



Balaji Telefilms Limited

C-13, Balaji House, Dalia Industrial Estate, Opp. Laxmi Industries, New Link Road, Andheri (West), Mumbai - 400 053. India.
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NOTICE OF POSTAL BALLOT

{Pursuant to section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001}

NOTICE is hereby given that approval of the shareholders of Balaji Telefilms Limited (the "Company") is sought in respect of the following special business, proposed to be passed by postal ballot:

Item 1

Re appointment of Ms Shobha Kapoor as Managing Director of the Company and Payment of Remuneration to her

To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act or any other modification or re-enactment thereof and pursuant to recommendation of the Remuneration Committee and Board of Directors and subject to approval of the Central Government, if required and subject to such terms and conditions as may be imposed by the Central Government while granting such approval, if any, the consent of the Company be and is hereby accorded for re-appointment of Ms Shobha Kapoor as Managing Director, of the Company for a further period of 3 (three) years commencing from November 10, 2009 on following terms and conditions :

1. Basic Remuneration: an amount not exceeding Rs. 4,60,000 p.m. (i.e. Rs. 55,20,000/- p.a.) as Basic Salary and
2. Commission: not exceeding 2.5 % of Net profit as computed in terms of provisions of Sections 198, 309, 349, 350 of the Companies Act, 1956 and
3. Perquisites, allowances & benefits: Payment of such other perquisites, allowances and /or benefits as detailed in the Explanatory Statement attached to the Notice; however the aggregate value of the all such perquisites, allowances & benefits shall not exceed 100 % of the Basic Remuneration.
4. And payment of such other bonus, performance incentives and other additional perquisites as may be determined by the Board / Remuneration Committee from time to time within the limits provided under Sections 198, 269, Schedule XIII of the Act, or otherwise approved by the Central Government.

"RESOLVED FURTHER THAT while computing monetary value of the above said remuneration, the following perquisites shall not be included in the computation of the ceiling on remuneration:

- A. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961
- B. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- C. Encashment of leave at the end of the tenure.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the term of the Managing Director, Ms Shobha Kapoor will be paid the remuneration by way of Salary, Commission, Perquisites, allowances & benefits as specified above as minimum remuneration subject to the limits set out in Schedule XIII of the Companies Act, 1956, from time to time unless otherwise approved by the Central Government.

"RESOLVED FURTHER THAT the appointment may be terminated by either party by giving twelve months' written notice to the other party."

Item 2

Appointment of Ms Ekta Kapoor as Joint Managing Director of the Company and Payment of Remuneration to her

To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**

“RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act or any other modification or re-enactment thereof and pursuant to recommendation of the Remuneration Committee and Board of Directors and subject to approval of the Central Government, if required and subject to such terms and conditions as may be imposed by the Central Government while granting such approval, if any, the consent of the Company be and is hereby accorded for appointment of Ms Ekta Kapoor as Joint Managing Director, of the Company for a period of 3 (three) years commencing from November 10, 2009 on following terms and conditions :

1. Basic Remuneration: an amount not exceeding Rs. 5,52,500 p.m. (i.e. Rs. 66,30,000/- p.a.) as Basic Salary and
2. Commission: not exceeding 2.5% of Net profit as computed in terms of provisions of Sections 198,309, 349, 350 of the Companies Act, 1956 and
3. Perquisites, allowances & benefits: Payment of such other Perquisites, allowances and or benefits as detailed in the Explanatory Statement attached to the Notice; however the aggregate value of all such Perquisites, allowances & benefits shall not exceed 100% of the Basic Remuneration.
4. And payment of such other bonus, performance incentives and other additional perquisites as may be determined by the Board / Remuneration Committee from time to time within the limit provided under Sections 198, 269, Schedule XIII of the Act, or otherwise approved by the Central Government.

