



# Corporate Governance Report

Balaji Telefilms Limited is committed to strong corporate governance and believes in its indispensability in investor protection. The Company's compliance with the Corporate Governance Code in terms of Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited is given hereinbelow:

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is as under:

- ▲ Ensure that quantity, quality and frequency of financial and managerial information, which management shares with the Board, places the Board members fully in control of the Company's affairs
- ▲ Ensure that the Board exercises its fiduciary responsibilities towards Shareholders and Creditors, thereby ensuring high accountability
- ▲ Ensure that the extent to which the information is disclosed to present and potential investors is maximised
- ▲ Ensure that the Board, the Employees and all concerned are fully committed to maximising long-term value to the Shareholders and the Company

## COMPOSITION OF BOARD

The Board currently has eight members, of whom two are Executive Directors. The Board has a non-executive Chairman. At present half of the strength of the Board of Directors comprises of Independent Directors.

The Board either directly exercises its powers or functions through Committees. Policy formulation, setting up of goals and evaluation of performance and control functions vest with the Board, while the Committees oversee operational issues.

Four meetings of the Board of Directors were held during the year. These were held on May 23, July 15, October 14 in 2011 and on January 19 in 2012. The maximum time gap between any two meetings was not more than four calendar months. None of the Directors of the Company held committee membership of more than ten committees nor committee chairmanships of more than five committees across all companies in which the person was a director.

The names of members of the Board of Directors, their attendance at Balaji Telefilms Limited's Board meetings, last Annual General Meeting (AGM), the number of other directorships and memberships / chairmanships of the committees in various companies are set out below:

Name of the Director	Attendance Particulars		No. of Directorships and Committee Memberships / Chairmanships		
	Board Meetings	Last AGM	Directorships	Committee Memberships	Committee Chairmanships
Mr. Jeetendra Kapoor (P, N, NI)	2	Present	9	5	0
Ms. Shobha Kapoor (P, E, NI)	4	Present	10	2	0
Ms. Ekta Kapoor (P, E, NI)	4	Not Present	6	1	0
Mr. Akshay Chudasama (N, I)	2	Present	5	7	0
Mr. Pradeep Sardar (N, I)	4	Present	22	5	0
Mr. D. G. Rajan (N, I)	4	Present	9	5	3
Mr. Ashutosh Khanna (N, I)	3	Present	2	2	2
Mr. Tusshar Kapoor (P, N, NI)	4	Not Present	7	1	0

P = Promoter; E = Executive; N = Non-Executive; I = Independent; NI = Non-Independent;

## AUDIT COMMITTEE

### Terms of Reference

The Audit Committee provides direction to the audit and risk management function in the Company and monitors the quality of internal audit and management audit. The responsibilities of the Audit Committee include overseeing the financial reporting process to ensure proper disclosure of financial statements, recommending appointment/removal of external auditors and fixing their remuneration, reviewing the annual financial statements before submission to the Board, reviewing adequacy of internal control systems, structure and staffing of the internal audit function, reviewing findings of internal investigations and discussing the scope of audit with external auditors.

The terms and composition of the Audit Committee conform to the requirement of Section 292A of the Companies Act, 1956.

### Composition

The composition of the Audit Committee is as follows:

Chairman	: Mr. D. G. Rajan
Members	: Mr. Akshay Chudasama Mr. Jeetendra Kapoor Mr. Pradeep Sardar
Secretary	: Ms. Alpa Khandor
Invitees	: Chief Financial Officer, Representatives of Statutory Auditors and Internal Auditor

### Meetings and Attendance

The details of meetings held during the year, and the attendance thereat are as follows:

Dates of Meetings: May 23, July 15, October 14 in 2011 and on January 19 in 2012.

### Attendance

Name of the Director	No. of Meetings attended
Mr. D. G. Rajan	4
Mr. Akshay Chudasama	2
Mr. Jeetendra Kapoor	2
Mr. Pradeep Sardar	4

The Statutory Auditors and Internal Auditor of the Company are invitees to the Audit Committee Meetings. The Audit Committee holds discussions with the Statutory Auditors on "Limited Review" of the quarterly and half yearly accounts, yearly Audit of the Company's accounts and other related matters. The report of the Internal Auditor is reviewed by the Audit Committee.



