As any scriptwriter will tell you,

the most powerful line is the one in which you can get your message across without using a single word.

So when analysts and corporate observers asked us a number of searching questions on how we would survive 2002-03, we did the unexpected.

We let our numbers do the talking.

Pavithrabandham Kulaa Villaakku Paasamalargal Kelunga Mamiyare Neengalum Marumagalthan Kavyanjali

Kammal Kutumbbam Anubandham Kalisundam Ra

f *tware*

Balaji proved to be different. For an important reason. Over the years, it successfully merged a manufacturing discipline with its creative environment. Which enabled it to answer its critics completely and convincingly.

Q

Won’t increased competition eat into Balaji’s growth?

A

It didn't.

Simply because we made a better quality of programming than ever before. As a result, our customers didn't just stay with us. THEY PLACED A BIGGER PROGRAMMING REQUIREMENT. So Balaji continued to be the preferred source of content for its channel customers, competition or no competition.

Result: programming hours increased 11.55 percent from 1507 hours in 2001-02 to 1681 hours in 2002-03. And programming revenues increased 68.61 per cent from Rs 110.30 cr in 2001-02 to Rs 185.97 cr in 2002-03.

Would the company be able to scale its operations in the absence of an institutionalised system?

It did.

Simply because we do have an institutionalised system that is customised to our specific needs.

In 2002-03, this institutionalised system ensured that the various arms of the organisation functioned in line with its strategic plan. As a result, BALAJI'S DISCIPLINE OF ORDER, METHOD, CHECKS, CONTROLS AND DOCUMENTATION TRANSLATED INTO ENHANCED QUALITY, PREDICTABILITY AND PROFITABILITY.

Take a simple instance. Balaji put in place the Centralised Purchase System for properties and equipments required for shooting, which translated into a more effective bargaining with its vendors. Centralised purchases resulted in the multi-use of equipment. Long-term contracts were negotiated for location, equipment and properties. The incentive of an immediate payment drove incremental rebates.

Balaji delegated day-to-day budget management to a team of operational auditors. These auditors acted as the equivalent of supervisors in a conventional shopfloor environment. Each maintained a comprehensive documented record of each episode under his control, the number of scenes shot, the scene details, the duration of the shoot, the reasons for a time over-run (if any), equipment utilisation, the number of scenes shot per artiste, reasons for under-performance and an attendance report of all the involved professionals.

Balaji enhanced its equipment productivity. Maximised scenes shot per day and rationalised overall costs.

Result: The bottomline enhanced by 97.88 per cent to Rs 57.41 cr in 2002-03.

With over 14 television programmes on air, would Balaji be able to control the quality of its prime time programmes?

It did.

Firstly, we made content for the right audience: the Indian family. We captivated this audience through the right treatment of content: character-centric stories. We made these stories gripping: by increasing the pace of storytelling from 6-8 scenes to 8-10 scenes per episode. We blended these episodes with the right blend of suspense that kept our viewers coming back episode after episode.

On the non-content side, we created glamourous sets of a kind not seen in the industry. We outfitted our artists in the most fashionable outfits. We imparted a contemporary sound to these serials through upliftingly relevant music.

This diverse chemistry translated into a remarkable performance. **ITS SERIALS ACCOUNTED FOR 48 PER CENT OF THE TOTAL AGGREGATE TRP (TELEVISION RATING POINTS) OF TOP 150 HINDI C&S (CABLE AND SATELLITE) SHOWS OF THE COUNTRY, THE HIGHEST BY ANY TELEVISION PRODUCTION HOUSE.** Balaji serials dominated prime time bands, which typically contributed 85-90 per cent of total advertising revenues for customer channels.

Balaji serials accounted for 72 per cent of the total aggregate TRP of weekday prime time shows featuring in top 150 Hindi C&S shows: the highest by any single player.

Balaji also dominated non-prime time viewership. Its serials accounted for 31 per cent of the total aggregate TRP of weekday non-prime time shows featuring in top 150 Hindi C&S shows, an achievement considering that the company did not use any original programmes for these slots.

Balaji's programmes also accounted for 12 per cent of the total aggregate TRP of weekend prime-time slots featuring in top 150 Hindi C&S shows and 8 per cent of weekend non-prime time slots featuring in the top 150 Hindi C&S shows, the highest across Hindi entertainment companies.

Result: The return on the capital employed by the company strengthened from 86.86 per cent in 2001-02 to 110.49 per cent in 2002-03.

Q

Would Balaji be able to emerge from a content clutter and hold audience attention?

A

It did.

By investing its organisation with stronger production values.

In addition to writing more compelling scripts and treating them differently from time to time, Balaji strengthened a sense of visual exclusivity around them.

As a first step, the company created its own sets. Not only did this enhance the operational flexibility so that they could be delivered just when they were required, but enabled them to be created in line with the best quality standards. As a result,

WHEN THE COMPETITIVE PRESSURE INCREASED, THE COMPANY CREATED GRANDER SETS TO RETAIN AUDIENCE ATTENTION.

The grander sets were drawn from a conscious priority: their extensive spread across 2500 to 3000 square feet as against the conventional industry allocation of 1500 sq ft. The use of imported lights and equipments to raise production quality to an international standard. A prudent investment in clothes, hairdo and accessories to create a distinctive personality around each portrayed character. And the discipline of allocating different serials to different art directors to create a different feel among them.

Result: this differentiated approach - big screen impact on a small screen - helped nine Balaji serials emerge in the top 10 television shows across Hindi entertainment channels in 2002-03.

Would Balaji be able to strengthen its realisations without the market becoming considerably bigger?

It did.

By emerging as an integral part of its customers' channel strategy.

Consider this: For the week ended 5th April, 2003,

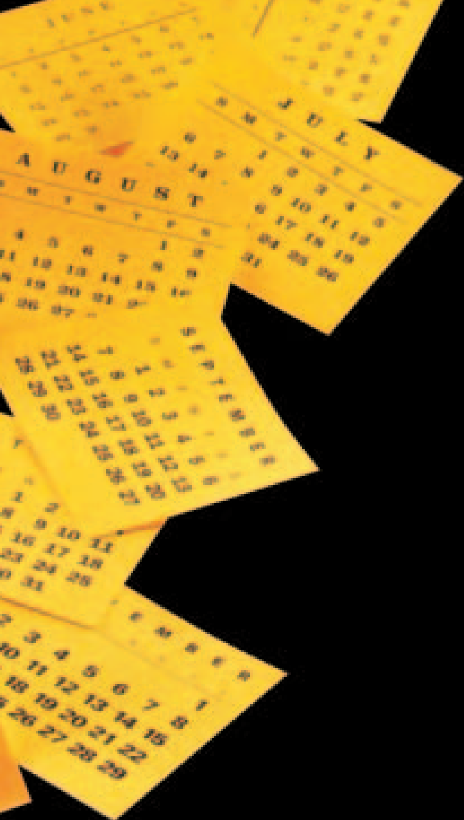
- *Kyunki Saas Bhi Kabhi Bahu Thi* and *Kahaani Kahaani Ghar Ki* emerged as the leading television programmes on Star Plus with TRP of 13.68 and 13.24 respectively (they also emerged as the leading programmes across all leading Hindi entertainment channels).
- *Kkusum* emerged as the top television show on Sony with a TRP of 3.18, significantly higher than what was reported by any other programme on that channel.
- *Kkalavari Kkodalu* emerged as the top television show on

Gemini TV with a TRP of 18.83, significantly higher than what was reported by any other programme on that channel.

• *Kavaludaari,* with a TRP of 11.6, emerged as the second best show on Udaya TV.

Balaji's programmes were not fillers; they continued to be channel drivers. They were not just instrumental in drawing advertising revenue for their customers; they were responsible for enhancing channel profitability.

As a result, Balaji enhanced its average realisations per hour from Rs 7.2 lacs to Rs 11.06 lacs in 2002-03.

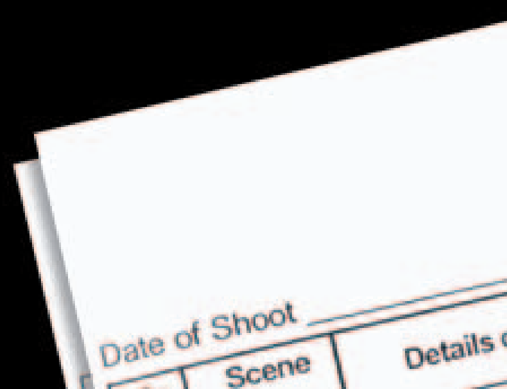


Q

Would Balaji be able to control costs?

A

It did.



Through a stronger floor control.

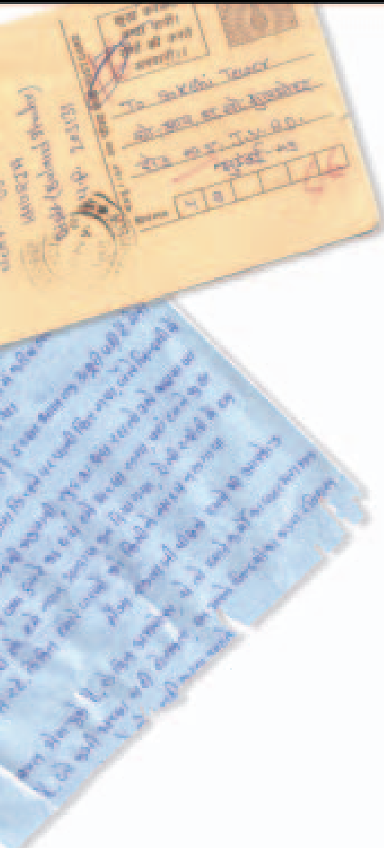
At Balaji, we recognised that a non-availability of artists, equipments, locations and an improper scheduling could translate into a substantial cost over-run.

To mitigate this risk, the company embarked on a strict discipline:

- It obtained block dates from its important artists well in advance so that a smooth production schedule could be drawn out.
- It hired properties and equipments across these dates at attractive rates or embarked on their in-house ownership based on their repeat and intensive requirement.
- Its scriptwriters submitted detailed scripts well in advance of the shooting schedule. THIS INCLUDED A CLEAR MENTION OF PROPERTIES, ARTISTS AND LOCATIONS SO THAT A COMPREHENSIVE BUDGET AND SCHEDULE COULD BE CREATED.

This discipline helped Balaji maximise the number of scenes shot per day, translating into a better coverage of its fixed costs.

As a result, its operating margin enhanced from 41.68 per cent in 2001-02 to 50.70 per cent in 2002-03. And its net profit margin strengthened from 26.31 per cent in 2001-02 to 30.87 per cent in 2002-03.



Q

Would Balaji be able to counter content and treatment monotony that could possibly translate into lower realisations?

A

It did.

At Balaji, change is constant. As a result, we don't just make content with a passion. We also review it with similar commitment.

Over the years, we institutionalised a comprehensive review system. As a result, our creative heads meet weekly to study the evolving TRP and suggest an ongoing twist in story telling with a view to not just protect viewership but to strengthen it.

In 2002-03, these are some of our initiatives that translated into a committed audience pull: WE INTERRUPTED OUR STORYLINE WITH SHARP TWISTS THAT OPENED UP ENTIRELY NEW SCRIPTING POSSIBILITIES. We scripted more scenes per episode. We accelerated the pace of storytelling. We built stronger characters and positioned them as household names. We blended each episode with a prudent mix of the visual and the emotional. We ended each episode with suspense to lead viewer attention into the following episode.

As a result, as the storyline of *Kahaani Ghar Ghar Ki* was restructured, the programme emerged as number one with a TRP of 14.04 (week ended 29 March 2003), significantly higher than its erstwhile TRP.

For the week ended 5th April, 2003, out of 51 prime time shows featuring in the top 100 Hindi C&S shows, Balaji accounted for 27 shows, representing 53 per cent of market share, inspite of some of its popular serials – *Kohi Apna Sa, Koshish Ek Aashaa, Kammal, Kalash* and *Kabhii Soutan Kabhii Sahelii*– being taken off the air during the year. This translated into an increase in average per hour realisations from Rs. 7.2 lacs to Rs. 11.06 lacs in 2002-03.

Q

Would the company be able to de-risk its considerable dependence on mass programming and the family drama genre?

A

It did.

Against contrary opinion, Balaji decided to protect its product mix from change. It made a considered decision to sustain its core competence in mass programming and family-centric entertainment.

For some important reasons.

A market survey revealed the enduring appeal of these segments: mass programming accounted for nearly 47 per cent of total viewership and 57 per cent of total advertising revenues. AND WITHIN THE MASS ENTERTAINMENT SEGMENT, FAMILY-BASED / SOCIAL DRAMA PLOTS CONTINUED TO BE THE MOST POPULAR - 73 PER CENT OF THE OVERALL AGGREGATE TRP OF TOP 150 HINDI C&S SHOWS ACROSS ALL GENRES - simply because of the nature of a family-based pattern of viewership. So even though a number of observers felt that the company ought to rationalise its exposure to family-centric content, it went ahead and did exactly the opposite.

Result: within the popular family-based genres, Balaji continued to sustain its position as the principal national player. Its serials in these genres accounted for 56 per cent of the total aggregate TRP of similar serials featuring in the top 150 Hindi C&S Shows.

As a result, the decision to sustain its investments in family-based entertainment emerged not just a prudent de-risking initiative but also an effective counter-competition strategy.


not only
because you are

Q

Would an absence of competence in genres like thrillers, sitcoms and children shows lead to an attrition in Balaji's audience base?

A

It did not.

Not known to many, Balaji Telefilms possesses an established track record of successful programming in genres like thrillers, sitcoms and children shows. Its programmes like *Mano Ya Na Mano, Karma Mayavi Nagari, Captain House and Hum Paanch* proved to be popular among viewers.

During the year, Balaji expanded its genre presence by launching a thriller series *Kya Haadsa Kya Haqeeqat* on Sony TV. This decision was based on the reality that thrillers accounted for over 9 per cent of the aggregate TRP of the top 150 Hindi C&S shows across all genres. As a result, an extension into this new area helped diversify the income profile of the company.

Balaji's decision was vindicated. ITS THRILLERS LIKE *KAAHIN KISSII ROZ* AND *KYA HAADSA KYA HAQEEQAT* EMERGED AS BIG AUDIENCE PULLERS IN 2002-03.

Result: within a year, Balaji accounted for 73 per cent of the total aggregate TRP of serials featuring in top 150 Hindi C&S shows in this genre – the highest by any television software company.

In 2003-04, the company will launch its much-awaited children's programme to further diversify the income profile of the company further.

Would Balaji be able to grow and de-risk at the same time?

It did.

By embarking on some strategic decisions to de-risk the organisation without compromising growth.

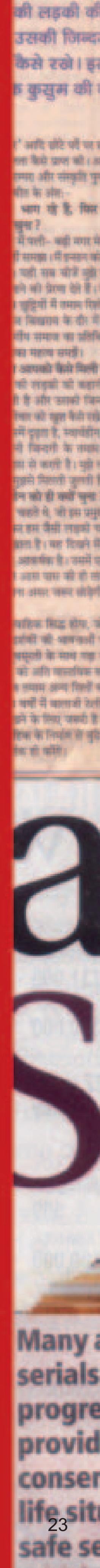
For instance, even though Balaji had 14 programmes on air, it has prudently ensured that no programme accounted for more than 15 per cent of its overall programming revenues.

Even though Balaji enjoyed a strong presence on Star Plus, it also aggressively and strategically extended its presence to Sony, Zee, Sahara, Udaya TV and Gemini TV.

EVEN THOUGH THE COMPANY SPECIALISED IN HINDI PROGRAMMING, IT DIVERSIFIED ITS PRESENCE INTO REGIONAL LANGUAGES LIKE TELUGU AND KANNADA.

Even though the company provided content for daily programmes, it diversified its presence to weekend programming as well.

Even though the company specialised in family-based soap drama, it extended to thrillers, horror shows, sitcoms and children programmes.



Q
A
Itihaas Kashti
Ghar Ek Mandir Kundli
Kyunki Saas Bhi
Kasautii Zindagii Kay Kutumb
Kaahin Kissi Roz Kahani Terrii Merrii
Hum Paanch Kanyadaan
Kabhii Kabhii Sautan Kabhii Saheli Ka
Thi kahaani Ghar Gha
Kusum Kahani Terri

Q

Would Balaji be able to sustain its growth in an environment where customer channels are not increasing?

A

It did.

Simply by raising its exposure in the time-slots of customer channels it is currently not present.

In 2002-03, the company produced one weekend programme for Sony in the 8.00-9.00 pm band. However, a large market still exists for quality weekend programmes from 7.30 pm to 11.30 pm. Which the company expects to tap.

In 2002-03, the company extended the country's prime-time between 8 pm and 11.30 pm. The company expects to widen this band: from 7 pm to midnight. Resulting in a bigger income opportunity.

The company also expects to create customised content for Sunday morning slots, existing regional channels and emerging opportunities in television-driven markets like West Bengal, Kerala and Tamil Nadu. The company is also contemplating an entry into the terrestrial network (Doordarshan) of the country.

It expects to derive growth in these existing and emerging areas through an increase in the number of programmes, enhanced realisations, A STRONGER INTERNATIONAL EXPLOITATION OF ITS SOFTWARE LIBRARY AND THROUGH THE CREATION OF LOW-RISK SMALL BUDGET FILMS.

Laying the foundation of sustainable growth over the foreseeable future.

Q

Would Balaji de-risk itself from an excessive dependence on Ekta Kapoor, its Creative Director, by emerging as an organisation of creative leaders?

A

It did.

Through a prudent training and delegation programme.

For instance, Balaji provided a hands-on training to an entire second line of professionals over the years, who have now emerged as creative heads in their own right. As a result, an organisation that began with one creative head now has nine creative heads, independently responsible for their respective shows.

This enlarged team has helped rationalise the Creative Director's role to the important and necessary. As a result, Ekta Kapoor's role now extends only to the conceptual stage, following which the scriptwriters and creative heads are responsible for taking the story and treatment ahead.

THIS DELEGATION HAS BEEN DOVETAILED WITH AN EFFECTIVE ACCOUNTABILITY: the creative heads must not only produce audience-

pulling programmes but these must translate into high TRP. Besides, these creative heads must train executive producers to brief customer channels on the scripts, co-ordinate timely shoots and ongoing decision-making with a view to grow leaders at every level. The company's south Indian operations in the vernacular are managed independently by regional programming heads.

This decision to reduce an excessive dependence on select individuals has been institutionalised across the organisation. For instance, critical responsibilities – scrip writing for instance – have been delegated to teams instead of individuals, so that projects can continue uninterrupted in the event of an unforeseen attrition. Besides, every function is supported by back-up assistants.

Thanks to this aggressive delegation at every level, Balaji's programming hours per week increased from 25.5 in 2001-02 to 30.5 in 2002-03.

This is Balaji Telefilms Limited

India's most successful media company

Balaji Telefilms Limited (Balaji) is among India's most prominent and successful media companies. Headquartered in Mumbai, the company is engaged in the production of television entertainment software in Hindi, Telugu, Tamil and Kannada. The company has been promoted by Jeetendra Kapoor, veteran Indian film star, his wife Shobha Kapoor and daughter Ekta Kapoor.

Channel driver

Thanks to the production of quality content, Balaji's programmes have emerged as channel drivers. Its blockbuster programmes include *Hum Paanch* (on air for five years), *Kyunki Saas Bhi Kabhi Bahu Thi, Kahaani Ghar Ghar Ki, Kasautii Zindagii Kay* (Hindi), *Pavithrabandham, Kalisundam Ra* (Telugu), *Kulaa Villaakku* (Tamil) and *Kavyanjali* (Kannada). The company had 14 serials on air at the close of 2002-03. Eight serials were in Hindi and the rest in Indian regional languages.

