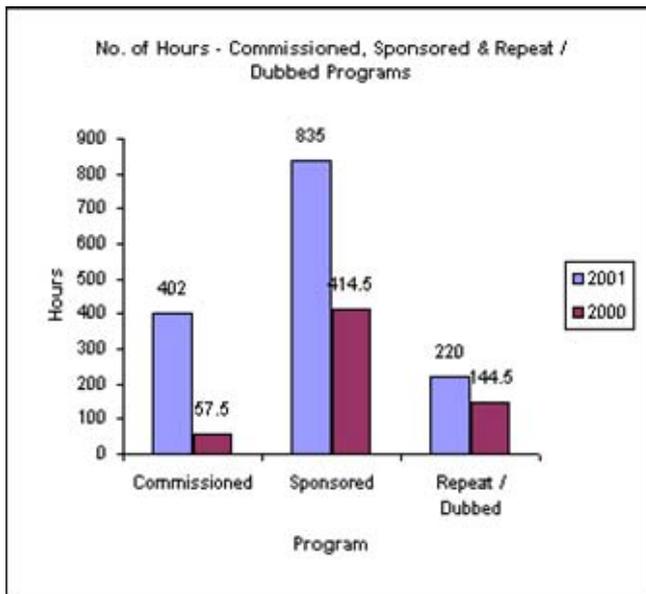


An update from Balaji Telefilms Limited

- During the year, the Company has achieved sales turnover of Rs. 488.63 millions against Rs. 201 millions in the last accounting year, clocking a growth of 143%. This growth has been achieved on the back of increase in programming hours, which has gone from 616.50 hours in the last accounting year to 1457 hours in the current year, representing a growth of 136%.
- Profit after Tax is lower by Rs. 53.4 millions due to change in accounting policy with regard to writing off of cost of production of serials pertaining to sponsored category from 60% in the first year to 100%.
- Had there been no change in accounting policy, the profit for the year would have been Rs. 96.95 millions showing a growth of 126 % over the previous year.
- The operating margin has gone up in Q4 to 20.50% compared to 17.42% in Q3 on complete write-off basis, consequently the net profit margins have gone up from 12.10% to 15.21%.
- As on March 31, 2001, Balaji has television software library of 1831.50 hours.
- **Programming Mix**

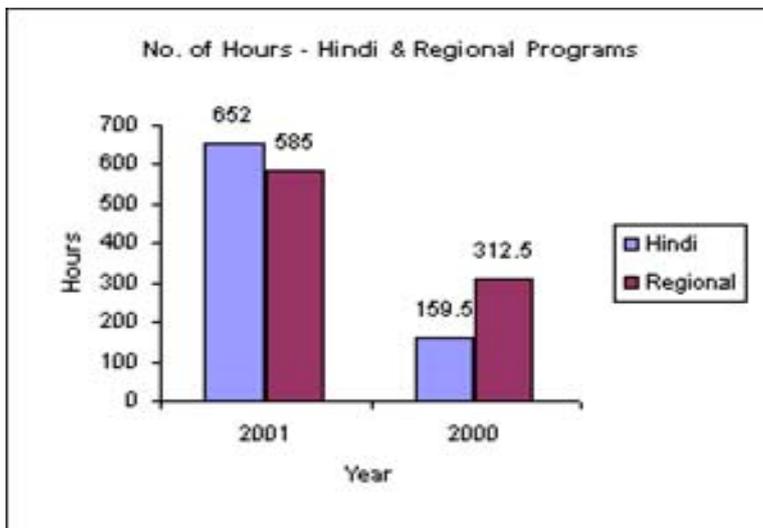
Commissioned & Sponsored Programs

During the year under review, we have seen competition amongst satellite channels getting fierce and the reach of satellite growing, which resulted in higher demand for better quality programs and increase in value of programs. Further, the southern regional markets has achieved higher growth vis-à-vis other regional markets. Consequently, the share of national network has seen a slide. In view of this, the company has increased its focus during the year in the commissioned and regional segment of business. During the year, the share of commissioned programming, in terms of hours of programming, has increased to 28% from 9 % in the last year.



