - Projection

3.3.2 Growth drivers

3.3.2.1 Growing multiplexes

The growth of multiplex chains continued through 2011. Despite representing less than 15 percent of the total screens in India, multiplex screens in 2011 accounted for a third of the total box office collections. Despite the overall surge in multiplexes across Tier I cities, urban centers are still away from saturation. Moreover, the growing number of multiplexes in Tier I and Tier II cities will further enhance growth. The industry is expected to double the multiplex screens over the next few years to over 2,200 screens in 2016 indicating a CAGR of 20.28 percent.

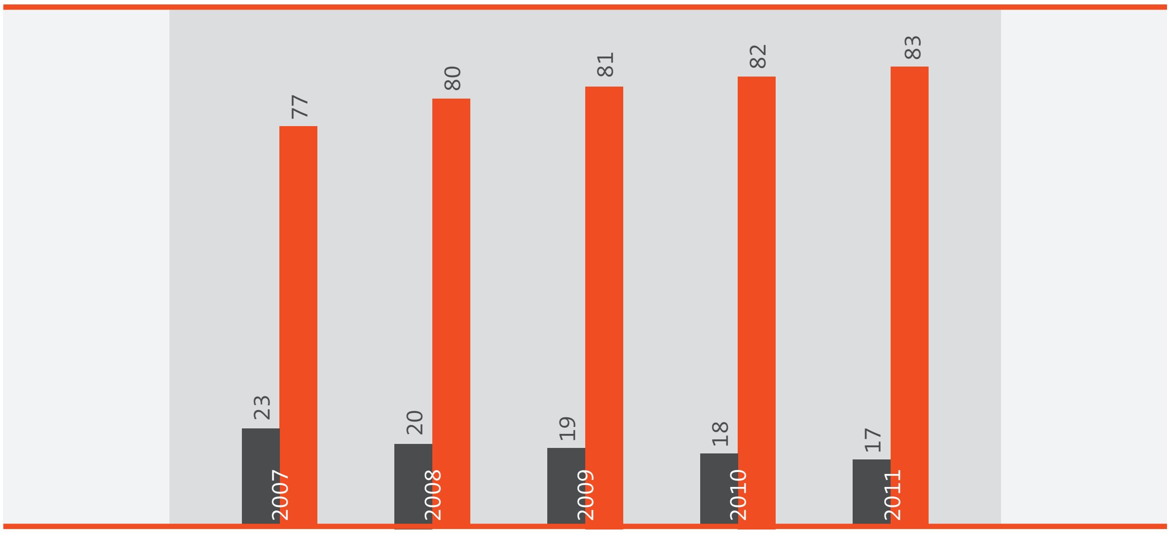
3.3.2.2 Upsurge in film advertising

In past few years, there is a marked improvement in transparency of ticket sales in India. This can be mainly attributed to the superior processes and systems introduced by multiplex chains and the digitisation of theaters and prints. These, in turn, have increased the adoption of cinema advertising in India. The cinema advertising market has grown at a robust 18 percent in 2011 to reach ₹ 140 Crores. Advertising revenue is expected to contribute to 30 percent of total digital cinema revenue this year as compared to 24 percent in the last financial year. Cinema advertising is projected to account approximately 40 percent of revenue for digital cinema providers in the coming years.

3.3.2.3 New opportunities in regional cinema

Regional film industry has come a long way since the past few years. Besides the incremental growth of South Indian cinema, the industry has witnessed growth in Marathi, Bengali and Punjabi cinema. Multiplexes have started experimenting with regional movies in the last few years. Regional movies are also exploring opportunities in the International market. Though the growth of regional films is not uniform across all the languages, there are encouraging signs of growth in the near future.

Certified films by language (%)



Source –FICCI-KPMG Indian Media and Entertainment Industry Report, 2012

3.4 Opportunities of Indian M&E Industry

3.4.1 The HD growth curve

Broadcasters and DTH players have expanded their HD offerings this year due to a rising demand for high end LCD and Plasma TV which are estimated to grow at a healthy CAGR of 22 percent over 2011 to 2015. With rising incomes and changing demography's consumers are looking for a better television viewing experience and are willing to pay a premium to subscribe to HD channels. It is estimated that approximately 7 to 8 percent of new DTH subscribers are opting for HD packages and the trend has gone beyond specific events like sports and movies for HD channels amongst consumers. There are approximately 30 channels available in HD today in GEC, Infotainment and lifestyle apart from movies and sports genres. Growing subscription for HD channels could lead to increase in ARPUs providing a subscription revenue boost to distributors and broadcasters.

3.4.2 Early monetisation

With increased piracy, reduced theatre to TV window and limited screen space at multiplexes, producers are focusing to monetise on a film as early as possible. It works for the distributors as well, since the increased total outlays lead to an urgent need to recover and rotate cash flows. Until a few years ago, 1000+ prints were considered adequate for large budget films. However, in the recent times, the number of domestic prints for large budget films has tripled to 3000+. Industry sources believe that this number will continue to rise, further enhancing the growth opportunities of the film industry.

3.4.3 Growing pre-release cost recovery

Subject to the genre and star-cast of the film, studios are able to recover anywhere between 40-80 percent of their production costs before the film is released. Rights for cable and satellite, music, home video and select merchandising are sold prior to release of the film in theatres. In select cases, even overseas rights are sold upfront. Reduced dependence on box office collections to recover the cost has mitigated the risk associated with the business for production houses and provides an upfront return much before the actual release date which is comforting for production houses.

3.4.4 Rising overseas contribution

While the US, UK and Middle East continue to account for the bulk of overseas revenues, studios continue to explore newer markets like South Korea, Western Europe, Taiwan and Africa for Hindi films which are witnessing rising Indian populations. The contribution of overseas revenue from the total films' revenue is expected to rise to 40 percent from its current levels of 10-15 percent. Growth will be driven by marketing campaign, increased penetration in existing areas apart from newer markets.

Broadcasters and DTH players have expanded their HD offerings this year due to a rising demand for high end LCD and Plasma TV which are estimated to grow at a healthy CAGR of 22 percent over 2011 to 2015.

3.5 Challenges of the Indian M&E industry

3.5. 1 Slowdown of advertising revenues

A slowdown in the global and domestic economy during 2011 has considerably impacted the television broadcasting industry leading to pressure on advertising rates. It resulted in a lower than expected advertising revenues, especially during the second half of the year. The total TV advertising market has increased around 12 percent in 2011, lower than 15 percent of the previous fiscal.

3.5.2 Cannibalisation

Cricket World Cup and IPL (to a lesser extent) almost blacked out a wide four month period from February to May in 2011. Events like these capture the consumers' attention and result in fewer weekends available for film releases. Consequently, only about 40 weekends were available for film releases in 2011 which led to 7-10 films aggressively struggling for screen space.

3.5.3 Unfavorable tax regime

India is a severely under-screened market (12 compared to 31, 81 and 131 in China, Europe and USA respectively). Attempts have been made to improve the situation, however the process is capital and time intensive. Further, the returns on investment cycles are affected by higher real estate prices and stagnant occupancy rates. Also the average ticket prices (ATP) are still beyond the purchasing power of common man coupled with tax multiplicity; increased service tax of 12.6 percent which further affects the scenario.

3.5.4 Lack of quality shooting infrastructure

Despite being a huge film-producing nation, there are only four major film cities in the country (Mumbai, Hyderabad, Noida and Chennai). It results in reduced option available for shooting. Each of the cities faces pressure due to a rapid growth in broadcast and advertising requirements. On a daily basis, there is a demand-supply gap of 10,059 studio floors in Mumbai alone which has the potential for absorbing additional floor space. However, high real estate price has made this option increasingly unviable.

4. COMPANY OVERVIEW

Incorporated in 1994 in Mumbai, Balaji Telefilms Limited is a leading media company of India, engaged in the production of content for the television industry, including television serials, commissioned programmes, and sponsored programmes in Hindi, Tamil, Telugu, Kannada, and Malayalam languages. The Company is also involved in the production and distribution of Hindi feature films.

4.1 Performance overview

- Income from operations stood at ₹ 12,936 Lacs in 2011
- Profit After Tax grown to ₹ 1,071 Lacs in 2011, as compared to the loss of ₹ 340 Lacs in previous fiscal
- The Subsidiary of the Company, Balaji Motion Pictures Limited witnessed a turnover of ₹ 5,845 Lacs, owing to the excellent performance of movies, such as *Ragini MMS, Shor in the City* and *The Dirty Picture.* The turnover registered 40 percent growth, compared to ₹ 4,170 Lacs in 2010.
- Profit After Tax of the subsidiary has increased by 281 percent, reaching ₹ 883 Lacs in 2011 from ₹ 232 Lacs in 2010

4.2 Key concerns

- Growing competition amongst channels – which demands speedy and unique performance
- Shortened show life
- Piracy
- Raising labour and talent cost
- Ambiguous Tax and Regulatory environment

Profit After Tax grown to ₹ 1,071 Lacs in 2011, as compared to the loss of ₹ 340 Lacs in previous fiscal

4.3 Risk management

Risk	Mitigation
Increased competition affecting the bargaining power of the Company with channels.	Over the years, Balaji has established itself as one of the leaders in Hindi GECs and enjoys strong brand recognition with considerable premium. The creative output of the Company ensures a larger show life and automates premium valuation.
Uncertainties in Government policies	The Company thoroughly keeps track of the changing regulations to comply with all the statutory requirements.
Dependence on single channel and specific region may affect the profitability of the Company.	Balaji has a diversified business portfolio including movies, mobile and internet market, apart from the television content. Moreover, it has a strong presence across 5 Hindi GECs and it is diversifying its presence in the regional markets.
Shift in the entertainment preference of the audience may have detrimental effect on the bottom-line.	The talent pool of the Company is creating original concept and contents for television and films to match with changing customer preferences.
Retention of the talent pool is one of the major concerns of the Company.	The brand name of Balaji has always managed to attract and retain superior talent from the industry.

4.4 Future outlook

Over the years, Balaji Telefilms has emerged as one of the key players in Indian M&E industry. To capitalise the future growth opportunities in television and film market, the Company is strategically positioning itself in the market. With increasing demand of creative and niche content in television and movies, there is higher focus on creating original and diverse show content to retain the leadership position. The Company already has a strong presence in Hindi GECs. Further, it is also expanding network on the regional GECs to leverage on the increasing opportunities in regional markets. After huge success of the movie segment in the previous fiscal, the Company continues developing and nurturing talent to generate superior script and film content. Moreover, it has also focused on increasing the distribution capabilities and marketing of the films. All inclusive, the Company is poised to retain its growth and it will further leverage the tremendous opportunities of the M & E industry.

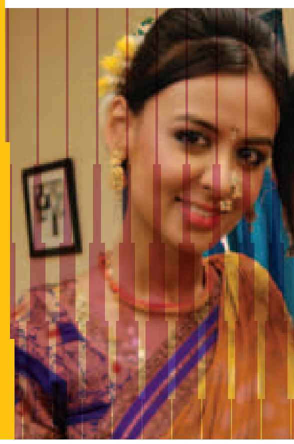
4.5 Internal control system

The Company understands the necessity of a well-defined organisational structure ad strong internal growth. The organisational structure ensures maximum utilisation of resources and safeguards the same from misuse; whereas the Audit Committee ensures statutory and regulatory control and transparency of all financial disclosures. It also has an internal audit team and an independent commercial team, which monitor and enhance operational efficiencies of the Company. All the internal reports are reviewed by the audit Committee and the Board on regular intervals and whenever required, the policies are amended to ensure optimum effectiveness of the Company.

Cautionary statement

Statements in the Management Discussion and Analysis and the annual report describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations in India and other countries. Actual results could defer materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting the domestic market, in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors and unforeseen circumstances.

**Source of information: FICCI-KPMG Indian Media and Entertainment Industry Report, 2012*



Directors' Report

Your Directors take pleasure in presenting the Eighteenth Annual Report together with the audited statement of accounts of the Company for the year ended March 31, 2012.

FINANCIAL RESULTS

(₹ in Lacs)

	2011-12	2010-11
INCOME FROM OPERATIONS	12,935.60	15,053.87
Total expenditure	13,645.25	15,283.41
Operating profit /(loss)	(709.65)	(229.54)
Interest	-	-
Depreciation	710.84	1,070.30
Operating profit /(loss)after interest and depreciation	(1,420.49)	(1,299.84)
Other income	2,648.95	1,546.76
Profit before tax	1,228.46	139.95
Provision for taxation	(90.44)	(95.52)
Net profit before tax before discontinuing operations	1,318.87	342.44
Loss from Discontinuing Operations	(157.88)	684.10
Tax expenses from Discontinuing Operations		1.28
Net profit after tax before discontinuing operations	1,160.99	(340.38)
Balance brought forward from previous year	18,935.07	19,427.53
APPROPRIATIONS		
Disposable profits	20,096.06	19,087.15
Proposed dividend	130.42	130.42
Corporate dividend tax	21.16	21.66
Transfer to general reserve	116.10	-
Balance carried to Balance Sheet	19,828.38	18,935.07

The year ended on a crescendo with the runaway success of *The Dirty Picture*, unarguably, the most acclaimed, celebrated and discussed film of Indian cinema.

RESULTS OF OPERATIONS

For the year ended March 31, 2012, the Company earned total revenue of ₹ 12,935.60 Lacs, a decrease of 14.07% over the previous year's ₹ 15,053.87 Lacs. As per the consolidated accounts, the total revenues have decreased by 2.30% from ₹ 19,222.37 Lacs to ₹ 18,779.90 Lacs in the year under review. The Company incurred net profit of ₹ 1,160.99 Lacs during the year under review as compared to a net loss of ₹ 340.38 Lacs in the previous year.

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

APPROPRIATIONS

Dividend

In accordance with the provisions of Companies (Declaration of Dividend out of Reserves) Rules, 1975, the Directors recommend a final dividend of ₹ 0.20 per share (10 percent on a par value of ₹ 2 per share) for the approval of the members. The final dividend, if declared as above, would involve an outflow of ₹ 130.42 Lacs towards the dividend (previous year ₹ 130.42 Lacs) and ₹ 21.16 Lacs towards dividend tax (previous year ₹ 21.66 Lacs), resulting in a total outflow of ₹ 151.58 Lacs.

Transfer To Reserves

We propose to transfer ₹ 116.10 Lacs to the general reserve out of the amount available for appropriations. An amount of ₹ 893.31 Lacs is proposed to be retained in the profit and loss account.

Subsidiary

The Company has one wholly owned subsidiary i.e. Balaji Motion Pictures Limited (BMPL), incorporated in March 2007, venturing into the filmed entertainment business.

Within three years of its formal existence, BMPL firmly established its place among the top 5 Indian motion picture studios. The youngest and fastest growing entity in the business today, BMPL has become synonymous with commercial cutting edge cinematic content supported by intensive and innovative marketing.

The studio has a number of award-winning and acclaimed box office blockbusters to its credit. *Once Upon A Time in Mumbaai* and *Love Sex aur Dhokha* set the ball rolling in 2010. With four releases, 2011 saw the rapid emergence of Alt Entertainment, BMPL's alternate brand, which stands for new-age cinema with alternate sensibilities. *Shor in the City,* an urban drama, emerged as the most acclaimed film of the year, while *Ragini MMS,* a paranormal thriller made on a shoe-string budget, became the biggest hit. Alt's foray into regional cinema with its maiden State Award-winning Marathi co-production, *Taryanche Bait,* was received with an overwhelming response and set new box office precedents. The year ended on a crescendo with the runaway success of *The Dirty Picture,* unarguably, the most acclaimed, celebrated and discussed film of Indian cinema.

Continuing its exponential growth curve, BMPL is expected to release three major productions in 2012-2013 and five in 2013-2014.

The Company's Board has approved an investment upto ₹ 150 Crores in form of interest free temporary loan/ advances to BMPL. BMPL achieved a turnover of ₹ 5,845.50 Lacs as against ₹ 4,169.70 Lacs during the previous fiscal. In the current financial year, BMPL has reported profit of ₹ 882.79 Lacs, as against ₹ 232.35 Lacs for the previous fiscal.

DIRECTORS

Mr. Jeetendra Kapoor and Mr. D. G. Rajan retire by rotation at the ensuing Annual General Meeting. Mr. Jeetendra Kapoor and Mr. D. G. Rajan 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.

MANAGEMENT

On sale of the Education and Mobile business divisions, their respective Chief Executive Officers, Mr. Anurag Gupta and Mr. Punyasholk Bhakta have moved on with the divisions. Mr. Manuj Agarwal resigned from his position of Chief Executive Officer – Television.

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 2012–13, their appointment will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

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 2011-12.

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.	Full Name	Current Designation & Nature of Duties	Gross Remuneration (₹)	Qualification	Date of Joining	Experience Years	Age Years	Previous Employment
1	Anurag Gupta*	Chief Executive Officer - Education Business	76,27,152	PGDBM IMT Gaziabad	25-Feb-10	20 Years	43	Chief Executive Officer, Frankfinn Institute of Air- Hostess Training
2	Ekta Kapoor	Joint Managing Director	1,32,30,600	-	10-Nov-94	17 Years	37	N/A

Sr. No.	Full Name	Current Designation & Nature of Duties	Gross Remuneration (₹)	Qualification	Date of Joining	Experience Years	Age Years	Previous Employment
3	Ketan Gupta	Chief Operating Officer - Special Projects	60,00,000	B.Com	1-Feb-2012	15 Years	34	Head - Production & Operations, Fox - Television Studio India Pvt Ltd
4	Manuj Agarwal	Chief Executive Officer - Television	95,67,379	PGDM - Marketing	16-Jul-2011	14 Years	37	Chief Operating Officer, Percept Ltd
5	Puneet Kinra	Group Chief Executive Officer	2,50,00,008	MBA in Strategy & Finance	15-Oct-08	18 Years	40	Associate Director, PricewaterhouseCoopers Pvt. Ltd.
6	Shobha Kapoor	Managing Director	1,10,12,400	-	10-Nov-94	17 Years	63	N/A
7	Srinivasa Shenoy	Chief Financial Officer	63,00,000	PG in Finance & Marketing, CA	16-Feb-09	12 Years	36	Senior Vice President Entertainment Network (India) Ltd
8	Punyashlok Bhakta*	Chief Executive Officer - New Media	51,91,975	B.Sc., M.M.S	4-Apr-2011	13 Years	36	Business Head (Consumer Business) & Head of Marketing Hungama Digital Media Entertainment Pvt. Ltd.

Note:

1. The gross remuneration shown above comprises of salary, commission, allowances, Company's contribution to provident fund, gratuity fund, medical insurance and monetary value of the perquisites as per income tax rules.
2. The nature of employment in all cases is contractual. Services of Ms. Shobha Kapoor and Ms. Ekta Kapoor are terminable by twelve months' notice respectively. Services of all other employees mentioned above are terminable by either party, by giving three month's notice.
3. None of the 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.
4. As on March 31, 2012, Ms. Shobha Kapoor held 1,00,37,500 shares constituting 15.39% and Ms. Ekta Kapoor held 1,05,00,488 shares constituting 16.10% of the issued and paid up share capital in the Company, respectively.
5. * Indicates employed for part of the year.

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 subsidiary of the Company and the statement under section 212 of the holding company's interest in the subsidiary. 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 of the Company.

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 computers, laptops, air conditioners etc. that meet environmental standards, wherever possible, and regularly upgrade 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 regularly conduct a survey of our existing infrastructure and assess the need to adopt newer energy efficient technologies.

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

Energy costs comprise a miniscule part of our total expenditure and 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 initiative mainly consists of ideation of new subjects for our content production business, 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 to deliver superior production value, as a regular process.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no foreign exchange earnings and the foreign exchange outgo is ₹ 102.89 Lacs, as given in Point 23.8 in notes forming part 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.

ACKNOWLEDGEMENTS

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,

May 11, 2012
Mumbai

Jeetendra Kapoor
Chairman

CEO Declaration

I, Shobha Kapoor, Managing Director 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 has affirmed compliance with the code of conduct of the Company for the year ended March 31, 2012.

May 11, 2012
Mumbai

Shobha Kapoor
Managing Director

CEO/CFO Certification

We, Shobha Kapoor, Managing Director and Srinivasa Shenoy, 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 March 31, 2012 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.

May 11, 2012
Mumbai

Shobha Kapoor
Managing Director

Srinivasa Shenoy
Chief Financial Officer

Corporate Governance Report

Balaji 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 hereinbelow:

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 maximised
- Ensure that the Board, the Employees and all concerned are fully committed to maximising long-term value to the Shareholders and the Company

COMPOSITION OF BOARD

The Board currently has eight 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.

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.

Four meetings of the Board of Directors were held during the year. These were held on May 23, July 15, October 14 in 2011 and on January 19 in 2012. 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 below:

Name of the Director	Attendance Particulars		No. of Directorships and Committee Memberships / Chairmanships		
	Board Meetings	Last AGM	Directorships	Committee Memberships	Committee Chairmanships
Mr. Jeetendra Kapoor (P, N, NI)	2	Present	9	5	0
Ms. Shobha Kapoor (P, E, NI)	4	Present	10	2	0
Ms. Ekta Kapoor (P, E, NI)	4	Not Present	6	1	0
Mr. Akshay Chudasama (N, I)	2	Present	5	7	0
Mr. Pradeep Sarda (N,I)	4	Present	22	5	0
Mr. D. G. Rajan (N,I)	4	Present	9	5	3
Mr. Ashutosh Khanna (N,I)	3	Present	2	2	2
Mr. Tusshar Kapoor (P,N, NI)	4	Not Present	7	1	0

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

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. D. G. Rajan

Members : Mr. Akshay Chudasama
Mr. Jeetendra Kapoor
Mr. Pradeep Sarda

Secretary : Ms. Alpa Khandor

Invitees : Chief Financial Officer,
Representatives of Statutory Auditors and Internal Auditor

Meetings and Attendance

The details of meetings held during the year, and the attendance thereat are as follows:
Dates of Meetings: May 23, July 15, October 14 in 2011 and on January 19 in 2012.

Attendance

Name of the Director	No. of Meetings attended
Mr. D. G. Rajan	4
Mr. Akshay Chudasama	2
Mr. Jeetendra Kapoor	2
Mr. Pradeep Sarda	4

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 rematerialisation 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

There were no meetings held during the year.

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. Ashutosh Khanna

Members : Mr. Akshay Chudasama
Mr. Jeetendra Kapoor
Mr. Pradeep Sarda

Secretary : Ms. Alpa Khandor

Meetings and Attendance

The details of meetings held during the year, and the attendance thereat are as follows:
Dates of Meeting: - July 15, 2011 and on January 19, 2012

Attendance

Name of the Director	No. of Meetings attended
Mr. Ashutosh Khanna	2
Mr. Akshay Chudasama	2
Mr. Jeetendra Kapoor	1
Mr. Pradeep Sarda	2

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 is payable to the Managing Director and the Joint Managing Director for the year under review. Though both Executive and Non-Executive Directors are entitled to commission @ of 2.5% each, due to insufficient profits none of them were paid any commission.

No remuneration was paid to non-executive directors apart from sitting fees. Besides the sitting fees, rent amounting to ₹ 25.42 Lacs and ₹ 6.06 Lacs paid to Mr. Jeetendra Kapoor and Mr. Tusshar Kapoor respectively (refer Note No. 23.7(b) in 'Notes forming part of the financial statements'), annexed to the Financial Statements of the year), there is no other pecuniary transaction by the Company with Non-Executive Directors.

During the financial year the Company has received ₹ 2,550 Lacs from J K Developers, a proprietary firm owned by Mr. Jeetendra Kapoor, towards sale consideration for a piece of land owned by the Company.

Details of the remuneration to the Directors for the year ended March 31, 2012

Name	Designation	Remuneration for the year 2011-2012 (in ₹)					No. of shares held by Non-Executive Directors
		Salary	Perquisites	Sitting Fees	Employer Contribution to Provident Fund	Total	
Ms. Shobha Kapoor	Managing Director	55,20,000	48,30,000	N.A.	6,62,400	1,10,12,400	N.A.
Ms. Ekta Kapoor	Joint Managing Director	66,30,000	58,05,000	N.A.	7,95,600	1,32,30,600	N.A.
Mr. Jeetendra Kapoor	Chairman	–	–	30,000	–	30,000	43,92,000
Mr. Akshay Chudasama	Director	–	–	30,000	–	30,000	–
Mr. Pradeep Sarda	Director	–	–	60,000	–	60,000	–
Mr. D. G. Rajan	Director	–	–	60,000	–	60,000	300
Mr. Ashutosh Khanna	Additional Director	–	–	45,000	–	45,000	–
Mr. Tusshar Kapoor	Additional Director	–	–	60,000	–	60,000	20,30,250

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

The appointments of Managing Director and the Joint Managing Director are for a period of three 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 Joint Managing Director is terminated before expiration of their tenure, the severance fees would be equivalent to the remuneration for unexpired residue of the tenure.

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
15th Meeting	Wednesday, July 29, 2009	4:30 p.m.	'The Club', 197, D. N. Nagar, Andheri (West), Mumbai – 400 053.
16th Meeting	Friday, August 27, 2010	4:30 p.m.	'The Club', 197, D. N. Nagar, Andheri (West), Mumbai – 400 053.
17th Meeting	Thurday, September 22, 2011	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

2009

None

2010

Appointment of Mr. Tusshar Kapoor as Executive Director of Balaji Motion Pictures Limited, wholly owned subsidiary of the Company

2011

Payment of annual remuneration to the Non-Executive Directors of the Company

Two resolutions were passed through postal ballot in February 2011

1. Alteration of Object clause of Memorandum of Association - (special)
2. Sale of Undertakings under section 293(1)(a) – (ordinary)

Details of Voting Pattern

98.76 % and 98.47 % of shares in assent and 1.24 % and 1.53% of shares in dissent respectively

Person who conducted the postal ballot

Robert Pavrey, 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. 23.7(b) in 'Notes forming part of the financial statements' 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 Group CEO of the Company, forms part of this Report, which alongwith 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 web site www.balajitelefilms.com. Presentations 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.

Managements' discussion and analysis forms part of the Annual Report.

