

# Financial section

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# Auditors' Report

To, the members of Balaji Telefilms Limited

1. We have audited the attached Balance Sheet of Balaji Telefilms Limited as at 31st March 2004, the Profit and Loss account and also the Cash-flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued

by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

(i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

(iii) the Balance sheet, Profit and Loss account and Cash-flow statement dealt with by this report are in agreement with the books of account;

(iv) in our opinion, the Balance sheet, Profit and Loss account and Cash-flow statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

(v) on the basis of the written

representations received from the directors, as on 31st March, 2004, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

In our opinion, and to the best of our information, and according to the explanations given to us, the said accounts, read with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance sheet, of the state of affairs of the company as at 31st March, 2004;
- (b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
- (c) in the case of the Cash-flow statement, of the cash flows for the year ended on that date.

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

ANNEXURE TO THE AUDITORS' REPORT

(referred to in paragraph 3 of our report of even date)

- (i) The nature of the company's activities during the year is such that the requirements of clauses (xiii) and (xiv) of paragraph 4 of the Order are not applicable.
- (ii) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) The fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.  
  
(c) There has not been any significant disposal of fixed assets during the year.
- (iii) (a) The inventory (tapes) has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable;  
  
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business;  
  
(c) The company is maintaining proper records of inventory. No material discrepancies were noticed on such physical verification.
- (iv) The company has not taken/ granted any loans from/ to companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956, and consequently, clauses iii(b), iii(c) and iii(d) of paragraph 4 of the Order are not applicable.
- (v) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for purchase of inventory and fixed assets and with regard to sale of

television serials.

- (vi) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the Register maintained under section 301 of the Companies Act, 1956 have been so entered.  
  
(b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangement entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lac in respect of any party.
- (vii) The company has not accepted deposits from the public within the meaning of sections 58A and 58AA of the Companies Act, 1956 and the Rules framed there under. We are informed that no Order has been passed by the Company Law Board.
- (viii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (ix) The maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956.
- (x) (a) In our opinion and according to the information and explanations given to us, the company has been regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales-tax, wealth-tax, customs duty, excise duty, cess and other statutory dues, where applicable, with the appropriate authorities;  
  
(b) According to the information and explanations given to us, there are no cases of non-deposit with the appropriate authorities of disputed dues of sales-tax, income-tax, customs duty, wealth-tax, excise duty and cess.

- (xi) The company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the financial year covered by our report and the immediately preceding financial year.
- (xii) The company has not defaulted in repayment of dues to banks. The company does not have borrowings from financial institutions and has not issued debentures.
- (xiii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xv) No term loans were raised by the company during the year and hence the question of commenting on the application thereof does not arise.
- (xvi) According to the information and explanations given to us, and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment and vice versa.
- (xvii) The company has not made any preferential allotment of shares during the year.
- (xviii) No debentures have been issued by the company and hence the question of creating securities in respect thereof does not arise.
- (xix) During the year, the company has not raised money by public issue(s).
- (xx) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

# BALANCE SHEET

(Rupees in lacs)

As at 31st March,	Schedule	2004	2003
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
A. Share capital	1	1,030.33	1,030.33
B. Reserves and surplus	2	13,407.65	9,614.04
		14,437.98	10,644.37
<b>Deferred tax liability (net)</b>		555.46	303.69
<b>Total</b>		<b>14,993.44</b>	<b>10,948.06</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block	3	4,383.08	3,504.07
Less :- depreciation		1,196.57	582.19
Net block		3,186.51	2,921.88
Capital work in progress		56.19	—
		3,242.70	2,921.88
<b>Investments</b>	4	7,600.10	4,869.25
<b>Current assets, loans and advances</b>			
A. Inventories	5	728.37	469.18
B. Sundry debtors	6	4,065.48	3,566.97
C. Cash and bank balances	7	105.39	122.61
D. Loans and advances	8	1,207.08	929.40
		6,106.32	5,088.16
Less :- Current liabilities and provisions			
A. Current liabilities	9	1,322.28	1,009.76
B. Provisions	10	633.40	921.47
		1,955.68	1,931.23
Net current assets		4,150.64	3,156.93
<b>Total</b>		<b>14,993.44</b>	<b>10,948.06</b>
Significant accounting policies and notes on accounts	16		

As per our attached report of even date  
For **Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of **Balaji Telefilms Limited**

**A. Siddharth**  
Partner

**Jeetendra Kapoor**  
Chairman

**Shobha Kapoor**  
Managing Director

**Ekta Kapoor**  
Creative Director

Mumbai, 21st May, 2004

For **Snehal & Associates**  
Chartered Accountants

**Snehal Shah**  
Proprietor

**Pradeep Sarda**  
Director

**Dhruv Kaji**  
Director

**Alpa Shah**  
Company Secretary

**V. Devarajan**  
Chief Financial Officer

Mumbai, 21st May, 2004

Mumbai, 21st May, 2004

# PROFIT AND LOSS ACCOUNT

(Rupees in lacs)