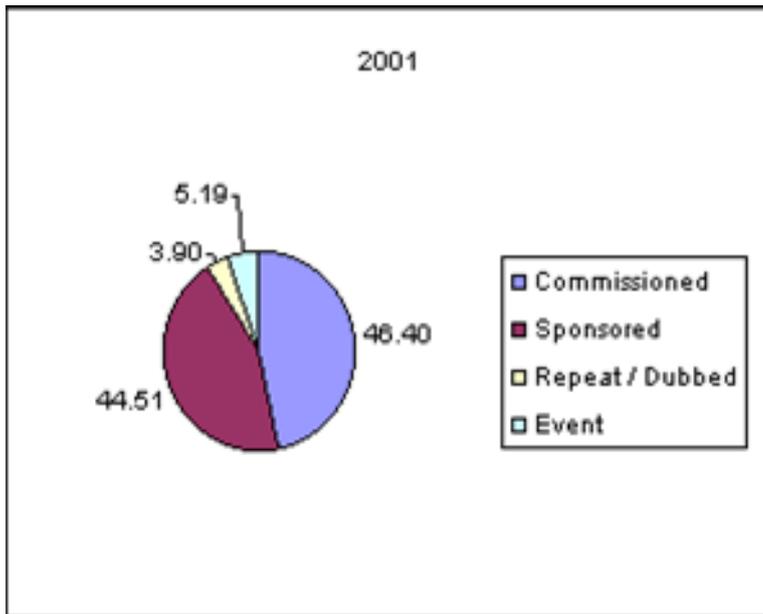
Hindi & Regional Programs

As mentioned earlier, due to the increased focus of the Company during the year, on satellite channels, the share of Hindi Programming has increased to 45% from 26% in the last year.

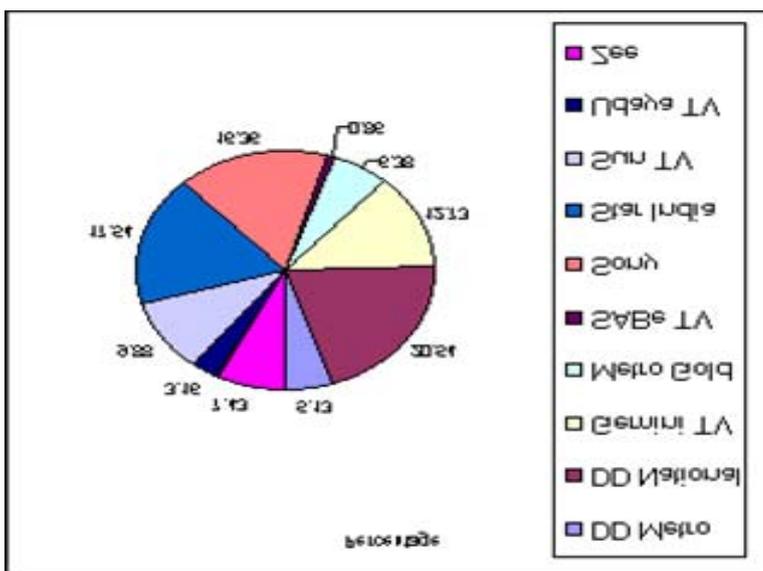


- **Revenue Mix – Share of Commissioned, Sponsored, Repeat/Dubbed & Event**

The share of satellite channels in the revenue has gone up to 46.4% during the year. This has resulted in further derisking company's revenues, since in the commissioned programming the company does not take risk of ad revenues. Moreover, with the successful negotiation of better incentives for TRPs the company has achieved the objective of possibility of realising higher revenues for its popular programmes.



- **Revenue Mix – Channel wise**



- **Serials currently on air**

The Company's programs are very popular with the audiences, which is manifested by the fact that in C&S Households across channels, Female 15+ category, the top 8 programs are of Balaji and also amongst top 50 shows, Balaji has 23 shows.

Currently, Balaji produces 20 serials across various channels, aggregating to 67 shows in a week.

The serials currently on air are as follows:

Sr. No.	Serial	Frequency in a week	Latest TRP*
<u>DD National</u>			
1	Kasamm	5 Days	11.67
2	Kuch Khona Hai Kuch Pana Hai	1 Day	10.23
<u>DD Metro</u>			
3	Kaliren	5 Days	12.07
<u>Sun TV</u>			
4	Kelunga Mamiyare...	5 Days	22
<u>Gemini TV</u>			
5	Pavitrabandham	5 Days	16.8
6	Pelli Kanuka	1 Day	4.66
7	Kalisundamra	5 Days	13.97
<u>Udaya TV</u>			
8	Kavyanjali	5 Days	16.69
<u>Star Plus</u>			
9	Kyunki Saas Bhi Kabhi Bahu Thi	4 Days	13.5
10	Kahani Ghar Ghar Kii	4 Days	12.57
11	Kaahin Kissii Roz	4 Days	3.94
12	Kalash	1 Day	6.2
<u>Sony TV</u>			
13	Kkusum	4 Days	4.59
14	Itihaas	5 Days	
15	Ghar Ek Mandir	5 Days	2.33
<u>Zee TV</u>			
16	Koshish Ek Aasha	1 Day	2.31
<u>Metro Gold</u>			
17	Kabhi Souten Kabhi Saheli	4 Days	19.31
18	Kavita	1 Day	14.2
19	Kundali	1 Day	15.6
<u>SABe TV</u>			
20	Karam	1 Day	

* source – INTAM Female 15+ week ended 17/6/2001.

