

Results for the quarter ended September 30, 2002 compared to corresponding quarter in the previous year

Financial Highlights

- Income from operations up from Rs 236.21 mn to Rs. 489.63 mn, an increase of 107.28%
- Profit Before Write off and Tax up from Rs 97.59 mn to Rs 239.66 mn, an increase of 145.59%
- Profit After Tax up from Rs 66.24 mn to Rs 152.88 mn, an increase of 130.80%
- Earnings per share up from Rs 6.43 to Rs 14.84, an increase of 130.80%
- Realization per hour up from Rs 0.68 mn to Rs 1.14 mn, an increase of 67.65%
- Operating profit margin up from 39.91% to 50.92%
- Net profit margin up from 28.04% to 31.22%

Operational highlights

- The fresh programming hours increase from 344.50 hrs to 429.50 hours, an increase of 24.67%
- The share of commissioned programming in the revenues has gone up from 68% to 90%
- Increased focus on commissioned and regional segment of business
- Rates of serials on Star Plus revised upwards
- Weekend Program "Kya Haadsa Kya Haqueqat" launched during the quarter on Sony TV sustained on TRP charts, creating a new weekend slot despite strong competition from other channels
- Balaji's programming continues to dominate 16 of the top 20 programmes in Hindi Cable & Satellite Channels.

Other highlights

- Declared an Interim Dividend of Rs. 1.50 per share (75% on an equity share of par value of Rs. 2 each) as compared to Rs. 2.50 per share (25% on an equity share of par value of Rs. 10 each) for the corresponding quarter in the previous year
- Face Value of the Company's shares subdivided from Rs. 10 to Rs. 2 leading to improvement in liquidity and larger participation from small investors
- BSE shifted Balaji Telefilms scrip from B1 Group to A Group, effective from Nov, 11 2002
- Company received the prestigious Economic Times Award for "Emerging Company of the Year 2001-2002". The citation – *"for rewriting the script of television programming, for unrivalled mastery over prime time and for delivering consistent rewards to shareholders"*

Results for the quarter ended September 30, 2002 (Rs. In Lakhs)

The un-audited financial results for the quarter ended September 30, 2002 were taken on record by the Board at its meeting held on October 22, 2002.

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

Particulars	Quarter ended September 30,		Growth%	Quarter ended June 30, 2002	Growth % in Q2 FY03 over Q1FY03	Year ended March 31, 2002 (Audited)
	2002	2001				
INCOME FROM OPERATIONS	489.63	236.21	107.28	397.75	23.10	1102.95
TOTAL EXPENDITURE	240.32	141.94	69.30	184.93	29.95	643.23

Results for the half-year ended September 30, 2002 (Rs. In Lakhs)

The un audited financial results for the half year ended September 30, 2002 were taken on record by the Board at its meeting held on October 22, 2002. The profit and loss account is summarized below (in Rs. mn except per share data.

Particulars	Half year ended September 30,		Growth%	Year ended March 31, 2002 (Audited)
	2002	2001		
INCOME FROM OPERATIONS	887.38	472.80	87.69	1102.95
TOTAL EXPENDITURE	425.25	305.62	39.14	643.23
OPERATING PROFIT	462.13	167.17	176.44	459.73
Interest	0.23	0.16	41.36	0.39
Depreciation	19.25	3.74	414.74	10.66
OPERATING PROFIT AFTER INTEREST & DEPRECIATION	442.65	163.27	171.11	448.68
Other Income	0.40	5.55	(92.87)	28.14
PROFIT BEFORE TAX	443.05	168.82	162.44	476.82
Provision for Taxation	158.55	37.5	322.80	155.28
Deferred Revenue Expenditure w/off	4.79	15.70	(69.46)	31.39
NET PROFIT AFTER TAX	279.71	115.63	141.91	290.15
EARNINGS PER SHARE	27.14	11.23	141.91	28.16
DIVIDEND PER SHARE	1.50	2.50		5.00
Dividend declared as a % of par value	75%	25%		50%
KEY RATIOS	52.08%	35.36%		41.68%
Operating Profit Margin (%)	31.52%	24.46%		26.31%

Management discussion and analysis on un audited Financial Results of the Company for the Quarter and Half Year ended 30.09.2002

Revenues:

The Company recorded income from operations of Rs. 489.63 mn during the quarter

ended September 30, 2002, up 107.28% y-o-y. During the quarter, the company has witnessed and benefited from the willingness of the competing satellite channels to pay more for better quality content. Further, the southern regional markets have achieved higher growth vis-à-vis other regional markets. In view of this, the company has increased its focus in the commissioned and regional segment of business.