General Shareholder Information

1	**Date of Book Closure**	September 1, 2012 to September 5, 2012 (both days inclusive).
2	**Date, time and venue of the Annual General Meeting**	September 5, 2012 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 ₹ 0.20 per share, i.e. 10% for the year ended March 31, 2012. 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 2272 1233/34 Fax:+91 22 2272 1919/3027 (Stock Code – 532382) 2. National Stock Exchange of India Limited, Exchange Plaza, 5th floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. Tel: +91 22 2659 8235/36 Fax: +91 22 2659 8237/38 (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 Web site: 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

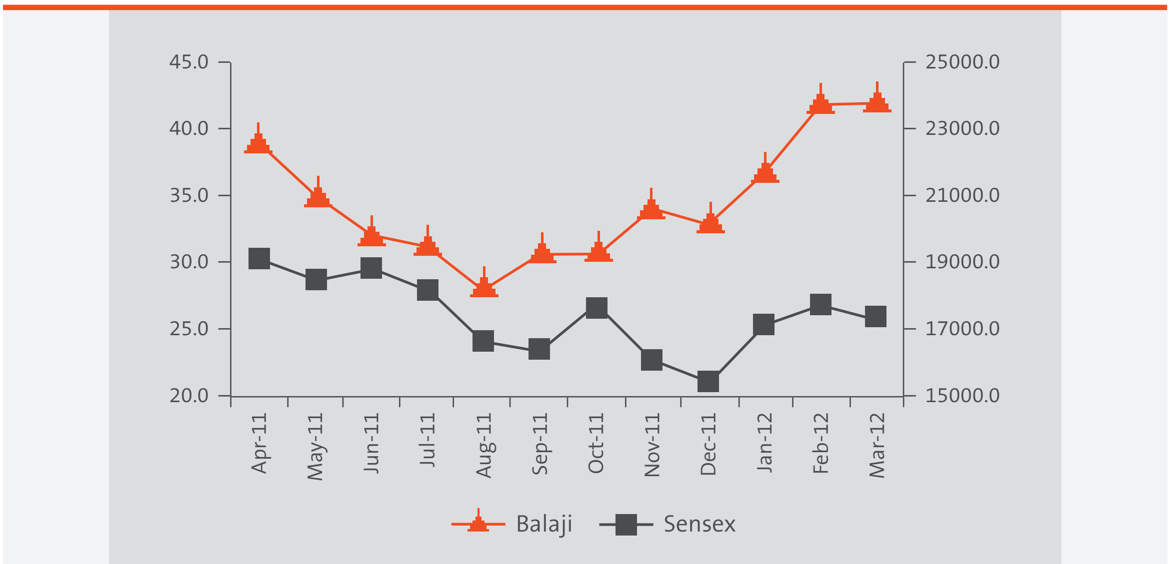
Shares sent for physical transfer are registered and returned within one month from the date of receipt, if the documents are clear in all respects. The Shareholders' Committee meets as often as required. There were no shares transfers in physical form during the year 2011-2012 and no share transfer pending as on March 31, 2012.

11. Stock Market Data relating to Shares listed in India

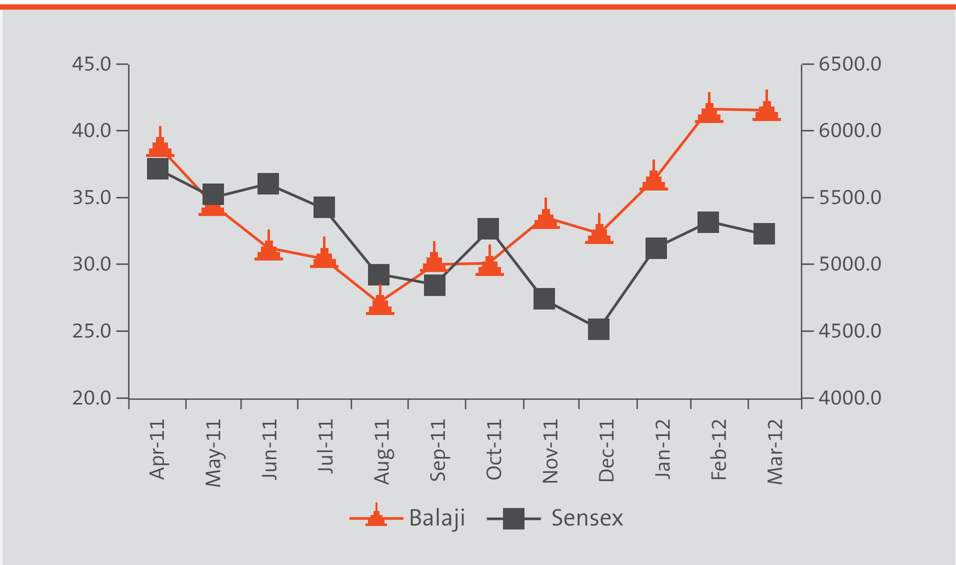
The Company's shares are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, since November 22, 2000. The Company's market capitalisation as on March 31, 2012 was ₹ 27,355.78 Lacs. The monthly high and low quotations as well as the volume of shares traded during the year are as below:

MONTH	BSE			NSE		
	HIGH	LOW	NO. OF SHARES TRADED	HIGH	LOW	NO. OF SHARES TRADED
April	42.4	33.0	21,64,143	42.3	32.9	53,82,157
May	42.0	31.8	13,95,395	41.9	32.0	32,80,964
June	36.5	30.0	4,34,908	36.5	31.0	11,17,389
July	36.0	31.0	6,54,687	35.5	31.0	15,49,306
August	32.4	26.7	4,73,427	32.5	26.6	9,33,385
September	34.5	28.1	4,90,962	34.4	28.0	9,36,263
October	34.6	29.5	4,01,969	34.5	29.5	9,90,510
November	35.4	28.5	6,98,246	35.3	28.5	11,79,560
December	39.9	29.0	37,31,283	39.9	29.0	81,20,038
January	43.0	30.0	13,86,779	43.0	31.4	34,43,181
February	48.6	36.3	19,69,231	48.7	36.3	39,57,034
March	46.5	38.1	9,19,159	46.6	38.2	21,21,207

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



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



Fact Sheet

Items	2011-12	2010-11
Earnings per share (₹)	1.78	(0.52)
EPS – Fully diluted (₹)	1.78	(0.52)
Dividend per share (₹)	0.20	0.20
Number of shares	6,52,10,443	6,52,10,443
Share price data (₹)		
High	48.65	70.60
Low	26.70	32.05
Closing	41.95	32.95

12. Investor Service – Complaints Received During the year

	Year ended March 31, 2012	
Nature of Complaints	**Received**	**Disposed**
Non Receipt of Dividend	41	31
Non Receipt of Annual Report	7	7

The Company has disposed of all of the investor grievances. There are no complaints pending as on March 31, 2012.

13. Shareholding Pattern of Balaji Telefilms Limited as on March 31, 2012

Category	No. of shares held	Percentage of shareholding
Clearing Members	49,307	0.08
Directors	300	0.00
Foreign Institutional Investor	4,38,182	0.67
Foreign Corporate Bodies	1,69,48,194	25.99
H U F	11,18,209	1.71
Indian Financial Institutions	3,94,372	0.60
Bodies Corporate	66,66,944	10.22
Mutual Funds	13,90,439	2.13
Non Resident Indians	10,75,954	1.65
Promoters	2,69,63,158	41.35
Resident Individuals	1,01,65,334	15.59
Trusts	50	0.00
GRAND TOTAL	**6,52,10,443**	**100.00**

14. Distribution of shareholding as on March 31, 2012

Number of Shares	Number of Shareholders	% of total shareholders	Total Shares	Amount	% Holding
upto 1 - 5,000	27,964	98.01	58,01,439	1,16,02,878	8.90
5,001 - 10,000	296	1.04	11,02,943	22,05,886	1.69
10,001 - 20,000	127	0.45	9,34,398	18,68,796	1.43
20,001 - 30,000	35	0.12	4,48,003	8,96,006	0.69
30,001 - 40,000	21	0.07	3,73,009	7,46,018	0.57
40,001 - 50,000	9	0.03	2,05,385	4,10,770	0.31
50,001 - 100,000	36	0.13	12,68,009	25,36,018	1.94
100,001 & Above	45	0.16	5,50,77,257	11,01,54,514	84.46
TOTAL	**28,533**	**100.00**	**65,21,04,433**	**13,04,20,886**	**100.00**

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 March 31, 2012 the Company did not have any outstanding GDRs/ ADRs/ Warrants or any convertible instruments.

17. Dematerialisation of Equity Shares

The Company's shares are traded in dematerialised form. To facilitate trading in dematerialised 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 March 31, 2012 about 99.96% comprising 6,51,85,550 Equity Shares were in the dematerialised form.

18. Financial Calendar (tentative and subject to change)

Particulars	Date
Annual General Meeting	September, 2012
Financial reporting for 1st quarter ending June 30, 2012	Last week of July, 2012
Financial reporting for 2nd quarter ending September 30, 2012	Last week of October, 2012
Financial reporting for 3rd quarter ending December 31, 2012	Last week of January, 2012
Financial reporting for the year ended March 31, 2013 (audited)	May, 2013
Annual General Meeting for year ended March 31, 2013	September, 2013

19. Plant Locations

The details of regional offices of the Company are available on the inside back cover of the Annual Report.

20. Investors' Correspondence

Investors' correspondence may be addressed to:

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. Srinivasa Shenoy
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: srinivasa.shenoy@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 (Reconciliation of Share Capital Report)**

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 Reconciliation of Share Capital 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 dematerialised shares held with NSDL and CDSL.

23. **Non Mandatory Requirements**

a) 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.

b) Remuneration Committee

The Company has appointed a Remuneration Committee since January 2003.

c) Shareholder Rights

The Company has been sending to each shareholder its half-yearly results, starting from the half-year ended September 30, 2001.

Certificate

To the members of Balaji Telefilms Limited

We have examined the compliance of conditions of Corporate Governance by **Balaji Telefilms Limited** for the year ended on March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange.

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 in all material respect with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further 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
Reg. No 117366W

A.B. Jani
Partner
Membership Number: 46488

May 11, 2012
Mumbai

For Snehal & Associates
Chartered Accountants
Reg. No 110314W

Snehal Shah
Proprietor
Membership Number: 40016

May 11, 2012
Mumbai

Auditors' Report

To the Members of Balaji Telefilms Limited.

1. We have audited the attached Balance Sheet of Balaji Telefilms Limited ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 5 and 6 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 4 above, we report as follows:

   a) 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;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:

      i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

      ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and

      iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Reg. No 117366W)

A.B. Jani
Partner
Membership Number: 46488
Mumbai, dated: May 11, 2012

For Snehal & Associates
Chartered Accountants
(Reg. No 110314W)

Snehal Shah
Proprietor
Membership Number: 40016
Mumbai, dated: May 11, 2012

Annexure to the Auditors' Report

RE: BALAJI TELEFILMS LIMITED
(Referred to in Paragraph 3 of our report of even date)

i) Having nature of the Company's activities are such that clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 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 the fixed assets.

b) As per information and explanations given to us, fixed assets have not been verified by the management during the year. Accordingly, we are unable to comment on material discrepancies if any, which could result on completion of the physical verification exercise.

c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

iii) a) The inventories (tapes) have 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 inventories (tapes) 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 is maintaining proper records of inventories (tapes). The discrepancies noticed on verification between the physical stocks and book records were not material.

iv) a) The Company has granted interest free unsecured loans aggregating ₹ 4,696.78 Lacs to its wholly owned subsidiary covered in the register maintained under section 301 of the Companies Act, 1956. At the year-end, the outstanding balances of such loans aggregated ₹ 3,991.67 Lacs and the maximum amount involved during the year was ₹ 5,042.14 Lacs.

b) In our opinion, the terms and conditions of the loan given are not, prima facie, prejudicial to the interests of the Company.

c) According to information and explanations given to us, since there are no repayment schedules with regard to the loans given, clause (iii) (c) to (d) of paragraph 4 of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

d) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, clause (iii) (e) to (g) of paragraph 4 of Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

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 purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.

vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

b) Where each of such transaction is in excess of ₹ 5 Lacs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time where such market prices are available with the Company.

vii) The Company has not accepted any deposit from the public.

viii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.

xi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records.

x) According to the information and explanations given to us in respect of statutory dues:

a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

b) There were no undisputed amounts payable in respect of Income-tax, Value Added Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.

c) There were no dues of Income-tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2012 on account of disputes, except in case of service tax which is as detailed below:

Forum where dispute is pending	Nature of dues	Amount (₹ in Lacs)	Financial Year to which amount relates
Department of Sales Tax	VAT	17,107.87	1.4.2000 to 31.3.2004
Office of the Commissioner of Service Tax	Service Tax	9,245.00	1.4.2006 to 31.3.2010

xi) The Company has no accumulated losses as at the end of the year and it has not incurred cash losses in the current year and in the immediately preceding financial year.

xii) In our opinion and according to the information and explanations given to us, the Company does not have any borrowings from any banks, financial institutions and debenture holders.

xiii) In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiv) 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.

xv) In our opinion and according to the information and explanations given to us, the Company has not taken term loans during the year.

xvi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.

xvii) 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.

xviii) According to the information and explanations given to us the Company has not issued any debentures during the year.

xix) The Company has not raised any money by way of public issues during the year.

xx) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Reg. No 117366W)

A.B. Jani
Partner
Membership Number: 46488
Mumbai, dated: May 11, 2012

For Snehal & Associates
Chartered Accountants
(Reg. No 110314W)

Snehal Shah
Proprietor
Membership Number: 40016
Mumbai, dated: May 11, 2012

Balance Sheet
as at March 31, 2012

	Note No.	As at March 31, 2012	As at March 31, 2011
			(₹ in Lacs)
A EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
a) Share capital	3	1,304.21	1,304.21
b) Reserves and surplus	4	39,390.88	38,381.45
		40,695.09	**39,685.66**
2 CURRENT LIABILITIES			
a) Trade payables	5	1,921.38	1,753.35
b) Other current liabilities	6	738.66	728.72
c) Short-term provisions	7	161.58	176.43
		2,821.62	**2,658.50**
TOTAL		**43,516.71**	**42,344.17**
B ASSETS			
1 NON-CURRENT ASSETS			
a) Fixed assets	8		
i) Tangible assets		3,167.81	8,567.53
ii) Capital work-in-progress		69.92	-
		3,237.73	**8,567.53**
b) Non-current investments	9	4,759.30	3,000.00
c) Deferred tax assets (net)	23.13	103.23	5.63
d) Long-term loans and advances	10	2,124.23	2,016.28
		10,224.49	**13,589.44**
2 CURRENT ASSETS			
a) Current investments	11	20,996.21	17,607.55
b) Inventories	12	685.17	147.06
c) Trade receivables	13	3,155.08	5,058.63
d) Cash and cash equivalents	14	539.01	474.47
e) Short-term loans and advances	15	7,851.27	5,321.37
f) Other current assets	16	65.48	145.64
		33,292.22	**28,754.72**
TOTAL		**43,516.71**	**42,344.17**

See accompanying notes forming part of financial statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
(Partner)

Place : Mumbai
Date :

For Snehal & Associates
Chartered Accountants

Snehal Shah
(Proprietor)

Place : Mumbai
Date : May 11, 2012

For and on behalf of Balaji Telefilms Limited

Jeetendra Kapoor
(Chairman)

Shobha Kapoor
(Managing Director)

Ekta Kapoor
(Joint Managing Director)

D.G.Rajan
(Director)

Srinivasa Shenoy
(Chief Financial Officer)

Alpa Khandor
(Company Secretary)

Place : Mumbai
Date : May 11, 2012

Statement of Profit and Loss

for the year ended March 31, 2012

(₹ in Lacs)

	Note No.	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
A CONTINUING OPERATIONS			
1 REVENUE FROM OPERATIONS	17	12,935.60	15,053.87
2 OTHER INCOME	18	2,648.95	1,546.76
3 TOTAL REVENUE (1+2)		**15,584.55**	**16,600.63**
4 EXPENSES			
a) Cost of Production of television serials	19	8,661.35	10,910.25
b) Employee benefits expense	20	1,494.84	1,458.59
c) Finance costs	21	-	0.28
d) Depreciation and amortisation expense	8	710.84	1,070.30
e) Other expenses	22	3,489.06	2,914.29
TOTAL EXPENSES		**14,356.09**	**16,353.71**
5 PROFIT BEFORE TAX (3-4)		**1,228.46**	**246.92**
6 TAX EXPENSE			
a) Current tax		240.56	-
b) Deferred tax		(97.60)	(95.52)
c) Excess provision for tax in respect for earlier years		(233.37)	-
		(90.41)	**(95.52)**
7 PROFIT FROM CONTINUING OPERATIONS (5-6)		**1,318.87**	**342.44**
B DISCONTINUING OPERATIONS			
8.A (Loss) from discontinuing operations (before tax)	23.11	(157.88)	(684.10)
8.B (Less): Tax expense of discontinuing operations	23.11	-	1.28
9 (LOSS) FROM DISCONTINUING OPERATIONS (AFTER TAX) (8.A+8.B)	23.11	**(157.88)**	**(682.82)**
C TOTAL OPERATIONS			
10 PROFIT / (LOSS) FOR THE YEAR (7+9)		**1,160.99**	**(340.38)**
11 i) Earnings per share (of ₹ 2/- each):	23.12		
Basic and diluted earnings per share		1.78	(0.52)

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Balaji Telefilms Limited

A. B. Jani
(Partner)

Jeetendra Kapoor
(Chairman)

Shobha Kapoor
(Managing Director)

Ekta Kapoor
(Joint Managing Director)

Place : Mumbai
Date :

For Snehal & Associates
Chartered Accountants

D.G.Rajan
(Director)

Srinivasa Shenoy
(Chief Financial Officer)

Alpa Khandor
(Company Secretary)

Snehal Shah
(Proprietor)

Place : Mumbai
Date : May 11, 2012

Place : Mumbai
Date : May 11, 2012

Cash Flow Statement

for the year ended March 31, 2012

(₹ in Lacs)

	For the year ended March 31, 2012		For the year ended March 31, 2011	
A CASH FLOW FROM OPERATING ACTIVITIES				
Profit / (Loss) for the year		1,070.58		(437.18)
Adjustments for:				
Depreciation	773.58		1,117.82	
Bad debts written off	-		3.68	
Net consideration from sale of discontinuing operations	(824.80)		-	
Provision for doubtful debts (net)	62.41		6.45	
Provision for doubtful advances (net)	19.85		-	
Loss on sale / discard of fixed assets(net)	32.80		5.41	
Profit on sale of land (net)	(122.90)		-	
Profit on sale of long term investments (non-trade) (net)	(1,709.44)		(1,341.19)	
Provision for earlier years written back (net)	(49.97)		(60.75)	
Advances written off	-		25.47	
Interest income on Fixed Deposits	(27.83)		(25.74)	
Dividend income	-		(179.17)	
Operating (loss) before working capital changes	**(775.72)**		**(885.20)**	
Adjustments for:				
Decrease in trade and other receivable	1,608.86		309.66	
(Increase) in inventories	(651.13)		(1.66)	
Increase in trade payables and other payables	423.50		342.93	
Cash from / (used in) operations		605.51		(234.27)
Income-tax paid		(933.54)		(1,049.70)
NET CASH (USED IN) OPERATING ACTIVITIES		**(328.03)**		**(1,283.97)**
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(453.95)		(1,284.57)	
Sale of fixed assets (including sale of land)	5,116.44		5.34	
Proceeds from sale of business (net of WDV of fixed assets transferred) (Refer note 8(c) and 23.11)	753.17		-	
Purchase of current investments	(37,110.43)		(38,249.34)	
Sale of current investments	35,431.22		39,961.62	
Purchase of non current investments	(1,759.30)			
Loans given to subsidiary	(4,696.78)		(1,567.44)	
Loans repaid by subsidiary	3,236.46		2,629.48	
Interest income	27.83		25.74	
Dividend income received	-		179.17	
NET CASH FLOW FROM INVESTING ACTIVITIES		**544.66**		**1,700.00**

Cash Flow Statement

for the year ended March 31, 2012

(₹ in Lacs)

	For the year ended March 31, 2012		For the year ended March 31, 2011	
C CASH FLOW FROM FINANCING ACTIVITIES				
Dividend paid (net of movement of unpaid dividend account)	(126.46)		(195.73)	
Corporate dividend tax paid	(21.66)		(33.26)	
NET CASH FLOW (USED IN) FINANCING ACTIVITIES		**(148.12)**		**(228.99)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**68.51**		**187.04**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**428.24**		**210.75**
(LESS)/ADD: FIXED DEPOSITS IN LIEN AGAINST BANK GUARANTEE		**(26.52)**		**30.45**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**470.24**		**428.24**

Notes

i) Components of cash and cash equivalents include cash and bank balances in current and deposit accounts (Refer note 9).

(₹ in Lacs)

ii) Cash and cash equivalents at the end of the year as per cashflow statement	470.24	428.24
- Unpaid dividend accounts	7.17	11.13
- Fixed deposits kept in lien against bank guarantee	61.60	35.10
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR AS PER NOTE 14	**539.01**	**474.47**

iii) The above excludes assets transferred on sale of division (refer note 23.11)

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Balaji Telefilms Limited

A. B. Jani
(Partner)

Jeetendra Kapoor
(Chairman)

Shobha Kapoor
(Managing Director)

Ekta Kapoor
(Joint Managing Director)

Place : Mumbai
Date :

For Snehal & Associates
Chartered Accountants

D.G.Rajan
(Director)

Srinivasa Shenoy
(Chief Financial Officer)

Alpa Khandor
(Company Secretary)

Snehal Shah
(Proprietor)

Place : Mumbai
Date : May 11, 2012

Place : Mumbai
Date : May 11, 2012

Auditors' Report Balance Sheet Statement of Profit and Loss Cash Flow Statement Notes

NOTE 1 CORPORATE INFORMATION

Incorporated on November 10, 1994, Balaji Telefilms Limited has established itself as one of the largest televison content production houses in India. With its footprint established in the hindi speaking market, it has now extended into the regional entertainment markets. With a library of over 100 televison shows, Balaji has also ventured into the events business.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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, the Accounting Standard notified under the Companies (Accounting Standard) Rules, 2006 and relevant provisions of the Companies Act, 1956. The financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Act.

USE OF ESTIMATES

The preparation of financials statements, in conformity with generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of the revenue and expenses during the reported year. Differences between the actual results and the estimates are recognised in the year in which the results are known / materialised.

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 which are depreciated as per management estimates of their useful life which are as under:

Studios and sets @ 33.33%

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	:	Average cost
Unamortised cost of content	:	The cost of content 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.

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 Statue / 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).

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.

OPERATING LEASES

Assets taken on lease under which, all the risks and rewards of the ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses in accordance with the respective lease agreements.

TAXES ON INCOME

Tax expense comprises of current tax and deferred tax.

Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, using the applicable tax rates.

Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / period. Deferred tax assets are recognised only to the extent that there is reasonable certainty, that sufficient future income will be available except that the deferred tax assets, in case there are unabsorbed depreciation and losses, are recognised if there is a virtual certainty that sufficient future taxable income will be available to realise the same.

PROVISIONS AND CONTINGENCIES

Provisions are recognised 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 recognised nor disclosed.

