



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 the 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 the Board**

The Board currently has seven 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.

Four meetings of the Board of Directors were held during the year – on 22 May, 29 July, 24 October in 2003 and on 23 January in 2004. The maximum time gap between any two meetings was not more than four calendar months. None of the Directors of the company held committee membership of more than ten committees nor committee chairmanships of more than five committees across all companies in which the person was a Director.

The names of members of the Board of Directors, their attendance at Balaji Telefilms 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 / chairmanships		
	Board meetings	Last AGM	Other directorships	Committee memberships	Committee chairmanships
Mr. Jeetendra Kapoor (P, N)	3	Present	3	3	1
Ms. Shobha Kapoor (P, E)	4	Present	3	1	0
Ms. Ekta Kapoor (P, E)	4	Not Present	1	1	0
Dr. Raj Bothra* (N, I)	0	Not Present	0	0	0
Mr. Akshay Chudasama (N, I)	4	Present	2	2	1
Mr. Dhruv Kaji (N, I)	3	Present	3	2	1
Mr. Tusshar Kapoor # (P, N)	1	N. A.	2	0	0
Mr. Ajay Patadia#, ** (N, I)	1	N. A.	2	0	0
Mr. Pradeep Sarda ## (N, I)	0	N. A.	17	2	0

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

\* Vacated office w.e.f. 23 January 2004 in terms of section 283(1)(g) of the Companies Act, 1956

# Appointed as Additional Director w.e.f. 23 January 2004

\*\*Resigned as Director w.e.f. 17 May 2004

## Appointed as Additional Director w.e.f. 17 May 2004

### 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 Mr. Pradeep Sarda
Secretary	:	Ms. Alpa Shah
Invitees	:	Representatives of Statutory Auditors and Internal Auditors Mr. V. Devarajan, Chief Financial Officer



Mr. Ajay Patadia, who was the Company Secretary resigned with effect from 23 January 2004 and Ms. Alpa Shah was appointed as Company Secretary of the company with effect from 23 January 2004.

Mr. Pradeep Sarada, who was appointed as Additional Director of the company, was also appointed as member of the audit committee with effect from 17 May 2004.

### Meetings and attendance

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

Dates of meetings: 22 May and 24 October in 2003 and 23 January in 2004.

#### Attendance

Name of the Director	No. of meetings attended
Mr. Dhruv Kaji	3
Mr. Akshay Chudasama	3
Mr. Jeetendra Kapoor	3

The Statutory Auditors and Internal Auditors of the company are invitees to the audit committee meetings. The audit committee holds discussions with the Statutory Auditors on "Limited Review" of the quarterly, half yearly accounts, yearly audit of the company's accounts and other related matters.

The company has re-appointed PSK & Associates, Chartered Accountants as Internal Auditors to review the internal control systems of the company and to report thereon. The report of the Internal Auditors is reviewed by the audit committee.

### Shareholders' committee

#### Terms of reference

The functions and powers of the shareholders' committee include approval / rejection of transfer / transmission and rematerialisation of equity shares, issue of duplicate certificates and supervising 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	:	Ms. Alpa Shah

### Meetings and attendance

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

Dates of meetings: - 28 April, 3 July and 29 September in 2003 and 31 March in 2004

#### Attendance

Name of the Director	No. of meetings attended
Mr. Jeetendra Kapoor	4
Ms. Shobha Kapoor	4
Ms. Ekta Kapoor	4

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 31 March 2004 being 99.88 per cent.

## Remuneration committee

### Terms of reference

The committee is entrusted with the role and responsibility of approving the compensation packages of the 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	:	Ms. Alpa Shah

### Meetings and attendance

All the members of the committee met on 22 May 2003 for discussing and fixing the revision of remuneration to be paid to the Managing Director and Whole Time Director. The revision in the remuneration with effect from 1 April 2004 has been approved by the shareholders at the last Annual General Meeting held on 21 August 2003.

### Remuneration policy and details of remuneration paid

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

No 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 one per cent of the net profit of the company.

No remuneration was paid to non-executive Directors apart from Directors' sitting fees and commission at fixed rate of 0.90 per cent to Chairman and 0.10 per cent to all other non-executive Directors with a ceiling of Rs. 2 lac each, as approved by the shareholders at the last Annual General Meeting.

