

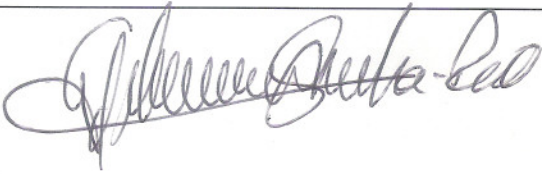
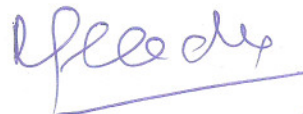





# Padmalaya Telefilms Limited

CIN : L92111TG1991PLC013222

## FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the company	PADMALAYA TELEFILMS LIMITED
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	NOT APPLICABLE
5.	To be signed by CEO/Managing Director  CFO  Auditor of the company  Audit Committee Chairman	    

PRINTED MATTER  
BOOK – POST

23<sup>rd</sup>  
ANNUAL REPORT  
2013 – 14



*Padmalaya*  
TELEFILMS LIMITED

If Undelivered, please return to :

**PADMALAYA TELEFILMS LIMITED**

Plot No. 138, H.No. 8-3-222/1/23,  
Madhura Nagar, Yusuf Guda,  
Hyderabad - 500 038

## Corporate Information

### Board of Directors

Sri. Bijay Kumar Khemka	-	Chairman (DIN: 01543776)
Sri. G.V.Narasimha Rao	-	Executive Director (DIN: 01763565)
Sri. S.Sreenivasa Rao	-	Director - Works (DIN: 01691043)
Dr. D.V.N.Raju	-	Independent Director (DIN: 01887919)
Sri. VSrihari	-	Independent Director (DIN: 01829513)

### Regd. & Administrative Office

Plot No.138, H.No. 8-3-222/1/23,  
Madhura Nagar, Yusuf Guda, Hyderabad - 500 038

### Auditors

M/s P Murali & Co.,  
Chartered Accountants,  
6-3-655/2/3, Somaji Guda  
Hyderabad - 500 082

### Bankers

Allahabad Bank  
ING Vysya Bank

### Share Transfer Agents

Kary Computershare Pvt. Ltd.  
Plot No.17-24, Vittal Rao Nagar,  
Madhapur,  
Hyderabad - 500 081.  
Ph : 040-44655000, Fax: 040-23420814  
email : einward.ris@kary.com

### Listing

The Bommay Stock Exchange Limited, Mumbai  
The National Stock Exchange Limited, Mumbai

Corporate Identification Number: L92111TG1991PLC013222

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## NOTICE

Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting of M/s. Padmalaya Telefilms Limited will be held on Tuesday, the 30<sup>th</sup> day of September 2014 at 9.30 AM at State Gallery of fine arts, Road No.1, Kowuri Hills, Madhapur 500 033 to transact the following business:

### ORDINARY BUSINESS

- To Receive, Consider and Adopt the Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2014 including audited Balance Sheet as at 31<sup>st</sup> March, 2014 and the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors ("the Board") and Auditors thereon.
- To appoint a Director in place of Sri. S. Sreenivasa Rao who retires by rotation and being eligible offers himself for reappointment.
- To appoint M/s. P Murali & Co., Chartered Accountants, Hyderabad as Statutory Auditors of the Company for a term of three years upto the conclusion of 26<sup>th</sup> Annual General Meeting to be held in the year 2017, subject to ratification at every Annual General Meeting and fix their remuneration by Passing the following Resolution:

"RESOLVED THAT M/s. P Murali & Co., Chartered Accountants, Hyderabad be and are hereby appointed as Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 26<sup>th</sup> Annual General Meeting to be held in the year 2017, subject to ratification at every Annual General Meeting of the company at a remuneration to be fixed by the Board of Directors in place of the existing Statutory Auditors."

### SPECIAL BUSINESS:

- To consider and if thought fit, to pass with or without modifications the following resolution as special resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, Sri. Bijay Kumar Khemka (DIN: 01543776), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 30<sup>th</sup> September, 2014 up to 30<sup>th</sup> September, 2019."

- To consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, Sri. VSrihari (DIN: 01829513), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 30<sup>th</sup> September, 2014 up to 30<sup>th</sup> September, 2019."

- To consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, Dr. D.V.N.Raju (DIN: 01887919), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria

for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 30<sup>th</sup> September, 2014 up to 30<sup>th</sup> September, 2019."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**AMENDMENT OF CLAUSES OF ARTICLES OF ASSOCIATION OF THE COMPANY**  
"RESOLVED THAT pursuant to Section 14 of the Companies Act, 2013, the Articles of Association of the Company be and is hereby altered in the following manner:

a) In Interpretation clause of Article 2 the following definition be inserted:

'Electronic mode' means carrying out electronically-based, transactions whether main server is installed in India or not, including, but not limited to:

business to business and business-to-consumer transactions, data interchange and other digital supply transactions;

offering to accept deposits or inviting deposits or accepting deposits or subscriptions in securities, in India or from citizens of India;

financial statements, web-based marketing, advisory and transactional services, database services and products, supply chain management;

online services such as telemarketing, telecommuting, education and information research; and all related data communication services;

facsimile telecommunication when directed to the facsimile number or electronic mail directed to electronic mail addresses, using any electronic communication mechanism that the message so sent, received or forwarded is storable and retrievable;

posting of an electronic message board or network that the company or the officer has designated for such communications, and which transmission shall be validly delivered upon the posting; or

other means of electronic communication, in respect of which the Company or the officer has put in place reasonable systems to verify that the sender is the person purporting to send the transmission; and

video conferencing, audio-visual mode, net conferencing and/or any other electronic communication facility.

b) A new Article 97 is being inserted as under:

**"97. Maintenance of registers and records in electronic mode**

Notwithstanding anything contained in these Articles, Registers, Index, Agreement, Memorandum, Minutes, Books of Accounts or any other documents required to be kept by the Company under the Companies Act, 2013 may be kept in electronic form in such form and manner as may be prescribed under Section 120 of the Companies Act, 2013 and rules made thereunder."

c) After Clause 31(f), the following new Article shall be:

**"g) Voting by members through electronic mode**

A member may exercise his vote at a General Meeting or Postal Ballot by electronic mode in accordance with Section 108 of the Companies act, 2013 and rules made thereunder and shall be eligible to vote only once for a single resolution."

d) After Clause 50, a new clause is inserted as under:

**"50(A). Participation in Meeting of the Board by Directors through electronic mode**

Notwithstanding anything contained herein, the director(s) may participate in the meeting(s) of the Board or any committee thereof through electronic mode by video conferencing or other audio visual modes as may be prescribed, and the Director(s) so participating shall be deemed to be present at the meeting for the purposes of quorum, voting, recording of minutes and all other relevant provisions in this regard by following procedure specified under applicable laws for the time being in force and rules, regulations, circulars, notifications, guidelines etc. issued/to be issued from time to time by competent/statutory authority(ies)."

e) A new article 30A is being inserted as under after Article 30 - Chairman

After Article 30, a new article 30A is being inserted as under:

"An individual shall be appointed or re-appointed as Chairperson of the Company as well as the Managing Director or Chief Executive officer of the Company at the same time or vice versa regardless of the Company whether operates in multiple segments of business or not."

f) A new Clause 98 is being inserted as under:

**"98. Service of documents through electronic mode**

Notwithstanding anything contained in these articles and as per Section 20 & 134 of the Companies Act, 2013 read with rules made thereunder, a Company may serve copies of the Balance sheet, Statement of Profit and loss, Auditors' Report, Directors' Report, Notice of the General Meeting along with explanatory statements etc. and any other documents to the members through electronic mode, by following conditions laid down under the relevant Rules."

g) A new Article 99 is being inserted as under:

**99. "General Clause - Overriding effect of Companies Act, 2013"**

The intention of these Articles is to be in consonance with the contemporary Act, Rules and Regulations prevailing in India. If there is an amendment in any Act, Rules and Regulations allowing what was not previously allowed under the Statute, the Articles herein shall be deemed to have been amended to the extent that Articles will not be capable of restricting what has been allowed by the Act by virtue of an amendment subsequent to registration of the Articles. In case of any of the provisions contained in these articles is inconsistent or contrary to the provisions of the Companies Act, 2013 and rules made thereunder, the provisions of Companies Act, 2013 and rules made thereunder shall override the provisions of these Articles and these Articles shall be deemed to have been amended to include such provisions of the Companies Act, 2013. All references to sections of Companies Act, 1956 shall be deemed to include the corresponding sections/provisions of the Companies Act, 2013 if any."