NOTE 3 SHARE CAPITAL

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
a) Authorised		
75,000,000 Equity Shares of ₹ 2/- each with voting rights	1,500.00	1,500.00
	1,500.00	**1,500.00**
b) Issued, Subscribed and fully paid-up		
65,210,443 Equity Shares of ₹ 2/- each with voting rights	1,304.21	1,304.21
TOTAL	**1,304.21**	**1,304.21**

Note

Details of Equity Shares held by each shareholder holding more than 5% shares:

Name of shareholder	As at March 31, 2012		As at March 31, 2011	
	Number of shares held	% of Holding	Number of shares held	% of Holding
Star Middle East FZ LLC	16,948,194	25.99	16,948,194	25.99
Ekta Kapoor	10,500,488	16.10	10,024,066	15.37
Shobha Kapoor	10,037,500	15.39	10,037,500	15.39
Jeetendra Kapoor	4,392,000	6.74	4,392,000	6.74

NOTE 4 RESERVES AND SURPLUS

(₹ in Lacs)

	As at March 31, 2012		As at March 31, 2011	
a) Securities premium account				
As per last Balance Sheet		14,785.61		14,785.61
b) General reserve				
As per last Balance Sheet	4,660.77		4,660.77	
Add: Transferred from surplus in Statement of Profit and Loss	116.10		-	
		4,776.87		**4,660.77**
c) Surplus in Statement of Profit and Loss				
Opening balance	18,935.07		19,427.53	
Add: Profit / (Loss) for the year	1,160.99		(340.38)	
Less : Dividends proposed to be distributed to equity shareholders (₹0.20 per share)	130.42		130.42	
Tax on dividend	21.16		21.66	
Transferred to General reserve	116.10		-	
Closing balance		**19,828.40**		**18,935.07**
TOTAL		**39,390.88**		**38,381.45**

Notes

forming part of the financial statements

NOTE 5 TRADE PAYABLES

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
a) Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 23.4)	-	-
b) Total outstanding dues of other than Micro Enterprises and Small Enterprises	1,921.38	1,753.35
TOTAL	**1,921.38**	**1,753.35**

NOTE 6 OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
a) Unpaid dividends (Refer Note below)	7.17	11.13
b) Temporarily overdrawn book balances	227.11	0.61
c) Other payables		
i) Statutory liabilities	165.52	649.89
ii) Advances from customers	338.86	67.09
TOTAL	**738.66**	**728.72**

Note :

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

NOTE 7 SHORT-TERM PROVISIONS

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Provision - Others:		
i) Provision for tax (net of advance tax ₹ NIL (As at March 31, 2011 ₹4,081.20 Lacs))	10.00	24.35
ii) Provision for proposed equity dividend	130.42	130.42
iii) Provision for tax on proposed dividend	21.16	21.66
TOTAL	**161.58**	**176.43**

NOTE 8 FIXED ASSETS

(₹ in Lacs)

	GROSS BLOCK					DEPRECIATION /AMORTISATION					NET BLOCK	
	As at April 01, 2011	Additions	Deductions	Transfer of Assets	As at March 31, 2012	Upto March 31, 2011	For the Year	On Deductions	On Transfer of Assets	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
TANGIBLE ASSETS												
Land (refer note b below)	4,877.10	-	4,877.10	-	-	-	-	-	-	-	-	4,877.10
Buildings (refer note a below)	469.36	-	-	-	469.36	50.14	7.65	-	-	57.79	411.57	419.22
Plant and machinery - Computers	604.44	8.58	-	2.78	610.24	363.00	77.04	-	1.04	439.00	171.24	241.44
Plant and machinery - Others	2,221.68		0.66	29.16	2,191.86	1,061.44	154.44	0.31	3.15	1,212.42	979.44	1,160.24
Computers	460.55	20.88	17.45	69.57	394.41	342.76	25.38	17.45	18.33	332.36	62.05	117.79
Studios and sets	4,384.74	254.94	-	-	4,639.68	3,785.57	323.64	-	-	4,109.21	530.47	599.17
Vehicles	756.20	74.01	68.39	-	761.82	294.04	52.81	24.08	-	322.77	439.05	462.16
Furniture and fixtures	302.74	1.94	0.86	0.11	303.71	118.66	19.03	0.44	0.01	137.24	166.47	184.08
Office equipments	329.07	7.09	5.80	3.47	326.89	71.32	15.69	1.64	0.23	85.14	241.75	257.75
Electrical fittings	73.05	16.28	-	1.63	87.70	15.45	3.82	-	0.13	19.14	68.56	57.60
Lease hold improvements	386.10	0.31	-	-	386.41	195.12	94.08	-	-	289.20	97.21	190.98
TOTAL	**14,865.03**	**384.03**	**4,970.26**	**106.72**	**10,172.08**	**6,297.50**	**773.58**	**43.92**	**22.89**	**7,004.27**	**3,167.81**	**8,567.53**
PREVIOUS YEAR	**14,880.85**	**1,564.99**	**1,580.81**	**-**	**14,865.03**	**6,749.74**	**1,117.82**	**1,570.06**	**-**	**6,297.50**		

Notes

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

b) The Company, in the previous year, had invested in three adjacent plots of land admeasuring approximately 38,870 sq. mtrs. in aggregate, situated within the limits of Mira Bhayander Municipal Corporation. During the current year, the Company has sold the plots of land for a consolidated consideration aggregating to ₹ 5,100.00 Lacs on an 'as-is where-is' basis vide two separate transactions and has accounted for the profit on sale aggregating to ₹ 122.90 Lacs (net of related expenses). Part of the land has been sold to M/s JK Developers a sole proprietary firm owned by one of the Directors of the Company.

c) Transfer of assets pertains to sale of divisions (refer note 23.11)

d) Depreciation includes depreciation towards discontinued operations aggregating to ₹ 62.74 Lacs (Previous year ₹ 47.52 Lacs)

Notes

forming part of the financial statements

NOTE 9 TRADE PAYABLES

(₹ in Lacs)

	As at March 31, 2012		As at March 31, 2011	
		Unquoted		Unquoted
(NON-TRADE) (AT COST)				
a) Investment in fully paid up Equity Shares of subsidiary (refer note 23.5) :				
30,000,000 (As at March 31, 2011: 30,000,000) Equity Shares of ₹ 10/- each fully paid up in Balaji Motion Pictures Limited		3,000.00		3,000.00
b) Investment in optionally convertible debentures (OCDs) of :				
i) Series A 3,000 and Series B 222,500 (As at March 31, 2011: NIL) debentures of ₹ 100/- each in Smart Prep Education Private Limited	225.50		-	
ii) Series A 3,000 and Series B 84,500 (As at March 31, 2011: NIL) debentures of ₹ 100/- each in Aristo Learning Private Limited	87.50		-	
iii) Series A 3,000 and Series B 112,800 (As at March 31, 2011: NIL) debentures of ₹ 100/- each in Smart Q Education Solutions Private Limited	115.80		-	
iv) Series A 1,000 and Series B 529,000 (As at March 31, 2011: NIL) debentures of ₹ 100 each in Second School Learning Private Limited	530.00		-	
		958.80		-
c) Investment in Associate (partnership firm) (Refer Note 23.16) :				
IPB Capital Advisors LLP		0.50		-
d) Investment in Indus Balaji Investor Trust (Refer Note 23.1.B)		800.00		-
TOTAL		**4,759.30**		**3,000.00**

NOTE 10 LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
a) Capital Advances	115.91	9.51
b) Security Deposits (Refer Note below)	1,008.32	1,006.77
c) Loan to Balaji Employees Foundation	1,000.00	1,000.00
TOTAL	**2,124.23**	**2,016.28**

Note: Security Deposits include deposits given to Directors / relatives of Directors for the properties taken on lease from them (also refer note 23.7) :

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Directors	846.60	846.60
Maximum amount outstanding at any time during the year for the above deposits	846.60	846.60

NOTE 11 CURRENT INVESTMENTS

	As at March 31, 2012	As at March 31, 2011
		(₹ in Lacs)
(Non trade) (at lower of cost and fair value) :		
Investment in mutual funds (refer note below)	20,996.21	17,607.55
TOTAL	**20,996.21**	**17,607.55**

Note :

	Face Value ₹	Numbers		Value (₹ in Lacs)	
		As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
UNQUOTED					
IN UNITS OF MUTUAL FUNDS					
Birla Sunlife Medium Term Plan - Institutional Growth	10.00	-	13,867,757	-	1,500.66
Birla Sunlife Dynamic Bond Fund - Retail	10.00	11,949,295	-	2,052.80	-
Birla Sunlife Short Term FMP Series 25 Growth	10.00	4,999,990	-	500.00	-
Birla Sun Life Cash Manager - Institutional Plan - Growth	10.00	420,882	-	751.08	-
Birla Sun Life Short Term FMP Series 23 Growth	10.00	5,127,804	-	512.78	-
Birla Sun Life Fixed Plan Series ED Growth	10.00	5,025,936	-	502.59	-
DSP Blackrock FMP 13M Series 2 Growth	10.00	-	5,000,000	-	500.00
DSP Blackrock FMP 3M Series 28 - Growth	10.00	-	5,000,000	-	500.00
DSP Blackrock FMP - 3 Months - Series 32 - Growth	10.00	-	5,000,000	-	500.00
HDFC FMP 13M March 2010 Growth - Series XII	10.00	-	5,000,000	-	500.00
HDFC FMP 20M Sep 2009 - Growth - Series XI	10.00	-	5,103,428	-	510.34
HDFC Liquid Fund Premium Plan - Growth	10.00	-	690,596	-	135.05
HDFC Cash Management Fund - Treasury Advantage - Wholesale Plan - Growth	10.00	2,465,911	-	577.10	-
HDFC Short Term Plan - Growth	10.00	7,569,266	-	1,500.00	-
HDFC FMP 370D November 2011 (3) - Growth - Series XIX	10.00	5,000,000	-	500.00	-
HDFC FMP 370D January 2012 (2) - Growth - Series XIX	10.00	10,000,000	-	1,000.00	-
HDFC FMP 92D March 2012 (3) - Growth - Series XXI	10.00	10,000,000	-	1,000.00	-
ICICI Long Term Floating Rate Plan C - Growth	10.00	-	14,890,850	-	1,500.00
ICICI Prudential Interval Fund - Half Yearly Interval Plan I - Institutional Growth	10.00	-	9,993,205	-	1,000.00
ICICI Prudential Interval Fund -Quarterly Interval Plan - II - Institutional Growth	10.00	-	4,378,374	-	502.05
ICICI Prudential Interval Fund IV Quarterly Interval Plan B Institutional Growth	10.00	-	19,311,621	-	2,004.85
ICICI Prudential Interval Fund III Quarterly Interval Plan Retail Growth	10.00	-	4,048,714	-	502.36
ICICI Prudential Blended Plan B - Institutional Growth Option II	10.00	8,643,192	-	1,000.00	-
ICICI Prudential Medium Term Plan Premium Plus Growth	10.00	14,502,406	-	1,593.33	-

Notes
forming part of the financial statements

	Face Value ₹	Numbers As at March 31, 2012	Numbers As at March 31, 2011	Value (₹ in Lacs) As at March 31, 2012	Value (₹ in Lacs) As at March 31, 2011
ICICI Prudential FMP Series 60 - 1 Year Plan D - Growth	10.00	5,000,000	-	500.00	-
ICICI Prudential FMP Series 60 - 18 Months Plan G Cummulative	10.00	9,723,877	-	972.39	-
ICICI Prudential Short Term Plan - Institutional Growth	10.00	2,298,635	-	500.00	-
ICICI Prudential FMP Series 61 - 18 Months Plan B - Cummulative	10.00	10,000,000	-	1,000.00	-
ICICI Prudential FMP Series 62 - 1 Year Plan A - Cummulative	10.00	5,000,000	-	500.00	-
IDFC FMP - 100 Days - Series 3 - Growth	10.00	-	10,000,000	-	1,000.00
IDFC Super Saver Income Fund - Short Term - Plan A Growth	10.00	6,999,481	-	1,500.00	-
Kotak FMP 13M Series 6 - Growth	10.00	-	3,081,120	-	308.11
L&T Fixed Maturity Plan Series 12 Plan 15M March 10 I Growth	10.00	-	5,000,000	-	500.00
Reliance Fixed Horizon Fund - XVIII - Series 3-Growth Plan	10.00	-	15,000,000	-	1,500.00
Reliance Fixed Horizon Fund XVIII - Series 7 - Growth	10.00	-	10,000,000	-	1,000.00
Reliance Regular Savings Fund - Debt Plan - Institutional Growth Plan	10.00	-	1,876,204	-	238.85
Reliance Fixed Horizon Fund XX - Series 14 - Growth	10.00	10,000,000	-	1,000.00	-
Reliance Fixed Horizon Fund - XXI - Series 4-Growth Plan	10.00	9,999,990	-	1,000.00	-
Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Plan	10.00	2,055,183	-	534.14	-
Religare Fixed Maturity Plan Series II Plan A (13Months)	10.00	-	5,000,000	-	500.00
Religare Fixed Maturity Plan Series II Plan B (15Months)	10.00	-	5,000,000	-	500.00
SBI SDFS - 367 Days - 11 Growth	10.00	4,999,990	-	500.00	-
Templeton India Low Duration Fund	10.00	9,432,183	-	1,000.00	-
Tata Fixed Maturity Plan Series 25 Scheme B	10.00	-	4,052,755	-	405.28
UTI Dynamic Bond Fund - Growth Plan	10.00	-	14,425,712	-	1,500.00
UTI Short Term Income Fund - Growth Option	10.00	4,015,065	-	500.00	-
UTI Fixed Income Interval Fund- Series II - Quarterly Interval Plan 4 - Institutional - Growth	10.00	-	4,824,392	-	500.00
TOTAL				**20,996.21**	**17,607.55**

Auditors' Report Balance Sheet Statement of Profit and Loss Cash Flow Statement Notes

NOTE 12 INVENTORIES
(At lower of cost and net realisable value)

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
a) Serials	680.53	97.33
b) Tapes	4.64	7.44
c) Content	-	42.29
TOTAL	**685.17**	**147.06**

NOTE 13 TRADE RECEIVABLES

(₹ in Lacs)

		As at March 31, 2012		As at March 31, 2011
Trade receivables outstanding for a period exceeding six months from the date they were due for payment				
Unsecured, considered good	73.75		46.99	
Unsecured, considered doubtful	82.86		20.45	
	156.61		**67.44**	
Less: Provision	82.86		20.45	
		73.75		**46.99**
Other Trade receivables				
Unsecured, considered good		3,081.33		5,011.64
TOTAL		**3,155.08**		**5,058.63**

NOTE 14 CASH AND CASH EQUIVALENTS

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
a) Cash on hand	29.18	29.01
b) Balances with banks		
i) In current accounts	177.29	281.32
ii) In deposit accounts	263.77	117.92
iii) In earmarked accounts		
- Unpaid dividend accounts	7.17	11.13
- Fixed deposits kept in lien against bank guarantee	61.60	35.10
TOTAL	**539.01**	**474.47**
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	470.24	428.24

Notes

forming part of the financial statements

NOTE 15 SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS OTHER WISE STATED)

(₹ in Lacs)

		As at March 31, 2012		As at March 31, 2011
a) Loans and advances to Subsidiary Company (refer note 23.6 and 23.7)		3,991.67		2,531.36
b) Loans and advances to employees		9.45		24.41
c) Prepaid expenses		59.32		88.65
d) Advance tax (net of provisions for tax ₹ 240.00 Lacs (As at March 31, 2011 ₹ 2,276.23 Lacs))		3,261.45		2,349.45
e) Balances with government authorities (VAT, service tax, etc)		135.42		183.38
f) Advance to vendors				
Considered good	393.96		144.12	
Doubtful	19.85		-	
	413.81		144.12	
Less : provision	(19.85)		-	
		393.96		144.12
TOTAL		**7,851.27**		**5,321.37**

Note :

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Maximum amount outstanding for loans and advances given to subsidiary at any time during the year	5,042.12	4,149.47

NOTE 16 OTHER CURRENT ASSETS

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Unbilled revenue	65.48	145.64
TOTAL	**65.48**	**145.64**

NOTE 17 REVENUE FROM OPERATIONS

(₹ in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
A) SALE OF SERVICES		
Commissioned sales	10,369.42	12,651.40
Sponsored sales	1,431.98	2,280.35
Internet sales	10.12	14.46
B) OTHER OPERATING REVENUES		
Profit on sale of land (net) (refer note 8(b) and 23.7)	122.90	-
Sale of scrap	5.58	11.22
Net consideration from sale of discontinuing operations (refer note 23.11)	824.80	-
Excess provision for earlier years written back	49.97	60.75
Facilities hire charges	87.31	35.28
Service income	33.52	-
Insurance claim received	-	0.41
TOTAL	**12,935.60**	**15,053.87**

NOTE 18 OTHER INCOME

(₹ in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
a) Interest income:		
On fixed deposits with banks	27.83	25.74
On staff / other loans	-	0.66
b) Dividend income on current investments (non-trade)	-	179.17
c) Profit on sale of current investments (non-trade) (net)	1,709.44	1,341.19
d) Insurance claim received (on maturity of keyman insurance policy)	911.68	-
TOTAL	**2,648.95**	**1,546.76**

NOTE 19 COST OF PRODUCTION OF TELEVISION SERIALS

(₹ in Lacs)

	For the year ended March 31, 2012		For the year ended March 31, 2011	
Opening stock of television serials / tapes / Content		147.06		145.41
Add: Cost of production				
Purchase of costumes and dresses	139.25		124.06	
Purchase of tapes	109.61		127.24	
Artists, junior artists, dubbing artists fees	2,333.23		2,412.13	
Directors, technicians and other fees	2,953.24		3,463.73	
Shooting and location expenses	1,543.20		2,255.89	
Telecasting fees	651.03		953.73	
Uplinking charges / Special dispatch charges	54.26		22.53	
Food and refreshments	195.72		250.56	
Set properties and equipment hire charges	440.47		740.52	
Other production expenses	779.45		561.51	
		9,199.46		**10,911.90**
		9,346.52		**11,057.31**
Less: Closing stock of television serials / tapes / Content		685.17		147.06
TOTAL		**8,661.35**		**10,910.25**

Notes
forming part of the financial statements

NOTE 20 EMPLOYEE BENEFIT EXPENSE

(₹ in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Salaries and wages	1,336.46	1,252.87
Contributions to Provident and Other Funds	111.57	155.84
Staff welfare expenses	46.81	49.88
TOTAL	**1,494.84**	**1,458.59**

NOTE 21 FINANCE COSTS

(₹ in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest expense on delayed payment of taxes etc.	-	0.28
TOTAL	**-**	**0.28**

NOTE 22 OTHER EXPENSES

(₹ in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Power and fuel	252.27	273.65
Rent including lease rentals (Refer Note 23.14.(c))	726.78	782.74
Repairs and maintenance - Machinery	38.29	37.49
Repairs and maintenance - Others	91.05	98.44
Insurance	132.23	119.62
Rates and taxes	57.41	104.65
Communication expenses	67.83	83.31
Legal and professional charges	896.13	609.60
Security and housekeeping expenses	151.13	206.26
Business promotion expenses	46.19	32.41
Travelling and conveyance Expenses	276.24	203.12
Donations and contributions	26.87	32.06
Loss on fixed assets sold/scrapped/written off	32.80	5.41
Advances written off	-	25.47
Provision for doubtful debts*	59.49	1.54
Provision for doubtful advances	19.85	-
Bad debts written off	-	3.68
Software expenses	9.45	46.12
Foreign exchange (loss) net	-	1.30
Directors sitting fees	2.85	4.05
Brokerage and commission	327.65	1.76
Marketing expenses	47.98	36.93
Miscellaneous expenses **	226.57	204.68
TOTAL	**3,489.06**	**2,914.29**

* Excludes ₹ 2.92 Lacs (previous year ₹ 4.91 Lacs)being provision for doubtful debts pertaining to discontinued operations

** Miscellaneous expenses include security charges, printing and stationery etc.

NOTE 23 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AND DISCLOSURE UNDER ACCOUNTING STANDARDS

(₹ in Lacs)

			As at March 31, 2012	As at March 31, 2011
23.1 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)				
A	Contingent Liabilities			
	a)	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
	b)	The Company has received notices of demand from the Department of Sales Tax, Government of Maharashtra pertaining to the years 2000 to 2004 (Previous year 2000 to 2005). The department has sought to tax the Sales revenue of the Company under the 'Commissioned Programs' category to Sales tax under the Bombay Sales Tax Act, 1959. The Company has appealed against the said order of the Sales Tax Officer to the Deputy Commissioner (appeals) and the same is pending adjudication.	17,107.87	22,363.00
	c)	The Company had received demand notices from the Office of the Commissioner of Service Tax, Mumbai (excluding Interest and penalty) pertaining to Service tax for the period April 2006 to March 2010 on exports made to one of the customers of the Company. On appeal, the matter pertaining to the period April 2006 to March 2008 was adjudicated in favour of the Company. The Commissioner has further filed an appeal against the adjudication with the Customs, Excise & Service Tax Appellate Tribunal. The matter is pending hearing.	9,245.00	9,245.00
	d)	The Company has received an order of compensatory loss from the City Civil & Sessions Court, Greater Mumbai, stating that the Company has unauthorised possession of the administrative place situated at Aarey Milk Colony. The Company has paid 50% of the amount aggregating to ₹ 18.51 Lacs under protest.	18.51	18.51
B	Commitments			
		Future commitments towards capital contribution in Indus Balaji Investor Trust (refer note 23.17).	3,200.00	-

23.2 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. During the year the Company has received a letter from the office of Deputy Commissioner of Sales Tax inquiring about the Company's intentions on pursuing the Determination of Disputed Question (DDQ), to which the Company has responded positively, in favor of getting a clarification in the matter. Refer note 23.1.(b)

Notes

forming part of the financial statements

23.3 PAYMENT TO AUDITORS

(₹ in Lacs)

	For the year 2011-2012	For the year 2010-2011
a) As Auditors	17.00	15.00
b) For Tax Audit	1.00	0.75
c) in any other manner - representation before authority, certification work etc.	6.30	5.03
d) For expenses	0.15	0.38
e) For service tax	2.35	2.18
TOTAL	**26.79**	**23.34**

23.4 As per information available with the Company, none of the creditors have confirmed that they are registered under the Micro, Small and Medium enterprises Development Act, 2006. Accordingly, disclosure as required by the said Act is given in Note 5.

23.5 The Company has investments in 30,000,000 equity shares of its 100% subsidiary Balaji Motion Pictures Limited (BMPL) at cost of ₹ 3,000 Lacs. Further, the Company has also given loans and advances aggregating to ₹ 4,696.78 Lacs (previous year ₹ 1,567.44 Lacs) to BMPL. As per the latest audited balance sheet of BMPL for the year ended March 31, 2012, 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.

23.6 DISCLOSURE AS PER CLAUSE 32 OF THE LISTING AGREEMENTS WITH THE STOCK EXCHANGES

Loans and advances in the nature of loans given to subsidiaries and associates :

(₹ in Lacs)

Name of the party	Relationship	Amount outstanding as at March 31, 2012	Maximum balance outstanding during the year
Balaji Motion Pictures Limited	100% Subsidiary	3,991.67	5,042.12
		(2,531.36)	(4,149.47)
IPB Capital Advisors LLP	Associate	0.50	0.50
		(-)	(-)

Note: Figures in bracket relate to the previous year.

Notes
forming part of the financial statements

23.7 RELATED PARTY TRANSACTIONS

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	Key management person (w.e.f. August 27, 2010)
Mr. Tusshar Kapoor	Relative of Key management person (upto August 26, 2010)
Mr. Ramesh Sippy	Relative of Key management person
M/s. J K Developers	Sole proprietory firm of a Key management person
IPB Capital Advisors LLP	Associate
Balaji Motion Pictures Limited	Subsidiary Company (control exist)

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

(₹ in Lacs)

Nature of Transactions	Subsidiary Company	Key Management Person	Sole proprietory firm of Key Management Person	Associate	Total
Loans Given					
Balaji Motion Pictures Limited	4,696.78	-	-	-	4,696.78
	(1,567.44)	(-)	(-)	(-)	(1,567.44)
Directors sitting fees					
Mr. Jeetendra Kapoor	-	0.30	-	-	0.30
	(-)	(0.90)	(-)	(-)	(0.90)
Mr. Tusshar Kapoor	-	0.60	-	-	0.60
	(-)	(0.45)	(-)	(-)	(0.45)
Rent					
Mr. Jeetendra Kapoor	-	25.42	-	-	25.42
	(-)	(24.78)	(-)	(-)	(24.78)
Ms. Shobha Kapoor	-	471.52	-	-	471.52
	(-)	(502.63)	(-)	(-)	(502.63)
Mr. Tusshar Kapoor	-	6.06	-	-	6.06
	(-)	(5.72)	(-)	(-)	(5.72)
Ms.Ekta Kapoor	-	5.39	-	-	5.39
	(-)	(5.09)	(-)	(-)	(5.09)
Rent Received					
Balaji Motion Pictures Limited	1.20	-	-	-	1.20
	(1.20)	(-)	(-)	(-)	(1.20)
Loans Recovered/ Adjusted					
Balaji Motion Pictures Limited	3,236.46	-	-	-	3,236.46
	(2,629.48)	(-)	(-)	(-)	(2,629.48)
Remuneration					
Ms. Shobha Kapoor	-	110.12	-	-	110.12
	(-)	(110.12)	(-)	(-)	(110.12)
Ms. Ekta Kapoor	-	132.31	-	-	132.31
	(-)	(132.31)	(-)	(-)	(132.31)

Notes

forming part of the financial statements

(₹ in Lacs)

Nature of Transactions	Subsidiary Company	Key Management Person	Sole proprietory firm of Key Management Person	Associate	Total
Dividend paid					
Ms. Shobha Kapoor	-	20.08	-	-	20.08
	(-)	(30.11)	(-)	(-)	(30.11)
Ms. Ekta Kapoor	-	20.05	-	-	20.05
	(-)	(29.33)	(-)	(-)	(29.33)
Mr. Jeetendra Kapoor	-	8.78	-	-	8.78
	(-)	(13.18)	(-)	(-)	(13.18)
Mr. Tusshar Kapoor	-	4.06	-	-	4.06
	(-)	(6.09)	(-)	(-)	(6.09)
Investment made in Associates					
IPB Capital Advisors LLP	-	-	-	0.50	0.50
	(-)	(-)	(-)	(-)	(-)
Sale of land					
M/s. J K Developers	-	-	2,550.00	-	2,550.00
	(-)	(-)	(-)	(-)	(-)
Amount payable as at March 31, 2012					
Ms. Ekta Kapoor	-	-	-	-	-
	(-)	(0.29)	(-)	(-)	(0.29)
Mr. Jeetendra Kapoor	-	-	-	-	-
	(-)	(0.62)	(-)	(-)	(0.62)
Mr. Tusshar Kapoor	-	-	-	-	-
	(-)	(0.02)	(-)	(-)	(0.02)
Amount receivable as at March 31, 2012					
Ms. Shobha Kapoor *	-	340.00	-	-	340.00
	(-)	(340.00)	(-)	(-)	(340.00)
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)
Balaji Motion Pictures Limited	3,991.67	-	-	-	3,991.67
	(2,531.36)	(-)	(-)	(-)	(2,531.36)
Investment as on March 31, 2012					
IPB Capital Advisors LLP	-	-	-	0.50	0.50
	(-)	(-)	(-)	(-)	(-)

* - Deposit for leased property

Note

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) Figures in bracket relate to the previous year.

