



**PENTAMEDIA**  
GRAPHICS LIMITED



**DIGITAL CONTENTS**

BUDDHA

JAI  
VIGNESHWARA

PANDAVAS

ALIBABA

SINDBAD

HEALTH

**APPS**

HOSPITALITY

MARKETING

FINANCE

# 37th Annual Report 2012-2013



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## **BOARD OF DIRECTORS**

Mr.V.Chandrasekaran-Chairman & Managing Director  
Mrs.Sumathi Sridharan - Director  
Mr.S.D.Viswanathan - Director  
Mr. R. Kalyanaraman - Director

## **COMPANY SECRETARY & COMPLIANCE OFFICER**

Mrs. A.Menaka

## **AUDITORS**

M/s.Sudhindran & Co.  
Chartered Accountants  
Firm No. 006019S  
G-1, Kesari Kuteeram  
#22, West Cott Road  
Royapettah, Chennai-600014

## **BANKERS**

Oriental Bank of Commerce  
IndusInd Bank  
Indian Bank

## **REGISTERED OFFICE**

No. 25, "Taurus", 1<sup>st</sup> Main Road  
U.I.Colony, Kodambakkam  
Chennai-600024  
Tel.: 044-24833067  
Fax:044-24726042  
Email : investor@pentamedia.in  
shares@pentamedia.in  
Website : www.pentamedia.in

## **REGISTRAR & TRANSFER AGENT**

M/s. Cameo Corporate Services Limited  
Unit : "Pentamedia Graphics Ltd."  
"Subramaniam Building"  
No.1 Club House Road  
Anna salai, Chennai-600002  
Tel.: 044-2846 0390 (5 Lines)  
Fax : 044-28460129  
Email : investor@cameoindia.com  
Website : www.cameoindia.com

# Chairman's Message

Dear friends,

Let me first wish you all a happy & prosperous festive season.

We all know nature evolves and adapts whether it is in physical life or logical life. In the last few years the technology has changed the way we learn & communicate. Today the mobiles are more in number than the population of seven billion in the world. No other common man's instrument has matched this. This is changing the way the Education, Information & Entertainment has been viewed all along. The tablets are replacing the slates and books, the apps are replacing the customized softwares & 3D glasses are changing the way we have been seeing entertainment in Theatres, TVs & Computers. Your Company is adapting these new tools & also train human power to adopt these evolves.

At our business, we are evolving cost effective new methods & apps so that the old 2D films and contents can be converted to new way of exhibition so that the content is continuing to be the king whether old or new. Our new 3D animated movie "Gulliver and the Lilliputs" is being released shortly in digital 3D (with glass) all over the world. There are stream of own productions, distribution and conversion services of digital contents to big, small and personal screens using the new technologies. The evolving Google glasses & 3D printing is going to revolutionise the way we have been thinking & doing.

I am confident with usual the support of our stakeholders, we will be able to adopt & evolve to these new approaches.

Thank you one and all.

**V.Chandrasekaran**  
Chairman & Managing Director

# PENTAMEDIA GRAPHICS LIMITED

Regd. Office: "Taurus" No. 25, 1<sup>st</sup> Main Road, United India Colony, Kodambakkam, Chennai – 600 024.

## NOTICE

**NOTICE** is hereby given that the **THIRTY SEVENTH** Annual General Meeting of the members of **PENTAMEDIA GRAPHICS LIMITED** will be held on Wednesday, the 21<sup>st</sup> August, 2013 at 10:00 AM at Rani Seethai Hall, No.603, Anna Salai, Chennai-600006 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2013 and the Balance Sheet as at that date together with the Report of the Board of Directors and 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. Sudhindran & Co., Chartered Accountants, bearing Firm Registration 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 of the Company."

### SPECIAL BUSINESS

4. To consider and if deemed fit, to appoint Mr. R.Kalyanaraman 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 Rs.500/- signifying his intention to move the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Mr. R.Kalyanaraman, be and is hereby appointed as a Director of the Company."