By Order of the Board of Directors

(Bijoy Kumar Khemka)

Chairman

Place : Hyderabad  
Date : 14<sup>th</sup> August, 2014



Notes :

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 27<sup>th</sup> September, 2014 to Monday, 30<sup>th</sup> September, 2014 (both days inclusive). The book closure dates have been fixed in consultation with the Stock Exchanges.
4. As per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term of upto five consecutive years and are not liable to retire by rotation. Accordingly, resolutions proposing appointment of Independent Directors are given at item nos. 4 to 6.
5. The relevant details of Directors seeking appointment / re-appointment under item no. 2, 4, 5, and 6 of this Notice are provided in the Annual Report.
6. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled in 'E-Communication Registration Form', available on the website of the Share Transfer Agent of the Company. i.e. [www.karyv.computershare.com](http://www.karyv.computershare.com), to M/s. Karyv Computershare Pvt. Ltd. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
7. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
8. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 5<sup>th</sup> September 2014, i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. Members who have acquired shares after the dispatch of the Annual Report and before the book closure may approach the Share Transfer Agent of the Company for issuance of the User ID and Password for exercising their right to vote by electronic means. The e-voting period will commence at 10.00 a.m. on Tuesday, 23<sup>rd</sup> September 2014 and will end at 6.00 p.m. on Thursday, 25<sup>th</sup> September 2014. The Company has

appointed C.S. Mr. Puthaparthi Jaganadham, Advocate in Practice, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter:

#### PROCEDURE FOR E-VOTING

1. The Company has entered into an arrangement with M/s Karyv Computershare Pvt. Ltd for facilitating e-voting to all the Share Holders of the company for AGM. The instructions for e-voting are as under:
 

The instructions for e-voting are as under:

  - A. In case a Member receiving an email from Karyv [for Members whose email IDs are registered with the Company / Depository Participant(s)]:
    - i) Launch internet browser by typing the URL: <https://evoting.karyv.com>
    - ii) Enter the login credentials (i.e., User ID and password mentioned below). Your Folio No./ DP ID-Client ID will be your User ID. However, if you are already registered with Karyv for e-voting, you can use your existing User ID and password for casting your vote.
    - iii) After entering these details appropriately, Click on "LOGIN".
    - iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.) The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
    - v) You need to login again with the new credentials.
    - vi) On successful login, the system will prompt you to select the "EVENT" i.e., Padmalaya Telefilms Limited.
    - vii) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut Off Date under "FOR/AGAINST" or alternatively you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned hereinabove. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
    - viii) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
    - ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
    - x) You may then cast your vote by selecting an appropriate option and click on "Submit".
    - xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution(s).
    - xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at email ID: [schid285@gmail.com](mailto:schid285@gmail.com) with a copy marked to [evoting@karyv.com](mailto:evoting@karyv.com). The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_EVENT NO."

- B. In case of Members receiving physical copy of the AGM Notice by Post [for Members whose email IDs are not registered with the Company/Depository Participant(s)]:
- User ID and initial password as provided below:
  - Please follow all steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast your vote.
- C. The e-voting period commences on the Tuesday, September 23, 2014 at 10:00 A.M. and ends on Thursday, September 25, 2014 at 5.30 P.M. During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date being Friday, August, 29, 2014, may cast their vote by electronic means in the manner and process set out hereinabove. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have casted their vote electronically shall not vote by way of poll, if held at the Meeting.
- D. In case of any query pertaining to e-voting, please visit Help & FAQ's section of <https://evoting.karyy.com>. (Karyy's website).
- E. The voting rights of the Members shall be proportion to their shares of the paid up equity share capital of the Company as on the cut-off date being Friday, August 29, 2014.
- F. The Company has appointed C.S. Mr. Puttapparthi Jagannadham, Practising Advocate as a Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- G. The Scrutinizer after conclusion of the e-voting period will unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and will make a Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman of the Company.
- H. The Results on resolutions shall be declared on or after the Annual General Meeting of the Company and the resolution will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favour of the Resolution(s).
- I. The Results declared along with the Scrutinizer's Report(s) will be available on the Service Provider's website (<https://evoting.karyy.com>) within two (2) days of passing of the resolutions and communication of the same to the stock exchanges, where the equity shares of the company are listed.
- | EVEN (E-Voting Event Number) | USER ID PASSWORD / PIN             |
|------------------------------|------------------------------------|
| 1209                         | 1100001100016468 Existing Password |
9. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Karyy Computershare Pvt. Ltd / Investor Service Department of the Company immediately.
10. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Karyy Computershare Pvt. Ltd / Investor Service Department of the Company.
11. For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the registration counter.
12. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.

Additional information on Retiring Directors required to be furnished as per the Listing Agreement.

Brief Details of Directors seeking re-appointment at this Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Sri. Bijay Kumar Khenka
Date of Appointment	27th September 2003
Date of Birth/Age	63 Years
Education Qualification	Bachelor of Commerce
Expertise in Specific functional areas	Business Activities
List of Companies in which Directorships held as on 31.03.2014.	4
Chairman/Member of the Committees of other Companies in which he is a Director as on 31.03.2014.	Nil

Name of the Director	Dr.D.V.N.Raju
Date of Appointment	26th December 2005
Date of Birth/Age	72 Years
Education Qualification	He holds Bachelor's Degree in Doctor & Medicine.
List of Companies in which Directorships held as on 31.03.2014.	Nil
Chairman/Member of the Committees of other Companies in which he is a Director as on 31.03.2014.	Nil

Name of the Director	Sri V.Srinari
Date of Appointment	26th December 2005
Date of Birth/Age	60 Years
Expertise in Specific functional areas	He holds Bachelor's Degree in Commerce and a Fellow Member of the Institution of Chartered Accountants of India (C.A.)
List of Companies in which Directorships held as on 31.03.2014.	Nil
Chairman/Member of the Committees of other Companies in which he is a Director as on 31.03.2014.	Nil

Name of the Director	Sri. S.Sreenivasa Rao
Date of Appointment	22nd January 2007
Date of Birth/Age	63 Years
Education Qualification	Diploma in Mechanical Engineering
Expertise in Specific functional areas	In post Production Activity of the Films & Television Serials and Animation
List of Companies in which Directorships held as on 31.03.2014.	2
Chairman/Member of the Committees of other Companies in which he is a Director as on 31.03.2014.	Nil

**EXPLANATORY STATEMENT**

(Pursuant to Section 102 of the Companies Act, 2013)

Item No. 4-6:

**Appointment of Independent Directors**

In accordance with the relevant provisions of the Articles of Association of the Company and the erstwhile provisions of the Companies Act, 1956, Sri. Bijoy Kumar Khemka, Dr.D.VN.Raju, and Sri V.S.Nigri Independent Directors were appointed / re-appointed by the Members of the Company. The provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors have come into effect. As per the said provisions, the Independent Directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation at every AGM.

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company. In the transition to the Companies Act, 2013, which is effective 1st April, 2014, those Independent Directors who have already served for ten or more years will serve for a maximum period of one term of five years. This is consistent with the provisions of Companies Act, 2013. In effect, the transition will be managed by re-appointing such Independent Directors for a period of one more term that does not exceed five years. With the above changes, the Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by the provisions of Companies Act, 2013. In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint them, as Independent Directors on the Board of the Company for a term upto five consecutive years, commencing from 30th September, 2014. A brief profile of proposed Independent Directors, including nature of their expertise, is provided in this Annual Report.

Notices have been received from Members proposing candidature of the above Directors for the office of Independent Director of the Company. In the opinion of the Board, they fulfil the conditions specified in the Companies Act, 2013 and the Rules made thereunder for appointment as Independent Directors of the Company. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are concerned or interested, financially or otherwise, in these Resolutions. The Board recommends the Ordinary Resolutions as set out at item no. 4 to 6 for approval of the Members.

Item No.7

**Amendment of Clauses of Association of the Company**

Due to the enactment of majority provisions of the Companies Act, 2013 certain changes are required to be made in the Articles of Association of the Company. Some new articles/clauses are proposed to be inserted in relation to use of electronic mode for voting by members, participation in meeting of the Board by Directors, service of documents and maintenance of registers and records.

A general clause is also proposed to be inserted to the effect that if any provision as mentioned in the articles is inconsistent with the provisions of the Companies Act, 2013 and Rules made therein, then the provisions of the Companies Act, 2013 and rules made therein shall override the provisions of these Articles.

The Board therefore recommends the resolution under section 14 of the Companies Act, 2013 as a special resolution for your approval.

None of the Directors or key managerial personnel of the Company or their relatives are concerned or interested in the resolution.

Place : Hyderabad  
Date : 14<sup>th</sup> August, 2014

By Order of the Board of Directors  
(Bijoy Kumar Khemka)  
Chairman

**Directors' Report**

To

The Members  
Your Directors have pleasure in presenting the 23<sup>rd</sup> Annual Report on the business of your company and the Audited Statements of Accounts for the year ended on 31<sup>st</sup> March 2014 thereof. The Business and operations of the company over the last fiscal year are briefly encapsulated below:

(Rs. In Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March 2014	Previous ended on 31 <sup>st</sup> March 2013
Turn Over	243.04	247.09
Profit / (Loss) Before Depreciation, Tax & Prior Period Adj.	51.67	105.51
Profit / (Loss) after Tax & Before Prior Period Adjustments	(149.26)	(98.38)
Profit / (Loss) after Tax & Prior Period Adjustments	(96.02)	(35.70)
Add: Profit/(Loss) brought forward from last year	(8,448.89)	(8,413.19)
Profit/(Loss) Carried forward to Balance Sheet	(8,544.91)	(8,448.89)

**Business Performance Review**

During the year under review, the Company has reviewed all its business divisions and your company's performance is encouraging. Board of Directors assures you the same in the years to come.

**Out look for the current year**

Your Company has reviewed all its business divisions and, to strengthen its stand in the market, the company has been concentrating in activities like multimedia training, and Digitalisation of the theaters and Film Production the ups with experts in the market.

**Dividend**

The Board could not recommend dividend during the year under review in absence of profits.

**STATUTORY DISCLOSURES**

**ADDITIONAL INFORMATION REQUIRED UNDER SECTION 217(1) (E) OF THE COMPANIES ACT 1956**

**Conservation of Energy**

The company is not engaged in manufacturing activities, and as such the particulars relating to conservation of energy is not applicable. The company makes every effort to conserve energy as far as possible in its editing facilities, Production Floors, Office etc.

**Research and Development and Technology Absorption**

The company is not engaged in manufacturing activities, and as such the particulars relating to Research, Development and technology absorption are not applicable.

