

BOARD OF DIRECTORS

Mr.V.Chandrasekaran (Chairman & CEO)
Mr.S.D.Viswanathan (Director)
Mrs.Sumathi Sridharan (Director)
Mr. Joseph Jerome (Director)

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. G. Swaminathan

AUDITORS

M/s.Sudhindran & Company
Chartered Accountants
Firm No.006019S
G-1, Kesari Kuteeram
#22, West Cott Road
Royapettah, Chennai-600 014

BANKERS

Indian Bank
Indusind Bank
Oriental Bank of Commerce

REGISTERED OFFICE

No.25, "Taurus", First Main Road
United India Colony, Kodambakkam
Chennai-600 024, Tamil Nadu
Tel: 044 - 24833067 Fax: 044 -24726042
E-Mail: shares@penta-media.com
Visit us at : www.penta-media.com

REGISTRAR & TRANSFER AGENT

Cameo Corporate Services Limited
Unit: "Pentamedia Graphics Limited"
"Subramaniam Building", No.1 Club House Road
Anna Salai, Chennai - 600 002
Tel: 044 - 28460390-394 Fax: 044 - 28460129
E- Mail: investor@cameoindia.com

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Chairman's Message

Dear Friends,

First let me start with Best Wishes to you and your family

In today's world the Time & Technology waits for nobody and the borderless communication tools have made the local, national & international events at our finger tips which also effects and affects our daily life in physical, mental & spiritual level.

The Facebook, Orkut & Twitters have made a strong impact in individuals and governments. The Computers, Notebooks, Netbooks, iPads and Mobile phones have been changing the way we have been reading, writing, listening and viewing, thus introducing digital in everywalk of life.

This has revolutionized the education, enterprise and entertainment business and have made location less important, working from homes have increased thus reducing office spaces and travel time and increasing the output effectiveness.

All the above is demanding fast response communication which is being constantly improved thro' broadband wired & wireless networks. To tackle the new methods in technology and benefit derived through the merger of Pentasoft and its training division, your Company is imparting professionals the knowledge & skills thro' its own and franchisee training centres will enable us to get the skills for the changing business environment. This will enable us to necessiate to have a re-look at the assets and business approaches of the Company and thus suitably re-engineer to achieve beneficial business advantage.

The 3D technology in 'Avatar', the products on cloud computing and applications on smart phones requires audio, video and software component. We believe Pentamedia with its experience can play a significant role in this development. I am Confident that we will have your usual support to achieve the best.

V.Chandrasekaran

PENTAMEDIA GRAPHICS LIMITED

Registered Office : No 25, 'Taurus', First Main Road,
United India Colony, Kodambakkam, Chennai – 600 024.

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the **THIRTY FOURTH** Annual General Meeting of the Shareholders of **PENTAMEDIA GRAPHICS LIMITED** will be held on Tuesday, the 28th day of September, 2010 at 10.00 a.m. at Rani Seethai Hall, No.603, Anna Salai, Chennai-600006 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date and the Report of the Auditors thereon.
2. To appoint a director in the place of Mrs. Sumathi Sridharan, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and in this connection, to consider and if deemed fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s. Sudhindhran & Co., Chartered Accountants, bearing Firm Reg. No. 006019S, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors."

SPECIAL BUSINESS

4. To consider and if deemed fit, to appoint Mr. Joseph Jerome as a Director in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a Member along with a deposit of ₹500/- signifying his intention to move the following resolution as an **Ordinary Resolution**:

RESOLVED THAT Mr. Joseph Jerome as a Director liable to retire by rotation.

By Order of the Board

Place : Chennai
Date : 10.08.2010

G.Swaminathan
Company Secretary

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll, instead of him/herself and the proxy need not be a member of the Company. The instrument appointing Proxy should however be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.**
2. Corporate Members are requested to send a duly certified copy of the Board Resolution/ Power of Attorney authorizing their representatives to attend and vote at the Annual General Meeting.
3. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed herewith.
4. Members/proxies are requested to bring their admission slips along with the copies of Annual Reports to this Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members who hold shares in electronic form are requested to write their Client ID and DP ID numbers. Members holding shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting to facilitate identification of membership at the Meeting. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
7. Members holding shares in physical form are advised to intimate any change of address immediately to the Company's Registrar and Share Transfer Agents, Cameo Corporate Services Limited. Shareholders holding shares in electronic form must send the advice about change in address to their respective Depository Participants (DPs).
8. Members desirous of making a nomination in respect of their shareholding in the company, as permitted under Section 109A of the Companies Act, 1956 are requested to write to the Company's Registrars for the prescribed form.
9. Relevant documents referred to the accompanying Notice are open for inspection at the Registered Office of the Company on all working days (Monday to Friday) between 11.00 a.m. and 5.00 p.m. upto the date of Annual General Meeting and will also be available for inspection at the Meeting.
10. Members having any questions on accounts are requested to send them ten days in advance to enable the Company to collect the relevant information.
11. The Company's Register of Members and the Share Transfer Books will be closed from Wednesday, the 22nd September, 2010 to Tuesday, the 28th September, 2010 (both days inclusive).
12. Complete set of the Annual Report is also available at the Company's web-site www.penta-media.com in the Investor's Relation Section.
13. For the security reasons, no article/baggage will be allowed at the venue of the meeting. The Members or attendees are strictly requested not to bring any article/baggage, etc at the venue of the meeting.
14. As per clause 49 of the Listing Agreement, a brief resume and functional expertise of the Directors proposed for appointment / reappointment are furnished below along with the details of Companies in which they are Directors and the Board Committees of which they are members.

Mrs. Sumathi Sridharan :

Mrs. Sumathi Sridharan aged about 48 years has joined Pentafour Software (now Penta Media) in the year 1993. She has 25 years of professional corporate experience in various fields such as software development (Penta Bank & CBT/CD Titles), education and training (IBM AS/400, ES/9000 & E-Business solution). She is a M.Tech. Computer Engineer and before joining our company she was with REC, Trichy as a faculty in Department of Computer Science. She holds 10,000 Equity shares of ₹ 1/- each in the Company.

The details of her directorship in other Companies and membership of Committees as on date are as follows:

Company	Position	Committee Memberships	No. of shares held
Pentafour Software Employees Welfare Foundation	Independent Director	Nil	Nil

Mr. Joseph Jerome

Mr. Joseph Jerome is a Master in Business Administration (MBA) with more than 30 years of experience in Banking and IT. He has served in Nationalised Bank in India and abroad for many years. He has rich experience in implementing Quality Procedures in Bank and other Companies. He is a certified associate of Indian Bankers, India and Fellow of Islamic Institute of Banking and Insurance, London. He has a Law Degree as well as Certified ISO 9001 auditor. He was responsible for development of more than twenty products for the Banks and Finance Segment and marketed them successfully worldwide. He joined Pentasoft Technologies as consultant in early 2000 and later he was in the Board of Pentasoft Technologies. The details of his directorship in other Companies and membership of Committees as on date are as follows:

Company	Position	Committee Memberships	No. of shares held
Nil	Nil	Nil	Nil

Annexure to the Notice

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

The following statement pursuant to Section 173(2) of the Companies Act, 1956 sets out all material facts relating to Item No. 4 as mentioned in the accompanying Notice dated 10th August 2010

ITEM No.4:

The Board of Directors at their meeting held on 30th October 2009 appointed Mr. Joseph Jerome as an Additional Non-Executive Director of the Company. As an Additional Director he will hold office upto the ensuing Annual General Meeting and is eligible for re-appointment.

The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a member along with a deposit of ₹. 500/- signifying the information to propose at the ensuing Annual General Meeting the appointment of Mr. Joseph Jerome as a Director.

Accordingly, the ordinary resolution set out under item No. 4 of the notice is submitted for approval of the members.

Interest of Directors:

Mr. Joseph Jerome is interested in the resolution. None of the other Directors are interested or concerned in this resolution.

On Behalf of the Board

Place : Chennai
Date : 10.08.2010

G.Swaminathan
Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Thirty-fourth Annual Report and Audited Accounts of the Company for the financial year ended 31st March 2010.

Financial Highlights and Review

₹'000s

Particulars	31 st March 2010	31 st March 2009
Total Income	131,223	62,604
Profit before Interest, Depreciation & Tax	50,791	23,961
Net Profit After Tax	31,786	7,181
Add : Surplus Brought Forward	78,939	71,764
Profit available for appropriation	110,725	78,945
Amount transferred to Contingency reserve	—	—
Balance carried to Balance Sheet	110,725	78,939

After merging Pentasoft Technologies Limited as per the order of Hon'ble High Court of Madras dated 03rd August 2009 with effect from 01.10.2008, the Company's total income grew by 110% to ₹ 131.22 million compared with FY2009 total income of ₹ 62.60 million. The Net Profit increased by 77% to ₹ 31.79 million against ₹ 7.18 million in FY2009. The Consolidated total income is ₹ 540.27 million and the Net profit is ₹ 157.05 million. The company is a 100% EOU under STPI scheme valid till 2011.

Operations & Review

PENTAMEDIA is the realization of a great vision, indeed, a cherished dream, of taking entertainment to the common man, to feed him the fruits of creativity, to make him laugh, to entertain him and to transport him to a world where the impossible is made possible, by harnessing the wonders of cutting edge technology.

PENTAMEDIA pioneers in the Indian Animation Technology. Amongst the few leading companies in the world to have produced 7 Animation movies they are "Sinbad", "Alibaba and Forty Thieves", "Gulliver's Travel", "Legend of Buddha", "Son of Alladin", "Pandavas" and "Jai Vigneshwara" which is the world's first flash based 2D animation film. Out of which 3 movies viz., "Alibaba and Forty Theives", "Legend of Buddha" & "Gulliver's Travel" have been in entry level for Oscars.

The company and its associates have produced live action movies, television serials and game programs and won four national awards and one state award for the its Live action movies. The movies that won the awards are "Bharathi" (national award), "Nila Kalam" (national award), "Pandavar Bhoomi" (state award), "Little John", "Pamal K Sambandam", "Whistle" and "Kulir 100".

For animation films the main backbone is pre & post production and Penta Media is one of the major player in this. Consultancy, projects, products and training in progress. The trend of converting the live action & animation films into 3D have started at present in Hollywood and will be shortly followed in the international production centres including India.

PENTAMEDIA Graphics Limited through its training venture offers Application Oriented Training Courses. 2D, 3D animation, Special Effects and Gaming field to meet the industrial standards. The courses which are being offered are as follows: Maya Monster, Flash Fighter, Effects Engineer, Gaming God, Graphic Designing, Web Designing, 2D Animation Movie, 3D Animation Movie, SFX, Media – Pro and Multimedia Open Source software in a short duration.

Trendy courses like Cloud Computing, Finance, ERP, Oracle, SAP, LAMP, Dot Net, Sql Server and Open Source Software are offered in incredibly short duration. It also offers students to develop Products as a project work, which will equip them with employment ability.

PENTAMEDIA will have Training centres globally, and make products both for Entertainment and Enterprise using trained professionals having local knowledge and flavour. The curriculum will be more futuristic, which will enable our trainees to be readily employable.

Our education system will have three platform viz., Class Room Training, Touch Program, Online Training. The company will also use these trainees in its business in media & technology software and will offer products on 3D & cloud computing. Consultancy, projects and products are being continuing.

Share capital

Upon the merger of Pentasoft Technologies Limited with the Company as per the order of Hon'ble High Court of Madras dated 03rd August 2009 (w.e.f. 01.10.2008) after the approval of the shareholders and creditors at the court held EGM on 11th February 2009 and the 24(f) approval by Bombay Stock Exchange Limited dated 25.11.2008, the Company has issued 38511595 equity shares @ ₹1/- to the shareholders of Pentasoft Technologies Limited and 128760443 equity shares @ ₹1/- each to the agreed Secured Creditors of Pentasoft Technologies Limited on 18th September 2009. These shares were listed on Bombay Stock Exchange on 06th February 2010.

Statutory Dues

Your company obtained a stay order from Hon'ble High Court of Madras on 13th April 2010 against Income Tax demands and the final order is awaited.

Dividend

Your Directors do not recommend any dividend for the financial year 2009-10 to conserve cash resources for future operations and become a near debt free company.

Management Discussion and Analysis Report

Animation & Software Industry Overview

This year witnessed a sudden change in the dynamics of the software packages in global markets. The period saw a decline in the GDP of all major markets, extremely volatile oil price and major currencies, record unemployment in the Western markets and a major decline in the stock markets across the globe. The animation industry in India is large & growing. Animation, gaming & web design professionals work on full-length animation movies, create TV commercials education CDs, games for Internet, mobile, PC or consoles (like PlayStation or Xbox), work in the advertising industry or as web designers in various companies. Over the next four years, the growth in the domestic demand for broadcast animated content on TV is projected to grow at a compounded annual growth rate (cagr) of 49.5 percent, according to a Nasscom report. For the same period, the market for fully animated movies in India is likely to match the offshore market, growing from its current size of ₹ 650 million to ₹ 3400 million. While the growth is evident, issues like funding, quality and skill sets are the challenges that the industry is grappling with. The industry will continue to grow at increasing rates, resulting in the overall compound annual growth rate for the period 2009-13 of 10.5 percent. Animation, gaming and VFX industry will continue to maintain its growth pace and is projected to grow at a CAGR of 22 percent to ₹ 425 million in 2013 from its current size of ₹ 156 million. In the animation space, domestic demand will create the fillip in its growth, as well as contribution from international co-productions, in the film and television space. According to Pricewaterhouse Coopers report, The Indian media and entertainment industry is slated to grow at a compounded annual growth rate of 12.4% over the next five years to ₹ 1040800 million.