## SHAREHOLDERS' COMMITTEE

### Terms of Reference

The functions and powers of the Shareholders' Committee include approval / rejection of transfer / transmission and rematerialisation of equity shares, issue of duplicate certificates and supervising the operations of the Registrar and Transfer Agents and also maintaining investor relations and review and redressal of shareholders / investors' grievances / complaints. The details in this respect are given in the General Shareholder Information section of this report.

### Composition

The composition of the Shareholders' Committee is as follows:

Chairman	: Mr. Jeetendra Kapoor
Members	: Ms. Shobha Kapoor Ms. Ekta Kapoor
Compliance Officer	: Ms. Alpa Khandor, Company Secretary

### Meetings and Attendance

There were no meetings held during the year.

## REMUNERATION COMMITTEE

### Terms of Reference

The Committee is entrusted with the role and responsibilities of approving compensation packages of Managing Director/ Whole Time Director, reviewing and approving the performance based incentives to be paid to the Managing Director/ Whole Time Director and reviewing and approving compensation package and incentive schemes of senior managerial personnel.

### Composition

The composition of the Remuneration Committee is as follows:

Chairman	: Mr. Ashutosh Khanna
Members	: Mr. Akshay Chudasama Mr. Jeetendra Kapoor Mr. Pradeep Sarda
Secretary	: Ms. Alpa Khandor

### Meetings and Attendance

The details of meetings held during the year, and the attendance thereat are as follows:

Dates of Meeting: - July 15, 2011 and on January 19, 2012

### Attendance

Name of the Director	No. of Meetings attended
Mr. Ashutosh Khanna	2
Mr. Akshay Chudasama	2
Mr. Jeetendra Kapoor	1
Mr. Pradeep Sarda	2

### Remuneration Policy and Details of Remuneration Paid

The remuneration of the Directors is decided by the Board of Directors as per the remuneration policy of the Company within the ceiling approved by shareholders.

No performance linked incentives were paid or is payable to the Managing Director and the Joint Managing Director for the year under review. Though both Executive and Non-Executive Directors are entitled to commission @ of 2.5% each, due to insufficient profits none of them were paid any commission.

No remuneration was paid to non-executive directors apart from sitting fees. Besides the sitting fees, rent amounting to ₹ 25.42 Lacs and ₹ 6.06 Lacs paid to Mr. Jeetendra Kapoor and Mr. Tusshar Kapoor respectively (refer Note No. 23.7(b) in 'Notes forming part of the financial statements'), annexed to the Financial Statements of the year), there is no other pecuniary transaction by the Company with Non-Executive Directors.

During the financial year the Company has received ₹ 2,550 Lacs from J K Developers, a proprietary firm owned by Mr. Jeetendra Kapoor, towards sale consideration for a piece of land owned by the Company.



## Details of the remuneration to the Directors for the year ended March 31, 2012

Name	Designation	Remuneration for the year 2011-2012 (in ₹)					No. of shares held by Non-Executive Directors
		Salary	Perquisites	Sitting Fees	Employer Contribution to Provident Fund	Total	
Ms. Shobha Kapoor	Managing Director	55,20,000	48,30,000	N.A.	6,62,400	1,10,12,400	N.A.
Ms. Ekta Kapoor	Joint Managing Director	66,30,000	58,05,000	N.A.	7,95,600	1,32,30,600	N.A.
Mr. Jeetendra Kapoor	Chairman	-	-	30,000	-	30,000	43,92,000
Mr. Akshay Chudasama	Director	-	-	30,000	-	30,000	-
Mr. Pradeep Sarda	Director	-	-	60,000	-	60,000	-
Mr. D. G. Rajan	Director	-	-	60,000	-	60,000	300
Mr. Ashutosh Khanna	Additional Director	-	-	45,000	-	45,000	-
Mr. Tusshar Kapoor	Additional Director	-	-	60,000	-	60,000	20,30,250

None of the Directors are related to any other Director on the Board, except for Mr. Jeetendra Kapoor, his spouse Ms. Shobha Kapoor, their daughter Ms. Ekta Kapoor and their son Mr. Tusshar Kapoor, who are related to each other.

The appointments of Managing Director and the Joint Managing Director are for a period of three years. The nature of employment of Ms. Shobha Kapoor and Ms. Ekta Kapoor is contractual and terminable by twelve month's notice in writing. If the tenure of the office of Managing Director or Joint Managing Director is terminated before expiration of their tenure, the severance fees would be equivalent to the remuneration for unexpired residue of the tenure.

