

financial
section

Financial Section

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 2005, 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 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 the 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 dealt with by this report comply with the accounting standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. on the basis of written representations received from the directors, as on 31st March, 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956;
- vi. 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 case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
 - b) in case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in 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, 20th May, 2005

For Snehal & Associates
Chartered Accountants

(Snehal Shah)
Proprietor
Membership No.: 40016
Mumbai, 20th May, 2005

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 are such that the requirements of clause (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 its fixed assets.
- (b) The fixed assets have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and nature of its assets. 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 has maintained proper records of inventories. No material discrepancies were noticed on verification.
- (iv) The Company has not granted/ taken any loans to/ from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956, and consequently, clauses iii(a) to iii(g) of paragraph 4 of the Order are not applicable.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of television serials. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system.
- (vi) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs 5 lacs in respect of each party.
- (vii) The Company has not accepted deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, where applicable and the rules framed there under. We are informed that no order has been passed by the Company law board or Reserve Bank of India or any Court or any other Tribunal.
- (viii) In our opinion, the Company has an internal audit system commensurate with its 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) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues where applicable have been generally, regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2005 for a period of more than six months from the dates of becoming payable.
- (b) According to the information and explanations given to us, there are no cases of non-deposit with appropriate authorities of disputed dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess.

- (xi) The Company has no accumulated losses at the end of the financial year covered by our report and it has not incurred cash losses in the financial year covered by our report and the immediately preceding financial year.
- (xii) In our opinion and according to the information and explanations given to us, 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) In our opinion and according to the information and explanations given to us, 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) In our opinion and according to the information and explanations given to us, term loan obtained during the year were applied for the purpose for which the loan

was obtained.

- (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.
- (xvii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xviii) No debentures have been issued by the Company and hence the question of creating security or charge in respect thereof does not arise.
- (xix) During the year, the Company has not raised money by public issue(s).
- (xx) To the best of our knowledge and belief and 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, 20th May, 2005

For Snehal & Associates
Chartered Accountants

(Snehal Shah)
Proprietor
Membership No.: 40016

Mumbai, 20th May, 2005

Balance Sheet

		(Rupees in lacs)	
As at 31st March	Schedule	2005	2004
SOURCES OF FUNDS			
Shareholders' funds			
A. Share capital	1	1,304.21	1,030.33
B. Reserves and surplus	2	20,008.90	13,407.65
		21,313.11	14,437.98
Deferred tax liability (net)		576.54	555.46
Total		21,889.65	14,993.44
APPLICATION OF FUNDS			
Fixed assets			
Gross block	3	5,592.80	4,383.08
Less :- depreciation		2,128.64	1,196.57
Net block		3,464.16	3,186.51
Capital work in progress		119.84	56.19
		3,584.00	3,242.70
Investments	4	11,374.60	7,600.10
Current assets, loans and advances			
A. Inventories	5	2,386.84	728.37
B. Sundry debtors	6	5,349.57	4,065.48
C. Cash and bank balances	7	300.44	105.39
D. Loans and advances	8	1,745.34	1,207.08
		9,782.19	6,106.32
Less :- Current liabilities and provisions			
A. Current liabilities	9	2,832.38	1,322.28
B. Provisions	10	18.76	633.40
		2,851.14	1,955.68
Net current assets		6,931.05	4,150.64
Total		21,889.65	14,993.44
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
Membership No. 31467
Mumbai, 20th May, 2005

For Snehal & Associates
Chartered Accountants

Snehal Shah
Proprietor
Membership No. 40016
Mumbai, 20th May, 2005

Jeetendra Kapoor
Chairman

Akshay Chudasama
Director

John Yu Leung Lau
Director

Shobha Kapoor
Managing Director
& C.E.O.