Details of the remuneration to the Directors for the year ended 31 March 2004

Name	Designation	Remuneration for the year 2003-2004 (in Rs.)					
		Salary	Perquisites	Commission	Sitting Fees	Employer's contribution to provident fund & gratuity	Total
Ms. Shobha Kapoor	Managing Director & CEO	2760000	26400	8372000	–	180000	11338400
Ms. Ekta Kapoor	Creative Director	2760000	26400	8372000	–	180000	11338400
Mr. Jeetendra Kapoor	Non-Executive Chairman	–	–	7534000	15000	–	7549000
Mr. Akshay Chudasama	Independent Director	–	–	200000	20000	–	220000
Mr. Dhruv Kaji	Independent Director	–	–	200000	20000	–	220000
Mr. Tusshar Kapoor	Director	–	–	200000	5000	–	205000
Mr. Ajay Patadia	Independent Director	–	–	–	5000	–	5000



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

### 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
7th meeting	Thursday, 27 September 2001	3:30 p.m.	'The Club', 197, D N Nagar, Andheri (West), Mumbai – 400 053.
8th meeting	Friday, 23 August 2002	3:30 p.m.	'The Club', 197, D N Nagar, Andheri (West), Mumbai – 400 053.
9th meeting	Thursday, 21 August 2003	3:30 p.m.	'The Club', 197, D N Nagar, Andheri (West), Mumbai – 400 053.

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

### Disclosures

#### 1. Related parties transactions

The transactions with related parties have been disclosed vide point no. 8 of the notes to accounts, as detailed under Schedule 16 of the financial statements.

#### 2. Compliances by the company

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

### 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 and Tarun Bharat / Sakal (regional daily). The financial results, official news releases and presentations are also displayed on the company's website [www.balajitelefilms.com](http://www.balajitelefilms.com). Balaji Telefilms has been sending a copy of its half-yearly results to each household of shareholders.

The financial results of the company for each quarter are also put on the website of Electronic Data Information and Retrieval (EDIFAR) maintained by National Informatics Centre and can also be perused from the website [www.sebidifar.nic.in](http://www.sebidifar.nic.in).

### General shareholder information

1 Date of Book Closure	19 August 2004 to 27 August 2004 (both days inclusive).
2 Date, time and venue of the Annual General Meeting	27 August 2004 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 50 per cent for the year ended 31 March 2004 over and above, 100 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: +91-22-22723719/2037  
(Stock Code – 532382)

2. National Stock Exchange of India Limited,  
Exchange Plaza, 5th floor, Plot No. C/1, G  
Block, Bandra Kurla Complex, Bandra (East),  
Mumbai – 400 051.  
Tel: +91-22-26598235 / 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](mailto:balaji@balajitelefilms.com)  
website: [www.balajitelefilms.com](http://www.balajitelefilms.com)

8 Share transfers in physical, communication regarding share certificates, dividends, change in address etc. may be addressed to: Karvy Computershare Private Limited  
(Company's Registrar and Transfer Agents)  
Unit: Balaji Telefilms Limited,  
'Karvy House' 46, Avenue 4, Street No. 1,  
Banjara Hills, Hyderabad – 500 034.  
Tel: +91-40-23312454 / 23320251,  
Fax: +91-40-23311968  
Email: [mailmanager@karvy.com](mailto:mailmanager@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 Shareholders' Committee meets as often as required. The total number of shares transferred in physical form during the year 2003-2004 were --250. There was no share transfer pending as on 31 March 2004.

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 22 November 2000. The company's market capitalisation as on 31 March 2004 was Rs. 435.05 cr. The monthly high and low quotations as well as the volume of shares traded during the year are as below.



Month	BSE, Mumbai			National Stock Exchange		
	High	Low	No. of shares traded	High	Low	No. of shares traded
April 03	70	52	383609	70.00	52.50	1254722
May 03	69.9	51.7	3539382	70.00	52.00	10662078
June 03	70.5	51.55	17025562	70.0	51.7	45596147
July 03	76.4	62.9	7678725	76.8	62.9	24186797
August 03	76.05	64	2197890	76.25	64	8711349
September 03	76.9	56	2675750	76.75	55.0	8076951
October 03	75.3	63	4212827	80.0	63.0	10621518
November 03	84.85	66.05	5612844	84.7	63.0	14804424
December 03	109.5	80.5	6099989	109.4	78.6	14841520
January 04	115.9	82	6779732	116.7	82.0	11777082
February 04	104	78	1523698	104	72.75	8858316
March 04	94.9	76.05	755527	93.8	68.15	2321207