Auditors' Report Balance Sheet Statement of Profit and Loss Cash Flow Statement Notes

23.8 EXPENDITURE IN FOREIGN CURRENCY

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Travelling expenses	55.71	33.09
Other production expenses	47.18	-
Others	-	22.83

23.9 AMOUNTS REMITTED IN FOREIGN CURRENCY DURING THE YEAR ON ACCOUNT OF DIVIDEND

	As at March 31, 2012	As at March 31, 2011
Amount of dividend remitted in foreign currency (₹ in Lacs)	36.97	3.15
Total number of non-resident shareholders (to whom the dividends were remitted in foreign currency) (Number)	489.00	575.00
Total number of shares held by them on which dividend was due (Number)	18,485,261	1,049,407
Year to which dividend relates	2010-11	2009-10

23.10 EMPLOYEE BENEFITS

a) Defined Contribution Plans

Both the employees and the Company make pre-determined contributions to the provident fund. Amount recognised as expense amounts to ₹ 73.36 Lacs (previous year ₹ 71.22 Lacs)

b) Defined Benefit Plans

I Reconciliation of asset / (liability) recognised in the Balance Sheet (under pre-paid expenses , refer Note 15)

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
Fair Value of plan assets as at the end of the year	54.23	48.86
Present Value of Obligation as at the end of the year	(36.95)	(30.53)
Net assets / (liability) in the Balance Sheet	17.28	18.33

Notes

forming part of the financial statements

II Movement in net liability recognised in the Balance Sheet

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
Net (assets) as at the beginning of the year	(18.33)	(8.59)
Net expense recognised in the statement of profit and loss account	7.07	11.92
Contribution during the year	(6.03)	(21.66)
Net (assets) as at the end of the year	(17.28)	(18.33)

III Expense Recognised in the profit and loss account (Under the head "Employees benefit expenses" refer Note 20)

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
Current service cost	12.69	10.81
Interest cost	2.51	1.35
Expected return on plan assets	(3.90)	(1.99)
Actuarial (gains)/losses	(4.23)	1.75
Expense charged to the Statement Profit and Loss	7.07	11.92

IV Return on plan assets

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
Expected return on plan assets	3.91	1.99
Actuarial (gains) / losses	0.19	0.32
Actual return on plan assets	4.10	2.31

V Reconciliation of defined benefits commitments

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
Commitments at beginning of the year	30.53	16.30
Current Service Cost	12.69	10.81
Interest Cost	2.52	1.35
Actuarial (gains)/losses	(4.03)	2.07
Benefits paid	(4.76)	-
Settlement cost	-	-
Commitments at year end	36.95	30.53

VI Reconciliation of plan assets

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
Fair Value of plan assets at beginning of the year	48.86	24.89
Expected return on plan assets	3.91	1.99
Actuarial gains/(losses)	0.19	0.32
Employer contribution	6.03	21.66
Benefits paid	(4.76)	-
Fair Value of plan assets at year end	54.23	48.86

VII Experience adjustment

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
On Plan liability (gains) / losses	(3.30)	2.07
On Plan assets gains / (losses)	0.19	0.32

VIII Actuarial assumptions

	For the year 2011-12	For the Year 2010-11
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount Rate (per annum)	8.50%	8.25%
Expected Rate of return on Plan assets (per annum)	8.60%	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 plan assets

	For the year 2011-12	For the Year 2010-11
Insurer managed funds	100%	100%

Notes

forming part of the financial statements

23.11 The Company has obtained shareholders approval vide resolution passed through postal ballot, results whereof were declared on February 18, 2011, to sell and transfer as a going concern, on slump sale basis on such terms and conditions as are negotiated by the Board and/or the Managing Director, it's Mobile, Internet and Education division (Collectively the "Undertakings") at not less than fair value determined by an independent firm of Chartered Accountants or any other professional valuer and with effect from such date and in such manner as may be determined by the Board and/ or the Managing Director. During the year, the Company has entered into binding business transfer agreements, to sell its Mobile and Education division for a consolidated sum of ₹ 837.00 Lacs, based on fair value determined by an independent firm of Chartered Accountants. As per the terms of the agreements, the transactions would be effective on receipt of full consideration within a period not exceeding a period of 90 days from the date of the agreements. Accordingly, the net consideration of ₹ 824.80 Lacs has been accounted in the last quarter of the current year as "other operating income". The Management of the Company has decided to retain the internet division within the Company. The disclosures as required by AS 24 are as under:

a) Details of revenue and expenses and assets and liabilities of continuing and discontinuing operations -

(₹ in Lacs)

	2011-2012			2010-2011		
	Continuing Operations	Discontinuing Operations	Total	Continuing Operations	Discontinuing Operations	Total
Turnover (net)	12,935.60	661.97	13,597.57	15,053.87	247.94	15,301.81
Other Income	2,648.95	-	2,648.95	1,546.76	0.20	1,546.96
Total Income	15,584.56	661.97	16,246.53	16,600.63	248.14	16,848.77
Total Expenditure	14,356.09	819.85	15,175.95	16,353.71	932.24	17,285.95
Profit / (Loss) before tax	1,228.46	(157.88)	1,070.58	246.92	(684.10)	(437.19)
Provision for taxation	(90.41)	-	(90.41)	(95.52)	1.28	(94.24)
Profit / (Loss) after tax	1,318.87	(157.88)	1,160.99	342.44	(682.82)	(340.38)
Assets	43,286.04	230.67	43,516.71	41,911.92	432.24	42,344.17
Liabilities	(2,593.46)	(228.15)	(2,821.62)	(2,439.40)	(219.10)	(2,658.50)

b) Cash flow from continuing and discontinuing operations

(₹ in Lacs)

	2011-2012			2010-2011		
	Continuing Operations	Discontinuing Operations	Total	Continuing Operations	Discontinuing Operations	Total
Net cash (used in) operating activities	(280.14)	(47.90)	(328.03)	(457.56)	(826.41)	(1,283.97)
Net cash from / (used in) investing activities	575.46	(30.80)	544.66	2,084.14	(384.14)	1,700.00
Net cash (used in) financing activities	(148.12)	-	(148.12)	(228.99)	-	(228.99)

23.12 EARNING 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 :

	For the year 2011-12	For the Year 2010-11
a) Profit / (Loss) for the year attributable to equity share holders (₹ in Lacs)	1,160.99	(340.38)
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 (₹)	1.78	(0.52)
d) Nominal value of shares (₹)	2.00	2.00

23.13 COMPONENTS OF DEFERRED TAX ASSETS / (LIABILITIES)

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Depreciation on fixed assets	69.76	(4.45)
Provision for doubtful debts and advances	33.47	6.80
Disallowance under the Income Tax Act, 1961	-	3.28
DEFERRED TAX ASSET/ (LIABILITY)-NET TOTAL	**103.23**	**5.63**

23.14 LEASE TRANSACTIONS

a) The Company has taken certain premises on non-cancellable operating lease basis. Future lease rentals in respect of fixed assets taken on non-cancelable operating lease basis are as follows:

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
1) Amount due within 1 year	574.06	573.79
2) Amount due later than 1 year and not later than 5 years	1,385.85	1,493.72
3) Amount due later than 5 years	1,166.02	1,441.65
TOTAL	**3,125.93**	**3,509.16**

b) The Company has also taken certain premises on cancellable operating lease basis.

c) Amount of lease rentals charged to the profit and loss account in respect of operating leases is ₹ 726.78 Lacs (previous year ₹ 782.74 Lacs).

23.15 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

Notes

forming part of the financial statements

b) Sponsored Programmes : Income from telecasting of television serials on channels

(₹ in Lacs)

	Commissioned Programmes		Sponsored Programmes		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
REVENUE						
From External Customers	10,369.42	12,651.40	1,431.98	2,280.34	11,801.40	14,931.74
Add: Inter Segment sale	-	-	-	-	-	-
TOTAL REVENUE	**10,369.42**	**12,651.40**	**1,431.98**	**2,280.34**	**11,801.40**	**14,931.74**
RESULTS						
Segment result	1,337.67	1,421.58	18.46	401.85	1,356.13	1,823.43
Unallocable Corporate (expenses)/ income (net)					(2,934.50)	(3,807.37)
OPERATING (LOSS)					**(1,578.37)**	**(1,983.94)**
Interest income/Dividend on Long-Term Investments					27.83	205.57
Profit on sale of Long-Term Investments (non trade)					1,709.44	1,341.19
Insurance claims received					911.68	-
Provision for tax					90.41	96.80
(LOSS) / PROFIT AFTER TAX					**1,160.99**	**(340.38)**
OTHER INFORMATION						
Segment assets	6,330.19	7,862.85	580.32	970.54	6,910.51	8,833.39
Unallocated Corporate assets					36,606.20	33,510.77
TOTAL ASSETS					**43,516.71**	**42,344.16**
Segment liabilities	1,543.52	1,688.19	64.14	181.25	1,607.66	1,869.44
Unallocated Corporate liabilities					1,213.96	789.06
TOTAL LIABILITIES					**2,821.62**	**2,658.50**
Capital expenditure	69.92	986.31	-	-	69.92	986.31
Depreciation / Amortisation	386.93	838.23	2.61	3.46	389.54	841.69
SIGNIFICANT NON CASH EXPENSES OTHER THAN DEPRECIATION / AMORTISATION						
Loss on sale / discard of fixed assets (net)	127.74	-	-	-	127.74	-
Provision for doubful debts	37.64	8.22	21.85	(6.68)	59.49	1.54
Bad debts written off	-	-	-	3.68	-	3.68

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

The Company operates under one geographical segment and hence disclosures relating to geographical segment are not given.

23.16 DETAILS RELATING TO INVESTMENT IN LIMITED LIABILITY PARTNERSHIP (LLP)

(₹ in Lacs)

	As at March 31, 2012			As at March 31, 2011		
	Names of partners in the LLP	**Total capital**	**Share of each partner in the profits of the LLP**	**Names of partners in the LLP**	**Total capital**	**Share of each partner in the profits of the LLP**
IPB Capital Advisors LLP						
	Balaji Telefilms Limited	0.50	50%	-	-	-
	IP Capital Advisors LLP	0.49	49%			
	IPM Capital Advisors LLP	0.01	1%	-	-	-
TOTAL		**1.00**	**100%**	**-**	**-**	**-**

23.17 Shareholders vide resolution passed through postal ballot, results whereof were declared on February 18, 2011, amended the objects clause of the Company to allow the Company to carry on inter-alia the business of providing financial services and other similar businesses. Subsequently, the Company management has decided to set up and sponsor Private Equity / Venture Capital Funds focusing on the Media & Entertainment and Education industry. Accordingly, the Company has committed to invest in two funds, set up by "Indus Balaji Investor Trust" and "Indus Balaji Education Investor Trust", both of which are Domestic Venture Capital Funds registered with SEBI. The Company has committed to invest upto ₹ 4,000 Lacs towards class A Units in 'Emerging Markets Media and Entertainment Opportunities Fund I-A', a Scheme of Indus Balaji Investor Trust. Of this, the first instalment of ₹ 800.00 Lacs was invested during the financial year. The Company has a future commitment of upto ₹ 3,200 Lacs.

23.18 The figures of the previous year have been regrouped wherever necessary to correspond with those of the current year in-line with the Revised Schedule VI to the Companies Act, 1956.

Signatures to notes 1 to 23

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Balaji Telefilms Limited

A. B. Jani
(Partner)

Jeetendra Kapoor
(Chairman)

Shobha Kapoor
(Managing Director)

Ekta Kapoor
(Joint Managing Director)

Place : Mumbai
Date :

For Snehal & Associates
Chartered Accountants

D.G.Rajan
(Director)

Srinivasa Shenoy
(Chief Financial Officer)

Alpa Khandor
(Company Secretary)

Snehal Shah
(Proprietor)

Place : Mumbai
Date : May 11, 2012

Place : Mumbai
Date : May 11, 2012

Auditors' Report

To the Board of Directors of Balaji Telefilms Limited

1. We have audited the attached Consolidated Balance Sheet of Balaji Telefilms Limited ("the Company") and its subsidiary (the Company and its subsidiary constitute "the Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements as notified under the Companies (Accounting Standards) Rules, 2006.

4. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiary which is audited by Deloitte Haskins & Sells, Chartered Accountants, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;

   ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and

   iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Reg. No 117366W)

A.B. Jani
Partner
Membership Number: 46488
Mumbai, dated: May 11, 2012

For Snehal & Associates
Chartered Accountants
(Reg. No 110314W)

Snehal Shah
Proprietor
Membership Number: 40016
Mumbai, dated: May 11, 2012

Consolidated Balance Sheet
as at March 31, 2012

	Note No.	As at March 31, 2012	As at March 31, 2011
			(₹ in Lacs)
A EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
a) Share capital	3	1,304.21	1,304.21
b) Reserves and surplus	4	37,835.15	35,942.56
		39,139.36	**37,246.77**
2 CURRENT LIABILITIES			
a) Trade payables	5	2,149.40	1,863.40
b) Other current liabilities	6	1,025.67	756.61
c) Short-term provisions	7	161.58	176.43
		3,336.65	**2,796.44**
TOTAL		**42,476.01**	**40,043.21**
B ASSETS			
1 NON-CURRENT ASSETS			
a) Fixed assets	8		
i) Tangible assets		3,179.28	8,581.41
ii) Capital work-in-progress		69.92	-
		3,249.20	**8,581.41**
b) Non-current investments	9	1,759.69	-
c) Deferred tax assets (net)	23.13	103.23	5.63
d) Long-term loans and advances	10	2,523.89	2,017.39
		7,636.01	**10,604.43**
2 CURRENT ASSETS			
a) Current investments	11	20,996.21	17,607.55
b) Inventories	12	4,302.87	1,283.73
c) Trade receivables	13	3,381.70	5,063.06
d) Cash and cash equivalents	14	602.50	511.93
e) Short-term loans and advances	15	5,491.24	4,826.87
f) Other current assets	16	65.48	145.64
		34,840.00	**29,438.78**
TOTAL		**42,476.01**	**40,043.21**

See accompanying notes forming part of financial statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Balaji Telefilms Limited

A. B. Jani
(Partner)

Jeetendra Kapoor
(Chairman)

Shobha Kapoor
(Managing Director)

Ekta Kapoor
(Joint Managing Director)

Place : Mumbai
Date :

For Snehal & Associates
Chartered Accountants

D.G.Rajan
(Director)

Srinivasa Shenoy
(Chief Financial Officer)

Alpa Khandor
(Company Secretary)

Snehal Shah
(Proprietor)

Place : Mumbai
Date : May 11, 2012

Place : Mumbai
Date : May 11, 2012

Consolidated Statement of Profit and Loss

for the year ended March 31, 2012

(₹ in Lacs)

	Note No.	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
A CONTINUING OPERATIONS			
1 REVENUE FROM OPERATIONS	17	18,779.90	19,222.37
2 OTHER INCOME	18	2,724.17	1,581.77
3 TOTAL REVENUE (1+2)		**21,504.07**	**20,804.14**
4 EXPENSES			
a) Cost of Production of television serials and films	19	11,651.03	13,552.69
b) Employee benefits expense	20	1,998.33	1,836.52
c) Finance costs	21	13.91	0.28
d) Depreciation and amortisation expense	8	714.75	1,074.22
e) Other expenses	22	5,014.81	3,804.65
TOTAL EXPENSES		**19,392.83**	**20,268.36**
5 PROFIT BEFORE TAX (3-4)		**2,111.25**	**535.78**
6 TAX EXPENSE			
a) Current tax		240.56	56.51
b) Deferred tax		(97.60)	(95.53)
c) Excess provision for tax in respect for earlier years		(233.37)	-
		(90.41)	**(39.01)**
7 PROFIT FROM CONTINUING OPERATIONS (5-6)		**2,201.66**	**574.79**
B DISCONTINUING OPERATIONS			
8.A (Loss) from discontinuing operations (before tax)	23.11	(157.88)	(684.10)
8.B (Less): Tax expense of discontinuing operations	23.11	-	1.28
9 (LOSS) FROM DISCONTINUING OPERATIONS (AFTER TAX) (8.A+8.B)	23.11	**(157.88)**	**(682.82)**
10 SHARE IN THE PROFIT OF ASSOCIATES		**0.39**	**-**
C TOTAL OPERATIONS			
11 PROFIT / (LOSS) FOR THE YEAR (7+9+10)		**2,044.17**	**(108.03)**
12 EARNINGS PER SHARE (OF ₹ 2/- EACH)	23.12		
Basic and diluted earnings per share		3.13	(0.17)

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Balaji Telefilms Limited

A. B. Jani
(Partner)

Jeetendra Kapoor
(Chairman)

Shobha Kapoor
(Managing Director)

Ekta Kapoor
(Joint Managing Director)

Place : Mumbai
Date :

For Snehal & Associates
Chartered Accountants

D.G.Rajan
(Director)

Srinivasa Shenoy
(Chief Financial Officer)

Alpa Khandor
(Company Secretary)

Snehal Shah
(Proprietor)

Place : Mumbai
Date : May 11, 2012

Place : Mumbai
Date : May 11, 2012

Consolidated Cash Flow Statement

for the year ended March 31, 2012

(₹ in Lacs)

	For the year ended March 31, 2012		For the year ended March 31, 2011	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit / (Loss) for the year		1,953.36		(148.32)
Adjustments for:				
Depreciation	777.49		1,121.74	
Bad debts written off	-		5.20	
Net consideration from sale of discontinuing operations	(824.80)		-	
Provision for doubtful debts (net)	62.41		6.45	
Provision for doubtful advances (net)	19.85		-	
Loss on sale / discard of fixed assets(net)	32.80		5.41	
Profit on sale of Land (net)	(122.90)		-	
Profit on sale of long term investments (non-trade) (net)	(1,709.44)		(1,341.19)	
Provision for earlier years written back (net)	(49.97)		(37.12)	
Advances written off	11.00		25.47	
Interest income on Fixed Deposits	(28.20)		(26.02)	
Dividend income	-		(179.17)	
Operating profit / (loss) before working capital changes	**121.59**		**(567.55)**	
Adjustments for:				
Decrease in trade and other receivable	918.09		111.14	
(Increase) in inventories	(3,132.16)		1,183.75	
Increase in trade payables and other payables	800.60		216.01	
(Used in) / Cash from operations		(1,291.89)		943.35
Income-tax paid		(468.91)		(1,244.97)
NET CASH (USED IN) OPERATING ACTIVITIES		**(1,760.79)**		**(301.62)**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(455.48)		(1,285.48)	
Sale of fixed assets (including sale of land)	5,116.44		5.34	
Proceeds for sale of business	753.17		-	
Purchase of investments	(37,110.43)		(38,249.34)	
Sale of investments	35,431.22		39,961.63	
Purchase of non current investments	(1,759.69)		-	
Interest income	28.20		26.02	
Dividend income received	-		179.17	

Consolidated Cash Flow Statement

for the year ended March 31, 2012

(₹ in Lacs)

	For the year ended March 31, 2012		For the year ended March 31, 2011	
NET CASH FLOW FROM INVESTING ACTIVITIES		**2,003.45**		**637.34**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Dividend paid	(126.46)		(195.73)	
Corporate dividend tax paid	(21.66)		(33.26)	
Finance cost				
NET CASH FLOW (USED IN) FINANCING ACTIVITIES		**(148.12)**		**(228.99)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**94.53**		**106.73**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**465.70**		**328.52**
(LESS)/ADD: FIXED DEPOSITS IN LIEN AGAINST BANK GUARANTEE		(26.50)		30.45
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**533.73**		**465.70**

Notes:

i) Components of cash and cash equivalents include cash and bank balances in current and deposit accounts (Refer note 9).

(₹ in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
ii) Cash and cash equivalents at the end of the year as per cashflow statement	533.73	465.70
- Unpaid dividend accounts	7.17	11.13
- Fixed deposits kept in lien against bank guarantee	61.60	35.10
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR AS PER NOTE 14	**602.50**	**511.93**

iii) The above excludes assets transferred on sale of division (refer note 23.11)

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Balaji Telefilms Limited

A. B. Jani
(Partner)

Jeetendra Kapoor
(Chairman)

Shobha Kapoor
(Managing Director)

Ekta Kapoor
(Joint Managing Director)

Place : Mumbai
Date :

For Snehal & Associates
Chartered Accountants

D.G.Rajan
(Director)

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(Company Secretary)

Snehal Shah
(Proprietor)

Place : Mumbai
Date : May 11, 2012

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NOTE 1 CORPORATE INFORMATION

Incorporated on November 10, 1994, Balaji Telefilms Limited has established itself as one of the largest televison content production houses in India. With its footprint established in the hindi speaking market, it has now extended into the regional entertainment markets. With a library of over 100 televison shows, Balaji has also ventured into the events business.

Balaji Motion Pictures Limited is a wholly owned subsidiary of Balaji Telefilms Limited and is involved in production of films. Incorporated on March 9, 2007 under the Companies Act, 1956, the Company has in a short span managed to establish itself as a serious contender in the business and has several critically and commercially acclaimed projects to its credit.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The accompanying Consolidated Financial Statements of the Balaji Telefilms Limited (BTL/Parent Company) and its Balaji Motion Pictures Limited (Subsidiary) as aforesaid (hereinafter together referred as “the group”), have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards (AS) notified in the Companies (Accounting Standards) Rules 2006. The financial statements of the subsidiary used in the consolidation are drawn up to the same reporting date as that of the Parent Company namely March 31, 2012. The financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Act.

PRINCIPLES OF CONSOLIDATION

The financial statements of the Parent Company and its subsidiary have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income, expenses, after eliminating intra – group transactions and any unrealised gain or losses on the balances remaining within the group in accordance with the Accounting Standard 21 on “Consolidated Financial Statements” (AS-21).

The financial statements of the Parent Company and its subsidiary have been consolidated using uniform accounting policies for like transaction and other events in similar circumstances.

USE OF ESTIMATES

The preparation of financials statements, in conformity with generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of the revenue and expenses during the reported year. Differences between the actual results and the estimates are recognised in the year in which the results are known / materialised.

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%

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 /Content	:	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.

Notes

forming part of the consolidated financial statements

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 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 Plan

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

OPERATING LEASES

Assets taken on lease under which, all the risks and rewards of the ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses in accordance with the respective lease agreements.

TAXES ON INCOME

Tax expense comprises of current tax and deferred tax.

Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, using the applicable tax rates.

Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / period. Deferred tax assets are recognised only to the extent that there is reasonable certainty, that sufficient future income will be available except that the deferred tax assets, in case there are unabsorbed depreciation and losses, are recognised if there is a virtual certainty that sufficient future taxable income will be available to realise the same.

PROVISIONS AND CONTINGENCIES

Provisions are recognised when the Group 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 Group 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 recognised nor disclosed.

Notes

forming part of the consolidated financial statements

NOTE 3 SHARE CAPITAL

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
a) Authorised		
75,000,000 Equity Shares of ₹ 2/- each with voting rights	1,500.00	1,500.00
	1,500.00	**1,500.00**
b) Issued, Subscribed and fully paid-up		
65,210,443 Equity Shares of ₹ 2/- each with voting rights	1,304.21	1,304.21
TOTAL	**1,304.21**	**1,304.21**

Note :

Details of Equity Shares held by each shareholder holding more than 5% shares:

Name of shareholder	As at March 31, 2012		As at March 31, 2011	
	Number of shares held	% of Holding	Number of shares held	% of Holding
Star Middle East FZ LLC	16,948,194	25.99	16,948,194	25.99
Ekta Kapoor	10,500,488	16.10	10,024,066	15.37
Shobha Kapoor	10,037,500	15.39	10,037,500	15.39
Jeetendra Kapoor	4,392,000	6.74	4,392,000	6.74

NOTE 4 RESERVES AND SURPLUS

(₹ in Lacs)

	As at March 31, 2012		As at March 31, 2011	
a) Securities premium account				
As per last Balance Sheet		14,785.61		14,785.61
b) General reserve				
As per last Balance Sheet	4,660.77		4,660.77	
Add: Transferred from surplus in Statement of Profit and Loss	116.10		-	
		4,776.87		4,660.77
c) Surplus in Statement of Profit and Loss				
Opening balance	16,496.18		16,756.30	
Add: Profit / (Loss) for the year	2,044.17		(108.03)	
Less : Dividends proposed to be distributed to equity shareholders (₹ 0.20 per share)	130.42		130.42	
Tax on dividend	21.16		21.66	
Transferred to General reserve	116.10		-	
Closing balance		18,272.67		16,496.19
TOTAL		**37,835.15**		**35,942.56**

Notes

forming part of the consolidated financial statements

NOTE 5 TRADE PAYABLES

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
a) Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 23.4)	-	-
b) Total outstanding dues of other than Micro Enterprises and Small Enterprises	2,149.40	1,863.40
TOTAL	**2,149.40**	**1,863.40**

NOTE 6 OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
a) Unpaid dividends (Refer Note below)	7.17	11.13
b) Temporarily overdrawn book balances	239.69	0.61
c) Other payables		
i) Statutory liabilities	182.49	676.67
ii) Advances from customers	596.32	68.20
TOTAL	**1,025.67**	**756.61**

Note :

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

NOTE 7 SHORT-TERM PROVISIONS

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Provision - Others		
i) Provision for tax (net of advance tax ₹ NIL Lacs (As at March 31, 2011 ₹ 4,081.20 Lacs))	10.00	24.35
ii) Provision for proposed equity dividend	130.42	130.42
iii) Provision for tax on proposed dividend	21.16	21.66
TOTAL	**161.58**	**176.43**

NOTE 8 FIXED ASSETS

(₹ in Lacs)

	GROSS BLOCK					DEPRECIATION /AMORTISATION					NET BLOCK	
	As at April 01, 2011	Additions	Deductions	Transfer of Assets	As at March 31, 2012	Upto March 31, 2011	For the Year	On Deductions	On Transfer of Assets	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
TANGIBLE ASSETS												
Land (refer note b below)	4,877.10	-	4,877.10	-	-	-	-	-	-	-	-	4,877.10
Buildings (refer note a below)	469.36	-	-	-	469.36	50.14	7.65	-	-	57.79	411.57	419.22
Plant and machinery - Computers	620.91	9.47	-	2.78	627.60	370.63	79.83	-	1.04	449.42	178.18	250.28
Plant and machinery - Others	2,221.68		0.66	29.16	2,191.86	1,061.44	154.44	0.31	3.15	1,212.42	979.44	1,160.24
Computers	466.82	21.32	17.45	69.57	401.12	345.37	26.42	17.45	18.33	336.01	65.11	121.45
Studios and sets	4,384.74	254.94	-	-	4,639.68	3,785.57	323.64	-	-	4,109.21	530.47	599.17
Vehicles	756.20	74.01	68.39	-	761.82	294.04	52.81	24.08	-	322.77	439.05	462.16
Furniture and fixtures	302.74	1.94	0.86	0.11	303.71	118.66	19.03	0.44	0.01	137.24	166.47	184.08
Office equipments	330.66	7.29	5.80	3.47	328.68	71.53	15.77	1.64	0.23	85.43	243.25	259.13
Electrical fittings	73.05	16.28	-	1.63	87.70	15.45	3.82	-	0.13	19.14	68.56	57.60
Lease Hold Improvements	386.10	0.31	-	-	386.41	195.12	94.08	-	-	289.20	97.21	190.98
TOTAL	**14,889.36**	**385.56**	**4,970.26**	**106.72**	**10,197.94**	**6,307.95**	**777.49**	**43.92**	**22.89**	**7,018.63**	**3,179.31**	**8,581.41**
PREVIOUS YEAR	**14,904.28**	**1,565.89**	**1,580.81**	**-**	**14,889.36**	**6,756.27**	**1,121.74**	**1,570.06**	**-**	**6,307.95**		

Notes

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

b) The Company, in the previous year, had invested in three adjacent plots of land admeasuring approximately 38,870 sq. mtrs. in aggregate, situated within the limits of Mira Bhayander Municipal Corporation. During the current year, the Company has sold the plots of land for a consolidated consideration aggregating to ₹ 5,100.00 Lacs on an 'as-is where-is' basis vide two separate transactions and has accounted for the profit on sale aggregating to ₹ 122.90 Lacs (net of related expenses). Part of the land has been sold to M/s JK Developers a sole proprietary firm owned by one of the Directors of the Company.

c) Transfer of assets pertains to sale of divisions (refer note 23.11).

d) Depreciation includes depreciation towards discontinued operations aggregating to ₹ 62.74 Lacs (Previous year ₹ 47.52 Lacs).