Dhruv Kaji
Director

Alpa Shah
Company Secretary

Tusshar Kapoor
Director

Michelle Lee Guthrie
Director

V. Devarajan
Chief Financial Officer

Mumbai, 20th May, 2005

For and on behalf of Balaji Telefilms Limited

Profit and Loss Account

		(Rupees in lacs)	
As at 31st March	Schedule	2005	2004
INCOME			
Turnover		19,674.79	17,829.60
Other income	11	494.16	615.30
Total		20,168.95	18,444.90
EXPENDITURE			
Cost of production of television serials / feature films	12	10,638.21	7,456.89
Employee costs	13	539.62	423.44
Administrative and other expenses	14	1,761.61	1,273.46
Interest	15	18.58	2.34
Depreciation		974.03	773.69
Total		13,932.05	9,929.82
PROFIT BEFORE TAX		6,236.90	8,515.08
Provision for tax			
Current tax [including Rs.1.20 lacs (previous year Rs. 2.53 lacs) for wealth tax]		(2,086.20)	(2,722.53)
Deferred tax		(21.08)	(251.77)
PROFIT AFTER TAX		4,129.63	5,540.78
Excess/(Short) provision for tax in respect of earlier years		21.06	(3.67)
Balance brought forward from previous year		8,832.40	5,592.79
Amount Available For Appropriations		12,983.08	11,129.90
Appropriations			
1) Interim dividend		8,242.60	1,030.34
2) Transferred to general reserve		413.00	554.00
3) Proposed dividend		-	515.16
4) Corporate dividend tax		1,077.20	198.00
Balance Carried To Balance Sheet		3,250.28	8,832.40
Basic and diluted earnings per share (Refer note 9 of Schedule 16)		7.61	10.75
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
Membership No. 31467
Mumbai, 20th May, 2005

For Snehal & Associates
Chartered Accountants

Snehal Shah
Proprietor
Membership No. 40016
Mumbai, 20th May, 2005

Jeetendra Kapoor
Chairman

Akshay Chudasama
Director

John Yu Leung Lau
Director

Shobha Kapoor
Managing Director
& C.E.O.

Dhruv Kaji
Director

Alpa Shah
Company Secretary

Tusshar Kapoor
Director

Michelle Lee Guthrie
Director

V. Devarajan
Chief Financial Officer

Mumbai, 20th May, 2005

For and on behalf of Balaji Telefilms Limited

Cash Flow Statement

(Rupees in lacs)

For the year ended 31st March	2005	2004
A Cash flow from operating activities		
Profit before extra-ordinary item and tax	6,236.90	8,515.08
Adjustments for:		
Depreciation	974.03	773.69
Bad debts written off	13.98	16.84
Loss on sale of fixed assets(net)	3.82	-
Profit on sale of long term investments (non trade) (net)	(251.21)	(447.76)
Provision for diminution in the value of long term investments written back (non trade)	-	(3.26)
Excess provision of earlier years written -back	(53.39)	(43.66)
Interest expenses	18.58	2.34
Interest/dividend income	(175.62)	(99.63)
Operating profit before working capital changes	6,767.09	8,713.64
(Increase)/decrease in trade and other receivable	(1,668.79)	(730.72)
(Increase)/decrease in inventories	(1,658.46)	(259.19)
Increase/(decrease) in trade payables	1,554.76	351.29
	4,994.60	8,075.02
Direct taxes paid	(2,266.18)	(2,784.84)
Net cash from operating activities (A)	2,728.42	5,290.18
B Cash flow from investing activities		
Purchase of fixed assets	(1,319.39)	(1,094.51)
Sale of fixed assets	0.25	-
Purchase of investments	(5,956.53)	(8,652.03)
Sale of investments	2,433.24	6,372.20
Income from investments	175.62	98.49
Net cash (used in) investing activities(B)	(4,666.81)	(3,275.85)
C Cash flow from financing activities		
Interest paid	(18.58)	(2.34)
Dividend paid	(8,749.04)	(1,798.19)
Corporate dividend tax paid	(1,143.19)	(231.02)
Proceeds from issue of shares (Including share premium received)	12,324.77	-
Share issue expenses adjusted against share premium account	(280.52)	-
Net cash from / (used in) financing activities (C)	2,133.44	(2,031.55)
Net increase/(decrease) in cash and Cash equivalents) (a+b+c)	195.05	(17.22)
Cash and cash equivalent as at 31st March, 2004 (opening balance)	105.39	122.61
Cash and cash equivalents as at 31st March, 2005 (closing balance)	300.44	105.39

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
Membership No. 31467
Mumbai, 20th May, 2005

Jeetendra Kapoor
Chairman

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Managing Director
& C.E.O.