For the year ended 31st March,	Schedule	2004	2003
<b>INCOME</b>			
Turnover		17,829.60	18,596.59
Other income	11	615.30	149.11
<b>Total</b>		<b>18,444.90</b>	<b>18,745.70</b>
<b>EXPENDITURE</b>			
Cost of production of television serials / feature films	12	7,456.89	7,931.16
Employee costs	13	423.44	175.77
Administrative and other expenses	14	1,273.46	1,060.71
Interest	15	2.34	5.89
Depreciation		773.69	424.30
<b>Total</b>		<b>9,929.82</b>	<b>9,597.83</b>
<b>Profit Before Amortisation and Tax</b>		8,515.08	9,147.87
Deferred revenue expenditure written off		–	95.85
<b>Profit Before Tax</b>		8,515.08	9,052.02
Provision for tax			
Current tax (including Rs.2.53 lacs (previous year Rs. 3.00 lacs) for wealth tax)		(2,722.53)	(3,203.00)
Deferred tax (including Rs. Nil (previous year Rs.40.13 lacs) for prior year)		(251.77)	(107.58)
<b>Profit After Tax</b>		5,540.78	5,741.44
Short provision for tax in respect of earlier years		(3.67)	–
Balance brought forward from previous year		5,592.79	2,069.84
<b>Amount Available for Appropriations</b>		<b>11,129.90</b>	<b>7,811.28</b>
<b>Appropriations</b>			
1) Interim dividend (previous year - subject to tax deducted at source)		1,030.34	772.74
2) Transferred to general reserve		554.00	574.00
3) Proposed dividend		515.16	772.74
4) Corporate dividend tax		198.00	99.01
<b>Balance Carried to Balance Sheet</b>		<b>8,832.40</b>	<b>5,592.79</b>
<b>Basic and diluted earnings per share</b>		<b>10.75</b>	<b>11.14</b>
<b>(Refer note 10 of Schedule 16)</b>			
Significant accounting policies and notes on accounts	16		

As per our attached report of even date

For **Deloitte Haskins & Sells**

Chartered Accountants

**A. Siddharth**

Partner

Place : Mumbai

Mumbai, 21st May, 2004

For **Snehal & Associates**

Chartered Accountants

**Snehal Shah**

Proprietor

Mumbai, 21st May, 2004

**Jeetendra Kapoor**

Chairman

**Shobha Kapoor**

Managing Director

**Ekta Kapoor**

Creative Director

For and on behalf of **Balaji Telefilms Limited**

**Pradeep Sarda**

Director

**Dhruv Kaji**

Director

**Alpa Shah**

Company Secretary

**V. Devarajan**

Chief Financial Officer

Mumbai, 21st May, 2004

# CASH FLOW STATEMENT

(Rupees in lacs)

For the year ended	2004	2003
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before extra-ordinary item and tax</b>	<b>8,515.08</b>	<b>9,052.02</b>
Adjustments for:		
Depreciation	773.69	424.30
Bad debts written off	16.84	138.43
Loss on sale of fixed assets(net)	–	8.43
Diminution in carrying value of long term investments (non trade)	–	3.26
Profit on sale of long term investments(non trade)	(447.76)	(62.59)
Provision for diminution in the value of long term investments written back (non trade)	(3.26)	(50.25)
Excess provision of earlier years written -back	(43.66)	(22.69)
Interest expenses	2.34	5.89
Interest/dividend income	(99.63)	(9.26)
Preliminary expenses written off	–	0.21
Deferred revenue expenditure written off	–	95.85
Operating profit before working capital changes	8,713.64	9,583.60
(Increase)/decrease in trade and other receivable	(730.72)	(1,549.71)
(Increase)/decrease in inventories	(259.19)	(115.58)
Increase/(decrease) in trade payables	351.29	202.99
	<b>8,075.02</b>	<b>8,121.30</b>
Direct taxes paid	(2,784.84)	(3,375.99)
<b>Net cash from operating activities (a)</b>	<b>5,290.18</b>	<b>4,745.31</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(1,094.51)	(1,619.15)
Sale of fixed assets	–	8.10
Purchase of investments	(8,652.03)	(5,198.68)
Sale of investments	6,372.20	2,878.75
Income from investments	98.49	9.26
<b>Net cash (used in) investing activities(b)</b>	<b>(3,275.85)</b>	<b>(3,921.72)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(2.34)	(5.89)
Dividend paid	(1,798.19)	(1,030.33)
Corporate dividend tax paid	(231.02)	–
<b>Net cash (used in) financing activities ( c)</b>	<b>(2,031.55)</b>	<b>(1,036.22)</b>
Net increase/(decrease) in cash and cash equivalents (a+b+c)	<b>(17.22)</b>	<b>(212.63)</b>
Cash and cash equivalent as at 31.3.2003 (opening balance)	122.61	335.24
Cash and cash equivalents as at 31.03.2004	105.39	122.61