**Foreign Exchange Earnings and Outgoings:**

1. Total Foreign Exchange earned Nil
2. Total Foreign Exchange utilized Nil

**Particulars of Employee**

There are no employees whose particulars are required to furnish under Section 217(2A) of the Companies Act 1956, read with Companies (Particulars of Employees) Rules, 2011, are to be disclosed.

**Public Deposits**

Your company has not accepted any deposits from the public during the year under review and there are no outstanding deposits for the financial year under review.

**DIRECTORS:**

Sri S. Sreenivasa Rao non-independent director of the Company retires by rotation and being eligible, offers himself for re-appointment.



Sri. Bijoy Kumar Khemka, Dr.D.V.N.Raju, and Sri V.Srithari Independent Directors were appointed / re-appointed by the Members of the Company. The provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors have come into effect. As per the said provisions, the Independent Directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation at every AGM.

#### AUDITORS

M/s.P.Murali & Co., Chartered Accountants retires at the conclusion of the Annual General Meeting and being eligible for re-appointment as Statutory Auditors of the company. The Board recommends the appointment of M/s. P.Murali & Co. Chartered Accountants, as Statutory Auditor for the period from the Conclusion of this Annual General Meeting to Next Annual General Meeting.

#### REPLY TO AUDITORS QUALIFICATIONS

The Board has furnished the following in respect of the qualification by the Auditors:

- Management is in the process of re-negotiating of OTS with the HDFC bank. A detailed note was given in the Notes to the accounts.

#### CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement executed with the stock exchanges the Company has complied with all the provisions of the corporate governance. The detailed note in this regard is provided in this annual report elsewhere. A certificate from the Auditors of the company regarding compliance of conditions of Corporate Governance is attached to this report.

#### PROMOTERS

As per the understanding among the promoters of the company that their total share holding has transferred to M/s. Yamuna Enterprises Private Limited, who is the major stake holder and there are no other promoters except M/s. Yamuna Enterprises Private Limited.

#### MANAGEMENT DISCUSSION AND ANALYSIS

A Management Discussion and Analysis Report, has been attached and forms part of the Annual Report.

#### DIRECTORS RESPONSIBILITY STATEMENT PURSUENT TO SECTION 217 (2AA) OF THE COMPANIES ACT:

We the Directors confirm.

- a. That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- b. That we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period
- c. That we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. That we have prepared the annual accounts on a Going concern basis.

#### HUMAN RESOURCE EMPLOYEE RELATIONS

The Board of Directors would like to place on record its deep appreciation to all the employees for their dedicated services to the company. Our organizational culture and work environment is central to our ability to complete effectively. The relationship with the employees continues to be cordial.

#### ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their thanks to various departments of Central and State Governments, financial institutions, Banks, the Suppliers, Customers and Shareholders of the Company for their continued assistance, support and guidance.

By Order of the Board of Directors

Place : Hyderabad

Date : 14<sup>th</sup> August, 2014

(Bijoy Kumar Khemka)  
Chairman

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### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### MEDIA AND ENTERTAINMENT INDUSTRY OVERVIEW

The industry recorded a double digit growth. It is estimated to reach Rs. 1,275 Billion by 2015 as per the KPMG analysis and industry review. The Indian Media and Entertainment (M&E) industry grew significantly in the past years. The evolving consumer preferences, technology breakthroughs, enhanced advertising spend and industry consolidation will be the M&E industry's major growth drivers.

#### INDIA'S FILM INDUSTRY

The domestic film industry is poised to touch Rs. 132.1 Billion by 2015. Contribution of revenues emanating from cable and satellite rights' are likely to account for 13% of the overall industry size.

#### COMPANY'S PERFORMANCE

##### Business Performance Review and Out-look for the current year

During the year under review, the Company has reviewed all its business divisions and the company has been concentrating in activities like multimedia training, and Digitalization of the theaters and Film Production tie ups with experts in the market and your company's performance will be encouraging in the years to come.

#### PRINCIPAL RISKS AND UNCERTAINTIES

Piracy: Piracy of the produced content, under the purview of intellectual property rights, can adversely affect revenues and profitability.

Mitigation: Industry members have set up an Antipiracy Society (AACT) to fight the menace.

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Padmalaya Telefilms Limited is committed to the standards of corporate governance in all activities. Pursuant to Clause 49 of the Listing Agreement, your directors present below a detailed Report on Corporate Governance.

### 1. Company's Philosophy on code of Governance

Your company believes in providing highest transparency and ethical value in Corporate Governance. Your Company also believes in taking into confidence all the stakeholders viz., Shareholders, Employees, Creditors, Customers etc. Your company is committed to take the torch of Corporate Governance forward, so that every stakeholder of the company synchronise and synergise their efforts in their growth of their company.

### 2. Board of Directors

#### a. Composition of the Board

The number of the Directors is 5 comprises of 2 Executive and 3 Non Executive Directors. Out of two Executive Directors, one is from the promoter category and the remaining Non-Executive Directors are professional / independent. The professional / independent Directors are drawn from persons with experience in Business, Finance, Management, Marketing and Industry.

#### b. Other Directorship / Committee Memberships held :-

S. No	Name of Director	Category	Designation	Director Ship held in other Companies	
				Director	Committee Member
1	Bijoy Kumar Khemka	Independent	Chairman	4	Nil
2	G.V.Narasimha Rao	Promoter Executive	Executive Director	1	Nil
3	S.Srinivasa Rao	Non Promoter Executive	Director- Works	2	Nil
4	V.Srihari	Independent	Director	Nil	Nil
5	Dr.D.V.N.Raju	Independent	Director	Nil	Nil

#### c. Board Meetings held During the Year

S.No	Date of Board Meeting
1	30/05/2013
2	14/08/2013
3	14/11/2013
4	14/02/2014

Name of The Director	No Of Board Meetings Attended	Attendance at Last AGM
Bijoy Kumar Khemka	4	Yes
G.V.Narasimha Rao	4	Yes
S.Srinivasa Rao	4	Yes
V.Srihari	3	No
Dr.D.V.N. Raju	4	Yes

### 3. Audit Committee

#### a) Terms of Reference

The Audit Committee Provides the Board with additional Assurance as to the adequacy of the Company's internal control systems and financial disclosures. The Audit committee acts as a link between the Management, Statutory Auditors, and the Board of Directors. The composition, powers and functions of the Audit committee meet the requirements of the Listing Agreement and Section 292 A of the Companies Act, 1956. The Broad terms of reference of the Audit committee are to review with the Management and/or Statutory Auditors in the following areas.

- I. Overview of Company's financial reporting process and financial disclosures.
- II. Review with Management, external and internal audits, the adequacy of internal control systems.
- III. Review the adequacy and effectiveness of accounting and financial controls of the company, compliance with the company's policies and applicable laws and regulations.
- IV. Review with Management, the Annual financial statement before submission to the Board.
- V. Recommending the appointment/removal of external auditors, fixation of Audit fees.

#### b) Composition, names of the members and chairman

The Audit Committee of the Company re-constituted during the year comprises three members. All the members of the Committee are "Independent" Non-Executive Directors. Audit Committee consists of the following members:

1. V.Srihari - Chairman
2. Bijoy Kumar Khemka - Member
3. Dr.D.V.N. Raju - Member

#### c) Meetings and Attendance during the year

Name of Director	No. of Meetings held	No. of Meetings Attended
Sri.V.Srihari	4	3
Sri.Bijoy Kumar Khemka	4	4
Dr.D.V.N. Raju	4	4

#### c. Audit Committee Meetings held During the Year

S.No	Date of Board Meeting
1	30/05/2013
2	14/08/2013
3	14/11/2013
4	14/02/2014

#### 4. Remuneration Policy

The Remuneration Committee recommends the company policy on all elements of remuneration of Executive Directors.

The Remuneration Committee comprises the following Directors:

Dr.D.VN. Raju - Chairman  
 V. Srithari - Member  
 Bijoy Kumar Khemka - Member

Details of Remuneration to the Executive Directors paid/ payable for the financial year 2013-14 is as follows

Particulars	G.V. Narasimha Rao Executive Director	S. Srinivasa Rao Director - Works
Salary	6.00	5.40
HRA	0.90	—
Total	6.90	5.40

Non Executive Directors have been paid sitting fees for attending Board and Committee Meetings.

#### 5. Share Holders /Investors Grievance Committee

As a measurement of Good Corporate Governance and to focus on the shareholder's grievance and towards strengthening investor relations, an Investor's Grievance Committee has been constituted as sub committee of the Board.

In Pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Duty Amended), the Board has approved the "Code of Conduct for Prevention of Insider Trading" and authorized the Committee to implement and monitor the various requirements as set out in the code.

The Board has designated the Executive Director, as the Compliance Officer:

a) The function of the Committee include:

To specifically look into redressing investor's grievance pertaining to:

1. Transfer of shares
2. Dividend
3. Dematerialisation of Shares
4. Replacement of lost/stolen/mutilated share certificates.
5. Non-receipt of rights/bonus/split shares certificates
6. Any other related issues

b) Constitution and composition

Your company has constituted the investor's grievance committee, with three directors under the Chairmanship of Non Executive Director, as follows:

Dr.D.VN.Raju	-	Chairman
V. Srithari	-	Member
Bijoy Kumar Khemka	-	Member

Mr. S.Srinivasa Rao, Director of the Company is acting as compliance officer

#### 6. Investor Complaints Received and resolved during the Year 2013-2014

Nature of Complaints	Received	Resolved	Pending
A. Non-receipt of Dividend Warrants	Nil	Nil	Nil
B. Non receipt of Annual Reports	3	3	Nil
C. Non Receipt of share Certificates	1	1	Nil

#### 7. General Body Meetings

a) Details of Location and time of the Last three Annual General Meetings of the Company.