As Gartner predicted an overall growth to come from IT products and from software services sector. While the economic scenario in 2009 across the globe looks challenging, the situation can be viewed as an opportunity for advertising and gaming to evolve the contribute towards cost effectiveness and enhanced productivity. The future focus of your Company is in E-learning, streaming live and on-demand lectures, Web Based Training (WBT), ASP(Application Service Provider), Renting software through the web on a monthly basis, E-commerce, shopping through portal, content syndication, advertisements and other value added services. Software exports got increased from US \$ 31200 million (2006-07) to US \$ 49700 million (2009-10).

The global animation industry requires a whopping 40,000 professionals and qualified people from India can easily get jobs. Analysts at two of the big four global consulting firms say that animation will create around 2.5-3.5 lakh job opportunities by 2011, especially for those in the age group of 25-32 years.

Subsidiaries

The Audited financial statements of NumTV Limited (Mauritius) and Esoftcom (Mauritius) Limited and also the statement of the holding Company's interest in the subsidiaries as specified in sub-section (3) of

Section 212 of the Companies Act, 1956 and information on the financials of subsidiaries appended to the above statement in this Annual Report for further information on subsidiaries.

Public Deposits

Your company has not accepted deposits from the Public within the meaning of Section 58A of the Companies Act, 1956 and as such no amount and as such no amount principal or interest was outstanding on the date of the Balance Sheet

Directors

Mr. Joseph Jerome was appointed as Additional Non-Executive Director with effect from 30th October 2009 and Mr. Joseph Jerome hold office upto the date of the ensuing Annual General Meeting of the Company

Mrs. Sumathi Sridharan, Non-executive Director of the Company retires by rotation and being eligible offers herself for re-appointment at the ensuing Annual General Meeting in accordance with Article 37 of the Articles of Association.

A brief resume of Director retiring by rotation at the ensuing annual general meeting, nature of his expertise in specific functional areas, and names of Companies in which he holds directorship and / or membership/ chairmanship of Committees of the Board, as stipulated under Clause 49 of the Listing Agreement are given in the section on Corporate Governance elsewhere in the Annual Report.

Director's Responsibility Statement

The Directors would like to assure the Members that the financial statements for the year under review conform in their entirety to the requirements of the Companies Act, 1956 pursuant to Section 217 (2AA) and that

- a) The Annual audited financials have been prepared in conformity with the applicable Accounting Standards.
- b) The Directors have selected such accounting policies and applied them consistently except where otherwise stated in the notes to the accounts and made judgments and estimates that are reasonable and prudent so as to vie 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) The Directors 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. The internal auditors have conducted periodic audits to provide reasonable assurances that established policies and procedures of the Company have been followed. However, it must be recognized that there are inherent limitations in weighing the assurances provided by any system on internal controls;
- d) The Directors have prepared the annual accounts on a going concern basis

Auditors

M/s. Sudhindhran & Co., Chartered Accountants, Chennai as Statutory Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment.

The Company has received letter from M/s. Sudhindran & Co., Chartered Accountants to the effect that their appointment, if made would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of section 226 of the Companies Act, 1956.

Particulars of Employees

Relations with employees continued to be cordial throughout the year. Your directors place on record their appreciation of the efforts, dedication, commendable teamwork and exemplary contribution of the employees in the various initiatives of the Company and contributing to the performance of the Company during the year under review. The executives are hired on contractual basis on requirement to complete the jobs/tasks in time.

Information under Section 217(2A) of the Companies Act, 1956

The particulars required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975 is appended herewith as Annexure to the Director's Report.

Human Resources

The company maintained all its industrial relations cordially. The company has a very good team of personnel. The company has always been focused on the improvement of the quality of its human capital, good training and development programmes to achieve this.

Conservation Of Energy, Technology Absorption & Foreign Exchange Earning

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are set out in the Annexure to the Director's Report.

Consolidated Financial Statements

As required by Accounting Standard AS 21 on Consolidated Financial Statements issued by The Institute of Chartered Accountants of India, the Audited Consolidated Financial Statements of the Company are attached. The Audited Consolidated Financial Statements also account for the minority interest of your Company's subsidiaries NumTv Limited, (Mauritius) and Esoftcom (Mauritius) Limited.

Corporate Governance

The Report on Corporate Governance as stipulated under Clause 49 of the listing agreement entered into with the stock exchange forms part of the Annual Report. A Certificate from the Auditors of the Company, M/s. Sudhindran & Co., Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 is annexed to this report.

Cautionary statement

Statement in this Directors' report & Management Discussion and Analysis describing the Company's objective, future, estimates, expectations or predictions may be "Forward-looking Statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

Acknowledgement

Your Directors takes this opportunity to express their sincere appreciation of the co-operation and support received from shareholders, bankers, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of dedication and commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

On behalf of the Board

Place : Chennai
Date : 10.08.2010

V.Chandrasekaran
Chairman & CEO

Annexure A

Information u/s 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Director's Report for the year ended 31st March, 2010.

Name	DOB	Designations	Remuneration ₹000s	Original Appointment	Date of last appointment
V. Chandrasekaran	03.05.1951	Chairman & CEO	2688	January, 1992	1 st August, 2006

Annexure B

Information u/s 271(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Conservation of Energy

	2010	2009
Power Consumption in units	85700	172802
Electricity Charges (₹)	557,053	1,123,214
Cost Per Unit (₹)	6.50	6.50
Self generated units	727	2081
Fuel Costs (₹)	29,060	72,796
Cost Per unit (₹)	40.00	34.98

Research & Development and Technology Absorption

The Company is developing to bring various technologies through open softwares and audio video compression techniques for effective transportation of digital contents to Cinema, TV, PC and Mobile devices. The knowledge gained is being used for training candidates for future requirement.

Foreign Exchange Earnings and Outgo

₹000s

	2010	2009
Foreign Exchange Earnings	129,127	49,468
Foreign Exchange outgo	71,629	29,093

On behalf of the Board

Place : Chennai
Date : 10.08.2010

V.Chandrasekaran
Chairman & CEO

REPORT ON CORPORATE GOVERNANCE

The Directors have great pleasure in presenting the Corporate Governance Report for the year ended 31st March, 2010.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Pentamedia Graphic's Corporate Governance philosophy rests on the pillars of integrity, accountability, equity, transparency and environmental responsibility and is committed to the highest standards of Corporate Governance in all its activities and processes. The company adheres to good corporate practices and is constantly striving to improve them and adopt the best practices.

Corporate Governance refers to the manner, in which a Company is directed, and laws and customs affecting that direction. The Corporate Governance structure specifies the relationship, and the distribution of rights and responsibilities, among primarily three groups of participants, viz., the Board of Directors, Managers and Shareholders. This system spells out the rules and procedures for making decisions on corporate affairs; it also provides the structure through which the Company's objectives are set, as well as the means of attaining and monitoring the performance of those objectives.

The Company is in compliance with all the requirements of the Corporate Governance code as enshrined in Clause 49 of the Listing Agreement.

2. BOARD OF DIRECTORS

Composition:

The Board has a balanced mix of Executive and Non-Executive Independent Directors. The Board consists of 4 members as on March 31, 2010, out of which 3 are Non-Executive Independent Directors. The Chairman of the Board is an Executive Director and more than half of the Board is independent. The Composition of the Board is in compliance with the requirements of Clause 49(I)(A) of the Listing Agreement. All the directors have certified that they are not members of more than ten mandatory committees in terms of the Listing Agreement and do not act as the Chairman of more than five mandatory committees in terms of the Listing Agreement across all companies in which they are directors.

Board Procedure

The dates of the Board Meeting for the calendar year are decided in advance. The Board meets at least once in a quarter and the interval between two meetings is not more than four months. Apart from the statutory requirements, the role of the Board includes periodic review of operations and considering proposals for business re-organization., etc. The Board has complete access to any information within the Company. The information periodically placed before the Board includes proceedings/ minutes of all committee meetings, significant developments etc.

Meetings:

The Board of Directors met seven times during the year ended 31.03.2010. The dates of the Board Meetings were 30th April 2009, 30th June 2009, 31st July 2009, 2nd September 2009, 18th September 2009, 30th October 2009 and 29th January, 2010.

The attendance of each Director at the Board Meeting, the last Annual General Meeting and number of other directorships held by them as on 31.03.2010 are as under.

Name of the Director	Category	Attendance at Meetings		No. of Directorship (out of which as Chairman) excluding Pentamedia Graphics Limited \$	No. of committee membership (including Pentamedia Graphics Limited) (out of which as Chairman) #	No. of shares held by the Directors
		Board	33rd AGM			
Mr.V. Chandrasekaran	Chairman& CEO	7	Yes	1	—	Nil
Mr. R. Balaji ^(a)	Non Executive Independent Director	3	—	1	3	Nil
Mr.S D Viswanathan	Non Executive Independent Director	7	Yes	—	—	Nil
Mrs.Sumathi Sridharan	Non Executive Independent Director	7	Yes	—	3(2)	Nil
Mr. Joseph Jerome ^(b)	Non Executive Independent Director	2	—	—	—	Nil

\$ Directorship in private limited companies, foreign companies and companies under Section 25 of the Companies Act are excluded.

Only Membership in Audit Committee, Share transfer Committee and Remuneration Committee are considered for this purpose.

(a) Expired on 6th August 2009

(b) Appointed as Additional Non-Executive Director on 30th October 2009

3. AUDIT COMMITTEE:

Role:

The Audit Committee has been formed to monitor and provide effective supervision of the Financial and reporting process. The terms of reference of the Committee is to review the financial reporting process, internal audit process, accounting policies, adequacy of internal control systems, management audit and recommend appointment of the statutory/internal Auditors and to fix their remuneration. The members of this Committee are Independent Directors.

The Company had constituted an Audit Committee. The terms of Audit Committee broadly are as under:

- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing, with the management, performance of statutory and internal auditors adequacy of the internal control systems.

- f. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

Meetings and Attendance during the year

The Audit Committee of the Company has been constituted as per the requirements of Clause 49 of the Listing Agreement. The Composition of the Committee is in compliance with the requirements of Clause 49 (II)(A) of the Listing agreement. It consists of 3 members, all of whom including the Chairman are independent directors. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company. The Company Secretary of the Company acts as the Secretary of the Audit Committee.

During the financial year 2009-2010, the Audit Committee met 6 times 30th April 2009, 30th June 2009, 31st July 2009, 2nd September 2009, 30th October 2009 and 29th January, 2010.

Name of the Member	Status	No. of Meetings Attended
Mr. S D Viswanathan	Chairman	6
Mr. R Balaji*	Member	3
Mrs.Sumathi Sridharan	Member	6
Mr. Joseph Jerome**	Member	1

* Expired on 6th August 2009

**Appointed as Member of the Audit Committee on (after 30.10.2009)

4. REMUNERATION COMMITTEE

Terms of Reference

The Committee advise the broad policy for remuneration, terms of employment and any changes, including service contracts of Executive and Non-Executive Directors, the manager. The Remuneration Committee decides on the remuneration of the Executive and Non-Executive Directors, the manager, takes into account the general market trend pertaining to the industry viz., the rules of the Company.

Name	Status
Mr. S D Viswanathan	Member
Mr. R Balaji*	Member
Mrs.Sumathi Sridharan	Member
Mr. Joseph Jerome**	Member

*Expired on 6th August 2009

** Appointed as Additional Director on 30th October 2009

Remuneration Policy and Remuneration to Directors

Remuneration to Executive directors has been decided based on job profile, special skill requirements, number of years of experience and contribution made by the respective directors and is consistent with the existing industry practice. As regard payment of sitting fees to Non –Executive Directors, the same is within the limits prescribed by the Companies Act, 1956. The details of remuneration paid to directors during the financial year 2009-10 is noted below:

(a) Executive Directors:-

₹000s

Name	Salary/ Allowance	Contribution to Funds	Value of Perquisites	Commission
V.Chandrasekaran	2400	288	—	—

(b) Non Executive Directors :

The Non - Executive Directors are not paid any remuneration except sitting fees for attending the meetings of the Board of Directors and / or committees thereof. The Company does not have material pecuniary relationship or transactions with its non executive directors. The details of sitting fees paid, stock options granted and shares held by the non- executive directors are as under:

Name of the Non-Executive Director	Sitting Fees (₹)	Stock Options granted	Shareholding in the Company
Mr S D Viswanathan	47,500	NIL	NIL
Mr R Balaji*	NIL	NIL	NIL
Mrs Sumathi Sridharan	32,000	NIL	NIL
Mr Joseph Jerome**	8,000	NIL	NIL

* Expired on 6th August 2009

** Appointed as Additional Director on 30th October 2009

5. SHAREHOLDERS / INVESTORS SERVICE

The Company promptly attends to investors' queries or grievances. In order to provide timely service, the power to approve the transfer of shares had been delegated by the board to the share transfer and investors grievance committee. The Board has also authorized the directors and executives of the company to approve the transfer/transmissions. Share transfer requests are processed within 15 days from the date of receipt. Cameo Corporate Services Limited, Chennai is the company's Registrar & Share Transfer Agent and Depository registrar.

Terms of Reference

The broad terms of reference includes the following:

- (a) redressal of shareholder and investors' complaints including but not limited to transfer of shares and issue of duplicate share certificates, non - receipt of balance sheet, non-receipt of declared dividends, etc., and
- (b) monitoring transfers, dematerialisation, rematerialisation, splitting and consolidation of shares issued by the Company.

Composition and meetings

The Investors Grievance Committee of the Company consists of three members, all of whom are independent directors of the Company. During the financial year 2009-10, the investors' grievance committee met five times on 16th May 2009, 29th July 2009, 15th October 2009, 22nd January 2010 and 3rd February 2010.

Name, Designation and Contact Details of the Compliance officer

Mr. G. Swaminathan, Company Secretary is the Compliance Officer of the Company. The Compliance Officer can be contacted at :

No. 25, 'Taurus', First Main Road,
United India Colony,
Kodambakkam, Chennai - 600 024.
Tel: +91- 044- 24803898, Fax: +91-044- 24726042
E-mail: shares@penta-media.com

Separate e-mail id for redressal of investors' complaints

As per Clause 47(f) of the Listing Agreement, the Company has designated a separate e-mail id (shares@penta-media .com) exclusively for redressal of investors' complaints.

