

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 herein below:

Company's philosophy on Corporate Governance

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

- Ensure that quantity, quality and frequency of financial and managerial information, which management shares with the Board, 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 maximized

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

COMPOSITION OF BOARD

The Board currently has seven members, of whom two are Executive Directors. The Board has a non-executive chairman. 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.

Five meetings of the Board of Directors were held during the year - on May 9, June 29, July 31, October 24 in 2001 and on January 21 in 2002.

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 Member	Board Meetings attended during the year	Attendance at last AGM (September 27, 2001)	Number of other Directorships (Indian & Foreign Companies combined)
Jeetendra Kapoor	5	Present	3
Shobha Kapoor	5	Present	2
Ekta Kapoor	4	Present	1
Ketan Somaia (ceased to be Director with effect from January 21, 2002)	–	Absent	21
Rakesh Roshan	3	Absent	1
Dr. Raj Bothra	–	Absent	–
Akshay Chudasama	4	Present	2
Chandresh Gandhi	4	Present	–

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.

Composition

The Board of Directors of the Company at their meeting held on July 17, 2000 formed an Audit Committee comprising of three Non-Executive Directors, namely Mr. Jeetendra Kapoor, Mr. Akshay Chudasama and Mr. Chandresh Gandhi, majority of the Directors being independent directors. The Chairman of the Committee, Mr. Chandresh Gandhi is a Chartered Accountant by profession. Three meetings of the Audit Committee were held during the year - on June 29, July 31 in 2001 and January 21 in 2002. The meetings were attended by all the members.

SHARE TRANSFER COMMITTEE

Terms of Reference

The functions and powers of the Share Transfer 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.

Composition

The Board of Directors of the Company at their meeting held on July 17, 2000 formed a Share Transfer Committee comprising of three Directors, namely Mr. Jeetendra Kapoor, Mrs. Shobha Kapoor and Ms. Ekta Kapoor. Mr. Jeetendra Kapoor is Chairman of the Committee. Four Meetings of the Share Transfer Committee were held during the year - on July 5, December 15 in 2001 and January 12 and February 22 in 2002. The meetings were attended by all the members.

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The functions of Shareholders / Investors Grievance Committee include 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 Board of Directors of the Company at their meeting held on July 17, 2000 formed a Shareholders / Investors Grievance Committee comprising of three Directors, namely Mr. Jeetendra Kapoor, Mrs. Shobha Kapoor and Ms. Ekta Kapoor. Mr. Jeetendra Kapoor is Chairman of the Committee. Four Meetings of Shareholders / Investors Grievance Committee were held during the year - on April 20, October 20 in 2001 January 18 and March 16 in 2002. The meetings were attended by all the members.

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 the shareholders.

Details of the remuneration paid to Managing Director / Whole Time Director during the year ending 31st March, 2002 is as under:

Name	Designation	Remuneration (Rs.)			
		Salary & Allowances	Perquisites	Commission	Employer Contribution to Provident Fund
Mrs. Shobha Kapoor	Managing Director	21,30,000	26,400	15,54,000	1,44,000.00
Ms. Ekta Kapoor	Whole Time Director	21,30,000	26,400	15,54,000	1,44,000.00

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
5th Meeting	Wednesday, September 27, 1999	3.00 P.M.	Plot No. 26, Krishna Bungalow, Greater Bombay CHS, Gulmohar Cross Road No.5, JVPD Scheme, Mumbai - 400 049.
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.

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

DISCLOSURES

- There are no materially significant transactions with related parties i.e. promoters, directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large, except the following:
 - The Company has leased 10,962 sq. ft. of office space from the promoters, which is located at C-13, Dalia Industrial Estate, Opp. Laxmi Industries, New Link Road, Andheri (West), Mumbai. The terms of the lease are as follows:

Initial Lease Deposit of Rs. 600 Lacs
Monthly Lease Rentals of Rs. 1.2 Lacs
 - The Company has taken on lease residential premises at no. 602A measuring 1050 sq. ft., on the 6th Floor in the building known "Eternia" Hiranandani Gardens, Powai, Mumbai belonging to the promoters. The terms of the lease are as follows:

Initial Lease Deposit of Rs. 15 Lacs
Monthly Lease Rentals of Rs. 12,000
- 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 has further strengthened its web site to provide comprehensive information on business segments, financial performance and press releases.