“RESOLVED FURTHER THAT while computing monetary value of the above said remuneration, the following perquisites shall not be included in the computation of the ceiling on remuneration:

- A. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961
- B. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- C. Encashment of leave at the end of the tenure.

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the term of the Joint Managing Director, Ms Ekta Kapoor will be paid the remuneration by way of Salary, Commission Perquisites, allowances & benefits and as specified above as minimum remuneration subject to the limits set out in Schedule XIII of the Companies Act, 1956, from time to time unless otherwise approved by the Central Government.

“RESOLVED FURTHER THAT the appointment may be terminated by either party by giving twelve months' written notice to the other party.”

Item 3

Appointment of Mr. Ramesh Sippy to the office or place of profit under Balaji Motion Pictures Limited, the wholly owned subsidiary of the Company

To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**

“RESOLVED THAT pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, the consent of the members of the Company be and

is hereby accorded to the appointment of Mr. Ramesh Sippy, who is a relative of the Directors of Balaji Motion Pictures Limited(BMPL), wholly owned subsidiary of the Company, namely Ms Shobha Kapoor, Mr. Jeetendra Kapoor, Ms Ekta Kapoor and Mr. Tusshar Kapoor, for holding an office or place of profit under BMPL as an Advisor for a period of 3 years with effect from October 15, 2009 on the following terms and conditions:

- a) Total remuneration upto a maximum of Rs. 45.0 Lacs p.a.
- b) Reimbursement of out of pocket expenses incurred for the business purpose of the Company upto a maximum of Rs. 10.0 Lacs p.a.

“RESOLVED FURTHER THAT subject to the limits approved hereunder, the terms of appointment shall be reviewed and approved by Ms Shobha Kapoor, Director of BMPL, on a year to year basis, during the above period of 3 years. The above said appointment shall be terminable by giving 30 days advance notice by either party.”

Registered Office:

C-13, Balaji House, Dalia Industrial Estate,
Opp. Laxmi Industries, New Link Road,
Andheri (West), Mumbai – 400 053.

Mumbai, October 15, 2009

By order of the Board of Directors

**Alpa Khandor
Company Secretary**

NOTES:

1. The explanatory statement pursuant to Sections 173(2) and 192A of the Companies Act, 1956, in respect of the business set out above is annexed hereto.
2. Pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 the assent or dissent of the Company in respect of the resolutions under Postal Ballot Notice dated October 15, 2009 shall be determined through Postal Ballot.
3. The Board of Directors has appointed Mr. Nilesh G Shah, the Practicing Company Secretary, as the Scrutinizer for conducting the postal ballot process.
4. Voting rights shall be reckoned on the paid up value of the equity shares registered in the name of the members as on Friday, October 23, 2009.
5. A Member need not use all the votes nor needs to cast all the votes in the same way.
6. Duly completed postal ballot form (refer the instructions to the postal ballot form) should be received by the Scrutinizer not later than the close of working hours on December 5, 2009. Postal ballot forms received thereafter will be treated as if no reply from the member has been received.
7. Envelops containing postal ballot forms, if deposited in person or sent by courier at the expense of the member will also be accepted.
8. The Scrutinizer will submit his final report as soon as possible after the last date of receipt for postal ballot but not later than 3:00 p.m. December 7, 2009.
9. The Chairman or authorised Director shall announce the result of the postal ballot on Monday, December 7, 2009 at 3:30 p.m. at the Registered Office of the Company.
10. The date of declaration of the postal ballot result will be taken to be the date of passing of the resolutions proposed in this notice.
11. The Scrutinizer's decision on the validity of a postal ballot form shall be final.
12. All the documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the registered office of the Company between 1:00 P.M. and 4:00 P.M. on all working days upto December 5, 2009.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) AND SECTION 192A OF THE COMPANIES ACT, 1956:

Item 1

The present tenure of Ms Shobha Kapoor as Managing Director of the Company will expire on November 9, 2009. Considering the progress made by the Company under the able guidance and supervision of Ms Shobha Kapoor and her expertise in financial management matters, it is proposed to re-appoint Ms Shobha Kapoor as Managing Director for period of 3 (Three) years w.e.f. November 10, 2009. It is also proposed to pay remuneration as detailed herein below for period of 3 years w.e.f. November 10, 2009. The proposed remuneration has been approved by the Board of Directors and Remuneration Committee in their respective meetings.