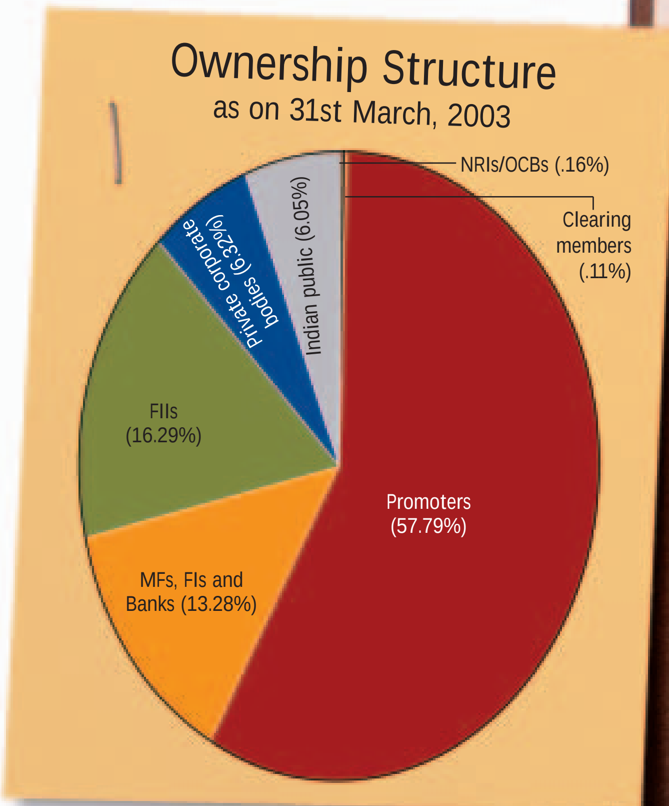
Prominent customers

Balaji commenced operations in 1994-95 with the production of a fiction thriller called 'Mano Ya Na Mano' for Zee TV. Thereafter, Balaji's programmes have been telecast regularly on television channels like Star Plus, Doordarshan, DD Metro, Sony Entertainment, SABe, Metro Gold, Zee, Sahara, Sun, Gemini and Udaya.

Profitable presence

Balaji reported revenues of Rs 185.97 cr and profit after tax of Rs 57.41 cr in 2002-03. The company is listed on the BSE and NSE. Its market capitalisation was Rs 283.60 cr as on 31 March 2003. Nearly 58 per cent of the company's equity was held by its promoters; financial institutions (Indian and foreign), mutual funds, banks, non-resident Indians and private corporate bodies held the rest.

The Balaji Vision: TO EMERGE AS A COMPLETE INDIAN MEDIA HOUSE COVERING THE WIDEST GENRES OF TELEVISION PROGRAMMES.



Creditable performance

1995-96: Launched *Mano Ya Na Mano*, a thriller and *Hum Paanch*, the longest running sitcom on Zee TV. Produced a musical show *Dhun Dhamaka* for Doordarshan.

1997-98: Launched *Itihaas*, the first-ever daily soap on Doordarshan.

1998-99: Entered India's media-driven South Indian market with the launch of *Kudumbbam*, a daily soap on Sun TV.

1999-2000: Launched *Kanyadaan*, weekly soap on Sony TV, and mega daily soaps on Gemini and Udaya TV.

2000-01: Redefined Indian prime time television through the highly popular *Kyunki Saas Bhi Kabhi Bahu Thi* and *Kahaani Ghar Ghar Ki serials* (Star Plus).

2001-02: Launched mega daily serials such as *Kasautii Zindagii Kay, Kaahin Kissii Roz, Kkusum* and *Kutumb* on Star Plus and Sony.

2002-03: Entered the high-end weekend programming segment. Also introduced new serials for Udaya as well as a youth-centric daily serial for Sahara TV.

Balaji Telefilms Limited

reported a growth of 68.61 percent in its programming revenues & a 97.88 percent IN ITS PROFIT AFTER TAX IN 2002-03

Chairman's letter

Dear Shareholders ...

I am relieved and delighted to report the overview of Balaji Telefilms for 2002-03. 'Relieved' because the company's performance came at a time when a number of observers had begun to ask whether we would survive a pressure cooker 2002-03. 'Delighted' because we instituted a robust business model that promises to make our growth sustainable.

LEAD ROLE

Balaji Telefilms reported a growth of 68.61 per cent in its revenues and a 97.88 per cent increase in its profit after tax in 2002-03.

Let me put this in perspective. It means that our turnover in 2002-03 was almost equivalent to our cumulative topline of the last four years.

This critical mass translated into some remarkable numbers: nearly a third of the business that we transacted translated into our bottomline in 2002-03 and for every Rs 10 that we invested Rs 11 was returned to us during the course of the financial year.

As a result, let me say that few businesses in India were as profitable as the successful creation of compelling entertainment content.

LEAD CHALLENGES

Now this might prompt you to believe that the industry environment was highly favourable and that Balaji achieved its objectives with ease.

Nothing would be further from the truth.

Balaji's improved numbers were achieved in the face of increased competition, a lower allocation of time for leisure and entertainment, increased information clutter, shorter attention spans, an increasing tendency to spend leisure and entertainment hours outside residences, an increase in political and military disturbances and a growing distraction in viewer attention towards news-based / sports content.

LEAD INITIATIVES

We succeeded because we responded to some of this diversely complex challenges with remarkably simple initiatives.

- In a world trending towards the customised, the principal challenge was the creation of content that would be relevant to each diverse viewer. In response to this, Balaji produced content for the average Indian family.

• In a world where the feeling of 'What's in it for me?' became increasingly predominant, our challenge was to create content that each viewer could identify with. In response to this, Balaji created content revolving around individual characters so that viewers could see a little of themselves in each serial.

• In a world getting increasingly fast-paced, our challenge was to hold viewer attention from episode to episode. In response to this, we accelerated the pace of storytelling: from 6-8 scenes to 8-10 scenes per episode.

• In a world when consumers switched their product and programme loyalty with the flick of a button, our challenge was to build viewer communities. In response to this, we enhanced the element of drama and suspense that prompted viewers to return.

• In a world where fewer things shocked and awed, our challenge was to create something that would pleasantly surprise viewers from episode to episode. In response to this, we created the kind of sets not seen before in the industry, attired our characters in outfits that represented the fashion of the day, set our episodes in attractive locations and scored our serials with memorable music.

• In a world where consumers thrived on variety, our challenge was to demonstrate that we could not only make a certain kind of content, but programmes of all kinds. In response to this, we made youth-based programmes and family thrillers.

• In a world with an increasingly shorter patience for under-delivery, our challenge was to make content exactly in line with customer expectations. In response to this, we reviewed TRP and viewer - maids to MDs, chauffeurs to chairmen - feedback and incorporated course corrections immediately.

Result: Balaji dominated television programming in the second largest market of the world with a 48 per cent share of the aggregate TRP of the top 150 Hindi C&S Shows in the country. Nine Balaji serials figured in the top ten and 41 Balaji serials figured in the top 100 Hindi serials across leading entertainment channels. Balaji's 56 per cent share dominated the family-based genre of programming. Balaji's 73 per cent market share dominated the thriller / horror genre of programming. In an environment where customer channels explored cost-cutting, Balaji's content commanded an increase in hourly realisations from Rs 7.2 lacs to Rs 11.06 lacs.

LEAD SYSTEMS

At Balaji, what made the last financial year memorable was that even as we embarked on a number of initiatives that reflected in the numbers for the period under review, we also embarked on a number of initiatives that promise to make our growth sustainable.

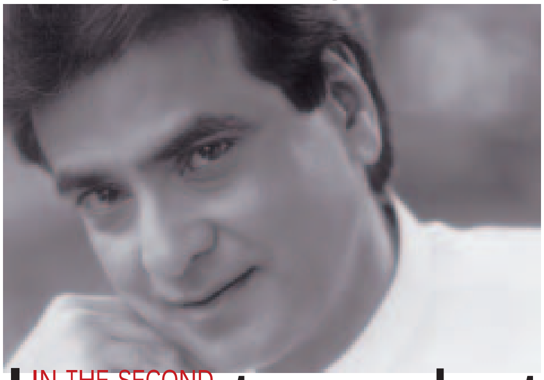
Our central initiative was the institution of a central audit and investigation framework that documented and eliminated unnecessary expenditure. A mini-ERP helped Balaji access any corporate information at will to arrest budget deviations in the least time. The appointment of Deloitte Haskins & Sells as joint auditors strengthened the audit and accounting function. The strengthening of the management team with a head for every function created a transparent reporting structure. The appointment of a President - Corporate Affairs and Chief Financial Officer supported by assistant vice presidents and managers helped delegate critical responsibilities. The appointment of a Chief Operating Officer and the reinforcement of this position with a general manager and branch heads at Chennai and Bangalore helped create a multi-geographic management pyramid. The back-up of the creative function headed by Ekta Kapoor with nine creative heads and 15 executive producers helped de-risk that side of the business.

LEAD OUTLOOK

Interestingly, the outlook for Balaji appears more exciting now for a number of reasons than any time in its existence.

The Indian entertainment content industry faces an inflection point when the country moves to the Conditional Access System (CAS). The CAS will empower viewers to select and pay only for those channels they wish to subscribe to. In our opinion, this will increase the competition between our channel customers and prompt them to commission content with a greater audience pull to drive their income.

Balaji dominated
television programming



IN THE SECOND
largest market
of the world

WITH A 48% share of aggregate TRP of the top 150 Hindi C & S Shows in the country

At Balaji, we expect to capitalise on this opportunity by not only providing more content for our existing customers but also reaching out to new channel customers in India.

At Balaji, we expect to extend the national prime time from the 8-11.30 pm time band to 7-midnight and make content for the lucrative weekend prime time 7.30-11.30 and Sunday morning slots.

At Balaji, we expect to leverage our 3000 - plus hour content library and reach out to expatriate-centric channels in US, UK, Canada, Singapore, Malaysia and the Middle East.

At Balaji, we expect to grow beyond Hindi into vernacular programming - accounts for almost 40 per cent of India's total viewership - in Bengal, Kerala and Tamil Nadu.

At Balaji, we expect to leverage our brand and increase the production of advertising-supported sponsored programmes.

At Balaji, we intend to make low risk and small budget films that are adequately de-risked through the sale of music and telecast rights within India and abroad.

LEAD PERFORMANCE

Thanks to these initiatives, we expect to enhance value not just for ourselves - but for all our owners as well.

Jeetendra Kapoor
Chairman

We established our leadership IN A COMPETITIVE market place

10 minutes with Shobha Kapoor, Managing Director and CEO

Q
A

Were you pleased with the performance in 2002-03?

Absolutely. To begin with, let me say that Balaji's exponential growth took priority over its systems over the last three years. However, we came gradually to the conclusion that if we needed to scale sustainably, we would need to institutionalise systems to reconcile seamless content creation with stringent cost control. As a result, we instituted a number of far-reaching changes - new positions, increased delegation, selective recruitments and a centralised audit process - that created a stronger foundation for sustainable growth.

Why was this important?

To bring an order into the management of thousands of variables that we need to manage at any given time. For instance, each serial actively involves 50 professionals who must create 22 episode minutes. A robust audit process helped us manage the variables arising from their interactive working: delays in shooting schedules, under-delivery below the benchmark of an average 10 scenes a day, the needless hire of equipments or recruitment of junior artists and the delay in reaching content to customers - across 14 concurrent episodes.

As a result, our audit process standardised schedules and compliance, it budgeted costs and arrested any increase, it documented and analysed, it educated and rationalised, it provided a basis as well as a check and balance, it created a basis of estimation and projection.

What were the other initiatives that the company took to increasingly institutionalise systems?

We created self-sufficient clusters to minimise the sharing of professionals across serials and equipped each cluster with a scheduler, executive producer, production manager, creative head, director, scriptwriter, dialogue writers and technician so that it could competently and comprehensively produce its own content. Each script was completed well before shooting commenced. Our scriptwriters submitted detailed scripts with an unambiguous mention of the properties or location required. As soon as a script was submitted, the scheduler prepared a detailed artistewise schedule that intimated professionals of the block dates when they would be required and also co-ordinated the hire of equipments and locations. All these initiatives helped the company reduce the cost per scene.

What were the other highlights of the company's performance during the year under review?

At Balaji, we recognised that production and post-production cost accounted for almost 85 per cent of our total expenditure required to sustain the simultaneous production of 14 episodes. To minimise this recurring expense, we made a one-time investment of Rs 6 cr in the captive ownership of properties and equipments. This did not just eliminate the cost of hire but also reduced the financial impact on the company in the event of a shoot extending well beyond budgeted time. We also invested around Rs 7 cr in increasing our sets from four to 13 and we increased the space from four to 13 and we increase the space for each set from around 1500 square feet to 2500-3000 sq ft. As a result, we replaced the limitations of a small screen with the feel of a 70 mm screen that evolved casual watchers into a committed audience.

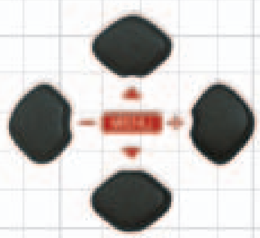
What organisation-strengthening initiatives did the company take in the last financial year?

We created and customised Balaji's HR department to our specific needs. For instance, we strengthened our recruitment process to hire only passionate professionals with a high sense of commitment and project ownership. We evolved to team-centric working and reward wherein if a team strengthened TRP, it was immediately, adequately and collectively rewarded. At Balaji, we evolved to an episodewise performance appraisal system that helped the company promote the meritorious without delay. Balaji delegated aggressively so that those who joined the company as trainees graduated to handling independent assignments within only a few months. Balaji encouraged a healthy inter-episode completion so that members could reinvent their serials on an ongoing basis to retain their leading positions.

How did Balaji reduce its dependence on select individuals?

In a business driven by intellectual capital, where attrition would lead to a drain in competence and our consequent ability to compete, we created adequate redundancy within the system. For instance, we created teams of writers for each serial to mitigate our dependence on any single individual. Back-up assistants and trainees were recruited and given an on-the-job training for every function. We rotated our professionals across serials for a quicker learning. Thanks to this initiative, Balaji possessed a bank of talent - directors, writers, cameramen, editors - at any time which translated into an increasing capability to absorb the impact of unforeseen attrition without delay or a drop in quality.

The year 2002-03 in ret



1 PRODUCTION

- A 11.55 per cent increase in fresh programming hours.
- A 22 per cent increase in commissioned programming hours.
- A 25 per cent increase in the television software library.
- An increase in programming content per week from 25.5 hours in 2001-02 to 30.5 hours.
- A stronger on-air presence from 13 serials in 2001-02 to 14 at the close of the year.
- An increase in the share of commissioned programming from 58 per cent to 64 per cent.

2 REALISATIONS

- A 68.61 per cent increase in programming revenues.
- A 104.47 per cent increase in commissioned programming revenues.
- A 53.02 per cent increase in average realisations per hour from Rs 7.2 lacs to Rs 11.06 lacs in 2002-03.
- A 67.60 per cent increase in average realisations per hour for commissioned programmes from Rs 8.95 lacs to Rs 15 lacs in 2002-03.

3 PUBLIC RESPONSE

- The selection of nine Balaji television programmes in the top 10 across Hindi entertainment channels.
- The emergence as a leading software producer with a 48 per cent of the aggregate TRP of top 150 Hindi C&S Shows.
- The recognition of the Best Production House of the year award from Indiatelevision.com

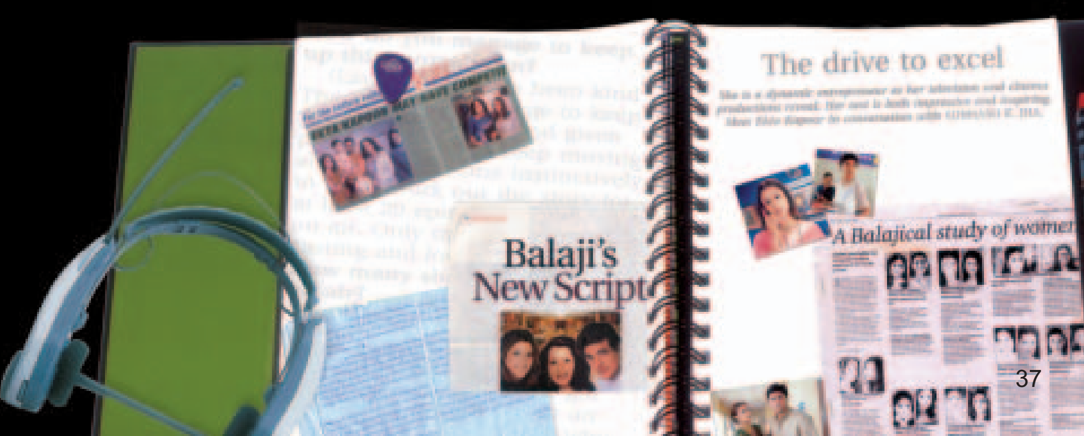
4 PERFORMANCE

- A 97.88 per cent increase in profit after tax.
- An increase in the EBITDA margin from 41.68 per cent to 50.70 per cent.
- An increase in the net margin from 26.31 per cent to 30.87 per cent.
- A decline in the cost of sales as a per cent of total sales from 51.17 per cent in 2001-02 to 42.65 per cent.

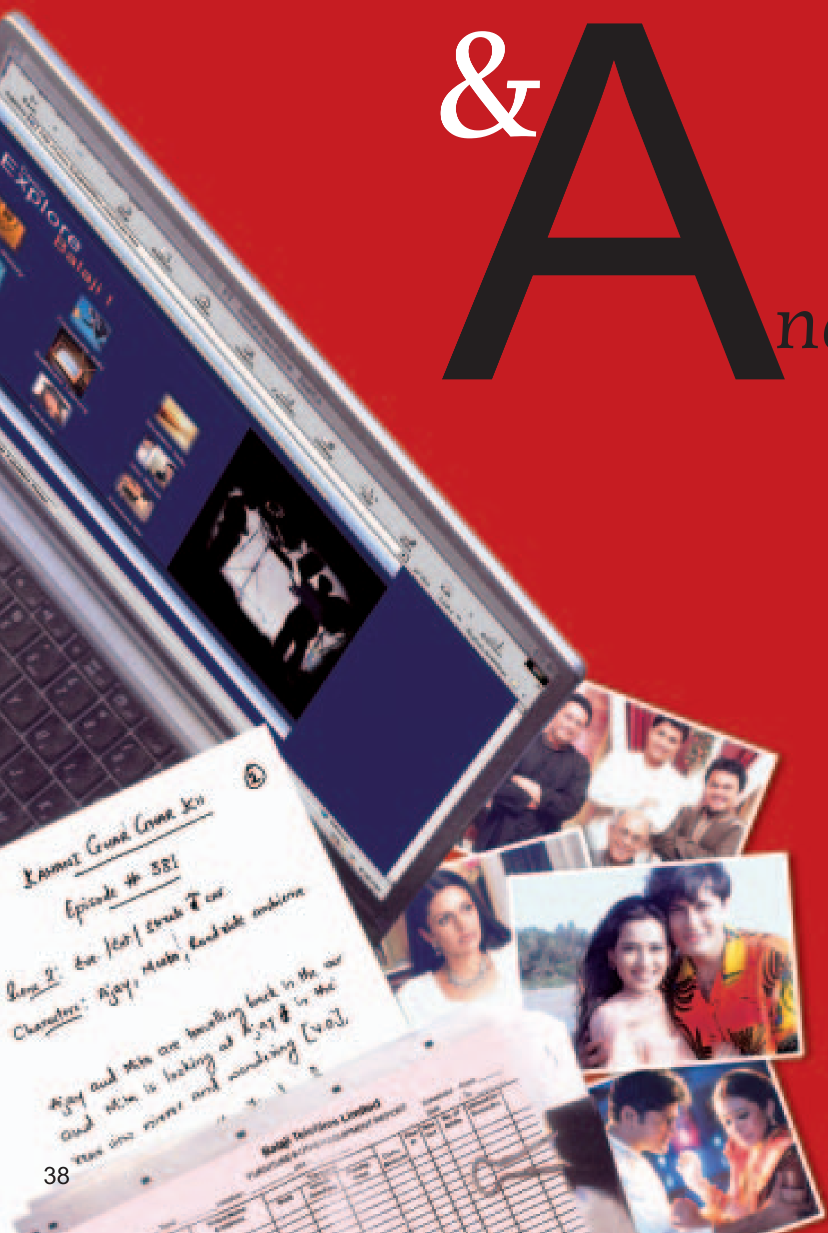
5 CORPORATE

- Public recognition in the form of the prestigious Economic Times Award for 'Emerging Company of the year 2001-02'.
- Rs 13 cr investment in new sets, equipments and studio.
- The institutionalisation of a central audit and investigation system.
- The appointment of Deloitte Haskins & Sells as joint auditors with Snehal and Associates.
- The sub-division of the face value of the company's shares from Rs 10 to Rs 2, translating to increased liquidity for small investors.
- The promotion of the company's scrip from the B1 Group to the A Group of the Bombay Stock Exchange.

rospect



Management Discussion & Analysis



Nature Of Business

Balaji Telefilms Limited produces quality content for a number of popular channels in India. The company's programmes encompass the genres of family-based dramas, family thrillers, horror shows and children's fantasy programmes across the Hindi, Tamil, Telugu and Kannada languages. As on 31 March 2003, 13 of the company's 14 serials on air were daily in nature and nearly 56 per cent of its programmes were in Hindi.

