Financial Accounting

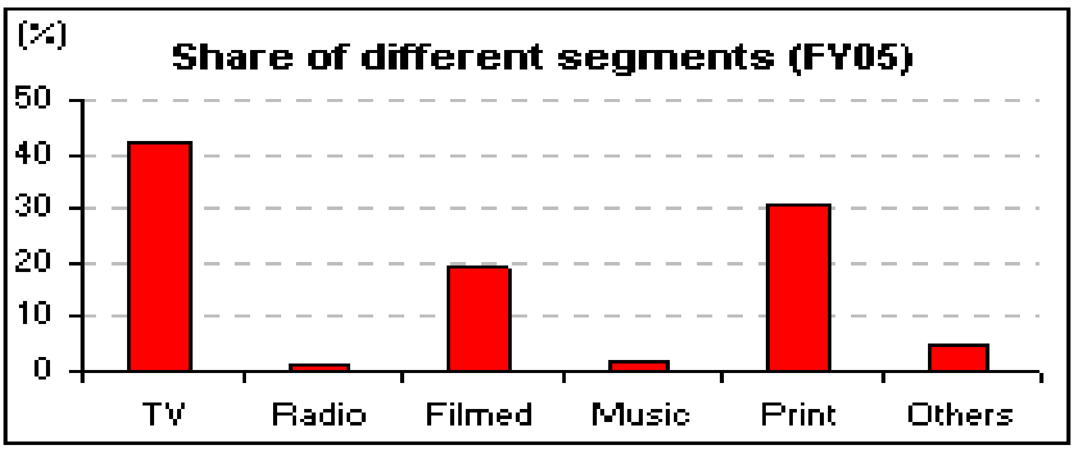
- A Report

The Media Industry

Indian Media Sector

Indian Media & Entertainment industry is approximately valued as Rs 353 billion industry. As per research reports, the Indian entertainment and media sector is poised to grow at a CAGR of 20% to reach Rs 837.4 billion by 2010. The factors which will drive the growth are mainly the low media penetration in lower socio-economic classes and also the low ad-spends. The Media industry is mainly divided in 6 segments – Television, Film & Entertainment, Radio, Print Media, Music & others.

Low media penetration in lower socio-economic classes and low ad spends are factors that would drive growth for the industry. The media sector consists of 6 major industry segments, including television, filmed entertainment, print media, radio, music and others (animation, gaming, internet advertising, out-of-home advertising and live entertainment).



Source: Equitymaster.com

Advertising spends at 0.40 percent of the GDP, are low while compared to other developed and developing countries where the average is approximately 1 percent. Advertising spends play an important role in this sector and are Rs. 132 billion at present. Low ad-spends indicates the immense potential for growth.

Opposite to the international downturn, the print media in India is growing rapidly. This sector is valued at Rs 109 billion at present and is estimated to grow at 12 percent on an average. The main factor for the expected growth is due to opening up of this sector to foreign investment.

The television industry will grow at 24 per cent to Rs 427 billion from its current Rs 148 billion. Subscription revenues are projected to be the key growth driver for the Indian television industry over the next five years. Subscription revenues will increase both from the number of pay TV homes as well as increased subscription rates.

India, as one of the fastest growing economies in the world, has recognized the need to open the media sector (at the broader level) for more competition. With clear policies and regulatory framework, the sector has the potential to grow at a faster clip going forward.
Thus, we now discuss the financial performance of two companies individually one of which deals in print media and the other deals in films and television.

Company – HT Media Limited

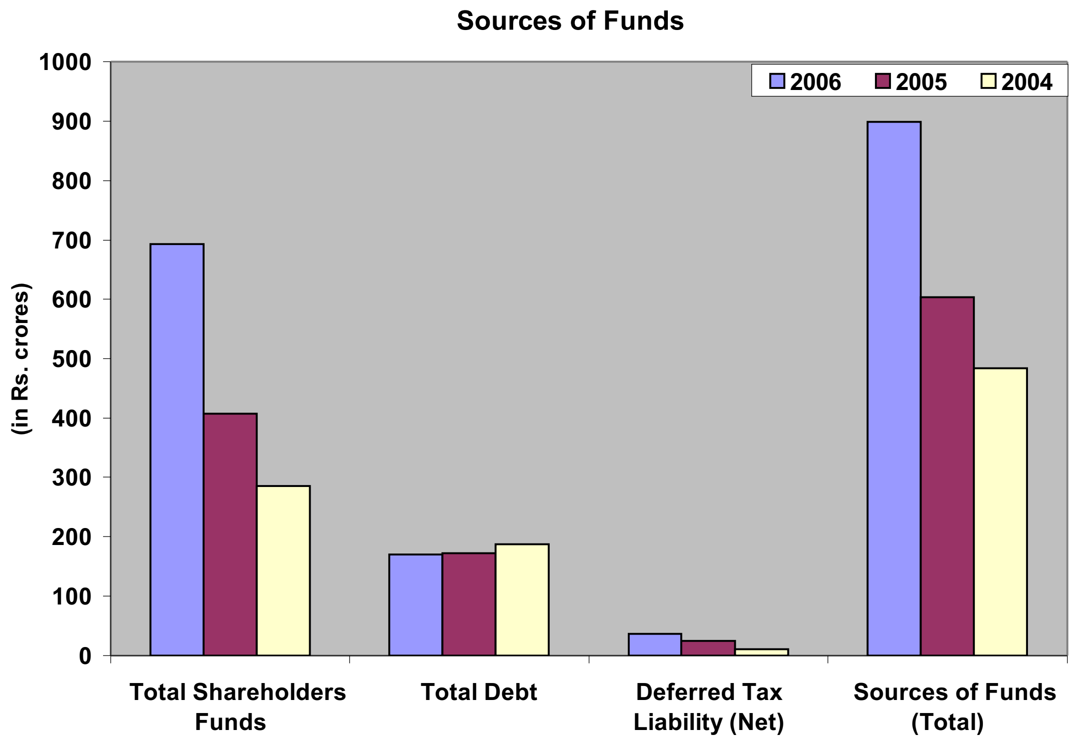
HT Media, a KK Birla Group publishes two daily newspapers — Hindustan Times in English and Hindustan in Hindi — apart from a couple of magazines. The promoters hold 77.11 per cent pre-issue equity share capital in HT Media, while Henderson holds 15.83 per cent and Citigroup's stake is 7.06 per cent. The brand "Hindustan Times" is well recognized in the media industry and brings in credibility and offers competitive advantage to the company. This helps HT Media to attract higher ad-spend, better rates and more attractive business arrangements than its competitors.

HT Media ad-spends constitute 80 percent of total revenue and it is trying to make its presence felt in Mumbai, the largest consumer base in India. Apart from this, it is trying to diversify its business and planning to get into FM radio. It has already started with e-Paper (virtual daily newspaper on internet). These other segments are being used to leverage the ad-spends as these segments are growing very fast.

Analysis of Balance Sheet

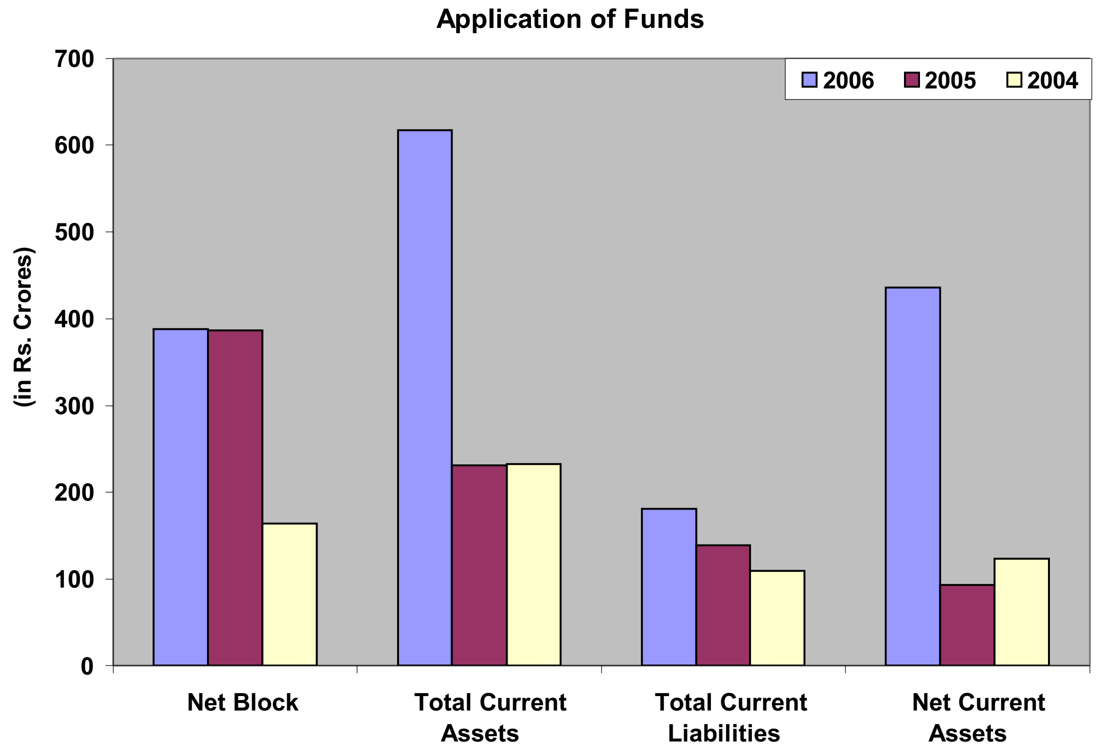
As per Common Size Balance sheet data & Indexed Balance sheet data