The terms and conditions of payment of remuneration of Ms Shobha Kapoor are as detailed hereunder:

1. **Basic Remuneration:** not exceeding Rs. 4,60,000/- p.m. (i.e. not exceeding Rs. 55,20,000/- p.a.) (excluding commission, allowances, benefits and perquisites payable in twelve (12) equal monthly installments).
2. **Commission:** Commission upto 2.5 % on the net profits of the Company computed in the manner laid down under Sections 198, 309, 349, 350 of the Act, as may be fixed by the Board of Directors / Remuneration Committee in its absolute discretion from year to year to be determined preferably at the time of adoption of the annual accounts each year by the Board of Directors of the Company.
3. **Perquisites, allowances & benefits:** The Managing Director, Ms Shobha Kapoor will also be entitled to receive following Perquisites, allowances & benefits in addition to the Basic Remuneration and Commission, as mentioned herein above. However, the monetary value of such Perquisites, allowances & benefits shall be restricted to a maximum of 100% of Basic Remuneration of the Managing Director. Such value of the perquisites is to be determined in accordance with the relevant rules laid down in this regard under the Income Tax Act, 1961. In the absence of such rules the monetary value of such perquisites shall be determined at cost.

All payments received by the Managing Director pursuant to her appointment as Managing Director would be subject to applicable statutory deductions including tax deduction at source as applicable under the provisions of the Income Tax Act, 1961 and the Rules made there under. The payment of above amount i.e. Basic Remuneration, Commission and Perquisites, allowances & benefits are subject to the overall ceiling laid down under Sections 198, 309, 310 read with limits provided under Schedule XIII of the Act unless otherwise approved by the Central Government.

Perquisites, allowances & benefits:

The Managing Director, Ms Shobha Kapoor will be entitled to the following Perquisites allowances & benefits. The Perquisites, allowances & benefits are broadly classified in to three categories:

PART "A"

(i) Housing:

Managing Director shall be entitled to house rent allowance subject to the ceiling of fifty percent of the basic salary.

The Managing Director is also eligible for reimbursement of expenses incurred by the Managing Director on account of utilization of gas, electricity, water and furnishing.

(ii) Leave Travel Concession/Allowance:

Earned Leave and Leave Travel Concession /Allowance for self and family not exceeding 10% of the basic salary.

(iii) Personal Medical and Accident Insurance:

Personal Medical and Accident Insurance and any other coverage in accordance with the Rules & Regulations of the Company.

(iv) Club Fees:

Fees of maximum 2 (Two) Clubs (inclusive of Admission and Life Membership fees) to be paid to the Managing Director in accordance with the Rules & Regulations of the Company.

(v) Entertainment Expenses:

The reimbursement of actual and properly incurred Entertainment Expenses by the Managing Director for legitimate business of the Company.

(vi) Medical & Other Allowances:

Medical and other allowances not exceeding 30% of the basic salary.

PART "B"

i) Company's contribution to Provident and Other Fund: Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

ii) Gratuity:

Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

iii) Leave Encashment:

Encashment of leave at the end of tenure will be permitted in accordance with the rules of the Company.

PART "C"

i) Car:

The Company shall provide such chauffer driven cars to the Managing Director as may be desired by her for business of the Company.

ii) Telephone:

Personal mobile phones and telephone facilities at the residence of the Ms Shobha Kapoor for use of Company's business.

Any other perquisites, benefits, facilities, allowances and expense as may be decided by the Board from time to time as per the Rules/Schemes of the Company as applicable to Board Members.