Number of Complaints Received	36
Number of Complaints resolved	36
Number of Complaints Pending	Nil

Status of Investors' Complaints

The status of investors' complaints for the year ended March 31, 2010 is as follows:

The Complaints received were mainly in the nature of non – receipt of refund orders, non- receipt of electronic credits, non- receipt of dividend warrants/ mandates, non – receipt of Annual Reports, etc. None of the Complaints were pending for more than one month.

There were no pending requests for transfer of shares of the Company as at March 31, 2010.

GENERAL BODY MEETINGS :

The date, time and venue of the last three general meetings are given below:

Year	Date	Time	Venue
2006-2007	21.09.2007 (Original Meeting)	11.00 A.M.	Rani Seethai Hall, No.603, Anna Salai, Chennai - 600 006.
	11.02.2008 (Adjourned Meeting)	10.00 A.M.	Rani Seethai Hall, No.603, Anna Salai, Chennai - 600 006.
2007-2008	29.08.2008	10.00 A.M.	Rani Seethai Hall, No.603, Anna Salai, Chennai - 600 006.
2008-2009	30.09.2009	10.00 A.M.	Vani Mahal, New No.103, G.N.Chetty Road, T.Nagar, Chennai - 600 017.

SPECIAL RESOLUTION PASSED AT LAST THREE ANNUAL GENERAL MEETINGS :

(a) Special Resolution passed at the Thirty Second Annual General Meeting for delisting of equity shares from National Stock Exchange of India Limited (NSE) and Madras Stock Exchange Limited (MSE).

PASSING OF RESOLUTIONS BY POSTAL BALLOT:-

No resolution requiring a Postal Ballot under Section 192A of the Companies Act, 1956 was placed before the last Annual General Meeting.

Similarly, no resolution requiring postal ballot is being proposed at the ensuing Annual General Meeting.

The company will seek shareholder's approval through postal ballot in respect of resolutions relating to such business as prescribed in the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, as and when the occasion arises.

Code of Conduct

The Board has adopted a Code of Conduct which serves as a guide for your company and its employees on the standards of values, ethics and business principles, which should govern their conduct. The Company operates within accepted standards of propriety, fair play and justice and aims at creating a culture of openness in relationships between itself and its stakeholders. It has set up a system, which enables all its employees to voice their concerns openly and without any fear or inhibition. A certificate of code of conduct by Chairman & CEO is attached to this report.

DISCLOSURES:

i) Disclosures on materially significant related party transactions

There were no materially significant related party transactions during the financial year 2009-2010 that may have potential conflict with the interest of the Company at large. The details of related party transactions as per Accounting Standard – 18 forms part of notes to the Accounts.

ii) Disclosure of Accounting Treatment

The Company follows accounting standards issued by Institute of Chartered Accountants of India (ICAI) and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any accounting standard.

iii) Board Disclosures- risk management

The risk assessment and minimization procedures are in place and the Audit Committee of the Board is regularly informed about the business risks and the steps taken to mitigate the same.

iv) Management Discussion and Analysis Report

The management discussion and analysis report forms part of this annual report.

v) Profile of Directors seeking appointment/ reappointment

(i) Mrs. Sumathi Sridharan (ii) Mr. Joseph Jerome

Mrs. Sumathi Sridharan

Mrs.Sumathi Sridharan aged about 48 years has joined Pentafour Software (now Penta Media) in the year 1993. She has 25 years of professional corporate experience in various fields such as software development (Penta Bank & CBT/CD Titles), education and training (IBM AS/400, ES/9000 & E-Business solution). She is a M.Tech. Computer Engineer and before joining our company she was with REC, Trichy as a faculty in Department of Computer Science.

Mr. Joseph Jerome

Mr. Joseph Jerome is a Master in Business Administration (MBA) has more than 30 years of experience in Banking and IT. He has served in Nationalized Bank in India and abroad for many years. He has rich experience in implementing Quality Procedures in Bank and other Companies. He is a certified associate of Indian Bankers, India and Fellow of Islamic Institute of Banking and Insurance, London. He has a Law Degree as well as Certified ISO 9001 auditor. He was responsible for development of more than twenty products for the Banks and Finance Segment and marketed them successfully worldwide.

vi) Certification from Chairman & CEO and Manager–Finance

The requisite certification from Chairman & CEO and Manager- Finance for the financial year 2009-10 under Clause 49(V) has been placed before the Board of Directors of the Company.

vii) Details of non-compliance with regard to Capital Market

There were no instances of non-compliances by the Company on any matter related to capital markets. The Company has complied with requirements of listing agreement as well as the regulations and guidelines prescribed by SEBI. The Company has paid the listing fees to the stock exchange and annual custodial fees to the depositories for the financial year 2010-11 in terms of Clause 38 of the Listing Agreement. There were no penalties or strictures imposed by any statutory authority on any matter related to capital markets during the last three years.

viii) Details of compliance with mandatory requirements and adoption of non-mandatory requirements of Clause 49 of the listing agreement

The Company has complied with all the mandatory requirements under Clause 49 of listing agreement. A certificate from the Statutory Auditors of the Company to this effect has been included in this report.

ix) Whistle Blower Policy

The Company has taken steps to establish the Whistle Blower Policy as is stipulated in the clause 49 of the Listing Agreement. This provides a mechanism to raise concerns about actual or suspected frauds, unethical behavior, safeguards against victimization of employees, etc.

INSIDER TRADING:-

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING:-

The Securities Exchange Board of India (SEBI) has, effective February 20, 2002 introduced amendments to the existing Insider Trading Regulations of 1992 which ordain new steps by corporates and other market intermediates for the purposes of prevention of insider trading.

Pursuant to the above requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, the Company has adopted a 'Code of Conduct', for Prevention of Insider Trading (The Code) with effect from October 1,2002. The code is applicable to all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company.

Shri. G. Swaminathan, Company Secretary has been appointed as the Compliance Officer for monitoring adherence to the Regulations.

MEANS OF COMMUNICATION

The quarterly results - Published within 48 hours of the meeting

Newspapers wherein results are normally published in	a) NEWS TODAY (English Daily) b) MALAI SUDAR (Tamil Daily)
Website wherein results are normally available	http://www.penta-media.com

GENERAL SHAREHOLDER INFORMATION

A separate section has been annexed to the Annual Report furnishing various details viz., AGM venue, share price movement, distribution of shareholding, location of factories, means of communication etc.,

V.CHANDRASEKARAN
CHAIRMAN & CEO

SHAREHOLDER'S INFORMATION

Registered Office

"TAURUS"
No. 25, First Main Road,
United India Colony,
Kodamabakkam,
Chennai - 600 024.

Annual General Meeting

Day & Time : Tuesday & 10.00 A.M
Date : 28th September 2010
Venue : Rani Seethati Hall,
No. 603, Anna Salai,
Chennai - 600 006.

Date of Book Closure

Wednesday, the 22nd September, 2010 to Tuesday, the 28th September, 2010
(both days inclusive).

Listing on stock exchanges and stock code

Bombay Stock Exchange Limited,
Phiroz Jheejhee Bhai Towers,
Dalal Street,
Fort,
Mumbai - 400 001.

Luxembourg Stock Exchange

Societe te Bourse De Luxembourg
Societe p Binyrene/Rc B8222 8P 165 1- 2011
Luxembourg

Listing Fees paid to

Bombay Stock Exchange Limited (BSE)

Stock Code:-

BSE, Mumbai - 500329 (BSE)

ISIN Numbers

NSDL & CDSL - INE202A01022

Stock Market Data

The monthly high and low quotations and volume of shares traded on BSE during the year were as follows @ ₹ 1/- each:

For the Period: April 2009 to March 2010

Month	Open	High	Low	Close
April 2009	1.42	2.01	1.37	1.65
May 2009	1.54	2.95	1.57	2.92
June 2009	3.00	3.88	2.29	2.39
July 2009	2.41	2.48	1.91	2.29
August 2009	2.25	2.76	2.02	2.69
September 2009	2.82	2.90	2.28	2.56
October 2009	2.64	2.85	2.04	2.09
November 2009	2.09	3.19	1.90	3.10
December 2009	3.20	4.56	3.10	3.53
January 2010	3.50	4.04	3.02	3.13
February 2010	3.28	3.51	2.70	2.88
March 2010	2.98	3.15	2.35	2.59

Registrar and Share Transfer Systems:

In due compliance with SEBI norms, the Company has entrusted the share transfer work both physical as well as electronic transfers to the transfer agents mentioned below:

M/s Cameo Corporate Services Ltd,
5th Floor, "Subramanian Building", No.1, Club House Road, Anna Salai, Chennai - 600 002.

Share Transfer And Investors Service System

A committee constituted for this purpose approves transfers in the physical form on fortnightly basis. The Board has also authorized its directors and executives to approve the transfer/transmission. As per the directions of SEBI, the company immediately on transfer of shares sends letters to the investors, in the prescribed format, informing them about the simultaneous transfer and dematerialisation option available for the shares transferred in their names. The committee also looks into all the communications received from the shareholders and complaints received from the stock exchanges. There are no Pending Complaints as on 31.03.2010.

Share holding pattern /Distribution of shareholding

Shareholding pattern as on 31.03.2010

Category	No. of shares	% of shareholding
Indian Promoters	46391406	11.18
Mutual Fund/ UTI	550	0.00
Financial Institutions/ Banks	61054476	14.70
Central / State Government	—	—
Foreign Institutional Investors	528705	0.13
Private Bodies Corporate	55262783	13.31
Indian Public	248099962	59.78
Clearing Members	295239	0.07
HUF	—	—
NRIs	3350170	0.81
OCBs	—	—
Trusts	42767	0.01
ADRs/ GDRs	110	0.00
GRAND TOTAL	415026168	100.00

Distribution of shareholding as on 31.03.2010

Category		No. of holders	% on total	No. of shares	% on total
1	5000	204029	96.40	115078191	27.73
5001	10000	4274	2.02	31340789	7.55
10001	20000	1943	0.92	27484910	6.62
20001	30000	583	0.27	14423269	3.48
30001	40000	249	0.12	8755390	2.11
40001	50000	168	0.08	7834284	1.89
50001	100000	233	0.11	16359366	3.94
100001 and above		174	0.08	193749969	46.68
Total		211653	100.00	415026168	100.00

DEMATERIALISATION

The Shares of the company are compulsorily traded in dematerialisation form. The code number allotted by the National Securities Depository Limited (NSDL) and Central Depository Services limited (CDSL) to Pentamedia Graphics Limited is - **INE202A01022**.

Number of shares held in Dematerialised and physical mode as on 31st March, 2010 are noted below:

Particulars	No. of shares	% of total capital issued
Shares held in Dematerialised form with NSDL	210555849	50.73
Shares held in Dematerialised form with CDSL	74909533	18.05
Shares held in Physical form	129560786	31.22
Total	415026168	100.00

NOMINATION FACILITY

The shareholders may avail themselves of the nomination facility under section 109A of the Companies Act, 1956. The nomination form (Form 2B) along with instruction will be provided to the members on request. In case the members wish to avail of this facility, they are requested to write to the company's registrars M/s. Cameo Corporate Services Limited.

The facility of nomination is not available to non-individual shareholders such as societies, trust, bodies corporate, Karta of Hindu Undivided Families and holders of Power of Attorney.

Investors are advised to avail this facility, especially investors holding securities in single name, to avoid the process of transmission by law. Investors holding shares held in electronic form, the nomination has to be conveyed to your Depository participants directly, as per the format prescribed by them.

PLANT LOCATION:

NOT APPLICABLE

Address for Correspondence

Registered Office:
"TAURUS", No. 25, First Main Road
United India Colony, Kodamabakkam, Chennai - 600 024
E-Mail: shares@penta-media.com

For all matters relating to Shares

M/s. Cameo Corporate Services Limited
Fifth Floor, Subramaniam Building
No.1, Club House Road, Chennai - 600 002
Tel: (044) - 28460390 (5 lines), Fax: (044) - 28460129
Email: investor@cameoindia.com

V.CHANDRASEKARAN
CHAIRMAN & CEO

DECLARATION OF CODE OF CONDUCT

This is to confirm that the Board has laid down a code of conduct for all Board Members and senior management of the Company.

It is further confirmed that all the directors and senior management personnel of the company have affirmed compliance with the code of conduct of the company for the year ended 31st March 2010, as envisaged in Clause 49(I) (D) (ii), of the Listing Agreement.

Place : Chennai
Date : 10.08.2010

V.CHANDRASEKARAN
CHAIRMAN & CEO

DIRECTOR & CEO'S DECLARATION IN TERMS OF CLAUSE 49(V) OF THE LISTING AGREEMENT:-

I hereby certify that we have

(a) Reviewed financial statements and the cash flow statement for the year and to the best of our knowledge and belief;

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 violative of the company's code of conduct.

(c) Accept responsibility for establishing and maintaining internal controls and that they have evaluated the effectiveness of the internal control systems of the company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) we have indicated to the Auditors and the Audit Committee significant changes in internal control during the year; significant changes in accounting policies during the year and that the same have been disclosed in the notices to the financial statements; and instances of significant fraud of which they have become aware and the involvement therein, if any of the management or and employee having a significant role in the company's internal control system.

V.CHANDRASEKARAN
CHAIRMAN & CEO

Place : Chennai
Date : 10.08.2010

V.VENKATARAMANAN
HEAD FINANCE

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To

The Members.
PENTAMEDIA GRAPHICS LIMITED

We have examined all relevant records of M/s. Pentamedia Graphics Limited for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited for the financial year ended March 31, 2010. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof. This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

We state that no investor grievance is pending for a period exceeding one month against the company as per records maintained by the share/debenture/ Investors' grievance committee

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with all the mandatory conditions of the said Clause 49 of the listing Agreement.