## GENERAL BODY MEETINGS

The details of Annual General Meetings held in the last three years are given below:

Annual General Meeting	Day, Date	Time	Venue
15th Meeting	Wednesday, July 29, 2009	4:30 p.m.	'The Club', 197, D. N. Nagar, Andheri (West), Mumbai – 400 053.
16th Meeting	Friday, August 27, 2010	4:30 p.m.	'The Club', 197, D. N. Nagar, Andheri (West), Mumbai – 400 053.
17th Meeting	Thursday, September 22, 2011	4:30 p.m.	'The Club', 197, D. N. Nagar, Andheri (West), Mumbai – 400 053.

## SPECIAL RESOLUTIONS

Following special resolutions were passed at the last three Annual General Meetings

### 2009

None

### 2010

Appointment of Mr. Tusshar Kapoor as Executive Director of Balaji Motion Pictures Limited, wholly owned subsidiary of the Company

### 2011

Payment of annual remuneration to the Non-Executive Directors of the Company

### Two resolutions were passed through postal ballot in February 2011

1. Alteration of Object clause of Memorandum of Association - (special)
2. Sale of Undertakings under section 293(1)(a) – (ordinary)

### Details of Voting Pattern

98.76 % and 98.47 % of shares in assent and 1.24 % and 1.53% of shares in dissent respectively

### Person who conducted the postal ballot

Robert Pavrey, Company Secretary in Practice

### Whether any special resolution is proposed to be conducted through postal ballot

None

### Procedure of postal ballot

As per the provisions of the Companies Act, 1956 and rules made thereunder.

## Disclosures

### 1. Related Parties transactions

None of the transactions with any of the related parties were in conflict with interest of the Company. Transactions with the related parties are disclosed in Note No. 23.7(b) in 'Notes forming part of the financial statements' annexed to the Financial Statements of the year.

### 2. Compliances by the Company

The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the stock exchanges, SEBI or other statutory authorities relating to the above.

### 3. Though there is no formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.

### 4. The Company has laid down a code of conduct for the Directors and Senior Management of the Company. The code has been posted on the website of the Company. A declaration to the effect that the Directors and Senior Managerial Personnel have adhered to the same, signed by the Managing Director and Group CEO of the Company, forms part of this Report, which alongwith the auditors' certificate on compliance of Clause 49 of the Listing Agreement by the Company is annexed to this report. The Company has complied with all the mandatory requirements of clause 49 of the Listing Agreement.

## Re-appointment of Directors

The individual details of Directors seeking re-appointment at the ensuing Annual General Meeting of the Company are annexed to the notice of Annual General Meeting.

## Means of Communication

The Company believes that all stakeholders should have access to adequate information, regarding the Company's position to enable them to accurately assess its future potential. In accordance with the applicable guidelines/ listing agreements with the stock exchanges, all information which could have a material bearing on Balaji Telefilms Limited's share price is released at the earliest.

The Company's financial results were published in Business Standard, Free Press Journal and Navshakti (regional daily). The financial results and official news releases were displayed on the Company's web site [www.balajitelefilms.com](http://www.balajitelefilms.com). Presentations made to the institutional investors and analysts are displayed on the Company's website. No such presentations were made in the current financial year. The Company sends a copy of its half-yearly results to each shareholder.

Managements' discussion and analysis forms part of the Annual Report.

## General Shareholder Information

<b>1</b>	<b>Date of Book Closure</b>	September 1, 2012 to September 5, 2012 (both days inclusive).
<b>2</b>	<b>Date, time and venue of the Annual General Meeting</b>	September 5, 2012 at 4:30 p.m. at "The Club", 197, D. N. Nagar, Andheri (West), Mumbai – 400 053.
<b>3</b>	<b>Dividend payment</b>	The Board of Directors has recommended final dividend of ₹ 0.20 per share, i.e. 10% for the year ended March 31, 2012. The final dividend will be paid within the stipulated number of days once it is approved at the Annual General Meeting.
<b>4</b>	<b>Listing on Stock Exchanges</b>	<ol style="list-style-type: none"><li>Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. Tel: +91 22 2272 1233/34 Fax: +91 22 2272 1919/3027 (Stock Code – 532382)</li><li>National Stock Exchange of India Limited, Exchange Plaza, 5th floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. Tel: +91 22 2659 8235/36 Fax: +91 22 2659 8237/38 (Stock Code – BALAJITELE)</li></ol>
<b>5</b>	<b>ISIN</b>	INE794B01026
<b>6</b>	<b>Listing Fees</b>	Paid for both the above Stock Exchanges as per listing agreements
<b>7</b>	<b>Listing on Stock Exchanges outside India</b>	Not applicable