Tusshar Kapoor
Director

For **Snehal & Associates**
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Membership No. 40016
Mumbai, 20th May, 2005

John Yu Leung Lau
Director

Alpa Shah
Company Secretary

V. Devarajan
Chief Financial Officer

Mumbai, 20th May, 2005

Schedules forming part of the Balance Sheet

(Rupees in lacs)

As at 31st March	2005	2004
1 Share Capital		
Authorised 75,000,000 (previous year 55,000,000) equity shares of Rs. 2/- each	1,500.00	1,100.00
Issued, Subscribed and Paid-up 65,210,443 (previous year 51,516,250) equity shares of Rs. 2/- each	1,304.21	1,030.33
Note: 6,500,000 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.		
Total	1,304.21	1,030.33
2 Reserves and Surplus		
Share premium account		
As per last Balance sheet	3,015.24	3,015.24
Add: Received during the year	12,050.89	-
Less: Share issue expenses adjusted during the year	280.52	-
	14,785.61	3,015.24
General reserve		
As per last Balance sheet	1,560.01	1,006.01
Add: Transferred from Profit and Loss account	413.00	554.00
	1,973.01	1,560.01
Surplus in Profit and Loss account	3,250.28	8,832.40
Total	20,008.90	13,407.65

3 Fixed Assets

Particulars	Gross Block			Depreciation				Net Block		
	As at 1.4.04	Additions	Deductions	As at 31.3.05	Upto 1.4.04	For the year	On Deductions	Upto 31.3.05	As at 31.3.05	As at 31.3.04
Buildings	235.75	-	-	235.75	11.56	3.94	-	15.50	220.25	224.19
Plant and machinery										
- Computers	325.55	109.01	-	434.56	120.53	59.36	-	179.89	254.67	205.02
Plant and machinery - Others	1,267.48	190.42	-	1,457.90	200.80	98.60	-	299.40	1,158.50	1,066.68
Studios and sets	1,874.90	777.82	37.80	2,614.92	717.34	734.44	37.80	1,413.98	1,200.94	1,157.56
Vehicles	283.85	5.68	8.22	281.31	75.81	27.20	4.16	98.85	182.46	208.04
Furniture and fixtures	108.63	94.71	-	203.34	18.19	11.68	-	29.87	173.47	90.44
Computers	164.72	51.39	-	216.11	37.53	32.07	-	69.60	146.51	127.19
Office equipments	98.66	22.05	-	120.71	12.28	5.45	-	17.73	102.98	86.38
Electrical fittings	23.54	4.66	-	28.20	2.53	1.29	-	3.82	24.38	21.01
Total	4,383.08	1,255.74	46.02	5,592.80	1,196.57	974.03	41.96	2,128.64	3,464.16	3,186.51
Previous Year	3,504.07	1,038.32	159.31	4,383.08	582.19	773.69	159.31	1,196.57	3,186.51	
Capital work in progress									119.84	56.19

Schedules forming part of the Balance Sheet

(Rupees in lacs)

As at 31st March	2005	2004	2005	2004
	No. of Units		Value	
4 Investments				
Long Term Investments (Non Trade)				
Unquoted				
In Units of Mutual Funds				
Alliance Short Term Fund – Growth	–	3,210,570	–	345.53
Birla Bond Plus – Institutional Plan – Growth	–	3,662,513	–	415.77
Birla Cash Plus – Retail Plan – Daily Dividend	–	1,594,184	–	260.58
Birla Cash Plus – Institutional Dividend Plan – Weekly Dividend	3,640	–	0.39	–
Birla FMP – Annual Plan – Growth	3,000,000	3,000,000	300.00	300.00
Birla Floating Rate Fund – Short Term Plan – Growth	2,854,924	–	302.87	–
Birla Fixed Term Plan Series C – Growth	3,000,000	–	300.00	–
Birla FMP – Quarterly Series 1 – Plan B – Growth	975,353	–	100.00	–
Chola Freedom Income Short Term Fund	435,069	978,905	44.44	100.00
Chola Liquid – IP – Growth	434,339	–	56.45	–
DSP Merrill Lynch Bond Fund – Short Term Fund – Growth	–	1,430,159	–	155.49
DSP Merrill Lynch – Floating Rate Fund – Growth	1,875,381	–	200.00	–
DSP Merrill Lynch Bond Fund – Floating Rate – Weekly Dividend	1,645,733	–	165.12	–
Deutsche Floating Rate – Monthly Dividend Reinvest	989,588	–	101.13	–
Deutsche Insta Cash Plus Fund – Weekly Dividend	2,986,307	–	302.83	–
FT MIP Plan A – Quarterly Dividend	1,790,629	–	210.56	–
Grindlays Cash Fund – Growth	18,619	18,619	2.18	2.18
Grindlays Dynamic Bond Fund – Growth	–	1,312,198	–	143.17
Grindlays Super Saver Short Term Fund	12,783	912,400	1.51	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	1,000,000	100.00	100.00
Grindlays Fixed Maturity – 7th Plan B – Growth	3,000,000	–	300.00	–
Grindlays Floating Rate Fund – Long Term – Growth	18,982	–	1.95	–
Grindlays Floating Rate Fund – Long Term – Plan A – Monthly Dividend	1,167,085	–	116.77	–
Grindlays Floating Rate – Short Term Plan – Monthly Dividend	1,618,779	–	162.48	–
Grindlays Floating Rate – Short Term – Institutional Plan B – Growth	6,458,188	–	681.73	–
HDFC – Short Term Plan – Growth	–	1,506,520	–	162.76
HDFC Monthly Income Plan Short Term Fund – Quarterly Dividend	2,138,620	2,041,077	218.25	208.35
HDFC Fixed Investment Plan – June 2004(2) – Growth	2,500,000	–	250.00	–
HDFC Floating Rate Income Fund – Short Term Plan – Growth	3,324,364	–	361.34	–
HDFC Floating Rate Income Fund – Short Term Plan – Weekly Dividend	681,413	–	68.37	–
HDFC Cash Management Fund Savings Plan – Weekly Dividend	3,826,957	–	407.02	–
HSBC Cash Fund – Institutional – Monthly Dividend	4,822,596	–	504.30	–
ING Vysya Liquid Fund – Weekly Dividend	2,801,890	–	302.78	–
JM Short Term Fund – Institutional Plan – Growth Plan	–	7,128,910	–	752.95
JM Floater Fund – Short Term Plan – Growth	1,952,384	–	212.07	–
JM High Liquid – Institutional Plan – Dividend	1,004,987	–	100.93	–