Sources of Funds:
As from the table, it can be said that the shareholder's funds are increasing whereas the total debts are going down year by year. As a result, the share of shareholder's fund in the sources of fund is increasing which tells that the

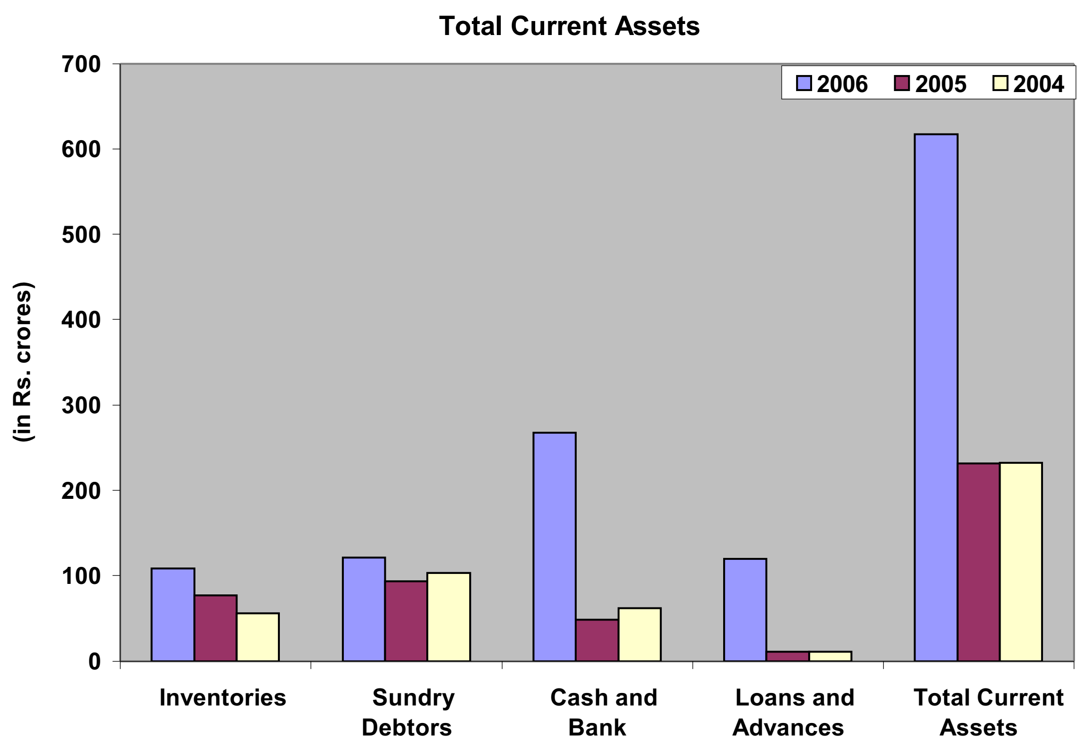


company is trying to rely more on shareholder's funds rather than on loans therefore minimizing the risks. Deferred tax liability in absolute terms has increased over the years whereas if it is taken as a part of total sources of funds the proportion has been almost same. As shown in the above graph, Net Sources of funds is increasing and it is due to increase in Reserves & Surplus increasing year by year.

Application of Funds:
By seeing at Gross block figures we can interpret that the company had acquired fixed assets in the previous year 04-05 and can be confirmed by going through the schedule given in the annual report. The schedule shows that the company bought Plant & Machinery and hence the increase in Gross Block. Due to the same reason even the depreciation went up. Capital work-in-progress has come down drastically whereas the investment has gone up and down in last two years which can be attributed to the fluctuations in market in last 2 years.



In the Current Assets segment, Cash part as well as Loans & Advances has taken a big jump compared to others which indicates the strong cash inflow.



Though Current liability is increasing but proportionate wise w.r.t total assets, it has gone down. Hence, the balance sheet of the company is showing that company is in the growth mode and has got good financials backing to support the growth.

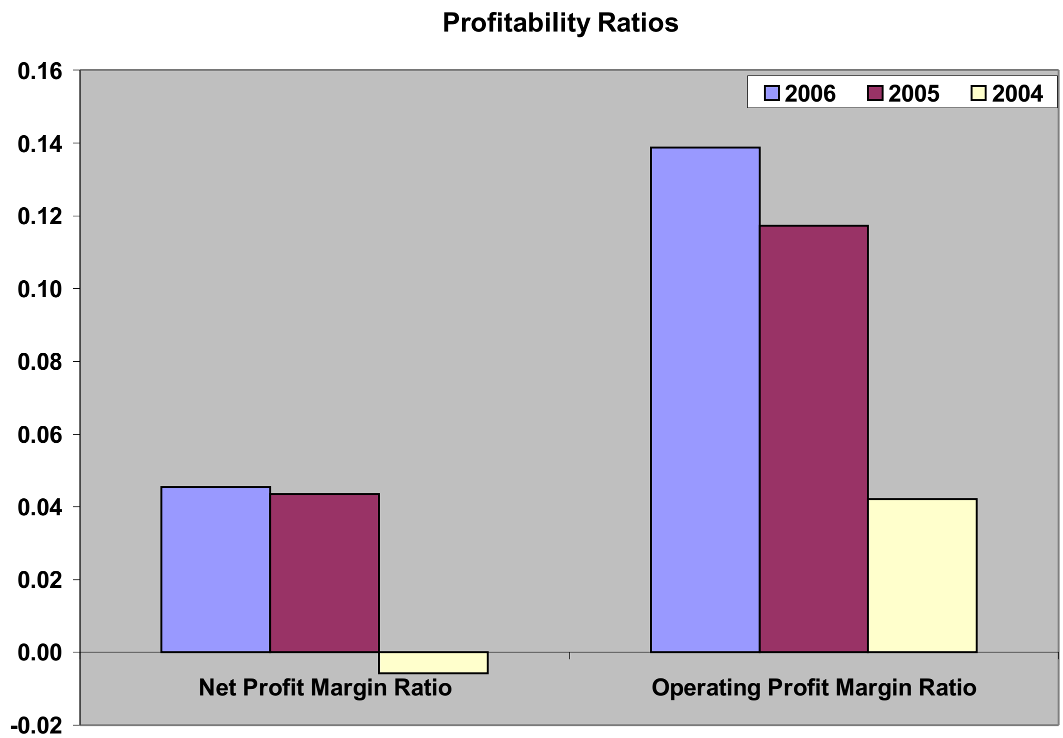
Analysis of Profit & Loss Account

The company has shown net sales of Rs. 821 crores in FY ’06 against the last year net sales of Rs. 628 crores in FY’05 with a growth rate of 30% and this growth was more in previous year. The major reason for this difference is increase in the raw material prices as well as in the administration expenses this year. The profit growth has gone down due to increased expenses which indicate the efficiency related problems in the organization regarding controlling expenses or it may be due to the stiff competition.

Ratio Analysis

Profitability Ratios

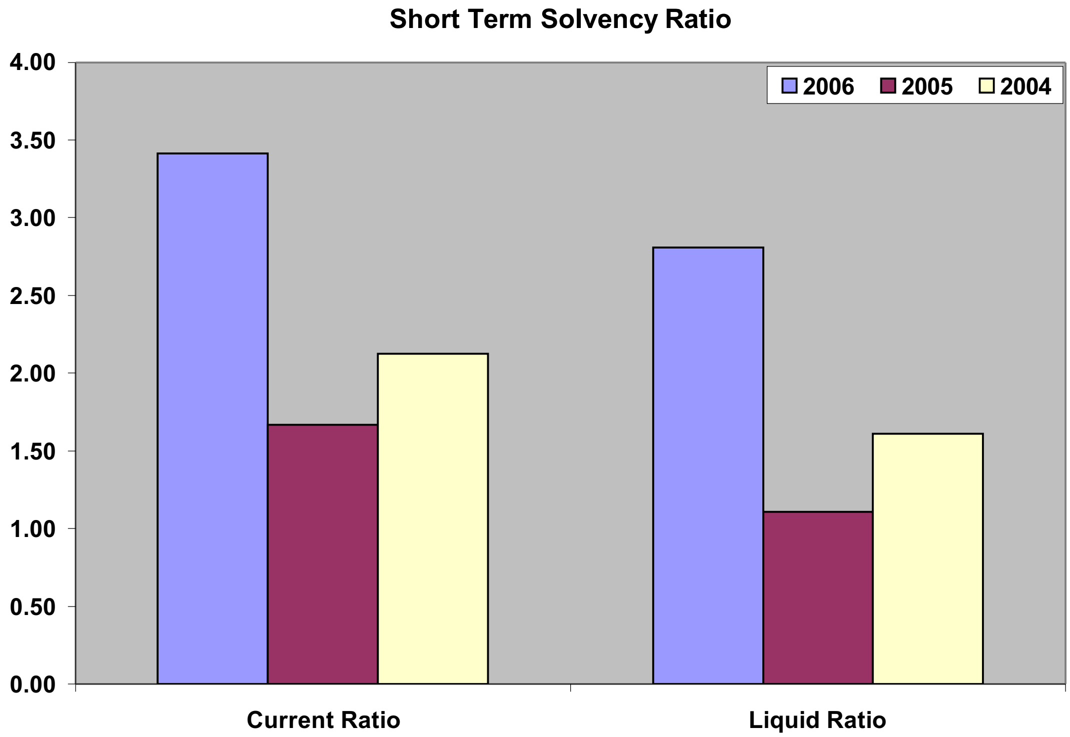
These ratios (Profit Margin Ratio and Operating Profit Margin Ratio) have increased marginally compared to the last year which as discussed above may