Place : Chennai
Date : 10.08.2010

For Sudhindran & Co
Chartered Accountants
CA. P.SUDHINDRAN
PARTNER
Membership No.32100

AUDITOR'S REPORT TO THE MEMBERS OF PENTAMEDIA GRAPHICS LIMITED

We have audited the attached the Balance Sheet of Pentamedia Graphics Limited as at 31st March 2010, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (as amended) hereinafter referred to as "the order" issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, hereinafter referred to as the "the Act" we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.

Further to our comments in the annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for purpose of the audit;
- ii. In our opinion, proper books of accounts have been kept as required by law so far as appears from our examination of those books;
- iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with books of account;
- iv. In our opinion, balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable excepting the Note no. (vi) of the auditor's report relating to Accounting Standard 2.
- v. On the basis of written representations received from directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that, none of the Directors are disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi. Attention is invited to:
 - a. The company has valued inventory at the lower of cost or net realizable value. The determination of realizable value of this inventory is a technical matter and we have relied on the valuation conducted by the technical experts in the management. We have not conducted audit procedure for the same.
 - b. The value of loans and advances amounting to ₹134.72 crores is based on confirmation from management as to recoverability and consequent implications of AS-28 and the value of Secured creditors amounting to ₹40.19 crores and sundry creditors amounting to ₹0.88 crores is subject to confirmation.
- vii. The effect of the qualifications in Item (vi) above on the profit of the company cannot be ascertained owing to the nonquantifiable and non-ascertainable causes for the same.
- viii. In our opinion and to the best of our information and according to the explanation given to us, subject to the effect on the financial statements of the matter referred to in the preceding para vi & vii the said accounts given the information required by the Companies Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of Balance Sheet, the state of affairs of the company as at 31st March, 2010,
 - b. in the case of Profit and Loss account, of the profit for the year ended on that date; and
 - c. in the case of cash flow statement, of the cash flows for the year ended on that date.

Place : Chennai
Date : 10.08.2010

for M/s.Sudhindran & Co
Chartered Accountants
CA. P. Sudhindran
Partner
Mem. No. 032100

ANNEXURE TO AUDITORS' REPORT OF EVEN DATE

1. FIXED ASSETS

- a) The Company has maintained proper records showing full particulars including quantitative details and the situation of fixed assets, on the basis of available information.
- b) According to the explanations given to us, all the fixed assets have been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. Due to the fact that, the Company is in the process of reconciling physical assets with the book records, we have no comments to offer with regard to material discrepancies, if any, arising on such verification.

2. INVENTORIES

The company has valued inventory at the lower of cost or net realizable value. The determination of realizable value of this inventory is a technical matter and is based on the estimates of management. We have not conducted audit procedures for the same.

3. LOANS TO/FROM 301 PARTIES

According to the records of the company and information and explanations given to us, the company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Act. The company has granted loan free of interest to company covered in the register maintained under section 301 of the Companies Act, 1956. However the terms & condition under which the loan has been granted are not prima-facie prejudicial to the interest of the company.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.

5. TRANSACTIONS COVERED BY SECTION 301

- a) Based on the audit procedure applied by us and according to the information and explanations provided by the management, we are of the opinion that the Company has entered all transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contract or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. Scheme of Amalgamation

Consequent to the merger of Pentasoft Technologies Limited with the company as per the order of Hon'ble High Court of Madras dated 3rd August 2009 (w.e.f. 01.10.2008) after the approval of the shareholders, creditors, court held EGM dated on 11th February 2009 and 24(f) approved by Bombay Stock Exchange Limited dated 25th November 2008, the company issued 38511595 equity shares of ₹ 1/- each to the shareholders of Pentasoft Technologies Limited and 128760443 equity shares of ₹ 1/- each to the agreed secured creditors of Pentasoft Technologies Limited on 18th September 2009. These shares were listed in Bombay Stock Exchange on 6th February 2010.

7. The Company has not accepted any deposit from the public and consequently, the directives issued by the Reserve Bank of India, the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.

8. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

9. According to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records by the Company under section 209 (1) (d) of the Companies Act 1956.

10. STATUTORY DUES

i. As per the notice dated 05.02.2009 issued by the Income Tax Department Chennai the total Tax demand of Pentamedia Graphics Ltd amounts to ₹112.51 crores. The company being an 100% EOU under STPI/EHTP scheme has contested various issues and has obtained stay order from the High Court of Madras restraining the Income Tax department from taking any action till the disposal of all issues/appeals. The company has also obtained the Court order from the High Court of Madras, directing the Income Tax department to process the revised returns filed by the company pursuant to the Court order dated 17.12.2007.

ii. As per the notice dated 19.01.2009 issued by the Income Tax Department Chennai the total tax demand of Pentasoft Technologies Ltd amounts to ₹ 89.97 crores. The Company being an 100% EOU under STPI/EHTP scheme had gone on appeal against the various issues and has subsequently obtained stay order from the High Court of Madras restraining the Income Tax department from taking any action till the disposal of all issues/appeals. It is not possible to ascertain the contingent liability in this regard with respect to Accounting Standard 29.

11. The Company neither has accumulated losses at the end of the financial year nor has it incurred any losses during the financial year covered by our audit or in the immediately preceding financial year.

12. Though the Company has defaulted in repayment of the following dues ,with interest to banks, it has contested in DRT / High Court towards settlement of Loans.

i) Dhanalakshmi Bank has approached the Debts Recovery Tribunal (DRT) to settle the dues. The claim of Dhanalakshmi Bank in respect of Pentasoft Technologies Ltd amounting to ₹ 10.80 crores is being contested by the company.

ii) The claim of Axis Bank (UTI) is ₹ 24.97 crores and ₹ 14.85 crores with regard to Pentamedia & Pentasoft Technologies Ltd respectively are being contested by the company.

iii) FIB (EXIM BANK) is claiming an amount of ₹ 19.85 crores in respect of Pentamedia Graphics Ltd. In this connection the company's petition is pending with High Court of Madras and is being actively defended by the company.

The above amount due to Banks/Institutions does not include any interest that may accrue on the principal amount due from 01.04.2005.

The representations are based on information provided by the management. The ultimate liability that may arise is not ascertainable.

Further it is not possible to ascertain the contingent liability in this regard with respect to Accounting Standard 29

13. As explained to us, the Company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.

14. The Company is not a chit fund or nidhi, mutual benefit fund, society. Accordingly, clause 4(xiii) of Companies (Auditors Report) Order, 2003 is not applicable.

15. According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of Companies (Auditors Report) Order, 2003 is not applicable.

16. In our opinion, the terms and conditions on which, the Company has not given guarantee for loans taken by others from banks or financial institution.

17. The Company has not raised any new term loan during the year.

18. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that, short term funds have not been used for long term purposes.

19. The company has not issued any debentures. Accordingly clause 4(xix) of Companies (Auditors Report) Order, 2003 is not applicable.

20. No monies have been raised by way of public issue.

21. In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statement to be materially misstated.

Place : Chennai
Date : 10.08.2010

for M/s.Sudhindran & Co
Chartered Accountants
CA. P. Sudhindran
Partner
Memb. No.32100

BALANCE SHEET AS AT

₹ `000s

	Sch.	31.03.2010	31.03.2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	415,026	247,754
Share Capital - Pending Allotment	2	—	167,272
Reserves and Surplus	3	4,076,274	4,044,488
LOAN FUNDS			
Secured Loans	4	401,903	471,072
Unsecured Loans	5	307,030	218,010
Deffered Tax Liability -Net		19,213	19,282
Total		5,219,445	5,167,878
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	6	3,389,827	3,389,483
Less : Depreciation		2,393,781	2,380,326
Net Block		996,046	1,009,157
Add : Capital work-in-progress		897,812	897,812
		1,893,859	1,906,969
INVESTMENTS			
CURRENT ASSETS, LOANS AND ADVANCES	7	1,687,246	1,687,246
Inventories	8	277,633	310,463
Sundry Debtors	9	30,850	64,119
Cash and Bank Balances	10	1,965	4,066
Loans & Advances and Deposits	11	1,347,215	1,319,238
		1,657,663	1,697,887
LESS : CURRENT LIABILITIES AND PROVISIONS			
Liabilities	12	15,551	125,057
Provisions	13	6,564	967
NET CURRENT ASSETS		1,635,548	1,571,862
MISCELLANEOUS EXPENSES (to the extent not adjusted)		2,793	1,801
Total		5,219,445	5,167,878
NOTES ON ACCOUNTS	18		

As per our report even date Annexed.

for **M/s . SUDHINDRAN & CO**
Chartered Accountants

V.CHANDRASEKARAN
Chairman & CEO

SUMATHI SRIDHARAN
Director

CA. P.SUDHINDRAN
Partner
M. No :32100

G. SWAMINATHAN
Company Secretary

Place: Chennai
Date : 10.08.2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

₹ 000s

	Sch.	31.03.2010	31.03.2009
INCOME			
Sales / Services			
Overseas		129,127	49,468
Domestic		2,051	2,737
Other Income	14	45	10,399
Total		131,223	62,604
EXPENDITURE			
Materials and Multimedia/ Software Development Expenses	15	71,629	29,093
Administration and Other Expenses	16	8,803	9,550
Total		80,432	38,643
Profit before Interest, Depreciation and Tax		50,791	23,961
Interest and Finance charges	17	19	49
Depreciation	6	13,458	16,299
Profit before tax and Extraordinary Income/Expense		37,314	7,613
Profit before tax		37,314	7,613
Provision for MAT tax		5,597	784
Fringe Benefit Tax		—	69
Deferred Tax - Asset		69	421
Profit after tax		31,786	7,181
Surplus brought forward from previous year		78,939	71,764
AMOUNT AVAILABLE FOR APPROPRIATION		110,725	78,945
Short Provision of FBT early years - W/off		—	6
Balance carried to Balance Sheet		110,725	78,939
Earning per share - Basic		0.08	0.03
- Diluted		0.08	0.03

The schedules refer to above form an integral part of the Profit & Loss account.
This is the profit and loss account refer to in our report of even date.
As per our report even date annexed.

for **M/s . SUDHINDRAN & CO**
Chartered Accountants

V.CHANDRASEKARAN
Chairman & CEO

SUMATHI SRIDHARAN
Director

CA. P.SUDHINDRAN
Partner
M. No : 32100

G. SWAMINATHAN
Company Secretary

Place : Chennai
Date : 10.08.2010

SCHEDULES TO THE BALANCE SHEET AS AT

₹'000s

	31.03.2010	31.03.2009
SCHEDULE 1 SHARE CAPITAL		
Authorised 4,45,00,00,000 Equity Shares of ₹ 1/- each. 5,000,000 Preference Shares of ₹ 10/- each.	4,450,000 50,000	4,450,000 50,000
Total	4,500,000	4,500,000
Issued and subscribed		
Equity Share Capital (24,77,54,125 Equity shares of ₹ 1/- each fully paidup, 38511595 Equity shares of ₹ 1/- each, issued to the equity share holders of Pentasoft Technologies Ltd 128760443 Equity shares of ₹ 1/- each, issued to the secured creditors of Pentasoft Technologies Ltd	247,754 38,512 128,760	247,754 — —
Total	415,026	247,754
SCHEDULE 2 Share capital - Pending Allotment		
a) 38511595 Equity shares of ₹ 1/- each, to be issued to the equity share holders of Pentasoft Technologies Ltd	—	38,512
b) 128760443 Equity shares of ₹ 1/- each, to be issued to the secured creditors of Pentasoft Technologies Ltd	—	128,760
Total	—	167,272
SCHEDULE 3 RESERVES AND SURPLUS		
Securities premium account		
As per Last Balance Sheet	856,681	856,681
Add: Share Premium	131,099	131,099
	987,780	987,780
Share Premium On account of Scheme of amalgamation and arrangement with Pentasoft Technologies Ltd. as per High Court Order	2,546,597	2,546,597
General Reserve	369,593	369,593
Contingency Reserve	61,579	61,579
Surplus as per Profit and Loss Account	110,725	78,939
Total	4,076,273	4,044,488
SCHEDULE 4 SECURED LOANS		
From Banks		
Working Capital loan (Secured by a first & second charge on the fixed assets of the Company and by a hypothecation and charge on book debts, stock and other current assets of the Company on pari passu basis).	401,903	471,072
Total	401,903	471,072
SCHEDULE 5 Unsecured Loans		
From Banks	306,530	198,510
From Others	500	19,500
Total	307,030	218,010

**SCHEDULE 6
DEPRECIATION SCHEDULE**

₹ '000s

Assets	GROSS BLOCK-AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions	Deductions	As at 31.03.2010	As at 01.04.2009	For the Year	Deductions	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Land	27,325	—	—	27,325	—	—	—	—	27,325	27,325
Buildings	131,867	—	—	131,867	37,510	4,404	—	41,914	89,953	94,357
Plant and Machinery	13,577	—	—	13,577	6,209	960	—	7,169	6,408	7,368
Computer & Software	2,213,770	344	—	2,214,114	2,213,770	—	—	2,213,770	344	0
Furniture and Fittings	117,201	—	—	117,201	58,497	7,419	—	65,916	51,285	58,704
Digital Content	63,765	—	—	63,765	63,237	528	—	63,765	0	528
Product Rights	820,427	—	—	820,427	—	—	—	—	820,427	820,427
Vehicles	1,551	—	—	1,551	1,100	147	—	1,247	304	451
Total	3,389,484	344	—	3,389,827	2,380,323	13,458	—	2,393,781	9,96,047	1,009,161

SCHEDULE 7

INVESTMENTS (Long Term, Trade, at cost)

