

Results for the quarter ended December 31, 2004 compared to previous quarter ended September 30, 2004

Financial Highlights

- Income from operations up from Rs. 452.45 mn to Rs.517.31 mn, an increase of 14%
- Operating profit marginally down from Rs 177.11 mn to Rs 166.85 mn, a decrease of 5%
- Profit after tax down from Rs 112.83 mn to 93.46 mn, a decrease of 17%

Operational highlights

- Balaji's programming continues to dominate 13 of the top 13 programmes and 30 of the top 50 programmes in Hindi Cable & Satellite Channels.
- 3 new shows were launched during the quarter.

Kitni Mast Hai Zindagi on MTV, Mon-Thu 8 pm (half hour, 4 days a week)
 Kanavaru Kaaha on Sun TV, Mon-Fri 10.30 pm (half hour 5 days a week)
 Kadambari on Udaya TV , Mon-Fri 7.30 pm (half hour 5 days a week).

Other highlights

The Company has received the requisite statutory approvals for investment by Asian Broadcasting FZ – LLC (ABF) for investment up to 25.99% of the Company's post issue capital. On January 10, 2005 subsequent to receipt of the monies aggregating to Rs 12,324.77 lacs the Company has issued 13,694,193 equity shares of Rs 2/- each at a premium of Rs 88/- per share to ABF representing 21% of the post issue capital of the Company. Further, in view of ABF having acquired 7,328,379 equity shares representing 11.24% of the post issue capital of the Company through the open offer, warrants will not be issued to ABF. ABF is required to divest the excess shareholding in the Company so as to comply with the limit specified in the statutory approval.

The Board of Directors declared an interim dividend of Rs 16 per equity share of Rs 2/- each aggregating to Rs 8,242.60, lacs which has been disbursed on 25th January, 2005.

Results for the quarter ended December 31, 2004

The un audited financial results for the quarter ended December 31, 2004 were taken on record by the Board at its meeting held on January 31, 2005.

The profit and loss account is summarized below: (in Rs. mn except per share data)

Particulars	Quarter ended December 31,		Growth%	Quarter ended Sep 30 2004	Growth % in Q3 FY05 Over Q2FY05	Year ended March 31, 2004 (Audited)
	2004	2003				

INCOME FROM OPERATIONS	517.31	440.80	17.36	452.45	14.33	1782.96
TOTAL EXPENDITURE	350.46	204.17	71.65	275.35	27.28	915.38
OPERATING PROFIT	166.85	236.63	-29.49	177.10	-5.79	867.58
Interest	0.27	0.05	-	0.24	-	0.23
Depreciation	23.54	19.85	18.59	21.99	7.05	77.37
OPERATING PROFIT AFTER INTEREST & DEPRECIATION	143.04	216.73	-34.00	154.87	-7.64	789.98
Other Income	3.60	7.65	-52.94	15.32	-76.49	61.53
PROFIT BEFORE TAX & WRITE OFFS	146.64	224.38	-34.65	170.19	-13.84	851.51
Provision for Taxation	53.19	77.51	-31.38	57.36	-7.27	297.43
NET PROFIT AFTER TAX	93.45	146.87	-36.37	112.83	-17.18	554.08
EARNINGS PER SHARE (Face Value is Rs. 2)	1.81	2.85	-36.49	2.19	17.35	10.75
DIVIDEND PER SHARE (Face Value is Rs. 2)	16.00	-		-		3.00
Dividend declared as a % of par value	800%	-				150%
KEY RATIOS						
Operating Profit Margin (%)	32.25%	53.68%		39.14%		48.66%
Net Profit Margin (%)	18.06%	33.32%		24.94%		31.08%

Management discussion and analysis on Un audited Financial Results of the Company for the Quarter ended 31.12.2004

Revenues :

The Company recorded income from operations of Rs. 517.31 mn during the quarter, up by 14% q-o-q. Revenue contribution from commissioned programming was Rs. 425.93 mn, against 382.54 mn in the previous quarter while that of sponsored programming was Rs 88.71 mn against Rs 66.79 mn. The realization per hour for commissioned programming was Rs 1.73 mn against Rs 1.88 mn in the previous quarter while that of sponsored programming was Rs 0.43 mn against Rs 0.37 mn. The increase in the revenues from commissioned programming is due to the launch of new shows on MTV, Zoom, Hungama and Star during September-October 2004. The increase in the revenues from sponsored programming is due to higher realizations.