Balaji Telefilms financial results are 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 started sending to each household of shareholders a copy of its half-yearly results, from the half-year ended September 30, 2001.

GENERAL SHAREHOLDER INFORMATION

1. Date of Book Closure

August 14, 2002 to August 23, 2002 (both days inclusive)

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

August 23, 2002 at 3.30 p.m. at 'The Club', 197, DN Nagar, Andheri (West), Mumbai 400 053

3. Dividend payment

The Board of Directors has proposed a dividend of 50 per cent for the year ended 31st March, 2002 (inclusive of 25 per cent interim dividend declared and paid during the year). The 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: +91-22-2721233/1234
Fax:+91-22-2721919/3027 (Stock Code - 32382)
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: +91-22-6598100, Fax: +91-22-6598237/38
(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: +91-22-6732275, Fax: +91-22-6732308
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: +91-40-3312454 / 3320251, Fax: +91-40-3311968
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 2001-02 were 3,900. There was no share transfer pending as on March 31, 2002.

10. Stock Market Data relating to Shares listed in India

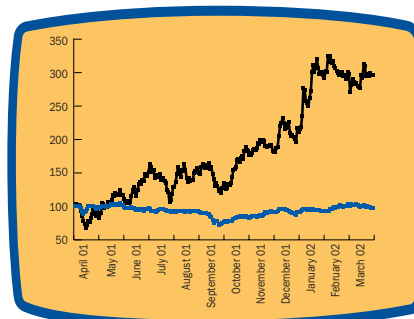
The Company's shares are listed on the Stock Exchange, Mumbai and National Stock Exchange of India Limited, since November 22, 2000. The Company's market capitalisation as on March 31, 2002 was Rs. 421.45 Crores. The monthly high and low quotations as well as the volume of shares traded during the year are as below:

Months	Closing price on last trading day of the months		Volume BSE + NSE
	BSE	NSE	
April	127.05	126.45	39,39,961
May	161.65	161.35	1,36,30,431
June	210.10	210.55	5,86,19,133
July	179.00	179.45	3,69,99,091
August	205.90	206.00	6,58,12,699
September	179.20	177.65	6,12,36,009
October	245.00	244.90	2,74,65,368
November	251.45	251.00	2,25,81,301
December	299.75	301.25	54,10,632
January	416.70	416.25	88,35,163
February	374.10	373.10	41,21,772
March	409.05	411.05	24,57,895

Fact sheet

Items	2000-01	2001-02
Earnings per share	Rs 4.22	Rs 28.16
EPS - fully diluted	Rs 4.22	Rs 28.16
Dividend per share	1.50	5.00
Number of shares	1,03,03,250	1,03,03,250
<i>Share price data</i>		
High	354.60	449.30
Low	132.40	92.70
Closing	144.70	409.05

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



■ Balaji Telefilms ■ BSE Sensitive Index (Sensx)

11. Investor Service - complaints received during the year

Nature of Complaints	Year ended 31/3/2002	
	Received	Disposed
Change / Correction of Address	13	13
Receipt of Refund Order for Revalidation	2	2
Correction of Bank Mandate / Name on Refund Order	2	2
Intimation of Bank Mandate	50	50
Non Receipt of Share Certificate	3	3
Loss of Share Certificate & Issue of Duplicate Share Certificate	1	1
Non Receipt of Dividend Warrant	8	8
Receipt of Dividend Warrant of Revalidation	18	18
Correction of Bank Mandate / Name on Dividend Warrant	3	3
Correspondence / Query relating to NSDL operations	11	11
Miscellaneous Complaints	9	9
	120	120

The Company has disposed of all the investor grievances / correspondence. There is no share transfers pending as on March 31, 2002.