Schedules forming part of the Balance Sheet

(Rupees in lacs)

As at 31st March	2005	2004	2005	2004
	No. of Units		Value	
4 Investments (contd.)				
K Bond – Institutional Plan – Growth		625,896		107.09
Kotak FMP (8) – Growth	3,000,000	3,000,000	300.00	300.00
Kotak FMP Series 1 – Growth	3,000,000	–	300.00	–
Kotak Floater – Short Term – Monthly Dividend	2,132,960	–	213.37	–
Kotak Liquid (Institutional Premium) – Weekly Dividend	2,037,936	–	204.52	–
Magnum Debt Fund Series – 15 Months (Jan 05) – Growth Option	3,000,000	–	300.00	–
LIC MF Liquid fund	–	2,672,746	–	300.00
Principal Cash Management Fund – Money At Call – Daily Dividend	3,022,736	–	302.27	–
Prudential I.C.I.C.I. – Short Term Plan – Cumulative Option	–	16,217	–	1.83
Prudential I.C.I.C.I. Flexible Income Plan – Dividend	382,069	3,937,686	42.49	438.81
Prudential I.C.I.C.I. Floating Rate Plan – Growth	1,454,516	1,912,759	152.90	200.00
Prudential I.C.I.C.I. Floating Rate Plan – Dividend	3,965,792	–	398.44	–
Prudential I.C.I.C.I. Liquid Plan – Growth	–	1,273,897	–	150.97
Prudential I.C.I.C.I. Liquid Plan – Dividend	1,722,680	–	203.97	–
Prudential I.C.I.C.I. FMP Plan 1 – Growth	3,000,000	–	300.00	–
Reliance Short Term Fund – Growth	–	3,018,650	–	313.38
Reliance Fixed Term Plan – Annual – Growth	3,000,000	3,000,000	300.00	300.00
Reliance Floating Rate Fund – Monthly Dividend	1,064,023	–	107.09	–
Tata Monthly Income Fund – Dividend	2,711,911	–	312.02	–
Tata Fixed Horizon Series 1 – Plan A (371 days) – Growth	3,500,000	–	350.00	–
Templeton India Income Builder Account – Institutional Plan	–	4,413,647	–	504.90
Templeton Treasury Management Account – Daily Dividend	–	9,991	–	151.06
Templeton Treasury Management Account	6,780	6,467	102.58	101.58
Templeton Floating Rate Income Fund – Long Term Plan – Growth	2,213,619	–	255.25	–
Templeton Floating Rate Income Fund – Long Term Plan – Dividend	3,288,251	–	336.76	–
Templeton Floating Rate Income Fund – Short Term Plan – Growth	–	3,091,337	–	350.00
UTI Liquid Cash Plan – Institutional – Daily Income	49,809	–	504.19	–
			10,861.32	7,086.82
Quoted				
6.75% Tax free Bonds of Unit Trust of India of Rs.100/- each	500,000	500,000	513.28	513.28
Total			11,374.60	7,600.10

(Rupees in lacs)

Notes	Cost	Market Value
Aggregate of Quoted Investments	513.28	523.75
Previous Year	513.28	532.50
Aggregate of Unquoted investments	10,861.32	–
Previous Year	7,086.82	–
Total	11,374.60	–
Previous year	7,600.10	–