The Company shall also pay such amount of Bonus, Performance Incentives and other compensation as may be decided by the Board of Directors / Remuneration Committee from time to time.

The Company shall pay or reimburse the appointee for all the cost, charges, expenses including but not limited to entertainment and traveling that may be incurred by her for the purpose of the business of the Company.

Where, in any financial year during tenure of office of the Managing Director the Company has no profits or its profits are inadequate, the Company shall pay remuneration to the Managing Director by way of Salary, perquisites and other allowance as the case be, such amount not exceeding the limits prescribed in Schedule XIII of the Companies Act, 1956 or within such ceiling limits as may be re-codified unless otherwise approved by the Central Government. The perquisites mentioned in Part "B" however shall not be included in the computation of the ceiling on remuneration as stated above.

The Company has not made any default in repayment of any of its debt (including public deposits) or debentures in the past one year.

Statement of information as required under Schedule XIII, Part II, Section II (B) (IV): As per Annexure "A"

OTHER CONDITIONS:

- (a) The Managing Director shall not be liable to retire by rotation as a Director.
- (b) The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

The above terms and conditions including remuneration may also be treated as an abstract of the terms of appointment of the Managing Director as required under Section 302 of the Companies Act, 1956.

The Directors recommend to the shareholders the adoption of the above resolution as contained in the notice. The copy of draft Agreement containing terms of re-appointment and payment of remuneration to Ms Shobha Kapoor will be available for inspection of the members at the registered office of the Company between 1:00 P.M. and 4:00 P.M. on all working days upto December 5, 2009.

Mr. Jeetendra Kapoor, Ms Shobha Kapoor and Ms Ekta Kapoor, Directors of the Company are deemed to be concerned and interested in the above resolution. None of the other Directors are deemed to be concerned or interested in the above resolution.

Item 2

The present tenure of Ms Ekta Kapoor as Creative Director of the Company will expire on November 9, 2009. Considering the progress made by the Company under the able guidance and supervision of Ms Ekta Kapoor and her expertise in the industry, it is proposed to appoint Ms Ekta Kapoor as Joint Managing Director for period of 3 (Three) years w.e.f. November 10, 2009. It is also proposed to pay remuneration as detailed herein below for period of 3 years w.e.f. November 10, 2009. The proposed remuneration has been approved by the Board of Directors and Remuneration Committee in their respective meetings.

The terms and conditions of payment of remuneration of Ms Ekta Kapoor are as detailed hereunder:

1. Basic Remuneration:

not exceeding Rs. 5,52,500 p.m. (i.e. Rs. 66,30,000 /- p.a.) (excluding commission, allowances, benefits and perquisites payable in twelve (12) equal monthly installments.

2. Commission:

Commission upto 2.5 % on the net profits of the Company computed in the manner laid down under Sections 198, 309, 349, 350 of the Act, as may be fixed by the Board of Directors / Remuneration Committee in its absolute discretion from year to year to be determined preferably at the time of adoption of the annual accounts each year by the Board of Directors of the Company.

3. Perquisites, allowances & benefits:

The Joint Managing Director, Ms Ekta Kapoor will also be entitled to receive following Perquisites, allowances & benefits in addition to the Basic Remuneration and Commission, as mentioned herein above. However, the monetary value of such Perquisites, allowances & benefits shall be restricted to a maximum of 100% of Basic Remuneration of the Joint Managing Director. Such value of perquisites is to be determined in accordance with the relevant rules laid down in this regard under the Income Tax Act, 1961. In the absence of such rules the monetary value of such perquisites shall be determined at cost.

All payments received by the Joint Managing Director pursuant to her appointment as Joint Managing Director would be subject to applicable statutory deductions including tax deduction at source as applicable under the provisions of the Income Tax Act, 1961 and the Rules made there under. The payment of above amount i.e. Basic Remuneration, Commission and Perquisite, allowances & benefits are subject to the overall ceiling laid down under Sections 198, 309, 310 read with limits provided under Schedule XIII of the Act unless otherwise approved by the Central Government.