be due to either stiff competition w.r.t Delhi Edition or due to drop in operational efficiency. As shown above in the graph, the operating profit margin ratio has marginally increased which clarifies the drop in operational efficiency.

Short Term Solvency Ratios

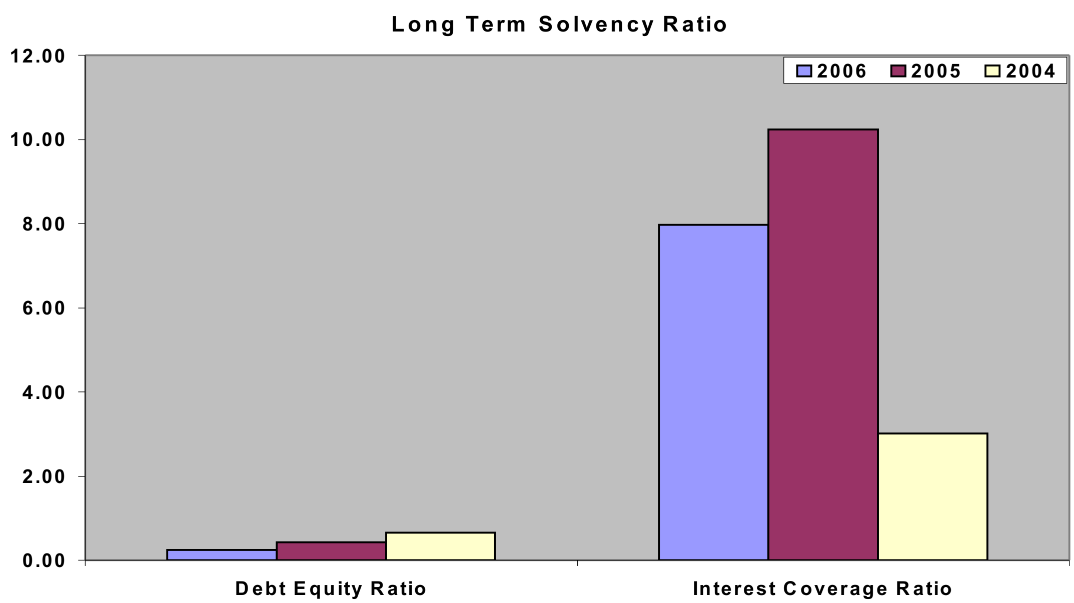
The company's short term liquidity scenario is pretty good and the corresponding



ratios are much higher as compared to the ideal ones which indicate that company is not optimizing the use of extra cash.

Long Term Solvency Ratios

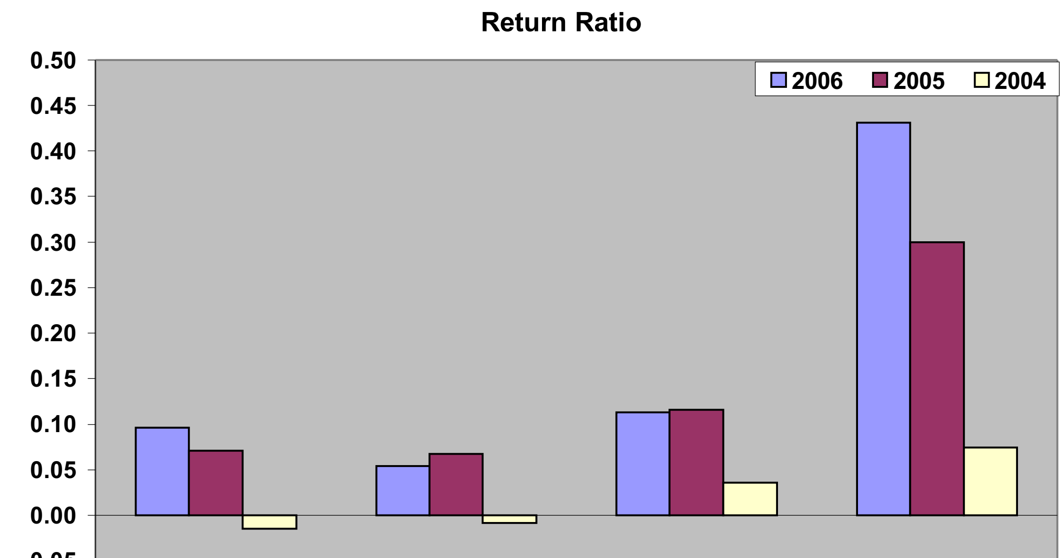
Debt-Equity ratio is decreasing year by year which tells that the company is



minimizing its risk by relying more on the shareholders' funds. Compared to the industry average for media sector, this ratio is still high but having strong cash inflow, this is not going to be worry for the company. Coming to Interest coverage ratio, it is in strong position when compared to industry average. Interest coverage ratio of the company is around 8 whereas industry average is around below 5.

Utilization Ratios

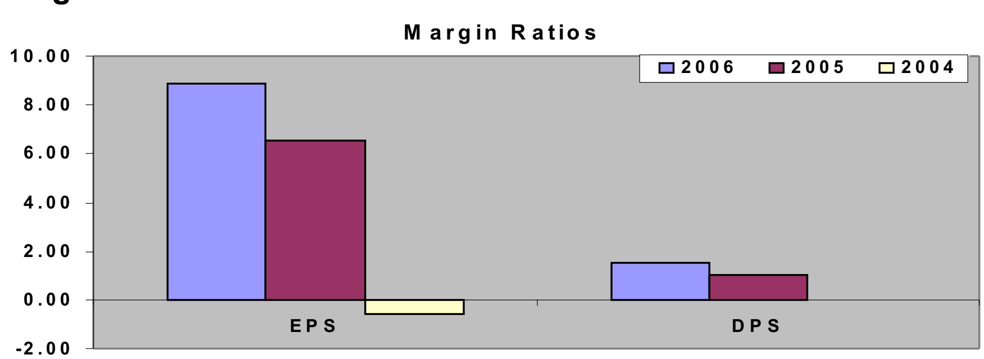
There is marginal drop in Return on equity, return on investment, total asset utilization ratio whereas other utilization ratios (for example Return on Capital



	Return on Fixed Assets	Return on Equity	Return on Investment	Return on Capital Employed
2006	0.10	0.05	0.11	0.43
2005	0.07	0.07	0.12	0.30
2004	-0.01	-0.01	0.04	0.07

employed, Return on Fixed assets) have shown marginal rise. This again can be attributed to less growth in profit due to increased operational expenses.

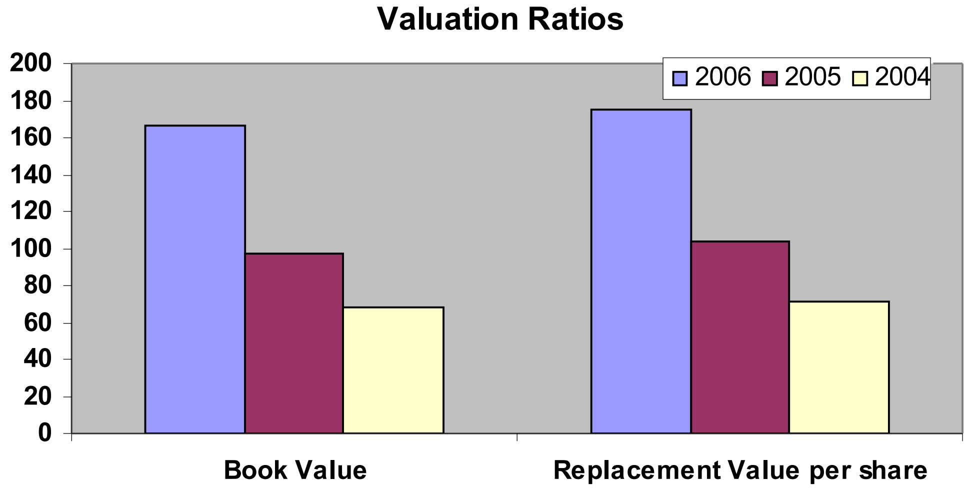
Margin Ratios



There is marginal increment in the margin ratios and last year the increment was huge compared to this year.