5. To consider and if deemed fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**RESOLVED THAT** pursuant to the provisions of Sections 198,269,309,310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, (including any statutory modification(s) and re-enactment thereof for the time being in force), and subject to an overall limit of 5% of the Net Profits of the Company for each financial year computed in a manner as prescribed under sections 349 and 350 of the Companies Act, 1956, approval of the Company be and is hereby accorded to the appointment of Mr.V.Chandrasekaran as Chairman & Managing Director of the Company for a period of one year with effect from November 1, 2012 on the following terms and conditions:

#### a) Salary

Rs.2,00,000/-per month in the scale of Rs.2,00,000/- to Rs. 4,00,000/- Increments to be decided by the Remuneration Committee.

- b) In terms of the provisions of Article 37 of the Articles of Association of the Company, Mr.V.Chandrasekaran shall not be subject to retirement by rotation during his tenure as Chairman and Managing Director.
- c) Perquisites (evaluated as per Income-Tax Rules, wherever applicable, and at actual cost to the Company in other cases) like the benefit of gas, electricity, water, club fees, personal insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof, medical reimbursement, leave and leave travel concession, education benefits and other benefits in accordance with the scheme(s) and rule(s) applicable to the members of the staff from time to time, for the aforesaid benefits.
- d) Mr.V.Chandrasekaran shall not be entitled to any sitting fee for the meeting of the Board or of any committee thereof.
- e) Mr.V.Chandrasekaran will be subject to all other service conditions as applicable to any other employee of the company.

In the event of absence or inadequacy of profits in any financial year, Mr.V.Chandrasekaran will be paid remuneration including the perquisites and other amenities as aforesaid subject to the limits specified under Section II of Part II of Schedule XIII of the Companies Act, 1956.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts and deeds as it may consider necessary, expedient or desirable, in order to give effect to the foregoing resolution or otherwise as considered by the Board to be in the best interest of the Company".

**By Order of the Board**

**A.Menaka**  
Company Secretary

Place: Chennai  
Date: 29.05.2013

## NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him / her 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. The Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 with regard to Special Business mentioned above in Item Nos.4 to 5 is annexed herewith.
3. The Company's Register of Members and the Share Transfer Books will be closed from Thursday, 15th August, 2013 to Wednesday, 21st August, 2013 (both days inclusive).
4. 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.
5. Members/proxies are requested to bring their admission slips along with the copies of Annual Report to this Meeting.
6. 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.
7. 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.
8. Members holding shares in physical form are advised to intimate any change of address and bank details 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 and bank details to their respective Depository Participants and not to the Company.
9. 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.
10. 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 10 a.m. and 5 p.m. upto the date of Annual General Meeting and will also be available for inspection at the Meeting.
11. Complete set of the Annual Report is also available at the Company's web site [www.pentamedia.in](http://www.pentamedia.in) in the Investor Relation Section.
12. 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.

### (i) Mrs. Sumathi Sridharan :

Mrs.Sumathi Sridharan aged about 52 years is a M.E Computer Engineer and worked with REC, Trichy as a faculty in Department of Computer Science. She served in our group from 1993 to 2004. She has overall 25 years of professional corporate experience in various fields such as software development, education and training.

Mrs. Sumathi Sridharan holds 10,000 Equity shares of Re. 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. R.Kalyanaraman** aged about 62 years is a Electrical Engineer and he worked at BHEL in R&D at Hyderabad & Chennai over 10 years. He also carried in the role of Financial & Business promotional adviser in various organizations including Media & Software

(ii) Mr. R.Kalyanaramann holds NIL Equity shares in the Company.