Perquisites, allowances & benefits:

The Joint Managing Director, Ms Ekta Kapoor will be entitled to the following Perquisites, allowances & benefits. The Perquisites, allowances & benefits are broadly classified in to three categories:

PART "A"

(i) Housing:

Joint Managing Director shall be entitled to house rent allowance subject to the ceiling of fifty percent of the basic salary.

The Joint Managing Director is also eligible for reimbursement of expenses incurred by the Joint Managing Director on account of utilization of gas, electricity, water and furnishing.

(ii) Leave Travel Concession / Allowance:

Earned Leave and Leave Travel Concession / Allowance for self and family not exceeding 10% of the basic salary.

(iii) Personal Medical and Accident Insurance:

Personal Medical and Accident Insurance and any other coverage in accordance with the Rules & Regulations of the Company.

(iv) Club Fees:

Fees of maximum 2 (Two) Clubs (inclusive of Admission and Life Membership fees) to be paid to the Managing Director in accordance with the Rules & Regulations of the Company.

(v) Entertainment Expenses:

The reimbursement of actual and properly incurred Entertainment Expenses by the Joint Managing Director for legitimate business of the Company.

(vi) Medical & Other Allowances:

Medical and other allowances not exceeding 30% of the basic salary.

PART "B"

i) Company's contribution to Provident and Other Fund:

Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

ii) Gratuity:

Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

iii) Leave Encashment:

Encashment of leave at the end of tenure will be permitted in accordance with the rules of the Company.

PART "C"

i) Car:

The Company shall provide such chauffeur driven cars to the Joint Managing Director as may be desired by her for business of the Company.

ii) Telephone:

Personal mobile phones and telephone facilities at the residence of the Ms Ekta Kapoor for use of Company's business.

Any other perquisites, benefits, facilities, allowances and expense as may be decided by the Board from time to time as per the Rules/Schemes of the Company as applicable to Board Members.

The Company shall also pay such amount of Bonus, Performance Incentives and other compensation as may be decided by the Board of Directors / Remuneration Committee from time to time.

The Company shall pay or reimburse the appointee for all the cost, charges, expenses including but not limited to entertainment and traveling that may be incurred by her for the purpose of the business of the Company.

Where, in any financial year during tenure of office of the Joint Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to the Joint Managing Director, by way of Salary, perquisites and other allowance as the case be, such amount not exceeding the limits prescribed in Schedule XIII of the Companies Act, 1956 or within such ceiling limits as may be re-codified unless otherwise approved by the Central Government. The perquisites mentioned in Part "B", however shall not be included in the computation of the ceiling on remuneration as stated above.

The Company has not made any default in repayment of any of its debt (including public deposits) or debentures in the past one year.

Statement of information as required under Schedule XIII, Part II, Section II (B) (IV): As per Annexure “A”

OTHER CONDITIONS:

- (a) The Joint Managing Director shall not be liable to retire by rotation as a Director.
- (b) The Joint Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

The above terms and conditions including remuneration may also be treated as an abstract of the terms of appointment of the Joint Managing Director as required under Section 302 of the Companies Act, 1956.

The Directors recommend to the shareholders the adoption of the above resolution as contained in the notice. The copy of draft Agreement containing terms of appointment and payment of remuneration to Ms Ekta Kapoor will be available for inspection of the members at the registered office of the Company between 1:00 P.M. and 4:00 P.M. on all working days upto December 5, 2009.

Mr. Jeetendra Kapoor, Ms Shobha Kapoor and Ms Ekta Kapoor, Directors of the Company are deemed to be concerned and interested in the above resolution. None of the other Directors are deemed to be concerned or interested in the above resolution.