Valuation Ratios

Valuation ratios have taken a jump and have shown the consistency trend for last 2 years.



Financial Performance

The company generated the total revenue of Rs.839 crores and net profit of Rs.37.27 crores against corresponding figures of Rs.637 crores and Rs.27 crores, respectively for the last year. It has shown increase in the operating expenses which has resulted in less growth of profit as compared to the last year. The slowdown in the growth of the company is also attributed to the stiff competition, it is facing while trying to make its presence in Mumbai. The company also bought plants & machinery last year. After having so many obstacles, the company is still performing well and is continuing its growth phase. The company has also entered into joint venture with Virgin Radio to provide FM Radio services.

Future Outlook

As mentioned above regarding the growth prospects of the whole media industry, the future seems good for HT Media. Low ad-spends provides the immense potential for future and HT Media supported by strong fundamentals and backed by increase in the cash inflow, is expected to perform well.

Appendix

Balance Sheets

Balance Sheet as on 31st March			
			(Rs in Crs)
Year	**2006**	**2005**	**2004**
SOURCES OF FUNDS :			
Share Capital	66.85	61.75	47.14
Reserves Total	626.39	345.2	238.52
Total Shareholders Funds	**693.24**	**406.95**	**285.66**
Secured Loans	169.57	171.6	187.54
Unsecured Loans	0	0	0
Total Debt	**169.57**	**171.6**	**187.54**
Deferred Tax Liability (Net)	**36.09**	**24.81**	**10.9**
Sources of Funds (Total)	**898.9**	**603.36**	**484.1**
APPLICATION OF FUNDS :			
Gross Block	454.17	418.85	176.09
Less : Accumulated Depreciation	66.19	32.38	12.61
Net Block	**387.98**	**386.47**	**163.48**
Lease Adjustment	0	0	0
Capital Work in Progress	3.9	11.63	141.95
Investments	64.4	100.92	43.69
Current Assets, Loans & Advances			
Inventories	108.45	77.56	56.13
Sundry Debtors	121.22	93.5	103.69
Cash and Bank	267.75	48.86	61.48
Loans and Advances	119.63	11.54	11.2
Total Current Assets	**617.05**	**231.46**	**232.5**
Less : Current Liabilities and Provisions			
Current Liabilities	168.47	130.28	107.16
Provisions	12.47	8.45	2.3
Total Current Liabilities	**180.94**	**138.73**	**109.46**
Net Current Assets	**436.11**	**92.73**	**123.04**
Miscellaneous Expenses not written off	0	0	0
Deferred Tax Assets	6.51	11.61	11.94
Total Assets	**898.9**	**603.36**	**484.1**
Contingent Liabilities	0.15	0.12	0.03

Common Size Balance Sheet				Indexed Balance Sheet		
Year	**2006**	**2005**	**2004**	**2006**	**2005**	**2004**
SOURCES OF FUNDS :						
Share Capital	7.44	10.23	9.74	100.00	92.37	70.52
Reserves Total	69.68	57.21	49.27	100.00	55.11	38.08
Total Shareholders Funds	**77.12**	**67.45**	**59.01**	100.00	58.70	41.21
Secured Loans	18.86	28.44	38.74	100.00	101.20	110.60
Unsecured Loans	0.00	0.00	0.00	-	-	-
Total Debt	**18.86**	**28.44**	**38.74**	100.00	101.20	110.60
Deferred Tax Liability (Net)	**4.01**	**4.11**	**2.25**	100.00	68.74	30.20
Total	**100**	**100**	**100**	**100.00**	**67.12**	**53.85**
APPLICATION OF FUNDS :						
Gross Block	50.53	69.42	36.37	100.00	92.22	38.77
Less : Accumulated Depreciation	7.36	5.37	2.60	100.00	48.92	19.05
Net Block	**43.16**	**64.05**	**33.77**	100.00	99.61	42.14
Lease Adjustment	0.00	0.00	0.00	-	-	-
Capital Work in Progress	0.43	1.93	29.32	100.00	298.21	3639.74
Investments	7.16	16.73	9.02	100.00	156.71	67.84
Current Assets, Loans & Advances						
Inventories	12.06	12.85	11.59	100.00	71.52	51.76
Sundry Debtors	13.49	15.50	21.42	100.00	77.13	85.54
Cash and Bank	29.79	8.10	12.70	100.00	18.25	22.96
Loans and Advances	13.31	1.91	2.31	100.00	9.65	9.36
Total Current Assets	**68.65**	**38.36**	**48.03**	100.00	37.51	37.68
Less : Current Liabilities and Provisions						
Current Liabilities	18.74	21.59	22.14	100.00	77.33	63.61
Provisions	1.39	1.40	0.48	100.00	67.76	18.44
Total Current Liabilities	**20.13**	**22.99**	**22.61**	100.00	76.67	60.50
Net Current Assets	**48.52**	**15.37**	**25.42**	100.00	21.26	28.21
Miscellaneous Expenses not written off	0.00	0.00	0.00	-	-	-
Deferred Tax Assets	0.72	1.92	2.47	100.00	178.34	183.41
Total Assets	**100**	**100**	**100**	**100.00**	**67.12**	**53.85**

Profit & Loss Account

Profit & Loss Account for the Financial Year			
			(Rs in Crs)
Year	**2006**	**2005**	**2004**
INCOME :			
Sales Turnover	821.01	627.93	416.28
Excise Duty	0	0	0
Net Sales	**821.01**	**627.93**	**416.28**
Other Income	17.73	9.02	5.22
Stock Adjustments	0.03	0.04	-0.05
Total Income	**838.77**	**636.99**	**421.45**
EXPENDITURE :			
Raw Materials	341.71	286.83	192.95
Power & Fuel Cost	12.8	8.19	6.14
Employee Cost	118.51	78.78	57.4
Other Manufacturing Expenses	80.73	68.3	55.35
Selling and Administration Expenses	126.92	85.91	71.57
Miscellaneous Expenses	44.1	35.31	20.49
Less: Pre-operative Expenses Capitalised	0	0	0
Total Expenditure	**724.77**	**563.32**	**403.9**
Operating Profit	**114**	**73.67**	**17.55**
Interest	14.3	7.2	5.82
Gross Profit	**99.7**	**66.47**	**11.73**
Depreciation	38.54	22.66	15.15
Profit Before Tax	**61.16**	**43.81**	**-3.42**
Tax	6.48	2.23	0
Deferred Tax	17.41	14.24	-1.04
Reported Net Profit (PAT)	**37.27**	**27.34**	**-2.38**
Extraordinary Items	-14.08	-6.33	-1.6
Adjusted Net Profit	51.35	33.67	-0.78
Adjust. below Net Profit	0	0	0
P & L Balance brought forward	20.37	-2.38	0
Statutory Appropriations	0	0	0
Appropriations	8.14	4.59	0
P & L Balance carried down	49.5	20.37	-2.38
Dividend	5.62	3.86	0
Preference Dividend	0.2	0.17	0
Equity Dividend %	12	10	0

***Source:* www.Capitaline.com**

Ratio Analysis

Ratio Analysis				
	2006	2005	2004	Industry Ratios
Profitability Ratios				
Net Profit Margin Ratio	0.05	0.04	-0.01	-
Operating Profit Margin Ratio	0.14	0.12	0.04	-
Short Term Solvency Ratio				
Current Ratio	3.41	1.67	2.12	1.54
Liquid Ratio	2.81	1.11	1.61	-
Long Term Solvency Ratios				
Debt Equity Ratio	0.24	0.42	0.66	0.16
Interest Coverage Ratio	7.97	10.23	3.02	4.43
Utilization Ratios				
Return on Fixed Assets	0.10	0.07	-0.01	0.43
Return on Equity	0.05	0.07	-0.01	-
Return on Investment	0.11	0.12	0.04	-
Return on Capital Employed	0.43	0.30	0.07	-
Total Asset Turnover Ratio	0.91	1.04	0.86	-
Debtors Turnover Ratio	6.77	6.72	4.01	3.51
Average Collection Period	53.89	54.35	90.92	103.99
Inventory Turnover Ratio	7.57	8.10	7.42	3.83
Average Holding Period	48.21	45.08	49.22	95.30
Margin Ratios				
EPS	8.88	6.51	-0.57	-
DPS	1.51	1.04	0.00	-
Dividend Payout Ratio	0.17	0.16	0.00	-
Valuation Ratios				
Book Value	166.03	97.46	68.42	-
Replacement Value per share	174.67	103.41	71.03	-
P/E Ratio	52.71	-	-	-
Latest P/E Ratio (Latest EPS=16.42)	28.50	-	-	-

Cash Flow Summary

(Rs in Crs)

Cash Flow Summary	Mar '06	Mar '05	Mar '04
Cash and Cash Equivalents at Beginning of the year	48.86	61.48	9.71
Net Cash from Operating Activities	**52.75**	**79.39**	**-1.97**
Net Cash Used in Investing Activities	**-83.58**	**-162.3**	**-193.92**
Net Cash Used in Financing Activities	**249.72**	**70.29**	**247.66**
Net Inc/(Dec) in Cash and Cash Equivalent	218.89	-12.62	51.77
Cash and Cash Equivalents at End of the year	267.75	48.86	61.48

Company - BALAJI TELEFILMS

Balaji Telefilms is the number one entertainment software provider in potentially the second largest television entertainment market in the world.