12. Shareholding pattern of Balaji Telefilms as on 31/3/2002*

Category	No. of shares held	Percentage of shareholding
Promoters*	69,96,750	67.91
Mutual Funds, Banks and UTI	10,93,060	10.61
FII's	8,71,048	8.45
Private Corporate Bodies	6,76,316	6.56
Indian Public	5,16,322	5.01
NRIs/OCBs	6,974	0.07
NSDL Transit Position	1,42,780	1.39
Grand Total	1,03,03,250	100

* Post March 2002 promoters diluted 10.11 per cent of their equity holding (10,41,600 shares) in favour of FIIs.

13. Distribution of shareholding as on March 31, 2002

Number of Shares	Number of Shareholders	Per cent of Shareholders	Total number of Shares	Per cent holding
1 to 500	4,102	94.17	2,98,409	2.90
501 to 1000	133	3.05	1,03,898	1.01
1001 to 2000	50	1.15	74,536	0.72
2001 to 3000	19	0.44	47,876	0.46
3001 to 4000	10	0.23	35,952	0.35
4001 to 5000	5	0.11	23,794	0.23
5001 to 10000	10	0.23	71,736	0.70
10001 & above	27	0.62	96,47,049	93.63
Total	4,356	100.00	1,03,03,250	100.00

14. Shares under lock-in

In accordance with SEBI Guidelines, 20,60,650 Equity Shares held by promoters (representing 20 per cent 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 an account with any of the depository participants registered with any of these depositories. As on March 31, 2002 about 99.83 per cent comprising 1,02,85,648 Equity Shares are in the dematerialized form.

16. Financial Calendar (tentative and subject to change)

Particulars	Date
Annual General Meeting	August 23, 2002
Financial reporting for 1st quarter ending 30th June, 2002	July 30, 2002
Financial reporting for 2nd quarter ending 30th September, 2002	October 30, 2002
Financial reporting for 3rd quarter ending 31st December, 2002	January 30, 2003
Financial reporting for the year ended 31st March, 2003 (audited)	June 30, 2003
Annual General Meeting for year ended 31st March, 2003	August, 2003

17. Plant Locations

The details of regional offices of the Company are available on the inside back cover page of the report.

18. Investors' Correspondence

Investors' correspondence may be addressed to:

Mr. Ajay Patadia,
Company Secretary,

Balaji Telefilms Limited

C-13, Balaji House, Dalia Industrial Estate,
Opp. Laxmi Industries, New Link Road,
Andheri (West), Mumbai - 400 053
Tel: +91-22-6732275, Fax: +91-22-6732308
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: +91-22-6310941, Fax: +91-22-6317536
Email: devarajan@balajitelefilms.com

19. Nomination Facility

Members are requested to refer to the provisions of Section 109A of the Companies Act, 1956, as amended, wherein the facility of nomination is made available to the members in respect of shares held in the Company. This facility is made available foliowise and would be for the entire shares registered under the folio. A format of the nomination form is attached to this Annual Report. Members are requested to avail of this facility.

The members who hold shares in dematerialised form can contact their respective Depository Participant (DP) for availing of the nomination facility.

The Company is in the process of implementing the non-mandatory requirements as specified in Listing Agreement in the financial year 2001-02.

20. Regional Offices

3, Vedammal Avenue,
Dr. Subrayan Nagar,
Main Road, Kodambakkam,
Chennai - 600 024.

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

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, 2002, 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 responsibility is limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the company.

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

We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Shareholders / Investors Grievance Committee.

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.

DINESH SHAH
Chartered Accountant



DINESH SHAH
(Proprietor)

Mumbai, 24TH MAY 2002