Revenue Mix

The share of commissioned programming in the revenues has gone up to 90% during the quarter ended September 30, 2002 due to increase in programming hours and realizations per hour on satellite channels. This has further de-risked the company's revenues, as the company does not take the risk of ad revenues in the commissioned programming. Also, with continuous improvement in quality of sets, storyline and production values, the company's popular programs have continued to enjoy high viewer ship. In recognition of this, satellite channels have agreed to pay higher rates for these programs, helping the company achieve the objective of realizing higher revenues for its popular programmes. Moreover, no single program accounts for more than 15% of the total revenues.

The revenue-wise distribution between commissioned and sponsored programming during the quarter ended September 30, 2002, September 30, 2001 and June 30, 2002, is as follows:

Programming	Rs. mn			Percentage		
	Q2FY03	Q2FY02	Q1FY03	Q2FY03	Q2FY02	Q1FY03
Commissioned (incl. Repeat programming)	440.50	160.54	342.58	90	68	86
Sponsored	49.13	75.67	55.17	10	32	14
	489.63	236.21	397.75	100	100	100

Channel Wise Revenue

The Channel wise Revenue distribution during the quarter ended September 30, 2002, September 30, 2001 and June 30, 2002, is as follows:

Channels	Rs. mn			Percentage		
	Q2FY03	Q2FY02	Q1FY03	Q2FY03	Q2FY02	Q1FY03
Star, Sony & Zee	440.50	138.18	342.58	90	59	86
Sun	-	10.40	-	-	4	-
Gemini	28.26	28.38	36.62	6	12	9
Udaya	20.87	11.92	18.55	4	5	5
DD Network	-	24.97	-	-	11	-
Metro Gold	-	17.46	-	-	7	-

SABe TV	-	4.89	-	-	2	-
	489.63	262.12	397.75	100	100	100

Programming Mix

Commissioned & Sponsored Programs

With increasing popularity of Company's programs, there has been strong demand from leading satellite channels for daily soaps with better budgets. Consequently, during this period, company continued its focus on satellite channels. The Company also launched one more program on Udaya TV in order to consolidate its presence in the regional channel.

Programming	No. Of Hours			Percentage		
	Q2FY03	Q2FY02	Q1FY03	Q2FY03	Q2FY02	Q1FY03
Commissioned	287	184.50	261.50	66	54	67
Sponsored	142.50	160	130	34	46	33
	429.50	344.5	391.5	100	100	100

Balaji's programs occupy 48 slots in top 100 slots and 65 slots in top 150 slots. Balaji's contribution to leading channel's TRP in top 100 slots is given below:

Channel	% Contribution of Balaji Serials to channel's TRPs in top 100 slots
Star Plus	55.80
Sony TV	72.11
Zee TV	66.99

(Source – TAM Ratings for the week ended 5/10/02, Category – Female 15 Plus, 29 cities) Age profile of Balaji's programmes on satellite channels and their contribution in terms of TRPs is given below:

Balaji Programmes	TRP Share (%)
Older than 18 months	41.56
Between 12-18 months	26.13
Lesser than 12 months	32.30

(Source – TAM Ratings for the week ended 5/10/02, Category – Female 15 Plus, 29 cities) It may be noted from the above statistics that the company is able to maintain high viewer ship and in turn higher realization for its older programs by adapting the content to changing viewer taste.

Other Income: The Other Income during the quarter was Rs. 0.25 mn against Rs. 5.55 mn in the corresponding quarter in the previous year. The other income has come down due to the Company's decision of switching the mutual fund investments from dividend option to growth option, since the dividend income has become taxable with effect from 1st April, 2002.

Gross Block: The Company's gross block increased from Rs. 190.35 mn in FY02 to Rs. 262.48 mn as on September 30 2002. This was mainly on account of investments made in equipments and studios. During the period, the Company acquired production and post-production equipments to the extent of Rs. 47 mn to meet the increased programming requirements. The Company has also invested Rs. 10.57 mn on creation of the state-of-art studios for its existing programmes. Also, the Company has taken on lease around 25,000 sq. ft. of land in Mumbai to build state-of-art studios for its future programmes. This will lead to substantial improvement in operational efficiencies and give the Company a significant cost and quality advantage over competition.