As per our attached report of even date

For **Deloitte Haskins & Sells**

Chartered Accountants

For and on behalf of **Balaji Telefilms Limited**

**A. Siddharth**

Partner

Mumbai, 21st May, 2004

**Jeetendra Kapoor**

Chairman

**Shobha Kapoor**

Managing Director

**Ekta Kapoor**

Creative Director

For **Snehal & Associates**

Chartered Accountants

**Snehal Shah**

Proprietor

Mumbai, 21st May, 2004

**Pradeep Sarda**

Director

**Dhruv Kaji**

Director

**Alpa Shah**

Company Secretary

**V. Devarajan**

Chief Financial Officer

Mumbai, 21st May, 2004

# SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rupees in lacs)

As at 31st March,	2004	2003
<b>1   SHARE CAPITAL</b>		
<b>Authorised</b>		
5,50,00,000 equity shares of Rs. 2/- each	1,100.00	1,100.00
<b>Issued, Subscribed and Paid-Up</b>		
5,15,16,250 equity shares of Rs. 2/- each	1,030.33	1,030.33
<b>Note:</b>		
65,00,000 equity shares of the original value of Rs. 10/- each were allotted as fully paid up bonus shares by capitalisation of surplus in Profit and Loss account.		
<b>Total</b>	<b>1,030.33</b>	<b>1,030.33</b>

<b>2   RESERVES AND SURPLUS</b>		
<b>Share premium account</b>		
As per last Balance sheet	3,015.24	3,015.24
<b>General reserve</b>		
As per last Balance sheet	1,006.01	500.00
Short provision for accumulated deferred tax liability as on 1st April, 2001	–	(67.99)
	1,006.01	432.01
Add: Transferred from Profit and Loss account	554.00	574.00
	1,560.01	1,006.01
Surplus in Profit and Loss account	8,832.40	5,592.79
<b>Total</b>	<b>13,407.65</b>	<b>9,614.04</b>

(Rupees in lacs)										
PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2003	Additions	Deductions	As at 31st March, 2004	Upto 31st March, 2003	For the year	On Deductions	Upto 31st March, 2004	As at 31st March, 2004	As at 31st March, 2003
Buildings	235.75	–	–	235.75	7.62	3.94	–	11.56	224.19	228.13
Plant and machinery - Computers	292.97	32.58	–	325.55	70.42	50.11	–	120.53	205.02	222.55
Plant and machinery - Others	1,167.00	100.48	–	1,267.48	116.34	84.46	–	200.80	1,066.68	1,050.66
Studios and sets	1,249.72	784.49	159.31	1,874.90	298.91	577.74	159.31	717.34	1,157.56	950.81
Vehicles	236.86	46.99	–	283.85	50.79	25.02	–	75.81	208.04	186.07
Furniture and fixtures	104.17	4.46	–	108.63	11.45	6.74	–	18.19	90.44	92.72
Computers	109.31	55.41	–	164.72	17.29	20.24	–	37.53	127.19	92.02
Office equipment	86.35	12.31	–	98.66	7.94	4.34	–	12.28	86.38	78.41
Electrical fittings	21.94	1.60	–	23.54	1.43	1.10	–	2.53	21.01	20.51
<b>Total</b>	<b>3,504.07</b>	<b>1,038.32</b>	<b>159.31</b>	<b>4,383.08</b>	<b>582.19</b>	<b>773.69</b>	<b>159.31</b>	<b>1,196.57</b>	<b>3,186.51</b>	<b>2,921.88</b>
<b>Previous Year</b>	<b>1,903.52</b>	<b>1,619.15</b>	<b>18.60</b>	<b>3,504.07</b>	<b>159.96</b>	<b>424.30</b>	<b>2.07</b>	<b>582.19</b>	<b>2,921.88</b>	
Capital work in progress									56.19	–

# SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rupees in lacs)

As at 31st March,	NO. OF UNITS		VALUE	
	2004	2003	2004	2003
<b>4 INVESTMENTS</b>				
<b>Long Term Investments ( Non Trade )</b>				
<b>Unquoted</b>				
<b>In Units of Mutual Funds</b>				
Alliance Income Fund - Regular Growth	–	2,113,390	–	407.78
Alliance Short Term Fund - Growth	3,210,570	–	345.53	–
Birla Bond Plus - Plan B	–	917,423	–	100.00
Birla Bond Plus - Institutional Plan - Growth	3,662,513	–	415.77	–
Birla Cash Plus - Retail Plan - Daily Dividend	1,594,184	–	260.58	–
Birla FMP - Annual Plan - Growth	3,000,000	–	300.00	–
Chola Freedom Income Short Term Fund	978,905	–	100.00	–
DSP Merrill Lynch Bond Fund - Retail Growth	–	1,831,917	–	345.47
DSP Merrill Lynch Bond Fund - Short Term Fund - Growth	1,430,159	–	155.49	–
GSSIF - Investment Plan - Growth Option	–	2,714,126	–	353.65
Grindlays Cash Fund - Growth	18,619	–	2.18	–
Grindlays Cash Fund Plan B (Instl. Plan)	–	5,814,356	–	651.23
Grindlays Dynamic Bond Fund - Growth	1,312,198	998,177	143.17	102.09
GSSIF - Short Term Plan - Growth Option	–	897,599	–	105.74
Grindlays Super Saver Short Term Fund	912,400	–	107.53	–
GSSIF - Short Term Plan - Institutional Plan B - Growth Option	1,341,706	–	162.89	–
GSSIF - Medium Term Institutional Plan - Plan B - Growth Option	6,459,840	–	650.00	–
Grindlays Fixed Maturity - Annual Plan Growth	1,000,000	–	100.00	–
HDFC Income Fund - Growth	–	3,384,251	–	454.50
HDFC- Short Term Plan - Growth	1,506,520	934,457	162.76	100.00
HDFC Fixed Income Plan - July 2002 (1) - Growth	–	1,500,000	–	150.00
HDFC Fixed Income Plan - June 2002 (1) - Growth	–	1,002,800	–	100.28
HDFC MIP Short Term Fund - Quarterly Dividend	2,041,077	–	208.35	–
JM High Liquidity Fund - Growth Plan	–	3,457,344	–	577.75
JM Short Term Fund - Institutional Plan - Growth Plan	7,128,910	–	752.95	–
K Bond - Whole Sale Plan - Bonus Option	–	1,531,030	–	161.21
K Bond - Institutional Plan - Growth	625,896	–	107.09	–
K Bond - Unit Scheme 99 - Wholesale Plan - Growth	–	628,836	–	100.00
Kotak Mahindra Fixed Maturity Plan - Growth	–	1,500,798	–	150.08
Kotak Fixed Maturity (8) - Annual growth	3,000,000	–	300.00	–
LIC MF Liquid fund	2,672,746	–	300.00	–
Prudential I.C.I.C.I. Income Plan - Growth	–	670,128	–	108.23
Prudential I.C.I.C.I. - Liquid Plan - Daily Dividend Option	–	1,009,618	–	150.00
Prudential I.C.I.C.I. - Short Term Plan - Cumulative Option	16,217	16,217	1.83	1.73
Prudential I.C.I.C.I. Fixed Maturity- Growth -Yearly - VI	–	3,527,837	–	352.78
Prudential I.C.I.C.I. Flexible Income Plan - Dividend	3,937,686	–	438.81	–
Prudential I.C.I.C.I. Floating Rate Plan - Growth	1,912,759	–	200.00	–
Prudential I.C.I.C.I. Liquid Plan - Growth	1,273,897	–	150.97	–
Reliance Income Fund (Growth Plan) - Growth Option	–	1,125,195	–	200.00
Reliance Short Term Fund - Growth	3,018,650	–	313.38	–
Reliance Fixed Term Plan - Annual - Growth	3,000,000	–	300.00	–
Templeton India Income Builder Account-Institutional Plan	4,413,647	–	504.90	–

## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rupees in lacs)

As at 31st March,	NO. OF UNITS		VALUE	
	2004	2003	2004	2003
<b>4</b> INVESTMENTS (Contd.)				
Templeton Treasury Management Account -Daily Dividend	9,991	–	151.06	–
Templeton Treasury Management Account	6,467	–	101.58	–
Templeton Floating Rate Income Fund - Short Term Plan - Growth	3,091,337	1,860,638	350.00	200.00
			<b>7,086.82</b>	<b>4,872.51</b>
<b>Quoted</b>				
6.75% Tax free Bonds of Unit Trust of India of Rs.100/- each	500,000	–	513.28	–
			<b>7,600.10</b>	<b>4,872.51</b>
Less : Provision for diminution in the value of investments			–	3.26
<b>Total</b>			<b>7,600.10</b>	<b>4,869.25</b>

(Rupees in lacs)

Notes	COST	MARKET VALUE
Aggregate of Quoted investments	513.28	532.50
Previous Year	–	
Aggregate of Unquoted investments	7,086.82	
Previous Year	4,872.51	
Total	7,600.10	
Previous year	4,872.51	

### Details of investments purchased and sold during the year

(Rupees in lacs)

Particulars	NOS.	COST
Grindlays Super Saver Short Term Fund - Growth	3,261,004	395.11
GSSIF Short Term Plan B Institutional Plan - Growth	4,088,608	496.39
GGSF - IP	817,160	100.00
Grindlays Cash Fund - Growth	848,716	100.00
HDFC Income Fund - Growth	1,336,059	200.00
HDFC Short Term Plan - Growth	2,101,669	230.58
HDFC Cash Management Fund - Saving Plan - Daily Dividend	1,418,843	150.91
HDFC Liquid Fund - Dividend	2,140,865	215.59
HSBC Cash Fund - Dividend Reinvestment	1,923,693	200.76
Templeton India Government Security Fund	456,965	100.00
Kotak Floater - Dividend Reinvestment	1,504,136	150.48
Birla Cash Plus - Institutional Plan - Growth	6,679,264	1,100.00
Birla Bond Plus - Institutional Plan - Growth	1,721,007	193.38
Birla Income Plus - Growth	933,668	250.00
Alliance Cash Manager - Growth	976,715	150.00
Prudential I.C.I.C.I - Liquid plan - Growth	2,014,410	300.00
Prudential I.C.I.C.I - Short Term Plan - Cumulative Option	1,086,378	122.94
JM High Liquidity Fund Institutional Plan - Growth	997,009	100.00
JM Short Term Fund - Growth	4,904,721	532.62
JM Income Fund - Institutional Plan - Growth	761,986	200.00
UTI Liquid Short Term Plan - Growth	1,000,000	100.00
DSP Merrill Lynch Short Term Fund - Growth	3,679,244	385.68
LIC Liquid Mutual Fund	1,341,910	150.00

## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rupees in lacs)