<b>8</b>	<b>Registered Office of Company</b>	C-13, Balaji House, Dalia Industrial Estate, Opp. Laxmi Industries, New Link Road, Andheri (West), Mumbai – 400 053. Tel: +91-22-40698000, Fax: +91-22-40698181/82 Email: balaji@balajitelefilms.com Web site: www.balajitelefilms.com
<b>9</b>	<b>Share transfers in physical, communication regarding share certificates, dividends, change in address etc. may be addressed to</b>	Karvy Computershare Private Limited (Company's Registrar and Transfer Agents) Unit: Balaji Telefilms Limited Plot No.17 to 24, Near Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad - 500 081. Tel: +91-40-23420815-820, Fax: +91-40-23420814 Email: mailmanager@karvy.com

## 10. Share Transfer System

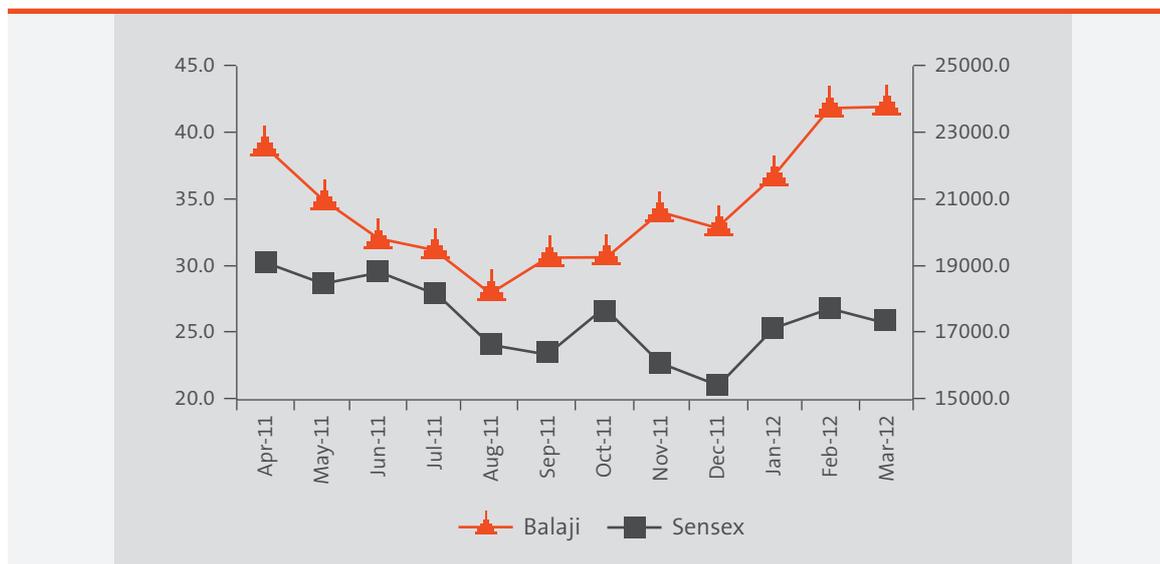
Shares sent for physical transfer are registered and returned within one month from the date of receipt, if the documents are clear in all respects. The Shareholders' Committee meets as often as required. There were no shares transfers in physical form during the year 2011-2012 and no share transfer pending as on March 31, 2012.