Notes

forming part of the consolidated financial statements

NOTE 9 NON-CURRENT INVESTMENTS

(₹ in Lacs)

	As at March 31, 2012		As at March 31, 2011	
		Unquoted		Unquoted
(AT COST): (NON-TRADE)				
a) Investment in optionally convertible debentures (OCDs) of -				
i) Series A 3,000 and Series B 222,500 (As at March 31, 2011: NIL) debentures of ₹ 100/- each in Smart Prep Education Private Limited	225.50		-	
ii) Series A 3,000 and Series B 84,500 (As at March 31, 2011: NIL) debentures of ₹ 100/- each in Aristo Learning Private Limited	87.50		-	
iii) Series A 3,000 and Series B 112,800 (As at March 31, 2011: NIL) debentures of ₹ 100/- each in Smart Q Education Solutions Private Limited	115.80		-	
iv) Series A 1,000 and Series B 529,000 (As at March 31, 2011: NIL) debentures of ₹ 100 each in Second School Learning Private Limited	530.00		-	
		958.80		-
b) Investment in Associate (partnership firm) (Refer Note 23.16)				
IPB Capital Advisors LLP	0.50		-	
Add : Share of associate	0.39		-	
		0.89		-
c) Investment in Indus Balaji Investor Trust (Refer Note 23.1.B)		800.00		-
TOTAL		**1759.69**		**-**

NOTE 10 LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
a) Capital Advances	115.91	9.51
b) Security Deposits (Refer Note below)	1,009.38	1,007.88
c) Other loans and advances		
Loan to Balaji Employees Foundation	1,000.00	1,000.00
d) Advance to vendors	398.60	-
TOTAL	**2,523.89**	**2,017.39**

Note: Security Deposit include deposits given to Directors / relatives of Directors for the properties taken on lease from them (also refer note 23.7)

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Directors	846.60	846.60
Maximum amount outstanding at any time during the year for the above deposits.	846.60	846.60

NOTE 11 CURRENT INVESTMENTS

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
(Non trade) (at lower of cost and fair value)		
Investment in mutual funds (give details)	20,996.21	17,607.55
TOTAL	**20,996.21**	**17,607.55**

Note :

	Face Value ₹	Numbers		Value (₹ in Lacs)	
		As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
UNQUOTED					
IN UNITS OF MUTUAL FUNDS					
Birla Sunlife Medium Term Plan - Institutional Growth	10.00	-	13,867,757	-	1,500.66
Birla Sunlife Dynamic Bond Fund - Retail	10.00	11,949,295	-	2,052.80	-
Birla Sunlife Short Term FMP Series 25 Growth	10.00	4,999,990	-	500.00	-
Birla Sun Life Cash Manager - Institutional Plan - Growth	10.00	420,882	-	751.08	-
Birla Sun Life Short Term FMP Series 23 Growth	10.00	5,127,804	-	512.78	-
Birla Sun Life Fixed Plan Series ED Growth	10.00	5,025,936	-	502.59	-
DSP Blackrock FMP 13M Series 2 Growth	10.00	-	5,000,000	-	500.00
DSP Blackrock FMP 3M Series 28 - Growth	10.00	-	5,000,000	-	500.00
DSP Blackrock FMP - 3 Months - Series 32 - Growth	10.00	-	5,000,000	-	500.00
HDFC FMP 13M March 2010 Growth - Series XII	10.00	-	5,000,000	-	500.00
HDFC FMP 20M Sep 2009 - Growth - Series XI	10.00	-	5,103,428	-	510.34
HDFC Liquid Fund Premium Plan - Growth	10.00	-	690,596	-	135.05
HDFC Cash Management Fund - Treasury Advantage - Wholesale Plan - Growth	10.00	2,465,911	-	577.10	-
HDFC Short Term Plan - Growth	10.00	7,569,266	-	1,500.00	-
HDFC FMP 370D November 2011 (3) - Growth - Series XIX	10.00	5,000,000	-	500.00	-
HDFC FMP 370D January 2012 (2) - Growth - Series XIX	10.00	10,000,000	-	1,000.00	-
HDFC FMP 92D March 2012 (3) - Growth - Series XXI	10.00	10,000,000	-	1,000.00	-
ICICI Long Term Floating Rate Plan C - Growth	10.00	-	14,890,850	-	1,500.00
ICICI Prudential Interval Fund - Half Yearly Interval Plan I - Institutional Growth	10.00	-	9,993,205	-	1,000.00
ICICI Prudential Interval Fund -Quarterly Interval Plan - II - Institutional Growth	10.00	-	4,378,374	-	502.05

Notes

forming part of the consolidated financial statements

	Face Value ₹	Numbers		Value (₹ in Lacs)	
		As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
ICICI Prudential Interval Fund IV Quarterly Interval Plan B Institutional Growth	10.00	-	19,311,621	-	2,004.85
ICICI Prudential Interval Fund III Quarterly Interval Plan Retail Growth	10.00	-	4,048,714	-	502.36
ICICI Prudential Blended Plan B - Institutional Growth Option II	10.00	8,643,192	-	1,000.00	-
ICICI Prudential Medium Term Plan Premium Plus Growth	10.00	14,502,406	-	1,593.33	-
ICICI Prudential FMP Series 60 - 1 Year Plan D - Growth	10.00	5,000,000	-	500.00	-
ICICI Prudential FMP Series 60 - 18 Months Plan G Cummulative	10.00	9,723,877	-	972.39	-
ICICI Prudential Short Term Plan - Institutional Growth	10.00	2,298,635	-	500.00	-
ICICI Prudential FMP Series 61 - 18 Months Plan B - Cummulative	10.00	10,000,000	-	1,000.00	-
ICICI Prudential FMP Series 62 - 1 Year Plan A - Cummulative	10.00	5,000,000	-	500.00	-
IDFC FMP - 100 Days - Series 3 - Growth	10.00	-	10,000,000	-	1,000.00
IDFC Super Saver Income Fund - Short Term - Plan A Growth	10.00	6,999,481	-	1,500.00	-
Kotak FMP 13M Series 6 - Growth	10.00	-	3,081,120	-	308.11
L&T Fixed Maturity Plan Series 12 Plan 15M March 10 I Growth	10.00	-	5,000,000	-	500.00
Reliance Fixed Horizon Fund - XVIII - Series 3-Growth Plan	10.00	-	15,000,000	-	1,500.00
Reliance Fixed Horizon Fund XVIII - Series 7 - Growth	10.00	-	10,000,000	-	1,000.00
Reliance Regular Savings Fund - Debt Plan - Institutional Growth Plan	10.00	-	1,876,204	-	238.85
Reliance Fixed Horizon Fund XX - Series 14 - Growth	10.00	10,000,000	-	1,000.00	-
Reliance Fixed Horizon Fund - XXI - Series 4-Growth Plan	10.00	9,999,990	-	1,000.00	-
Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Plan	10.00	2,055,183	-	534.14	-
Religare Fixed Maturity Plan Series II Plan A (13Months)	10.00	-	5,000,000	-	500.00
Religare Fixed Maturity Plan Series II Plan B (15Months)	10.00	-	5,000,000	-	500.00
SBI SDFS - 367 Days -11 Growth	10.00	4,999,990	-	500.00	-
Templeton India Low Duration Fund	10.00	9,432,183	-	1,000 .00	-
Tata Fixed Maturity Plan Series 25 Scheme B	10.00	-	4,052,755	-	405.28
UTI Dynamic Bond Fund - Growth Plan	10.00	-	14,425,712	-	1,500.00
UTI Short Term Income Fund - Growth Option	10.00	4,015,065	-	500.00	-
UTI Fixed Income Interval Fund- Series II - Quarterly Interval Plan 4 - Institutional - Growth	10.00	-	4,824,392	-	500.00
TOTAL				**20,996.21**	**17,607.55**

Notes

forming part of the consolidated financial statements

NOTE 12 INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
a) Serials	680.53	97.33
b) Tapes	4.64	7.44
c) Content	-	42.29
d) Films	3,617.70	1,136.67
TOTAL	**4,302.87**	**1,283.73**

NOTE 13 TRADE RECEIVABLES

(₹ in Lacs)

	As at March 31, 2012		As at March 31, 2011	
Trade receivables outstanding for a period exceeding six months from the date they were due for payment				
Unsecured, considered good	76.98		50.52	
Unsecured, considered doubtful	82.86		20.45	
	159.84		70.97	
Less: Provision	82.86		20.45	
		76.98		50.52
Other Trade receivables				
Unsecured, considered good		3,304.72		5012.54
TOTAL		**3,381.70**		**5,063.06**

NOTE 14 CASH AND CASH EQUIVALENTS

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
a) Cash on hand	29.78	31.97
b) Balances with banks		
i) In current accounts	233.43	309.32
ii) In deposit accounts	270.52	124.41
iii) In earmarked accounts		
- Unpaid dividend accounts	7.17	11.13
- Fixed deposits kept in lien against bank guarantee	61.60	35.10
TOTAL	**602.50**	**511.93**
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	533.73	465.70

Notes

forming part of the consolidated financial statements

NOTE 15 SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS OTHER WISE STATED)

(₹ in Lacs)

		As at March 31, 2012		As at March 31, 2011
a) Loans and advances to employees		11.25		25.04
b) Prepaid expenses		61.30		90.83
c) Advance tax (net of provisions for tax ₹ 6,291.85 Lacs (As at March 31, 2011 ₹ 2,058.37 Lacs))		3,713.49		3,266.12
d) Balances with government authorities (VAT, service tax etc.)		168.13		195.85
e) Advance to vendors				
Considered good	1,537.07		1,249.03	
Doubtful	19.85		852.00	
	1,556.92		2,101.03	
Less - Provision for other doubtful loans and advances	(19.85)		(852.00)	
		1,537.07		1,249.03
TOTAL		**5,491.24**		**4,826.87**

NOTE 16 OTHER CURRENT ASSETS

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Unbilled revenue	65.48	145.64
TOTAL	**65.48**	**145.64**

NOTE 17 REVENUE FROM OPERATIONS

(₹ in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
A) SALE OF SERVICES		
Commissioned Sales	10,369.42	12,651.40
Sponsored Sales	1,431.98	2,280.35
Internet Sales	10.12	14.46
Sale of movie rights	5,845.50	4,169.70
B) OTHER OPERATING REVENUES		
Profit on sale of land (net) (refer note 8(b) and 23.7)	122.90	-
Sale of Scrap	5.58	11.22
Net Consideration from sale of discontinuing operations (refer note 23.11)	824.80	-
Excess provision for earlier years written back	49.97	60.75
Facilities hire charges	86.11	34.08
Service income	33.52	-
Insurance claim received	-	0.41
TOTAL	**18,779.90**	**19,222.37**

NOTE 18 OTHER INCOME

(₹ in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
a) Interest income :		
On fixed deposits with banks	28.20	26.02
On staff / other loans	-	0.66
On Income Tax Refund	70.73	25.45
b) Dividend income on current investments (non-trade)	-	179.17
c) Profit on sale of current investments (non-trade) (net)	1,709.44	1,341.19
d) Insurance claim received (on maturity of keyman insurance policy)	911.68	-
e) Excess Provision for earlier years written back (net)	1.11	9.27
f) Miscelleanous income	3.00	-
TOTAL	**2,724.17**	**1,581.77**

NOTE 19 COST OF PRODUCTION OF TELEVISION SERIALS AND FILMS

(₹ in Lacs)

	For the year ended March 31, 2012		For the year ended March 31, 2011	
Opening stock of television serials / tapes / content / films		1,283.73		2,467.48
Add: Cost of production				
Acquisition cost	11.53		22.28	
Purchase of costumes and dresses	188.65		139.04	
Purchase of tapes	250.20		280.55	
Artists, junior artists, dubbing artists fees	3065.42		2,786.50	
Directors, technicians and other fees	3516.04		3,650.17	
Shooting and location expenses	1845.56		2,331.23	
Telecasting fees	651.03		953.73	
Uplinking charges / Special dispatch charges	54.26		22.53	
Food and refreshments	225.96		256.10	
Set properties and equipment hire charges	654.73		820.46	
Negative processing charges	104.47		83.97	
Insurance	13.10		13.59	
Line production cost	2981.83		384.99	
Other production expenses	1107.39		623.80	
		14,670.17		12,368.94
Less: Closing stock of television serials / tapes / Content / films		4,302.87		1,283.73
TOTAL		**11,651.03**		**13,552.69**

NOTE 20 EMPLOYEE BENEFIT EXPENSE

(₹ in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Salaries and wages	1,815.85	1,613.15
Contributions to Provident and Other Funds	135.28	172.30
Staff welfare expenses	47.20	51.07
TOTAL	**1,998.33**	**1,836.52**

Notes

forming part of the consolidated financial statements

NOTE 21 FINANCE COSTS

(₹ in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest expense on delayed payment of taxes etc.	13.91	0.28
TOTAL	**13.91**	**0.28**

NOTE 22 OTHER EXPENSES

(₹ in Lacs)

		For the year ended March 31, 2012		For the year ended March 31, 2011
Power and fuel		252.57		273.67
Rent including lease rentals (Refer Note 23.14.(c))		728.16		783.94
Repairs and maintenance - Machinery		39.69		37.86
Repairs and maintenance - Others		91.09		98.45
Insurance		132.23		119.62
Rates and taxes		60.34		106.50
Communication expenses		72.53		85.56
Legal and Professional charges		976.33		712.54
Security and housekeeping expenses		151.13		206.26
Business promotion expenses		53.31		38.39
Travelling & conveyance expenses		297.01		224.70
Donations and contributions		36.87		32.06
Loss on Fixed Assets sold/scrapped/written off		32.80		5.41
Advances written off		-		25.47
Provision for doubtful debts *		59.49		1.54
Provision for doubtful advances		19.85		-
Marketing and distribution expenses		1,411.26		764.19
Bad debts written off		-		5.20
Advances written off	863.00		-	
Less : provision for doubtful advances written back	(852.00)		-	
		11.00		-
Software expenses		9.45		46.12
Foreign exchange (loss) net		-		1.30
Directors sitting fees		4.25		6.05
Brokerage and commission		338.34		13.39
Miscellaneous expenses **		237.10		216.43
TOTAL		**5,014.81**		**3,804.65**

* Excludes ₹ 2.92 Lacs (previous year ₹ 4.91 Lacs)being provision for doubtful debts pertaining to discontinued operations.

** Miscellaneous expenses include security charges, printing and stationery etc.

NOTE 23 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AND DISCLOSURE UNDER ACCOUNTING STANDARDS

(₹ in Lacs)

		As at March 31, 2012	As at March 31, 2011
23.1 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)			
A	Contingent Liabilities		
a)	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
b)	The Company has received notices of demand from the Department of Sales Tax, Government of Maharashtra pertaining to the years 2000 to 2004 (Previous year 2000 to 2005). The department has sought to tax the Sales revenue of the Company under the 'Commissioned Programs' category to Sales tax under the Bombay Sales Tax Act, 1959. The Company has appealed against the said order of the Sales Tax Officer to the Deputy Commissioner (appeals) and the same is pending adjudication.	17,107.87	22,363.00
c)	The Company had received demand notices from the Office of the Commissioner of Service Tax, Mumbai (excluding Interest and penalty) pertaining to Service tax for the period April 2006 to March 2010 on exports made to one of the customers of the Company. On appeal, the matter pertaining to the period April 2006 to March 2008 was adjudicated in favour of the Company. The Commissioner has further filed an appeal against the adjudication with the Customs, Excise & Service Tax Appellate Tribunal. The matter is pending hearing.	9,245.00	9,245.00
d)	The Company has received an order of compensatory loss from the City Civil & Sessions Court, Greater Mumbai, stating that the Company has unauthorised possession of the administrative place situated at Aarey Milk Colony. The Company has paid 50% of the amount aggregating to ₹ 18.51 Lacs under protest.	18.51	18.51
B	Commitments		
	Future commitments towards capital contribution in Indus Balaji Investor Trust (refer note 23.17).	3,200.00	-

23.2 a) 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. During the year the Company has received a letter from the office of Deputy Commissioner of Sales Tax inquiring about the Company's intentions on pursuing the Determination of Disputed Question (DDQ), to which the Company has responded positively, in favor of getting a clarification in the matter. Refer note 23.1.(b).

b) The Finance Act, 2010 had introduced a new taxable service category viz 'Copyright Services', wherein temporary transfer or permitting the use/ enjoyment of copyright has been made liable to service tax. The levy extends to all transactions involving temporary transfer or permitting the use of copyrights in cinematographic films and sound recordings. Pursuant to this, the Company has filed a writ petition in the Bombay High Court challenging the vires of the Central Government to levy Service tax under the said entry. Pending disposal of the writ petition, no provision of any service tax liability has been made in the books of accounts. The estimated liability in this regard is ₹ 122.82 Lacs which is entirely recoverable from the clients of the Company.

Notes
forming part of the consolidated financial statements

23.3 PAYMENT TO AUDITORS

(₹ in Lacs)

	For the year 2011-2012	For the year 2010-2011
a) As Auditors	22.70	20.00
b) For Tax Audit	1.00	0.75
c) in any other manner - representation before authority, certification work etc.	6.50	5.03
d) For expenses	0.15	0.38
e) For service tax	2.91	2.69
TOTAL	**33.25**	**28.85**

23.4 As per information available with the Company, none of the creditors have confirmed that they are registered under the Micro, Small and Medium enterprises Development Act, 2006. Accordingly, disclosure as required by the said Act is given in Note 5.

23.5 DETAILS OF SUBSIDIARY AND ASSOCIATE INCLUDED IN CONSOLIDATED FINANCIAL STATEMENTS

Name	Relationship	Country of incorporation	% of ownership interest and voting power
Balaji Motion Pictures Limited	Subsidiary	India	100%
IPB Capital Advisors LLP	Associate	India	50%

23.6 DISCLOSURE AS PER CLAUSE 32 OF THE LISTING AGREEMENTS WITH THE STOCK EXCHANGES

Loans and advances in the nature of loans given to subsidiaries and associates :

(₹ in Lacs)

Name of the party	Relationship	Amount outstanding as at March 31, 2012	Maximum balance outstanding during the year
IPB Capital Advisors LLP	Associate	0.50 (-)	0.50 (-)

Note: Figures in bracket relate to the previous year.

23.7 RELATED PARTY TRANSACTIONS

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	Key management person (w.e.f. August 27, 2010)
Mr. Tusshar Kapoor	Relative of Key management person (upto August 26, 2010)
Mr. Ramesh Sippy	Relative of Key management person
M/s. J K Developers	Sole proprietory firm of a Key management person
IPB Capital Advisors LLP	Associate

b) Details of transactions with related parties during the year

(₹ in Lacs)

Nature of Transactions	Key Management Person	Relative of Key Management Person	Sole proprietory firm of Key Management Person	Associate	Total
Directors sitting fees					
Mr. Jeetendra Kapoor	0.50	-	-	-	0.50
	(1.40)	(-)	(-)	(-)	(1.40)
Mr. Tusshar Kapoor	0.60	-	-	-	0.60
	(0.45)	(-)	(-)	(-)	(0.45)
Rent					
Mr. Jeetendra Kapoor	25.42	-	-	-	25.42
	(24.78)	(-)	(-)	(-)	(24.78)
Ms. Shobha Kapoor	471.52	-	-	-	471.52
	(502.63)	(-)	(-)	(-)	(502.63)
Mr. Tusshar Kapoor	6.06	-	-	-	6.06
	(5.72)	(-)	(-)	(-)	(5.72)
Ms.Ekta Kapoor	5.39	-	-	-	5.39
	(5.09)	(-)	(-)	(-)	(5.09)
Remuneration					
Ms. Shobha Kapoor	110.12	-	-	-	110.12
	(110.12)	(-)	(-)	(-)	(110.12)
Ms. Ekta Kapoor	132.31	-	-	-	132.31
	(132.31)	(-)	(-)	(-)	(132.31)
Mr. Tusshar Kapoor	9.48	-	-	-	9.48
	(11.76)	(-)	(-)	(-)	(11.76)
Professional Fees					
Mr. Tusshar Kapoor	66.09	-	-	-	66.09
	(-)	(-)	(-)	(-)	(-)
Mr. Ramesh Sippy	-	9.00	-	-	9.00
	(-)	(-)	(-)	(-)	(-)

Notes

forming part of the consolidated financial statements

(₹ in Lacs)

Nature of Transactions	Key Management Person	Relative of Key Management Person	Sole proprietory firm of Key Management Person	Associate	Total
Dividend paid					
Ms. Shobha Kapoor	20.08	-	-	-	20.08
	(30.11)	(-)	(-)	(-)	(30.11)
Ms. Ekta Kapoor	20.05	-	-	-	20.05
	(29.33)	(-)	(-)	(-)	(29.33)
Mr. Jeetendra Kapoor	8.78	-	-	-	8.78
	(13.18)	(-)	(-)	(-)	(13.18)
Mr. Tusshar Kapoor	4.06	-	-	-	4.06
	(6.09)	(-)	(-)	(-)	(6.09)
Investment made in Associates					
IPB Capital Advisors LLP	-	-	-	0.50	0.50
	(-)	(-)	(-)	(-)	(-)
Sale of land					
M/s. J K Developers	-	-	2,550.00	-	2,550.00
	(-)	(-)	(-)	(-)	(-)
Amount payable as at March 31, 2012					
Ms. Ekta Kapoor	-	-	-	-	0.00
	(0.29)	(-)	(-)	(-)	(0.29)
Mr. Jeetendra Kapoor	-	-	-	-	0.00
	(0.62)	(-)	(-)	(-)	(0.62)
Mr. Tusshar Kapoor	59.54	-	-	-	59.54
	(0.02)	(-)	(-)	(-)	(0.02)
Amount receivable as at March 31, 2012					
Ms. Shobha Kapoor *	340.00	-	-	-	340.00
	(340.00)	(-)	(-)	(-)	(340.00)
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)
Investment as on March 31, 2012					
IPB Capital Advisors LLP	-	-	-	0.50	0.50
	(-)	(-)	(-)	(-)	(-)

* - Deposit for leased property

Note

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) Figures in bracket relate to the previous year.

23.8 A) EARNINGS IN FOREIGN CURRENCY

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Export of Satellite and Distribution rights (included in turnover)	231.59	246.88

B) EXPENDITURE IN FOREIGN CURRENCY

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Travelling expenses	65.59	33.09
Production expenses	47.18	47.18
Others	-	11.97

23.9 AMOUNTS REMITTED IN FOREIGN CURRENCY DURING THE YEAR ON ACCOUNT OF DIVIDEND

	As at March 31, 2012	As at March 31, 2011
Amount of dividend remitted in foreign currency (₹ in Lacs)	36.97	3.15
Total number of non-resident shareholders (to whom the dividends were remitted in foreign currency) (Number)	489.00	575.00
Total number of shares held by them on which dividend was due (Number)	18,485,261	1,049,407
Year to which dividend relates	2010-11	2009-10

23.10 EMPLOYEE BENEFITS

a) Defined Contribution Plans

Both the employees and the Group make predetermined contributions to the provident fund. Amount recognised as expense amounts to ₹ 94.58 Lacs (previous year ₹ 87.60 Lacs).

b) Defined Benefit Plans

I Reconciliation of asset / (liability) recognised in the Balance Sheet (under pre-paid expenses , refer Note 15)

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
Fair Value of plan assets as at the end of the year	61.45	53.30
Present Value of Obligation as at the end of the year	(42.19)	(32.79)
Net assets / (liability) in the Balance Sheet	19.26	20.51

II Movement in net liability recognised in the Balance Sheet

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
Net (assets) as at the beginning of the year	(20.51)	(7.94)
Net expense recognised in the Statement of Profit and Loss	9.46	12.00
Contribution during the year	(8.21)	(24.57)
Net (assets) as at the end of the year	(19.26)	(20.51)

Notes

forming part of the consolidated financial statements

III Expense recognised in the Profit and Loss account (Under the head "Employees benefit expenses" refer Note 20)

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
Current service cost	15.90	13.75
Interest cost	2.70	1.50
Expected Return on Plan assets	(4.25)	(2.08)
Actuarial (gains)/losses	(4.89)	(1.16)
Expense charged to the Statement Profit and Loss	9.46	12.00

IV Return on plan assets

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
Expected return on plan assets	4.26	2.08
Actuarial (gains) / losses	0.43	0.57
Actual return on plan assets	4.69	2.65

V Reconciliation of defined benefits commitments

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
Commitments at beginning of the year	32.79	18.13
Current service cost	15.90	13.75
Interest cost	2.71	1.50
Actuarial (gains)/losses	(4.45)	(0.59)
Benefits paid	(4.76)	-
Settlement cost	-	-
Commitments at year end	42.19	32.79

VI Reconciliation of plan assets

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
Fair Value of plan assets at beginning of the year	53.30	26.07
Expected return on plan assets	4.26	2.08
Actuarial gains/(losses)	0.43	0.57
Employer contribution	8.22	24.57
Benefits paid	(4.76)	-
Fair Value of plan assets at year end	61.45	53.30

VII Experience Adjustment

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
On Plan liability (gains) / losses	(3.61)	(0.59)
On Plan assets gains / (losses)	0.43	0.57

VIII Actuarial Assumptions

	For the year 2011-12	For the Year 2010-11
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount Rate (per annum)	8.50%	8.25%
Expected Rate of return on plan assets (per annum)	8.60%	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 plan assets

	For the year 2011-12	For the Year 2010-11
Insurer managed funds	100%	100%

23.11 The Company has obtained shareholders approval vide resolution passed through postal ballot, results whereof were declared on February 18, 2011, to sell and transfer as a going concern, on slump sale basis on such terms and conditions as are negotiated by the Board and/or the Managing Director, it's Mobile, Internet and Education division (Collectively the "Undertakings") at not less than fair value determined by an independent firm of Chartered Accountants or any other professional valuer and with effect from such date and in such manner as may be determined by the Board and/ or the Managing Director. During the year, the Company has entered into binding business transfer agreements, to sell its Mobile and Education division for a consolidated sum of ₹ 837.00 Lacs, based on fair value determined by an independent firm of Chartered Accountants. As per the terms of the agreements, the transactions would be effective on receipt of full consideration within a period not exceeding a period of 90 days from the date of the agreements. Accordingly, the net consideration of ₹ 824.80 Lacs has been accounted in the last quarter of the current year as "other operating income". The Management of the Company has decided to retain the internet division within the Company. The disclosures as required by AS 24 are as under:

Notes

forming part of the consolidated financial statements

a. Details of revenue and expenses and assets and liabilities of continuing and discontinuing operations

(₹ in Lacs)

	2011-2012			2010-2011		
	Continuing Operations	Discontinuing Operations	Total	Continuing Operations	Dis -continuing Operations	Total
Turnover (net)	18,779.90	661.97	19,441.87	19,222.37	247.94	19,470.31
Other income	2,724.17	-	2,724.17	1,581.77	0.20	1,581.97
Total income	21,504.08	661.97	22,166.05	20,804.14	248.14	21,052.28
Total expenditure	19,392.83	819.85	20,212.68	20,268.36	932.24	21,200.60
Profit / (Loss) before tax	2,111.25	(157.88)	1,953.36	535.78	(684.10)	(148.32)
Provision for taxation	(90.41)	-	(90.41)	(39.01)	(1.28)	(40.29)
Share of associate	0.39	-	0.39	-	-	-
Profit / (Loss) after tax	2,202.05	(157.88)	2,044.17	574.79	(682.82)	(108.03)
Assets	42,245.35	230.67	42,476.01	39,610.97	432.24	40,043.21
Liabilities	(3,108.49)	(228.15)	(3,336.65)	(2,577.34)	(219.10)	(2,796.44)

b. Cash flow from continuing and discontinuing operations

(₹ in Lacs)

	2011-2012			2010-2011		
	Continuing Operations	Discontinuing Operations	Total	Continuing Operations	Dis -continuing Operations	Total
Net cash (used in) operating activities	(1,712.90)	(47.90)	(1,760.79)	687.96	(989.58)	(301.62)
Net cash from / (used in) investing activities	2,034.25	(30.80)	2,003.45	1,024.92	(387.59)	637.33
Net cash (used in) financing activities	(148.12)	-	(148.12)	(228.89)	-	(228.89)

23.12 EARNING 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 :

	For the year 2011-12	For the Year 2010-11
a) Profit / (Loss) for the year attributable to equity share holders (₹ in Lacs)	2,044.17	(108.03)
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 (₹)	3.13	(0.17)
d) Nominal value of shares (₹)	2	2

23.13 COMPONENTS OF DEFERRED TAX ASSETS / (LIABILITIES)

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Difference between the books and tax written down values of fixed assets	69.76	(4.45)
Provision for doubtful debts and advances	33.47	6.80
Disallowance under the Income Tax Act, 1961	-	3.28
DEFERRED TAX ASSET/ (LIABILITY)-NET TOTAL	**103.23**	**5.63**

23.14 LEASE TRANSACTIONS

a) The Company has taken certain premises on non-cancellable operating lease basis. Future lease rentals in respect of fixed assets taken on non-cancelable operating lease basis are as follows:

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
1) Amount due within 1 year	574.06	573.79
2) Amount due later than 1 year and not later than 5 years	1,385.85	1,493.72
3) Amount due later than 5 years	1,166.02	1,441.65
TOTAL	**3,125.93**	**3,509.16**

b) The Company has also taken certain premises on cancellable operating lease basis.

c) Amount of lease rentals charged to the profit and loss account in respect of operating leases is ₹ 726.78 Lacs (previous year ₹ 782.74 Lacs).