The revenue-wise distribution between commissioned and sponsored programming during the quarter ended December 31, 2004, December 31, 2003 and September 30, 2004, is as follows:

Programming	Rs. mn			Percentage		
	Q3FY05	Q3FY04	Q2FY05	Q3FY05	Q3FY04	Q2FY05
Commissioned (incl. Repeat programming)	425.93	377.01	382.54	82	86	85
Sponsored (incl. Exports)	91.38	63.79	69.91	18	14	15
	517.31	440.80	452.45	100	100	100

Channel Wise Revenue

The Channel wise Revenue distribution during the quarter ended December 31, 2004, December 31, 2003 and September 30, 2004, is as follows:

Channels	Rs. mn			Percentage		
	Q1FY05	Q1FY04	Q4FY04	Q1FY05	Q1FY04	Q4FY04
Star, Sony, Zee & Sahara	380.58	364.90	382.99	84	82	86
Gemini	42.61	45.68	47.82	9	10	6
Udaya	20.46	34.77	29.01	5	8	8
Surya	0.56					
DD Network	06.90		6.60	2		
	451.11	445.35	466.42	100	100	100

Programming Mix

Commissioned & Sponsored Programs

The hour wise programming distribution during the quarter ended December 31, 2004, December 31, 2003 and September 30, 2004, is as follows:

Programming	No. of Hours			Percentage		
	Q3FY05	Q3FY04	Q2FY05	Q2FY05	Q2FY04	Q1FY05

Commissioned	246.00	207.00	203.00	54	56	53
Sponsored	207.00	164.50	180.50	46	44	47
Total	453.00	371.50	383.50	100	100	100

Other Income

The Other Income during the quarter was Rs. 3.60 mn against Rs. 15.31 mn in the previous quarter.

Margins

The operating margins reduced from 39% to 32% during the quarter due to the launch of new serials during the period September – October 2004. This can be considered as a temporary drop in the margins since it takes about 4-6 months for any new show to break even.

Gross Block

The Company's gross block increased from Rs. 513.72 mn to Rs. 534.60 mn as on December 31, 2004.

During the period, the Company mainly invested in construction of sets/studios.

Investments

As on 31.12.2004, the Company's investments were at Rs. 806.31mn. The Company invested surplus funds in liquid mutual funds with the principal aim of safety.

Debtors

The Company's debtors in days of turnover) has increased from 81 days to 88 days as on 31.12.2004.

Inventories

The Company's inventories (in days of turnover) increased from 25 days to 35 days as on 31.12.2004 largely on account of the incomplete feature films under production. The Company's inventories comprise of completed episodes waiting to be aired, incomplete episodes, stock of videotapes and related material and feature films.

Loans and advances

Loans and advances decreased from Rs 165.09 mn to Rs 147.82 mn as on 31.12.2004. The Company's principal loans and advances comprised lease deposits for offices / studios.

Change in Programming during the quarter

- The Company launched following serials during the quarter ended 31st Dec, 2004.

Serial	Channel	Frequency
Kitni Mast Hai Zindagi	MTV	4 days
Kanavaru Kaaha	Sun TV	5 days
Kadambari	Udaya TV	5 days

Serials on air

As on 31.12.2004 the following 21 serials of the Company were on air on various channels.

Serial	Channel	Frequency	TRPs	Top TRPs on the same channel
Sponsored Serials (37 Shows)				
Kavyanjali	Gemini TV	5 Days	14.85	19.69
Kkalavari Kkodal		5 Days	15.09	
Kumkuma Bhagya Kanyadaana Kadambarii	Udaya TV	5 Days	8.62	12.37
		5 Days	9.18	
		5 Days	7.16	
Kayaamat	Doordarshn	2 Days	25.51	25.51
Kanavaru Kkaha	Sun TV	5 Days	11.58	36.10
Kavyanjali	Surya TV	5 Days	18.65	18.65
Commissioned Serials (39 Shows)				
Kyunki Saas Bhi Kabhi Bahu Thi Kahaani Ghar Ghar Kii	Star Plus	4 Days	15.97	15.97
		4 Days	12.41	
Kstreet Pali Hill		4 Days	3.09	
Kasautii Zindagi Kay		4 Days	13.19	
Kaahin To Hoga		4 Days		

Kesar		4 Days	8.98	
Karma		1 Day	4.88	
			1.97	
Kkusum	Sony TV	4 Days	4.24	5.05
Koi Dil Mein Hain		1 Day	1.75	0.11
Kya Kahein	Zoom	1 Day	0.09	0.36
Kosmiic Chat	Hungama	1 Day	0.05	0.21
Karthika	MTV	3 Days	0.12	
Kitni Mast Hai Zindagi		4 Days	0.21	

{(Source – TAM Ratings for the week ended 01/01/05, Category – Female 15 Plus) except Zoom, MTV and Hungama- category MF 4+}

For further information on results, please contact us on following nos.:

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Safe Harbor

Certain statements in this update concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.