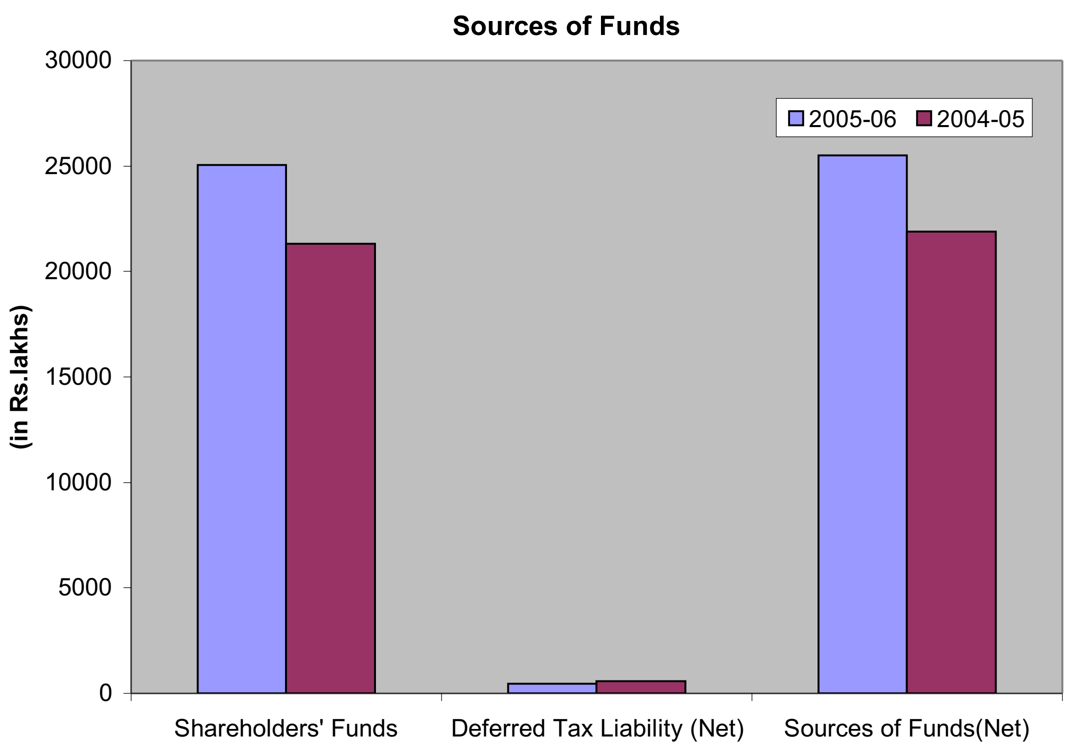
- India's leading television content brand
- Largest entertainment software production house in India
- More than a successful player; credited with having redefined the business space
- Enjoys a leading share of India's small screen content providing business
- Shares listed on the Mumbai and the National Stock Exchanges
- Promoted by veteran Indian actor Jeetendra Kapoor, his wife Shobha Kapoor, daughter Ekta Kapoor and son Tusshar Kapoor; promoter family owns 42% of the Company's equity

Analysis of Balance Sheet

As per Common Size Balance sheet data & Indexed Balance sheet data

Sources of Funds

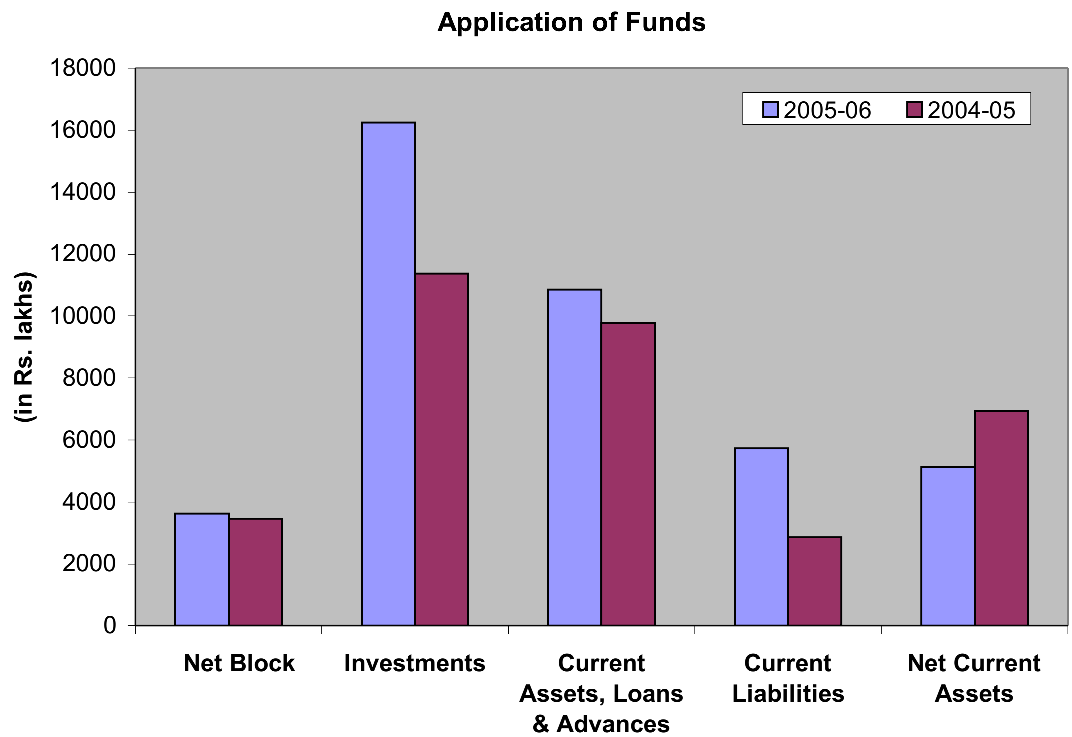
As per the data given for the last two years we see that the company is a zero



debt company and there has been an increase in the total sources of funds due to net additions in the reserves and surplus. The company's deferred tax liabilities have also gone down.

Application of Funds

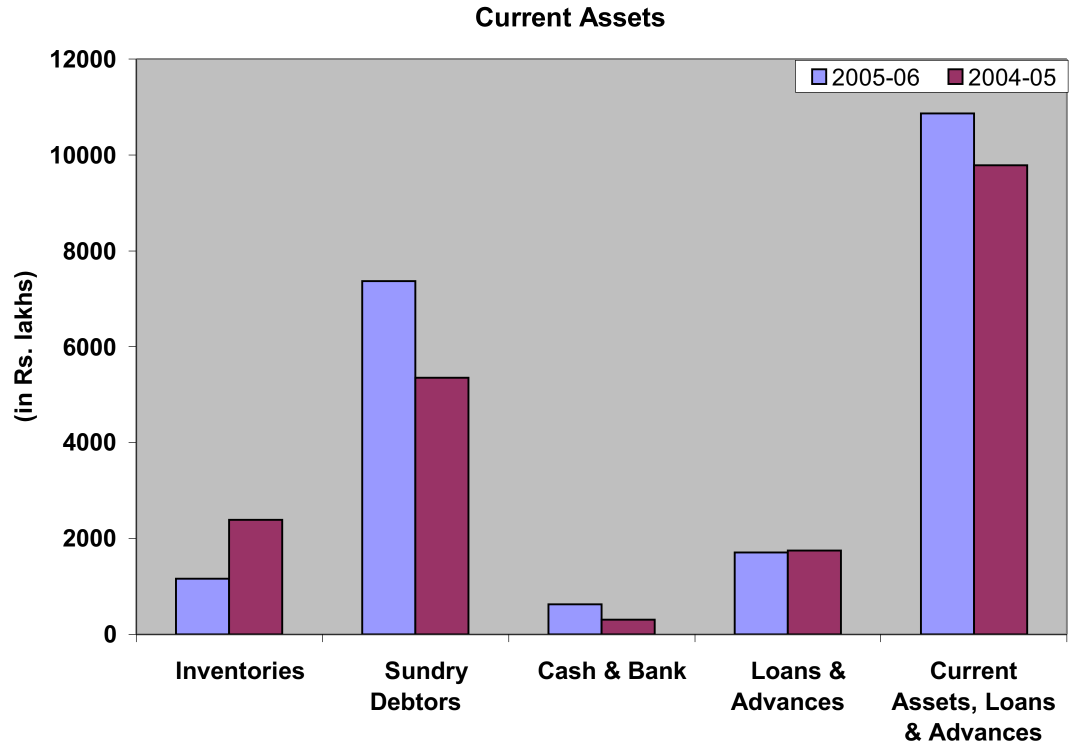
By seeing at Gross block figures we can interpret that the company had acquired fixed assets in the financial year 05-06 and can be confirmed by going through



the schedule given in the annual report. As a progressive organisation, the Company continued to invest in its gross block, marked by state-of-the-art equipment and infrastructure. The Company did so with an objective of enhancing the captive availability of infrastructure.