AGM No.	Financial Year	Date	Time	Venue
22nd	31.03.2013	30.09.2012	9.30 a.m	State Gallery of Fine Arts, Road No. 1, Kavuri Hills, Hyderabad-500033
21st	31.03.2012	29.09.2011	09.30 a.m	State Gallery of Fine Arts, Road No. 1, Kavuri Hills, Hyderabad-500033
20th	31.03.2011	30.09.2011	09.30 a.m	State Gallery of Fine Arts, Road No. 1, Kavuri Hills, Hyderabad-500033

b) No Special Resolutions passed during the previous year

c) During the year no Extra-ordinary General Meetings were held.

d) During the year no resolutions were passed through postal ballot.

#### 8. Disclosures

- 1) The Executive Director and Vice President (F&A) have given a certificate to the Board as contemplated in Clause 49 of the Listing Agreement and is enclosed at the end of the report.
- 2) During the Financial year 2013-14 the company has a related party transaction with M/s. Sri Geethika Films & Media Limited has taken Rs. 1.50 Lakhs as advance.
- 3) The company has complied with the requirements of regulatory authorities on capital market and no penalties/strictures have been imposed against it in the last three years.

#### 9. Means of Communication

Pursuant to the Listing Agreement, Financial Results are generally published in National news papers like Financial Express, Business Standard, Indian Express and in Regional Language newspapers like Andhra Bhoomi, Vaartha, Andhra Prabha etc. As the results of the company are published in newspapers and submitting to the stock exchanges immediately after the Board Meeting, the same are not send to the each household of shareholder.

## General Share Holders Information

### 1. Annual General Meeting :

Date : 30.09.2014  
Time : 9.30 AM.  
Venue : State Gallery of Fine Arts, Road No. 1, Kavuri Hills, Madhapur, Hyderabad-500 033

### 2. Financial Calendar :

Financial Reporting for:  
Quarter ending June, 30 2014 : Board meeting held on 14<sup>th</sup> August, 2014  
Quarter ending September, 30 2014 : Second Week of November, 2014  
Quarter ending December, 31 2014 : Second Week of February, 2015  
Quarter ending March, 31 2015 : Second Week of May, 2015  
Annual General Meeting (Next year) : Last week of September, 2015

### 3. Date of Books Closure :

27/09/2014 to 30/09/2014 (Inclusive of both days)  
The Bombay Stock Exchange limited, Mumbai  
National Stock Exchange of India Limited, Mumbai

### 4. Listing on Stock Exchanges :

Listing fee for the year 2014-15 has been paid.  
BSE :- 532350  
NSE :- PADMALAYAT

### 5. Stock Code :

Market Price Data: Monthly High and Low quotations of shares traded on the Bombay Stock Exchange, from 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014 are as stated hereunder:

Year 2013-14	BSE	
	High	Low
April, 2013	2,291.28	
May, 2013	2,281.58	
June, 2013	1,581.26	
July, 2013	1,411.10	
August, 2013	1,100.97	
September, 2013	1,110.89	
October, 2013	1,010.83	
November, 2013	1,010.80	
December, 2013	1,010.80	
January, 2014	1,510.86	
February, 2014	1,361.02	
March, 2014	1,230.90	

### 6. Share Transfer Agents :

The Trading of Company shares in National Stock Exchange of India Limited has been suspended.  
Karvy Computershare Pvt. Ltd.  
Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.  
Ph: 040-44655000, Fax: 040-23420814  
email: einward.ris@karvy.com

### 7. Share Transfer System

The Share Transfers, both physical and demat form, are done by the Registrar and Share Transfer Agents i.e., M/s.Karvy Computer share Pvt. Ltd. Hyderabad. The requests received for transfer of shares in physical form are generally completed within the stipulated time.

## 10. Distribution of Shareholding: As on 31-03-2014

Category	No. of Share Holders	% of Share Holders	Amount Rs.	% of Amount	
From					
To					
1	5000	19,62,674	76.41	1,96,26,740	11.55
5001	10000	13,69,765	11.45	1,36,97,650	8.06
10001	20000	12,78,961	5.83	1,27,89,610	7.52
20001	30000	7,54,320	2.09	75,43,200	4.44
30001	40000	4,85,408	0.97	48,54,080	2.85
40001	50000	6,22,803	0.94	62,28,030	3.66
50001	100000	12,27,113	1.21	1,22,71,130	7.22
100000 and above	92,98,956	1.10	1.10	9,29,89,560	54.70
Total	1,70,00,000	100.00	1,70,00,000	100.00	

## 11. Shareholding Pattern : As on 31-03-2014

Category code	Category of Shareholder	Number of Share-holders	Total number of shares	Total shareholding as a percentage of total number of shares	Shares Pledged or otherwise encumbered	
					Number of shares	As a percentage
(A)	Shareholding of Promoter and Promoter Group					
1	Indian Individuals/Hindu Undivided Family	5	87,455	0.51	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-
(c)	Bodies Corporate	2	1,688,019	9.93	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-
(e)	Any Others(Specify)	-	-	-	-	-
	Sub Total	8	1,775,474	10.44	-	-
2	Foreign	-	-	-	-	-
	Sub Total	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group	8	1,775,474	10.44	-	-
(B)	Public shareholding					
	Sub Total	-	-	-	-	-
B 2	Non-Institutions					
(a)	Bodies Corporate	298	37,84,729	22.26	-	-
(b)	Individuals					
I	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	13,429	72,71,677	42.77	-	-
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	127	41,27,076	24.28	-	-

(c)	Any Other (specify)	-	-	-	-	-
(c-i)	Non-Residential Individuals	34	39,933	0.23	-	-
(c-ii)	Cleaning Members	4	1,111	0.01	-	-
	<b>Sub-Total</b>	<b>13,892</b>	<b>1,52,24,526</b>	<b>89.55</b>	-	-
(B)	Total Public Shareholding	13,892	1,52,24,526	89.55	-	-
	<b>TOTAL</b>	<b>13,899</b>	<b>17,000,000</b>	<b>100.00</b>	-	-
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-
	<b>Sub-Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>GRAND TOTAL</b>	<b>13,899</b>	<b>17,000,000</b>	<b>100.00</b>	<b>-</b>	<b>-</b>

## 12. Dematerialisation of Shares and Liquidity

As per notification issued by SEBI, Trading in Equity Shares of the company is permitted only in dematerialised form for all categories of investors.

The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL, is ISIN Number ISIN 243B0 1016.

Details of Shares Dematerialised as on 31/03/2014

Particulars	No. of Shares	% of Share Capital
NSDL	95,31,141	56.06
CDSL	36,42,808	21.43
Physical	38,26,051	22.51
<b>TOTAL</b>	<b>1,70,00,000</b>	<b>100.00</b>

## 13. Outstanding GDR/Warrants and Convertible or Any Convertible Instruments : Not Applicable

## 14. NOMINATION FACILITY:

Share holding shares in physical form and desirous of making changes in the nomination in respect of their shareholding in the company, as permitted under section 109A of the Companies Act, 1956 are requested to submit to the registrars in the prescribed form for this purpose.

## 15. Works Location

Integrated Television, Shooting Studio : Plot No - 138,H.No.8-3-222/1/23  
 2D/3D Animation Studio : Madhuramagar, Yousufguda  
 Hyderabad - 500 038.

## Feature Film Distribution Offices

- q) Hyderabad : # 7-3-697, Rashtrapathi Road,  
 Secunderbad -500 003.
- b) Kolkata : 48, Chitranjan Avenue,  
 Kolkata – 700 012
- q) Vijayawada : # 26-9-23, Bhagyachandira Towers,  
 Ramarao Street, Gandhi Nagar,  
 Vijayawada – 520 002

## 16. Address for Correspondence :

Padmalaya Telefilms limited  
 Regd & Administrative Office,  
 Plot No - 138,H.No.8-3-222/1/23  
 Madhuramagar, Yousufguda  
 Hyderabad - 500 038.  
 Ph : 040-23738955  
 E-Mail - info@padmalaya.co.in  
 E-Mail - padmdoytefilms@gmail.com

## CERTIFICATE BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, G.V.Narasimha Rao, Executive Director and R.Mahipal Reddy, Vice President (Finance & Accounts) of M/s. PADMALAYA TELEFILMS LIMITED, hereby certify to the Board that :

- a) We have reviewed financial statements and the Cash Flow statement for the year and that to the best of our knowledge and belief:
- i) These statements do not contain any materially untrue statement for the year or omit any material factor contain statements that might be misleading:
- ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls in the Company and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operations of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit committee As:
- i) There is no changes in internal control during the year,
- ii) There is no changes in accounting policies during the year,
- iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.
- e) We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct)
- f) We further declare that all Board Members and designated Senior Management have performed compliance with the Code of Conduct for the current year.

Place : Hyderabad G.V.Narasimha Rao R.Mahipal Reddy  
 Date : 14<sup>th</sup> August, 2014 Executive Director Vice President(F & A)



## CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To  
The Members,  
Padmalaya Telefilms Limited  
Hyderabad.

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of corporate governance of M/s Padmalaya Telefilms Limited ("the company") for the year ended 31<sup>st</sup> March, 2014 as stipulated in clause 49 of the listing agreement of the said company with the Stock Exchanges.

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination, conducted in the manner described in the Guidance note on Certification of Corporate Governance" issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the company has complied with the conditions of Corporate Governance as stipulated in clause 49 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.

Place : Hyderabad  
Date : 14<sup>th</sup> August, 2014

For P. MURALI & CO.,  
Chartered Accountants  
FRN: 007257 S  
P. MURALI MOHANA RAO  
Partner  
Membership No. 23412

## Independent Auditors Report

To  
The Members of  
Padmalaya Telefilms Limited  
Hyderabad.