Schedules forming part of the Balance Sheet

(Rupees in lacs)

4 Investments (contd.)

Details of investments purchased and sold during the year

Particulars	Nos.	Cost
HDFC Cash Management Fund – Savings Plan – Weekly Dividend	1,888,082	200.72
Kotak Dynamic Bond Fund – Dividend	983,081	100.00
Birla Cash Plus – Institutional Plan – Dividend	5,261,805	567.94
Birla MIP II – Savings 5 Plan – Dividend	3,002,671	300.27
Prudential ICICI Liquid Plan – Dividend	2,534,447	299.91
Deutsche Dynamic Bond Fund – I.P. – Dividend	976,877	100.00
Templeton Treasury Management Account – Daily Dividend	73	1.10
Kotak Liquid (Institutional Premium) – Weekly Dividend	2,991,355	309.84
Birla Cash Plus – Daily Dividend	6,440	1.05
Birla Cash Plus – Institutional Plan – Weekly Dividend	2,774,669	300.22
Prudential ICICI Liquid Plan – Daily Dividend	8,236	0.98

Details of investments purchased and sold during the previous 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

5 Inventories

Television serials / feature films	2,367.24	713.36
Tapes	19.60	15.01
Total	2,386.84	728.37

Schedules forming part of the Balance Sheet

As at 31st March

2005

2004

6 Sundry Debtors

(Unsecured, considered good)

Debts outstanding for a period exceeding six months	199.41	304.40
Other debts	5,150.16	3,761.08
Total	5,349.57	4,065.48

7 Cash and Bank Balances

Cash on hand	19.23	19.33
Balances with scheduled banks		
In Current accounts	204.60	13.41
In Term deposits accounts	76.61	72.65
(on all fixed deposit receipts the banks have a lien)	281.21	86.06
Total	300.44	105.39

8 Loans and Advances

(Unsecured, considered good)

Advances recoverable in cash or in kind or for value to be received	548.50	309.22
Advance tax	384.58	217.04
Deposits *	812.26	680.82
Total	1,745.34	1,207.08

Notes:

- *: Includes deposits given to directors for property taken on lease from them
- Maximum amount outstanding at any time during the year for above deposits

9 Current Liabilities

Sundry creditors

(i) Total outstanding dues to small scale industrial undertakings	–	–
(ii) Total outstanding dues of creditors other than small scale industrial undertakings	2,314.86	1,267.53
	2,314.86	1,267.53
Advances received from customers	112.68	30.66
Other liabilities	404.84	24.09
Total	2,832.38	1,322.28

10 Provisions

Provision for tax	18.76	52.25
Proposed dividend	–	515.16
Corporate dividend tax	–	65.99
Total	18.76	633.40

Schedules forming part of the Profit and Loss account

For the year ended	2005	2004
11 Other Income		
Interest on fixed deposits with banks (gross) (Tax deducted at source Rs. 2.95 lacs (previous year Rs. 1.14 lacs))	13.69	5.99
Interest on Tax Free Bonds	42.19	16.88
Interest on Income tax refund	–	28.56
Dividend on long term investments (non trade)	119.74	48.20
Excess provision of earlier years written back	53.39	43.66
Profit on sale of long term investments (non trade) (net)	251.21	447.76
Provision for diminution in the value of long term investments written back	–	3.26
Miscellaneous income	13.94	20.99
Total	494.16	615.30

For the year ended	2005	2004
12 Cost of Production of Television Serials/Feature Films		
Opening stock of television serials / feature films and tapes	728.37	469.18
Add: Cost of production		
Purchase of costumes and dresses	239.67	220.97
Purchase of tapes	286.32	184.99
Payment to and provisions for artistes, junior artistes, dubbing artistes fees	3,051.37	1,808.10
Payment to and provisions for directors, technicians and other fees	3,855.69	2,280.02
Shooting and location expenses	1,562.61	836.65
Telecasting fees	1,129.29	1,027.18
Uplinking charges / Special dispatch charges	200.63	418.89
Food and refreshments	323.33	207.93
Set properties and equipment hire charges	792.99	381.40
Other production expenses	854.78	349.94
	12,296.68	7,716.08
	13,025.05	8,185.26
Less: Closing stock of television serials / feature films and tapes	2,386.84	728.37
Total	10,638.21	7,456.89