Due to the same reason even the depreciation went up. Capital work-in-progress has gone up drastically and same could be said about the investments that have gone up due to investment in captive equipment, three studios built and editing infrastructure. The Company invested its surplus funds in liquid debt funds with the objective to preserve capital, liquidate at will and generate a fair return on investments.

In the Current Assets segment, Cash part has taken a big jump compared to others which indicates the strong cash inflow. The loans and advances have



been fairly stable. Sundry Debtors have increased and at the same time the inventories have gone down due to the two feature films carried in the inventory were released.
Though Current liability is increasing but most of it is due to some drastic increase in provisions made. Most of this increase is due to the proposed dividend that has been announced for the shareholders and hence the decline in net current assets is not a factor. Thus, the balance sheet of the company is showing that company is in the growth mode and has got good financials backing to support the growth.

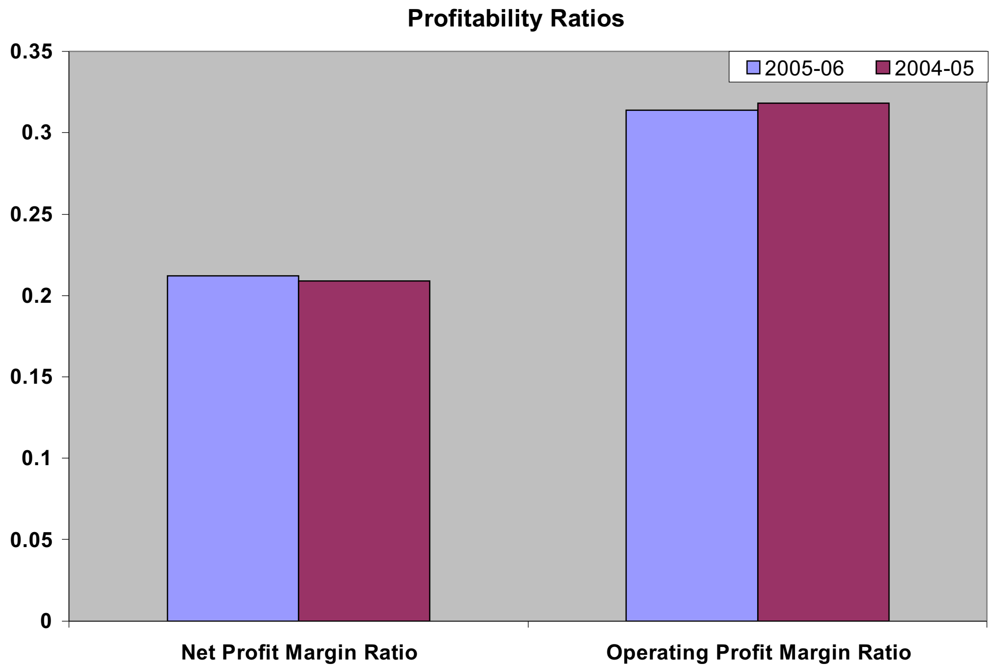
Analysis of Profit & Loss Account

The company has shown a steep increase in the net turnover of Rs.28037.14 lacs in FY ’06 against the last year net turnover of Rs.19674.79 in FY’05 with a growth rate of 42.5%. The profit before tax has grown by almost the same amount in spite of the increase in depreciation costs and other administrative expenses. The cost of making serials and films have also gone up but more than made up by the increase in income.

Ratio Analysis

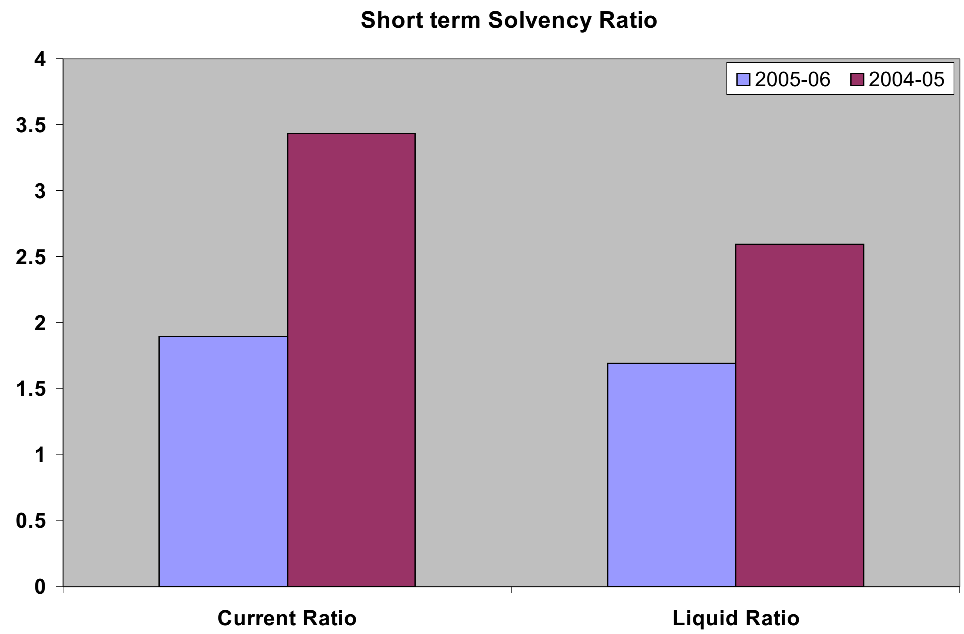
Profitability Ratios

These ratios (Profit Margin Ratio and Operating Profit Margin Ratio) have remained the same as compared to the last year. As discussed earlier the rise in income is more than compensated by the increase in cost of making serials, films and other administrative expenses.



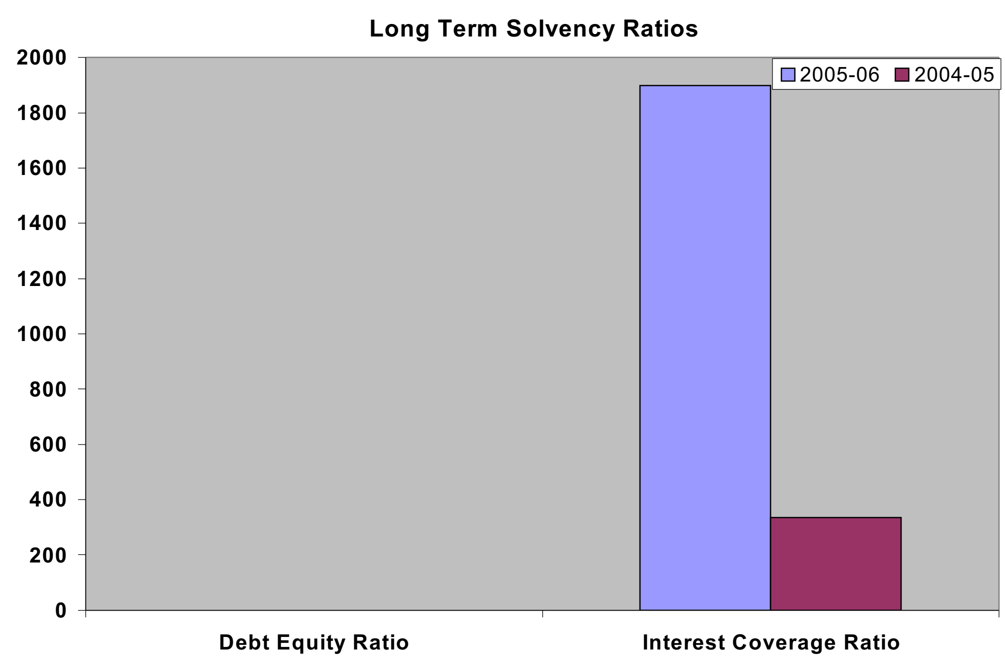
Short Term Solvency Ratio

The company's short term liquidity scenario is pretty good though there has been a decrease in the current and liquid ratios but this has largely been due to the increase in current liabilities as the company is on an expansion spree.



Long Term Solvency Ratios

The company is following a policy of zero debt and hence the debt equity ratio is zero. The interest coverage ratio is pretty high for this reason as well since whatever little interest that the company pays is due to the short term loans.