23.15 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

(₹ in Lacs)

	Commissioned Programmes		Sponsored Programmes		Feature Films		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
REVENUE								
From External Customers	10,369.42	12,651.40	1,431.98	2,280.34	5,845.50	4,169.71	17,646.90	19,101.45
Add: Inter Segment sale	-	-	-	-			-	-
TOTAL REVENUE	**10,369.42**	**12,651.40**	**1,431.98**	**2,280.34**	**5,845.50**	**4,169.71**	**17,646.90**	**19,101.45**
RESULTS								
Segment result	1,337.67	1,421.58	18.46	401.85	882.79	290.07	2,238.92	2,113.50
Unallocable Corporate (expenses)/ income (net)		-		-			(2,934.12)	(3,806.02)
OPERATING (LOSS)							**(695.19)**	**(1,692.52)**

Notes

forming part of the consolidated financial statements

(₹ in Lacs)

	Commissioned Programmes		Sponsored Programmes		Feature Films		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Interest income/Dividend on Long-Term Investments							27.83	205.57
Profit on sale of Long-Term Investments (non trade)							1,709.44	1,341.19
Insurance claims received							911.68	-
Provision for tax							90.41	37.73
PROFIT / (LOSS) AFTER TAX							**2,044.17**	**(108.03)**
OTHER INFORMATION								
Segment assets	6,330.19	7,862.85	580.32	970.54	5,950.60	3,230.40	12,861.12	12,063.79
Unallocated corporate assets							29,614.90	27,979.42
TOTAL ASSETS							**42,476.01**	**40,043.21**
Segment liabilities	1,543.52	1,688.19	64.14	181.25	515.03	137.94	2,122.69	2,007.38
Unallocated corporate liabilities							1,213.96	789.06
TOTAL LIABILITIES							**3,336.65**	**2,796.44**
Capital expenditure	69.92	986.31	-	-	-	-	69.92	986.31
Depreciation / Amortisation	386.93	838.23	2.61	3.46			389.54	841.69
SIGNIFICANT NON CASH EXPENSES OTHER THAN DEPRECIATION / AMORTISATION								
Profit on sale / discard of fixed assets (net)	127.74	-	-	-	-	-	127.74	-
Provision for doubtful debts	37.64	8.22	21.85	(6.68)			59.49	1.54
Advances writtten off	-	-	-	-	11.00	-	11.00	-
Bad debts written off	-	-		3.68	-		-	3.68

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

(₹ in Lacs)

	Export		Local		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
A) Revenue (Turnover)	231.59	246.88	18,548.31	18,975.49	18,779.90	19,222.37
B) Carrying amount of assets	5.32	1.84	42,470.69	40,041.37	42,476.01	40,043.21
C) Addition to fixed assets	-	-	385.56	1,565.89	385.56	1,565.89

23.16 DETAILS RELATING TO INVESTMENT IN LIMITED LIABILITY PARTNERSHIP (LLP)

(₹ in Lacs)

	As at March 31, 2012			As at March 31, 2011		
	Names of partners in the LLP	Total capital	Share of each partner in the profits of the LLP	Names of partners in the LLP	Total capital	Share of each partner in the profits of the LLP
IPB Capital Advisors LLP						
	Balaji Telefilms Limited	0.50	50%	-	-	-
	IP Capital Advisors LLP	0.49	49%			
	IPM Capital Advisors LLP	0.01	1%	-	-	-
TOTAL		**1.00**	**100%**	**-**	**-**	**-**

23.17 Shareholders vide resolution passed through postal ballot, results whereof were declared on February 18, 2011, amended the objects clause of the Company to allow the Company to carry on inter-alia the business of providing financial services and other similar businesses. Subsequently, the Company management has decided to set up and sponsor Private Equity / Venture Capital Funds focusing on the Media & Entertainment and Education industry. Accordingly, the Company has committed to invest in two funds, set up by "Indus Balaji Investor Trust" and "Indus Balaji Education Investor Trust", both of which are Domestic Venture Capital Funds registered with SEBI. The Company has committed to invest upto ₹ 4,000 Lacs towards class A Units in 'Emerging Markets Media and Entertainment Opportunities Fund I-A', a Scheme of Indus Balaji Investor Trust. Of this, the first instalment of ₹ 800.00 Lacs was invested during the financial year. The Company has a future commitment of upto ₹ 3,200 Lacs.

23.18 The figures of the previous year have been regrouped wherever necessary to correspond with those of the current year in-line with the Revised Schedule VI to the Companies Act, 1956.

Signatures to notes 1 to 23

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Balaji Telefilms Limited

A. B. Jani
(Partner)

Jeetendra Kapoor
(Chairman)

Shobha Kapoor
(Managing Director)

Ekta Kapoor
(Joint Managing Director)

Place : Mumbai
Date :

For Snehal & Associates
Chartered Accountants

D.G.Rajan
(Director)

Srinivasa Shenoy
(Chief Financial Officer)

Alpa Khandor
(Company Secretary)

Snehal Shah
(Proprietor)

Place : Mumbai
Date : May 11, 2012

Place : Mumbai
Date : May 11, 2012

Statement Pursuant to Section 212

of the companies Act, 1956 relating to Company's interest in Subsidiary / Associate Companies for the year 2011-12

Name of the Subsidiary Company	Balaji Motion Pictures Limited
1. The Financial year/period of the Subsidiary Companies ended on	March 31 , 2012
2. Date from which they became Subsidiary Companies	March 9, 2007 - 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
b) Extent of interest in Subsidiary Company	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 March 31 , 2012	₹ 882.79 Lacs
ii) for the previous financial years of the Subsidiary Companies since they became the Company's subsidiaries	₹ (2,438.89) Lacs
a) Dealt with in the Company's accounts	
i) for the financial year ended March 31 , 2012	NIL
i) for the previous financial years of the Subsidiary Companies since they became the Company's subsidiaries	NIL

Directors' Report

The Directors present their Sixth Annual Report together with the audited accounts of the Company for the year ended March 31, 2012.

FINANCIAL RESULTS

(₹ in Lacs)

	For the Year 2011-2012	For the Year 2010-2011
INCOME		
Turnover	5,845.50	4,169.70
Other income	75.22	35.01
TOTAL	**5,920.72**	**4,204.71**
EXPENDITURE	5,034.02	3,911.93
(LOSS)/ PROFIT BEFORE DEPRECIATION, INTEREST & TAX	**886.70**	**292.78**
Depreciation	3.91	3.92
(LOSS)/ PROFIT BEFORE TAX	**882.79**	**288.86**
Tax	-	56.51
(LOSS)/ PROFIT AFTER TAX	**882.79**	**232.35**
Balance brought forward from previous year/ period	(2,438.89)	(2,671.24)
TOTAL	**(1,556.10)**	**(2,438.89)**
APPROPRIATIONS		
General reserve	-	-
Balance carried to the balance sheet	**(1,556.10)**	**(2,438.89)**

OPERATIONS AND BUSINESS PERFORMANCE

Within three years of its formal existence, Balaji Motion Pictures Limited (BMPL) has firmly established its place among the topmost motion picture studios in the country.

The youngest and fastest growing entity in the business today, it has become synonymous with commercial cutting edge cinematic content supported by aggressive and innovative marketing.

The studio has a number of award-winning and acclaimed box office blockbusters to its credit with Once Upon A Time In Mumbaai & Love Sex Aur Dhokha getting the ball rolling in 2010.

2011 saw the rapid emergence and success of Alt Entertainment, the brand which stands for new-age commercial cinema with alternate sensibilities. Shor in the City, an urban drama, emerged as the most acclaimed film of the year, while Ragini MMS, a paranormal thriller made on a shoe-string budget, became the biggest sleeper hit. Alt's foray into regional cinema with its maiden State Award-winning Marathi co-production, Taryanche Bait, met with an overwhelming response setting new box office precedents. The year ended on a crescendo with the runaway success of The Dirty Picture, unarguably, the most acclaimed, celebrated and discussed film of the decade.

BMPL plans to release at least another three major productions before the financial year end (March 31, 2013) and five in the financial year 2013-2014, indicative of the Company's stupendous growth within a short span of time.

BMPL achieved a turnover of ₹ 5,845.50 Lacs as against ₹ 4,169.70 Lacs during the previous fiscal. In the current financial year, BMPL has reported profit of ₹ 882.79 Lacs, as against ₹ 232.35 Lacs for the previous fiscal.

FINANCIAL STATEMENTS

The Audited Financial Statements for the year ended March 31, 2012 are annexed to this Report.

TRANSFER TO RESERVES

The Company does not propose to transfer any amount to the reserves.

DIVIDEND

Your Board has not recommended any dividend for the year ended March 31, 2012 to conserve resources for future plans.

Directors' Report Auditors' Report Balance Sheet Statement of Profit and Loss

SHARE CAPITAL

During the year under review the there was no change in the Authorised and Paid-up Capital of the Company. As on March 31, 2012, the Authorised Capital of the Company stands at ₹ 35 Crores (Rupees Thirty Five Crores Only) and the Paid up Capital of the Company stands at ₹ 30 Crores (Rupees Thirty Crores 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 2011-12 and the date of this report, which have effect over the financial position of the Company.

DIRECTORS

During the year, Mr. Akshay Chudasama and Mr. Pradeep Sarda, retiring directors, were re-appointed as directors of the Company in the Fifth Annual General Meeting of the Company held on September 22, 2011.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. D G Rajan and Ms. Ekta Kapoor shall retire by rotation and being eligible, offer themselves for reappointment. Your directors recommend the above reappointments at the ensuing Annual General Meeting.

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.

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. The Directors recommend the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants as 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 observations of Auditors in their report read with the relevant notes to accounts in Note 20 are self-explanatory and do not require further explanation.

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. 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 ABSORBTION

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, the 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 ₹ 231.59 Lacs (Previous year ₹ 246.88 Lacs).

Expenditure in foreign exchange was ₹ 9.88 Lacs (Previous year ₹ 11.97 Lacs).

PARTICULARS OF EMPLOYEES

Particulars of employees for the year ended March 31, 2012 as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, are as under:

Sr.	Name of The Em-ployee	Designation & Nature of Duties	Gross Remu-neration (₹)	Nature of Employment	Qualification	Expe-rience	Date of Joining	Age (yr)	Last Employment	% of Equity Shares Held
1	Swati Shetty	President	9,847,581	Employee	MMS, B PHARM	17	May 9, 2011	38	Executive Director- India Walt Disney International Productions	Nil
2	Tanuj Garg	Chief Executive Officer	10,367,744	Employee	MBA	11	October 18, 2010	33	Head- International Business, Studio 18 UK – A division of Viacom 18 Media (UK) Limited	Nil

Notes:-

1. Of the above employees Ms. Swati Shetty was in employment for part of the year. Ms. Swati Shetty ceased to be in employment w.e.f. April 30, 2012.
2. The nature of employment in all cases is contractual.
3. 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.
4. None of the employees mentioned above are related to any Directors of the Company.

DIRECTORS' 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:

a) That in the preparation n of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;

b) 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;

c) 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;

d) 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.

For and on behalf of the Board of Directors,

Jeetendra Kapoor
Chairman
Mumbai, dated: May 11, 2012

Auditor's Report

To the Members of Balaji Motion Pictures Limited

1. We have audited the attached Balance Sheet of Balaji Motion Pictures Limited as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 Section 227(4A) 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 in paragraph 3 above, we report that:
   a) 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;
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
   e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:
      i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
      ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
      iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**

Chartered Accountants

(Registration No. 117366W)

A B Jani
Partner
Membership No. 46488
Mumbai, dated: May 11, 2012

Annexure to the Auditor's Report

RE: BALAJI MOTION PICTURES LIMITED
(Referred to in paragraph 3 of our report of even date)

i) The nature of the Company's activities are such that clauses (xiii) and (xiv) of paragraph 4 of Companies (Auditor's Report) Order, 2003 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 the fixed assets.

b) The fixed assets were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.

c) Since none of the fixed assets were disposed off during the year, clause (i) (c) of paragraph 4 of Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

iii) According to the information and explanations given to us, the nature of inventories of the Company are such that sub-clauses (a), (b) and (c) of clause (ii) of paragraph 4 of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

iv) a) The Company has not granted loans to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956. Hence, clause (iii) (a) to (d) of paragraph 4 of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

b) The Company has taken interest free unsecured loans, from its Holding Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 5,042.14 Lacs and the year-end balance was ₹ 3,991.67 Lacs.

c) In our opinion, the terms and conditions of the loan taken are not, prima facie not prejudicial to the interests of the Company.

d) According to information and explanations given to us, since there are no repayment schedules with regard to the loans taken, clause (iii) (g) of paragraph 4 of Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

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 purchases of inventory and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.

vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

b) Where each of such transaction is in excess of ₹ 5 Lacs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time where such market prices are available with the Company.

vii) The Company has not accepted any deposit from the public

viii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.

ix) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records.

x) According to the information and explanations given to us in respect of statutory dues:

a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

b) There were no undisputed amounts payable in respect of Income-tax, Value Added Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.

c) There were no dues of Income-tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2012 on account of disputes, except in case of service tax which is as detailed below:

Forum where dispute is pending	Nature of dues	Amount (₹ in Lacs)	Financial Year to which amount relates
Office of Commissioner, Service Tax	Service Tax	122.82	31.3.2011

xi) The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth and the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

xii) In our opinion and according to the information and explanations given to us, the Company does not have any borrowings from any banks, financial institutions and debenture holders.

xiii) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiv) 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.

xv) In our opinion and according to the information and explanations given to us, the Company has not taken term loans during the year.

xvi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.

xvii) The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.

xviii) According to the information and explanations given to us, the Company has not issued any debentures during the year.

xix) The Company has not raised money by way of public issues during the year.

xx) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Reg. No 117366W)

A.B. Jani
Partner
Membership Number: 46488
Mumbai, dated: May 11, 2012

Balance Sheet

as at March 31, 2012

	Note No.	As at March 31, 2012	As at March 31, 2011
			(₹ in Lacs)
A EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
a) Share capital	3	3,000.00	3,000.00
b) Reserves and surplus	4	(1,556.10)	(2,438.89)
		1,443.90	**561.11**
2 CURRENT LIABILITIES			
a) Short-term borrowings	5	3,991.67	2,531.36
b) Trade payables	6	228.02	110.05
c) Other current liabilities	7	287.01	27.88
		4,506.70	**2,669.29**
TOTAL		**5,950.60**	**3,230.40**
B ASSETS			
1 NON-CURRENT ASSETS			
a) Fixed assets	8		
i) Tangible assets		11.50	13.88
b) Long-term loans and advances	9	399.66	1.11
		411.16	**14.99**
2 CURRENT ASSETS			
a) Inventories	10	3,617.70	1,136.67
b) Trade receivables	11	226.62	4.43
c) Cash and cash equivalents	12	63.50	37.46
f) Short-term loans and advances	13	1,631.62	2,036.85
		5,539.44	**3,215.41**
TOTAL		**5,950.60**	**3,230.40**

See accompanying notes forming part of the financial statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
(Partner)

Place : Mumbai
Date : May 11, 2012

For and on behalf of Balaji Motion Pictures Limited

Jeetendra Kapoor
(Chairman)

Shobha Kapoor
(Director)

Tusshar Kapoor
(Executive Director)

D.G.Rajan
(Director)

Srinivasa Shenoy
(Chief Financial Officer)

Nivedita Nambiar
(Company Secretary)

Place : Mumbai
Date : May 11, 2012

Statement of Profit and Loss
for the year ended March 31, 2012

		Note No.	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
				(₹ in Lacs)
1	**REVENUE FROM OPERATIONS**	14	5,845.50	4,169.70
2	**OTHER INCOME**	15	75.22	35.01
3	**TOTAL REVENUE (1+2)**		**5,920.72**	**4,204.71**
4	**EXPENSES**			
	a) Cost of films produced / acquired	16	2,989.69	2,642.44
	b) Employee benefits expense	17	503.49	377.93
	c) Finance costs	18	13.91	0.00
	d) Depreciation expense	8	3.91	3.92
	e) Other expenses	19	1,526.93	891.56
TOTAL EXPENSES			**5,037.93**	**3,915.85**
5	**PROFIT BEFORE TAX (3-4)**		**882.79**	**288.86**
6	**TAX EXPENSE**			
	a) Current tax		-	56.51
			-	**56.51**
7	**PROFIT FOR THE YEAR (5-6)**		**882.79**	**232.35**
B	**EARNINGS PER EQUITY SHARE (OF ₹ 10 /- EACH)**			
	Basic and diluted earnings per share	20.8	2.94	0.77

See accompanying notes forming part of the financial statements.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
(Partner)

Place : Mumbai
Date : May 11, 2012

For and on behalf of Balaji Motion Pictures Limited

Jeetendra Kapoor (Chairman) | Shobha Kapoor (Director) | Tusshar Kapoor (Executive Director)

D.G.Rajan (Director) | Srinivasa Shenoy (Chief Financial Officer) | Nivedita Nambiar (Company Secretary)

Place : Mumbai
Date : May 11, 2012

Cash Flow Statement

for the year ended March 31, 2012

(₹ in Lacs)

	For the year ended March 31, 2012		For the year ended March 31, 2011	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		882.79		288.86
Adjustments for:				
Depreciation and amortisation	3.91		3.92	
Interest income on fixed deposit with bank	(0.38)		(0.29)	
Excess provision for earlier years written back	(1.11)		(9.27)	
Bad debts written off	-		1.52	
Provision for doubtful advances	11.00		-	
Operating profit before working capital changes	**896.21**		**284.74**	
Decrease / (Increase)in trade and other receivables	41.46		(198.53)	
(Increase) / Decrease in inventories	(2,481.03)		1,185.40	
Increase / (Decrease) in trade and other payables	378.21		(94.00)	
		(1,165.16)		1,177.61
Direct taxes paid		(267.97)		(195.26)
NET CASH (USED IN) OPERATING ACTIVITIES (A)		**(1,433.13)**		**982.35**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(1.53)		(0.90)	
Interest Received	0.38		0.29	
NET CASH FLOW (USED IN) INVESTING ACTIVITIES (B)		**(1.15)**		**(0.62)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from short-term borrowings	4,696.78		1,567.44	
Repayment of short-term borrowings	(3,236.46)		(2,629.48)	
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)		**1,460.33**		**(1,062.04)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**26.04**		**(80.31)**
Cash and cash equivalents at the beginning of the year		37.46		117.77
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**63.50**		**37.46**

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
(Partner)

Place : Mumbai
Date : May 11, 2012

For and on behalf of Balaji Motion Pictures Limited

Jeetendra Kapoor
(Chairman)

Shobha Kapoor
(Director)

Tusshar Kapoor
(Executive Director)

D.G.Rajan
(Director)

Srinivasa Shenoy
(Chief Financial Officer)

Nivedita Nambiar
(Company Secretary)

Place : Mumbai
Date : May 11, 2012

Notes
forming part of the financial statements

NOTE 1 CORPORATE INFORMATION
Balaji Motion Pictures Limited is a wholly owned subsidiary of Balaji Telefilms Limited and is involved in production of films. Incorporated on March 9, 2007 under the Companies Act, 1956, the Company has in a short span managed to establish itself as a serious contender in the business and has several critically and commercially acclaimed projects to its credit.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF FINANCIAL STATEMENTS
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, the Accounting Standard notified under the Companies (Accounting Standard) Rules, 2006 and relevant provisions of the Companies Act, 1956. The financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Act.

USE OF ESTIMATES
The preparation of financials statements, in conformity with generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of the revenue and expenses during the reported year. Differences between the actual results and the estimates are recognised in the year in which the results are known / materialised.

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 realisable 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 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 Statue / 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.

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.

OPERATING LEASES

Assets taken on lease under which, all the risks and rewards of the ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses in accordance with the respective lease agreements.

TAXES ON INCOME

Tax expense comprises of current tax and deferred tax.

Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, using the applicable tax rates.

Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / period. Deferred tax assets are recognised only to the extent that there is reasonable certainty, that sufficient future income will be available except that the deferred tax assets, in case there are unabsorbed depreciation and losses, are recognised if there is a virtual certainty that sufficient future taxable income will be available to realise the same.

PROVISIONS AND CONTINGENCIES

Provisions are recognised 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 recognised nor disclosed.