Item 3

Balaji Motion Pictures Limited (BMPL), wholly owned subsidiary of the Company has plans to produce / co-produce / distribute several films in future with reputed Directors, Artistes, Technicians etc of the industry. BMPL would need services of a richly experienced person to advice on its business. BMPL desires to avail the services of Mr. Ramesh Sippy, as an 'Advisor'. Mr. Sippy brings with him more than 3 decades of rich experience in the film industry. He is one of the leading distributors in India. His expertise and standing in the film industry will provide immense value in terms of negotiation with the Directors, Actors and other Trade Intermediaries. His contacts will be very useful in successful marketing of these films with distributors worldwide. The proposed payment structure is well within the industry norms. The reimbursement is proposed to compensate the expenses to be incurred by Mr. Sippy for domestic or overseas travel and other business related expenses. In terms of Section 314 of the Companies Act, 1956, Mr. Sippy's appointment as Advisor in BMPL is required to be approved by a Special Resolution of the members of the Company.

Mr. Ramesh Sippy is a relative of Ms Shobha Kapoor, Mr. Jeetendra Kapoor, Ms Ekta Kapoor and Mr. Tusshar Kapoor, who are Directors of BMPL.

The Board of Directors of the Company recommends the Special Resolution for your approval.

None of the directors of the Company other than Mr. Jeetendra Kapoor, Ms Shobha Kapoor and Ms Ekta Kapoor may be deemed to be concerned or interested in the said Resolution.

Annexure – “A”

STATEMENT OF INFORMATION AS REQUIRED UNDER SCHEDULE XIII, PART II, SECTION II (B) (IV):

I: General Information:

1. Nature of Industry:

The Company operates in the Media, Entertainment and Film Industry. The Company broadly operates through Film Production and Television Serial Production. The Indian television industry has taken giant strides in the past, with revenues expected to exceed \$ 2.7 billion in 2009, growing at robust rate of 20% over the past decade.

2. Date of commencement of Commercial Production:

The Company was incorporated on November 10, 1994. Immediately after incorporation, the Company had commenced production of serials and gradually engaged in the activities of production and distribution of serials, films and other entertainment programmes. The Company operates its Films business also through its wholly owned subsidiary, Balaji Motion Pictures Limited.

3. Financial Performance based on given indicators:

The financial data as per last audited Balance Sheet as on 31st March, 2009 is as under:

Particulars	Rs. Lacs
	2008-09
	(Audited)
Revenues	29,491.9
Direct Costs	18,066.4
Operating Overheads	9,377.1
Other Income	2,127.0
Profit Before Taxes	4,175.4
Income Tax	1,169.1
Profit After Taxes	3,006.3

4. Export Performance:

Export Earnings

Financial Year	Rs. Lacs		
	2006-07	2007-08	2008-09
Export Performance	26,459.8	25,623.7	17,462.2

5. Foreign Exchange Investments or Collaborators:

At present the Company does not have any participation in any foreign investment. A foreign body corporate (Asain Broadcasting FZ LLC (a STAR group entity) holds 16,948,194 shares, totaling 25.99% of the share capital of the Company.

II: Information about the Appointee:

1. Background details

Ms Shobha Kapoor is the Managing Director of the Company. She is married to the popular bollywood actor Mr. Jeetendra Kapoor, who is the Chairman of the Company. She has been involved with the Company since its inception. One of the pioneers of the Indian Television industry, Ms Shobha Kapoor has been associated with television content production since the early 90's when the Company was producing popular content for Doordarshan.

Ms Ekta Kapoor is proposed to take position as Joint Managing Director of the Company. Daughter of Mr. Jeetendra Kapoor and Ms Shobha Kapoor, Ms Ekta Kapoor is the creative brain behind the Company's most successful and famous shows. She ventured into Television Serial production at the age of 19. In no time, she altered the face of Indian television industry and continues to dominate till date. Her shows have broken all previous records of Television Serial production and popularity in India.