As at 31st March,	2004	2003
<b>5 INVENTORIES</b>		
Television serials / feature films	713.36	448.81
Tapes	15.01	20.37
<b>Total</b>	<b>728.37</b>	<b>469.18</b>
<b>6 SUNDRY DEBTORS</b>		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	304.40	248.88
Other debts	3,761.08	3,318.09
<b>Total</b>	<b>4,065.48</b>	<b>3,566.97</b>
<b>7 CASH AND BANK BALANCES</b>		
Cash on hand	19.33	20.95
Balances with scheduled banks		
In Current accounts	13.41	48.52
In Term deposits accounts (on all fixed deposit receipts the banks have a lien)	72.65	53.14
<b>Total</b>	<b>105.39</b>	<b>122.61</b>
<b>8 LOANS AND ADVANCES</b>		
(Unsecured, considered good )		
Advances recoverable in cash or in kind or for value to be received	309.22	90.55
Advance tax	217.04	154.73
Deposits *	680.82	684.12
<b>Total</b>	<b>1,207.08</b>	<b>929.40</b>
<b>Notes:</b>		
1. *: Includes deposits given to directors for property taken on lease from them	615.00	515.00
2. Maximum amount outstanding at any time during the year for above deposits	615.00	515.00
<b>9 CURRENT LIABILITIES</b>		
Sundry creditors		
(i) Total outstanding dues of small scale industrial undertakings	–	–
(ii) Total outstanding dues of creditors other than small scale industrial undertakings	1,267.53	974.68
	1,267.53	974.68
Advances received from customers	30.66	9.91
Other liabilities	24.09	25.17
<b>Total</b>	<b>1,322.28</b>	<b>1,009.76</b>
<b>10 PROVISIONS</b>		
Provision for tax	52.25	49.72
Proposed dividend	515.16	772.74
Corporate dividend tax	65.99	99.01
<b>Total</b>	<b>633.40</b>	<b>921.47</b>

## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Rupees in lacs)

For the year ended 31st March,	2004	2003
<b>11</b>   OTHER INCOME		
Interest on fixed deposits with banks ( gross ) (Tax deducted at source Rs. 1.14 lacs ( previous year Rs. 1.68 lacs))	5.99	9.91
Interest on Income tax refund	28.56	–
Dividend on long term investments ( non trade )	65.08	1.03
Excess provision of earlier years written back	43.66	22.69
Profit on sale of long term investments ( non trade) (net)	447.76	62.59
Provision for diminution in the value of long term investments written back	3.26	50.25
Miscellaneous income	20.99	2.64
<b>Total</b>	<b>615.30</b>	<b>149.11</b>

<b>12</b>   COST OF PRODUCTION OF TELEVISION SERIALS / FEATURE FILMS			
Opening stock of television serials and tapes		469.18	353.60
Add: Cost of production			
Purchase of costumes and dresses	193.67		268.79
Purchase of tapes	184.99		223.60
Payment to and provisions for artistes, directors, technicians and other fees	2,849.32		2,890.39
Telecasting fees	1,027.18		759.05
Uplinking charges	418.89		301.17
Food and refreshments	207.93		233.37
Set properties and equipment hire charges	355.53		541.11
Other production expenses	2,478.57	7,716.08	2,829.26
		8,185.26	8,046.74
Less: Closing stock of television serials / feature films and tapes		728.37	469.18
<b>Total</b>		<b>7,456.89</b>	<b>7,931.16</b>

<b>13</b>   EMPLOYEE COSTS			
Salaries, wages and bonus		397.62	138.46
Contribution to Provident and Other funds		9.45	8.08
Staff welfare expenses		16.37	29.23
<b>Total</b>		<b>423.44</b>	<b>175.77</b>

## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Rupees in lacs)

For the year ended 31st March,	2004	2003
<b>14 ADMINISTRATIVE AND OTHER EXPENSES</b>		
Electricity and water charges	159.11	92.98
Rent	170.67	97.71
Rates and taxes	16.22	24.61
Insurance	173.79	70.62
Repairs and maintenance		
– Building	2.42	17.58
– Plant and machinery	9.70	22.47
– Others	63.51	45.07
Travelling and conveyance expenses	106.09	115.17
Legal and professional charges	199.55	90.76
Communication charges	42.11	35.21
Loss on sale of fixed assets (net)	–	8.43
Provision for diminution in value of long term investments (non trade)	–	3.26
Donations	3.93	20.67
Bad debts written off	16.84	138.43
Director's sitting fees	0.65	0.80
Preliminary expenses written off	–	0.21
Advertisement and sales promotion expenses	53.92	43.89
Miscellaneous expenses	254.95	232.84
<b>Total</b>	<b>1,273.46</b>	<b>1,060.71</b>

### 15 INTEREST

On cash credit account	1.13	5.89
On income / wealth tax	1.21	–
<b>Total</b>	<b>2.34</b>	<b>5.89</b>

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## SCHEDULES FORMING PART OF THE ACCOUNTS

### 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### A. SIGNIFICANT ACCOUNTING POLICIES:

##### **Basis of accounting**

The financial statements are prepared under the historical cost convention and on accrual basis.

##### **Fixed assets**

Fixed assets are stated at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation.