For the year ended	2005	2004
13 Employee Costs		
Salaries, wages and bonus	507.41	397.62
Contribution to Provident and Other funds	12.15	9.45
Staff welfare expenses	20.06	16.37
Total	539.62	423.44

Schedules forming part of the Profit and Loss account

For the year ended	2005	2004
14 Administrative and Other Expenses		
Electricity and water charges	229.35	159.11
Lease rent	190.81	170.67
Rates and taxes	18.13	16.22
Insurance	418.57	173.79
Repairs and maintenance		
Building	2.50	2.42
Plant and machinery	40.29	9.70
Others	79.72	63.51
Travelling and conveyance expenses	115.45	106.09
Legal and professional charges	239.97	199.55
Communication charges	61.47	42.11
Loss on sale of fixed assets (net)	3.82	–
Donations	22.57	3.93
Bad debts written off	13.98	16.84
Director's sitting fees	1.55	0.65
Advertisement and sales promotion expenses	25.82	53.92
Miscellaneous expenses	297.61	254.95
Total	1,761.61	1,273.46

For the year ended	2005	2004
15 Interest		
On cash credit account	13.80	1.13
On income / wealth tax	4.78	1.21
Total	18.58	2.34

Schedules forming part of the accounts

16 Significant accounting policies and notes on accounts

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)(a) 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 and 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	Previous Year Rupees in lacs
1. Estimated amount of contracts remaining to be executed on : capital account and not provided for :	48.19	78.15
2. 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.		
3. Managerial remuneration under section 198 of the Companies Act, 1956 to Directors (including to the Managing Director)		
Salary	81.83	55.20
Commission	319.43	248.78
Perquisites in cash or in kind	0.70	0.53
Contribution to Provident Fund	5.49	3.60
Artistes fees	19.64	–
Total	427.09	308.11

4. Computation of net profit in accordance with section 198 read with section 309 of the Companies Act, 1956 :

	Rupees in lacs	Rupees in lacs	Previous Year Rupees in lacs Rupees in lacs	
Profit before tax		6236.90		8515.08
Add:				
Loss on sale of fixed assets	3.82		–	
Managerial remuneration	406.75		307.58	
		410.57		307.58
		6647.47		8822.66
Less: Profit on sale of long term investments (non-trade) (net)	251.21		447.76	
Provision for diminution in value of long Term investments written back	–		3.26	
		251.21		451.02
Net Profit for the year		6396.26		8371.64
Commission @2% each to the Executive Directors (Previous year 1% each)		255.86		167.44
Commission @90% (Previous year 0.90%) to the Chairman		57.57		75.34
Commission to other Non-Executive Directors (Restricted to Rs. 2 lacs each) (previous year Rs. 2 lacs each)		6.00		6.00

Schedules forming part of the accounts

16 Significant accounting policies and notes on accounts (contd.)

	Rupees in lacs	Previous year Rupees in lacs
5. Payment to auditors		
a) as auditors	8.00	8.00
b) as advisor, or in any other capacity, in respect of company law matters	0.75	–
c) in any other manner (certification work, etc)	4.70	4.80
d) as expenses	0.04	0.08
e) for service tax	0.12	1.02
Total	13.61	13.90

6. Cash credit facility with a bank is secured by hypothecation of the current assets (both present and future) and library assets of the Company.

7. 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	Key management person
Mrs. Nirmala Sood	Relative of key management personnel
Mr. Ramesh Sippy	Relative of key management personnel
Mr. Rakesh Sippy	Relative of key management personnel
Screenestindia.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

Amount in 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	Previous Year	Previous Year	
Directors sitting fees								
Mr. Jeetendra Kapoor	–	–	0.45	0.15	–	–	0.45	0.15
Mr. Tusshar Kapoor	–	–	0.15	0.05	–	–	0.15	0.05
Rent								
Mr. Jeetendra Kapoor	–	–	7.20	7.20	–	–	7.20	7.20
Mrs. Shobha Kapoor	–	–	5.52	5.52	–	–	5.52	5.52
Mr. Tusshar Kapoor	–	–	2.40	–	–	2.40	2.40	2.40
Others	0.60	0.60	0.72	0.72	–	1.20	1.32	2.52