2002-03 Vs. 2001-02

In 2002-03, Balaji Telefilms (also referred to as 'the company' in the copy) reported revenues of Rs 185.97 cr (Rs 110.30 cr in 2001-02), a 68.61 per cent increase. The company posted a profit after tax of Rs 57.41 cr in 2002-03 (Rs 29.01 cr in 2001-02), a 97.88 per cent increase. The company's net margin increased from 26.31 per cent in 2001-02 to 30.87 per cent in 2002-03.

Rationale For Presence

India is one of the largest markets for television content, partly by the virtue of being the second largest population in the world and partly due to the fact that the country has always been driven by the awe of the moving picture.

Balaji Telefilms is attractively positioned to capitalise on this vast market. In 2002-03, it produced 58.10 percent of its entertainment content in Hindi, the most widely spoken language in India. It enjoyed the number one status within this language segment, adequately supported by advertisers.

Within Hindi programming, Balaji prudently preferred to focus on mass entertainment, which enjoyed the highest viewership and generated the highest revenue. Since regional languages accounted for almost 40 percent of the country's viewership, the company increased its presence in this segment with a slew of vernacular programmes.

The Indian television industry went through its biggest expansion in the country's independent history through the Nineties as private companies were permitted for the first time to launch television channels, ending a State monopoly. As a result, by the turn of the millennium, the number of private channels had almost touched the three-figure mark and the television industry, estimated at Rs. 111 billion in 2002, is expected to grow to Rs. 292 billion by 2007, an adequate rationale for the company's sustained presence in it. (*Source: KPMG estimates).*

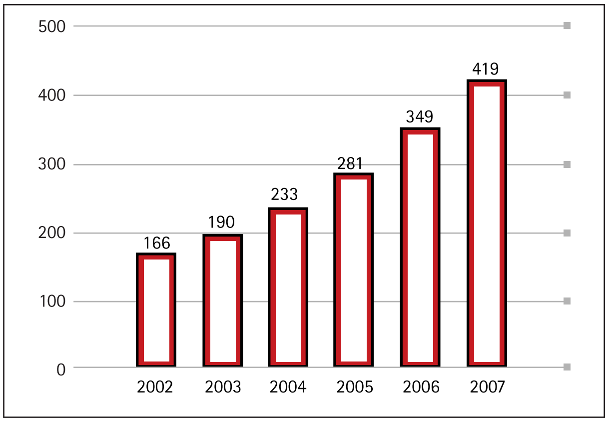
Category	Share of viewership (%)	Share of revenues (%)	ROI
Mass entertainment	46.80	57.40	1.2
Regional language	39.60	17.20	0.4
News	2.00	11.30	5.7
Hindi films	3.50	4.70	1.4
English entertainment	1.60	4.00	2.5
Sports	3.90	2.70	0.7
Infotainment / kids	1.80	1.60	0.9
Music channels	0.90	1.10	1.2
Total	100	100	1
Source: (TAM Analysis on all 4 +)	*TAM Peoplemeter Data*	*TAM TV ADEX*	

Industry Structure

1. The Indian entertainment industry

Entertainment represents one of the largest components of discretionary household expenditure in most developed markets. In India, the opposite is true: the media industry accounts for 1% of GDP as against 2.7% in the US. As a result, India's nascent market offers sustained growth opportunities into the long-term. The Indian entertainment industry - television, cinema, music, radio and live entertainment – was estimated at Rs 166 billion in 2002 and is expected to grow to Rs 419 billion by 2007.

Size of the entertainment industry (in billion)

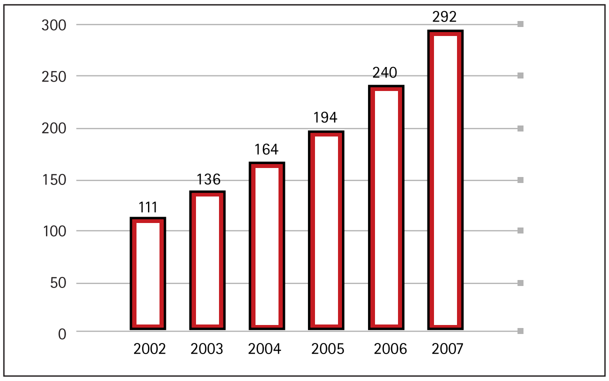


Source: KPMG estimates

1.1 Indian television industry

Television has emerged as the preferred mode of mass entertainment, catalysed by its increasing reach and the popularity of cable and satellite (C&S). The size of India's television market stood at Rs 111 billion in 2002, a growth of 17 per cent over the previous financial year. It accounted for 67 per cent of the revenues of the entertainment industry, one of the largest segments in the media sector. The Indian television industry is expected to grow at a CAGR of 21 per cent and achieve an annual revenue of Rs 292 billion by 2007.

The television industry comprises three segments: broadcasting, cable TV and television software.



Source: KPMG estimates

Balaji's Drivers Of Growth

Advertising and subscription revenues drive the television industry.

With increased reach and penetration of television into C&S households, it is likely to emerge as the preferred medium for advertising, resulting in an increase in the share of the electronic media - at the expense of the print media. The total advertisement expenditure as a per cent of the GDP ratio in India is currently at 0.4 per cent, which is quite low compared to the developed countries. The industry is confident of a robust growth in line with the growth of the economy.

Increase in subscription revenues will be driven by an increase in the cable and satellite penetration and the successful implementation of the Conditional Access System, whereby customers will pay for and receive only those channels that they wish to view.

The television software segment, which provides content to broadcasters, accounted for almost 14 per cent of the entertainment industry and almost 21 per cent of the Indian television industry. This segment is expected to grow at a CAGR of 9 per cent to achieve an annual revenue of Rs 35 billion by 2007.

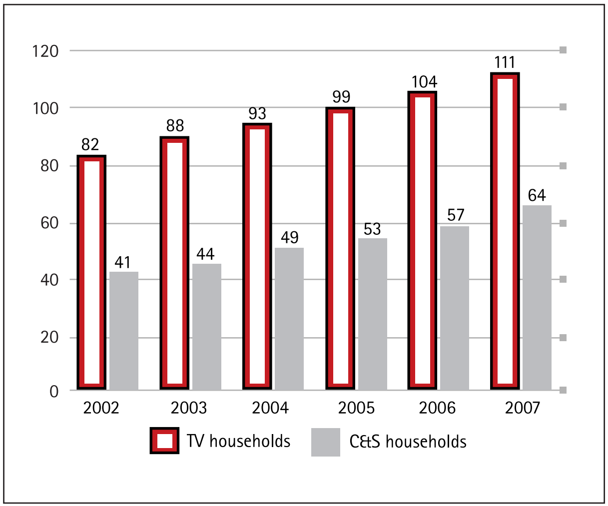
Indian Television Software Industry

Year	2002	2003	2004	2005	2006	2007
(in billion)	23	25	28	31	33	35

Source: KPMG estimates

A. Cable and Satellite penetration

Television connectivity stood at 82 million households at the close of 2002-03, accounting for almost 43 per cent of India's population. Cable and satellite (C&S) penetration increased from 0.4 million households in 1992 to 41 million at the close of 2002. At the same time, the average number of channels on air that a typical C&S household received enlarged from two in 1992 to over 100 in 2002-03. As a result, TV-owning households grew 9 per cent whereas C&S households grew by 17 per cent.



Source: KPMG estimates

As the gap between TV and C&S household remains significant (50 per cent) and the number of households with television sets continues to grow at around 10 per cent annually, the rapid growth in C&S is expected to continue. Balaji expects that the increased requirement for quality television software will drive viewership, advertising and subscription revenues, growing the television software segment in the process.

B. Rural penetration

C&S is no longer an urban phenomenon. With rural C&S penetration at 10 per cent, there is a huge opportunity for growth and conversion. An important determinant of C&S penetration in the rural areas is the growth of the colour TV market outside of metro locations. According to a National Council of Applied Economic Research (NCAER) survey, the penetration of colour television in rural areas is expected to increase from 48 per thousand in 1998-99 to an estimated 185 per thousand in 2006-7.

Parameter (in million)	All India	Urban	Rural
Total households	192	56	136
TV households	82	43	39
C&S households	41	27	13

Source: IRS, NRS, NCAER

C. Higher ad spend

The Indian advertising market has grown 18 per cent annually over the past decade, significantly outpacing the country's economic growth. Television has emerged as the medium of choice for advertisers, with an estimated reach of 350 million adults - substantially higher than that of the print media (250 million people) and low cost compared with other media (details given elsewhere in the report).

Television advertising increased from 17 per cent in 1992 to 42.5 per cent in 2002-03, serving as an important vehicle for brand building and market dominance among companies/products/services in various sectors. It is expected to grow 15-16% annually over the next five years. More importantly, the adspend on cable and satellite television will, in all probability, dominate and grow at around 18 per cent per annum.

To attract this huge adspend, television channels will need to compete with each other for quality TRP-generating programmes.

Ad spend and media distribution in India (Rs cr)

Year	Total ad spend	Growth rate %	Newspaper	%	TV	%	Radio	%	Cinema	%	Outdoor	%
2002-03	14740	20	7190	48.8	6264	42.5	368	2.5	32	0.2	884	6.0
2003-04	17688	20	8446	47.8	7673	43.4	531	3.0	39	0.2	999	5.7
2004-05	21225	20	9976	47	9261	43.6	743	3.5	47	0.2	1199	5.7
2005-06	25470	20	11716	46	11240	44.1	1019	4	56	0.2	1439	5.7

Source: KPMG estimates

As a result OF THE RISING DEMAND FOR quality content, the television entertainment software segment is EXPECTED TO REPORT AN impressive growth: FROM RS 23 BN IN 2002 TO RS 35 BN IN FIVE YEARS.

D. Increasing private channels

The phenomenal growth of private television channels in India – from two at the start of the Nineties to more than 90 in 2001 - has widened the market for television entertainment software. A fierce competition is expected to enhance Balaji's bargaining capacity, leading to stronger realisations. A TV channel's business model is entirely dependent on advertisement and subscription revenues, influenced by viewership and content quality. As a result, popular programmes help channels generate higher TRP, strong advertisers and higher revenues.

Channel Growth in India

TV and CS reach India	F1991	F1996	F2002	F2005E
Households (mn)	153	169	190	203
Television homes (mn)	25.0	45.7	80.3	95.6
Penetration (%)	6.4	27.1	42.3	47.2
C&S homes (mn)	0.2	15.6	40.0	53.0
C&S penetration (%)	0.8	34.1	49.9	55.8
Channels	3	44	110+	NA

C&S = Cable and satellite.

TV E = Morgan Stanley Research Estimates.

NA = Not available.

Source: Industry Data, Morgan Stanley Research.

E. Reach

Television enjoys the highest reach across all socio-economic stratas in India. It has emerged as the most effective mass communication medium especially in low-income households where its reach is higher than print, radio or cinema (shown in the table below). As a result, the growth rate in the television segment is higher than any other media. This reach is expected to enhance, making the medium more attractive for advertisers.

Media reach: Socio-economic segments (%)

Household Category	Print	TV	C&S	TV Cinema	Radio
A1	88	93	62	29	20
A2	80	89	54	27	21
B1/B2	69	85	45	27	21
C	54	77	34	26	20
D	35	63	23	24	21
E	18	45	13	19	20

Media reach: Urban, rural (%)

Media Reach	Press	TV	Cinema	Radio
Urban	62.0	80.3	35.3	25.7
Rural	28.8	41.6	21.6	29.2
Total	38.6	52.6	25.6	28.2

Source: ETIG, Morgan Stanley Research

F. Low cost

Television offers advertisers the lowest cost of reach, making it highly attractive for advertisers. More importantly, since television is the cheapest form of entertainment for any household in the country, the time spent in watching it continues to increase, especially in the low-income category (shown in the table below). Significant technology improvements, coupled with low-cost mass reach, will always make the television the preferred advertiser's vehicle over competing media.

Cost of entertainment in India

Amount a user pays	(Rs)
DVD rental	125
VCD rental	30-80
Movie ticket in a metro area for three hours	25-150
Music cassette	25-125
24-hour TV w/>100 channels per month	200

Source: Morgan Stanley Research

G. Conditional Access System (CAS)

Emerging distribution platforms like Direct-to-Home (DTH) and CAS are expected to provide Balaji Telefilms with an excellent opportunity to exploit its software library. The Government of India has approved the use of the Conditional Access System, whereby viewers can install a set-top box and select the channel of their choice. Result: satellite channels will need to provide quality programmes and are expected to increasingly commission content providers like Balaji to attract or retain viewers. The company is optimistic in this regard: over the years, it has emerged as a channel driver and it expects to leverage this record to build revenues over the foreseeable future.

Outlook

As a result of the rising demand for quality content, the television entertainment software segment is expected to report an impressive growth: from Rs 23 billion in 2002 to Rs 35 billion in 2007. Interestingly, exports are expected to rise, while the increased retention of intellectual property rights by content producers is likely to enrich valuable libraries.

Balaji's Leadership

In 2002-03, the company emerged as the undisputed leader in the production of television serials by controlling a 48 per cent of the total aggregate TRP of the top 150 Hindi C&S shows and the number one position in weekday entertainment.

Balaji dominated the family drama and thriller genres with a 56 per cent and 73 per cent market share respectively.

Thanks to this strong presence, Balaji sustained its position as the India's dominant weekday prime time entertainment provider with a 72 per cent share of the total aggregate TRP of weekday prime time shows featuring in the top 150 Hindi C&S Shows. The company enjoys a 31 per cent share of the aggregate TRP for weekday non-prime time slots featuring in the top 150 Hindi C&S shows, despite no original programmes being telecast in these slots.

This competence rubbed off on the company's ability to provide compelling weekend entertainment. As a result, it emerged as the principal player in the weekend prime time slot with a 12 per cent share of total aggregate TRP for weekend prime time slots (featuring in the top 150 Hindi C&S shows) and a market share of 8 per cent of the total aggregate TRP for the weekend non-prime time slots (featuring in the top 150 Hindi C&S shows).

Weekday domination	Balaji's share*
Prime time	72 per cent
Non-prime time	31 per cent

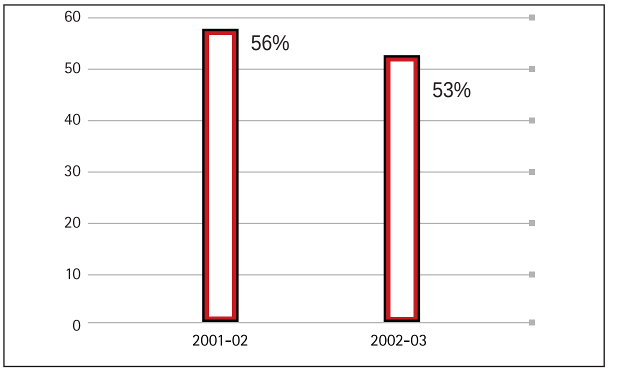
**Balaji serial TRP as a per cent of aggregate TRP across leading entertainment channels*

Weekend domination	Balaji's share*
Prime time	12 per cent
Non-prime time	8 per cent

**Balaji serial TRP as a per cent of aggregate TRP across leading entertainment channels*

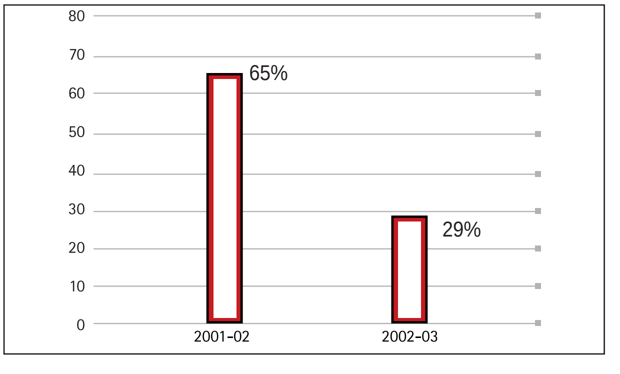
Success ratio - Prime time (8-11.30 pm)

Balaji's share of prime time shows from the top 100 Hindi C&S Shows.



Success ratio - Non-Prime time

Balaji's share of non-prime time shows from the top 100 Hindi C&S Shows.



The company reported a success ratio of 53 per cent in 2002-03 for prime time slots which was creditable as some of its popular serials like *Koshish Ek Aashaa* , *Kammal, Kalash, Kabhii Sautan Kabhii Sahelii* and *Kohi Apna Sa* serials were taken off the air during the course of the year.

Programmes

Balaji had 14 television serials on air aggregating to 62 episodes a week as on 31 March 2003 compared to 13 serials and 51 episodes per week as on 31 March 2002.

Channel	Serial	Frequency per week	TRP	Top TRP for the same channel
Gemini TV (Telugu)	Kalavari Kodalu	5 days	18.83	18.83
	Kkante Kuthrune Kanali	5 days	15.84	
Udaya TV (Kannada)	Kavalu Daari	5 days	10.62	12.38
	Kannadi	5 days	7.16	
	Khshanaa Khshanaa	5 days	6.74	
	Kapi Cheste	2 days	6.06	
Star Plus (Hindi)	Kyunki Saas Bhi Kabhi Bahu Thi	4 days	13.68	13.68
	Kahaani Ghar Ghar Kii	4 days	13.24	
	Kasautii Zindagii Kay	4 days	11.48	
	Kaahin Kissii Roz	4 days	5.97	
Sony TV (Hindi)	Kkusum	4 days	3.18	3.18
	Kahani Terrii Merrii	4 days	2.4	
	Kya Haadsa Kya Haqueqat	3 days	2.58	
Sahara TV (Hindi)	Kahi To Milenge	4 days	0.34	1.12

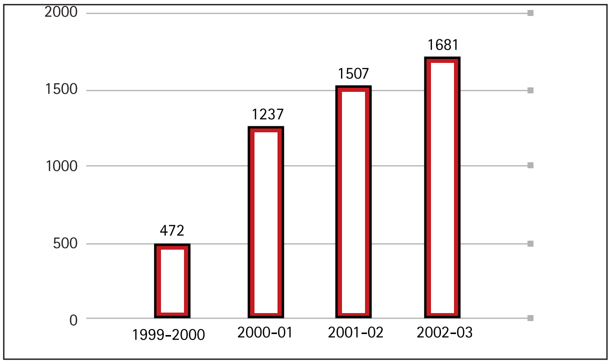
Source : TAM rating for the week 5th April, 2003, Category : Female 15 plus, C&S

Balaji's serials like *Kammal* (Zee TV) *Koshish Ek Aashaa* (Zee TV), *Kutumb* (Sony TV), *Kalash* (Star TV), *Kohi Apna Sa* (Zee TV), *Kitne Kool Hain Hum* (Zee TV), *Kabhii Sautan Kabhii Sahelii* (Star Plus), *Kuchh Jukhi Palkain* (Sony), *Pavithrabandham* (Gemini) and *Kavyanjali* (Udaya TV) were taken off the air during the course of 2002-03.

Programming Hours

The company's quantum of fresh programming increased from 1507 hours in 2001-02 to 1681 hours in 2002-03 (11.55 per cent increase).

Fresh programming hours



Programming Mix

The growing popularity of the company's programmes translated into a strong demand for daily soaps made with bigger budgets.

Programming hours

Programming model	March 1999	March 2000	March 2001	March 2002	March 2003
Sponsored	201.0	414.5	835.0	632.0	613.5
Commissioned	30.5	57.5	402.0	875.0	1067.5
Total	231.5	472.0	1237.0	1507.0	1681.0

The company's commissioned programming hours increased from 875 in 2001-02 to 1067.5 in 2002-03. (22 per cent increase) while its sponsored programming hours declined from 632 hours in 2001-02 to 613.5 hours in 2002-03 (2.93 per cent decrease).

Channels

Balaji produced television programmes for six leading satellite channels - Star Plus, Sony, Zee TV, Sahara, Gemini TV and Udaya TV. It leveraged the reach and penetration of satellite channels to enhance the visibility of its programmes. Besides, satellite channels offered higher budgets, which enabled the company to create programmes with superior production values.

The channel-wise revenue contribution is shown in the table below:

Diversified channel presence

Customer channels	Star, Sony & Zee	Sahara	Gemini TV	Udaya	Sun TV	DD Metro	DD National	Metro Gold	SABe TV	Vijay TV
2002-03	85	1	7	7	0	0	0	0	0	0
2001-02	65	0	11	6	3	1	7	4	1	2
2000-01	41	0	12	3	10	5	21	7	1	0

The company's revenue from leading satellite channels – Star Plus, Sony and Zee - increased from 41 per cent in 2000-01 to 65 per cent in 2001-02 and 85 per cent in 2002-03. Udaya and Gemini TV accounted for seven per cent each of revenues while Sahara TV accounted for one per cent of revenue during the year under review.