Particulars	31.03.2010		31.03.2009	
	No of shares	Amount ₹'000s	No of shares	Amount ₹'000s
Other Investments Mayajaal Entertainment Ltd [Equity shares of ₹.10/- each, previous year the price was ₹.1/- each]	16,877,800	379,750	168,778,000	379,750
Sub Total (A)		379,750		379,750
Investments in subsidiary company				
Num TV Limited, Mauritius [Ordinary shares of US \$ 1/- each]	4,605,000	198,254	4,605,000	198,254
Esoftcom Limited, Mauritius [Ordinary shares of US \$ 1/- each]	16,001,000	1,109,242	16,001,000	1,109,242
Sub Total (B)		1,307,496		1,307,496
Total (A+B)		1,687,246		1,687,246

₹'000s

	31.03.2010	31.03.2009
SCHEDULE 8		
INVENTORIES		
Work - In - Progress	128,315	140,925
Distribution Rights	138,770	148,870
Finished Goods	4,815	10,425
Stock of Training Materials	5,734	10,244
Total	277,633	310,463
SCHEDULE 9		
SUNDRY DEBTORS		
Unsecured considered good		
Debts outstanding for a period exceeding six months	26,309	45,766
Other debts	4,541	18,354
Total	30,850	64,119
SCHEDULE 10		
CASH AND BANK BALANCES		
Cash on hand	11	25
Balances with scheduled banks		
- On current account	1,955	4,041
Total	1,965	4,066

	₹'000s	
	31.03.2010	31.03.2009
SCHEDULE 11		
LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received	1,340,993	1,313,026
Deposits	6,222	6,212
Total	1,347,215	1,319,238
SCHEDULE 12		
LIABILITIES		
Sundry Creditors	8,862	115,455
Other liabilities	6,689	9,602
Total	15,551	125,057
SCHEDULE 13		
PROVISIONS		
Taxation	6,564	967
Total	6,564	967
SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED		
SCHEDULE 14		
OTHER INCOME		
Rent Received	—	5,317
Miscellaneous Receipts	—	4,869
Royalty Receipts	—	176
Others	45	37
Total	45	10,399
SCHEDULE 15		
COST OF GOODS CONSUMED/SOLD		
MULTIMEDIA DEVELOPMENT AND WEBCASTING EXPENSES		
Opening Stock	4,850	6,140
Add : Purchases	—	—
Less : Closing Stock	—	4,850
	4,850	1,290
MULTIMEDIA DEVELOPMENT AND WEBCASTING EXPENSES		
Salaries, Allowances and Incentives	4,670	8,200
Multimedia Development Expenses	62,109	19,338
Recording & Broadcasting Charges	—	228
Travelling and Conveyance	—	37
Sub Total	66,779	27,803
Total	71,629	29,093

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

₹'000s

	31.03.2010	31.03.2009
SCHEDULE 16		
ADMINISTRATION AND OTHER EXPENSES		
Director's sitting fees	88	128
Training Expenses	1	15
Power and Fuel	586	756
Rates and Taxes	1,837	2,077
Office maintenance	230	18
Administration and other exp	767	174
Telephone and Postage	1,542	3,029
Printing and Stationery	526	524
Travelling and Conveyance	197	260
Repairs and Maintenance		
— Buildings	—	5
— Plant and Machinery	24	8
— Others	28	390
Miscellaneous Expenses	18	145
Insurance	15	34
Custody fee	—	380
Advertisement	533	249
Interest Paid on Listing fee	—	5
Out of pocket exp	—	9
Legal and professional charges	2,180	1,004
Auditor's Remuneration		
— Audit fees	150	274
— Tax audit	25	51
— Others	55	15
Total	8,803	9,550
SCHEDULE 17		
INTEREST AND FINANCE CHARGES		
Interest		
— Loans	—	—
— Finance Charges	19	49
Total	19	49

SCHEDULE No. 18

NOTES TO THE ACCOUNTS: 31.03.2010

SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable Accounting Standards notified u/s 211 (3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

a) SCHEME OF AMALGAMATION

Consequent to the merger of Pentasoft Technologies Limited with the company as per the order of Hon'ble High Court of Madras dated 3rd August 2009 (w.e.f. 01.10.2008) after the approval of the shareholders, creditors, court held EGM dated on 11th February 2009 and 24(f) approved by Bombay Stock Exchange Limited dated 25th November 2008, the company issued 38511595 equity shares of ₹ 1/- each to the shareholders of Pentasoft Technologies Limited and 128760443 equity shares of ₹ 1/- each to the agreed secured creditors of Pentasoft Technologies Limited on 18th September 2009. These shares were listed in Bombay Stock Exchange on 6th February 2010.

b) REVENUE RECOGNITION

- Revenue from Multimedia business (for sale of digital content on fixed price basis) is recognized based on milestones reached.
- Revenue in respect of Training and Education services is recognized on rendering of services, only when it is reasonably certain that the ultimate collection will be made. The revenue from fixed time contracts is recognized over the period of contracts. For services rendered through franchisees only the company's share of revenue is recognized.
- Revenue from sales is recognized after dispatch of goods to customers.
- Revenue for services charges is recognized after completion of each stage of service.
- Revenue from software development (on time and material basis) is recognized based on software developed and bill to the clients.

Overseas sales & services represent sales to the overseas customer for multimedia and other software development services done.

c) FIXED ASSETS

- i Fixed assets are stated at cost including taxes, duties, freight etc related to purchase and installation less accumulated depreciation.
- ii Capital Work In Progress

Capital work in progress represents capital advances and expenditure incurred during the period of software development pending capitalisation.

d) INTANGIBLE ASSETS:

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. The intangible assets are recorded at cost and are carried at cost.

e) DEPRECIATION

Depreciation on fixed assets other than computers is provided on the straight-line method in accordance with the rates specified under schedule XIV to the Companies Act, 1956. As the computers have exhausted the useful life, their value is written off as depreciation. No depreciation is provided on addition to computers made at the end of the financial year as the same not put to use.

f) INVENTORIES

Raw Materials are valued at cost. Finished goods are valued at lower of cost or net realizable value.

g) INVESTMENTS

Long term investments are valued at cost. Diminution in value is provided for, only where the management is of the opinion that the diminution is permanent in nature.

h) RETIREMENT BENEFITS TO EMPLOYEES

As the numbers of permanent employees have been reduced to a bare minimum, the management is of the opinion that retirement benefit can be met as and when the liability arises.

i) BORROWING COSTS

Borrowing Costs attributable to acquisition of assets, are capitalized as part of the cost of such assets. Other borrowing costs are charged to revenue.

j) FOREIGN CURRENCY TRANSACTIONS

Transaction in foreign currency is recorded at the rate of exchange prevailing on the date of transaction. Current assets and liabilities are translated at the year end closing rates. Exchange difference in respect of foreign currency liabilities incurred for acquiring fixed assets is added to the cost of respective fixed assets.

k) TAXES ON INCOME

Provision for current tax is made on the basis of Minimum Alternative Tax in accordance with the provisions of Income Tax Act, 1961.

The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and law that have been substantively enacted as of the balance sheet date.

l) IMPAIRMENT OF ASSETS

The company has not provided for impairment of any assets, this is in contravention of Accounting Standard 28.

B. NOTES ON ACCOUNTS

1 (a) Secured Loans:

Though the Company has defaulted in repayment of the following dues, with interest to banks, it has contested in DRT / High Court towards settlement of Loans.

- i) Dhanalakshmi Bank has approached the Debts Recovery Tribunal (DRT) to settle the dues. The claim of Dhanalakshmi Bank in respect of Pentasoft Technologies Ltd amounting to ₹ 10.80 crores are being contested by the company.
- ii) The claim of Axis Bank (UTI) is ₹ 24.97 crores and ₹ 14.85 crores with regard to Pentamedia & Pentasoft Technologies Ltd respectively are being contested by the company.
- iii) FIB (EXIM BANK) is claiming an amount of ₹ 19.85 crores in respect of Pentamedia Graphics Ltd.

In this connection the company's petition is pending with High Court of Madras and is being actively defended by the company.

The above amounts due to bank / Institution does not include any interest that may accrue on the principle amount due from 01.04.2005.

1 (b) Claim against the company not acknowledged as Liability:

According to the information and explanation given to us there are no dues of income tax, wealth tax, sales tax, custom duty, excise duty and cess which have not been deposited on account of any dispute except in the following cases.

Income Tax:

- i. As per the notice dated 05.02.2009 issued by the Income Tax Department Chennai the total Tax demand of Pentamedia Graphics Ltd amounts to ₹112.51 crores. The company being an 100% EOU under STPI/EHTP scheme has contested various issues and has obtained stay order from the High Court of Madras restraining the Income Tax department from taking any action till the disposal of all issues/appeals. The company has also obtained the Court order from the High Court of Madras, directing the Income Tax department to process the revised returns filed by the company pursuant to the Court order dated 17.12.2007.
 - ii. As per the notice dated 19.01.2009 issued by the Income Tax Department Chennai the total tax demand of Pentasoft Technologies Ltd amounts to ₹ 89.97 crores. The Company being an 100% EOU under STPI/EHTP scheme had gone on appeal against the various issues and has subsequently obtained stay order from the High Court of Madras restraining the Income Tax department from taking any action till the disposal of all issues/appeals. It is not possible to ascertain the contingent liability in this regard with respect to Accounting Standard 29.
- 2) Confirmation of balances/Reconciliation is pending in respect of certain Banks/Loans and Advances/Sundry Debtors/ Sundry creditors' and other liabilities. Adjustments if any which may arise upon completion of confirmation/reconciliation will be dealt with upon confirmation/completion of reconciliation.
 - 3) The Reconciliation of subsidiary records with General Ledger is in progress relating to Fixed Assets / Capital Work in Progress and Inventories. Adjustment if any which may arise upon confirmation/reconciliation of above items are unascertainable at this stage, and are not provided for.
 - 4) The Company has recognized deferred tax liability ₹1.92 cores as per the requirements of Accounting Standard 22. However, the company has not provided for deferred tax on account of depreciation in the case of EHTP Assets as required by Accounting Standard Interpretation (ASI) issued by the Institute of Chartered Accountants of India which should have been adjusted against opening reserves

5. EPS

Number of equity shares of ₹ 1/- each (basic)	415,026,168
Number of equity shares of ₹ 1/- each (diluted)	415,026,168
Net profit after tax available for Equity shareholders ₹	31,785,972
Basic EPS - Weighted Average ₹	0.08
Diluted EPS - Weighted Average ₹	0.08

6. Segmental Reporting Primary Business Segmental Results.

As the assets (Computers and softwares) are being used interchangeably by different segments, segment wise capital employed is not ascertainable.

Particulars	₹' 000s
Sales & Services	
Media Products & Services	81,330
Software Products & Services	49,848
Total	131,178
Profit Before Interest & Tax	
Media Products & Services	23,146
Software Products & Services	14,187
Total	37,333
Depreciation	13,458
Interest	19
Profit before Tax & Extraordinary item	37,314

As the assets (computers and software's) are being used interchangeably by different segments, segment wise capital employed is not ascertainable.

7. Payments to Auditors:

₹'000s

Particulars	2010	2009
a. Statutory Audit	150	175
b. Tax Audit	25	25
c. Other services	55	14
Total	230	214

8. Disclosures in respect of related parties pursuant to Accounting Standard 18:

List of Related Parties:

1. **Subsidiaries** : NumTV Limited, Mauritius
Esoftcom Limited, Mauritius
2. **Key Management personnel** : Mr. V. Chandrasekaran
Chairman and CEO

₹' 000s

Particulars	Subsidiaries	Fellow Subsidiaries	Key Management Personnel	Total
Purchase of Goods	-	-	-	-
Sale of Goods	-	-	-	-
Purchase of Fixed Assets	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Rendering of Services	-	-	-	-
Receiving of Services	-	-	-	-
Collection Arrangements	-	-	-	-
Leasing Or Hire Purchase Agreements	-	-	-	-
Transfer of Research & Development	-	-	-	-
Licence Agreements	-	-	-	-
Finance (Including Loans & Equity contributions in cash or in kind)	-	-	-	-
Guarantees & Collaterals	-	-	-	-
Rent Received	-	-	-	-
Payment of Salary	-	-	2,688	2,688

9. MANAGERIAL REMUNERATION

₹'000s

Particulars	2010	2009
Salary	2,400	2,400
Contribution to Provident Fund & Other funds	288	288
Commission	Nil	Nil
Total	2,688	2,688

Computation of net profit under section 198 / 349 of the Companies Act, 1956 and Director's commission

₹'000s

Particulars	2010	2009
Net Profit for the year as per Profit & Loss account	37,314	7,613
Add : Depreciation as per Profit & Loss account	13,458	16,299
Less : Director's Remuneration	2,688	2,688
Director's Sitting fees	88	128
Depreciation as per Sec. 350 of the Companies Act, 1956	13,458	16,299
Profit on sales of assets	—	—
Net Profit	34,538	4,800

10. Computer Software for Multimedia.

The Company is mainly engaged in Multimedia business of consultancy, training, sale of digital content, service for pre-post production, special / visual effects and distribution is not capable of being expressed in any generic units.

Hence it is not possible to furnish the quantitative details and the information required under paragraphs 3, 4c and 4 d of part II of Schedule VI of the Companies Act, 1956 of India.

11. EXPENDITURE IN FOREIGN CURRENCY

₹'000s

Particulars	2010	2009
Import on CIF basis	Nil	Nil
Capital goods	Nil	Nil
Raw Materials	Nil	Nil
Spare parts, Components & Consumables	Nil	Nil
Travel (including maintenance allowances)	Nil	37
Others (includes listing fees, seminar expenses & Expenditure incurred overseas for Multimedia Development)	71,629	29,093

2. EARNING IN FOREIGN CURRENCY

₹'000s

Particulars	2010	2009
Multimedia Development Services & Products (Exports)	129,127	49,468

13. DIVIDEND REMITTED IN FOREIGN CURRENCY

₹'000s

Particulars	2010	2009
a) Number of Shares	Nil	Nil
b) Year to which Dividend Relates	Nil	Nil
c) Number of Shareholders	Nil	Nil
d) Dividend remitted during the year (₹ 000s)	Nil	Nil

14. DUES TO SMALL SCALE INDUSTRIAL UNDERTAKINGS

As of 31st March 2010 the Company has no outstanding exceeding ₹100 thousands to Small Scale Industrial Undertakings as defined under the Industrial Development Regulation Act, 1951.