##### **Depreciation**

Depreciation on fixed assets is provided on straight line basis in accordance with provisions of section 205(2)(b) of the Companies Act, 1956, at the rates and in the manner specified in schedule XIV of this Act except for the following fixed assets where higher rates of depreciation have been applied:

Studios and sets @ 33.33%

Plant and machinery - Computers @ 16.21%

##### **Investments**

Current investments are carried at lower of cost or fair value. Long term investments are carried at cost. However, when there is a decline, other than temporary, the carrying amount is reduced to recognise the decline.

##### **Inventories**

Items of inventory are valued at lower of cost and net realisable value. Cost is determined on the following basis :

Tapes : First In First Out

Television serials/ feature films : Average cost

##### **Revenue recognition**

- a) In respect of sponsored programmes, revenue is recognised as and when the relevant episodes of the programmes are telecast.
- b) In respect of commissioned programmes, revenue is recognised as and when the relevant episodes of the programmes are delivered to the channels.

In all other cases, revenue (income) is recognised when no significant uncertainty as to its determination or realisation exists.

##### **Retirement benefits**

###### **Provident fund**

Contribution as required under the statute / rules is made to the Government Provident fund.

###### **Gratuity**

The trustees of Balaji Telefilms Limited Employees Group Gratuity – Cum – Life Assurance (Cash Accumulation) Scheme have taken a Group Gratuity cum Life Assurance Policy from the Life Insurance Corporation of India. Provision is made on the basis of contribution payable in respect of the aforesaid policy.

##### **Foreign currency transactions**

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. At the year end, monetary items denominated in foreign currency are reported using the closing rates of exchange. Exchange differences arising thereon and on realisation / payment of foreign exchange are accounted in the relevant year as income or expense.

##### **Doubtful debts / advances**

Provision is made in the accounts for debts / advances which in the opinion of the management are considered doubtful of recovery.

##### **Borrowing costs**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

##### **Taxes on income**

Tax expense comprises both current and deferred tax at the applicable enacted/ substantively enacted rates. Current tax represents the amount of income tax payable/ recoverable in respect of the taxable income/ loss for the reporting period. Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period and are capable of reversal in one or more subsequent periods.

## SCHEDULES FORMING PART OF THE ACCOUNTS

### 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### Contingent liabilities

Contingent liabilities, if any, are disclosed in the notes on accounts. Provision is made in the accounts for those contingencies which are likely to materialise into liabilities after the year-end, till the approval of accounts by the Board of Directors and which have a material effect on the position stated in the Balance sheet.

#### B NOTES ON ACCOUNTS

(Rupees in lacs)

	2004	2003
1. Estimated amount of contracts remaining to be executed on capital account and not provided for :	78.15	50.00
2. Contingent liabilities in respect of income tax demands disputed in appeal	NIL	5.36
3. The Company has applied to the Office of the Commissioner of Sales- tax, Mumbai, to ascertain whether the Company's sales are liable to tax under the Sales- tax laws. The matter is still pending before the Sales -tax authority.		
4. Managerial remuneration under section 198 of the Companies Act, 1956 to Directors (including to the Managing Director)		
Salary	55.20	44.40
Commission	248.78	18.00
Perquisites in cash or in kind	0.53	0.53
Contribution to Provident Fund	3.60	2.88
<b>Total</b>	<b>308.11</b>	<b>65.81</b>
5. Computation of net profit in accordance with section 198 read with section 309 of the Companies Act, 1956 :		
<b>Profit before tax</b>	<b>8515.08</b>	<b>9052.02</b>
Add:		
Loss on sale of fixed assets	-	8.43
Provision for diminution in value of long term investments (non-trade)	-	3.26
Managerial remuneration	307.58	65.28
	307.58	76.97
Less:		
Profit on sale of long term investments (non-trade) (net)	447.76	62.59
Provision for diminution in value of long term investments written back	3.26	50.25
	451.02	112.84
<b>Net Profit for the year</b>	<b>8371.64</b>	<b>9016.15</b>
Commission @ 1% each to the Executive Directors (previous year restricted to 2% or 75% of annual salary, whichever is lower)	167.44	18.00
Commission @ 0.90% (previous year Nil) to the Chairman	75.34	-
Commission to other Non-Executive Directors (restricted to Rs. 2 lacs each) (previous year Nil)	6.00	-
6. Payment to auditors		
a) as auditors	8.00	6.00
b) in any other manner (certification work, etc )	4.80	1.00
c) as expenses	0.08	0.01
d) for service tax	1.02	0.35
<b>Total</b>	<b>13.90</b>	<b>7.36</b>
7. Cash credit facility with a bank is secured by hypothecation of the current assets (both present and future) and library assets of the Company.		

## SCHEDULES FORMING PART OF THE ACCOUNTS

### 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### B NOTES ON ACCOUNTS

##### 8. Related Party Disclosures

(a) Name of related parties and description of relationship.

Name of the Related Party	Relationship
Mr. Jeetendra Kapoor	Key management person
Mrs. Shobha Kapoor	Key management person
Ms. Ekta Kapoor	Key management person
Mr. Tusshar Kapoor	Relative of key management personnel
Mrs. Nirmala Sood	Relative of key management personnel
Mr. Ramesh Sippy	Relative of key management personnel
Screentestindia.com Pvt.Ltd	
B.R.A Corporation	Enterprises over which key management personnel and their relatives are able to exercise significant influence.