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
Packs Support Services Private Limited	Independent Director	Nil	Nil
Forsee Financial & Consultancy Services Private Limited	Independent Director		
Wellwin Industry limited	Independent Director		
M F B Industries Limited	Independent Director		
Quintegra Solutions Limited	Independent Director		

(iii) **Mr.V.Chandrasekaran** has been the Managing Director of the Company since its incorporation and he was appointed as Chairman & CEO of the Company in July 2001. He has worked in the field of computer software for over two decades in positions both in India and Abroad. He began his career with Bharat Heavy Electricals Ltd. (BHEL) and served that company for over 10 years in positions in which he oversaw the design, development and maintenance of software and systems. He has also worked in Systems & Applied Sciences Corporation in Washington, where he was involved in design, development and implementation of software for media services. He is a M.E. in computer science from the Regional Engineering College, Trichy

Mr. V.Chandrasekaran holds NIL Equity shares in the Company.

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

NIL

13. The Ministry of Corporate Affairs, Government of India ("MCA") has, by its circular dated 21st April, 2011, announced a "Green Initiative in the Corporate Governance" by allowing paperless compliances by Companies. In terms of the said circular, service of notice/ documents by a Company to its Shareholders required to be made under the provisions of the Companies Act, 1956 can be made through the electronic mode.

In line with the above initiative of the MCA, the Company proposes to send documents such as the Notice of the Annual General Meeting, audited financial statements, Directors' Report, postal ballots etc., henceforth to all its esteemed shareholders, including your good self, in electronic form, through e-mail. To facilitate the same, we request all those shareholders who have not furnished their e-mail id to the company to furnish your e-mail id to the following e-mail ids viz., [cameo@cameoindia.com](mailto:cameo@cameoindia.com), [investor@pentamedia.in](mailto:investor@pentamedia.in) & [pmgl2008@live.com](mailto:pmgl2008@live.com) quoting your folio number. Alternatively visit <http://green.cameoindia.com> and register the e-mail id.

14. Members who hold shares in physical form are requested to convert the physical holdings into electronic holdings in order to enable us to have a status of 100% dematerialized Company.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

##### **Item No: 4**

Mr. R.Kalyanaraman has been appointed as an Additional Director of the Company with effect from November 1, 2012 by the Board of Directors at their meeting held on November 5, 2012. Pursuant to Section 260 of the Companies Act, 1956, Mr. R.Kalyanaraman, Additional Director holds office till the ensuing Annual General Meeting of the Company. Notice under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- has been received from a member proposing the appointment of Mr. R.Kalyanaraman as a Director of the Company.

A brief profile of Mr.R.Kalyanaraman along with the details of Companies in which he is a Director and the Board Committees of which he is a member are given in Item No. 12 of the Notes above.

The Board of Directors recommend the resolution at Item No.4 of the Notice for approval of the Shareholders.

Except Mr. R.Kalyanaraman, none of the other Directors of the Company are interested in the resolution.

**Item No: 5**

The Board of Directors at their Meeting held on 10<sup>th</sup> February, 2012 redesignated Mr.V.Chandrasekaran as the Non Executive Chairman of the Company which was approved by the shareholders at the 36<sup>th</sup> Annual General Meeting of the Company held on 5<sup>th</sup> September, 2012. Consequent to the resignation of Mr.Krish Narayanan as Director and CEO of the Company with effect from November 1, 2012, the Remuneration Committee at their meeting held on November 5, 2012 had recommended to the Board to appoint Mr.V.Chandrasekaran as Chairman and Managing Director of the Company.

The Board of Directors at their meeting held on November 5, 2012, based on the recommendation of the Remuneration Committee, pursuant to the provisions of Sections 198,269,309,310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, appointed Mr.V.Chandrasekaran as Chairman and Managing Director of the Company for a period of 1 year with effect from November 1, 2012.

A brief profile of Mr.V.Chandrasekaran along with the details of Companies in which he is a Director and the Board Committees of which he is a member are given in Item No. 12 of the Notes above.

The Board of Directors recommend the resolution at Item No.5 of the Notice for approval of the Shareholders.