Notes

forming part of the financial statements

NOTE 3 SHARE CAPITAL

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
a) Authorised		
35,000,000 Equity Shares of ₹ 10/- each with voting rights	3,500.00	3,500.00
TOTAL	**3,500.00**	**3,500.00**
b) Issued, Subscribed and fully paid-up		
30,000,000 Equity Shares of ₹ 10/- each with voting rights (All the above shares are held by Balaji Telefilms Limited, the holding company and its nominees)	3,000.00	3,000.00
TOTAL	**3,000.00**	**3,000.00**

NOTE 4 RESERVES AND SURPLUS

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
(DEFICIT) IN STATEMENT OF PROFIT AND LOSS		
Opening balance	(2,438.89)	(2,671.24)
Add: Profit for the year	882.79	232.35
TOTAL	**(1,556.10)**	**(2,438.89)**

NOTE 5 SHORT-TERM BORROWINGS

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Loans and advances from Holding Company (Unsecured)	3,991.67	2,531.36
TOTAL	**3,991.67**	**2,531.36**

NOTE 6 TRADE PAYABLES

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Trade Payables (Refer Note 20.3)		
i) Total Outstanding dues of micro enterprises and small enterprises	-	-
ii) Total Outstanding dues of creditors other than micro enterprises and small enterprises	228.02	110.05
TOTAL	**228.02**	**110.05**

Notes

forming part of the financial statements

NOTE 7 OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Other payables		
a) Temporarily overdrawn book balances	12.58	-
b) Other payables		
i) Statutory liabilities	16.96	26.77
ii) Advances from customers	257.47	1.11
TOTAL	**287.01**	**27.88**

NOTE 8 FIXED ASSETS

(₹ in Lacs)

	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Balance as at April 1, 2011	Additions	Balance as at March 31, 2012	Upto March 31, 2011	Depreciation for the year	Upto March 31, 2012	Balance as at March 31, 2012	Balance as at March 31, 2011
TANGIBLE ASSETS								
Computers	6.28	0.44	6.72	2.61	1.04	3.65	3.07	3.67
Office equipment	1.58	0.20	1.78	0.20	0.08	0.28	1.50	1.38
Plant and machinery - Computer	16.47	0.89	17.36	7.64	2.79	10.43	6.93	8.83
TOTAL	**24.33**	**1.53**	**25.85**	**10.45**	**3.91**	**14.35**	**11.50**	**13.88**
PREVIOUS YEAR	**23.42**	**0.90**	**24.33**	**6.53**	**3.92**	**10.45**	**13.88**	

NOTE 9 LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
a) Security Deposits	1.06	1.11
b) Advance to vendors	398.60	-
TOTAL	**399.66**	**1.11**

NOTE 10 INVENTORIES

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Films	3,617.70	1,136.67
TOTAL	**3,617.70**	**1,136.67**

Cash Flow Statement
Notes
Notice

Notes

forming part of the financial statements

NOTE 11 TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD)

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
a) Outstanding for a period exceeding six months from the date they were due for payment	3.23	3.53
b) Other trade receivables	223.39	0.90
TOTAL	**226.62**	**4.43**

NOTE 12 CASH AND CASH EQUIVALENTS

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
a) Cash on hand	0.61	2.96
b) Balances with banks		
i) In current accounts	56.14	28.00
ii) In deposit accounts	6.75	6.50
TOTAL	**63.50**	**37.46**

NOTE 13 SHORT-TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)

(₹ in Lacs)

	As at March 31, 2012		As at March 31, 2011	
a) Advance Tax (Net of Provisions ₹ 68.84 Lacs (As at March 31, 2011 ₹ 61.28 Lacs)		452.04		916.67
b) Loans and advances to employees		1.80		0.63
c) Prepaid expenses		1.98		2.18
d) Balances with government authorities (VAT, service tax etc.)		32.71		12.47
e) Advance to vendors				
Considered good	1,143.09		1,104.90	
Doubtful	-		852.00	
	1,143.09		1,956.90	
Less : provision	-		852.00	
		1,143.09		1,104.90
TOTAL		**1,631.62**		**2,036.85**

NOTE 14 REVENUE FROM OPERATIONS

(₹ in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Sale of Film rights	5,845.50	4,169.70
TOTAL	**5,845.50**	**4,169.70**

NOTE 15 OTHER INCOME

(₹ in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
a) Interest income :		
On Fixed Deposit with bank	0.38	0.29
On Income Tax refund	70.73	25.45
b) Excess provision for earlier years written back (net)	1.11	9.27
c) Miscelleanous income	3.00	-
TOTAL	**75.22**	**35.01**

NOTE 16 COST OF FILM PRODUCED / ACQUIRED

(₹ in Lacs)

	For the year ended March 31, 2012		For the year ended March 31, 2011	
Opening stock of films		1,136.67		2,322.07
Add: Cost of production / acquisition				
Acquisition cost	11.53		22.28	
Purchase of costumes and dresses	49.40		14.98	
Purchase of tapes / raw stock	140.59		153.31	
Artistes, junior artistes, dubbing artistes fees	732.19		374.37	
Directors, technicians and other fees	562.80		186.44	
Shooting and location expenses	302.36		75.34	
Food and refreshments	30.24		5.54	
Set properties and equipment hire charges	214.26		79.94	
Negative processing charges	104.47		83.97	
Insurance	13.10		13.59	
Line production cost	2,981.83		384.99	
Other production expenses	327.95		62.29	
		5,470.72		1,457.04
		6,607.39		3,779.11
Less: Closing stock of films		3,617.70		1,136.67
TOTAL		**2,989.69**		**2,642.44**

Notes
forming part of the financial statements

NOTE 17 EMPLOYEE BENEFIT EXPENSE

(₹ in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Salaries and wages	479.39	360.28
Contributions to Provident and Other Funds	23.71	16.46
Staff welfare expenses	0.39	1.19
TOTAL	**503.49**	**377.93**

NOTE 18 FINANCE COST

(₹ in Lacs)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest on delayed payment of Taxes etc.	13.91	-
TOTAL	**13.91**	**-**

NOTE 19 OTHER EXPENSES

(₹ in Lacs)

	For the year ended March 31, 2012		For the year ended March 31, 2011	
Power and fuel		0.30		0.02
Rent including lease rentals (Refer Note 20.10(b))		2.57		2.40
Repairs and maintenance - Machinery		1.40		0.37
Repairs and maintenance - Others		0.04		0.01
Rates and taxes		2.93		1.85
Communication expenses		4.70		2.25
Legal and professional charges		80.20		102.94
Brokerage and Commission		10.69		11.63
Business promotion expenses		7.12		5.98
Travelling and conveyance Expenses		20.77		21.58
Donations and contributions		10.00		-
Directors sitting fees		1.40		2.00
Marketing and distribution expenses		1,363.28		727.26
Bad debts written off		-		1.52
Advances written off	863.00		-	
Less : provision for doubtful advances written back	(852.00)		-	
		11.00		-
Miscellaneous expenses *		10.53		11.75
TOTAL		**1,526.93**		**891.56**

* Miscellaneous expenses include security charges, printing and stationery etc.

Cash Flow Statement | Notes | Notice

NOTE 20 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AND DISCLOSURE UNDER ACCOUNTING STANDARDS

20.1 The Finance Act, 2010 had introduced a new taxable service category viz 'Copyright Services', wherein temporary transfer or permitting the use/ enjoyment of copyright has been made liable to service tax. The levy extends to all transactions involving temporary transfer or permitting the use of copyrights in cinematographic films and sound recordings.

Pursuant to this, the Company has filed a writ petition in the Bombay High Court challenging the vires of the Central Government to levy Service tax under the said entry. Pending disposal of the writ petition, no provision of any service tax liability has been made in the books of accounts. The estimated liability in this regard is ₹ 122.82 Lacs which is entirely recoverable from the clients of the Company.

20.2 PAYMENT TO AUDITORS

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
a) As Auditors	5.70	5.00
b) in any other manner - certification work etc.	0.20	-
c) For service tax	0.56	0.52
TOTAL	**6.46**	**5.52**

20.3 As per information available with the Company, none of the creditors have confirmed that they are registered under the Micro, Small and Medium enterprises Development Act, 2006. Accordingly, disclosure as required by the said Act is given in Note 6.

20.4 RELATED PARTY TRANSACTIONS

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	Key management person
Mr. Ramesh Sippy	Relative of Key management person
Balaji Telefilms Limited	Holding Company

Notes

forming part of the financial statements

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

(₹ in Lacs)

Nature of Transactions	Holding Company	Key Management Person	Relative of Key Management Person	Total
Loan Received				
Balaji Telefilms Limited	4,696.78	-	-	4,696.78
	(1,567.44)	(-)	(-)	(1,567.44)
Rent Paid				
Balaji Telefilms Limited	1.20	-	-	1.20
	(1.20)	(-)	(-)	(1.20)
Loan Repaid/ Adjusted				
Balaji Telefilms Limited	3,236.46	-	-	3,236.46
	(2,629.48)	(-)	(-)	(2,629.48)
Directors sitting fees				
Mr. Jeetendra Kapoor	-	0.20	-	0.20
	(-)	(0.50)	(-)	(0.50)
Remuneration				
Mr. Tusshar Kapoor	-	9.48	-	9.48
	(-)	(11.76)	(-)	(11.76)
Professional Fees				
Mr. Tusshar Kapoor	-	66.09	-	66.09
	(-)	(-)	(-)	(-)
Mr. Ramesh Sippy	-	-	9.00	9.00
	(-)	(-)	(-)	(-)
Amount payable as at March 31, 2012				
Tusshar Kapoor	-	59.54	-	59.54
	(-)	(-)	(-)	(-)
Balaji Telefilms Limited	3,991.67	-	-	3,991.67
	(2,531.36)	(-)	(-)	(2,531.36)

Note

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) Figures in bracket relate to the previous year.

20.5 EARNINGS IN FOREIGN CURRENCY

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Export of Satellite and Distribution rights (included in turnover)	231.59	246.88

20.6 EXPENDITURE IN FOREIGN CURRENCY

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Travelling expenses	9.88	-
Others	-	11.97

20.7 EMPLOYEE BENEFITS

a) Defined Contribution Plans

Both the employees and the Company make predetermined contributions to the provident fund. Amount recognised as expense amounts to ₹ 21.22 Lacs (previous year ₹ 16.38 Lacs).

b) Defined Benefit Plans

I Reconciliation of asset / (liability) recognised in the Balance Sheet (under pre-paid expenses, refer Note 15)

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
Fair Value of plan assets as at the end of the year	7.22	4.44
Present Value of obligation as at the end of the year	(5.24)	(2.26)
Net assets / (liability) in the Balance Sheet	1.98	2.18

II Movement in net liability recognised in the Balance Sheet

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
Net (assets) as at the beginning of the year	(2.18)	0.65
Net expense recognised in the Statement of Profit and Loss	2.39	0.08
Contribution during the year	(2.19)	(2.91)
Net (assets) as at the end of the year	(1.98)	(2.18)

III Expense Recognised in the Profit and Loss account (Under the head "Employees benefit expenses" refer Note 20)

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
Current service cost	3.21	2.94
Interest cost	0.19	0.15
Expected return on plan assets	(0.35)	(0.09)
Actuarial (gains)/losses	(0.66)	(2.91)
Expense charged to the Statement Profit and Loss	2.39	0.08

IV Return on plan assets

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
Expected return on plan assets	0.35	0.09
Actuarial gains / (losses)	0.24	0.25
Actual return on plan assets	0.59	0.34

Notes
forming part of the financial statements

V Reconciliation of defined benefits commitments

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
Commitments at beginning of the year	2.26	1.83
Current service cost	3.21	2.94
Interest cost	0.19	0.15
Actuarial (gains)/losses	(0.42)	(2.66)
Benefits paid	-	-
Settlement cost	-	-
Commitments at year end	5.24	2.26

VI Reconciliation of plan assets

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
Fair Value of plan assets at beginning of the year	4.44	1.18
Expected return on plan assets	0.35	0.09
Actuarial gains/(losses)	0.24	0.25
Employer contribution	2.19	2.91
Benefits paid	-	-
Fair Value of plan assets at year end	7.22	4.44

VII Experience adjustment

(₹ in Lacs)

	For the year 2011-12	For the Year 2010-11
On Plan liability (gains) / losses	(0.31)	(2.66)
On Plan assets gains / (losses)	0.24	0.25

VIII Actuarial assumptions

	For the year 2011-12	For the Year 2010-11
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount Rate (per annum)	8.50%	8.25%
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 plan assets

	For the year 2011-12	For the Year 2010-11
Insurer managed funds	100%	100%

20.8 EARNING 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 :

	For the year 2011-12	For the Year 2010-11
a) Profit for the year attributable to equity share holders (₹ in Lacs)	882.79	232.35
b) Weighted average number of equity shares outstanding during the year (Nos.)	30,000,000	30,000,000
c) Earnings per share - Basic and diluted (₹)	2.94	0.77
d) Nominal value of shares (₹)	10	10

20.9 In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income" (AS 22), deferred tax assets and liabilities should be recognised for all timing differences. However, considering the present financial position and accumulated tax losses carried forward and the requirement of the AS 22 regarding certainty/virtual certainty, the deferred tax asset is not accounted for. However, the same will be reassessed at subsequent Balance Sheet date and will be accounted for in the year of certainty/virtual certainty in accordance with the aforesaid AS 22.

20.10 LEASE TRANSACTIONS

a) The Company has taken certain premises on non-cancellable operating lease basis. Future lease rentals in respect of fixed assets taken on non-cancelable operating lease basis are as follows:

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
1) Amount due within 1 year	-	1.20
2) Amount due later than 1 year and not later than 5 years	-	0.00
3) Amount due later than 5 years	-	0.00
TOTAL	**-**	**1.20**

b) Amount of lease rentals charged to the Profit and Loss Account in respect of operating leases is ₹ 1.20 Lacs (previous year ₹ 1.20 Lacs).

Notes

forming part of the financial statements

20.11 SEGMENT INFORMATION

A) Information about primary segments

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:

i) Revenue from customers within India – local

ii) Revenue from customers Outside India – export

(₹ in Lacs)

	Export		Local		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
A) Revenue (Turnover)	231.59	246.88	5,613.90	3,922.82	5,845.50	4,169.70
B) Carrying amount of assets	5.32	1.84	5,945.29	3,228.56	5,950.60	3,230.40
C) Addition to fixed assets	-	-	1.53	0.90	1.53	0.90

20.12 The accumulated losses of ₹ 1,556.10 Lacs as at March 31, 2012 have partly eroded the Networth of the Company. The accounts of the Company have, however been prepared on a going concern basis, which is dependent upon continuing availability of finance and future profitability The Company has identified the Film business as a strategic growth area for the group and has various projects currently under development.

20.13 The figures of the previous year have been regrouped wherever necessary to correspond with those of the current year in-line with the Revised Schedule VI to the Companies Act, 1956.

Signatures to notes 1 to 20

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
(Partner)

Place : Mumbai
Date : May 11, 2012

For and on behalf of Balaji Motion Pictures Limited

Jeetendra Kapoor
(Chairman)

Shobha Kapoor
(Director)

Tusshar Kapoor
(Executive Director)

D.G.Rajan
(Director)

Srinivasa Shenoy
(Chief Financial Officer)

Nivedita Nambiar
(Company Secretary)

Place : Mumbai
Date : May 11, 2012

Notice

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of Balaji Telefilms Limited will be held on Wednesday, September 5, 2012, at 4:30 p.m., at "The Club" 197, D.N. Nagar, Andheri (West), Mumbai – 400 053, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012, and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year ended on March 31, 2012.
3. To appoint a Director in place of Mr. Jeetendra Kapoor, who retires by rotation and, being eligible, seeks re-appointment.
4. To appoint a Director in place of Mr. D. G. Rajan, who retires by rotation and, being eligible, seeks re-appointment.
5. To appoint M/s. Deloitte Haskins and Sells, Chartered Accountants, Mumbai, and M/s. Snehal & Associates, Chartered Accountants, Mumbai, as Joint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to provisions of Sections 269, 198, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act or any other modification or re-enactment thereof and pursuant to recommendation of the Remuneration Committee and Board of Directors and subject to approval of the Central Government, if required and subject to such terms and conditions as may be imposed by the Central Government while granting such approval, if any, the consent of the Company be and is hereby accorded for re-appointment of Ms. Shobha Kapoor as Managing Director of the Company for a further period of 3 (three) years commencing from November 10, 2012 on following terms and conditions :

1. Basic Remuneration: an amount not exceeding ₹ 6,25,000 p.m. (i.e. ₹ 75,00,000/- p.a.) as Basic Salary and
2. Commission: not exceeding 2.5 % of Net profit as computed in terms of provisions of Sections 198, 309, 349, 350 of the Companies Act, 1956 and
3. Perquisites, allowances & benefits: Payment of such other perquisites, allowances and /or benefits as detailed in the Explanatory Statement attached to the Notice; however the aggregate value of the all such perquisites, allowances & benefits, including contribution to PF and leave encashment, shall not exceed 100 % of the Basic Remuneration.
4. And payment of such other bonus, performance incentives and other additional perquisites as may be determined by the Board / Remuneration Committee from time to time within the limits provided under Sections 198, 269, Schedule XIII of the Act, or otherwise approved by the Central Government.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the term of the Managing Director, Ms. Shobha Kapoor will be paid the remuneration by way of Salary, Commission, and Perquisites, allowances & benefits as specified above as minimum remuneration subject to the approval by the Central Government, if required.

"RESOLVED FURTHER THAT the appointment may be terminated by either party by giving twelve months' written notice to the other party."

7. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to provisions of Sections 269, 198, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act or any other modification or re-enactment thereof and pursuant to recommendation of the Remuneration Committee and Board of Directors and subject to approval of the Central Government, if required and subject to such terms and conditions as may be imposed by the Central Government while granting such approval, if any, the consent of the Company be and is hereby accorded for reappointment of Ms. Ekta Kapoor as Joint Managing Director of the Company for a period of 3 (three) years commencing from November 10, 2012 on following terms and conditions :

1. Basic Remuneration: an amount not exceeding ₹ 10,41,667 p.m. (i.e. ₹ 1,25,00,000/- p.a.) as Basic Salary and
2. Commission: not exceeding 2.5 % of Net profit as computed in terms of provisions of Sections 198, 309, 349, 350 of the Companies Act, 1956 and
3. Perquisites, allowances & benefits: Payment of such other perquisites, allowances and or benefits as detailed in the Explanatory Statement attached to the Notice; however the aggregate value of the all such perquisites, allowances & benefits, including contribution to PF and leave encashment, shall not exceed 100 % of the Basic Remuneration.
4. And payment of such other bonus, performance incentives and other additional perquisites as may be determined by the Board / Remuneration Committee from time to time within the limit provided under Sections 198, 269, Schedule XIII of the Act, or otherwise approved by the Central Government.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the term of the Joint Managing Director, Ms. Ekta Kapoor will be paid the remuneration by way of Salary, Commission, and Perquisites, allowances & benefits as specified above as minimum remuneration subject to the approval by the Central Government, if required.

"RESOLVED FURTHER THAT the appointment may be terminated by either party by giving twelve months' written notice to the other party."

8. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution:**

"**RESOLVED THAT** in supersession of Resolutions passed earlier and pursuant to Section 309 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and subject to such permissions, sanctions if any as may be required, the approval of members be and is hereby accorded for the payment of commission for each financial year to the Director(s) of the Company who is / are neither in the whole-time employment nor managing director(s), in accordance with and upto the limits laid down under the provisions of Section 309(4) of the Act, computed in the manner specified hereunder, for the period of 5 years from the financial year commencing April 1, 2012

Mr. Jeetendra Kapoor (Non-executive Director)	:	0.80% of the Net Profits of the Company computed in the manner laid under Sections 198, 349 and 350 of the Act.
Other Non-Executive Director(s)	:	0.20% of the Net Profits of the Company computed in the manner laid under Sections 198, 349 and 350 of the Act, subject to limit of ₹ 5,00,000 (Rupees Five Lacs only) per Director

"AND RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and are hereby authorized to take all actions and do all such deeds matters and things as may be in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT A MEETING OF THE COMPANY SHALL BE ENTITLED TO APPOINT ANY PERSON WHETHER A MEMBER OR NOT AS HIS PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF.** Instruments appointing proxies, in order to be valid and effective, must be delivered at the Registered Office of the Company not later than forty-eight hours before the commencement of the meeting.
2. Members / proxies should bring duly filled Attendance Slips sent herewith for attending the meeting.
3. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No. 6, 7, and 8 is annexed hereto.
4. All the documents referred to in the accompanying notice and annual report and the Register of Directors' Shareholding are open for inspection by the members at the Registered Office of the Company on all working days between 12:30 p.m. to 3:30 p.m.
5. The Register of Members and Share Transfer Books will remain closed from September 1, 2012 to September 5, 2012 both days inclusive.
6. Pursuant to provisions of Section 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all the unclaimed/unpaid dividend amount remaining unclaimed / unpaid for a period of seven years from the date of its lying in the unpaid dividend account has been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Members are requested to contact the Company's Registrar and Transfer Agents, for payment in respect of unclaimed / unpaid dividends declared by the Company after August 2006. Members may please note that no claim shall lie either against the Fund or the Company in respect of dividend which remain unclaimed /unpaid for a period of seven years from the date it is lying in the unpaid dividend account and no payment shall be made in respect of such claims.
7. Members whose shareholding is in the electronic mode are requested to notify all changes with respect to their address, email id, ECS mandate and bank details to their respective Depositary Participants.
8. Members are requested to address all correspondences, including dividend mandates, etc. to the Registrar and Share Transfer Agents – Karvy Computershare Private Limited, Plot No.17 to 24, Near Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad 500 034, India.
9. Pursuant to the requirements of the Listing Agreements of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be re-appointed is given in the Annexure 'B' to the Notice.
10. Across the world, there is an increasing focus on doing our share to help save our environment from further degradation. Recognizing this trend, the Ministry of Corporate Affairs ("MCA") has vide Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, respectively, taken a 'Green Initiative in Corporate Governance', by allowing paperless compliances through electronic mode. In view of the Company's strong focus on the environment and eco-sustainability, Balaji Telefilms Limited proposes to send all documents / communications to its shareholders through email. We request you to kindly update your email id with your respective Depository Participant and register the same for receipt of the communication electronically and make this effort of your Company a grand success.

By order of the Board of Directors

Registered Office:
C-13, Balaji House, Dalia Industrial Estate,
Opp. Laxmi Industries, New Link Road,
Andheri (West), Mumbai – 400 053.

Alpa Khandor
Company Secretary
May 11, 2012
Mumbai

Explanatory statement pursuant to section 173 (2) and section 192A of the companies act, 1956:

ITEM 6

The Present tenure of Ms. Shobha Kapoor as Managing Director of the Company will expire on November 9, 2012. Considering the progress made by the Company under the able guidance and supervision of Ms. Shobha Kapoor and her expertise in financial management matters, it is proposed to re-appoint Ms. Shobha Kapoor as Managing Director for period of 3 (Three) years w.e.f. November 10, 2012. It is also proposed to pay remuneration as detailed herein below for period of 3 years w.e.f. November 10, 2012. The proposed remuneration has been approved by the Board of Directors and Remuneration Committee in their respective meetings.

The terms and conditions of payment of remuneration of Ms. Shobha Kapoor are as detailed hereunder:

1. **Basic Remuneration:** not exceeding ₹ 6,25,000 p.m. (i.e. ₹ 75,00,000/- p.a.) (excluding commission, allowances, benefits and perquisites payable in twelve (12) equal monthly installments.
2. **Commission:** Commission upto 2.5 % on the net profits of the Company computed in the manner laid down under Sections 198, 309, 349, 350 of the Act, as may be fixed by the Board of Directors / Remuneration Committee in its absolute discretion from year to year to be determined preferably at the time of adoption of the annual accounts each year by the Board of Directors of the Company.

3. **Perquisites, allowances & benefits:** The Managing Director, Ms. Shobha Kapoor will also be entitled to receive following perquisites, allowances & benefits in addition to the Basic Remuneration and Commission, as mentioned herein. However, the monetary value of such perquisites, allowances & benefits shall be restricted to a maximum of 100% of Basic Remuneration of the Managing Director. Such value of the perquisites is to be determined in accordance with the relevant rules laid down in this regard under the Income Tax Act, 1961. In the absence of such rules the monetary value of such perquisites shall be determined at cost.

All payments received by the Managing Director pursuant to her appointment as Managing Director would be subject to applicable statutory deductions including tax deduction at source as applicable under the provisions of the Income Tax Act, 1961 and the Rules made there under. The payment of above amount i.e. Basic Remuneration, Commission and Perquisite, allowances & benefits are subject to the overall ceiling laid down under Sections 198, 309, 310 read with limits provided under Schedule XIII of the Act unless otherwise approved by the Central Government.

Perquisites, allowances & benefits:

The Managing Director, Ms. Shobha Kapoor will be entitled to the following Perquisites, allowances & benefits. The Perquisites, allowances & benefits are broadly classified in to three categories:

PART "A"

(i) Housing: Managing Director shall be entitled to house rent allowance subject to the ceiling of fifty percent of the basic salary.

(ii) Leave Travel Concession/Allowance: Earned Leave and Leave Travel Concession /Allowance for self and family not exceeding 10% of the basic salary.

(iii) Personal Medical and Accident Insurance: Personal Medical and Accident Insurance and any other coverage in accordance with the Rules & Regulations of the Company.

(iv) Club Fees: Fees of maximum 2 (Two) Clubs (inclusive of Admission and Life Membership fees) to be paid to the Managing Director.

(v) Medical & Other Allowances: Medical and other allowances not exceeding 30% of the basic salary.

PART "B"

i) Company's contribution to Provident and Other Fund: Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

ii) Leave Encashment: Encashment of leave at the end of tenure will be permitted in accordance with the rules of the Company.

PART "C"

i) Car: The Company shall provide such chauffer driven cars to the Managing Director as may be desired by her for business of the Company.

ii) Telephone: Personal mobile phones and telephone facilities at the residence of the Ms. Shobha Kapoor for use of Company's business.

iii) Entertainment Expenses: The reimbursement of actual and properly incurred Entertainment Expenses by the Managing Director for legitimate business of the Company.

Any other perquisites, benefits, facilities, allowances and expense as may be decided by the Board from time to time as per the Rules/Schemes of the Company as applicable to Board Members.

The Company shall also pay such amount of Bonus, Performance Incentives and other compensation as may be decided by the Board of Directors / Remuneration Committee from time to time.

The Company shall pay or reimburse the appointee for all the cost, charges, expenses including but not limited to entertainment and traveling that may be incurred by her for the purpose of the business of the Company.

Where, in any financial year during tenure of office of the Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to the Managing Director by way of Salary, perquisites and other allowance as the case be, such amount not exceeding the limits prescribed in Schedule XIII of the Companies Act, 1956 or within such ceiling limits as may be re-codified unless otherwise approved by the Central Government. The perquisites mentioned in Part "C", however shall not be included in the computation of the ceiling on remuneration as stated above.

The Company has not made any default in repayment of any of its debt (including public deposits) or debentures in the past one year.

Statement of information as required under Schedule XIII, Part II, Section II (B) (IV): As per Annexure "A"

OTHER CONDITIONS:

(a) The Managing Director shall not be liable to retire by rotation as a Director.

(b) The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

The above terms and conditions including remuneration may also be treated as an abstract of the terms of appointment of the Managing Director as required under Section 302 of the Companies Act, 1956.

The Directors recommend to the shareholders the adoption of the above resolution as contained in the notice.

Mr. Jeetendra Kapoor, Mr. Tusshar Kapoor, Ms. Shobha Kapoor and Ms. Ekta Kapoor, Directors of the Company are deemed to be concerned and interested in the above resolution. None of the other Directors are deemed to be concerned or interested in the above resolution.

ITEM 7

The Present tenure of Ms. Ekta Kapoor as Joint Managing Director of the Company will expire on November 9, 2012. Considering the progress made by the Company under the able guidance and supervision of Ms. Ekta Kapoor and her expertise in the industry,

Cash Flow Statement Notes Notice

it is proposed to reappoint Ms. Ekta Kapoor as Joint Managing Director for period of 3 (Three) years w.e.f. November 10, 2012. It is also proposed to pay remuneration as detailed herein below for period of 3 years w.e.f. November 10, 2012. The proposed remuneration has been approved by the Board of Directors and Remuneration Committee in their respective meetings.

The terms and conditions of payment of remuneration of Ms. Ekta Kapoor are as detailed hereunder:

1. **Basic Remuneration:** not exceeding ₹ 10,41,667/- p.m. (i.e. ₹ 1,25,00,000 /- p.a.) (excluding commission, allowances, benefits and perquisites payable in twelve (12) equal monthly installments.
2. **Commission:** Commission upto 2.5 % on the net profits of the Company computed in the manner laid down under Sections 198, 309, 349, 350 of the Act, as may be fixed by the Board of Directors / Remuneration Committee in its absolute discretion from year to year to be determined preferably at the time of adoption of the annual accounts each year by the Board of Directors of the Company.
3. **Perquisites, allowances & benefits:** The Joint Managing Director, Ms. Ekta Kapoor will also be entitled to receive following perquisites, allowances & benefits in addition to the Basic Remuneration and Commission, as mentioned herein above. However, the monetary value of such perquisites, allowances & benefits shall be restricted to a maximum of 100% of Basic Remuneration of the Joint Managing Director. Such value of perquisites is to be determined in accordance with the relevant rules laid down in this regard under the Income Tax Act, 1961. In the absence of such rules the monetary value of such perquisites shall be determined at cost.