Report on the Financial Statements:

We have audited the accompanying financial statements of PADMALAYA TELEFILMS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements:**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility:**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.;
  - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For P. MURALI & CO.,  
Chartered Accountants  
FRN: 007257 S

Place : Hyderabad  
Date : 30<sup>th</sup> May, 2014

P. MURALI MOHANA RAO  
Partner  
Membership No. 23412

**Annexure to Auditors' Report**

- I.
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
  - b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
  - c) The Company has not disposed off substantial part of the Fixed Assets during the year.
  - d) The Inventory has been physically verified during the year by the Management and in our opinion, the frequency of verification is reasonable.
  - e) In our opinion, the procedures of the 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.
  - f) The Company is maintaining proper records of inventory and as explained to us, no material discrepancies were noticed on physical verification of stocks as compared to book records.
  - g) The Company has not granted any loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As the Company has not granted any loans, the Clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under Section 301 prejudicial to the interest of company, is not applicable.
  - h) As no loans are granted by company, the clause of receipt of interest & principal amount from parties, is not applicable to the company.
  - i) No loans have been granted to Companies, Firms and other parties listed in the register U/S 301 of the Companies Act, 1956. Hence, overdue Amount of more than rupees one Lac does not arise and the clause is not Applicable.
  - j) The Company has not taken any loans, secured or unsecured from Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
  - k) As the Company has not taken any loans, the clause of whether the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
  - l) As no loans are taken by the company, the clause of repayment of interest & principal amount to parties is not applicable to the company.
- II. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.
- III. In our opinion and according to the information and explanation given to us, since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the company in respect of any party in the financial year, the entry in the register U/s.301 of the Companies Act, 1956 does not arise.
- IV. According to the information and explanations given to us, as no such contracts or arrangements made by the company, the applicability of the clause of changing the reasonable price having regard to the prevailing market prices at the relevant time does not arise.
- V. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.
- VI. In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.

VIII. In respect of the Company, the Central Government has not prescribed maintenance of Cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.

IX. a) The Company is regular in depositing statutory dues including PF,ESI, Income Tax, Cess & other statutory dues with the appropriate authorities and at the end of financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable

b) According to the information and explanations given to us, no disputed amounts are payable in respect of PF, ESI, Income Tax, Cess and any other statutory dues as at the end of the period.

X. The Company has been registered for a period of not less than 5 years, and the company has no accumulated losses at the end of the financial year and the company has not incurred cash losses in this financial year and in the immediately preceding financial year.

XI. According to information and explanations given to us, the company has defaulted in repayment of loan to HDFC Banks an amount of Rs. 4.48 crores.

XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.

XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.

XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.

XV. 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, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company.

XVI. According to the information and explanations given to us, the Company has not obtained Term Loans. The utilization of term loan does not arise.

XVII. According to the information and explanations given to us, no funds are raised by the Company on short-term basis. Hence the clause of short term funds being used for long term investment does not arise.

XVIII. According to the information and explanations given to us, 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 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.

XIX. According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.

XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by public issue is does not arise.

XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

for P. MURALI & CO.,  
 Chartered Accountants  
 FRN : 0072575

P. MURALI MOHANA RAO  
 Partner

Place : Hyderabad  
 Date : 30<sup>th</sup> May, 2014

Membership No. 23412

### BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note No.	March 31, 2014	March 31, 2013
		Rs.	Rs.
<b>I</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital	1	169,976,000	169,976,000
b) Reserves and Surplus	2	(9,597,620)	4,346
<b>2. Non-current liabilities</b>			
a) Long-term borrowings	3	44,878,382	44,878,382
b) Deferred Tax Liabilities /(Asset)	4	5,177,821	10,501,908
c) Other Provisions	5	15,515,567	15,465,567
<b>3. Current Liability</b>			
(a) Short-term borrowings	6	3,490,000	4,150,000
(b) Trade Payable	7	7,242,688	7,242,688
(c) Other current liabilities	8	44,398,246	41,783,547
(d) Short-term provisions	9	310,771	246,103
<b>Total</b>		<b>281,391,855</b>	<b>294,248,541</b>
<b>II</b>			
<b>ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
(i) Tangible & Intangible assets	10	27,518,959	47,612,424
(b) Other Non Current Assets	11	128,000	128,000
<b>2. Current assets</b>			
(a) Inventories	12	131,313,770	126,313,770
(b) Trade Receivables	13	55,094,241	47,916,806
(c) Cash and Bank balances	14	85,450	411,865
(d) Loan and Advances	15	67,251,435	66,865,676
<b>Total</b>		<b>281,391,855</b>	<b>294,248,541</b>

Summary of Significant Accounting Policies & Notes to Financial Statements are an Integral Part of the Financial Statements

As per our Report of Even Date

for **PADMALAYA TELEFILMS LIMITED**

For P.Murali & Co.,  
 Chartered Accountants  
 FRN : 0072575

P. Murali Mohana Rao  
 Partner  
 Membership No. 023412

D.V.N Raju  
 Director

S. Srinivas Rao  
 Whole Time Director

Place : -Hyderabad  
 Date : 30<sup>th</sup> May, 2014

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH, 2014**

PARTICULARS	NOTE No.	FOR THE YEAR ENDED 31/03/2014	
		Rs.	Rs.
I. Revenue from Operations	16	23,974,522	24,254,073
II. Other Income	17	329,649	455,328
<b>III. Total Revenue (I+II)</b>		<b>24,304,171</b>	<b>24,709,401</b>
IV. Expenses:			
Cost of Materials	18	13,881,739	8,214,876
Changes in Inventories of Finished goods, WIP and Stock-in-Trade	19	-	-
Employee Benefit expenses	20	2,291,294	2,350,824
Other Operating Expenses	21	339,400	337,300
Administrative Expenses	22	2,605,726	3,249,457
Financial costs	23	18,600	5,795
Depreciation and amortization expense	10	20,093,465	20,389,289
<b>Total Expenses</b>		<b>39,230,224</b>	<b>34,547,541</b>
V. Profit before exceptional and extraordinary items and tax		(14,926,053)	(9,838,140)
Bad Debts		-	-
VI. Profit before extraordinary items and tax		(14,926,053)	(9,838,140)
Extraordinary Items		-	-
Tax expense:		-	-
(1) Current tax		-	-
(2) Deferred Tax Asset /(Liability)		5,324,087	6,268,138
VII. Profit/(Loss) for the period from Continuing Operations		(9,601,966)	(3,570,002)
Prior Period Adjustment		-	-
Tax Expense of Discounting Operations		(9,601,966)	(3,570,002)
Balance Brought Forward		(844,888,557)	(841,318,555)
Profit/(Loss) from Discontinuing operations		-	-
Profit/(Loss) for the period		(854,490,523)	(844,888,557)
KVII. Earning per equity share:		(0.56)	(0.21)
(1) Basic		(0.56)	(0.21)
(2) Diluted		(0.56)	(0.21)

for PADMALAYA TELEFILMS LIMITED

As per our Report of Even Date  
For P.Muruli & Co.,  
Chartered Accountants  
FRN : 007257 S

P. Muruli Mohana Rao  
Partner  
Membership No. 23412

D.V.N Raju  
Director

S. Srinivas Rao  
Whole Time Director

Place : Hyderabad  
Date : 30<sup>th</sup> May, 2014

**CASHFLOW STATEMENT FOR THE YEAR ENDED 31/03/2014**

PARTICULARS	2013-14	2012-13
<b>I. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit/( Loss) before Tax & Extraordinary Items	(14,926,053)	(9,838,140)
Add: Depreciation	20,093,465	20,389,289
Operating Cash Flows before Working Capital Changes & Extraordinary Items	5,167,412	10,551,149
<b>ADJUSTMENT FOR WORKING CAPITAL CHANGES:</b>		
Decrease/(Increase) in Trade Receivables	(7,177,435)	(13,381,369)
Decrease/(Increase) in Loans & Advances	(385,759)	(169,592)
Increase/(Decrease) in Short Term Borrowings	(660,000)	(850,000)
Increase/(Decrease) in Other Current Liabilities	2,614,699	1,588,072
Increase/(Decrease) in Short Term Provisions	64,668	107,985
<b>Operating Cash Flows After Working Capital Changes but before adjustment for Extraordinary Items &amp; Prior Period Items</b>	<b>(376,415)</b>	<b>(2,153,755)</b>
Add/(less) Adjustment for Extraordinary & Prior Period Items	-	-
<b>Net Cash Used in Operating Activities (I)</b>	<b>(376,415)</b>	<b>(2,153,755)</b>
<b>II. Cash Flow from Investing Activities:</b>		
Decrease/(Increase) in Non Current Assets	-	-
<b>Net Cash Used in Investment Activities (II)</b>	<b>-</b>	<b>-</b>
<b>III. Cash Flow from Financing Activities:</b>		
Increase/(Decrease) In Non Current Liabilities	50,000	(65,587)
Net Cash Flow from Financing Activities (III)	50,000	(65,587)
Opening Balance of Cash & Cash Equivalents	411,865	2,631,207
Net Cash Used During the Year	(326,415)	(2,219,342)
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>85,450</b>	<b>411,865</b>

For and on behalf of the Board of Directors

Place : Hyderabad  
Date : 30<sup>th</sup> May, 2014

D V N RAJU  
Director

S. SRINIVASA RAO  
Whole Time Director

**CIRTIFFICATE**

We have examined the attached cash flow statement of M/s. Padmalaya Telefilms Limited for the year ended 31/03/2014. The statement has been prepared by the Company in accordance with requirements of clause 32 of listing agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the Company covered by our report dated 30th May 2014 to the members of the Company.