Viewership

Balaji's productions accounted for 49 of the top 150 television programmes across leading Hindi C&S entertainment channels.

Channel - Driving Ability

Channel	Top serial on the channel
Star Plus	Kyunki Saas Bhi Kabhi Bahu Thi – Balaji Production
Sony TV	Kkusum – Balaji Production
Gemini	Kalavari Kodalu – Balaji Production

Languages

In 2002-03, Balaji emerged as one of the few production

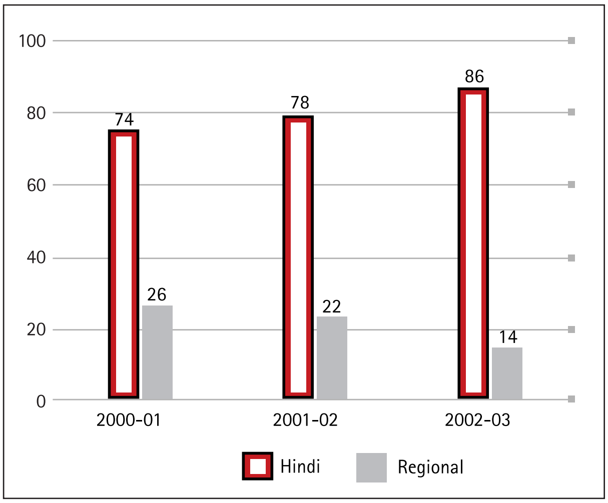
Balaji dominated
THE FAMILY DRAMA & thriller genres with a
56% and 73% MARKET SHARE respectively

houses to produce entertainment content in three languages – Hindi, Telugu and Kannada. Eight of the company's 14 serials were in Hindi while the rest were in Kannada and Telugu.

In terms of hours, Hindi programmes accounted for 63.50 per cent of total programming hour in 2002-03 (61.45 per cent in 2001-02), while regional programme accounted for the balance 36.50 per cent (38.55 per cent in 2001-02).

In terms of revenues, Hindi programmes accounted for 86 per cent of the total revenues (78 per cent in 2001-02) while regional programmes accounted for 14 per cent of the total revenues (22 per cent in 2001-02).

Languagewise revenues



Leader in diverse genres

In 2002-03, Balaji's serials emerged as the most popular in the family-based genre, accounting for almost 56 per cent of the aggregate TRP for family-based shows featuring in the top 150 Hindi C&S Shows.

With thrillers and horrors growing in popularity, the company had two serials that addressed this genre too: *Kahin Kissii Roz* (daily soap on Star Plus) and *Kya Haadsa Kya Haqueeqat* (weekend program on Sony), accounting for 73 per cent of the aggregate TRP for serials in this genre featuring in top 150 Hindi C&S Shows.

Genre	Genre contribution to total viewership	Balaji's share in the genre
Mythology	0.67 per cent	Not present
Family-based programmes and romances	78.48 per cent	56 per cent
Thriller and horror shows	4.24 per cent	73 per cent
Sitcom	3.06 per cent	Not present
Children-based programmes	4.19 per cent	Not present
Games/ talk show/ music	7.17 per cent	Not present
Feature films	2.26 per cent	Not present

The company's presence across a broad spectrum of genres reflects its versatility in content creation, protects against an over-dependence on any particular genre and helps address viewers of different age groups.

Time-Bands

The company's serials are telecast across the evening prime time band - 8 pm to 11.30 pm - across different satellite channels. Inspite of the growing competition in 2002-03, the company emerged as the undisputed leader in prime time with 72 per cent of the aggregate TRP of the weekday prime time shows featuring in top 150 Hindi C&S Shows, reflecting the popularity of its content. This helped enhance its bargaining capability with customer channels.

The company's programmes (repeats) were also telecast during the afternoon time-slots. In this non-prime time segment, the company commanded 31 per cent of the total aggregate TRP of the weekday non-prime shows featuring in top 150 Hindi C&S Shows.

The company entered weekend programming with the release of *Kya Haadsa Kya Haqeeqat* on Sony TV.

In 2003-04, the company intends to extend into the morning slot on Sundays and produce more weekend prime time programmes for leading satellite channels.

Frequency

In 2002-03, the company generally produced programmes with a daily frequency since they helped sustain day-to-day viewer interest, accommodated adequate drama, emotion and twists, helping to evolve serial-watching into a compulsive habit.

Balaji's diversified revenue streams

Balaji produced programmes that were either commissioned or sponsored in nature.

Sponsored programmes:

Balaji makes an upfront payment to broadcasters to buy a telecast time band and receives Free Commercial Time (FCT). The production houses then market the serial to advertisers. In this model, the intellectual property right remains with the production house. Sponsored programming represents a variable income model: if the programme is popular, the production house can strengthen its advertising rates and if the programme does not fare well, it runs a downturn in advertising revenue. Balaji preferred to work with the sponsored programming model with regional channels like Udaya TV and Gemini TV.

In 2002-03 the average realisation for sponsored programmes was Rs 4.22 lacs per hour.

Commissioned programmes:

Customer channels commission Balaji to produce episodes as per its requirements against per episode fees. The channel retains intellectual property rights (IPR). Commissioned programmes are risk-neutral; they generate steady income over the life span of the programme. Although the commissioned model represents a low risk, popular programmes enable the company to increase its fees per episode.

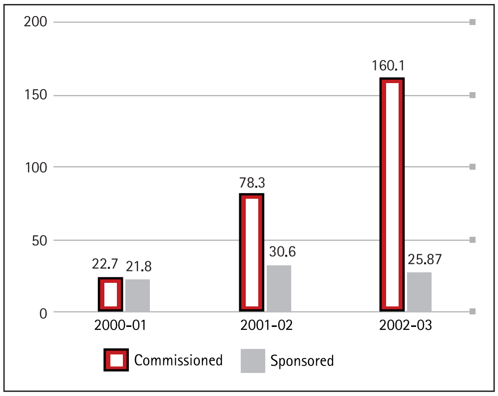
In 2002-03, the average realisation for commissioned programmes was Rs 15 lacs per hour.

Comparison of two business models

Criteria	Channels	Marketing Risk	Capital risk	IPR	Benefits
Commissioned	Zee, Sony, Star, Sahara and Alpha etc.	Borne by the channel.	Content provider assured of a fixed return	Owned by the channel	De-risked business model.
Sponsored	Doordarshan, Sun, Gemini, Udaya, Eenadu etc.	Borne by content providers	Content provider may not recover cost of production completely	Retained by content provider	High risk. High returns business model.

Segmentwise revenue

The company embarked on the conscious decision to increase its exposure to the commissioned programming model, which enabled it to translate a high TRP into enhanced realisations per hour. So even as commissioned programmes accounted for 63.5 per cent of Balaji's total programming hours, they constituted 86 per cent of the company's revenues.



Balaji's emerged AS THE UNDISPUTED leader in prime time with 72% OF THE AGGREGATE TRP of the weekday prime time shows featuring in top 150 Hindi C&S Shows.

Balaji's presence across a
broad spectrum of genres

REFLECTS ITS VERSATILITY IN CONTENT CREATION
protects against an
overdependance on
ANY PARTICULAR GENRE AND HELPS address viewers
of different age groups

In 2002-03, revenues from

• Commissioned programmes increased from Rs 78.3 cr in 2001-02 to Rs 160.10 cr (a 104.47 per cent increase) and accounted for 86.09 per cent of (71.90 per cent in 2001-02) of the overall revenue.

• Revenues from sponsored programmes declined from Rs 30.6 cr in 2001-02 to Rs 25.87 cr (a 15.46 per cent decrease), which accounted for 14 per cent of the overall revenues (28 per cent in 2001-02).

Outlook

The company is optimistic due to the following factors:

• Having entrenched itself in prime-time programming, it intends to enhance programming hours across existing and prospective customer channels (volume growth),

• Enhanced realisations per hour (value growth),

• A growing focus on high-end weekend programming and Sunday morning slots,

• The production of small budget films,

• The export of IPR-owned content,

• Increased presence in regional channels,

• A more efficient coverage of costs,

• Re-entry into the terrestial network,

• The extension of the prime-time band.

Internal Audit

The Company has proper and adequate system of internal control to ensure that all assets are safeguarded and protected against loss from unauthorised use on disposition and transactions are authorised, recorded and reported correctly.

Internal control systems are established to ensure that the financial and other records are reliable for preparing financial statements.

In-house Internal Audit System is engaged in evaluation of internal control systems. Internal audit findings and recommendations are reviewed by the Management and Audit committee of the Board of Directors.

Financial objectives

The broad financial objectives outlined by the company during the year under review comprised a stringent control on costs, a maximised return on capital and a prudent deployment of funds so that resources would be available whenever required.

Balaji succeeded in achieving these objectives: the cost of sales as a per cent to sales declined from 51.17 per cent in 2001-02 to 42.65 per cent in 2002-03 & the return on capital employed strengthened from 86.86 per cent in 2001-02 to 110.49 per cent in 2002-03, the company possessed liquid assets (including cash like financial instruments) of Rs. 49.92 cr as on 31 March 2003.

Having entrenched itself
in prime-time programming,

IT INTENDS TO ENHANCE PROGRAMMING HOURS
across existing
and prospective
CUSTOMER CHANNELS.

In turn, these initiatives resulted in a profit after tax of Rs. 57.41 cr in 2002-03, 97.88 per cent higher than in the previous year.

Revenue analysis

In 2002-03, Balaji Telefilms reported a turnover of Rs 187.46 cr compared to Rs 113.11 cr in 2001-02 (increase of 65.73 per cent). Programming revenues in 2002-03 accounted for Rs 185.97 cr (99.20 per cent of the total revenues) compared to Rs 110.30 cr in 2001-02 (increase of 68.60 per cent). This increase in programming revenues was primarily on account of an increase in programming hours and the willingness of competing satellite channels to pay higher realisations for quality content.

Other Income stood at Rs 1.49 cr in 2002-03 compared to 2.81 cr in 2001-02, a drop of 46.98 per cent. This drop in the Other Income was on account of the company's decision to switch its mutual fund investment from the dividend option to the growth option as the former became taxable from 1 April 2002.

Accounting policies

The company's accounts were based on the accrual system of accounting. Revenue was recognised as income as soon as the transaction was recorded in the company's books though the actual receipt or disbursement transpired later. The format of accounting corresponded to India's generally accepted accounting principles (GAAP). The company preferred to be cautious and conservative wherever the treatment of accounts required interpretation.

Margins

The company's margins improved primarily on account of higher hourly realisations from commissioned and sponsored programmes. Operating margin (operating profit / net sales) improved from 41.68 per cent in 2001-02 to 50.70 per cent in 2002-03 while the net margin strengthened from 26.31 per cent to 30.87 per cent in 2002-03.

Capital structure

Balaji's equity capital was Rs 10.30 cr in 2002-03 comprising 5,15,16,250 equity shares of Rs 2 each (previous year 1, 03,03,250 equity shares of Rs 10 each). There was no warrants pending to be converted into equity. In 2002-03, the promoters held nearly 58 per cent of the company's equity.

Reserves and surplus

In 2002-03, the company's reserves stood at Rs 96.14 cr compared to Rs 55.85 cr in 2001-02, an increase of 72.14 per cent. This increase was on account of an increase in the company's profits. Almost 32 per cent of the reserves comprised share premium reserves and the rest accrued from the company's earnings. The company did not have any revaluation reserves on its books on 31 March 2003.

Loan profile

Balaji continued to be debt-free in 2002-03.

Balaji has proper and adequate system of

internal control to ensure that

ALL ASSETS ARE SAFEGUARDED AND

protected against loss

from unauthorised

USE ON DISPOSITION AND TRANSACTIONS.

Capital employed

Balaji's capital employed increased from Rs 66.15 cr in 2001-02 to Rs 106.44 cr in 2002-03, an increase of 61 per cent. The company's capital efficiency ratio – turnover to capital employed - was 1.76 as against 1.74 in the previous year. ROCE (Return on capital employed) improved from 86.86 per cent to 110.49 per cent in 2002-03.

Gross block

Balaji's Gross Block increased from Rs 19.04 cr in 2001-02 to Rs 35.04 cr. This growth was on account of the increased investment in the captive ownership of production and postproduction equipments and the construction of dedicated state-of-the-art studios to address increased programming requirements and to improve production values. This investment will provide the company with increased operational flexibility to roll its resources 24x7, translating into a significant cost and quality advantage.

Depreciation

Depreciation increased from Rs 1.07 cr to Rs 4.24 cr in 2002-03 on account of a larger gross block. The company followed the straight-line method in the calculation of depreciation on its assets.

Investments

Towards the close of 2002-03, the company's investments stood at Rs 48.69 cr compared to Rs 24.40 cr in 2001-02. This surplus was invested in debt mutual funds with the principal aim of safety rather than high returns.

Sundry Debtors

The company's revenues comprised inflows from advertising companies under the sponsored programming model and satellite channels in the case of commissioned programmes. The company's sundry debtors increased from 21.60 cr in 2001-02 to Rs 35.67 cr and its debtors' cycle decreased from 71 days in 2001-02 to 69 days in 2002-03.

Inventories

The company's inventories comprised completed episodes waiting to be aired, incomplete episodes and stock of videotapes. Inventory increased from Rs 3.54 cr in 2001-02 to Rs 4.69 cr in 2002-03 but the inventory cycle contracted from 12 days of turnover in 2001-02 to 9 days of turnover in 2002-03.

Loans and advances

The company's loans and advances increased marginally from Rs 9.15 cr in 2001-02 to Rs 9.29 cr in 2002-03. This comprised lease deposits of Rs 6.84 cr, an advance income tax payment of Rs 1.54 cr and other advances of Rs 0.91 cr.

Taxes

The company's tax outgo increased from Rs 15.75 cr in 2001-02 to Rs 32.03 cr due to a significant increase in profits. The effective tax rate was 35.38 per cent in 2002-03 compared to 35.35 per cent in 2001-02.

Risk Management

Most companies are exposed to a variety of risks and Balaji is no exception. Some risks at Balaji are general to the television entertainment industry while other some are specific. Over time, the company has countered the risks with relevant, appropriate and commensurate management. As a result, the returns adequately cover the risks inherent in the business.

Industry Risk

The company may be present in an industry that offers poor scope for growth in the coming years.

Risk mitigation

The entertainment industry is one of the fastest growing industries in India: valued at Rs 166 billion presently and expected to grow to Rs 419 billion by 2007. Within the entertainment industry, the television segment is worth Rs 111 billion, accounting for 67 per cent of revenue. This segment is expected to grow at a CAGR of 21 per cent and achieve an annual revenue of Rs 292 billion by 2007. The television software industry is worth Rs 23 billion (21 per cent of the industry) and is expected to grow at a CAGR of 9 per cent to Rs 35 billion by 2007.

With industry expansion and content quality being the key viewership driver, Balaji is confident of sustaining its growth over the foreseeable future.

Programming Risk

The content produced by Balaji might face an attrition in TRP, which may impact its ability to negotiate an attractive fee structure.

Risk mitigation

Balaji protected itself from this scenario through the creation of content around family-based storylines with an enduring appeal across ages, geographies and income profiles. To sustain audience interest, the company evolved the story around strong characters that viewers could relate to. Fast-paced storytelling, captured in 8-10 scenes per episode, helped grip audience attention. Besides, Balaji embellished its serials with attractive sets, catchy music, attractive locations and fashionable outfits, which enhanced production values. It delivered quality content across diverse genres to reach out to a diverse viewer profile.

As a result, nine of the top 10 television programmes across leading satellite channels and 49 of the top 150 shows were Balaji productions. The popularity of the company's serials helped strengthen average hourly realisations from Rs 7.2 lacs in 2001-02 to Rs 11.06 lacs in 2002-03.

Growth Risk

Balaji's brisk pace may not be sustainable.

Risk mitigation

The company has charted a clear growth strategy: it intends to increase its presence across other satellite channels, other time bands (weekend programming and the Sunday morning slot), other languages (Bengali, Tamil and Malayalam), small budget films, the extension of prime time (8-11.30 pm to 7 pm to midnight) and a stronger exploitation of its IPR in the international markets. Besides, the successful implementation of CAS is expected to enhance the demand for Balaji's content as channels compete for viewers.

Customer Concentration Risk

The company's overdependence on a few channels may work against the company in the event that these customers do not do well, affecting prospective earnings.

Risk mitigation

As a policy, the company worked only with credible and financially sound television channels. In turn, Balaji created attractive content and drew considerable advertising support that helped its customers strengthen their viability. In view of its outstanding record, Balaji does not expect its customers to terminate a working relationship either.

Language Risk

Almost 86 per cent of the company's programming revenues accrued from Hindi content.

Risk mitigation

This is not a risk for a number of reasons: Hindi is the second most widely spoken language in the world - after Mandarin. In a country where many languages are spoken, Hindi is the most commonly spoken. Research indicates that programmes in Hindi are the most popularly watched, accounting for almost 47 per cent of viewership and 57 per cent of total revenues. Considering the expatriate population in USA, UK, Singapore, Malaysia and the Middle East, the company intends to increase revenues by leveraging the IPRs for its Hindi programmes in these countries.

To tap the high demand in regional languages, which accounted for 39.60 per cent of viewership and 17 per cent of the overall revenues (source: TAM India), the company also produced content in Telugu and Kannada and intends to produce programmes in Tamil, Bengali and Malayalam.

Visibility Risk

The company's customer channels may suffer from a low popularity, resulting in low viewership and realisations.

Risk mitigation

Before it works with a customer channel, Balaji makes a thorough study of its reach, penetration, popularity and viewership pattern, which determines what advertising revenue it will be able to generate. Balaji charges a premium over the prevailing rate for content, which can be afforded only by channels that enjoy a high viewership (reflected in their TRP ratings) and advertising support. This policy protects the company from working with channels that are unable to leverage the value of Balaji's content.

Over-Dependence Risk

Ekta Kapoor, Balaji's creative head, has an important role to play in the production of most serials. Her inability to be associated with all programmes, at a time when the company is growing aggressively, could restrict growth.

Risk mitigation

Ekta Kapoor is involved at the conceptualisation stage and the first few episodes of a serial. Once this is over, the respective creative heads take over. Over the years, Balaji embarked on an aggressive recruitment and training programme, developed three back-up teams fully capable of handling various creative aspects from launch to revamping existing serials.

Competition Risk

Increasing competition may impact revenues.

Risk mitigation

The number of initiatives undertaken by Balaji has kept it much ahead of competition. For example, dedicated sets for each serial were created to give an exclusive and unparalleled look to the serial. Balaji instituted a strong viewer feedback mechanism in place to sustain and grow the viewership interest in its serials. Balaji also put in place a strong recruitment system which identified and attracted the right creative talent. These and numerous other measures kept the company considerably ahead of the completion, clearly reflected in the fact that Balaji serials accounted for 48 per cent of the aggregate TRP of top 150 Hindi C&S Shows.

Technology Risk

During the year, Balaji invested Rs 6 cr in its production assets and equipments. Obsolescence could squeeze the company's liquidity.

Risk mitigation

Balaji distinguishes itself on the basis of its quality programming. The company has protected this quality through the investment in a sophisticated array of production and post-production equipments. This makes the equipments relatively obsolescence-proof and scalable to meet evolving technology requirements.

Besides, the aggressive captive use of these equipments has already enabled the company to cover its investments. So any asset upgradation or replacement, even if it is required a few years later, may not be a financial burden.

Artiste And People Attrition Risk

Key artists and professionals may leave, affecting quality, viewership and popularity.

Risk mitigation

The company's serials are character-based rather than artiste-based, resulting in a negligible impact on viewership, if any, in the event of artiste attrition.

Over the years, since Balaji has also emerged as an attractive launching pad for newcomers, working with it has translated into a high visibility for artists. This incentive has helped rationalise attrition. The company has reinforced its industry position through attractive and timely remuneration; it has also entered into long-term contracts with leading artists to mitigate the possibility of a sudden exit.

Over the years, Balaji has been able to protect its people strength through a challenging workplace, a performance-oriented appraisal system, a fast-growth environment, hands-on training and adequate empowerment. These initiatives have been dovetailed with an attractive remuneration package, one of the best in the industry.

As a de-risking initiative, the company has provided redundancy for every function and developed a second line of managers.