   All payments received by the Joint Managing Director pursuant to her appointment as Joint Managing Director would be subject to applicable statutory deductions including tax deduction at source as applicable under the provisions of the Income Tax Act, 1961 and the Rules made there under. The payment of above amount i.e. Basic Remuneration, Commission and Perquisite, allowances & benefits are subject to the overall ceiling laid down under Sections 198, 309, 310 read with limits provided under Schedule XIII of the Act unless otherwise approved by the Central Government.

Perquisites, allowances & benefits:

The Joint Managing Director, Ms. Ekta Kapoor will be entitled to the following Perquisites, allowances & benefits. The Perquisites, allowances & benefits are broadly classified in to three categories:

PART "A"

(i) **Housing:** Joint Managing Director shall be entitled to house rent allowance subject to the ceiling of fifty percent of the basic salary.

(ii) **Leave Travel Concession/Allowance:** Earned Leave and Leave Travel Concession /Allowance for self and family not exceeding 10% of the basic salary.

(iii) **Personal Medical and Accident Insurance:** Personal Medical and Accident Insurance and any other coverage in accordance with the Rules & Regulations of the Company.

(iv) **Club Fees:** Fees of maximum 2 (Two) Clubs (inclusive of Admission and Life Membership fees) to be paid to the Joint Managing Director.

(v) **Medical & Other Allowances:** Medical and other allowances not exceeding 30% of the basic salary.

PART "B"

i) **Company's contribution to Provident and Other Fund:** Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

ii) **Leave Encashment:** Encashment of leave at the end of tenure will be permitted in accordance with the rules of the Company.

PART "C"

i) **Car:** The Company shall provide such chauffer driven cars to the Joint Managing Director as may be desired by her for business of the Company.

ii) **Telephone:** Personal mobile phones and telephone facilities at the residence of the Joint Managing Director for use of Company's business.

iii) **Entertainment Expenses:** The reimbursement of actual and properly incurred Entertainment Expenses by the Joint Managing Director for legitimate business of the Company.

Any other perquisites, benefits, facilities, allowances and expense as may be decided by the Board from time to time as per the Rules/Schemes of the Company as applicable to Board Members.

The Company shall also pay such amount of Bonus, Performance Incentives and other compensation as may be decided by the Board of Directors / Remuneration Committee from time to time.

The Company shall pay or reimburse the appointee for all the cost, charges, expenses including but not limited to entertainment and traveling that may be incurred by her for the purpose of the business of the Company.

Where, in any financial year during tenure of office of the Joint Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to the Joint Managing Director by way of Salary, perquisites and other allowance as the case be, such amount not exceeding the limits prescribed in Schedule XIII of the Companies Act, 1956 or within such ceiling limits as may be re-codified unless otherwise approved by the Central Government. The perquisites mentioned in Part "C", however shall not be included in the computation of the ceiling on remuneration as stated above.

The Company has not made any default in repayment of any of its debt (including public deposits) or debentures in the past one year.

Statement of information as required under Schedule XIII, Part II, Section II (B) (IV): As per Annexure "A"

OTHER CONDITIONS:

(a) The Joint Managing Director shall not be liable to retire by rotation as a Director.

(b) The Joint Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

The above terms and conditions including remuneration may also be treated as an abstract of the terms of appointment of the Joint Managing Director as required under Section 302 of the Companies Act, 1956.

The Directors recommend to the shareholders the adoption of the above resolution as contained in the notice.

Mr. Jeetendra Kapoor, Mr. Tusshar Kapoor, Ms. Shobha Kapoor and Ms. Ekta Kapoor, Directors of the Company are deemed to be concerned and interested in the above resolution. None of the other Directors are deemed to be concerned or interested in the above resolution.

ITEM NO. 8

All Non-Executive Directors of the Company including the Chairman, Mr. Jeetendra Kapoor have been making outstanding advisory contribution to the business of the Company. Company has been benefiting from their collective experience and expertise in various fields of business. The management of the Company constantly draws upon their experience/knowledge and the Company immensely benefits by their mature advice. Keeping in view the augmented contribution made by the Non-Executive Directors of the Company, it is proposed that such contribution be suitably rewarded by way of payment of commission upto ₹ 500,000 (Rupees Five Lacs only) each.

The Directors recommend to the shareholders the adoption of the above resolution as contained in the notice.

The Non-Executive Directors Mr. Jeetendra Kapoor, Mr. Akshay Chudasama, Mr. Pradeep Sarda, Mr. D. G. Rajan, Mr. Ashutosh Khanna and Mr. Tusshar Kapoor may be deemed to be concerned or interested in passing of the said resolution.

Registered Office:
C-13, Balaji House, Dalia Industrial Estate,
Opp. Laxmi Industries, New Link Road,
Andheri (West), Mumbai – 400 053.

By order of the Board of Directors
Alpa Khandor
Company Secretary
May 11, 2012
Mumbai

Statement of information as required under schedule XIII, part II, section II (B) (IV):

I: GENERAL INFORMATION:

1. **NATURE OF INDUSTRY:**

   The Indian Media & Entertainment industry being highly dynamic in nature has witnessed remarkable growth in all its constituent segments. The evolution of this sector over the last few years is primarily on account of shifting consumer preferences towards niche content and digital delivery platforms, developing business models and changing regulations. The proliferation in the number of television channels has further generated demand for fresh content. This provides advertisers with additional platforms, driving growth in ad revenues for the industry. The overall M&E market in India is expected to grow at a compounded annual growth rate of 15 percent per annum over the next five years, to reach INR 1.4 trillion in 2016. The television industry that constitutes a part of the M&E industry was estimated to be ₹ 329 billion in 2011, and is also expected to grow at a CAGR of 17 percent over 2011-16, to reach ₹ 735 billion in 2016, backed by the growth in multiplex cinemas that have grown at a CAGR of 66% from 2005 to 2010. Balaji Telefilms is at the forefront of capturing what the industry is bound to offer and has entered the sector at the appropriate time.

2. Date of commencement of Commercial Production: The Company was incorporated on November 10, 1994. Immediately after incorporation, the Company had commenced production of serials and gradually engaged in the activities of production and distribution of serials, films and other entertainment programmes. The Company operates its Films business also through its wholly owned subsidiary, Balaji Motion Pictures Limited.

3. Financial Performance based on given indicators: The financial data as per last audited Balance Sheet as on 31st March, 2012 is as under:

₹ Lacs

Particulars	2011-12
	(Audited)
Revenues	12,935.60
Direct Costs	8,661.35
Operating Overheads	5,694.74
Other Income	2,648.95
Loss from discontinuing operations	(157.88)
Profit Before Taxes	1,070.58
Income Tax	(90.41)
Profit After Taxes	1,160.99

4. **EXPORT PERFORMANCE:**

   EXPORT EARNINGS

₹ Lacs

Financial Year	2009-10	2010-11	2011-12
Export Performance	3,663.72	-	-

5. FOREIGN EXCHANGE INVESTMENTS OR COLLABORATORS:

At present the Company does not have any participation in any foreign investment. A foreign body corporate (STAR MIDDLE EAST FZ-LLC (a STAR group entity) holds 1,69,48,194 shares, totaling 25.99% of the share capital of the Company.

II: INFORMATION ABOUT THE APPOINTEE:

1. BACKGROUND DETAILS

Ms. Shobha Kapoor is the Managing Director of the Company. She is married to the popular bollywood actor Mr. Jeetendra Kapoor, who is the Chairman of the Company. She has been involved with the Company since its inception. One of the pioneers of the Indian Television industry, Ms. Shobha Kapoor has been associated with television content production since the early 90's when the Company was producing popular content for Doordarshan.

Ms. Ekta Kapoor is the Joint Managing Director of the Company. Daughter of Mr. Jeetendra Kapoor and Ms. Shobha Kapoor, Ms. Ekta Kapoor is the creative brain behind the Company's most successful and famous shows. She ventured into Television Serial production at the age of 19. In no time, she altered the face of Indian television industry and continues to dominate till date. Her shows have broken all previous records of Television Serial production and popularity in India.

2. PAST REMUNERATION:

Name	Designation	Basic Salary ₹	Perquisites, allowances & benefits `	Commission ₹
Ms. Shobha Kapoor	Managing Director	55,20,000	54,92,400	NIL
Ms. Ekta Kapoor	Creative Director	66,30,000	66,00,600	NIL

All above figures are per annum and pertains to FY 11-12. Kindly note that there has been no change in remuneration for the past four years.

3. RECOGNITION AND AWARDS

Among others, following is the short list of few of the awards won by Ms. Shobha Kapoor, Managing Director and Ms. Ekta Kapoor, Joint Managing Director:

Awarding Entity	Year	Award	Awardee
Ernst & Young	2001	Entrepreneur of the Year	Ms. Ekta Kapoor
The Economic Times Award	2002	Business Woman of the Year	Ms Ekta & Ms. Shobha Kapoor
Indian Telly Awards	2003	Best CEO of the year	Ms. Shobha Kapoor
Foundation for promotion of Film Art & Craft	2003	Achiever of the Year	Ms. Shobha Kapoor
American Biographical Institute	2003	Woman of the Year	Ms. Ekta Kapoor
Indian Telly Awards	2004	Creative Director of The Year	Ms. Ekta Kapoor
Indian Telly Awards	2006	Hall of Fame	Ms. Ekta Kapoor
Star Parivaar Awards	2010	Special Honour	Ms. Ekta Kapoor
3rd Boroplus Gold Awards	2010	Hall of Fame	Ms. Ekta Kapoor
Indo-American Society	2010	Most Outstanding Woman Entrepreneur award	Ms. Ekta Kapoor
National Media Network Film And TV Awards	2011	Most Successful Film & TV Producer	Ms. Ekta Kapoor
Dadasaheb Phalke Academy Awards	2012	'Phalke Icon Producer Award' for Film & Television	Ms. Ekta Kapoor

The Company has achieved following Awards in last few years due to the joint efforts of Ms. Shobha Kapoor, Managing Director and Ms. Ekta Kapoor, Joint Managing Director.

Awarding Entity	Year	Award	Winner
Indian Telly Awards	2009	Best Ensemble	Bandini
International Trade Awards	2009	Outstanding Exporter of the Year - Media	Balaji Telefilms Limited
Zee Rishtey Awards	2009	Favorite Serial	Pavitra Rishta
Indian Telly Awards	2010	Most Consistent Production House of the Decade	Balaji Telefilms
Indian Telly Awards	2010	Most Popular Drama Series	Pavitra Rishta
3rd Boroplus Gold Awards	2010	Highest Gainer on TRP Charts of the Year	Pavitra Rishta
FICCI Frames Excellence Honours	2011	Best TV Show (Fiction)	Pavitra Rishta
FICCI Frames Excellence Honours	2012	Best Fiction Show	Bade Acche Lagte Hain

Balaji Motion Pictures Limited, wholly owned subsidiary of the Company has achieved following National Awards amongst many others, due to the joint efforts of Ms. Shobha Kapoor and Ms. Ekta Kapoor

NATIONAL AWARDS 2012

Best Actress : Vidya Balan for The Dirty Picture

Best Costumes: Niharika Khan for The Dirty Picture

Best Makeup : Vikram Gaekwad for The Dirty Picture

4. JOB PROFILE AND SUITABILITY

As Managing Director and Joint Managing Director, Ms. Shobha Kapoor and Ms. Ekta Kapoor are responsible for the conception of different shows produced by the Company and the overall management of the Company.

Having been instrumental in steering the Company towards being the leader in the television industry in India, both Ms. Shobha Kapoor and Ms. Ekta Kapoor come with almost two decade's worth of experience in this domain. They have produced over 90 shows for various entertainment channels in India. With this extensive experience, they are ideally placed to ensure that the Company continues to make quality content within a budget specified by the channel, on very stringent timelines.

Balaji Telefilms has launched several critically acclaimed television serials and movies in its short tenure within the industry. Balaji's creativity is demonstrated by its series of well received serials that have garnered high TRP ratings. The Company has produced programmes like Pavitra Rishta, Bade Achche Lagte Hai, Parichay, Kya Hua Tera Vaada and Gumraah which are gaining popularity amongst audiences. Films are also poised to become a USP for Balaji Telefilms through its wholly owned subsidiary, BMPL. The Company is confident of leveraging its existing creative abilities and know-how to produce films with rich content, while maintaining cost efficiencies. Some successful offerings from the Company's film catalogue comprise 'Raagini MMS', 'Once upon a time in Mumbai', 'Shootout at Lokhandwala', 'Kya Kool Hain Hum' with 'Dirty Picture' being one of the boldest film in India that won three National Film Awards including Best Actress, three Filmfare Awards and seven Screen Awards including Best Picture and Best Director.

Ms. Shobha Kapoor's and Ms. Ekta Kapoor's leadership and involvement has been significant in steering the Company towards being a frontrunner in the Indian Television industry. They have led teams to conceptualize TV shows and have produced over 100 shows for major broadcasters across the country. Their creativity is highly regarded as a prime driving force for the Company to fulfill audience expectations. They have a great understanding of India's demographic profile and never cease to deliver appealing content to the masses. Their innovation and creativity has helped create for Balaji Motion Pictures a brand identity of its own. Consequently their efforts have well positioned Balaji Telefilms to cater to the rapidly growing Indian Entertainment space as their commitment to the Company is sure to demonstrate excellent growth going forward.

5. REMUNERATION PROPOSED:

The proposed per annum remuneration to be paid to Ms. Shobha Kapoor and Ms. Ekta Kapoor is provided below.

Name	Designation	Basic Salary ₹	Perquisites, allowances & benefits ₹	Commission ₹
Ms. Shobha Kapoor	Managing Director	₹ 75,00,000/- p.a.	₹ 75,00,000/- p.a.	@ 2.5% of profits
Ms. Ekta Kapoor	Joint Managing Director	₹ 1,25,00,000/- p.a.	₹ 1,25,00,000/- p.a.	@ 2.5% of profits

6. COMPARATIVE REMUNERATION PROFILE WITH RESPECT TO INDUSTRY, SIZE OF THE COMPANY, PROFILE OF THE POSITION AND PERSON:

₹ Lacs

Company/Group	Employee	Designation	Total Remuneration
Balaji Telefilms Limited	Puneet Kinra	Group CEO	250.00
Balaji Telefilms Limited	Manuj Agarwal	CEO-Television	100.00
Balaji Motion Pictures Limited	Swati Shetty	President	110.00
Balaji Motion Pictures Limited	Tanuj Garg	CEO-Motion Pictures	108.00
ZEE Entertainment Enterprises Limited	Punit Goenka	Managing Director and CEO	550.00
Entertainment Network (India) Limited	Prashant Panday	Whole-time Director	206.54
HT Media	Shobhana Bhartia	Chairperson	210.66
HT Media	Rajiv Verma	Whole-time Director and CEO	272.95

Note:

The above information has been collated from publicly available information from the declared financial results of the above companies.

As can be seen from the above list, the proposed fixed remuneration of the Managing Director and the Joint Managing Director is comparable even to the Professional Senior Management of the Company.

7. PECUNIARY RELATIONSHIP DIRECTLY OR INDIRECTLY WITH THE COMPANY OR RELATIONSHIP WITH THE MANAGERIAL PERSONNEL:

Mr. Jeetendra Kapoor and Mr. Tusshar Kapoor are relatives of the appointees that is Ms. Shobha Kapoor and Ms Ekta Kapoor who are also related interse. Save and except for receipt of rent for immovable property by the appointees and their relatives viz. Mr. Jeetendra Kapoor and Mr. Tusshar Kapoor and receipt of dividend by them, if declared by the Company on the share capital held by them, they do not have any material pecuniary relationship with the Company. During FY 11-12, a part of land owned by the Company was sold to M/s. JK Developers a sole proprietory firm owned by Mr Jeetendra Kapoor, relative of appointees.

III: OTHER INFORMATION:

1. REASON FOR INADEQUATE PROFIT:

The TV content production industry has witnessed upheavals in the recent past. With the launch of new TV Channels, Balaji's dominance over the TV Industry was lessened as Channels turned to smaller producers on cost considerations. With low barriers to entry in the TV content industry, the TV content production industry has become increasingly fragmented.

This has reflected in the sharp drop of average realisations of Balaji and has reduced the volumes (in terms of production hours) considerably.

2. STEPS TAKEN OR PROPOSED TO BE TAKEN FOR IMPROVEMENT:

Realising the change in the business environment and Given the tough conditions in the flagship business of Television content, the Company had re-positioned itself as a 'Content House' rather than as merely a Television production house. The strategic intent behind this positioning was to leverage on the 'Creative' and 'Production project management' strengths of the Company. Balaji has been making efforts to establish itself in alternative domains of the Media industry to secure its long term future viz., Movies, Media education and content production on digital platforms. Almost all of these efforts towards this goal in the last 4 years have proven successful and are on the right track. However, in this period of development, the expenses especially overhead expenditure in the initial phases of these businesses, have been high.

This coupled with the falling topline and bottom-line in the TV business have resulted in significant stress on the bottom-line for the previous years. However, the management recognizes that these have been essential in view of the fact that a stable platform for the future growth of the company has now been created. Though the future profitability is set to improve, the changes would be gradually reflected in the company financials in the coming years.

3. EXCEPTED INCREASE IN PRODUCTIVITY AND PROFITS IN MEASURABLE TERMS:

The outcome of the above efforts have been visible in the following achievements:

Establishment of the Movies business; Balaji is now a well-respected and credible film studio. The company has produced successful films like LSD, Once Upon a time in Mumbai, Shor, Ragini MMS and the Dirty Picture. The Movies business is expected to be the major growth driver of the company in the future years with the turnover possibly exceeding that of the TV production business.

Establishment of ICE i.e. Institute of Creative Excellence and MobileArt, which both businesses have since been transferred to a private equity fund in which Balaji has a significant contribution as an anchor investor and sponsor.

The operational efficiency of the company has been improved significantly and the results would be evident in the coming year.

The above clearly indicates that a sound base and platform for the future growth of the company has been put firmly in place. With the business models proven and in place in all the businesses that the company is involved in, the stage is set to achieve an inflexion point in its growth life cycle in the coming years.

IV: DISCLOSURES:

Details of the remuneration package of the Managerial Personnel and other requisite details thereof always forms part of the Corporate Governance Report, forming part of the Board of Directors' Report of the Company. The same is provided to all the shareholders of the Company.

Registered Office:
C-13, Balaji House, Dalia Industrial Estate,
Opp. Laxmi Industries, New Link Road,
Andheri (West), Mumbai – 400 053.

By order of the Board of Directors
Alpa Khandor
Company Secretary
May 11, 2012
Mumbai

Annexure 'B'

Pursuant to clause 49 of the listing agreement with the stock exchanges, following information is furnished about the directors proposed to be appointed /re-appointed

Mr. D. G. Rajan was first appointed on the Board from July 19, 2010. pursuant to Section 260 of the Companies Act, 1956. Mr. Rajan is a Chartered Accountant and Fellow of the Institute of Chartered Accountants in England and Wales, and the Institute of Chartered Accountants of India. He was a Partner at Lovelock & Lewes, the President of the Management Consultants Association of India, the Chairman of the Southern Region of the Indian Paint Association, the Chairman of Direct Taxation Committee of Southern India Chamber of Commerce and Industry and the Governor of The Doon School. Currently, he is a Advisor and Management Consultant for many domestic and International Groups.

Mr. D. G. Rajan holds 500 equity shares in the Company constituting 0.00% of the paid up equity capital of the Company.

Other Directorships	Committee Memberships
	Balaji Telefilms Limited Chairman - Audit Committee
Lotte India Corporation Ltd	Chairman - Audit Committee
IFGL Refactories Ltd.	Member - Audit Committee Member - Remuneration Committee
Balaji Motion Pictures Limited	Chairman - Audit Committee Member - Remuneration Committee
Brilliant Paints (Tenkasi) Pvt Ltd	
Solvay Specialities India Pvt Ltd	
Rajan Cosmetics (Madras) Pvt Ltd	

Other Directorships	Committee Memberships
Blue Mountains Real Estate Advisors Pvt Ltd	
Belaire Hotels Private Ltd.	
India Capital Research Services Pvt ltd	
Blue Ridge Hotels Pvt Ltd	
Aquamarine Resorts Private Ltd	
Altran Technologies India Pvt Ltd	
Aamiya Reality Pvt Ltd.	
Centa Hotels Pvt Ltd	
Equitas Housing Finance Private Limited	
Alhers India Private Limited	

Mr. Jeetendra Kapoor was first appointed on the Board on February 1, 2000. He is a commerce graduate from the University of Bombay. He is one of the few Indian actors who has many Silver Jubilee hits to his credit. His standing in the entertainment industry is useful in building and retaining relationships with various television channels, artists, directors and writers.

Mr. Jeetendra Kapoor holds 43,92,000 equity shares in the Company constituting 6.74% of the paid up equity capital of the Company.

Other Directorships	Committee Memberships
Balaji Films & Telly Investments Limited	Balaji Telefilms Limited Member - Audit Committee Chairman – Shareholders' Committee Member - Remuneration Committee
Balaji Digimedia Private Limited	
Balaji D2C Systems Private Limited	
Balaji Motion Pictures Limited	
Balaji Teledevelopers Private Limited	Balaji Motion Pictures Limited Member - Audit Committee Member - Remuneration Committee
Ekta K. Securities & Investment Private Limited	
Shri Navnidhi Developers Private Limited	
Eshan Realestate Developers Private Limited	

Ms. Shobha Kapoor has been Managing Director of the Company since its inception in November 1994. Ms. Kapoor is responsible for Company's administrative and production functions and has been instrumental in shaping the Company's diversification strategy. Ms. Kapoor is amongst the few Indian television producers with a successful track record in the industry. Strengthened the Balaji brand from very modest beginnings to one of India's most respected brands in the Indian Media and Entertainment industry.

Other Directorships	Committee Memberships
Balaji Films & Telly Investments Limited	Balaji Telefilms Limited Member - Shareholders' Committee
Balaji Digimedia Private Limited	
Balaji D2C Systems Private Limited	
Balaji Motion Pictures Limited	
Balaji Teledevelopers Private Limited	
Balaji Teleproducts Limited	
Ekta K. Securities & Investment Private Limited	
Shri Navnidhi Developers Private Limited	
TOD'S Retail India Private Limited	

Ms. Ekta Kapoor has been Wholetime Director, designated as Creative Director of the Company, since its inception in November 1994 and later on designated as Joint Managing Director since November 2009. Ms. Kapoor commenced her career as a producer and creative director at the age of 19 and is actively involved in concept building, script design and creative conversion. She is the principal innovator, whose ideation abilities encompass television and motion pictures business of the Company. She has pioneered an entire genre of television content, creating some of the most successful shows and paving the way for India's satellite television boom. She is the one who revolutionized the way viewers would consume content. Her work has comprised entertainment landmarks in India.

Other Directorships	Committee Memberships
Balaji Films & Telly Investments Limited	Balaji Telefilms Limited Member – Shareholders' Committee
Balaji Motion Pictures Limited	
Balaji Teledevelopers Private Limited	
Ekta K. Securities & Investment Private Limited	
Balaji Teleproducts Limited	

Balaji Telefilms Limited

Regd. Office: C-13, Balaji House, Dalia Industrial Estate, Opp. Laxmi Industries, New Link Road, Andheri (West), Mumbai – 400 053. Tel: +91 22 4069 8000 Fax: +91 22 4069 8181 / 82 Website: www.balajitelefilms.com

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

DP.Id*			Folio No.	
Client Id*				

Name and Address Of The Shareholder ....Number of Shares held : ....

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company to be held on Wednesday, September 5, 2012 at 4:30 p.m. at "The Club', 197, D. N. Nagar, Andheri (West), Mumbai - 400 053.

Notes:

1. Interested joint members may obtain attendance slip form the Registered Office of the Company.
2. Members / Joint Members / Proxies are requested to bring this slip with them. Duplicate slips will not be issued at the entrance of the meeting hall.

....

* Applicable for Investors holding Shares in electronic form.

SIGNATURE OF THE SHAREHOLDER / PROXY

Balaji Telefilms Limited

Regd. Office: C-13, Balaji House, Dalia Industrial Estate, Opp. Laxmi Industries, New Link Road, Andheri (West), Mumbai – 400 053. Tel: +91 22 4069 8000 Fax: +91 22 4069 8181 / 82 Website: www.balajitelefilms.com

PROXY FORM

DP.Id*			Folio No.	
Client Id*				

I/We ....being a Member/Members of Balaji Telefilms Limited hereby appoint .... of.. or (failing him) .... of...or (failing him) .... of... as my/our Proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, September 5, 2012 at 4:30 p.m. at "The Club', 197, D. N. Nagar, Andheri (West), Mumbai - 400 053, and at any adjournment thereof.

Signed this ....day of 2012

Signature ....

Affix revenue stamp

....

*Applicable for Investors holding shares in electronic form.

Note : The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting. The Proxy need not be a member of the Company.

Corporate Information

DIRECTORS

Mr. Jeetendra Kapoor

Ms. Shobha Kapoor

Ms. Ekta Kapoor

Mr. Akhshay Chudasama

Mr. Pradeep Sarda

Mr. D G Rajan

Mr. Ashutosh Khanna

Mr. Tusshar Kapoor

CHIEF FINANCIAL OFFICER

Mr. Srinivasa Shenoy

COMPANY SECRETARY

Ms. Alpa Khandor

STATUTORY AUDITORS

Deloitte Haskins & Sells

Snehal & Associates

INTERNAL AUDITORS

Fidelis Management Consultants Pvt. Ltd.

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 4069 8000
Fax 91 22 4069 8181

REGIONAL OFFICE

Chennai
Plot No. 38, K. K. Salai, Kavery Rangam Nagara
Saligramam, Chennai - 600 093.

Bangalore
#81, 1st Main Road Kalyan Nagar
Bangalore - 560 072.

Balaji Telefilms Limited

Balaji Telefilms Limited
C-13, Balaji House,
Dalia Industrial Estate, Opposite Laxmi Industrial Estate,
New Link Road, Andheri (West)
Mumbai - 400 053.

www.balajitelefilms.com

concept, content and design at aicl (info@aicl.in) print at RMOSS (info@rmossprints.com)