(b) Details of Transactions with related parties during the year

(Rupees in lacs)

Nature of Transactions	Enterprises over which key management personnel and their relatives are able to exercise significant influence		Key management personnel		Relative of key management personnel		Total	
		Previous year		Previous year		Previous year		Previous year
Directors sitting fees	–	–	0.20	0.30	–	–	0.20	0.30
Rent/ Salary (expense)	0.60	1.80	13.44	13.44	3.60	2.40	17.64	17.64
Recovery and payment of artistes registration fees	2.97	4.69	–	–	–	–	2.97	4.69
Managerial remuneration	–	–	302.11	65.81	–	–	302.11	65.81
Dividend paid	–	–	900.63	514.59	141.36	80.79	1041.99	595.38
Outstanding personal guarantees given by Directors against cash credit facilities taken by the Company	–	–	–	400.00	–	–	–	400.00
Amount payable as at 31st March,2004	0.96	0.60	242.78	14.63	0.10	0.10	243.84	15.33
Amount receivable (Deposits for lease property) as at 31st March,2004	–	–	515.00	515.00	100.60	100.70	615.60	615.70

#### Note:

There are no provision for doubtful debts, amounts written off or written back during the year for debts due from or due to related parties.

## SCHEDULES FORMING PART OF THE ACCOUNTS

### 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### 9. Segment Information:

(A) Information about primary segments

The Company has considered business segment as the primary segment for disclosure.

The reportable business segments are as under:

(a) Commissioned Programmes : Income from sale of television serials to channels

(b) Sponsored Programmes : Income from telecasting of television serials on channels

(Rupees in lacs)

	Commissioned programmes		Sponsored programmes		Others		Total	
		Previous Year		Previous Year		Previous Year		Previous Year
<b>Revenue</b>								
From External Customers	14,530.03	16,009.37	3,299.57	2,587.22	–	–	17,829.60	18,596.59
Add: Inter Segment sale	–	–	–	–	–	–	–	–
<b>Total Revenue</b>	14,530.03	16,009.37	3,299.57	2,587.22	–	–	17,829.60	18,596.59
<b>Results</b>								
Segment result	8,374.37	9,240.94	1,331.09	1,068.12	–	–	9,705.46	10,309.06
Unallocable Corporate Expenses	–	–	–	–	–	–	(1,738.69)	(1,371.67)
Operating Profit							7,966.77	8,937.39
Interest Expenses	–	–	–	–	–	–	(2.34)	(5.89)
Interest income/Dividend on Long-Term Investments	–	–	–	–	–	–	99.63	10.94
Profit on sale of Long-Term Investments (non trade)	–	–	–	–	–	–	447.76	62.59
Provision for Diminution in value of Investments written back	–	–	–	–	–	–	3.26	50.25
Provision for Diminution in value of Long Term Investments	–	–	–	–	–	–	–	(3.26)
Provision for tax							(2,974.30)	(3,310.58)
Profit after tax							5,540.78	5,741.44
<b>Other Information:</b>								
Segment assets	4,937.37	4,286.48	1,122.78	923.02	94.48	–	6,154.63	5,209.50
Unallocated Corporate assets	–	–	–	–	–	–	10,794.49	7,669.79
<b>Total assets</b>							<b>16,949.12</b>	<b>12,879.29</b>
Segment liabilities	892.45	817.09	81.83	167.50	33.28	–	1,007.56	984.59
Unallocated Corporate liabilities	–	–	–	–	–	–	1,503.58	1,250.33
<b>Total Liabilities</b>							<b>2,511.14</b>	<b>2,234.92</b>
Capital expenditure	817.07	813.69		–				
Depreciation	627.85	317.74		–				
<b>Significant Non cash expenses other than depreciation</b>								
Deferred revenue expenditure written off	–	–	–	–	–	–	–	95.85
Loss on sale of fixed assets	–	–	–	–	–	–	–	8.43
Bad debts written off	–	–	–	–	–	–	16.84	138.43

(B)The group does not have any reportable Secondary Segments

## SCHEDULES FORMING PART OF THE ACCOUNTS

### 16 | SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### 10. Earnings per Share:

Earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as under :

		(Rupees in lacs)
		<b>Previous Year</b>
Net profit after tax as per the Profit and Loss account –(Rs. in lacs)	5,540.78	5,741.44
Short provision for tax in respect of earlier years -(Rs.in lacs)	(3.67)	–
(A) Profit for the year attributable to equity share holders-(Rs.in lacs)	5,537.11	5,741.44
(B) Weighted average number of equity shares outstanding during the year (Nos.)	5,15,16,250	5,15,16,250
(C) Earnings per share - Basic and diluted (Rs.)	10.75	11.14
(D) Nominal value of shares (Rs.)	2	2

#### 11. Components of Deferred Tax assets/(Liabilities)

		(Rupees in lacs)
<b>As at 31st March,</b>	<b>2004</b>	<b>2003</b>
Depreciation	(555.46)	(372.57)
Capital loss carried forward	–	68.88
Deferred tax asset/ (liability)-Net Total	<u>(555.46)</u>	<u>(303.69)</u>