15. PREVIOUS YEAR COMPARATIVES

Consequent upon the implementation of the scheme of amalgamation with effect from 1st October 2008, the figures of the current year are not comparable with those of the previous year.

16. All figures are rounded off to nearest in thousands.

for **M/s. SUDHINDRAN & CO**
Chartered Accountants

V. CHANDRASEKARAN
Chairman & CEO

SUMATHI SRIDHARAN
Director

CA. P. SUDHINDRAN
Partner
M.No. : 32100

G. SWAMINATHAN
Company Secretary

Place : Chennai
Date : 10.08.2010

18. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No 7 1 4 2 State Code 1 8

Balance Sheet date 3 1 0 3 2 0 1 0

Month Year

II. Capital raised during the year (Amount ₹. in Thousands)

Public Issue	_____ N I L _____	Rights Issue	_____ N I L _____
Bonus Issue	_____ N I L _____	Private Placement	_____ N I L _____

III. Position of Mobilisation and Deployment of Funds (Amount ₹. in Thousands)

Total Liabilities	_____ 5 2 1 9 4 4 5	Total Assets	_____ 5 2 1 9 4 4 5
Sources of Funds :			
Paid-up Capital	_____ 4 1 5 0 2 6	Reserves and Surplus	_____ 4 0 7 6 2 7 4
Secured Loans	_____ 4 0 1 9 0 3	Unsecured Loans	_____ 3 0 7 0 3 0
Application of Funds :			
Net Fixed Assets	_____ 1 8 9 3 8 5 9	Investments	_____ 1 6 8 7 2 4 6
Net Current Assets	_____ 1 6 3 5 5 4 8	Misc. Expenditure	_____ 2 7 9 3
Accumulated Losses	_____ N I L		

IV. Performance of the Company (Amount ₹. in Thousands)

Turnover	_____ 1 3 1 2 2 3	Total Expenditure	_____ 8 0 4 3 2
+ / - Profit/loss before tax	+ _____ 3 7 3 1 4		
+ / - Profit/loss after tax	+ _____ 3 1 7 8 6		

SCHEDULE 18 - NOTES ON ACCOUNTS (Contd.,)

Earning per share in ₹. .08 Dividend rate % N I L

V. Generic Names of Three Principal Products / Services of Company

Item Code No (ITC Code) _____ 8 5 2 4

Product Description

Pre & Post production of contents for Film, TV & Internet, Consultancy on Multimedia & Software, Training and Maintenance of Media & Software Products.

Signature to Schedules 1 to 18
for M/S SUDHINDRAN & CO
Chartered Accountants

V. CHANDRASEKARAN
Chairman & CEO

SUMATHI SRIDHARAN
Director

CA P. SUDHINDRAN
Partner
Memb No.32100
Place : Chennai
Date : 10.08.2010

G. SWAMINATHAN
Company Secretary

STATEMENT OF CASH FLOW FOR THE YEAR ENDED

₹ ` 000s

	31.03.2010	31.03.2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit for the year before tax and extraordinary income	37,314	7,613
Adjustments for:		
Depreciation	13,458	16,299
Interest Expense	19	49
Other income	45	10,399
Operating profit before working capital changes	50,836	34,361
Changes in current assets and current liabilities		
(Increase) / Decrease in sundry debtors	33,270	(21,110)
(Increase) / Decrease in inventories	32,830	48,413
(Increase) / Decrease in loans & advances & other misc current assets	(27,977)	648,974
Increase / (Decrease) in liabilities	(109,506)	116,013
Cash used in operating activities	(20,547)	826,651
Interest Paid	(19)	(49)
Deferred Tax	(69)	(421)
Taxation	(5,597)	(784)
Net cash provided by operating activities	(26,232)	825,397
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	344	4,062
(Purchase) / Sale of investments	—	(1,074,711)
Net cash provided by/(used in) Investing activities	344	(1,070,649)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase / (Decrease) in working capital	92,957	26,713
Repayment of Long Term borrowings	(69,169)	217,453
Net cash provided by/(used in) Financing activities	23,787	244,166
Net increase in cash and cash equivalents	(2,101)	(1,086)
Cash and cash equivalents at the beginning of the year	4,066	5,152
Cash and cash equivalents at the end of the year	1,965	(4,066)

* Cashflow for current year has been prepared based on restructured financials

V.CHANDRASEKARAN
Chairman & CEO

SUMATHI SRIDHARAN
Director

G. SWAMINATHAN
Company Secretary

Place : Chennai
Date : 10.08.2010

AUDITOR'S CERTIFICATE

The above Cash Flow statement has been compiled from and is based on the audited accounts of Pentamedia Graphics Limited for the year ended 31st March 2010 reported upon by us on 10.08.2010. According to the information and explanations given together with Notes thereon, the aforesaid Cash Flow Statement has been prepared pursuant to clause 32 of the Listing agreement with Stock Exchange and the reallocations required for the purpose are as made by the Company.

for M/s. SUDHINDRAN & CO
Chartered Accountants

CA. P.SUDHINDRAN
Partner
M. No:32100

Place : Chennai
Date : 10.08.2010

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the attached Consolidated Balance Sheet of M/s Pentamedia Graphics Limited and its subsidiaries as at 31st March 2010, the Consolidated Profit and Loss Account and the Cash Flow Statement for the year ended.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Accounting Standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared in all material respects in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiaries whose financial statements reflect total assets ₹.195.97 Crores as at 31st March 2010, and total revenues of ₹.40.91 Crores for the year ended. The financial statements have been audited by other auditors, whose report have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the other auditors.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirement of Accounting Standard - 21 as per the Consolidated Financial Statements.

Subject to Para 1 above,

- i. The consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Pentamedia Graphics Limited and its subsidiaries as at 31st March, 2010
- ii. The consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of Pentamedia Graphics Limited and its subsidiaries for the year ended.
- iii. The consolidated Cash Flow gives a true and fair view of the consolidated state of affairs of Pentamedia Graphics Limited and its subsidiaries as at 31st March, 2010.

for M/s.Sudhindran & Co.
Chartered Accountants

CA. P.Sudhindran
Partner
Mem No.32100

Place : Chennai
Date : 10.08.2010

PENTAMEDIA GRAPHICS LIMITED

CONSOLIDATED BALANCE SHEET AS AT

₹ '000s

	Sch.	31.03.2010	31.03.2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	415,026	247,754
Share Capital - Pending Allotment	2	-	167,272
Reserves and Surplus	3	4,679,363	4,522,319
LOAN FUNDS			
Secured Loans	4	401,903	471,072
Unsecured Loans	5	307,030	218,010
Deffered Tax Liability -Net		19,213	19,282
Total		5,822,534	5,645,708
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	6	5,494,805	5,494,461
Less : Depreciation		3,156,257	3,097,192
Net Block		2,338,548	2,397,269
Add : Capital work-in-progress		897,812	897,812
		3,236,361	3,295,081
INVESTMENTS			
	7	379,750	379,750
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	8	277,633	310,463
Sundry Debtors	9	444,212	226,132
Cash and Bank Balances	10	2,543	138,043
Loans and Advances	11	1,550,458	1,553,345
		2,274,846	2,227,982
LESS : CURRENT LIABILITIES AND PROVISIONS			
Liabilities	12	64,651	257,939
Provisions	13	6,564	967
NET CURRENT ASSETS		2,203,631	1,969,076
MISCELLANEOUS EXPENSES (to the extent not adjusted)		2,793	1,801
Total		5,822,534	5,645,708
NOTES ON ACCOUNTS	18		

As per our report even date Annexed.

for **M/s. SUDHINDRAN & CO**
Chartered Accountants

V.CHANDRASEKARAN
Chairman & CEO

SUMATHI SRIDHARAN
Director

CA. P.SUDHINDRAN
Partner
M. No. :32100

G. SWAMINATHAN
Company Secretary

Place : Chennai
Date : 10.08.2010

PENTAMEDIA GRAPHICS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

₹ `000s

	Sch.	31.03.2010	31.03.2009
INCOME			
Sales / Services			
Overseas		538,178	127,172
Domestic		2,051	2,737
Other Income	14	45	11,885
Total		540,274	141,794
EXPENDITURE			
Materials and Multimedia / Software Development Expenses	15	295,613	66,695
Administration and Other expenses	16	22,585	18,174
Total		318,198	84,869
Profit before Interest, Depreciation and Tax		222,076	56,925
Interest and Finance charges	17	434	349
Depreciation	6	59,068	24,919
Profit before tax and Extraordinary Income/Expense		162,574	31,657
Profit before tax		162,574	31,657
Provision for MAT		5,597	784
Fringe Benefit Tax		—	69
Deferred Tax - Asset		69	421
Profit after tax		157,046	31,225
Surplus brought forward from previous year		808,413	777,194
AMOUNT AVAILABLE FOR APPROPRIATION		965,459	808,419
Short Provision of FBT early years - W/off		—	6
Balance carried to Balance Sheet		965,459	808,413

The Schedules referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our report of even date.
As per our report even date Annexed.

for **M/s. SUDHINDRAN & CO**
Chartered Accountants

V.CHANDRASEKARAN
Chairman & CEO

SUMATHI SRIDHARAN
Director

CA. P.SUDHINDRAN
Partner
M. No. : 32100

G. SWAMINATHAN
Company Secretary

Place : Chennai
Date : 10.08.2010

PENTAMEDIA GRAPHICS LIMITED
SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT

₹ `000s

	31.03.2010	31.03.2009
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
4,45,00,00,000 Equity Shares of ₹ 1/- each.	4,450,000	2,450,000
5,000,000 Preference Shares of ₹ 10/- each.	50,000	50,000
Total	4,500,000	2,500,000
Issued and subscribed		
Equity Share Capital		
24,77,54,125 Equity shares of ₹ 1/- each fully paidup,	247,754	247,754
3,85,11,595 Equity shares of ₹ 1/- each, issued to the equity share holders of Pentasoft Technologies Ltd	38,512	—
12,87,60,443 Equity shares of ₹ 1/- each, issued to the secured creditors of Pentasoft Technologies Ltd	128,760	—
Total	415,026	247,754
Schedule -2		
Share capital - Pending Allotment		
3,85,11,595 Equity shares of ₹ 1/- each, issued to the equity share holders of Pentasoft Technologies Ltd	—	38,512
12,87,60,443 Equity shares of ₹ 1/- each, issued to the secured creditors of Pentasoft Technologies Ltd	—	128,760
Total	—	167,272
SCHEDULE 3		
RESERVES AND SURPLUS		
Securities premium account		
As per Last Balance Sheet	856,681	856,681
Add: Share Premium	131,099	131,099
	987,780	987,780
Share Premium on account of Scheme of amalgamation and arrangement with Pentasoft Technologies Ltd	2,546,597	2,546,597
General Reserve	369,593	369,593
Contingency Reserve	61,579	61,579
Capital Reserve	603,089	477,830
Surplus as per Profit and Loss Account	110,725	78,940
Total	4,679,363	4,522,319
SCHEDULE 4		
SECURED LOANS		
From Banks		
Working Capital loan (Secured by a first & second charge on the fixed assets of the Company and by a hypothecation and charge on book debts, stock and other current assets of the Company on pari passu basis).	401,903	471,072
Total	401,903	471,072
SCHEDULE 5		
Unsecured Loans		
From Banks	306,530	198,510
From Others	500	19,500
Total	307,030	218,010

**SCHEDULE 6
DEPRECIATION SCHEDULE TO THE CONSOLIDATED BALANCE SHEET**

₹ '000s

Assets	GROSS BLOCK- AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions	Deductions	As at 31.03.2010	As at 01.04.2009	For the Year	Deductions	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Land	27,325	—	—	27,325	—	—	—	—	27,325	27,325
Buildings	131,867	—	—	131,867	37,510	4,404	—	41,914	89,953	94,357
Plant and Machinery	13,577	—	—	13,577	6,209	960	—	7,169	6,408	7,368
Computer & Software	4,318,748	344	—	4,319,092	2,930,636	45,610	—	2,976,246	1,342,846	1,388,112
Furniture and Fittings	117,201	—	—	117,201	58,497	7,419	—	65,916	51,285	58,704
Digital Content	63,765	—	—	63,765	63,237	528	—	63,765	0	528
Product Rights	820,427	—	—	820,427	—	—	—	—	820,427	820,427
Vehicles	1,551	—	—	1,551	1,100	147	—	1,247	304	451
Total	5,494,461	344	0	5,494,805	3,097,189	59,068	—	3,156,257	2,338,549	2,397,273

	₹ '000s	
	31.03.2010	31.03.2009
SCHEDULE 7		
INVESTMENTS		
Investments in Mayajaal Entertainment Ltd.,	379,750	379,750
Total	379,750	379,750
SCHEDULE 8		
INVENTORIES		
Work - In - Progress	128,315	140,925
Distribution Rights	138,770	148,870
Finished Goods	4,815	10,425
Stock of Training Materials	5,734	10,244
Total	277,633	310,463
SCHEDULE 9		
SUNDRY DEBTORS		
Unsecured considered good		
Debts outstanding for a period exceeding six months	93,728	207,778
Other debts	350,484	18,354
Total	444,212	226,132
SCHEDULE 10		
CASH AND BANK BALANCES		
Cash on hand	589	134,002
Balances with scheduled banks		
— On current account	1,955	4,041
Total	2,543	138,043
SCHEDULE 11		
LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received	1,544,236	1,547,133
Deposits	6,222	6,212
Total	1,550,458	1,553,345
SCHEDULE 12		
LIABILITIES		
Sundry Creditors	57,962	248,337
Other liabilities	6,689	9,605
Total	64,651	257,939
SCHEDULE 13		
PROVISIONS		
Taxation	6,564	967
Total	6,564	967