Investments: As on 30.09.2002, the Company's investments were at Rs. 317.59 mn. The Company invested the surplus funds in debt mutual funds, banks and high quality debt paper with the principal aim of safety rather than high returns. *The market value of investments as on 30.09.2002 was Rs. 343.60 mn*

Debtors: The Company's debtors (in days of income) increased from 71 days in FY02 to 88 days in First Half of FY03. The Company's revenues comprised inflows from advertising companies (sponsored programmes) and satellite channels (commissioned programmes). This was mainly on account of delay in payments being made by a leading channel.

Inventories: The Company's inventories (in days of turnover) fell from 12 days in FY02 to 9 days in the First Half of FY03. The Company's inventories comprised completed episodes waiting to be aired, incomplete episodes, stock of videotapes and related material

Loans and advances: Loans and advances increased from Rs 253.20 mn in FY02 to Rs 393.30 mn in the First Half of FY03. The Company's principal loans and advances comprised lease deposits of Rs. 64.96 mn and advance taxes of Rs. 315.49 mn.

Change in Programming during the quarter

Serial	Channel	Frequency
Kammal	Zee TV	4 Days
Kya Haadsa Kya Haqueqat	Sony TV	4 Days
Kshana Kshana	Udaya TV	5 Days

The Following serials of the Company went off air during the quarter ended 30th September 2002.

Serial	Channel	Frequency
Kalash	Star Plus	1 Day

Serials on air· As on 30.09.2002 the following 16 serials of the Company were on air on various channels.

Serial	Channel	Frequency	TRPs	Top TRPs on the same channel
Sponsored Serials (25 Shows)				
Pavitrabandham	Gemini TV	5 Days	25.9	27.4
Kkalavari Kkodalalu		5 Days	22.45	
Kavaludaari	Udaya TV	5 Days	11.58	16.12
Kannadi		5 Days	13.58	
Kshana Kshana		5 Days	8.35	
Commissioned Serials (43 Shows)				
Kyunki Saas Bhi Kabhi Bahu Thi	Star Plus	4 Days	12.43	12.43
		4 Days	11.65	
		4 Days	7.75	
		4 Days	10.69	
		4 Days	3.76	
		4 Days	3.76	
Kkusum	Sony TV	4 Days	5.71	5.71
		4 Days	3.03	
		4 Days	1.57	
		3 Days	2.17	
Kohi Apna Sa	Zee TV	4 Days	2.65	2.65
		4 Days	1.42	

(Source – TAM Ratings for the week ended 5/10/02, Category – Female 15 Plus, 29 cities)

Forthcoming Launches

The Company is launching two serials during the quarter ending December 31, 2002, one each on Star Plus and Sahara TV.

The serial to be launched on Star Plus tentatively titled "Kaalki" is a high value weekend show of 1hour duration and is scheduled to be launched in the month of November, 2002. "Kaalki" is second in the series of weekend programming being planned by the Company. The first weekend serial - "Kya Haadsa Kya Kaqueqat" - which was launched on Sony TV during the quarter has evoked encouraging response from the viewers, which is manifested in the significant improvement in TRPs. With this success, the company has created a new weekend slot.

The serial to be launched on Sahara TV called "Kahin To Milenge" is a daily soap of ½ hour duration on prime time and is also scheduled to be launched in the month of November, 2002. The programme is expected to improve the viewer ship of the channel during the prime time and become the most dominant programme on Sahara TV, which will help Sahara TV to begin making gradual improvements in its overall viewership. Moreover, the Company's realizations for the programme on Sahara TV are almost at par with its new programming on other leading channels.

These new launches will add 5 hours of new programming per week.

Interim Dividend

The Company has declared an interim dividend of Rs. 1.50 per share (75% on an equity share of par value of Rs. 2 each) for the quarter and half year ended 30th September 2002. An interim dividend of Rs. 2.50 per share (25% on an equity share of par value of Rs. 10 each) was declared for the corresponding quarter and half year in the previous year. The record date for payment of dividend will be November 12, 2002.

Senior Management Changes

Mr. Chandresh Gandhi and Mr. Rakesh Roshan, Directors have resigned from the Board of Directors of the Company with effect from 2nd September, 2002. Mr. Dhruv Kaji, has been appointed as Additional Director to hold the office till the conclusion of the next annual general meeting of the Company. Mr. Kaji will also hold the position of the Chairman of the Audit Committee. Mr. Kaji, a Chartered Accountant by profession, is an eminent management consultant and also independent director on the Board of several companies.

As a part of management restructuring exercise, Mr. Rajesh Pavithran, Vice President – Marketing, has been re-designated as Chief Operating Officer and Mr. Ajay Patadia, Company Secretary, has been re-designated as President – Corporate Affairs & Company Secretary.

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.