Flexibility Risk

Low TRP could lead to lower realisations.

Risk mitigation

At Balaji, we protected and enhanced our TRP through an active viewer feedback mechanism. Their feedback brought the story in line with viewer expectations. The company employed a similar technique when it introduced dramatic twists: it studied TRP leading to the twist, spoke to viewers to analyse their preparation for a twist and then proceeded with one. This operational flexibility helped guide the company's content to the top of the charts.

Besides, the company's creative teams focused singularly on TRP and were made accountable for them. A year ago, when the TRP for *Kahaani Ghar Ghar Ki*, the second most popular serial on air, slipped to an all-time low, its creative team went into a conclave and reworked the script. As a result, the programme rebounded and emerged as the most popular serial across satellite channels, a position it held for nearly three months.

In another instance, as the TRP for *Kahiin Kissii Roz* declined, the company reinvented the serial with a different storyline, following which the TRP improved substantially.

Revenue Risk

Nearly 34 per cent of Balaji's programmes comprised sponsored programmes. Balaji might find it difficult to raise advertising revenues due to a general reduction in ad-spend on account of the sustained economic slowdown.

Risk mitigation

Balaji proactively enhanced the quantum of commissioned programming from 58.06 per cent in 2001-02 to 63.50 per cent in 2002-03. As a result, the responsibility for raising advertising revenues lay with its customers.

Programming model	2000-01	2001-02	2002-03
Sponsored	68	42	34
Commissioned	32	58	66

The company followed the sponsored programming model only for regional channels like Gemini and Udaya, where it leveraged its deep marketing experience to attract quality advertisers. The company also reduced its risk in sponsored programming by selecting to be present in popular content areas.

The company intends to enhance its sponsored programming presence in regional channels (Bengali, Tamil and Malayalam) to attract increased advertising revenue. As a matter of prudence, the company intends to diversify its presence across commissioned and sponsored programming.

Working Capital Risk

Due to the frequency, quantum and cost of the serial, the company's requirement of working capital will increase substaintially. A poor cash flow resulting from a staggered receivables cycle could create a resource crunch.

Risk mitigation

With 14 serials on air, working capital management received top priority at Balaji. The company put in place a central audit and investigation system, information system, centralised procurement system and an episode progress report, which facilitated seamless serial rollout, controlled working capital requirements and minimised time-cost overruns.

Balaji meets its working capital requirements from its accruals and ensured that this did not increase in proportion to increase in programming hours. Working capital as a proportion of the turnover declined from 22.33 per cent in 2001-02 to 16.98 per cent 2002-03.

The company also leveraged its sound liquidity - cash and cash equivalents worth Rs 49.92 cr (Rs 27.75 cr in 2001-02) – to comfortably fund its working capital.

Experience risk

The company is in a nascent stage of growth. An evolution beyond its current form and manifestation will require considerable experience, which the company lacks.

Risk mitigation

In view of the nascent state of the private sector in this industry – less than a decade old in India - this risk is shared by all similar players. Besides, it is the company's considered opinion that this dynamic industry phase requires an entrepreneurial response more than an experienced one. The company considers itself adequately endowed with the former attribute, the manifestations of which have been a presence in multi-lingual programming, a presence across diverse customer channels and a strong internal control system leading to systematic and predictable growth.

Regulatory risk

The company's prospects may be affected adversely by regulatory controls.

Risk mitigation

There are no regulatory controls on the production of television entertainment software. However, the regulatory controls that may be applicable to the industry could indeed impact the company. The prime risk in this regard is the imposition of the Conditional Access System in India, which enables viewers to select the channels they wish to see. This could be a risk in the event of the company selecting to work with channels that are not popular with the viewers, which could potentially threaten its receivables. As a prudent de-risking initiative, the company will select to work with only those channels that enjoy a high TRP. Besides, the company expects to position its content as a TRP-driver in a competitive environment, leading to an increased volume of assignments and preferred payment terms. As a result, the company expects to convert a challenge into an opportunity.

Internal controls risk

In a business where the end product (content) must be created across different production lines (studios) at different costs, the absence of a strict financial control could easily translate into cost and time overruns.

Risk mitigation

The company has institutionalised a documented system of working. This framework commences from the time a serial is conceived. It takes into account the number of episodes, performers, production executives, properties and costs that the programme will entail, leading to a detailed budgeting. Thereafter, progress is benchmarked against the budget with a supervisory audit function, which ascertains whether the sanctity of the budget has been protected. This enables deviations to be corrected in the shortest possible time.

This budget discipline has been extended to account for timeliness in delivery as well. All project calendars are clearly drawn out before shooting can commence with a transparency on which artiste would be required at what point. As a de-risking initiative, some dates, intimated well in advance, require all artists to be present for shooting. This enables group scenes to be shot with ease. As a prudent de-risking initiative, the company keeps a minimum buffer between its completion dates and their respective deadlines so that the delivery schedule is dependably predictable at all times.

Capacity risk

The number of Hindi entertainment channels is not increasing. This is a risk for a company that would want to increase the number of customers and enhance the programming for each.

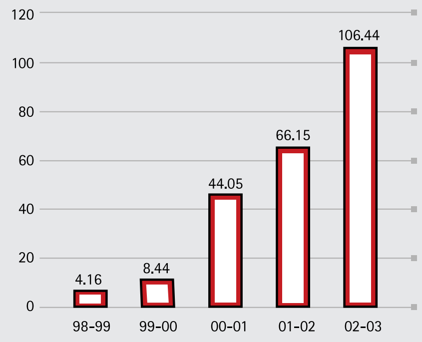
Risk mitigation

The company has outlined strategies to increase the volume of programming for its existing customers: it has begun to create soap-based entertainment for time-slots beyond the conventional definition of prime-time. For instance, until a couple of years ago, prime time stretched from 8.30 pm to 10 pm; thanks to Balaji's content, which compelled viewers to switch on much earlier and for longer, the prime time has extended from 8 pm to 11 pm. Balaji now expects to extend prime-time from 7 pm to midnight with compelling content. Besides, the company expects to make content in more vernacular languages than it is at the moment, resulting in enhanced income opportunities and effectively countering market constraint.

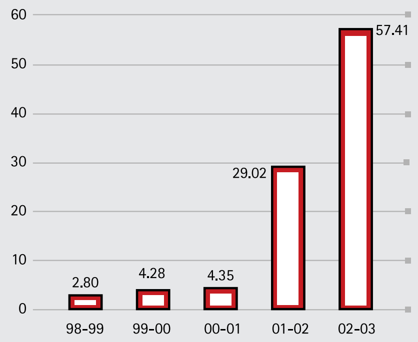
5 year financial summary

(Rs / Cr)

Particulars	March 1999	March 2000	March 2001	March 2002	March 2003
SOURCES OF FUNDS					
Equity share capital	1.00	1.00	10.30	10.30	10.30
Reserves & surplus	3.16	7.44	33.75	55.85	96.14
Shareholders' Funds	4.16	8.44	44.05	66.15	106.44
Secured loans	3.12	3.96	–	–	–
Unsecured loans	0.21	0.55	–	–	–
Total loans	3.33	4.51	–	–	–
Total liabilities	7.49	12.95	44.05	66.15	106.44
APPLICATION OF FUNDS					
Gross block	0.86	1.54	9.19	19.04	35.04
Depreciation	0.14	0.24	0.53	1.60	5.82
Net block	0.72	1.30	8.66	17.44	29.22
Capital WIP	–	–	2.12	–	–
NB + CWIP	0.72	1.30	10.78	17.44	29.22
Investment	–	–	9.33	24.40	48.69
CURRENT ASSETS					
Inventories	1.17	2.56	4.97	3.54	4.69
Debtors	4.39	5.97	13.80	21.60	35.67
Cash & bank balance	1.69	0.42	1.96	3.35	1.23
Loans & advances	1.01	3.48	11.46	9.15	9.29
Total current assets	8.26	12.43	32.19	37.64	50.88
CURRENT LIABILITIES					
Creditors	2.28	3.44	7.22	8.15	9.75
Other current liabilities	0.98	0.12	2.03	0.15	0.35
Provisions	0.39	1.54	3.10	4.71	9.21
Total current liabilities	3.65	5.10	12.35	13.01	19.31
Net current assets	4.61	7.33	19.84	24.63	31.57
Deferred tax asset / (Liability)	–	–	–	(1.28)	(3.04)
Miscellaneous expenditure	2.16	4.32	4.10	0.96	–
Total assets	7.49	12.95	44.05	66.15	106.44



Shareholders' Funds (Rs / Cr)



PAT (Rs / Cr)

PROFIT & LOSS ACCOUNT

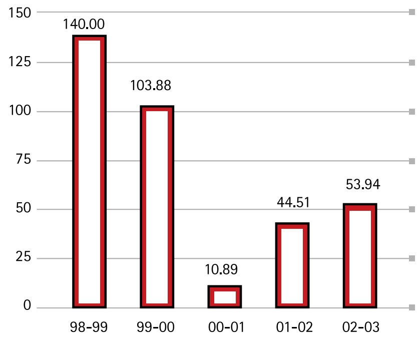
(Rs / Cr)

Particulars for year ended on	March 1999	March 2000	March 2001	March 2002	March 2003
Total sales	13.23	20.10	48.88	110.30	185.96
Other income	–	0.05	0.79	2.81	1.49
Total income	13.24	20.15	49.68	113.11	187.45
Cost of sales	8.80	11.85	37.83	56.44	79.31
Overheads	1.11	1.56	3.42	7.88	12.36
Deferred revenue expenditure	–	0.72	1.68	3.13	0.96
Total cost	9.91	14.13	42.93	67.45	92.63
PBDIT	3.33	6.02	6.75	45.66	94.82
Interest	0.15	0.49	0.66	0.04	0.06
PBDT	3.18	5.53	6.09	45.62	94.76
Depreciation	0.06	0.10	0.34	1.07	4.24
PBT	3.12	5.43	5.75	44.55	90.52
Tax	0.32	1.15	1.40	15.75	32.03
Deferred tax	–	–	–	(0.21)	1.08
PAT	2.80	4.28	4.35	29.01	57.41
Dividend tax	–	–	0.16	0.26	0.99
Equity dividend	–	–	1.55	5.15	15.45
Year-end price (Rs)	–	–	28.94	81.81	55.05
Market capitalisation	–	–	149.09	421.45	283.60

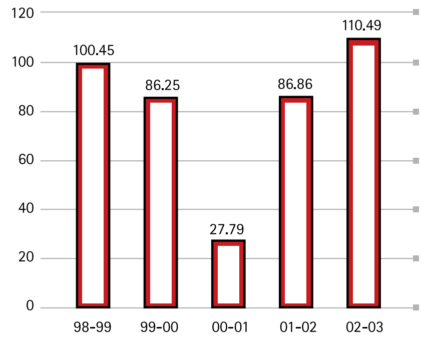
Note : 1. Figures of March 1999 and 2000 are not comparable with those of March 2001, 2002 and 2003, since from March 2001, the entire cost of the production of sponsored serials is being written off, unlike previous years.

2. For better comparison, the year-end price has been restated for previous years based on the face value of the equity share of Rs. 2.

Ratios



RONW (PAT/Net Worth) (%)



ROCE (PBDIT/Average capital employed)

Financial performance ratios (%)	March 1999	March 2000	March 2001	March 2002	March 2003
Domestic turnover/Total income	99.94	99.27	98.04	97.39	100.00
Other income/Total income	0.06	0.25	1.62	2.55	0.80
Material cost/Net sales	66.52	58.96	77.38	51.17	42.65
Overheads/Total income	8.39	7.76	7.00	7.14	6.65
Interest/Total income	1.13	2.44	1.35	0.04	0.03
PBDIT/Total income	25.15	29.88	13.59	40.37	50.58
PBDT/Total income	24.02	27.44	12.26	40.33	50.55
Depreciation/Net sales	0.45	0.50	0.70	0.97	2.28
Tax/PBT	10.26	21.18	24.35	35.35	35.38
PAT/Total income	21.15	21.24	8.76	25.65	30.63
Cash profit/Total income	21.60	21.74	9.44	26.59	32.89
RONW (PAT/Net Worth)	140.00	103.88	10.89	44.51	53.94
ROCE (PBDIT/Average capital employed)	100.45	86.25	27.79	86.86	110.49
Capital output ratio (Total income/Average capital employed)	3.99	2.89	2.05	2.15	2.18
Total Income to gross block	15.40	13.08	5.41	5.94	5.35
Total Income to working capital	2.87	2.75	2.50	4.59	5.94

Note : Figures of March 1999 and 2000 are not comparable with those of March 2001, 2002 and 2003, since from March 2001, the entire cost of the production of sponsored serials is being written off, unlike previous years.

Balance Sheet ratios	March 1999	March 2000	March 2001	March 2002	March 2003
Debt-equity Ratio	1.67	1.09	–	–	–
Debtor’s Turnover (days)	119	107	102	70	69
Inventory Turnover (days)	32	46	37	12	9
Current Ratio	2.26	2.44	2.61	2.89	2.63
Quick Ratio	1.94	1.94	2.20	2.62	2.39
Cash and Equivalents / Total Assets (%)	31.71	4.87	28.26	42.57	46.90
Asset Turnover (Total Income / Total Assets)	2.48	2.33	1.24	1.74	1.76

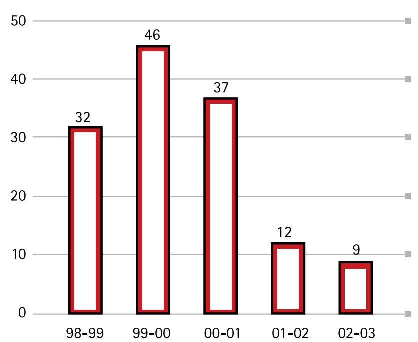
Note : Figures of March 1999 and 2000 are not comparable with those of March 2001, 2002 and 2003, since from March 2001, the entire cost of the production of sponsored serials is being written off, unlike previous years.

Growth ratios (%)	March 1999	March 2000	March 2001	March 2002	March 2003
Growth in Total Income	24.44	52.19	146.55	127.68	65.72
Growth in net sales	24.34	51.93	143.23	125.61	68.59
Growth in PBDIT	974.19	80.78	12.13	576.44	107.67
Growth in PAT	3011.11	52.86	1.64	566.99	97.87

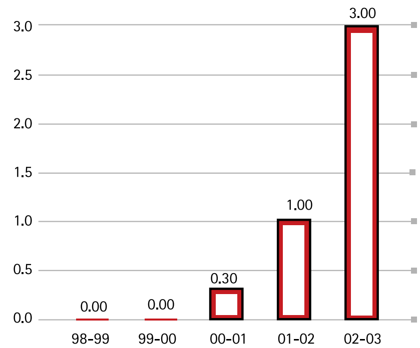
Note : Figures of March 1999 and 2000 are not comparable with those of March 2001, 2002 and 2003, since from March 2001, the entire cost of the production of sponsored serials is being written off, unlike previous years.

Per share data ratios (Rs)	March 1999	March 2000	March 2001	March 2002	March 2003
Earnings (less extraordinary income)	5.60	8.56	0.84	5.63	11.14
Cash Earnings	5.72	8.76	0.91	5.84	11.97
Dividend	–	–	0.30	1.00	3.00
Book Value	4.00	8.24	7.76	12.66	20.67
Net Indebtedness	6.66	9.02	–	–	–

Note : For better comparison, the year-end price has been restated for previous years based on the face value of the equity share of Rs. 2.



Inventory turnover (days)



Dividend (Rs)

Shareholder-related statistics	March 2001	March 2002	March 2003
Dividend per Share (%)	15	50	150
Dividend payout Ratio (%)	35.49	17.75	26.91
Price / Earnings (times)	34.25	14.53	4.94
Price / Cash Earnings (times)	31.79	14.01	4.60
Price / Book Value (year end) (times)	3.73	6.46	2.66
Growth in Market Capitalisation (%)	–	182.69	(32.71)

Economic Value-added statement

Particulars (Rs in cr)	March 1999	March 2000	March 2001	March 2002	March 2003
Gross income	13.23	20.10	48.89	110.30	185.96
Add: Other income	–	0.05	0.79	2.81	1.49
Corporate output	13.23	20.15	49.68	113.11	187.45
Less : Cost of production, Selling & Administrative expenses	9.91	14.13	42.93	67.45	92.63
Gross value-added	3.32	6.02	6.75	45.66	94.82
Less: Depreciation	0.06	0.10	0.34	1.07	4.24
Net value-added	3.26	5.92	6.41	44.59	90.58
Growth %	–	81.60	8.28	595.63	103.14
To taxes (inclusive dividend tax)	0.32	1.15	1.56	15.80	34.10
To creditors (interest)	0.15	0.49	0.66	0.04	0.06
To investors (dividend)	–	–	1.55	5.15	15.45
To the company (retained earnings)	2.79	4.28	2.64	23.60	40.97

Corporate Governance

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 Stock Exchange, Mumbai and National Stock Exchange of India Limited is given:

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, fully places the Board members 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 six members, of whom two are Executive Directors. The Board has a non-executive Chairman. More than one third of the strength of the Board of Directors comprises of independent Directors. The Board functions either as a full Board or through Committees. Policy formulation, setting up of goals and evaluation of performance and control functions vest with the Board, while the Committees oversee operational issues.

Six meetings of the Board of Directors were held during the year – on May 24, July 27, July 30, September 2, October 22 in 2002 and on January 30 in 2003. 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 10 committees nor committee chairmanships of more than five committees across all companies in which the person was a Director.

The names of members of Board of Directors, their attendance at Balaji Telefilms Board meetings and the number of their other directorships are set out below.

Name of the Director	Attendance Particulars		No. of Directorships and Committee Memberships / Chairmanship		
	Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Jeetendra Kapoor, (P, N)	6	Present	3	3	1
Ms. Shobha Kapoor, (P, E)	6	Present	3	1	0
Ms. Ekta Kapoor, (P, E)	5	Not Present	1	1	0
Dr. Raj Bothra, (N, I,)	0	Not Present	0	0	0
Mr. Chandresh Gandhi*, (N, I,)	1	Present	0	1	1
Mr. Rakesh Roshan *, (N, I,)	1	Not Present	1	0	0
Mr. Akshay Chudasama, (N, I,)	5	Present	2	2	1
Mr. Dhruv Kaji, (N, I,) #	3	N. A.	4	2	1

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

* Resigned as Director w.e.f. September 2, 2002

Appointed as Additional Director w.e.f. September 2, 2002

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 and adequacy, structure and staffing of the internal audit function, reviewing findings of internal investigations, discussing the scope of audit with external auditors.

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

Composition

The composition of the Audit Committee is as follows:

Chairman	:	Mr. Dhruv Kaji
Members	:	Mr. Akshay Chudasama
		Mr. Jeetendra Kapoor
Secretary	:	Mr. Ajay Patadia
Permanent Invites	:	Representatives of Statutory Auditors and Internal Auditors
		Mr. V. Devarajan, Chief Financial Officer

Mr. Chandresh Gandhi, who was the Chairman of the Committee, resigned as Director of the Company with effect from September 2, 2002 and hence also ceased to be the member of the Committee. Mr. Dhruv Kaji, who was appointed as Additional Director of the Company, was also appointed as the member and Chairman of the Audit Committee with effect from September 2, 2002.

Meetings and Attendance

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

Dates of Meetings: May 24, July 30 and October 22 in 2002 and January 30 in 2003.

Attendance

Name of the Director	No. of Meetings attended
Mr. Chandresh Gandhi	2
Mr. Dhruv Kaji	2
Mr. Akshay Chudasama	4
Mr. Jeetendra Kapoor	4

The Statutory Auditors and Internal Auditors of the Company are the permanent invites to the Audit Committee Meetings. The Audit Committee holds discussions with the Statutory Auditors on "Limited Review" of the half-yearly accounts, yearly Audit of the Company's accounts and other related matters.

Shareholder's Committee

Terms of Reference

The functions and powers of the Shareholders Committee include approval / rejection of transfer / transmission of equity shares, issue of duplicate certificates and supervising of 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 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

Secretary : Mr. Ajay Patadia

The 'Share Transfer Committee' (STC) and the 'Shareholders'/ Investors' Grievance Committee' (S/IGC) constituted in 2000 had overlapping functions and the members constituting the committees were also the same. Also, with more than 99 per cent Company's shares held in dematerialised form, the frequency of share transfer requests received was very less. Hence, at the Board Meeting held on January 30, 2003, both these committees were merged into one committee named as "Shareholder's Committee" (SC), with powers and functions of both the committees.