PENTAMEDIA GRAPHICS LIMITED

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT AS AT

₹ `000s

	31.03.2010	31.03.2009
SCHEDULE 14		
OTHER INCOME		
Rent Received	—	5,317
Miscellaneous Receipts	—	4,869
Royalty Receipts	—	176
Others	45	1,523
Total	45	11,885
SCHEDULE 15		
COST OF GOODS CONSUMED/SOLD		
MULTIMEDIA DEVELOPMENT AND WEBCASTING EXPENSES		
Opening Stock	4,850	6,140
Add : Purchases	—	—
Less : Closing Stock	—	4,850
	4,850	1,290
MULTIMEDIA DEVELOPMENT AND WEBCASTING EXPENSES		
Salaries, Allowances and Incentives	4,670	8,200
Multimedia Development Expenses	286,093	56,940
Recording & Broadcasting Charges	—	228
Travelling and Conveyance	—	37
Sub Total	290,763	65,404
Total	295,613	66,695
SCHEDULE 16		
ADMINISTRATION AND OTHER EXPENSES		
Director's Sitting fees	88	128
Training Expenses	1	15
Power and Fuel	586	756
Rates and Taxes	1,837	2,077
office maintenance	230	18
Administration and other exp	14,549	8,798
Telephone and Postage	1,542	3,029
Printing and Stationery	526	524
Travelling and Conveyance	197	260
Repairs and Maintenance - Buildings	—	5
- Plant and Machinery	24	8
- Others	28	390
Miscellaneous Expenses	18	145
Insurance	15	34
Custody fee	—	380
Advertisement	533	249
Interest Paid on Listing fee	—	5
Out of pocket exp	—	9
Legal and professional charges	2,180	1,004
Auditor's Remuneration - Audit fees	150	274
- Tax audit	25	51
- Others	55	15
Total	22,585	18,174
SCHEDULE 17		
INTEREST AND FINANCE CHARGES		
Interest - Loans	—	—
Finance Charges	434	349
Total	434	349

SCHEDULE 18

NOTES ON ACCOUNTS 31-03-2010

SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared, in all material respects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 of India.

a) Scheme of Amalgamation

Consequent to the merger of Pentasoft Technologies Limited with the company as per the order of Hon'ble High Court of Madras dated 3rd August 2009 (w.e.f. 01.10.2010) after the approval of the shareholders, creditors, court held EGM dated on 11th February 2009 and 24(f) approved by Bombay Stock Exchange Limited dated 25th November 2008, the company issued 38511595 equity shares of ₹ 1/- each to the shareholders of Pentasoft Technologies Limited and 128760443 equity shares of ₹ 1/- each to the agreed secured creditors of Pentasoft Technologies Limited on 18th September 2009. These shares were listed in Bombay Stock Exchange on 6th February 2010.

b) REVENUE RECOGNITION

Revenue from Entertainment and Multimedia business namely, consultancy, training, animation special effects, Contents through Film, TV, Internet, advertisement and distribution of content through various digital and analog mediums based on man hours / Milestones / contracts entered with customers.

Revenue in respect of sale of advertisement is recognized over the period of the campaign beginning from the first insertion of the advertisement on the website.

Overseas sales & services represent sales to the overseas customer for multimedia business done.

- i) Revenue from Multimedia business (for sale of digital content on fixed price basis) is recognized based on milestones reached.
- ii) Training and Education Income

Revenue in respect of Training and Education services is recognized on rendering of services, only when it is reasonably certain that the ultimate collection will be made. The revenue from fixed time contracts is recognized over the period of contractors. For services rendered through franchisees only the company's share of revenue is recognized.

- iii) Revenue for service charges is recognized after completion of each stage of service.
- iv) Revenue from software development (on time and material basis) is recognized based on Software developed and billed to the clients.

c) FIXED ASSETS

Fixed assets are stated at cost including taxes, duties, freight etc related to purchase and installation.

d) INTANGIBLE ASSETS:

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. The intangible assets are recorded at cost and are carried at cost.

e) DEPRECIATION

Depreciation on fixed assets other than computers is provided on the straight-line method in accordance with the rates specified under schedule XIV to the Companies Act, 1956. Individual assets costing less

than ₹ 5,000/- are written off in full in the year of purchase. As the computers have exhausted the useful life their value is written off as depreciation. No depreciation is provided on addition to computers made at the end of the financial year as the same not put to use.

f) INVENTORY

Raw Materials are valued at cost. Finished goods are valued at lower of cost or net realizable value.

g) INVESTMENTS

Long term investments are valued at cost. Provision for diminution has not been made for investments recognize the decline in the market value. As the management feels that the present decline is only temporary.

h) RETIREMENT BENEFITS TO EMPLOYEES

As the numbers of permanent employees have been reduced to a bare minimum, the management is of the opinion that retirement benefit can be met as and when the liability arises.

i) BORROWING COSTS

Borrowing Costs, which are not directly attributable to the acquisition of the assets, are recognized as expense under Interest and Finance Charges

j) FOREIGN CURRENCY TRANSACTIONS

Foreign currency revenue transactions are accounted on the basis of the month end exchange rate. Adjustments are made for any change in the sale proceeds on conversion into Indian currency upon actual receipt. Expenditure in foreign currency is accounted at the conversion rate prevalent when such expenditure is incurred.

All foreign currency loans outstanding at the year end, are expressed in Indian currency at the appropriate rates of exchange prevailing on the date of the balance sheet.

Exchange differences arising as a result of translation of foreign currency loan taken for purchase of fixed assets are adjusted in the cost of the asset and depreciated over the remaining useful life of the asset. All other exchange differences arising out of Foreign Currency Transactions are recognized as income or expense in the year in which they arise.

k) INCOME TAX

Provision for current tax is made on the basis of Minimum Alternative Tax in accordance with the provisions of Income Tax Act 1961.

The differences between taxable income and accounting income can be classified into permanent differences and timing differences. Accounting Standard 22 requires recognition of deferred tax for all the timing differences and that Permanent differences do not result in deferred tax assets or deferred tax liabilities. Permanent differences are those differences between taxable income and accounting income which originate in one period and do not reverse subsequently

The tax effects of timing differences are included in the tax expense in the statement of profit and loss and as deferred tax assets or as deferred tax liabilities, in the balance sheet. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty of their realization.

l) IMPAIRMENT OF ASSETS

The company has not provided for impairment of any assets.

m) LICENSE FEES AND OUTSOURCED PROGRAMMES

The outsourced Programmes are written of over a period of 3 years based on the validity period of license.

n) PRELIMINARY EXPENSES

Preliminary expenses are amortized over a period of five years commencing from the year at commercial operations.

o) CONTINGENT LIABILITIES

Capital contract remaining to be executed on capital account is nil. The company has no guarantees and letters of credit outstanding. (Previous year: nil)

p) DEFERRED REVENUE EXPENDITURE

- i) Deferred Revenue Expenditure comprises of advertisements, publicity expenses and other administrative expenses incurred prior to the commencement of the commercial operation, to be written over a period of five years from the year of commercial operation.
- ii) Production / Distribution / Cost of films expenses are written off over a period of 4 Years. In case of Distribution rights being acquired by the company, the costs of acquisition of the rights are amortised over the period during which the rights can be exercised.
- iii) Production cost of TV serials for telecast and promotion expenses including the cost of presentation and pilot films, the benefits of which are anticipated over an extended period, are amortised over a period not exceeding 5 years. Other copyrights and ownership, which are with the company, are being written off over the estimated useful life of TV serials as estimated by the Management, which is considered to be 5 years.
- iv) Amortisations of Merger expenses are being written of over a period estimated by the management, which is considered to be five years.

II NOTES ON ACCOUNTS

1 (a) Secured Loans:

Though the Company has defaulted in repayment of the following dues, with interest to banks, it has contested in DRT/ High court towards settlement of loans.

- i) Dhanalakshmi Bank has approached the Debts Recovery Tribunal (DRT) to settle the dues. The claim of Dhanalakshmi Bank in respect of Pentasoft Technologies Ltd to the tune of ₹ 10.80 crores is being contested by the company.
- ii) The claim of Axis Bank (UTI) is ₹24.97 crores and ₹14.85 crores with regard to Pentamedia Graphics Ltd & Pentasoft Technologies Ltd respectively are being contested by the company.
- iii) FIB (EXIM BANK) is claiming an amount of ₹ 19.85 crores in respect of Pentamedia Graphics Ltd. In this connection the company's petition is pending with High Court of Madras and is being actively defended by the company.

The above amounts due to bank / Institution does not include any interest that may accrue on the principle amount due from 01.04.2005.

1 (b) Claim against the company not acknowledged as Liability:

Income Tax:

- i. As per the notice dated 05.02.2009 issued by the Income Tax Department Chennai the total Tax demand of Pentamedia Graphics Ltd amounts to ₹ 112.51 crores. The company being an 100% EOU under STPI/EHTP scheme has contested various issues and has obtained stay order from the High Court of Madras restraining the Income Tax department from taking any action till the disposal of all issues/appeals. The company has also obtained the Court order from the High Court of Madras, directing the Income Tax department to process the revised returns filed by the company pursuant to the Court order dated 17.12.2007.
- ii. As per the notice dated 19.01.2009 issued by the Income Tax Department Chennai the total tax demand of Pentasoft Technologies Ltd amounts to ₹ 89.97 crores. The Company being an 100% EOU under STPI/EHTP scheme had gone on appeal against the various issues and has subsequently obtained stay order from the High Court of Madras restraining the Income Tax department from taking any action till the disposal of all issues/appeals. It is not possible to ascertain the contingent liability in this regard with respect to Accounting Standard 29.

2. EPS:

a. Number of equity shares of ₹ 1/- each (basic)	415,026,000
Number of equity shares of ₹ 1/- each (diluted)	249,754,000
Net profit after tax available for Equity shareholders ₹	162,574,000
Basic EPS – Weighted Average ₹	0.40
Diluted EPS - Weighted Average ₹	0.40

3. Segmental Reporting

Primary Business Segmental Results

Particulars	₹'000s
Sales & Services	
Media Products & Services	334,942
Software Products & Services	205,287
Total	540,229
Profit Before Interest & Tax & Depreciation	
Media Products & Services	180,385
Software Products & Services	110,558
Total	290,943
Depreciation	59,068
Interest	434
Profit before tax & extraordinary item	162,574

As the assets (computers and software's) are being used interchangeably by different segments, segment wise capital employed is not ascertainable.

4. Related Party

₹' 000s

Particulars	Subsidiaries	Fellow Subsidiaries	Key Management Personnel	Total
Purchase of Goods	-	-	-	-
Sale of Goods	-	-	-	-
Purchase of Fixed Assets	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Rendering of Services	-	-	-	-
Receiving of Services	-	-	-	-
Collection Arrangements	-	-	-	-
Leasing Or Hire Purchase Agreements	-	-	-	-
Transfer of Research & Development	-	-	-	-
Licence Agreements	-	-	-	-
Finance (Including Loans & Equity contributions in cash or in kind)	-	-	-	-
Guarantees & Collaterals	-	-	-	-
Rent Received	-	-	-	-
Payment of Salary	-	-	-	-

- Holding Company : M/s Pentamedia Graphics Ltd
- Subsidiaries : Num TV Limited, Mauritius
: Esoftcom Limited, Mauritius

- Key Management Personnel : V. Chandrasekaran, Chairman & CEO (Pentamedia Graphics Ltd only)
- During the year, there were no transactions with Associates, Key Management Personnel and relative of Key Management personnel.

5. MANAGERIAL REMUNERATION ₹'000s

Particulars	2010	2009
Salary	2,400	2,400
Contribution to Provident Fund & Other funds	288	288
Commission	Nil	Nil
Total	2,688	2,688

6. EXPENDITURE IN FOREIGN CURRENCY ₹'000s

Particulars	2010	2009
Import on CIF basis		
Capital goods	Nil	Nil
Raw Materials	Nil	Nil
Spare parts, Components & Consumables	Nil	Nil
Travel (including maintenance allowances)	Nil	37
Others (includes listing fees, seminar expenses & Expenditure incurred overseas for Multimedia Development)	295,613	66,695

7. Payments to Auditors: ₹'000s

Particulars	2010	2009
a. Statutory Audit	150	175
b. Tax Audit	25	25
c. Other services	55	14
Total	230	214

8. PREVIOUS YEAR COMPARATIVES

Consequent upon the implementation of the scheme of amalgamation with effect from 1st October 2008, the figures of the current year are not comparable with those of the previous year.