For P.Muruli & Co.,  
Chartered Accountants  
FRN : 007257 S

P. Muruli Mohana Rao  
Partner  
Membership No. 23412

Place : Hyderabad  
Date : 30<sup>th</sup> May, 2014



**SIGNIFICANT ACCOUNTING POLICIES**
**Description of Business:**

Padmalya Telefilms Limited (PTL) is engaged in production of television software, feature films, animation series, distribution of feature films and also facilities provider in pre-production, production, post-production including 2D & 3D Special effects for television software and feature films, Training in Multi Media Software and Animation. PTL was incorporated on 17th September, 1991 in Hyderabad, Andhra Pradesh, India.

**1. Basis of accounting:**

These financial statements are prepared under historical cost convention as a going concern and on accrual basis in accordance with the generally accepted accounting principles in India and as per applicable accounting standards (AS) issued by Institute of Chartered Accountants of India as notified under Companies act (Accounting standards) rules, 2006.

**2. Fixed assets and depreciation:**

Fixed assets are stated at historical cost (net of CENVAT & VAT credit in applicable cases) less accumulated depreciation thereon (in line with provisions of AS-10). Depreciation on tangible assets is provided on straight line method at the rates specified in the Schedule XIV to the companies act, 1956. Assets costing Rs.5000/- or less (as adopted as materiality threshold) are charged to expenses in the year of purchase.

**3. Inventories:**

Inventories are valued at cost or net realizable value whichever is lower after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. Spares and Consumables are charged off to revenue in the year of purchase. Cost includes the aggregate of all expenditure incurred in bringing the inventories to the present condition and situation.

**4. Deferred Tax:**

Deferred Tax is accounted for by computing the tax effect of timing differences, which arise during the year and reverse in subsequent periods. Deferred Tax assets on accumulated losses and unabsorbed depreciation are recognized only to the extent that there is virtual certainty of realization of such assets in future.

**5. Revenue recognition:**

Sales of products are recognized when risk and rewards of ownership of the products are passed on to the customers, which are generally on handing over of goods / services (in our case). Export sales are recognized on the basis of bill of lading/Airway bill. (In line with provisions of Para 6.1 of AS-9).

**6. Foreign currency transactions:**

Sales/Purchases and revenue income/expenses in foreign currency are booked at exchange rates prevailing on the date of transaction. Gain/loss arising out of fluctuations in exchange based on the rate of realization is accounted for in the profit and loss account as per AS-11.

**7. Taxes on income:**

Provisions for taxation comprises of current tax, deferred tax. Current tax provision has been made on the basis of reliefs and deductions available under the income tax act, 1961. Deferred tax resulting from "Timing Differences" between taxable income and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted on balance sheet date. No deferred tax assets were found and recognized. The fringe benefits tax has been calculated and accounted for in accordance with the provisions of the income tax act, 1961. (In line with AS-22)

**8. Employee Benefits:**

Staff benefits arising out of retirement/death, comprising of contributions to provident fund, superannuation and gratuity schemes, accrued leave en-cashable and other post separation benefits are accounted for on the basis of an independent actuarial valuation, in accordance with AS-15. The actuarial liability is determined with reference to employees at the end of each financial year.

**9. Borrowing Costs:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized to profit and loss account in the year in which they are incurred. (In line with AS-16).

**10. Provisions, Contingent liabilities and contingent Assets:**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized. (In line with AS-29)

**11. Impairment of Assets:**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. However, no such indications were observed. Company has not even observed any such indication during previous accounting years and no impairment loss was provided during that year. So, no question of reversal of previously recognized impairment loss during current year. (In line with AS-28).

**NOTES TO FINANCIAL STATEMENTS**
**Note No.1**

S.No.	Particulars	As on 31-03-2014	As on 31-03-2013
A.	<b>Equity Share Capital</b>	<b>Rs.</b>	<b>Rs.</b>
	(a) Authorized (No. of Shares 2,00,00,000 of Rs. 10/- each Current Year) (No. of Shares 2,00,00,000 of Rs. 10/- each Previous Year)	200,000,000	200,000,000
	(b) Issued (No. of Shares 1,70,00,000 each Current Year) (No. of Shares 1,70,00,000 each Previous Year)	170,000,000	170,000,000
	(c) Subscribed & Fully Paid Up (No. of Shares 1,69,95,200 each Current Year ) (No. of Shares 1,69,95,200 each Previous Year)	169,952,000	169,952,000
	(d) Subscribed & not fully paid up (No. of Shares 4,800 each Current Year ) (No. of Shares 4,800 each Previous Year)	24,000	24,000
(e) Par Value per share Rs. 10/-			
	<b>Total Equity Share capital</b>	<b>169,976,000</b>	<b>169,976,000</b>
B.	<b>Calls unpaid :</b>		
	Equity Shares By Directors & Officers By Others	- 24,000	- 24,000
C.	<b>A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:</b>		
	Equity Shares of Rs. 10/Each, Fully paid up At the Beginning	17,000,000	17,000,000
	Issued during the year - Cash Issue Forfeited / Bought Back during the year At the end	- -	- -
		<b>17,000,000</b>	<b>17,000,000</b>
D.	<b>Details of Shareholder holding more than 5% shares of the company:</b>		
	Equity Shares of Rs. 10 each Held By Yamuna Enterprises (P) Ltd. - Current Year No. of Shares - 16,73,019 - Previous Year No. of Shares - 16,73,019	9.84	9.82

Note : During the current year there is no fresh issue of shares.

**NOTE NO. 2 : RESERVES AND SURPLUS**

S.No.	Particulars	As on 31-03-2014	As on 31-03-2013
I	<b>RESERVES AND SURPLUS</b>		
	a) Capital reserve	Rs.	Rs.
	b) Securities Premium Reserve	756,608,703	756,608,703
	As at the commencement of the year	-	-
	Add: Additions during the year	-	-
	Less: Utilised during the year	756,608,703	756,608,703
	c) General Reserves	88,284,200	88,284,200
	As at the commencement of the year	-	-
	Add: Additions during the year	-	-
	Less: Utilised during the year	88,284,200	88,284,200
	h) Surplus :		
	i) Opening Balance - Profit and Loss Account	(844,888,557)	(841,318,555)
	Add: Transfer from Profit & Loss Account	(9,601,966)	(3,570,002)
		(854,490,523)	(844,888,557)
II	A Reserve specifically represented by earmarked investments	-	-
	Total Reserves and Surplus	(9,597,620)	4,346

**NOTE NO. 3: LONG TERM BORROWINGS**

S.No.	Particulars	As on 31-03-2014	As on 31-03-2013
I	Long Term Borrowings	Rs.	Rs.
	a) Bonds / debentures	-	-
	b) Term Loans	44,878,382	44,878,382
	From Banks (Refer Note No.25)		
	Total Long Term Borrowings	44,878,382	44,878,382

Note: Term Loan of Rs.448,78 Lakhs (Previous year Rs.448,78 Lakhs) from HDFC Bank, Mumbai is secured by fixed and Current Assets of the Company. The Executive Director and chief promoter have given their personal guarantees to the Bank in their personal capacity.

**NOTE NO. 4 : DEFERRED TAX LIABILITY ( NET)**

S.No.	Particulars	As on 31-03-2014	As on 31-03-2013
	Opening Deferred Tax Asset / (Liability)	Rs. (10,501,908)	Rs. (16,770,047)
	Deferred Tax Asset / (Liability) Due to Timing Difference on Depreciation	5,308,637	6,238,722
	Deferred tax Asset on Provision for Gratuity and Compensated Absences	15,450	29,417
	Gross Deferred Tax Asset	(5,177,821)	(10,501,908)
	Less: Deferred Tax Provision Reversal - Prior Period Item	-	-
	Deferred Tax (Liability)/ Asset - Net	(5,177,821)	(10,501,908)

**NOTE NO. 5 : OTHER PROVISIONS**

S.No.	Particulars	As on 31-03-2014	As on 31-03-2013
I	a) Provisions for Employee benefits	Rs.	Rs.
	- Provision for Gratuity	488,950	457,850
	- Provision for Leave Encashment	78,010	59,110
	b) Others	14,948,607	14,948,607
	Total Long Term Provisions	15,515,567	15,465,567

**NOTE NO. 6 : SHORT TERM BORROWINGS.**

S.No.	Particulars	As on 31-03-2014	As on 31-03-2013
I	Short Term Borrowings	Rs.	Rs.
	a) Other Loans repayable on demand	3,490,000	4,150,000
	Un Secured		
	From Others	3,490,000	4,150,000
	Total Short Term Borrowings	3,490,000	4,150,000

**NOTE NO. 7 : TRADE PAYABLES**

S.No.	Particulars	As on 31-03-2014	As on 31-03-2013
I	a) Trade Payables	Rs.	Rs.
	Total Trade Payables	7,242,688	7,542,688

**NOTE NO. 8 : OTHER CURRENT LIABILITIES**

S.No.	Particulars	As on 31-03-2014	As on 31-03-2013
I	a) Current maturities of Long Term Debt	Rs.	Rs.
	b) Current maturities of Finance Lease Obligation	-	-
	c) Other Payables	44,398,246	41,783,547
	Total Other Current Liabilities	44,398,246	41,783,547

**NOTE NO. 9: SHORT TERM PROVISIONS**

S.No.	Particulars	As on 31-03-2014	As on 31-03-2013
I	a) Provisions for employee benefits	Rs.	Rs.
	ESI & PF Payable	9,248	9,250
	Salaries Payable	150,933	91,383
	b) Others	62,430	55,710
	Statutory Liabilities	88,160	89,760
	TDS Payable		
	Total Short Term Provisions	310,771	246,103