Meetings and Attendance

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

Dates of Meetings : S/IGC - April 19, 2002

STC - May 23, June 12, July 5, July 15, October 3, and January 20 in 2002

SC - February 8, 2003

Attendance

Name of the Director	No. of Meetings attended
Mr. Jeetendra Kapoor	8
Ms. Shobha Kapoor	8
Ms. Ekta Kapoor	8

The committee oversees share transfers and monitors investors grievances. The committee reviewed the shareholder grievances and the share transfers for the year and expressed satisfaction with the same. The committee also noted the shareholding in dematerialised mode as on March 31, 2003 being 99.19 per cent.

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.

Details of the remuneration paid to Managing Director / Whole Time Director during the year ending March 31, 2003 is as under:

Name	Designation	Remuneration (Rs.)			
		Salary & Allowances	Perquisites	Commission	Employer Contribution to Provident Fund / Gratuity
Ms. Shobha Kapoor	Managing Director	22,20,000	26,400	9,00,000	1,44,000
Ms. Ekta Kapoor	Whole Time Director	22,20,000	26,400	9,00,000	1,44,000

The agreement with the Managing Director and the Creative Director is for a period of five years ending November 10, 2004. The naure of employment of the Managing Director and the Creative Director is contractual and terminable by three month's notice.

No fixed component and performance linked incentives have been paid or is payable to the Managing Director and the Creative Director for the period under review, other than the commission @ of 2% of the net profits of the Company, subject to the ceiling of 75% of their annual salary.

No remuneration was paid to non-executive Directors apart from Directors' Sitting Fees.

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
6th Meeting	Thursday, May 25, 2000	3:00 P.M.	C-13, Balaji House, Dalia Industrial Estate, Opp. Laxmi Industries, New Link Road, Andheri (West), Mumbai – 400 053
7th Meeting	Thursday, September 27, 2001	3:30 P.M.	'The Club', 197, DN Nagar, Andheri (West), Mumbai – 400 053.
8th Meeting	Friday, August 23, 2002	3:30 p.m.	'The Club', 197, DN Nagar, Andheri (West), Mumbai – 400 053.

No special resolutions were put through postal ballot till last year.

Disclosures

1. The transactions with related parties have been disclosed vide point no. 8 of the notes to accounts, as detailed under Schedule 17 of the financial statements.

2. There were no instances of non-compliance on any matter related to the capital markets during the last three years.

Means of Communication

Balaji Telefilms 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 agreement with the stock exchanges, all information which could have a material bearing on Balaji Telefilms share price is released at the earliest.

Balaji Telefilms financial results are generally published in Business Standard, Economic Times and Sakal (regional daily). The financial results, official news releases and presentations are also displayed on the Company's web site www.balajitelefilms.com. Balaji Telefilms has been sending to each household of shareholders, a copy of its half-yearly results.

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

General Shareholder Information

1. Date of Book Closure

August 19, 2003 to August 21, 2003 (both days inclusive)

2. Date, time and venue of the Annual General Meeting

August 21, 2003 at 3:30 p.m. at 'The Club', 197, DN Nagar, Andheri (West), Mumbai 400 053

3. Dividend payment

The Board of Directors has recommended final dividend of 75 per cent for the year ended March 31, 2003 over and above, 75 per cent interim dividend declared and paid during the year. The final dividend will be paid within the stipulated number of days once it is approved at the AGM.

4. Listing on Stock Exchanges

1. The Stock Exchange, Mumbai
   Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
   Tel: +91-22-22721233/34, Fax:+91-22-22721919/3027
   (Stock Code – 532382)
2. National Stock Exchange of Exchange of India Limited
   Exchange Plaza, 5th floor, Plot No. C/1, G Block,
   Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.
   Tel: +91-22-26598235 / 36, Fax: +91-22-26598237/38
   (Stock Code – BALAJITELE)

5. Listing Fees

Paid for both the above Stock Exchanges as per listing agreements

6. Listing on Stock Exchanges outside India

Not applicable

7. Registered Office of Company

C-13, Balaji House, Dalia Industrial Estate, Opp. Laxmi Industries, New Link Road, Andheri (West), Mumbai – 400 053
Tel: +91-22-26732275, Fax: +91-22-26732312
Email: balaji@balajitelefilms.com
Web site: www.balajitelefilms.com

8. Share transfers in physical, communication regarding share certificates, dividends, change in address etc. may be addressed to:

Karvy Consultants Limited
(Company's Registrar and Transfer Agents)
Unit: Balaji Telefilms Limited, 'Karvy House' 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034.
Tel: +91-40-23312454 / 23320251, Fax: +91-40-23311968
Email: karvyhyd@karvy.com

9. 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 Share Transfer Committee meets as often as required. The total number of shares transferred in physical form during the year 2002-2003 were 1,100. There was no share transfer pending as on March 31, 2003.

10. Stock Market Data relating to Shares listed in India

The Company's shares are listed on the Stock Exchange, Mumbai and National Stock Exchange of India Limited, since November 22, 2000. The Company's market capitalisation as on March 31, 2003 was Rs. 283.60 Cr. The monthly high and low quotations as well as the volume of shares traded during the year are as below:

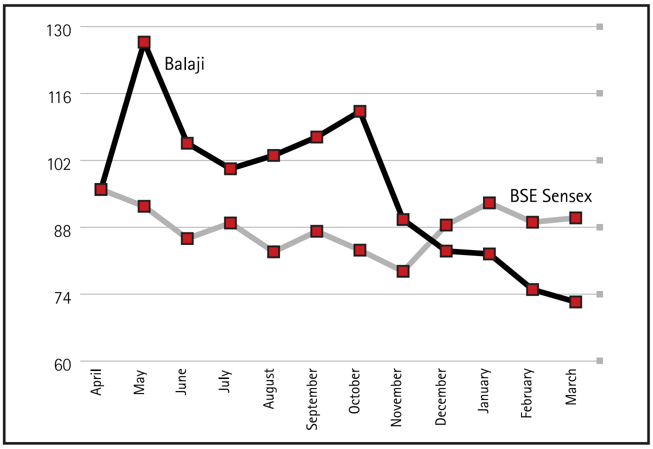
Months	Closing price on the last trading day of the month		Volume
	BSE	NSE	BSE + NSE
April	119.80	119.48	53837796
May	105.67	105.09	31805006
June	100.33	100.49	8209820
July	98.14	98.51	8151814
August	106.97	106.98	8761638
September	106.55	106.55	8976789
October	84.20	84.40	13992749
November	83.10	82.95	9017434
December	85.05	85.50	8830862
January	75.05	75.40	3221212
February	72.45	72.70	2217361
March	55.05	55.15	2097828

Fact Sheet

Items	2001-02 Factual figures	2001-02 Reworked figures	2002-03
Earnings per share	Rs. 28.16	Rs. 5.63	Rs. 11.14
EPS – Fully diluted	Rs. 28.16	Rs. 5.63	Rs.11.14
Dividend per share	Rs. 5.00	Rs. 1.00	Rs. 3.00
Number of shares	1,03,03,250	5,15,16,250	5,15,16,250
Share price data (Rs.)			
High	449.30	89.86	132.98
Low	92.70	18.54	52.00
Closing	144.70	28.94	55.05

With effect from October 3, 2002, the Company's shares of face value of Rs. 10 (Ten) each have been sub-divided into five equity shares of Rs. 2 (Two) each credited as fully paid up. Accordingly, for better comparability, the EPS, dividend and share price data figures for the corresponding period in previous year have been reworked based on the face value of equity share of Rs. 2 (Two).

The performance of Balaji Telefilms equity share relative to the BSE Sensitive Index (Sensex) is given in the chart below.



Weekly closing price and BSE Sensex (the last week of the month)

11. Investor Service – Complaints Received During the year

Nature of Complaints	Year ended March 31, 2003 Received	Year ended March 31, 2003 Disposed
Change / Correction of Address	20	20
Receipt of Dividend Warrants for revalidation	68	68
Receipt of IB for issue of duplicate Dividend Warrant	2	2
Query Regarding payment of dividend warrant	2	2
Non-Receipt of Dividend Warrants	27	27
Letter of Intimation of Bank Mandate	3	3
Registration of Power of Attorney	1	1
Receipt of 15F, 15H Forms for exemption of tax	16	16
Non Receipt of Annual Report	3	3
Request for ECS Facility	62	62
Query regarding undelivered documents	6	6
Change / Correction of Bank Mandate	17	17
Intimation of Nomination Form	13	13
Change / Correction of Bank Mandate on Instrument	35	35
Correspondence / Query relating to NSDL Operations	2	2
Request for consolidation / split of securities	52	52
Non Receipt of Securities	2	2
Request for Transmission of Securities	1	1
Total	332	332

The Company has disposed of all of the investor grievances / correspondence. There is no share transfers pending as on March 31, 2003.

12. Shareholding Pattern of Balaji Telefilms as on March 31, 2003

Category	No. of shares held	Percentage of shareholding
Promoters	2,97,70,250	57.79
Bank	180	0.00
Mutual Funds and UTI	68,41,353	13.28
FIIs	83,90,357	16.29
Private Corporate Bodies	32,57,290	6.32
Indian Public	31,14,522	6.05
NRIs/OCBs	83,936	0.16
Clearing Members	58,362	0.11
Grand Total	5,15,16,250	100

13. Distribution of shareholding as on March 31, 2003

Number of Shares	Number of Shareholders	Percent of Shareholders	Total Number of Shares	Per cent Holding
1 to 5000	10746	89.96	14921830	2.90
5001 to 10000	658	5.51	5387850	1.05
10001 to 20000	259	2.17	3944640	0.77
20001 to 30000	90	0.75	2257300	0.44
30001 to 40000	32	0.27	1155310	0.22
40001 to 50000	43	0.36	2058500	0.40
50001 to 100000	43	0.36	3186620	0.62
100001 & above	74	0.62	482250450	93.61
Total	11945	100.00	515162500	100.00

14. Shares under Lock-in

In accordance with SEBI Guidelines, 1,03,03,250 Equity Shares held by promoters (representing 20% of the post-issue capital) are subject to lock-in for a period of 3 years from the date of allotment i.e. upto November 16, 2003.

15. Dematerialisation of Equity Shares

The Company's shares are traded in dematerialised form only. 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, 2003 about 99.19 % comprising 5,10,97,776 Equity Shares are in the dematerialised form.

16. Financial Calendar (tentative and subject to change)

Particulars	Date
Annual General Meeting	August 21, 2003
Financial reporting for 1st quarter ending June 30, 2003	July 30, 2003
Financial reporting for 2nd quarter ending September 30, 2003	October 30, 2003
Financial reporting for 3rd quarter ending December 31, 2003	January 30, 2004
Financial reporting for the year ended March 31, 2004 (audited)	June 30, 2004
Annual General Meeting for year ended March 31, 2004	August, 2004

17. Plant Locations

The details of regional offices of the Company are available on page no. 95 of the report.

18. Investors' Correspondence

Investors' correspondence may be addressed to:

Mr. Ajay Patadia
President - Corporate Affairs & Company Secretary,
Balaji Telefilms Limited
C-13, Balaji House, Dalia Industrial Estate,
Opp. Laxmi Industries, New Link Road,
Andheri (West), Mumbai – 400 053
Tel: +91-22-26732275, Fax: +91-22-26732312
Email: ajay@balajitelefilms.com

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

Mr. V. Devarajan
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: +91-22-26732275, Fax: +91-22-26732312
Email: devarajan@balajitelefilms.com

19. Insider Trading

In terms of the SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has framed Code of Conduct for dealing in equity shares of the Company.

20. 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 on January 30, 2003, details whereof are as under:

Remuneration Committee

Terms of Reference

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

Composition

The composition of the Remuneration Committee is as follows:

Chairman	:	Mr. Akshay Chudasama
Members	:	Mr. Dhruv Kaji
		Mr. Jeetendra Kapoor
Secretary	:	Mr. Ajay Patadia

The Remuneration Committee met on May 22, 2003, when all the Committee members were present, to consider the matter of revision of remuneration payable to Ms. Shobha Kapoor, Managing Director & CEO and Ms. Ekta Kapoor, Creative Director of the Company for remaining tenure of their current appointment.

C. SHAREHOLDER RIGHTS

Balaji Telefilms sends to each household of shareholders a copy of its half-yearly results.

D. POSTAL BALLOT

No resolutions are being proposed to be passed through postal ballot.

Directors' Report

Dear Shareholders,

Your Directors take pleasure in presenting the Ninth Annual Report and Audited Statement of Accounts of the Company for the year ended 31st March, 2003.

Financial Results

Rs. (in lacs)

Particulars	2002-03	2001-02
Total Income	18745.70	11310.92
Profit before Interest, depreciation and tax	9482.21	4564.73
Less: Interest and financial charges	5.89	3.87
Depreciation	424.30	106.59
Profit before tax	9052.02	4454.27
Provision for tax	3203.00	1575.00
Income tax for prior years	-	(0.77)
Provision for deferred income tax	107.58	(21.46)
Profit after tax	5741.44	2901.51
Add: Balance brought forward from previous year	2069.84	259.35
Provision for deferred tax	-	149.58
Appropriations		
Disposable profits	7811.28	3011.27
Proposed dividend	772.74	257.58
Interim dividend	772.74	257.58
Dividend tax	99.01	26.27
Transfer to General Reserve	574.00	400.00
Balance carried to Balance Sheet	5592.79	2069.84

Results of operations

During the financial year under report, the Company achieved significant growth in terms of number of hours of programming as well as revenues.

Total revenues grew to Rs. 187.46 cr. from Rs. 113.11 cr. last year, a growth rate of 65.73%. Operating profit grew to Rs. 94.29 cr. (50.70% of net sales) from Rs. 45.97 cr, (41.68% of net sales), a growth rate of 105.10%. Profit after tax increased to Rs. 57.41 cr. (30.87% of net sales) from Rs. 29.02 cr (26.31% of net sales), an increase of 97.88%.

Detailed discussions of the Company's business activities have been carried in a separate section under the title "Management Discussions and Analysis".

Dividend

Your Directors are pleased to recommend a final dividend of Rs. 1.50 per share (75% on par value of Rs. 2 per share) for the year ended 31st March 2003, amounting to Rs. 7.73 cr, over and above an interim dividend of Rs. 1.50 per share (75% on par value of Rs. 2 per share) amounting to Rs. 7.73 cr, declared and paid during the year. The total amount of dividend for the year ended March 31, 2003 is Rs. 15.46 cr, as against Rs. 5.15 cr for the previous year.

Final Dividend, if approved at the Annual General Meeting will be paid to all members whose names appear on the Register of Members as on August 21, 2003. The register of members and share transfer books will remain closed from August 19, 2003 to August 21, 2003, both days inclusive.

In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose. Dividend income is exempt from tax for shareholders and the domestic companies are liable to pay a dividend distribution tax at the rate of 12.50%, plus a surcharge at the time of distribution. Accordingly, the company has provided for an amount of Rs. 99.01 lakhs towards dividend distribution tax on the final dividend of Rs. 7.73 cr recommended by the board on May 22, 2003.

Share Capital

In pursuance of the resolution passed by the members at the Annual General Meeting of the Company held on August 23, 2002, the face value of the shares was split from Rs. 10/- per share to Rs. 2/- per share.

Consequently the Authorised Share Capital of the Company was altered from 1,10,00,000 equity shares of Rs. 10 each to 5,50,00,000 equity shares of Rs. 2 each, and the Issued and Paid up Share Capital of the Company was altered from 1,03,03,250 equity shares of Rs. 10 each to 5,15,16,250 equity shares of Rs. 2 each.

Directors

During the year, Mr. Rakesh Roshan and Mr. Chandresh Gandhi, who were on the Board since April 4, 2000 and July 17, 2000 respectively, resigned from the Board of Directors of the Company. The Board places on record its appreciation of the contributions made by them during their tenure as Directors of the Company.

Mr. Dhruv Kaji was appointed as an Additional Director of the Company with effect from September 2, 2002. Mr. Kaji holds office upto the date of the ensuing Annual General Meeting of the Company and is eligible for appointment as Director of the Company. Notice has been received from a member proposing candidature of Mr. Dhruv Kaji for appointment as Director of the Company.

Mr. Jeetendra Kapoor retires from the Board by rotation and being eligible, offers himself for re-appointment.

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 and have also confirmed their eligibility and willingness for appointment, if made, as Joint Auditors of the Company and certifying that, if they are appointed as Auditors for the year 2003 – 2004, their appointment will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Particulars of employees

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

Name / Designation	Gross Remuneration (Rs.)	Qualification	Experience in Years	Date of Commencement of employment	Age	Last Employment held
Shobha Kapoor	32,90,400	N.A.	9	10th Nov 1994	54	N.A.
Ekta Kapoor	32,90,400	B. Com	9	10th Nov 1994	28	N.A.

Note:
1. Gross Remuneration comprises of salary, commission, allowances, Company's contribution to Provident Fund and taxable value of other perquisites.
2. The nature of employment of Ms. Shobha Kapoor and Ms. Ekta Kapoor is contractual and terminable by three month's notice.
3. Ms. Shobha Kapoor and Ms. Ekta Kapoor are related to each other.

Conservation of Energy and Technology Absorption

The Company is not engaged in manufacturing activities and as such, particulars relating to conservation of energy and technology absorption are not applicable. However, in studios, post production facilities etc. adequate measures are being taken to conserve energy as far as possible.

Foreign Exchange Earnings and Outgo

The particulars regarding foreign exchange earnings and outgo are given in point 12 in Schedule 17 (Statement of Significant Accounting Policies and Notes forming part of Accounts) of this report.

Statement pursuant to Clause 43 of the Listing Agreement

Utilisation of IPO proceeds of Rs. 3644.23 Lacs

(Rs. In Lacs)

	Projected utilisation upto 31.03.2003	Actual utilisation upto 31.3.2003
Equipments & Miscellaneous Assets	2265.00	2018.60
Buildings and Locations	870.00	1485.46
Lease Rental Deposit	600.00	654.33
Preliminary & Issue Expenses	400.00	348.66

Fixed Deposits

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

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section titled Corporate Governance has been included in this report. The auditors' certificate on compliance of Clause 49 of the Listing Agreement by the Company is annexed to this report.

Directors' Responsibility Statement

The Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for that period;
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- that they have prepared the annual accounts on a going concern basis.

Acknowledgments

Your Directors wish to place on record their appreciation of the contribution made by the employees at all levels, who, through their competence, hard work, solidarity, cooperation and support, have enabled the company to achieve the consistent growth.

On Behalf of the Board of Directors,

Place : Mumbai
Date : May 22, 2003

Jeetendra Kapoor
Chairman

Auditors' Report
on corporate governance

To The Members of

BALAJI TELEFILMS LIMITED

We have examined the compliance of conditions of corporate governance by BALAJI TELEFILMS LIMITED, for the year ended on 31st March, 2003, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion of 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 compiled with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of our verification, and as certified by the compliance officer-Company Secretary, we have to state that no investor grievances were remaining unattended/pending for more than thirty days.

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

(A.Siddharth)
Partner
Mumbai, May 22, 2003

For Snehal & Associates
Chartered Accountants

(Snehal Shah)
Proprietor
Mumbai, May 22, 2003

Auditors' Report

TO THE SHAREHOLDERS

We have audited the attached Balance sheet of Balaji Telefilms Limited as at 31st March, 2003 and also the Profit and Loss account for the year ended on that date annexed thereto and the Cash-flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government in terms of section 227 (4-A) 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.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:

   (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

   (iii) the Balance sheet and Profit and Loss account dealt with by this report are in agreement with the books of account;

   (iv) in our opinion, the Balance sheet and Profit and Loss account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   (v) on the basis of the written representations received from the directors as on 31st March, 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   a. in the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2003;

   b. in the case of the Profit and Loss account, of the profit for the year ended on that date; and

   c. in the case of the Cash-flow statement, of the cash flows for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

(A.Siddharth)
Partner
Mumbai, May 22, 2003

For Snehal & Associates
Chartered Accountants

(Snehal Shah)
Proprietor
Mumbai, May 22, 2003

Annexure to the Auditors' Report

(REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE)

1. The Company has maintained proper records, showing full particulars including quantitative details and situation of its fixed assets. The fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.
2. None of the fixed assets has been revalued during the year.
3. The stock of tapes have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between physical stocks and book records were not material.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the preceding year.
7. The Company has not taken any loans from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 and/ or from companies under the same management within the meaning of section 370(1B) of the Companies Act, 1956.
8. The Company has not granted any loans to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 and/ or from companies under the same management within the meaning of section 370(1B) of the Companies Act, 1956.
9. The employees to whom interest-free loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated.
10. In our opinion and according to the information and explanations given to us, there are internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of tapes, plant and machinery, equipments and other assets and with regard to sale of television serials.
11. In our opinion and according to the information and explanations given to us, there were no transactions of purchase of goods/ materials and/ or of sale of goods/ materials/ services made in pursuance of the contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party.
12. We are informed that the Company has a regular procedure for determination of unserviceable or damaged tapes. Loss, if any, in this regard has been provided for in the accounts.
13. The Company has not accepted any deposits from the public within the meaning of section 58A of the Companies Act, 1956 and Rules framed thereunder.
14. The Company does not generate any realisable by-product or scrap.
15. In our opinion the Company has an internal audit system commensurate with its size and nature of business.
16. The maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956.
17. According to the records of the Company, Provident fund dues have generally been regularly deposited during the year with the appropriate authorities. We are informed that the provisions of the Employees' State Insurance Act, 1948 are not applicable to the Company for the year.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty as at 31st March, 2003, were outstanding for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with the generally accepted business practice.
20. The provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the Company.