## 11. Stock Market Data relating to Shares listed in India

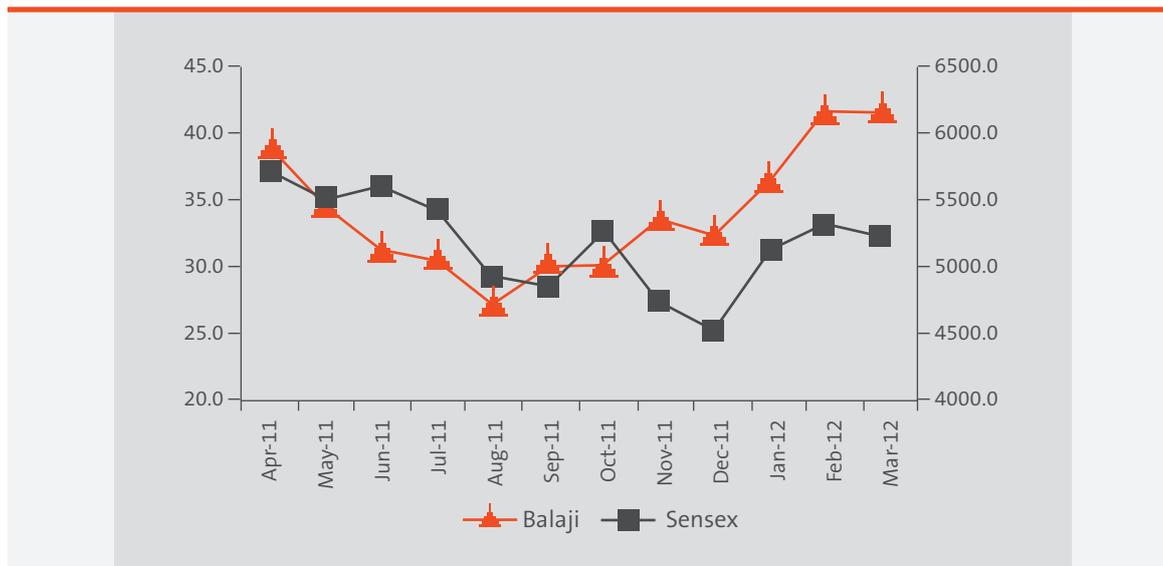
The Company's shares are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, since November 22, 2000. The Company's market capitalisation as on March 31, 2012 was ₹ 27,355.78 Lacs. The monthly high and low quotations as well as the volume of shares traded during the year are as below:

MONTH	BSE			NSE		
	HIGH	LOW	NO. OF SHARES TRADED	HIGH	LOW	NO. OF SHARES TRADED
April	42.4	33.0	21,64,143	42.3	32.9	53,82,157
May	42.0	31.8	13,95,395	41.9	32.0	32,80,964
June	36.5	30.0	4,34,908	36.5	31.0	11,17,389
July	36.0	31.0	6,54,687	35.5	31.0	15,49,306
August	32.4	26.7	4,73,427	32.5	26.6	9,33,385
September	34.5	28.1	4,90,962	34.4	28.0	9,36,263
October	34.6	29.5	4,01,969	34.5	29.5	9,90,510
November	35.4	28.5	6,98,246	35.3	28.5	11,79,560
December	39.9	29.0	37,31,283	39.9	29.0	81,20,038
January	43.0	30.0	13,86,779	43.0	31.4	34,43,181
February	48.6	36.3	19,69,231	48.7	36.3	39,57,034
March	46.5	38.1	9,19,159	46.6	38.2	21,21,207

The performance of Balaji Telefilms Limited's equity shares relative to the BSE Sensitive Index (Sensex) is given in the chart below:



The performance of Balaji Telefilms Limited's equity shares relative to the NSE Index (Nifty) is given in the chart below:



### Fact Sheet

Items	2011-12	2010-11
Earnings per share (₹)	1.78	(0.52)
EPS – Fully diluted (₹)	1.78	(0.52)
Dividend per share (₹)	0.20	0.20
Number of shares	6,52,10,443	6,52,10,443
Share price data (₹)		
High	48.65	70.60
Low	26.70	32.05
Closing	41.95	32.95

### 12. Investor Service – Complaints Received During the year

Nature of Complaints	Year ended March 31, 2012	
	Received	Disposed
Non Receipt of Dividend	41	31
Non Receipt of Annual Report	7	7

The Company has disposed of all of the investor grievances. There are no complaints pending as on March 31, 2012.

### 13. Shareholding Pattern of Balaji Telefilms Limited as on March 31, 2012

Category	No. of shares held	Percentage of shareholding
Clearing Members	49,307	0.08
Directors	300	0.00
Foreign Institutional Investor	4,38,182	0.67
Foreign Corporate Bodies	1,69,48,194	25.99
H U F	11,18,209	1.71
Indian Financial Institutions	3,94,372	0.60
Bodies Corporate	66,66,944	10.22
Mutual Funds	13,90,439	2.13
Non Resident Indians	10,75,954	1.65
Promoters	2,69,63,158	41.35
Resident Individuals	1,01,65,334	15.59
Trusts	50	0.00
<b>GRAND TOTAL</b>	<b>6,52,10,443</b>	<b>100.00</b>