#### 12. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of schedule VI of the Companies Act, 1956 (to the extent applicable)

a) Expenditure in foreign currency		
Travelling expenses	42.53	48.92
b) Earnings in foreign exchange:		
Export of television software/ serials	40.19	NIL

#### c) Amount remitted during the financial year in foreign currency on account of dividends:

The Company has not made any remittance in foreign currency on account of dividend and does not have information as to the extent to which remittances in foreign currency on account of dividends have been made by or on behalf of non-resident shareholders. The particulars of dividend paid to non-resident shareholders are as under:-

## SCHEDULES FORMING PART OF THE ACCOUNTS

### 16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd.)

#### 12. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of schedule VI of the Companies Act, 1956 (to the extent applicable) (Contd.)

(Rupees in lacs)

Year to which dividend relates	2004	2003
a) Final dividend for the financial year 2001-2002	–	257.58
b) Interim dividend for the financial year 2002-2003	–	772.74
a) Final dividend for the financial year 2002-2003	772.74	–
b) Interim dividend for the financial year 2003-2004	1030.34	–
<b>Number of non-resident shareholders</b>		
a) Final dividend for the financial year 2001-2002	–	31
b) Interim dividend for the financial year 2002-2003	–	52
c) Final dividend for the financial year 2002-2003	105	
d) Interim dividend for the financial year 2003-2004	120	–
<b>Number of equity shares held by them on which dividend was due</b>		
a) Final dividend for the financial year 2001-2002	–	9,443
b) Interim dividend for the financial year 2002-2003	–	52,148
c) Final dividend for the financial year 2002-2003	81,398	
d) Interim dividend for the financial year 2003-2004	84,017	–
<b>Amount remitted (net of tax) to banks or power holders in India of the non-resident shareholders</b>		
a) Final dividend for the financial year 2001-2002	–	0.19
b) Interim dividend for the financial year 2002-2003	–	0.62
c) Final dividend for the financial year 2002-2003	1.22	
d) Interim dividend for the financial year 2003-2004	1.68	–

# SCHEDULES FORMING PART OF THE ACCOUNTS

## 13. Balance Sheet Abstract and Company's General Business Profile

### I Registration Details

Registration No. 

1	1	8	2	8	0	2
---	---	---	---	---	---	---

 State Code 

1	1
---	---

Balance Sheet Date 

3	1
---	---

 / 

0	3
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 / 

2	0	0	4
---	---	---	---

  
Date Month Year

### II Capital raised during the year (amount in Rs. thousands)

Public Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

Rights Issue

N	I	L
---	---	---

Private Placement

N	I	L
---	---	---

### III Position of Mobilisation and Deployment of Funds (amount in Rs. thousands)

Total Liabilities

1	6	9	4	9	1	2
---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

1	0	3	0	3	3
---	---	---	---	---	---

Secured loan

N	I	L
---	---	---

Application of Funds

Net Fixed Assets

3	2	4	2	7	0
---	---	---	---	---	---

Net Current Assets

4	1	5	0	6	4
---	---	---	---	---	---

Accumulated Losses

N	I	L
---	---	---

Total Assets

1	6	9	4	9	1	2
---	---	---	---	---	---	---

Reserves & Surplus

1	3	4	0	7	6	5
---	---	---	---	---	---	---

Unsecured loan

N	I	L
---	---	---

Investments

7	6	0	0	1	0
---	---	---	---	---	---

Miscellaneous Expenditure

N	I	L
---	---	---

Deferred tax liability (net)

	(5	5	5	4	6)
--	----	---	---	---	----

### IV Performance of the Company (amount in Rs. thousands)

Turnover

1	8	4	4	4	9	0
---	---	---	---	---	---	---

Profit/(Loss) Before Tax

8	5	1	5	0	8
---	---	---	---	---	---

Earnings per share in Rs

Refer Note No. 10 of Schedule 16

Final Dividend rate %

5	0
---	---

Total Expenditure

			9	9	2	9	8	2
--	--	--	---	---	---	---	---	---

Profit/(Loss) After Tax

5	5	4	0	7	8
---	---	---	---	---	---

Interim Dividend rate %

1	0	0
---	---	---

### V Generic names of three Principal Products / Services of the Company (as per monetary terms)

Item Code No.

Not applicable

Product Description

Television serials / Feature films

14. Figures of the previous year have been regrouped wherever necessary to correspond with those of the current year.

As per our attached report of even date

For and on behalf of Balaji Telefilms Limited

For Deloitte Haskins & Sells

Chartered Accountants

**A. Siddharth**

Partner

**Jeetendra Kapoor**

Chairman

**Shobha Kapoor**

Managing Director

**Ekta Kapoor**

Creative Director

Mumbai, 21st May, 2004

For Snehal & Associates

Chartered Accountants

**Snehal Shah**

Proprietor

**Pradeep Sardha**

Director

**Dhruv Kaji**

Director

**Alpa Shah**

Company Secretary

**V. Devarajan**

Chief Financial Officer

Mumbai, 21st May, 2004

Mumbai, 21st May, 2004