Schedules forming part of the accounts

16 Significant accounting policies and notes on accounts (contd.)

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	Previous Year	Previous Year	
Amount in Rupees (In lacs)								
Recovery and payment of artistes registration fees								
M/s. Screenestindia.com Pvt. Ltd.	0.03	2.97	–	–	–	–	0.03	2.97
Managerial remuneration								
Mrs. Shobha Kapoor	–	–	167.93	113.38	–	–	167.93	113.38
Ms. Ekta Kapoor	–	–	167.93	113.39	–	–	167.93	113.39
Mr. Jeetendra Kapoor	–	–	57.57	75.34	–	–	57.57	75.34
Others	–	–	8.02	–	–	–	8.02	–
Artistes fees								
Mr. Tusshar Kapoor	–	–	19.64	–	–	–	19.64	–
Dividend paid								
Mrs. Shobha Kapoor	–	–	1688.95	347.73	–	–	1688.95	347.73
Ms. Ekta Kapoor	–	–	1653.59	340.45	–	–	1653.59	340.45
Mr. Jeetendra Kapoor	–	–	946.48	212.45	–	–	946.48	212.45
Mr. Tusshar Kapoor	–	–	345.14	–	–	141.06	345.14	141.06
Others	–	–	–	–	1.71	0.30	1.71	0.30
Amount payable as at 31st March,2005								
Mrs. Shobha Kapoor	–	–	130.28	83.72	–	–	130.28	83.72
Ms. Ekta Kapoor	–	–	130.28	83.72	–	–	130.28	83.72
Mr. Jeetendra Kapoor	–	–	57.57	75.34	–	–	57.57	75.34
Others	0.39	0.96	19.70	–	0.10	0.10	20.19	1.06
Amount receivable (Deposits for lease property) as at 31st March,2005								
Mrs. Shobha Kapoor	–	–	207.50	207.50	–	–	207.50	207.50
Mr. Jeetendra Kapoor	–	–	300.00	300.00	–	–	300.00	300.00
Mr. Tusshar Kapoor	–	–	100.00	–	–	100.00	100.00	100.00
Others	–	–	7.50	7.50	–	0.60	7.50	8.10

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.)

8. 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
 (c) Other : Includes feature films

(Amount in Rupees in lacs)

	Commissioned programmes		Sponsored Programmes		Others	Total	
		Previous Year		Previous Year			Previous Year
Revenue							
From External Customers	16,481.98	14,530.03	3,192.81	3,299.57	–	–	19,674.79
Add: Inter Segment sale	–	–	–	–	–	–	–
Total Revenue	16,481.98	14,530.03	3,192.81	3,299.57	–	–	19,674.79
Results							
Segment result	7,419.15	8,374.37	777.74	1,331.09	–	–	8,196.89
Unallocable Corporate Expenses							(2,368.24)
Operating Profit							5,828.65
Interest Expense							(18.58)
Interest income/Dividend on Long-Term Investments							175.62
Profit on sale of Long-Term Investments (non trade)							251.21
Provision for Diminution in value of Investments written back							–
Provision for tax							(2,107.28)
Profit after tax							4,129.62
Other Information							
Segment assets	7,657.34	4,937.37	1,571.37	1,122.78	1,632.65	94.48	10,861.36
Unallocated Corporate assets							13,879.43
Total assets							24,740.79
Segment liabilities	1,162.90	892.45	171.70	81.83	403.24	33.28	1,737.84
Unallocated Corporate liabilities							1,689.84
Total Liabilities							3,427.68
Capital expenditure	1,077.25	817.07					1,077.25
Depreciation	892.40	627.85					892.40
Significant Non cash expenses other than depreciation							
Loss on sale of fixed assets							3.82
Bad debts written off							13.98

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

Schedules forming part of the accounts

16 Significant accounting policies and notes on accounts (contd.)

9. 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 :

		Previous Year
Net profit after tax as per the Profit and Loss account -(Rs. in lacs)	4,129.62	5,540.78
Excess / (Short) provision for tax in respect of earlier years -(Rs.in lacs)	21.06	(3.67)
(A) Profit for the year attributable to equity share holders-(Rs.in lacs)	4,150.68	5,537.11
(B) Weighted average number of equity shares outstanding during the year (Nos.)	54,555,235	51,516,250
(C) Earnings per share – Basic and diluted (Rs.)	7.61	10.75
(D) Nominal value of shares (Rs.)	2	2

10. Components of Deferred Tax Assets/(Liabilities)

	As at 31st March,2005 Rupees in lacs	As at 31st March,2004 Rupees in lacs
Difference in the written down value of the assets	(576.54)	(555.46)
Deferred tax asset/ (liability)-net	(576.54)	(555.46)

11. Lease Transactions:

- a) Future lease rentals in respect of fixed assets taken on non-cancellable operating lease basis are as follows:

	Rupees in lacs	Previous Year Rupees in lacs
1) Amount due within 1 year	10.80	14.40
2) Amount due later than 1 year and not later than 5 years	–	10.80
3) Amount due later than 5 years	–	–

- b) Amount of lease rentals charged to the profit and loss account in respect of operating leases is Rs.190.81 lacs (previous year Rs.170.67 lacs)

12. Unutilised money aggregating to Rs.2704.00 lacs out of the issue of shares have been partly invested in the units of mutual funds (Rs.2500.00 lacs) and the balance are lying in current account with the bank (Rs.204.00 lacs).