- **Serials went off air during the year**

Following serials went off air during the year.

Name of the Serial	Channel	Frequency
Hum Paanch	Zee TV	1 Day
Kashti	Zee TV	1 Day
Kanyadaan*	Sony TV	1 Day
Captain House	Doordarshan	1 Day
Bandhan	Doordarshan	5 Days
Karma – Mayavi Nagari	Doordarshan	1 Day
Kaun	Doordarshan	1 Day
Kulavillaku*	Sun TV	5 Days
Pasamaralgai	Sun TV	5 Days
Anubandham	Gemini TV	5 Days
Kutumbam	Gemini TV	5 Days
Itihaasa	Udaya TV	5 Days

* - went off air after March, 2001.

- **New Serials launched during the year**

Following new serials were launched during the year:

Name of the Serial	Channel	Frequency
Ghar Ek Mandir	Sony TV	5 Days
Itihaas (repeat)	Sony TV	5 Days
Kkusum*	Sony TV	4 Days
Kyunki Saas Bhi Kabhi Bahu Thi	Star India	4 Days
Kahani Ghar Ghar Kii	Star India	4 Days
Kalash	Star India	1 Day
Kaahin Kissii Roz*	Star India	4 Days
Kundali	Metro Gold	1 Day
Kavita	Metro Gold	1 Day
Kabhi Souten Kabhi Saheli	Metro Gold	4 Days
Karam	SABe TV	1 Day
Kasamm	Doordarshan	5 Days
Kuch Khona Hai Kuch Pana Hai	Doordarshan	1 Day
Kaliren	DD Metro	5 Days
Kelunga Mamiyare...*	Sun TV	5 Days
Kavyanjali	Udaya TV	5 Days
Pavitra Bandham	Gemini TV	5 Days
Kalisundhamra	Gemini TV	5 Days

* - went on air after March, 2001.

- **Serials likely to go off air in Q2 of 2002**

Following serials are likely to go off air in Q2 of 2002:

Name of the Serial	Channel	Frequency
Ghar Ek Mandir	Sony TV	5 Days
Kuch Khona Hai Kuch Pana Hai	Doordarshan	1 Day
Kaliren	DD Metro	5 Days

- **New Serials likely to go on air in Q2 of 2002**

Following serials are likely to go on air in Q2 of 2002:

Name of the Serial	Channel	Frequency
Kasauti Zindagi Ki	Star India	5 Days
Kockh	Zee TV	5 Days

- **Film Production**

The Company plans to make small budget commercial movies in future with the objective of making its presence on the week end slots of channels and getting into high value programming. The company is confident that its creative abilities could be utilized for making content-based entertainment movies, which has high potential on satellite channels. The budget of these movies would be ranging from 3 to 5 crores. The movies would be tied up before launching. The Company is working on the modalities and economic viabilities of these movies and will take up production only after careful study of economic and marketing viability. The Company does not intend to make high budget star studded movies keeping in mind its conservative approach in taking risks involved in them.

- **Event Programming**

During the year under review, Balaji made foray into Event Programming by organising a star studded event called "Millennium Mast 2001" on December 15, 2000. The event was telecast on DD1 on New Year's eve and well received by the audience. The company has sold the satellite rights to Star India and plans to re-run the same on DD towards the end of Q2, or beginning of Q3, of 2002. The Company plans to do event programming only if there is a good opportunity in the market for such events.

- **Merger of Nine Network Entertainment India Pvt. Ltd. (NNE), a wholly owned subsidiary of HFCL – Nine Broadcasting India Limited (NBI) with Balaji Telefilms Limited called off**

The Boards of Directors of Balaji Telefilms Limited and Nine Network Entertainment India Private Ltd. in their respective Board Meetings held on May 9, 2001 have decided not to proceed with the merger of Nine Network Entertainment India Private Ltd. with Balaji Telefilms Limited. Both Balaji Telefilms and Nine Network feel it is in their respective commercial interests not to proceed with the merger at this stage as the synergies that were anticipated to arise from the proposed merger are no longer seen to exist. As a result there would not be any dilution in the equity capital of the Company.

Safe Harbor Provision

Certain statements in this release 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.