9. The figures of the current year are not comparable with those of previous year.

10. All figures are rounded off to nearest in thousands.

for M/S SUDHINDRAN & CO
Chartered Accountants

V. CHANDRASEKARAN
CHAIRMAN & CEO

SUMATHI SRIDHARAN
DIRECTOR

CA. P. SUDHINDRAN
PARTNER
Mem. No: 32100

G. SWAMINATHAN
COMPANY SECRETARY

Place : Chennai
Date : 10.08.2010

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED

₹ in 000s

	31.03.2010	31.03.2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit for the year before tax and extraordinary income	162,574	31,657
Adjustments for:		
Depreciation	59,068	24,919
Interest Expense	434	349
Other Income	45	11,885
Operating profit before working capital changes	222,121	68,811
Changes in current assets and current liabilities		
(Increase) / Decrease in Sundry Debtors	(218,080)	(39,295)
(Increase) / Decrease in Inventories	32,830	1,018,035
(Increase) / Decrease in Loans & Advances & other misc Current Assets	2,887	(589,827)
Increase / (Decrease) in Liabilities	(193,288)	83,718
Cash used in operating activities	(153,530)	541,443
Interest Paid	(434)	(349)
Deferred Tax	(69)	(630)
Taxation	(5,597)	(967)
Net cash provided by operating activities	(159,630)	539,497
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(344)	(4,062)
(Purchase) / Sale of Investments	—	(80,037)
Net cash provided by / (used in) Investing activities	(344)	(84,099)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase / (Decrease) in working capital	24,474	(380,685)
Repayment of Long Term Borrowings	—	53,401
Net cash provided by / (used in) Financing activities	24,474	(327,284)
Net increase in Cash and Cash equivalents	(135,499)	128,113
Cash and Cash equivalents at the beginning of the year	138,043	9,930
Cash and Cash equivalents at the end of the year	2,543	138,043

* Cashflow for current year has been prepared based on restructured financials

V.CHANDRASEKARAN
Chairman & CEO

SUMATHI SRIDHARAN
Director

G. SWAMINATHAN
Company Secretary

Place : Chennai
Date : 10.08.2010

AUDITOR'S CERTIFICATE

The above Cash Flow statement has been compiled from and is based on the audited accounts of Pentamedia Graphics Limited for the year ended 31st March 2010 reported upon by us on 10.08.2010. According to the information and explanations given together with Notes thereon, the aforesaid Cash Flow Statement has been prepared pursuant to clause 32 of the Listing agreement with Stock Exchange and the reallocations required for the purpose are as made by the Company.

for M/s . SUDHINDRAN & CO
Chartered Accountants
CA. P.SUDHINDRAN
Partner
M. No : 32100

Place : Chennai
Date : 10.08.2010

Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies

₹'000s

Sl. No.	Name of the Subsidiary Company	Number of Equity shares held by PMGL as on 31st March 2010	Net Aggregate amount of Profit/ (Losses) of the Subsidiary so far as it concerns the Members of PMGL and is not dealt with the Accounts of PMGL	
			For the financial year ended	For the previous financial year
1	Num TV Limited, Mauritius	4605000	Nil	Nil
2	Esoftcom (Mauritius) Limited	161001000	Nil	Nil

NumTV Limited, Mauritius DIRECTORS' REPORT

Dear Members,

Yours Directors take pleasure in submitting their together with the Audited Balance Sheet for the year ended 31st March 2010

Operations

During the year company has been focusing mainly on consultancy services for 2D/3D Animation Project and distribution of contents for Film, TV & Internet to various International customers. The Company had achieved a turnover of US\$ 5.52 million as against US\$ 1.04 million in the last financial year and net profit of US\$ 1.83 million for the year ended 31st March 2010. To conserve cash for expansion and working capital, no dividend has been declared.

Auditors

Mr.V.Swaminathan, Chartered Accountant retires and is eligible for re-appointment

YORK SHIN LIM VOON KEE

Director

TOMMY LO SEEN CHONG

Director

Place : Chennai

Date : 30th June 2010

NumTV Limited, Mauritius AUDITOR'S REPORT

To

The Board of Directors and Shareholders of M/s NumTV Limited, Mauritius

We have audited the accompanying Balance Sheet of M/s NumTV Limited as on 31.03.2010, and the related statement of Income for twelve months then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An Audit includes examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the over all financial statement presentation. We believe that our Audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above present fairly, in all material aspects, The financial position of Num TV Limited, Mauritius as of 31st March, 2010, and the results of its operation for the twelve months then ended in conformity with generally accepted accounting principles

CA. V.Swaminathan

Chartered Accountant

M.No.021119

Place : Chennai

Date : 30th June 2010

NumTV Limited, Mauritius**BALANCE SHEET AS AT**

In '000s

	31.03.2010		31.03.2009	
	\$	₹	\$	₹
Fixed Assets (Net)	7,674	344,512	7,186	368,202
Current Assets				
Accounts Receivable	6,645	298,330	2,099	107,576
Loans & Advances	4,515	202,697	4,558	233,557
Cash and Cash Equivalents	11	492	2,613	133,879
Sub Total	11,171	501,519	9,270	475,012
Current Laibilities & Trade payables	1,092	49,028	2,505	128,365
Nett Assets	17,753	797,003	13,951	714,849
Financed By				
Share Capital	4,605	198,254	4,605	198,254
Accumalated Other income/(Expense)	13,148	590,293	9,346	478,889
Exchange Fluctuation reserve	—	8,456	—	37,706
Total Liabilities and Stock Holders Equity	17,753	797,003	13,951	714,849

As per our report even date Annexed.

V.SWAMINATHAN
Chartered Accountants
M. No : 021119

YORK SHIN LIM VOON KEE
Director

TOMMY LO SEEN CHONG
Director

Place: Chennai
Date : 30.06.2010

NumTV Limited, Mauritius**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED**

In '000s

	31.03.2010		31.03.2009	
	\$	₹	\$	₹
Sales	5,524	248,019	1,015	51,986
Other Income	—	—	29	1,486
	5,524	248,019	1,044	53,472
Less:				
Cost of Revenue	3,089	138,692	432	22,116
Selling, Administration, and General Expenditure	71	3,169	89	4,550
Finance Charges	7	314	6	300
Depreciation	528	23,690	108	5,520
	3,695	165,865	634	32,486
Net profit/Loss	1,830	82,154	410	20,986

As per our report even date Annexed.

V.SWAMINATHAN
Chartered Accountants
M. No : 021119

YORK SHIN LIM VOON KEE
Director

TOMMY LO SEEN CHONG
Director

Place : Chennai
Date : 30.06.2010

ESOFTCOM (MAURITIUS) LIMITED DIRECTORS' REPORT

Dear Members,

Yours Directors take pleasure in submitting their together with the Audited Balance Sheet for the year ended 31st March 2010

Operations

During the year company has been focusing mainly on consultancy services, projects, ASP and Training, in addition to maintenance of software installations in existing customer sites. The Company had achieved a turnover of US\$ 3.59 million as against US \$ 0.50 million in the last financial year and net profit of US\$ 0.96 million for the year ended 31st Mar, 2010

To conserve cash for expansion and working capital, no dividend has been declared.

Auditors

Mr.V.Swaminathan, Chartered Accountant retires and is eligible for re-appointment.

YORK SHIN LIM VOON KEE

Director

TOMMY LO SEEN CHONG

Director

Place: Chennai

Date : 30th June 2010

ESOFTCOM (MAURITIUS) LIMITED AUDITOR'S REPORT

To

The Board of Directors and Shareholders of Esoftcom (Mauritius) Limited,

I have audited the accompanying Balance Sheet of M/S Esoftcom (Mauritius) Limited as on 31.03.2010, and the related statement of Income for twelve months then ended. These financial statements are the responsibilities of the company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An Audit includes examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the over all financial statement presentation. We believe that our Audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above present fairly, in all material aspects, the financial position of Esoftcom (Mauritius) Limited as of 31st March, 2010, and the results of its operation for the twelve months then ended in conformity with generally accepted accounting principles.

Place : Chennai

Date : 30th June 2010

CA. V.Swaminathan

Chartered Accountant

M.No.021119

ESOFTCOM (MAURITIUS) LIMITED**BALANCE SHEET AS AT**

In '000s

	31.03.2010		31.03.2009	
	\$	₹	\$	₹
Fixed Assets (Net)	22,229	997,990	19,905	1,019,910
Current Assets				
Accounts Receivable	2,562	115,032	1,062	54,436
Loans & Advances	12	546	11	550
Cash and Cash Equivalents	2	86	2	98
	2,576	115,664	1,075	55,083
Current Liabilities & Trade payables	2	72	88	4,517
Nett Assets	24,804	1,113,582	20,891	1,070,476
Financed By				
Share Capital	16,001	746,226	16,001	746,226
Security Premium			—	—
Accumalated Other income/(Expense)	8,803	346,563	4,890	250,585
Exchange Fluctuation Reserve	—	20,793	—	73,665
Total Liabilities and Stock Holders Equity	24,804	1,113,582	20,891	1,070,476

As per our report even date Annexed.

V.SWAMINATHAN
Chartered Accountants
M. No : 021119

YORK SHIN LIM VOON KEE
Director

TOMMY LO SEEN CHONG
Director

Place : Chennai
Date : 30.06.2010

ESOFTCOM (MAURITIUS) LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED**

In'000s

	31.03.2010		31.03.2009	
	\$	₹	\$	₹
Revenue				
Sales	3,587	161,032	502	25,718
Other Income	—	—	—	—
	3,587	161,032	502	25,718
Less:				
Cost of Revenue	1,900	85,292	302	15,486
Selling, Administration, and General Expenditure	236	10,613	80	4,074
Finance Charges	2	101	—	—
Depreciation	488	21,920	61	3,100
	2,627	117,926	442	22,661
Net profit/Loss	960	43,106	60	3,058

As per our report even date Annexed.

V.SWAMINATHAN
Chartered Accountants
M. No : 021119

YORK SHIN LIM VOON KEE
Director

TOMMY LO SEEN CHONG
Director

Place : Chennai
Date : 30.06.2010

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PENTAMEDIA GRAPHICS LIMITED

Registered Office: 'TAURUS', No. 25, First Main Road, United India Colony,
Kodambakkam, Chennai – 600 024.

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting hall

Folio No. /Client ID & DP ID

Name of the person attending the Meeting :
(in Block Letters)

Number of Shares held :

I hereby record my presence at the 34th Annual General Meeting to be held on Tuesday, the 28th day of September 2010 at 10.00 a.m. at "**Rani Seethai Hall**", **603, Anna Salai, Chennai-600 006**.

Member's / Proxy's Signature

PENTAMEDIA GRAPHICS LIMITED

Registered Office: 'TAURUS', No. 25, First Main Road, United India Colony,
Kodambakkam, Chennai – 600 024.

PROXY FORM

Folio No. /Client ID & DP

No of Share(s) held

I/We..... residing at
..... being a member/ members of Pentamedia
Graphics Limited do hereby appoint failing him,
..... as my/ our proxy to vote for me/ us and on my/ our behalf at
the 34th Annual General Meeting of Pentamedia Graphics Limited to be held on Tuesday, the 28th Day
of September, 2010 at 10.00 a.m at "**Rani Seethai Hall**", **603, Anna Salai, Chennai-600 006** or at
any adjournment thereof.

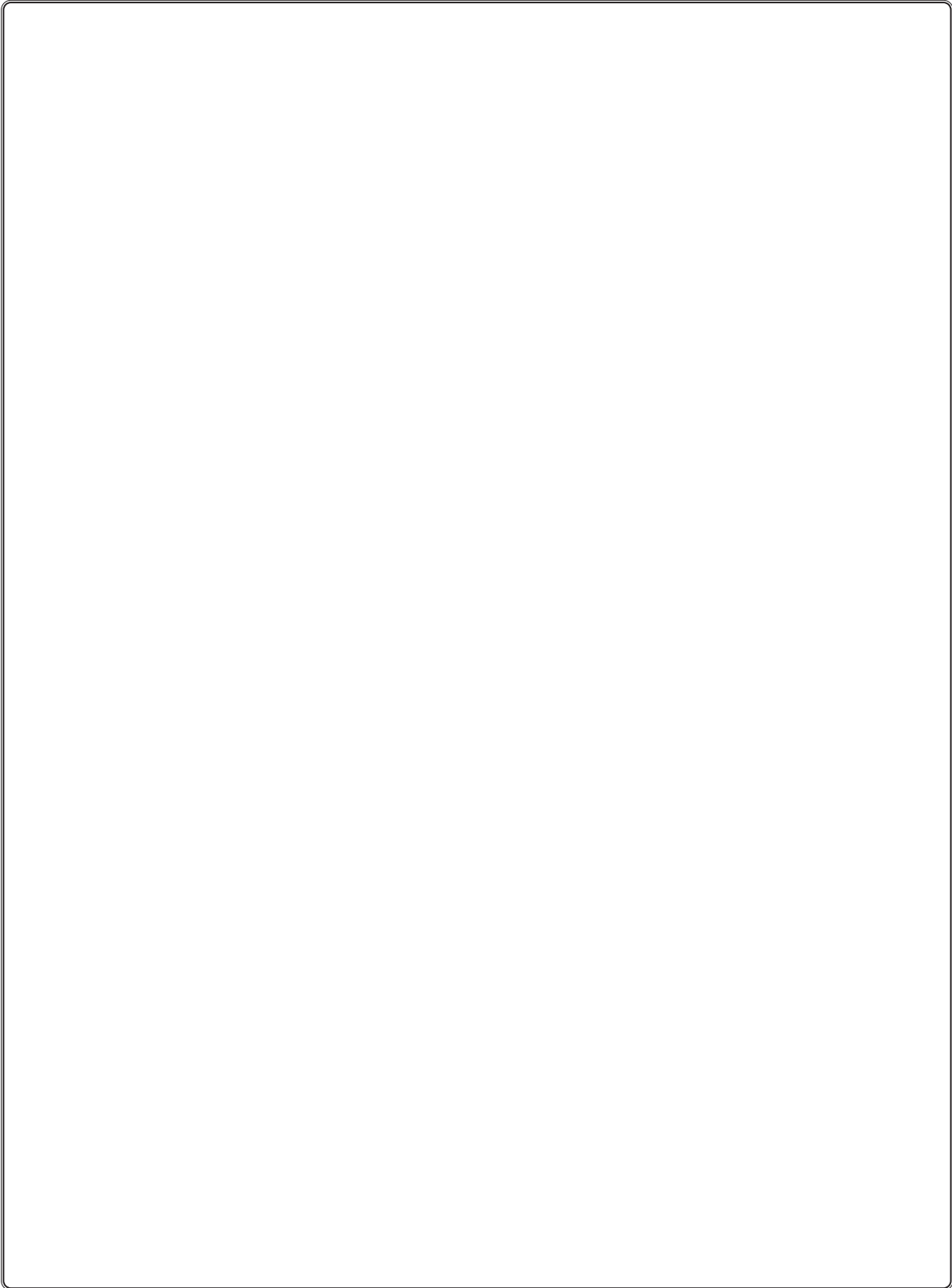
Signed this day of 2010.

Affix
₹. one
Revenue
Stamp

Note: The Proxy, in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting. The proxy need not be a member of the Company.

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