13. 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)

	Rupees in lacs	Previous Year Rupees in lacs
a. Expenditure in foreign currency Travelling expenses	178.51	42.53
b. Earnings in foreign exchange: Export of television software/ serials	109.42	40.19

- c. Amount remitted during the financial year in foreign currency on account of dividends:

Schedules forming part of the accounts

16 Significant accounting policies and notes on accounts (contd.)

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:-

Year to which dividend relates	Rupees in lacs	Previous Year Rupees in lacs
Amount of Dividend		
a) Final dividend for the financial year 2002-2003	-	772.74
b) Interim dividend for the financial year 2003-2004	-	1030.34
c) Final dividend for the financial year 2003-2004	515.16	-
d) Interim dividend for the financial year 2004-2005	8242.60	-
Number of non-resident shareholders		
a) Final dividend for the financial year 2002-2003	-	105
b) Interim dividend for the financial year 2003-2004	-	120
c) Final dividend for the financial year 2003-2004	192	-
d) Interim dividend for the financial year 2004-2005	189	-
Number of equity shares held by them on which dividend was due		
a) Final dividend for the financial year 2002-2003	-	81,398
b) Interim dividend for the financial year 2003-2004	-	84,017
c) Final dividend for the financial year 2003-2004	1,36,305	-
d) Interim dividend for the financial year 2004-2005	2,06,045	-
Amount remitted (net of tax) to banks or power holders in India of the non-resident shareholders		
a) Final dividend for the financial year 2002-2003	-	1.22
b) Interim dividend for the financial year 2003-2004	-	1.68
c) Final dividend for the financial year 2003-2004	1.36	-
d) Interim dividend for the financial year 2004-2005	32.97	-

Schedules forming part of the accounts

14. Balance Sheet Abstract and Company's General Business Profiles

I. Registration Details		Registration No.	1 1 - 8 2 8 0 2	State Code	1 1
		Balance Sheet Date	3 1 0 3 2 0 0 5		
			Date Month Year		
II. Capital Raised during the year (amount in Rs. thousands)					
Public issue			Right Issue		
N I L			N I L		
Bonus issue			Private placement		
N I L			2 7 3 8 8		
III. Position of Mobilisation and Deployment of Funds (amount in Rs. thousands)					
Total Liabilities			Total Assets		
2 4 7 4 0 7 9			2 4 7 4 0 7 9		
Sources of funds			Reserves & Surplus		
Paid-up Capital			2 0 0 0 8 9 0		
1 3 0 4 2 1			Unsecured loans		
Secured loans			N I L		
N I L			Investments		
Application of funds			1 1 3 7 4 6 0		
Net fixed assets			Miscellaneous expenditure		
3 5 8 4 0 0			N I L		
Net current assets			Deffered tax liability (net)		
6 9 3 1 0 5			(5 7 6 5 4)		
Accumulated Losses			Total Expenditure		
N I L			1 3 9 3 2 0 5		
IV. Performance of Company (amount in Rs. thousands)					
Turnover			Profit/(Loss) after tax		
2 0 1 6 8 9 5			4 1 2 9 6 2		
Profit/(Loss) before tax			Interim Dividend rate		
6 2 3 6 9 0			8 0 0 %		
Earning Per Share in Rs.					
7 . 6 1					
Refer note no. 9 of Schedule 16					
V. Generic names of three principal products/services of company (as per monetary terms)					
Item Code (ITC code)	Not applicable	Product Description	Television software/serials/feature films		

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

Signatures to Schedule 1 to 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
Membership No. 31467
Mumbai, 20th May, 2005

Jeetendra Kapoor
Chairman

Shobha Kapoor
Managing Director
& C.E.O.

Tusshar Kapoor
Director

For Snehal & Associates
Chartered Accountants

Akshay Chudasama
Director

Dhruv Kaji
Director

Michelle Lee Guthrie
Director

Snehal Shah
Proprietor
Membership No. 40016
Mumbai, 20th May, 2005

John Yu Leung Lau
Director

Alpa Shah
Company Secretary

V. Devarajan
Chief Financial Officer

Mumbai, 20th May, 2005