**14. Distribution of shareholding as on March 31, 2012**

Number of Shares	Number of Shareholders	% of total shareholders	Total Shares	Amount	% Holding
upto 1 - 5,000	27,964	98.01	58,01,439	1,16,02,878	8.90
5,001 - 10,000	296	1.04	11,02,943	22,05,886	1.69
10,001 - 20,000	127	0.45	9,34,398	18,68,796	1.43
20,001 - 30,000	35	0.12	4,48,003	8,96,006	0.69
30,001 - 40,000	21	0.07	3,73,009	7,46,018	0.57
40,001 - 50,000	9	0.03	2,05,385	4,10,770	0.31
50,001 - 100,000	36	0.13	12,68,009	25,36,018	1.94
100,001 & Above	45	0.16	5,50,77,257	11,01,54,514	84.46
<b>TOTAL</b>	<b>28,533</b>	<b>100.00</b>	<b>65,21,04,433</b>	<b>13,04,20,886</b>	<b>100.00</b>

**15. Shares under Lock-in**

In accordance with SEBI Guidelines, currently no Equity Shares held by promoters are subject to lock-in.

**16. Outstanding GDRs/ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity**

As on March 31, 2012 the Company did not have any outstanding GDRs/ ADRs/ Warrants or any convertible instruments.

**17. Dematerialisation of Equity Shares**

The Company's shares are traded in dematerialised form. To facilitate trading in dematerialised form there are two depositories, i.e., National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The Company has entered into agreement with both these depositories. Shareholders can open account with any of the depository participants registered with any of these depositories. As on March 31, 2012 about 99.96% comprising 6,51,85,550 Equity Shares were in the dematerialised form.

**18. Financial Calendar (tentative and subject to change)**

Particulars	Date
Annual General Meeting	September, 2012
Financial reporting for 1st quarter ending June 30, 2012	Last week of July, 2012
Financial reporting for 2nd quarter ending September 30, 2012	Last week of October, 2012
Financial reporting for 3rd quarter ending December 31, 2012	Last week of January, 2012
Financial reporting for the year ended March 31, 2013 (audited)	May, 2013
Annual General Meeting for year ended March 31, 2013	September, 2013

**19. Plant Locations**

The details of regional offices of the Company are available on the inside back cover of the Annual Report.

**20. Investors' Correspondence**

Investors' correspondence may be addressed to:

Alpa Khandor

Company Secretary,

Balaji Telefilms Limited

C-13, Balaji House, Dalia Industrial Estate,

Opp. Laxmi Industries, New Link Road,

Andheri (West), Mumbai – 400 053.

Tel: +91-22-40698000, Fax: +91-22-40698181/82

Email: investor@balajitelefilms.com

Any queries relating to the financial statements of the Company be addressed to:

Mr. Srinivasa Shenoy

Chief Financial Officer,

Balaji Telefilms Limited

C-13, Balaji House, Dalia Industrial Estate,

Opp. Laxmi Industries, New Link Road,

Andheri (West), Mumbai – 400 053.

Tel: +91-22-40698000, Fax: +91-22-40698181/82

Email: srinivasa.shenoy@balajitelefilms.com



## 21. Insider Trading

In terms of the SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has framed code of conduct.

## 22. Secretarial Audit (Reconciliation of Share Capital Report)

A qualified practicing Company Secretary carries out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The Reconciliation of Share Capital Report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

## 23. Non Mandatory Requirements

### a) Chairman of the Board

The Company has Non-Executive Chairman, who is entitled to maintain a Chairman's office at the Company's expenses. The expenses incurred by him during performance of his duties are reimbursed to him.

### b) Remuneration Committee

The Company has appointed a Remuneration Committee since January 2003.

### c) Shareholder Rights

The Company has been sending to each shareholder its half-yearly results, starting from the half-year ended September 30, 2001.

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# Certificate

## To the members of Balaji Telefilms Limited

We have examined the compliance of conditions of Corporate Governance by **Balaji Telefilms Limited** for the year ended on March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### For Deloitte Haskins & Sells

Chartered Accountants  
Reg. No 117366W

### For Snehal & Associates

Chartered Accountants  
Reg. No 110314W

### A.B. Jani

Partner  
Membership Number: 46488

### Snehal Shah

Proprietor  
Membership Number: 40016

May 11, 2012  
Mumbai

May 11, 2012  
Mumbai