For Deloitte Haskins & Sells	For Snehal & Associates
Chartered Accountants	*Chartered Accountants*
(A.Siddharth)	(Snehal Shah)
Partner	*Proprietor*
Mumbai, May 22, 2003	Mumbai, May 22, 2003

The financial section

Balance Sheet

(Rupees in lacs)

As at 31 March,		Schedule		2003		2002
I	SOURCES OF FUNDS					
	Shareholders funds					
	Share capital	1	1,030.33		1,030.33	
	Reserves and surplus	2	9,614.04		5,585.08	
				10,644.37		6,615.41
	Total			10,644.37		6,615.41
II.	APPLICATION OF FUNDS					
1	Fixed assets					
	Gross block	3	3,504.07		1,903.52	
	Less :- depreciation		582.19		159.96	
	Net block			2,921.88		1,743.56
2	Investments	4		4,869.25		2,439.75
3	Current assets, loans and advances					
	A. Inventories	5	469.18		353.60	
	B. Sundry debtors	6	3,566.97		2,160.39	
	C. Cash and bank balances	7	122.61		335.24	
	D. Loans and advances	8	929.40		914.79	
			5,088.16		3,764.02	
	Less :- Current liabilities and provisions					
	A. Current liabilities	9	1,009.76		829.46	
	B. Provisions	10	921.47		470.40	
			1,931.23		1,299.86	
	Net current assets			3,156.93		2,464.16
4	Deferred tax asset/(liability)			(303.69)		(128.12)
5	Miscellaneous expenditure	11		–		96.06
	(To the extent not written off or adjusted)					
	Total			10,644.37		6,615.41
	Significant accounting policies and notes on accounts	17				

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

For and on behalf of Balaji Telefilms Limited

A. Siddharth
Partner

Jeetendra Kapoor
Chairman

Shobha Kapoor
Managing Director

Dhruv Kaji
Director

Place : Mumbai
Date : 22nd May, 2003

For SNEHAL & ASSOCIATES
Chartered Accountants

Snehal Shah
Proprietor

Akshay Chudasama
Director

Ajay Patadia
President Corp. Affairs and Company Secretary

V Devarajan
Chief Financial Officer

Place : Mumbai
Date : 22nd MAY 2003

Profit and Loss Account

(Rupees in lacs)

For the year ended 31 March,	Schedule		2003		2002
INCOME					
Turnover			18,596.59		11,029.51
Other income	12		149.11		281.41
Total			18,745.70		11,310.92
EXPENDITURE					
Cost of production of television serials	13		7,931.16		5,644.35
Employee costs	14		175.77		190.89
Administrative and other expenses	15		1,060.71		597.02
Interest	16		5.89		3.87
Depreciation			424.30		106.59
Total			9,597.83		6,542.72
Profit Before Amortisation and Taxes			9,147.87		4,768.20
Deferred revenue expenditure written off			95.85		313.93
Provision for tax					
Current tax (Including Rs. 3.00 lacs for wealth tax (previous year Rs. Nil)			3,203.00		1,575.00
Deferred tax (Including Rs. 40.13 lacs for previous year)			107.58		(21.46)
Profit After Tax			5,741.44		2,900.73
Excess provision for tax of earlier years written back			–		0.77
Balance brought forward from previous year		2,069.84		259.35	
Accumulated deferred tax liability as on 1.4.2001		–		(149.58)	
			2,069.84		109.77
Amount Available for Appropriations			7,811.28		3,011.27
APPROPRIATIONS					
1) Interim dividend (Subject to tax deducted at source)			772.74		257.58
2) Transfer to general reserve			574.00		400.00
3) Proposed dividend			772.74		257.58
4) Corporate dividend tax			99.01		26.27
Balance Carried to Balance Sheet			5,592.79		2,069.84
Basic and diluted earnings per share			11.14		5.63
(Refer note 10 of Schedule 17)					
Significant accounting policies and notes on accounts	17				

As per our attached report of even date

For DELOITTE HASKINS & SELLS

Chartered Accountants

For and on behalf of Balaji Telefilms Limited

A. Siddharth
Partner

Jeetendra Kapoor
Chairman

Shobha Kapoor
Managing Director

Dhruv Kaji
Director

Place : Mumbai
Date : 22nd May, 2003

For SNEHAL & ASSOCIATES
Chartered Accountants

Snehal Shah
Proprietor

Akshay Chudasama
Director

Ajay Patadia
President Corp. Affairs and Company Secretary

V Devarajan
Chief Financial Officer

Place : Mumbai
Date : 22nd MAY 2003

(Rupees in lacs)

As at 31 March	2003	2002
SCHEDULE - 1 SHARE CAPITAL		
Authorised Share Capital		
5,50,00,000 (previous year 1,10,00,000) equity shares of Rs. 2/- (previous year Rs. 10/-) each	1,100.00	1,100.00
Issued, Subscribed and Paid-up Capital		
5,15,16,250 (previous year 1,03,03,250) equity shares of Rs.2/- (previous year Rs.10/-) each	1,030.33	1,030.33
Total	1,030.33	1,030.33

Notes:

a. Equity Shares of Rs.10/- each have been subdivided into equity shares of Rs. 2/- each during the year.

b. Of the 1,03,03,250 equity shares of Rs. 10 each before sub-division, 65,00,000 equity shares were allotted as fully paid-up bonus shares by capitalisation of the balance in Profit and Loss Account.

SCHEDULE - 2 RESERVES AND SURPLUS		
Share Premium Account		
As per last Balance Sheet	3,015.24	3,015.24
General Reserve		
As per last Balance Sheet	500.00	100.00
Short provision for accumulated deferred tax liability as on 01.04.2001	(67.99)	–
	432.01	100.00
Add: Transfer from Profit and Loss account	574.00	400.00
	1,006.01	500.00
Surplus in Profit and Loss account	5,592.79	2,069.84
Total	9,614.04	5,585.08

(Rupees in lacs)

SCHEDULE - 3 FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Particulars	As at 01.4.2002	Additions	Deductions	As at 31.3.2003	Upto 31.3.2002	For the year	on Deductions	Upto 31.3.2003	As at 31.3.2003	As at 31.3.2002
Building	233.00	2.75	–	235.75	3.71	3.91	–	7.62	228.13	229.29
Plant and Machinery - Computers	225.72	67.25	–	292.97	28.66	41.76	–	70.42	222.55	197.06
Plant and Machinery - Others	614.14	552.86	–	1,167.00	52.50	63.84	–	116.34	1,050.66	561.64
Studios and Sets	503.28	746.44	–	1,249.72	22.94	275.97	–	298.91	950.81	480.34
Vehicles	156.25	99.21	18.60	236.86	34.26	18.60	2.07	50.79	186.07	121.99
Furniture and Fixtures	54.53	49.64	–	104.17	4.17	7.28	–	11.45	92.72	50.36
Computers	32.64	76.67	–	109.31	9.04	8.25	–	17.29	92.02	23.60
Office Equipments	70.63	15.72	–	86.35	4.12	3.82	–	7.94	78.41	66.51
Electrical Fittings	13.33	8.61	–	21.94	0.56	0.87	–	1.43	20.51	12.77
Total	1,903.52	1,619.15	18.60	3,504.07	159.96	424.30	2.07	582.19	2,921.88	1,743.56
Previous Year	1,131.21	772.31	–	1,903.52	53.37	106.59	–	159.96	1,743.56	

Schedules forming part of Accounts

(Rupees in lacs)

Schedule - 4 INVESTMENTS

As at 31 March Sr. No.		2003 No. of Units	2002 No. of Units	2003 Amount	2002 Amount
	Long Term Investments (Non Trade)				
	Unquoted				
	In units of Mutual Funds				
1	Alliance Income Fund - Regular Growth	2,113,390	1,105,219	407.78	207.78
2	Birla Bond Plus - Plan B	917,423	–	100.00	–
3	Freedom Income STF Cumulative - Semi Annual Dividend	–	1,870,791	–	300.00
4	DSP Merrill Lynch Bond Fund - Retail Growth	1,831,917	509,166	345.47	95.47
5	GSSIF - Investment Plan - Growth Option	2,714,126	1,975,470	353.65	253.65
6	Grindlays Cash Fund	–	5,436	–	0.55
7	Grindlays Cash Fund Plan B (Instl. Plan)	5,814,356	–	651.23	–
8	Grindlays Dynamic Bond Fund - Growth	998,177	–	102.09	–
9	GSSIF - Short Term Plan - Growth Option	897,599	7,219	105.74	0.72
10	HDFC Income Fund - Growth	428,344	428,344	54.45	54.45
11	HDFC Income Fund - Growth	1,573,670	1,573,670	200.04	200.04
12	HDFC- Short Term Plan - Growth	934,457	–	100.00	–
13	HDFC Income Fund - Growth	1,382,237	–	200.00	–
14	HDFC Fixed Income Plan - July 2002 (1) - Growth	1,500,000	–	150.00	–
15	HDFC Fixed Income Plan - June 2002 (1) - Growth	1,002,800	–	100.28	–
16	JM High Liquidity Fund - Growth Plan	3,457,344	–	577.75	–
17	JM Liquid Fund (Dividend Plan)	–	4,490,254	–	473.69
18	J.M. Liquid Fund (Growth Plan)	–	2,199,010	–	400.00
19	K Bond - Wholesale Plan - Bonus Option	1,531,030	–	161.21	–
20	K Bond - Unit Scheme 99 - Wholesale Plan - Growth	628,836	1,084,904	100.00	151.32
21	Kotak Mahindra Fixed Maturity Plan - Growth	1,500,798	–	150.08	–
22	Prudential I.C.I.C.I. Income Plan - Growth	670,128	670,128	108.23	108.23
23	Prudential I.C.I.C.I. - Income	–	964,061	–	107.16
24	Prudential I.C.I.C.I. - Liquid Plan	1,009,618	13,816	150.00	1.63
25	Prudential I.C.I.C.I. - Short Term Plan - Cumulative Option	16,217	8,964	1.73	0.90
26	Prudential I.C.I.C.I. Mutual Fund (Income Plan)	–	1,314,501	–	134.17
27	Prudential I.C.I.C.I. FMP- Growth -Yearly - VI	3,527,837	–	352.78	–
28	Reliance Income Fund (Growth Plan) - Growth Option	1,125,195	–	200.00	–
29	Reliance Liquid Fund	–	2,036	–	0.24
30	Templeton Floating Rate Income Fund - Short Term Plan - Growth	1,860,638	–	200.00	–
				4,872.51	2,490.00
	Less : Provision for diminution in the value of investments			3.26	50.25
Total				4,869.25	2,439.75

(Rupees in lacs)

Details of Investments Purchased and Sold During the Year

Sr. No.	Particulars	Nos.	Cost
1	Gssif - Short Term Plan - Dividend Option	43	0.00
2	Grindlays Cash Fund-Weekly Dividend Option	55	0.01
3	Grindlays Cash Fund - Growth Option	8,121,800	901.10
4	Gssif- Short Term Plan - Growth Option	2,576,720	294.26
5	HDFC Liquid Fund - Growth	876,248	100.00
6	Kotak Fixed Maturity Plan - Growth	1,500,798	150.08
7	K Bond Unit Scheme 99 - Wholesale Plan - Growth	710,934	100.00
8	K Bond (Wholesale Plan) - Bonus Option	3,062,059	322.43
9	IDBI Principal Income Fund - Short Term Plan - Growth	488,759	50.00
10	Zurich India High Interest Fund- Short Term Fund - (G)	957,213	100.00
11	Prudential ICICI -Liquid Plan- Dividend Option	81	0.01
12	Prudential ICICI Short Term Plan - Dividend Reinvestment Option	27	0.00
13	Prudential ICICI Income Plan - Growth	921,942	150.00
14	Prudential ICICI Liquid Plan	710,288	100.00
15	Prudential ICICI Short Term Plan - Cumulative Option	922,688	98.27
16	J.M.Short Term Fund - Growth Plan	2,000,000	200.00
17	J.M. High Liquidity Fund - Growth Plan	1,511,813	250.00
Total			2,816.16

Schedules forming part of Accounts

(Rupees in lacs)

As at 31 March	2003	2002
SCHEDULE - 5 INVENTORIES		
Television serials	448.81	350.07
Tapes	20.37	3.53
Total	469.18	353.60

SCHEDULE - 6 SUNDRY DEBTORS (Unsecured, considered good)		
Debts outstanding for a period exceeding six months	248.88	191.28
Other debts	3,318.09	1,969.11
Total	3,566.97	2,160.39

SCHEDULE - 7 CASH AND BANK BALANCES		
Cash on hand	20.95	13.09
Balances with Scheduled Banks		
In Current accounts	48.52	74.69
In Term deposit accounts	53.14	247.46
(fixed deposit receipt of Rs.53.14 lacs (Previous year Rs.247.46 lacs) over which the banks have a lien)		
Total	122.61	335.24

SCHEDULE - 8 LOANS AND ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	90.55	89.23
Advance payment for income tax	154.73	144.82
Deposits *	684.12	680.74
Total	929.40	914.79
Notes:		
1. * Includes deposits given to directors for property taken on lease from them	515.00	515.00
2. Maximum amount outstanding at any time during the year for above deposits	515.00	515.00

SCHEDULE - 9 CURRENT LIABILITIES		
Sundry creditors		
(i) Total outstanding dues of small scale industrial undertakings	–	–
(ii) Total outstanding dues of creditors other than small scale industrial undertakings	974.68	814.40
	974.68	814.40
Advances received from customers	9.91	–
Other liabilities	25.17	15.06
Total	1,009.76	829.46

SCHEDULE - 10 PROVISIONS		
Provision for tax	49.72	212.82
Proposed dividend	772.74	257.58
Corporate dividend tax	99.01	–
Total	921.47	470.40

SCHEDULE - 11 MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Deferred revenue expenditure	–	95.85
Preliminary expenses	–	0.21
Total	–	96.06

Schedules forming part of Accounts

(Rupees in lacs)

For the year ended 31 March,	2003	2002
SCHEDULE - 12 OTHER INCOME		
Interest on fixed deposits with banks (Gross)	9.91	9.99
[Tax deducted at source Rs. 1.68 lacs (previous year Rs. 1.68 lacs)]		
Dividend on long term investments (Non trade)	1.03	269.96
Excess provision of earlier years written back	22.69	–
Profit on sale of long term investments (Non trade) (Net)	62.59	–
Provision for diminution in the value of long term investments written back	50.25	–
Miscellaneous income	2.64	1.46
Total	149.11	281.41

		2003		2002
SCHEDULE - 13 COST OF PRODUCTION OF TELEVISION SERIALS				
Opening Stock of serials and tapes		353.60		497.11
Add: Cost Of Production				
Purchase of costumes and dresses	268.79		99.10	
Purchase of tapes	223.60		124.99	
Payment to artists, directors, technicians and others	2,890.39		2,057.37	
Telecasting fees	759.05		1,046.82	
Uplinking charges	301.17		26.40	
Food and refreshments	233.37		152.85	
Set properties and equipments hire charges	541.11		353.70	
Other production expenses	2,829.26	8,046.74	1,639.61	5,500.84
		8,400.34		5,997.95
Less: Closing Stock of serials and tapes		469.18		353.60
Total		7,931.16		5,644.35

	2003	2002
SCHEDULE - 14 EMPLOYEE COSTS		
Salaries, wages and bonus	138.46	155.54
Contribution towards Provident fund, Gratuity fund, etc.	8.08	12.27
Staff welfare expenses	29.23	23.08
Total	175.77	190.89

	2003	2002
SCHEDULE - 15 ADMINISTRATIVE AND OTHER EXPENSES		
Electricity and water charges	92.98	54.99
Rent	97.71	38.96
Rates and taxes	24.61	8.35
Insurance	70.62	50.97
Repairs and maintenance		
– Building	17.58	8.71
– Plant and Machinery	22.47	8.99
– Others	45.07	13.48
Travelling and conveyance expenses	115.17	49.76
Legal and professional charges	90.76	53.17
Communication charges	35.21	36.15
Loss on sale of fixed assets (Net)	8.43	–
Loss on sale of long term investments (Net) (Non Trade)	–	45.26
Provision for diminution in value of		
Long term investments (Non Trade)	3.26	50.25
Donations	20.67	1.06
Bad debts written off	138.43	7.22
Directors sitting fees	0.80	0.80
Preliminary expenses written off	0.21	0.05
Advertisement and sales promotion expenses	31.71	31.04
Miscellaneous expenses (Includes printing and stationery, postage, courier, and security charges etc.)	245.02	137.81
Total	1,060.71	597.02

(Rupees in lacs)

For the year ended 31 March,	2003	2002
SCHEDULE - 16 INTEREST		
Interest on cash credit account	5.89	3.87
	5.89	3.87

SCHEDULE - 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. Significant Accounting Policies:

Basis of accounting
The financial statements are prepared under the historical cost convention and on accrual basis.

Investments
Current investments are carried at lower of cost or 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.

Fixed assets
Fixed assets are stated at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation.

Depreciation
Depreciation on fixed assets is provided on straight line basis in accordance with provisions of section 205(2)(b) of the Companies Act, 1956, at the rates and in the manner specified in schedule XIV of this Act except for the following fixed assets where higher rates of depreciation have been applied.
Studios and sets @ 33.33%
Plant and machinery - Computers @ 16.21%

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

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 channels.

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

Retirement Benefits

a) Provident fund
Contribution as required under the statute / rules is made to the Government Provident fund.

b) Gratuity
The trustees of Balaji Telefilms Limited Employees Group Gratuity – Cum – Life Assurance (Cash Accumulation) Scheme has taken a Group Gratuity cum Life Assurance Policy from the Life Insurance Corporation of India. Provision is made on the basis of contribution payable in respect of the aforesaid policy.

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 expenses.

Doubtful debts / advances
Provision is made in the accounts for debts / advances which in the opinion of the management are considered doubtful of recovery.

Deferred revenue expenses
In respect of event cost, the Company treats 40 percent of the cost of production as deferred revenue expenditure which is written off in subsequent year.

Borrowing costs
Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the

cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

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

Contingent liabilities
Contingent liabilities, if any, are disclosed in the notes on accounts. Provision is made in the accounts for those contingencies which are likely to materialise into liabilities after the year-end, till the approval of accounts by the Board of Directors and which have a material effect on the position stated in the Balance Sheet.

B NOTES ON ACCOUNTS

(Rupees in lacs)

		2003	2002
1.	Estimated amount of contracts remaining to be executed on capital account and not provided for :	50.00	NIL
2.	Contingent liabilities in respect of income tax demands disputed	5.36	7.36
3.	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.		
4.	Managerial remuneration u/s 198 of the Companies Act, 1956 to Directors (including to the Managing Director)		
	Salary	44.40	42.60
	Commission	18.00	31.08
	Perquisites in cash or in kind	0.53	0.53
	Contribution to Provident Fund	2.88	2.88
	Total	65.81	77.09

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

		2003		2002
Profit before taxation		9,052.02		4,768.20
Add: Loss on sale of investments	–		45.26	
Loss on sale of fixed asset	8.43		–	
Provision for diminution in value of long term investment	3.26		–	
Managerial remuneration	65.28		74.21	
	76.97		119.47	
Less: Profit on sale of investments	62.59		–	
Provision for diminution in value of long term investment no longer required	50.25	(35.87)	–	119.47
Net Profit for the year		9,016.15		4,887.67
Commission @ 2% of the above		180.32		97.75
(restricted to 2% or 75% of annual salary, whichever is lower)		18.00		31.08

6. Payment to auditors

		2003	2002
a)	as auditors	6.00	1.00
b)	for tax audit	–	0.50
c)	as advisors or in any other capacity in respect of in any other manner (certification work, etc)	1.00	–
d)	as expenses	0.01	–
e)	for service tax	0.35	0.08
	Total	7.36	1.58

7. Cash Credit account with a bank is secured by hypothecation of the entire current assets, fixed assets, plant and machinery (both present and future) and library assets of the Company.