NOTE NO. 10 : TANGIBLE & INTANGIBLE ASSETS AS AT 31-03-2014

Sl. No.	Particulars	Gross Block			Depreciation/Amortization				Net Block as on 31.03.2014	Net Block as on 31.03.2013
		As on 01.04.2013	Additions during the year	Sale/ Deletions during the year	As on 31.03.2014	Dep. As on 01.04.2013	Dep. For the year 2013-2014	Total Depreciation		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Land	14,338,897	-	-	14,338,897	-	-	-	14,338,897	14,338,897
2	Plant & Machinery	284,207,430	-	-	284,207,430	250,933,903	20,093,465	271,027,368	13,180,062	33,273,527
3	Other Assets	10,943,868	-	-	10,943,868	10,943,868	-	10,943,868	-	-
4	Office Equipment	5,688,216	-	-	5,688,216	5,688,216	-	5,688,216	-	-
5	Furniture	2,664,181	-	-	2,664,181	2,664,181	-	2,664,181	-	-
6	Vehicles	1,853,083	-	-	1,853,083	1,853,083	-	1,853,083	-	-
	<b>Total</b>	<b>319,695,675</b>	<b>-</b>	<b>-</b>	<b>319,695,675</b>	<b>272,083,251</b>	<b>20,093,465</b>	<b>292,176,716</b>	<b>27,518,959</b>	<b>47,612,424</b>
	Previous Year	319,695,675	-	-	319,695,675	251,693,962	20,389,289	272,083,251	47,612,424	68,001,713

Note: Depreciation:

- Depreciation is provided on Straight line method as per Schedule XIV of the Companies Act, 1956.
- Other Assets include Ornaments, Costumes, Library Etc.

NOTE NO. 11 : OTHER NON CURRENT ASSETS

S.No.	Particulars	As on 31-03-2014	As on 31-03-2013
1	Security Deposit: Unsecured, Considered Good	Rs. 128,000	Rs. 128,000
	Total other non current assets	128,000	128,000

NOTE NO. 12 : INVENTORIES

S.No.	Particulars	As on 31-03-2014	As on 31-03-2013
	a) Work - In - Progress Closing Stock Software under Production Projects on Hand Total Inventories	Rs. 14,577,696 73,385,497 43,350,577 131,313,770	Rs. 14,577,696 73,385,497 43,350,577 131,313,770

NOTE NO. 13 : TRADE RECEIVABLES

S.No.	Particulars	As on 31-03-2014	As on 31-03-2013
1	a). Outstanding for a period exceeding six months from the date they are due for payment Unsecured, Considered Good b). Other receivables : Unsecured, Considered Good Total Trade Receivables	Rs. 5,304,082 49,790,159 49,790,159	Rs. 4,949,085 42,967,721 42,967,721

NOTE NO. 14 : CASH AND BANK BALANCES

S.No.	Particulars	As on 31-03-2014	As on 31-03-2013
	1 Cash and cash equivalents : a) Balances with banks : On Current Accounts b) Cash on hand Total Cash and Cash Equivalents	Rs. 22,083 63,367 85,450	Rs. 26,646 385,219 411,865

**NOTE NO. 15: LOANS AND ADVANCES**

S.No.	Particulars	As on 31-03-2014	As on 31-03-2013
I	Other Loans & Advances: Unsecured, Considered Good Prepaid Expenses Loans Receivables Advances Recoverable in Cash or in kind Total Short Term Loans and Advances	Rs. 2,976,217 58,728,381 5,546,837 67,251,435	Rs. 2,590,458 58,728,381 5,546,837 66,865,676

**NOTE NO. 16: REVENUE FROM OPERATIONS**

S.No.	Particulars	Year Ended 31-03-2014	Year Ended 31-03-2013
I.	Revenue from operations in respect of non-finance company Sale of Products	Rs. 23,974,522	Rs. 24,254,073
	Total Revenue from Operations	23,974,522	24,254,073

**NOTE NO. 17 : OTHER INCOME**

S.No.	Particulars	Year Ended 31-03-2014	Year Ended 31-03-2013
I	Other non-operating income	Rs. 329,649	Rs. 455,328
	Total Other Income	329,649	455,328

**NOTE NO. 18: COST OF MATERIALS**

S.No.	Particulars	Year Ended 31-03-2014	Year Ended 31-03-2013
I	Production Expenditure	Rs. 13,881,739	Rs. 8,214,876
	Total Cost Of Material Consumed	13,881,739	8,214,876

**NOTE NO. 19 : CHANGE IN INVENTORIES, FINISHED GOODS & WIP**

S.No.	Particulars	Year Ended 31-03-2014	Year Ended 31-03-2013
I	Software Under Production	Rs. 131,313,770	Rs. 131,313,770
	Inventories at the beginning of the year	131,313,770	131,313,770
	Less : Inventories at the end of the year	131,313,770	131,313,770
	(Increase) / Decrease in Inventories	-	-

**NOTE NO. 20: EMPLOYEE BENEFIT EXPENSES**

S.No.	Particulars	Year Ended 31-03-2014	Year Ended 31-03-2013
I	(a) Salaries & Wages (b) Contribution to Provident & Other Funds (c) Managerial Remuneration (d) Staff Welfare Expenses Total Employee Benefit Expenses	Rs. 956,400 62,052 1,230,000 42,842 2,291,294	Rs. 989,161 68,443 1,230,000 63,220 2,350,824

**NOTE NO. 21: OTHER OPERATING EXPENSES**

S.No.	Particulars	Year Ended 31-03-2014	Year Ended 31-03-2013
I	(a) Rent (b) Payment to Auditors: (i) As Auditor (ii) For Taxation Matters (iii) For Other Services (c) Internal Auditors Remuneration Total Other Expenses	Rs. 158,400 59,400 48,400 13,200 60,000 339,400	Rs. 156,300 59,400 48,400 13,200 60,000 337,300

**NOTE NO. 22: ADMINISTRATIVE EXPENSES**

S.No.	Particulars	Year Ended 31-03-2014	Year Ended 31-03-2013
I	(a) Telephone, Postage and Others (b) Business Promotion Expenses (c) Conveyance (d) Office Maintenance (e) Printing & Stationery Expenses (f) Professional Consultancy fee (g) Director Sitting Fee (h) Licenses Fee and Taxes (i) AGM & EGM Expenses (j) Share Transfer Expenses (k) Subscription, Membership and corporate bodies (ln) Legal Expenses (n) Gratuity and leave encashment Total Administrative Expenses	Rs. 21,100 102,098 199,567 145,222 4,756 932,208 20,000 26,750 436,073 201,689 237,852 148,711 129,700 2,605,726	Rs. 28,217 369,952 156,376 252,866 35,307 1,052,125 25,000 7,000 370,405 194,592 235,200 345,170 177,247 3,249,457

**NOTE NO. 23 : FINANCE COST**

S.No.	Particulars	Year Ended 31-03-2014	Year Ended 31-03-2013
I	Finance Expenses - Bank Charges Total Finance Cost	Rs. 18,600 18,600	Rs. 5,795 5,795



**NOTES ON ACCOUNTS:**
**24 SHARE CAPITAL**

Company is having existing Equity share capital to the extent of 1,70,00,000 Shares @ Rs. 10/- each fully subscribed as on 01.04.2013 and no further issue of shares during the year under review.

**25. Secured Loans:**

Term Loan of Rs.448.78 Lakhs (Previous year Rs.448.78 Lakhs) from HDFC Bank, Mumbai is secured by fixed and Current Assets of the Company. The Executive Director and chief promoter have given their personnel guarantees to the Bank in their personal capacity.

**26. Depreciation:**

a. Depreciation is provided on Straight line method as per Schedule XIV of the Companies Act, 1956.  
 b. Other Assets include Ornaments, Costumes, Library Etc.

**27. Segment Reporting:**

The Company operates in four segments, TVSoftware, Infrastructure, Films and Animation. Segments wise operational information have been reported based on the guiding principles of Accounting Standard 17 (A.S. 17) issued by the Institute of Chartered Accountants of India.

Financial information about the business segments is presented in the table given below:

Segment Wise Results: Rs. In Lakhs

Particulars	For the year 2013-2014	For the year 2012-2013
<b>1. Segment Revenue / Income</b>		
TVSoftware	34.98	34.81
Integrated Communication Group	45.89	41.85
Films	115.21	129.94
Animation	43.66	35.94
Total	239.74	242.54
Less: Inter Segmental Revenue	-	-
Total Revenue from Operations	239.74	242.54

**2. Segment wise Profit / Loss before Tax and interest**

TVSoftware	(36.19)	(25.14)
Integrated Communication Group	(30.09)	(19.37)
Films	(33.05)	(20.27)
Animation	(39.98)	(27.76)
Total	(139.31)	(92.54)
Add: Un-allocable Income net off		
Un-allocable expenditure	9.95	5.84
Profit before Tax and Prior period expenditure	(149.26)	(98.38)

Revenue and expenses in relation to segments is categorized based on items that are individually identifiable to that segment.

Expenses like Depreciation have been segregated among the segments according to the period of usage of Fixed Assets by the Segments. However, the Management believes that it is not practicable to provide segment wise capital employed, as the Assets are being used interchangeably by different segments.

**28. Details of Related Party Transactions**

Name of the Party	Relationship
Padmalaya Studios LLP	- Controlled by key managerial personnel
Yamuna Enterprises Private Limited	- Controlled by key managerial personnel
Green Chillies entertainment (P) Ltd.	- Controlled by key managerial personnel
Sri Geethika Films & Media Ltd.,	- Controlled by key managerial personnel
Transaction details	- An amount of Rs.1.50 lakhs given to Sri Geethika Films & Media Ltd., as a Normal business Advance.