#### Fact sheet

Items	2002-3	2003-4
Earnings per share	Rs. 11.14	Rs. 10.75
EPS – Fully diluted	Rs. 11.14	Rs. 10.75
Dividend per share	Rs. 3.00	Rs. 3.00
Number of shares	5,15,16,250	5,15,16,250
Share price data (Rs.)		
High	132.98	115.90
Low	52.00	51.55
Closing	55.05	84.45

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



11. Investor Service – complaints / requests received during the year  
Year ended 31 March 2004

Nature of correspondence / request	Received	Disposed
Receipt of Dividend Warrant for Revalidation	74	74
Request for Ecs Facility	6	6
Change/Correction of Bank mandate on Dividend Warrant	38	38
Request for Rematerialisation	2	2
Correspondence relating to NSDL Operations	9	9
Change/Correction of Address	22	22
Non-receipt of Dividend Warrants	33	33
Non-receipt of TDS Certificate	3	3
Non-receipt of Securities	3	3
Receipt of IB for Issue of Duplicate Dividend Warrant	4	4
Correction of Name on Securities	1	1
Request for Consolidation/ Split of Securities	11	11
Change/Correction of Bank Mandate	16	16
Non-receipt of Annual Report	10	10
Receipt of Damaged/Mutilated Securities for Replacement	1	1
Intimation of Nomination Form	1	1
Request for issue of Duplicate Dividend Warrant	3	3
Receipt of Damaged /Mutilated Dividend Warrant	1	1

The company has disposed of all of the investor grievances / requests. There is no share transfers pending as on 31 March 2004.

12. Shareholding pattern of Balaji Telefilms as on 31 March 2004:

Category	No. of shares held	Percentage of shareholding
Promoters	2,72,70,250	52.94
Bank	180	0.00
Mutual Funds and UTI	5,66,593	1.10
FII's	1,29,00,895	25.04
Private Corporate Bodies	42,74,521	8.30
Indian Public	61,35,668	11.91
NRIs	1,38,278	0.27
HUF	1,32,623	0.26
Trusts	2,200	0.00
Clearing Members	95,042	0.18
GRAND TOTAL	5,15,16,250	100



### 13. Distribution of shareholding as on 31 March 2004

Number of shares	Number of shareholders	Per cent of shareholders	Amount of paid up capital	Per cent holding
1 to 5000	18146	98.08	7931482	7.70
5001 to 10000	183	0.99	1405748	1.36
10001 to 20000	60	0.32	908032	0.88
20001 to 30000	22	0.12	556488	0.54
30001 to 40000	11	0.06	405624	0.39
40001 to 50000	7	0.04	338392	0.33
50001 to 100000	26	0.14	1844082	1.79
100001 & above	46	0.25	89642652	87.00
Total	18501	100.00	103032500	100.00

### 14. Shares under lock-in

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

### 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, 2004 about 99.88 per cent comprising 5,14,53,313 equity shares are in the dematerialised form.

### 16. Financial calendar (tentative and subject to change)

Particulars	Date
Annual General Meeting	27 August 2004
Financial reporting for 1st quarter ending 30 June 2004	31 July 2004
Financial reporting for 2nd quarter ending 30 September 2004	31 October 2004
Financial reporting for 3rd quarter ending 31 December 2004	31 January 2005
Financial reporting for the year ended 31 March 2005 (audited)	30 June 2005
Annual General Meeting for year ended 31 March 2005	August, 2005

### 17. Plant locations

The details of regional offices of the company are available on the page three of this report.

### 18. Investors' correspondence

Investors' correspondence may be addressed to:

**Alpa Shah**, *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: [alpa@balajitelefilms.com](mailto:alpa@balajitelefilms.com)





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Any queries relating to the financial statements of the company may 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](mailto: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 a non-executive Chairman, who is entitled to maintain a Chairman's office at the company's expense. 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 30 January 2003.

#### **c. Shareholder rights**

Balaji Telefilms has been sending a copy of its half-yearly results to each household of shareholders starting from the half-year ended 30 September 2001.

#### **d. Postal ballot**

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

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A U D I T O R S ' R E P O R T O N  
C O R P O R A T E G O V E R N A N C E

To the Members of

BALAJI TELEFILMS LIMITED

We have examined the compliance of conditions of corporate governance by BALAJI TELEFILMS LIMITED, for year ended 31st March 2004, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

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

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

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  
Membership no. 31467  
Mumbai, 21st May, 2004

For Snehal & Associates  
Chartered Accountants

(Snehal Shah)  
Proprietor  
Membership no. 40016  
Mumbai, 21st May, 2004