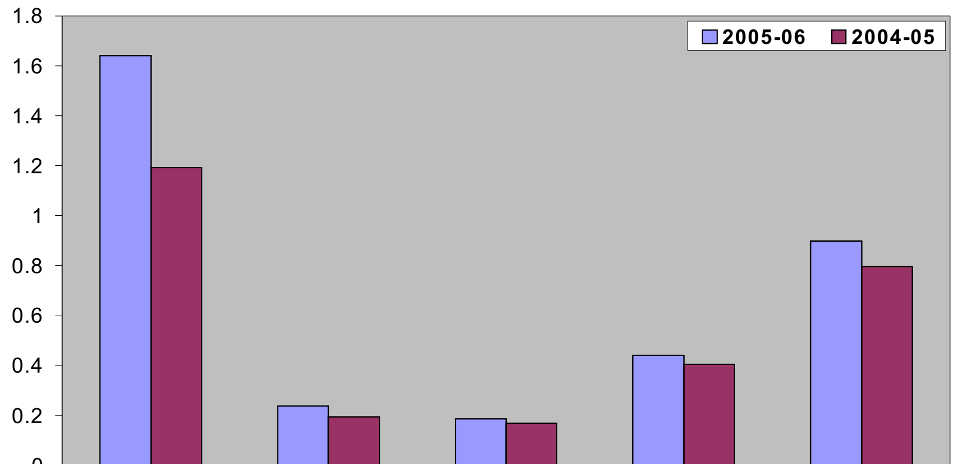


Compared to the industry average of below 5 such a ratio is extremely high and shows how the company is in a good financial health surviving on income generated by its activities rather than borrowing funds.

Utilization Ratios

There is marginal increase in Return on equity, return on investment, total asset utilization ratio, Return on Capital Employed. At the same time there was an exceptional increase in return on fixed assets.

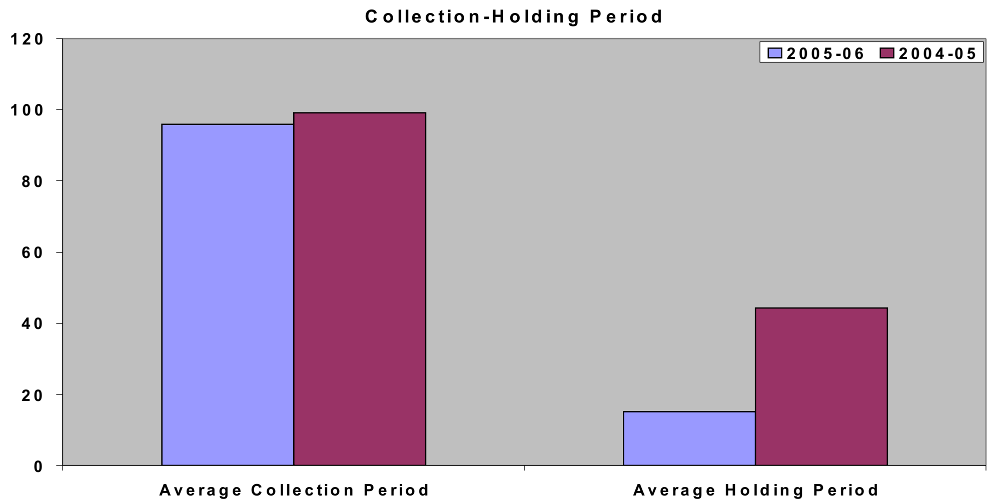
Utilization Ratios



	Return on Fixed Assets	Return on Equity	Return on Investment	Return on Capital Employed	Total Asset Turnover Ratio
2005-06	1.64	0.237	0.187	0.441	0.898
2004-05	1.192	0.194	0.168	0.404	0.795

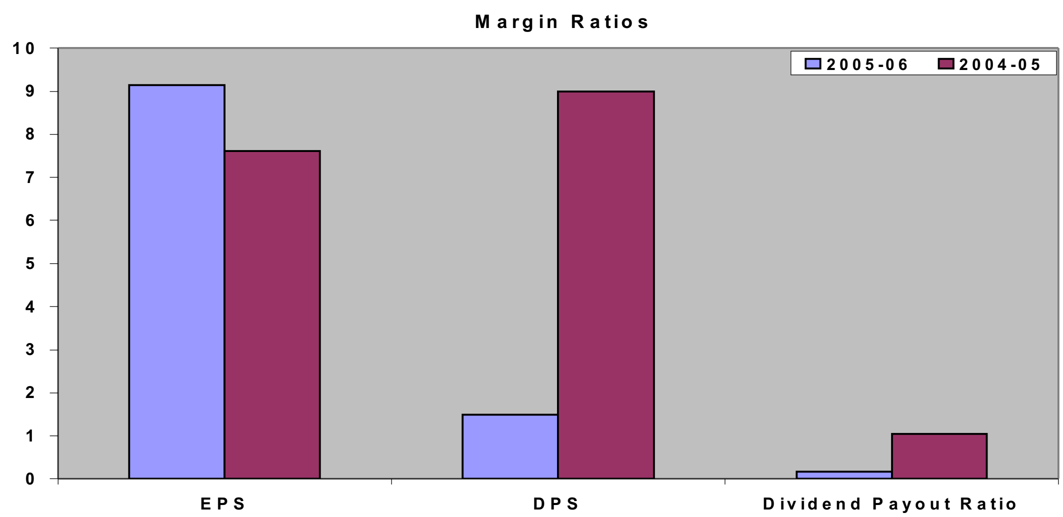
This again can be attributed to increased investments in infrastructure taken up by the company.

Holding Collection Period



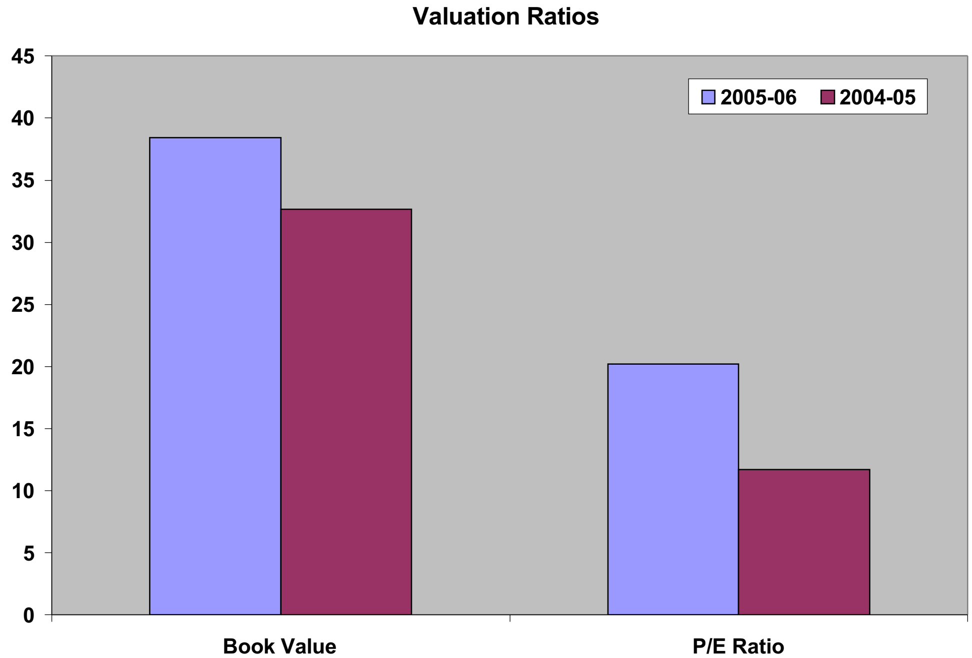
These ratios show that there has been a marginal decrease in the collection of money from sundry debtors and at the same time the company has been able to reduce its holding of inventory for longer periods as compared to the previous year.

Margin Ratios



There is marginal increment in the earning per share which somehow also reflects the company's good performance. The dividend per share has fallen since the company has retained most of its earnings and has not declared a higher dividend. It is precisely the same reason why the dividend payout ratio has fallen over from previous level.

Valuation Ratios
The Valuation ratios have shown an increase indicating some good and consistent performance by the company. Balaji Telefilms has one of the highest P/E ratios in the media industry.



Summarized Financial Highlights

- 43% increase in revenues from Rs.19675 lacs in 2004-05 to Rs.28037 lacs
- 41% increase in profit before tax from Rs.6237 lacs in 2004-05 to Rs.8798 lacs
- 44% increase in profit after tax from Rs.4129 lacs in 2004-05 to Rs.5942 lacs
- 108% increase in the Company's market capitalization to Rs.120542 lacs (as on 31st March 2006)

2005-06 VS 2004-05

- **Turnover** increased by 43% from Rs.19674 lacs in 2004-05 to Rs.28037 lacs in 2005-06
- **EBDIT** increased by 41% from Rs.7230 lacs in 2004-05 to Rs.10236 lacs in 2005-06.

- **Profit before tax** increased by 41% from Rs.6237 lacs in 2004-05 to Rs.8798 lacs in 2005-06.
- **Profit before interest and tax** increased by 41% from Rs.6255 lacs in 2004-05 to Rs.8803 lacs in 2005-06.
- **Profit after tax** increased by 44% from Rs.4130 lacs in 2004-05 to Rs.5942 lacs in 2005-06.