2. Past remuneration:

Name	Designation	Basic Salary Rs.	Perquisites, allowances & benefits Rs.	Commission Rs.
Ms Shobha Kapoor	Managing Director	55,20,000	48,30,000	1,37,00,000 (2.5% of profits)
Ms Ekta Kapoor	Creative Director	66,30,000	58,05,000	1,37,00,000 (2.5% of profits)

All above figures are per annum and pertains to FY 08-09

3. Recognition and awards

Among others, following is the short list of the awards won by Ms Shobha Kapoor, Managing Director and Ms Ekta Kapoor, Proposed Joint Managing Director:

Awarding Entity	Year	Award	Awardee
Indian Telly Awards	2003	Best CEO of the year	Ms Shobha Kapoor
Foundation for promotion of Film Art & Craft	2003	Achiever of the Year	Ms Shobha Kapoor
The Economic Times Award	2002	Business Woman of the Year	Ms Ekta & Ms Shobha Kapoor
American Biographical Institute	2003	Woman of the Year	Ms Ekta Kapoor
Ernst & Young	2001	Entrepreneur of the Year	Ms Ekta Kapoor

The Company has achieved following Awards due to the joint efforts of Ms Shobha Kapoor, Managing Director and Ms Ekta Kapoor, proposed Joint Managing Director.

Awarding Entity	Year	Award	Winner
Indian Telly Awards	2002	Best Continuing TV Show	Kyunki Saas Bhi Kabhi Bahu Thi
Indian Telly Awards	2002	TV Show of the Year	Kyunki Saas Bhi Kabhi Bahu Thi
Indian Telly Awards	2002	Best Drama Series	Kyunki Saas Bhi Kabhi Bahu Thi
The Economic Times Award	2002	Emerging Company of the Year	Balaji Telefilms Ltd.
Indian Telly Awards	2002	TV Production House of the Year	Balaji Telefilms Ltd.
Indian Telly Awards	2003	TV Production House of the Year	Balaji Telefilms Ltd.
Indian Telly Awards	2003	Daily Serial of the Year	Kyunki Saas Bhi Kabhi Bahu Thi
Indian Telly Awards	2004	TV Production House of the Year	Balaji Telefilms Ltd.
Indian Telly Awards	2007	TV Production House of the Year	Balaji Telefilms Ltd.
International Trade Awards	2009	Outstanding Exporter of the Year - Media	Balaji Telefilms Ltd.

4. Job profile and suitability

As Managing Director and proposed Joint Managing Director, Ms Shobha Kapoor and Ms Ekta Kapoor are responsible for the conception of different shows produced by the Company and the overall management of the Company.

Having been instrumental in steering the Company towards being the leader in the television industry in India, both Ms Shobha Kapoor and Ms Ekta Kapoor come with over a decade's worth of experience in this domain. They have produced over 90 shows for various entertainment channels in India. With this extensive experience, they are ideally placed to ensure that the Company continues to make quality content within a budget specified by the channel, on very stringent timelines.

5. Remuneration proposed:

The proposed per annum remuneration to be paid to Ms Shobha Kapoor and Ms Ekta Kapoor is provided below.

Name	Designation	Salary (Basic)	Perquisites, allowances & benefits	Commission
Ms Shobha Kapoor	Managing Director	55,20,000	48,30,000	2.5% of profits
Ms Ekta Kapoor	Joint Managing Director*	66,30,000	58,05,000	2.5% of profits

* Holds the post of Creative Director up to November 9, 2009.

Please note that the remuneration as above is unchanged from the previous Financial Year. In view of the tough economic environment faced by the Company, it is proposed to continue the remuneration on the same terms as before.