8. Related Party Disclosures

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

Name of the Related Party	Relationship
Mr. Jeetendra Kapoor	Key management person
Mrs. Shobha Kapoor	Key management person
Ms. Ekta Kapoor	Key management person
Mr. Tusshar Kapoor	Relative of key management personnel
Mrs. Nirmala Sood	Relative of key management personnel
Mr. Ramesh Sippy	Relative of key management personnel
M/s Screentestindia.com Pvt.Ltd	Enterprises over which key management personnel and their
M/s B. R. A. Corporation	relatives are able to exercise significant influence.

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

(Rupees in lacs)

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence		Key management personnel		Relative of key management personnel		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
Directors Sitting Fees	–	–	0.30	0.23	–	–	0.30	0.23
Rent (expenses)	1.80	–	13.44	13.68	2.40	2.40	17.64	16.08
Recovery and payment of artists registration fees	4.69	0.03	–	–	–	–	4.69	0.03
Managerial remuneration	–	–	65.81	77.09	–	–	65.81	77.09
Dividend paid	–	–	514.59	205.31	80.79	32.31	595.38	237.62
Outstanding personal guarantees given by Directors against cash credit facilities taken by the Company	–	–	400.00	400.00	–	–	400.00	400.00
Amount payable as at 31.03.2003	0.60	–	14.63	34.78	0.10	0.10	15.33	34.88
Amount receivable (Deposits for lease property) as at 31.03.2003			515.00	515.00	100.70	100.70	615.70	615.70

Note:

There are no provision for doubtful debts or amounts written off or written back during the year for debts due from or due to related parties.

9. Segment Information:

(A) Information about primary segments

Business Segment

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 serials to channels
(b) Sponsored programmes : income from telecasting of serials on channels

Schedules forming part of Accounts

(Rupees in lacs)

	Commissioned programmes		Sponsored programmes		Total	
	2003	2002	2003	2002	2003	2002
Revenue						
From external customers	16,009.37	8,622.31	2,587.22	2,407.20	18,596.59	11,029.51
Add: inter segment sales	–	–	–	–	–	–
Total revenue	16,009.37	8,622.31	2,587.22	2,407.20	18,596.59	11,029.51
Results						
Segment result	9,240.94	4,331.30	1,068.12	1,005.72	10,309.06	5,337.02
Unallocable corporate expenses					(1,371.67)	(1,063.30)
Operating profit					8,937.39	4,273.72
Interest expenses					(5.89)	(3.87)
Interest income/dividend on other investments					10.94	279.95
Profit on sale of long term investments (Non Trade)					62.59	(45.26)
Provision for diminution in the value of						
long term investments written back					50.25	–
Provision for diminution in value of long term investments					(3.26)	(50.25)
Income tax					(3310.58)	(1,553.54)
Net profit after tax					5,741.44	2,900.74
Other Information:						
Segment assets	4,286.48	2,321.23	923.02	870.17	5,209.50	3,191.40
Unallocated corporate assets					7,669.80	4,755.94
Total assets					12,879.30	7,947.34
Segment liabilities	817.09		167.50		984.59	814.40
Unallocated corporate liabilities					1,250.34	613.58
Total liabilities					2,234.93	1,427.98
Capital expenditure	813.69	392.79			813.69	392.79
Depreciation	317.74	48.14			317.74	48.14
Significant non cash expenses other than depreciation						
Deferred revenue expenditure written off					95.85	313.92
Loss on sale of fixed assets					8.43	–

(B) The Company does not have any reportable secondary segments.

10. Earnings per Share:

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

(Rupees in lacs)

	2003	2002
Net profit after tax as per the Profit and Loss account	5,741.44	2,900.73
Excess provision for taxes in respect of earlier years written back	–	0.77
(A) Profit for the year attributable to equity share holders	5,741.44	2,901.50
(B) Weighted average number of equity shares outstanding during the year (Nos.)	5,15,16,250	5,15,16,250
(C) Earnings per share - Basic and diluted (Rs.)	11.14	5.63
(D) Nominal value of shares (Rs.)	2	2

11. Components of Deferred Tax Asset/(liability)

(Rupees in lacs)

As at 31 March	2003	2002
Depreciation	(372.57)	(158.90)
Capital loss carried forward	68.88	–
Deferred revenue expenses	–	(34.22)
Public issue expenses	–	47.06
Provision for diminution in the value of investments	–	17.94
Deferred tax asset/ (liability)	(303.69)	(128.12)

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

As at 31 March	2003	2002
a) Expenditure in foreign currency		
Travelling expenses	48.92	8.68
b) Earnings in foreign exchange:		
Export of television software/ serials	NIL	13.64
c) Amount remitted during the financial year in foreign currency on account of dividends; The Company has not made any remittance in foreign currencies on account of dividend and does not have information as to the extent to which remittance in foreign currencies on account of dividends have been made by or on behalf of non-resident shareholders. The particulars of dividend paid to non-resident shareholders are as under:-		
Year to which dividend relates		
a) Final dividend for the financial year 2000-2001	–	154.55
b) Interim dividend for the financial year 2001-2002	–	257.58
c) Final dividend for the financial year 2001-2002	257.58	–
d) Interim dividend for the financial year 2002-2003	772.74	–
Number of non-resident shareholders		
Year to which dividend relates		
a) Final dividend for the financial year 2000-2001	–	17
b) Interim dividend for the financial year 2001-2002	–	24
c) Final dividend for the financial year 2001-2002	31	–
d) Interim dividend for the financial year 2002-2003	52	–
Number of equity shares held by them on which dividend was due		
Year to which dividend relates		
a) Final dividend for the financial year 2000-2001	–	5,840
b) Interim dividend for the financial year 2001-2002	–	7,430
c) Final dividend for the financial year 2001-2002	9,443	–
d) Interim dividend for the financial year 2002-2003	52,148	–

Amount remitted (net of tax) to banks or powerholders in India of the non-resident shareholders

(Rupees in lacs)

Year to which dividend relates	2003	2002
a) Final dividend for the financial year 2000-2001	–	0.09
b) Interim dividend for the financial year 2001-2002	–	0.19
c) Final dividend for the financial year 2001-2002	0.19	–
d) Interim dividend for the financial year 2002-2003	0.62	–

13. Hitherto, it was the practice of the Company to provide for depreciation on Studio and Sets @ 6.66%. From the current year, the Company has decided to provide depreciation @ 33.33%. This change has the effect of increasing depreciation charge for the year by Rs. 234.59 lacs and reducing profit before tax by the like amount.

14. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 11-82802 State Code No. 011

Balance Sheet Date 31 (Date) 03 (Month) 03 (Year)

II. Capital Raised (Amount in Rs. thousands)

Public Issue	Rights Issue
NIL	NIL

Bonus Issue	Private Placement
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities	Total Assets
1287930	1287930

Sources of Funds

Paid-up Capital	Reserves & Surplus
103033	961404

Secured Loans	Unsecured Loans
NIL	NIL

Application of Funds

Net Fixed Assets	Investments
292188	486925

Net Current Assets	Miscellaneous Expenditure
315693	NIL

Net of deferred tax liability	Accumulated losses
(30369)	NIL

IV. Performance of Company (Amount in Rs. thousands)

Turnover	Total Expenditure
1859659	969368

Profit / loss before tax	Profit / loss after tax
905202	574144

Earnings per share in Rs. Refer note 10 of schedule 17	Interim Dividend rate %
11.14	75

Final dividend rate %
75

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No.	Not Applicable
Product / Service Product Description	Product of Television Serials

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

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

For and on behalf of Balaji Telefilms Limited

A. Siddharth
Partner

Jeetendra Kapoor
Chairman

Shobha Kapoor
Managing Director

Dhruv Kaji
Director

Place : Mumbai
Date : 22nd May, 2003

For SNEHAL & ASSOCIATES
Chartered Accountants

Snehal Shah
Proprietor
Place : Mumbai
Date : 22nd May, 2003

Akshay Chudasama
Director

Ajay Patadia
President Corp. Affairs and Company Secretary

V Devarajan
Chief Financial Officer

Cash Flow Statement

(Rupees in lacs)

For the year ended 31 March,		2003		2002
A Cash flow from operating activities				
Profit before extra-ordinary item and tax	9,052.02		4,768.20	
Adjustments for:				
Depreciation	424.30		106.59	
Bad debts written off	138.43		–	
Loss on sale of fixed assets(net)	8.43		–	
Diminution in carrying value of long term investments	3.26		–	
Profit on sale of long term investments (Non trade)	(62.59)		–	
Loss on sale of investments	–		45.26	
Provision for diminution in the value of long term investments written back (Non trade)	(50.25)		–	
Excess provision written-back	(22.69)		–	
Interest expenses	5.89		3.87	
Interest/dividend income	(9.26)		(281.41)	
Preliminary expenses written off	0.21		0.05	
Deferred revenue expenditure written off	95.85		–	
Operating profit before working capital changes	9,583.60		4,642.57	
(Increase)/decrease in trade and other receivable	(1,549.71)		(820.81)	
(Increase)/decrease in inventories	(115.58)		143.50	
Increase/(decrease) in trade payables	202.99		59.78	
		8,121.30		4,025.04
Direct taxes paid		(3,375.99)		(1,333.74)
Net cash from operating activities (a)		4,745.31		2,691.30
B Cash flow from investing activities				
Purchase of fixed assets	(1,619.15)		(772.31)	
Sale of fixed assets	8.10		–	
Purchase of investments	(5,198.68)		(1,602.69)	
Sale of investments	2,878.75		-	
Income from investments	9.26		281.41	
Net cash (used in) investing activities (b)		(3,921.72)		(2,093.59)
C Cash flow from financing activities				
Interest paid	(5.89)		(3.87)	
Dividend paid	(1,030.33)		(412.14)	
Corporate dividend tax paid	–		(42.03)	
Net cash (used in) financing activities (c)		(1,036.22)		(458.04)
Net increase/(decrease) in cash and Cash equivalents) (a+b+c)		(212.63)		139.67
Cash and cash equivalent as at 31.3.2002 (opening balance)		335.24		195.57
Cash and cash equivalents as at 31.03.2003		122.61		335.24

For and on behalf of Balaji Telefilms Limited

Jeetendra Kapoor
Chairman

Shobha Kapoor
Managing Director

Dhruv Kaji
Director

Akshay Chudasama
Director

Ajay Patadia
President Corp. Affairs and Company Secretary

V Devarajan
Chief Financial Officer

Place : Mumbai
Date : 22nd May, 2003

Auditors Certificate

To the Board of Directors
BALAJI TELEFILMS LIMITED
Mumbai

We have examined the above cash flow statement of Balaji Telefilms Limited for the year ended 31st March, 2003. The Statement has been prepared by the Company in accordance with the requirement of the Listing Agreement with the Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated 22nd May, 2003 to the Members of the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants

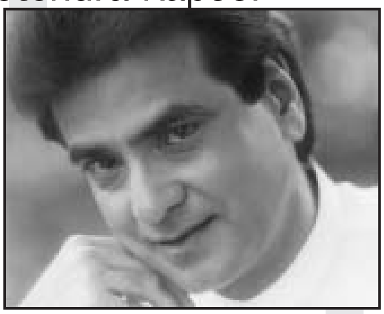
For SNEHAL & ASSOCIATES
Chartered Accountants

A. Siddharth
Partner
Mumbai
Dated: 22nd May, 2003

Snehal Shah
Proprietor

Directors' Profile

Jeetendra Kapoor



Jeetendra Kapoor, Chairman (non-executive), is a commerce graduate from University of Bombay. He started his film career as a junior artiste with the reputed filmmaker V. Shantaram. Mr Kapoor has since acted in more than 200 films and received several prestigious awards. His standing in the entertainment industry delivers value to Balaji through the relationships that he enjoys with various television channels, artists, directors and writers.

Shobha Kapoor

Shobha Kapoor, Managing Director & CEO, is responsible for the administrative and production activities of the company. She is among the few producers in the television industry with a track record of successful programmes for over seven years. She was instrumental in steering the company into regional South Indian languages.

Ekta Kapoor

Ekta Kapoor, Creative Director, heads Balaji's creative division. She started her career as a producer and creative director at the age of 19. Some of the successful serials credited to her include 'Kyunki Saas Bhi Kabhi Bahu Thi', 'Kahaani Ghar Ghar Kii', 'Hum Paanch', 'Mano Ya Na Mano', 'Dhun Dhamaka', 'Koshish Ek Aashaa', 'Kudumbam' and 'Itihaas'. She is actively involved in concept building, script design and overseeing the operations of the creative team. Ms Kapoor was selected as one of Asia's most powerful communicators in a survey conducted by the reputed Asia Week magazine.

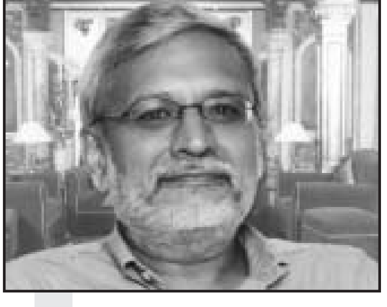
Raj Bothra

Raj Bothra, Director, is a US based surgeon and has been awarded the 'Padma Shree' in March, 1999. He is closely associated with the Indian and other ethnic communities in USA.

Akshay Chudasama

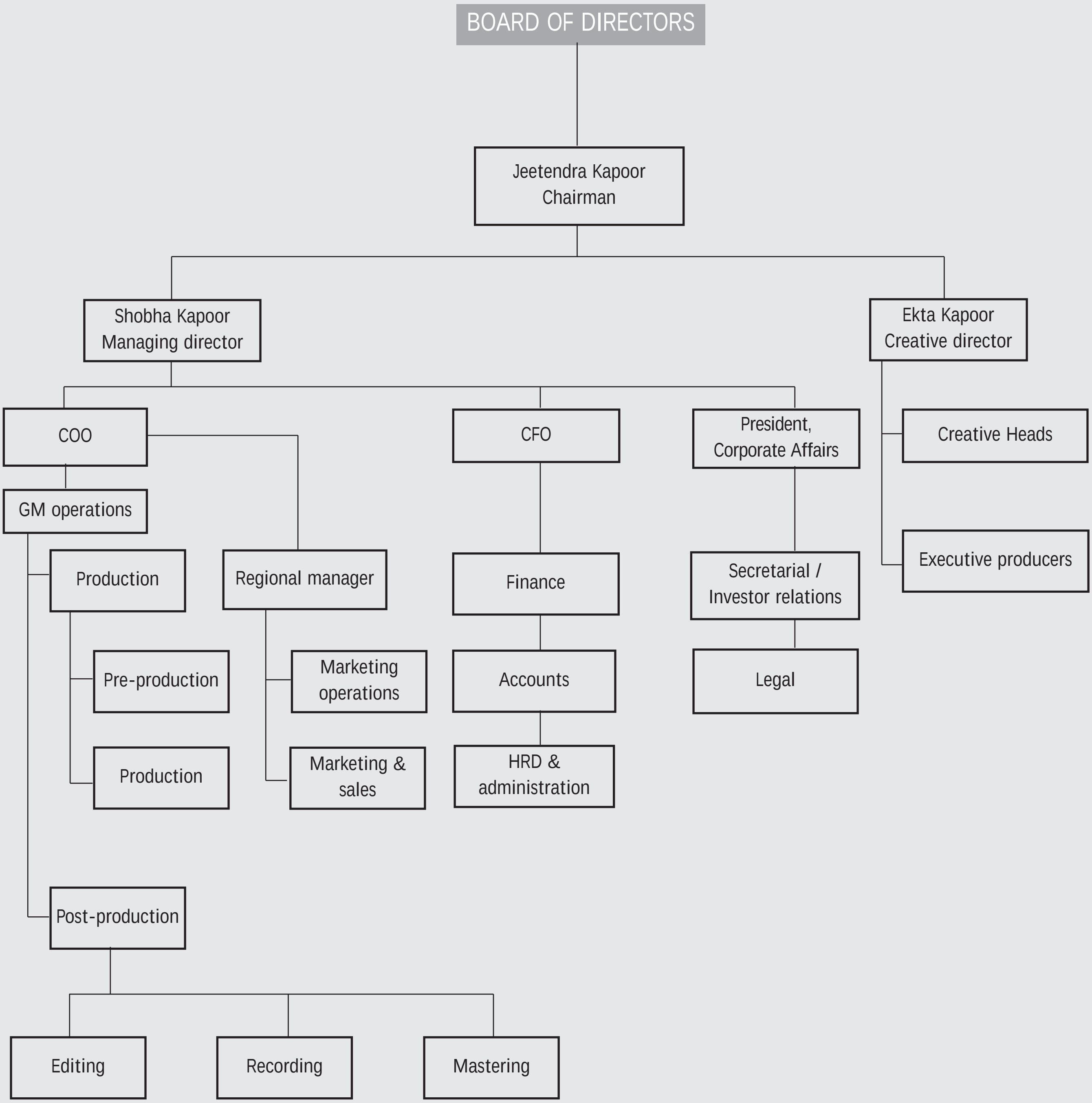
Akshay Chudasama, Director, is an advocate with the Bombay High Court. He has expertise in joint venture, commercial / contractual transaction structuring and documentation, corporate laws, mergers & acquisitions, anti-dumping and related matters, consumer protection, insurance sector privatisation, alternate dispute resolution, Internet and cyber laws.

Dhruv Kaji



Mr. Dhruv Kaji, Director, is a Chartered Accountant with experience of more than 25 years in business. Presently, he is practicing as a financial advisor and management consultant. Mr. Kaji is an expert in counselling the senior management on strategic planning for the business operations. He had been associated with Raymond Ltd. as Finance Director and Pinesworth Holding Ltd., Singapore as Executive Director. Mr. Kaji has experience in evaluating and guiding business projects both in India and abroad.

Organisational Structure



Corporate Information

Directors

Jeetendra Kapoor

Shobha Kapoor

Ekta Kapoor

Raj Bothra

Akshay Chudasama

Dhruv Kaji

Company Secretary

Ajay Patadia

Auditors

Deloitte, Haskins & Sells
Snehal and Associates

Registered Office

Balaji Telefilms Limited
C-13, Balaji House, Dalia Industrial Estate
Opposite Laxmi Industries
New Link Road, Andheri (West), Mumbai 400 053
Tel : 91 22 2673 2275, Fax : 91 22 2673 2308
website : www.balajitelefilms.com

Regional Offices

Chennai : Plot no. 38, K. K. Salai
Kavery Rangam Nagar, Saligramam
Chennai - 600 093

Bangalore : Plot No. 2058
19th Main Road, 2nd Block, Rajaji Nagar
Bangalore - 560 010

"AFTER WE PIONEERED THE USE OF ATTRACTIVE SETS, ALL PRODUCTION HOUSES STARTED CREATING SETS AS GLAMOROUS AS OURS. SO WHEN SOMEONE SAYS THAT ALL SHOWS LOOK LIKE BALAJI PRODUCTS, WE TAKE IT AS A COMPLIMENT." – *MITU, CREATIVE HEAD.* • "ASK ANYONE NAMES OF FIVE STRONG TELEVISION CHARACTERS AND THE IMMEDIATE RESPONSE WILL BE TULSI, PARVATI, SHAINA, PRERNA AND KKUSUM, ALL BALAJI CHARACTERS." - *EKTA BAHRI, CREATIVE HEAD*

"At Balaji, we give 120 per cent."

– Anil Nagpal, scriptwriter, Kahaani Ghar Ghar Ki.

"BALAJI SERIALS WERE POPULAR BECAUSE THEY ENCAPSULATED THE CHANGING FACE OF A WOMAN - PROGRESSIVE AND REGRESSIVE – WHICH MADE THEM POPULAR WITH HOUSEWIVES AND PROFESSIONALS, THE ELDERLY AS WELL AS STUDENTS." - *RAJESH JOSHI, WRITER* • "SUCCESS AT BALAJI COMES FROM SHEER HARD WORK. THIS CULTURE STARTS RIGHT FROM THE TOP: EKTA KAPOOR, OUR CREATIVE DIRECTOR, WORKS 20 HOURS NON-STOP AT TIMES." - *NEVEDITA BASU, CREATIVE HEAD*