Margins

- The **PAT margin** of the Company increased from 20.99% in 2004-05 to 21.19% in 2005-06.
- **PBDIT as a percentage of total income** remained at 36% in 2005-06, despite an increase of 44% in the total expenditure of the Company.

	2005-06	2004-05
EBDITA margin (%)	36.51	36.75
Cash profit margin (%)	36.49	36.65
Pre tax profit margin (%)	31.38	31.70
PAT margin (%)	21.19	20.99

Capital employed

	2005-06	2005-06
Average capital employed (Balance Sheet – Misc Expenses)	23179.91	17875.54
Return on Capital Employed (ROCE)	44.15%	40.44%

Average Capital employed increased by 5304.37 lacs in absolute terms over the previous year in 2005-06 to Rs.23179.91 lacs largely on account of the increased surplus.
The **return on capital employed** increased from 40% in 2004-05 to 44% in 2005-06.

Appendix

Balance Sheet of Balaji Telefilms as on 31st March, 2006

	(Rs. In lacs)	(Rs. In lacs)
	31st March, 2006	**31st March, 2005**
Sources of Funds		
Shareholders' Funds		
Share Capital	1304.21	1304.21
Reserve & Surplus	23742.5	20008.9
	25046.71	21313.11
Deferred Tax Liability (net)	457.35	576.54
Total	**25504.06**	**21889.65**
Application of Funds		
Fixed Assets		
Gross Block	6695.15	5592.8
Less: Depreciation	3069.59	2128.64
Net Block	3625.56	3464.16
Capital Work in Progress	507.44	119.84
	4133	3584
Investments	16238.59	11374.6
Current Assets, Loans & Advances		
Inventories	1161.82	2386.84
Sundry Debtors	7369.59	5349.57
Cash & Bank	623.41	300.44
Loans & Advances	1704.78	1745.34
	10859.6	9782.19
Less : Current Liabilities & Provisions		
Current Liabilities	3434.08	2832.38
Provisions	2293.05	18.76
	5727.13	2851.14
Net Current Assets	5132.47	6931.05
Total	**25504.06**	**21889.65**

Common Size Balance Sheet of Balaji Telefilms as on 31st March, 2006

	(Rs. In lacs)	(Rs. In lacs)
	31st March, 2006	**31st March, 2005**
Sources of Funds		
Shareholders' Funds		
Share Capital	5.113735	5.958113
Reserve & Surplus	93.09302	91.40804
	98.20676	97.36615
Deferred Tax Liability (net)	1.793244	2.633848
Total	**100**	**100**
Application of Funds		
Fixed Assets		
Gross Block	26.25131	25.54997
Less: Depreciation	12.03569	9.724413
Net Block	14.21562	15.82556
Capital Work in Progress	1.989644	0.547473
	16.20526	16.37303
Investments	63.67061	51.96337
Current Assets, Loans & Advances		
Inventories	4.555432	10.90397
Sundry Debtors	28.89575	24.43881
Cash & Bank	2.444356	1.372521
Loans & Advances	6.684348	7.973357
	42.57989	44.68865
Less : Current Liabilities & Provisions		
Current Liabilities	13.46484	12.93936
Provisions	8.990921	0.085703
	22.45576	13.02506
Net Current Assets	20.12413	31.66359
Total	**100**	**100**

Indexed Balance Sheet of Balaji Telefilms as on 31st March, 2006

	(Rs. In lacs)	(Rs. In lacs)
	31st March, 2006	**31st March, 2005**
Sources of Funds		
Shareholders' Funds		
Share Capital	100	100
Reserve & Surplus	118.6597	100
	117.5179	100
Deferred Tax Liability (net)	79.32667	100
Total	**116.512**	**100**
Application of Funds		
Fixed Assets		
Gross Block	119.7102	100
Less: Depreciation	144.2043	100
Net Block	104.6591	100
Capital Work in Progress	423.4312	100
	115.3181	100
Investments	142.7619	100
Current Assets, Loans & Advances		
Inventories	48.67607	100
Sundry Debtors	137.7604	100
Cash & Bank	207.499	100
Loans & Advances	97.6761	100
	111.014	100
Less : Current Liabilities & Provisions		
Current Liabilities	121.2436	100
Provisions	12223.08	100
	200.8716	100
Net Current Assets	74.0504	100
Total	**116.512**	**100**

Profit & Loss Account of Balaji Telefilms
or the year ended 31st March, 2006
(in lacs)

	2005-06	2004-05
Income		
Turnover (Net)	28037.14	19674.79
Other Income	869.43	494.16
	28906.57	**20168.95**
Expenditure		
Cost of Production of TV Serials & Films	15641.27	10638.21
Employees Costs	717.04	539.62
Administrative & Other Expenses	2312.52	1761.61
Interest	4.64	18.58
Depreciation / Amortisation	1432.88	974.03
Total	20108.35	13932.05
Profit Before Tax	8798.22	6236.90
Provision for Tax		
Current tax [including Rs.2.21 lacs (previous year Rs. 1.20 lacs) for wealth tax]	2948.45	2086.20
Deferred Tax	119.19	21.08
Fringe Benefit Tax	26.75	
Profit After Tax	5942.21	4129.62
Excess provision for tax in respect of earlier years	22.07	21.06
Balance brought forward from previous year	3250.28	8832.40
Amount Available for Appropriations	9214.56	12983.08
Appropriations		
Interim Dividend		8242.60
Transferred to General Reserve	594.23	413.00
Proposed Dividend	1956.31	
Corporate Dividend Tax	274.37	1077.20
Balance to Balance Sheet	6389.65	3250.28

Common Size Profit & Loss Account of Balaji Telefilms for the year ended 31st March, 2006 (in lacs)

	2005-06	2004-05
Income		
Turnover (Net)	96.99	97.55
Other Income	3.01	2.45
	100.00	**100.00**
Expenditure		
Cost of Production of TV Serials & Films	54.11	52.75
Employees Costs	2.48	2.68
Administrative & Other Expenses	8.00	8.73
Interest	0.02	0.09
Depreciation / Amortisation	4.96	4.83
Total	69.56	69.08
Profit Before Tax	30.44	30.92
Provision for Tax		
Current tax [including Rs.2.21 lacs	10.20	10.34
(previous year Rs. 1.20 lacs) for wealth tax]		0.00
Deferred Tax	0.41	0.10
Fringe Benefit Tax	0.09	0.00
Profit After Tax	20.56	20.48
Excess provision for tax in respect of earlier years	0.08	0.10
Balance brought forward from previous year	11.24	43.79
Amount Available for Appropriations	31.88	64.37
Appropriations		
Interim Dividend	0.00	40.87
Transferred to General Reserve	2.06	2.05
Proposed Dividend	6.77	0.00
Corporate Dividend Tax	0.95	5.34
Balance to Balance Sheet	**22.10**	**16.12**

Indexed Profit & Loss Account of Balaji Telefilms
or the year ended 31st March, 2006
(in lacs)

	2005-06	2004-05
Income		
Turnover (Net)	142.50	100.00
Other Income	175.94	100.00
	143.32	100.00
Expenditure		
Cost of Production of TV Serials & Films	147.03	100.00
Employees Costs	132.88	100.00
Administrative & Other Expenses	131.27	100.00
Interest	24.97	100.00
Depreciation / Amortisation	147.11	100.00
Total	144.33	100.00
Profit Before Tax	141.07	100.00
Provision for Tax		100.00
Current tax [including Rs.2.21 lacs (previous year Rs. 1.20 lacs) for wealth tax]	141.33	100.00
Deferred Tax	565.42	100.00
Fringe Benefit Tax		100.00
Profit After Tax	143.89	100.00
Excess provision for tax in respect of earlier years	104.80	100.00
Balance brought forward from previous year	36.80	100.00
Amount Available for Appropriations	70.97	100.00
Appropriations		
Interim Dividend	0.00	100.00
Transferred to General Reserve	143.88	100.00
Proposed Dividend		100.00
Corporate Dividend Tax	25.47	100.00
Balance to Balance Sheet	196.59	100.00

Ratio Analysis

	2005-06	2004-05
Profitability Ratios		
Net Profit Margin Ratio	0.212	0.209
Operating Profit Margin Ratio	0.314	0.318
Short Term Solvency Ratio		
Current Ratio	1.896	3.431
Liquid Ratio	1.693	2.594
Long Term Solvency Ratios		
Debt Equity Ratio	0	0
Interest Coverage Ratio	1897.168	336.678
Utilization Ratios		
Return on Fixed Assets	1.64	1.192
Return on Equity	0.237	0.194
Return on Investment	0.187	0.168
Return on Capital Employed	0.441	0.404
Total Asset Turnover Ratio	0.898	0.795
Debtors Turnover Ratio	3.804	3.682
Average Collection Period	95.952	99.143
Inventory Turnover Ratio	24.132	8.243
Average Holding Period	15.125	44.280
Margin Ratios		
EPS	9.15	7.61
DPS	1.50	9.00
Dividend Payout Ratio	0.164	1.051
Valuation Ratios		
Book Value	38.42	32.68
P/E Ratio	20.19	11.69