6. Comparative Remuneration profile with respect to Industry, size of the company, profile of the Position and Person:

Rs. Lacs

Company/Group	Employee	Designation	Total Remuneration
Balaji Telefilms Limited	Puneet Kinra	Group CEO	119.0
Balaji Telefilms Limited	Nachiket Pantvaidya	CEO-Television	103.0
Balaji Motion Pictures Limited	Ajit Thakur	CEO-Motion Pictures	113.0
Zee Networks	Anil Anand	Sr. VP (Programming)	378.0
Zee Networks	Bharat Ranga	COO (International Ops.)	152.0
Zee Networks	Joy Chakraborty	Chief Revenue Officer	364.0
Zee Networks	Pradeep Guha	CEO	343.0
HT Media	Shobhana Bhartia	Chairperson	170.0
Network 18	Raghav Bahl	Managing Director	115.0

Note:

- 1) The above information has been collated from publicly available information from the declared financial results of the above companies.
- 2) As can be seen from the above list, the proposed fixed remuneration of the Managing Director and the proposed Joint Managing Director is comparable even to the Professional Senior Management of the Company.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel:

Save and except for receipt of rent for immovable property by the appointees and their relatives viz. Mr. Jeetendra Kapoor and Mr. Tusshar Kapoor and receipt of dividend by them, if declared by the Company on the share capital held by them, they do not have any material pecuniary relationship with the Company.

III: Other Information:

Reason for inadequate Profit:

The worldwide economic slowdown has affected the Indian Entertainment Industry as well with cost cutting measures implemented in most entertainment channels that constitute the Company's customers. The Hindi GEC (General Entertainment Channels) segment in the last 1-2 years has also seen a significant shakeout with increased competition. This coupled with the need for high investments to remain a relevant player, Hindi GEC channels have been forced to look at their cost structures.

In the past year, one of the Company's main customers (INX Media) faced financial constraints owing to which dues of approximately Rs. 2,087 lacs had to be provided for. Furthermore, the investments made on the show for the same channel to the extent of Rs. 1,000 lacs had to be written off.

As a consequence of the tough environment as detailed above, average realizations for the Company have dropped from approximately over Rs. 30 lacs per hour to approximately less than Rs. 15 lacs per hour.

All the above have resulted in the Company's profitability coming under severe stress. While realizations have come down, costs have not reciprocated proportionately. The need for investments in the New Media segment for the future of the Company, have further pulled down the profitability of the Company.

Steps taken or proposed to be taken for improvement:

Given the tough conditions in the flagship business of Television content, the Company has re-positioned itself as a 'Content House' rather than as merely a Television production house. The strategic intent behind this positioning is to leverage on the 'Creative' and 'Production project management' strengths of the Company in new mediums of content delivery viz., the Internet and the Mobile domain. These domains are expected to be the future growth drivers of the Company.

In view of this changed environment, the Company has realized that quick change is of paramount importance. It has taken the following steps in this regard:

- A) Strengthening the Senior Management to equip the Company to build a strong foundation for the future.
- b) Processes & Cost Control: Recognizing the need for improved processes and systems, the middle management of the Company has been thoroughly revamped and a renewed focus on cost control has been implemented. Budgets have been reformulated for all shows and there is a weekly tracking of the same. A separate Commercial Department has been formed for better control on costs.
- c) Leveraging of core strengths in new mediums: Also, as stated above, the Company has ventured into emerging media formats like internet and mobile, which provides the added advantage of generating intellectual property for the Company that can be monetized throughout its life cycle.
- d) Films: The motion pictures content business is strategically the growth engine of the future. This business is being handled through the wholly owned subsidiary of the Company i.e. Balaji Motion Pictures Limited. Renewed and a more systematic focus on this business is envisaged. To provide for aggressive growth but control risks at the same time, the Company is adopting a portfolio approach to the films being produced.

Registered Office:

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Opp. Laxmi Industries, New Link Road,
Andheri (West), Mumbai – 400 053.

Mumbai, October 15, 2009

By order of the Board of Directors

**Alpa Khandor
Company Secretary**