**29. Managerial Remuneration**

Information required under Para 4 (C) of part Schedule - VI of the Companies Act, 1956 to the extent applicable.

Particulars	31-03-2014	31-03-2013
Salaries	11.40	11.40
Perquisites & Allowances	0.90	0.90
Total	12.30	12.30

**30. Auditors Remuneration**

Particulars	31-03-2014	31-03-2013
Statutory Audit Fees	0.54	0.54
Tax Audit Fees	0.30	0.30
Certification Fees	0.13	0.13
Taxation Matters	0.14	0.14
Service Tax Matters	0.10	0.10
Total	1.21	1.21

**31. Disclosures as required under Accounting Standard AS-15**

Retirement benefits to employees The Company has made provision based on Actuarial Valuation in respect of Gratuity and Leave Encashment as per AS 15. The details are as follows:

Particulars	31-03-2014	31-03-2013
Gratuity	0.31	0.87
Leave Encashment	0.19	0.08

Expenses: This is the profit and loss charges for the accounting period, and comprises the sum of the service and Recognized in interest costs less the expected returns on assets, adjusted for Actuarial Gain/Loss recognized for the P&L A/C.

Contributions are made to Recognized Provident fund / Government Provident Fund, Family pension Fund, ESIC and other Statutory Funds which covers all regular employees. While both the employees and the Company make predetermined contributions to the Provident Fund and ESIC, contribution to the Family pension Fund is made only by the Company. The contributions are normally based on a certain proportion of the employee's salary.

Particulars	31-03-2014	31-03-2013
Contribution to Provident fund	0.56	0.76
Contribution to Employee State Insurance Scheme (ESI)	0.18	0.17

In respect of Gratuity, Company made necessary provision. Provision for Gratuity is based on actuarial valuation done by independent actuary as at the year end. Actuarial valuation for compensated absences is done as at year end and the provision is made as per Company rules and its cover all regular employees. Major drivers in actuarial assumption, typically are years of service and employee compensation. After the issuance of the Accounting Standard 15 on "Employee Benefits" commitments are actuarially determined using the "Projected Unit Credit" method. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss account.



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**1 Registration Details**

CIN No. 

L	9	2	1	1	A	P	1	9	1	P	L	C	0	1	3	2	2	2
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

  
 Balance Sheet 

3	1	0	3	2	0	1	4
---	---	---	---	---	---	---	---

Date Month Year

**2 Capital Raised During The Year (Amount Rs. In thousands)**

Public Issue 

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

 Rights Issue 

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

  
 Bonus Issue 

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

 Private Placement 

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

**3 Position of Mobilisation and deployment of funds (Amount Rs. In thousands)**

Total Liabilities 

3	0	3	3	0	6
---	---	---	---	---	---

 Total Assets 

3	0	3	3	0	6
---	---	---	---	---	---

**Sources of Funds**

Paid-Up Capital 

1	6	9	9	7	6
---	---	---	---	---	---

 Reserves & Surplus 

						3	5	7	4
--	--	--	--	--	--	---	---	---	---

Secured Loans 

						4	4	8	7	8
--	--	--	--	--	--	---	---	---	---	---

**Application Funds**

Net Fixed Assets 

						6	8	0	0	2
--	--	--	--	--	--	---	---	---	---	---

 Investments 

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

Net Current Assets 

						1	6	7	1	9	7
--	--	--	--	--	--	---	---	---	---	---	---

 Differed tax lia. 

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

Accumulated Losses 

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

**4 Performance of the Company (Amount Rs. In Thousand)**

Loss Before Tax 

						4	5	7	9
--	--	--	--	--	--	---	---	---	---

 Turn Over 

						3	3	7	0	7
--	--	--	--	--	--	---	---	---	---	---

 Total Expenditure 

						8	8	6
--	--	--	--	--	--	---	---	---

  
 Earning Per Share 

N	I	A
---	---	---

 Loss After Tax 

						9	3	1	0	6
--	--	--	--	--	--	---	---	---	---	---

 Dividend Rate (Weighted Average) 

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

**5 Generic Names of Principal Products / Services of the Company (As per Monetary Items)**

Item Code No. 

8	5	2	4	2	3	0	9
---	---	---	---	---	---	---	---

Item Code No. Television Software, Features Films, Production & Distribution

32. Foreign exchange inflow and Outflow  
 a) Foreign exchange inflow - Nil (Previous Year - Nil)  
 b) Foreign exchange outflow - Nil (Previous Year - Nil)
33. Contingent Liabilities

The company's has filed appeal before Hon'ble Commissioner of Income Tax (Appeals), Hyderabad against the demand of Income Tax amounting to Rs. 1.50 crores for the Assessment years 2003-2004 and the same is disposed - off in favour of the company. As per orders passed by the Hon'ble Commissioner of Income Tax (Appeals), Hyderabad, the demand has become nil. The company is awaiting the orders from Assessing Offices.

Further the Hon'ble Income Tax Appellate Tribunal, Hyderabad has awarded the orders in favour of the company for the Assessment year 2003-2004 against the orders u/s 269 of the Income Tax Act passed by Commissioner of Income Tax for the enhanced demand to Rs. 6.58 Crores.

34. Legal cases:

- a. M/s Data Soft, Mumbai filed recovery petition against the company for recovering its dues to the tune of Rs. 2.52 lakhs. The company negotiating with the party for settlement.
- b. HDFC bank has filed a case against the Company for recovery of secured loan given to the Company for due amount in DRT. Further the company has been approached with bank for one time settlement and still it is pending for consideration. The Company has not provided the interest on loan outstanding for the financial year 2013-2014.

35. Balances of Sundry debtors/creditors, loans are subject to Confirmations

36. There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act 2006 to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.

37. Previous years figures are restated/regrouped/rearranged wherever necessary in order to confirm to the current years grouping and classifications.

38. Figures have been rounded off to the nearest rupees in Lakhs.

As per our report of even date

for and on behalf of the Board  
**PADMALAYA TELEFILMS LIMITED**

For PMuruli & Co.,  
 Chartered Accountants  
 FRN: 007257 S

Dr.D.V.N.Raju  
 Director

S. Sreenivasa Rao  
 Whole Time Director

PMuruli Mohana Rao  
 Partner  
 Member Ship No. 23412

Place: Hyderabad  
 Date: 30<sup>th</sup> May, 2014

# PADMAYALA TELEFILMS LIMITED

Regd Off #: 8-3-222/1/23, (Plot No. 138), Madhura Nagar, Yusufiguda, Hyderabad - 500 038

## PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L92111TG1991PLC013222

Name of the company: **PADMALAYA TELEFILMS LIMITED**

Registered office: Plot No.138, H. No.8-3-222/1/23, Madhuramagar, Yousufguda, Hyderabad - 500 038

Name of the member (s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID:

I/we, being Member/Members of: **PADMALAYA TELEFILMS LIMITED**

1. Name: .....

Address: .....

E-mail Id: .....

Signature: ....., or failing him

2. Name: .....

Address: .....

E-mail Id: .....

Signature: ....., or failing him

3. Name: .....

Address: .....

E-mail Id: .....

Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual general meeting of the company, to be held on the Tuesday 30th September, 2014 at 9.30 A.M at State Gallery of fine arts, Road No.1, Kavuri Hills, Madhapur, Hyderabad - 500 033 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution
Ordinary Business	
1.	To receive, consider and adopt the Audited Balance Sheet as at 31st March 2014 the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon
2.	To appoint a Director in place of Sri S.Sreenivasa Rao who retires by rotation and being eligible offers himself for reappointment
3.	To appoint M/s. P. Murali & Co., Chartered Accountants, Hyderabad as Statutory Auditors of the Company for a term of three years upto the conclusion of 26th Annual General Meeting to be held in the year 2017 subject to ratification at every Annual General Meeting and fix their remuneration

Special Business	
4.	To appoint Sri. Bijay Kumar Khemka as Independent Director
5.	To appoint Dr.D.V.N.Raju as Independent Director
6.	To appoint Mr. Sri V.Srihari as Independent Director
7.	To amend the Articles of Association of the Company

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of Shareholder: \_\_\_\_\_

Signature of Proxy holder (s) \_\_\_\_\_

Affix One Rupee Revenue Stamp
----------------------------------------

- Note:
- Proxy need not be a member of the Company.
  - The Proxy Form duly filled in and signed by the Member(s) across the revenue stamp should reach the Company's Registered Office at least 48 hours before the commencement of the meeting.
  - Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.

# PADMALAYA TELEFILMS LIMITED

Regd Off #: 8-3-222/1/23, (Plot No. 138), Madhura Nagar,  
 Yusufiguda, Hyderabad - 500 038

## ATTENDANCE SLIP

23rd Annual General Meeting - Monday - 30th September 2014

Folio no. / DPID and Client ID no:

No. of shares

Name and address of First/sole shareholder:

I, hereby record my presence at the 23rd Annual General Meeting of the Company to be held on Tuesday 30th September, 2014 at 9.30 A.M at State Gallery of fine arts, Road No.1, Kavuri Hills, Madhapur, Hyderabad - 500 033.

Name of the Member/Proxy  
 (Block Letters)

*Signature of the Member/Proxy*

Notes:

- Only Member/Proxy can attend the Meeting. No minors would be allowed at the Meeting.
- Member/Proxy who wish to attend the Meeting must bring this attendance slip to the Meeting and hand over at the entrance duly filled in and signed.
- Member/Proxy should bring his/her copy of the Annual Report for reference at the Meeting.