Except Mr. V.Chandrasekaran, none of the other Directors of the Company are interested in the resolution.

**By Order of the Board**

**A.Menaka**  
Company Secretary

**Place: Chennai**  
**Date: 29.05.2013**



# Directors' Report

Dear Members,

The Directors have pleasure in presenting their Thirty Seventh Report of the Company together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2013.

## Financial Highlights

(₹.in lacs)

Particulars	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012
Net Sales / Income from Operation and other income	531.16	607.16
Total expenditure	265.72	380.28
Finance charges	0.17	0.27
Gross Profit / (Loss) after finance charges but before Depreciation	265.27	226.88
Depreciation	240.38	160.54
Provision for Taxation		
- Tax expense	4.74	12.64
- Deferred Tax Asset	21.08	5.02
Profit / (Loss) brought forward	41.22	58.72
Appropriation	1254.25	1213.03
Balance profit/(Loss) carried forward	1254.25	1213.03

## Operations Review

The Company has made a total turnover of Rs.531.16 lakhs and a gross profit of Rs.265.27 lakhs which amounts to 49.94% of the total turnover in this year compared to 37.36% in the previous year. This was possible due to the additional efforts taken by the company towards effective marketing and cost cutting methods. The net profit of the company is 41.22 lakhs after taking into account the depreciation of Rs.240.38 lakhs which compared to Rs.58.72 lakhs of net profit in the previous year. The increase in depreciation is due to additions to the fixed asset during the year. The consolidated net profit is Rs.38.13 lakhs as compared to the parent company net profit of Rs.41.22 lakhs. The company has closed down its subsidiaries and all the operations have been carried on from India. This decision was taken to have an effective control on the overall business under the present international scenario.

## Business Overview

### Projects

Pentamedia is enhancing its marketing activities through our associates and pushing to sell the software products and digital contents in the international market, this year the post-production of "Gulliver and the Lilliputs" new version of digital 3D animated movie has been completed and ready for release. It will be multiple language release in India and English release internationally. Production of a new version of 3D animation movie "Mustafa & Musician" is in progress. Three more digital 3D animation movies are in various stages of Production pipeline. Our Multi-picture offering is an unique value proposition for Children brands sponsors, platform exhibition and syndication. Being a pioneer in Digital Animation, our company evolved best practices, customized production pipeline tools and use of open source tools, with cloud computing shared resources to reduce the production cost within a short time frame. The Original digital assets from our large Digital library with over 2000 minutes of Computer Graphics work was tested for its data recovery, file naming convention, data integrity and compatibility to industry popular file formats to be used in today's tools. Proven practices and companies leadership in technology are clear indication on the recovery of existing digital assets and repurposing them to meet the needs of today's production. In the line with present trend of remixing & re-creating the old music & movies, the Company also planning to convert some of our animated movies viz., "Sindbad Beyond the Veil of Mists", "Pandavas", "Son of Alladin" etc to latest Digital 3D animation / Stereoscopic technology to view by 3D Glass as there are number of 3D theatres available in India.

Pentamedia is pioneering to use open source tools for its production pipeline to bring cost efficient content delivery without compromise on quality of production. As open source is not adapted easily by senior talents, its an opportunity for fresh talents to step in to show case their capability and pave way for better employability opportunity with good showcasable experience working with us. We are partnering with Visual Arts Institutions to bring this experience and opportunity to aspiring students to see them grow to lead as the 2000+ media artist trained by us leading the key departments of 300 animation and digital content service companies in the country. Pentamedia initiative on Mobile Programming across platform (ios, java and windows based smart devices) will be for applications and digital content.

### Training

Software Training in "New Media"-latest technology is being conducted viz., Mobile apps development for Android, iOS & Windows and "Virtualization & Cloud Computing". Trained skills will be used to convert some of available software products viz., Banking, Insurance, Healthcare etc. in the form of Apps as required in the present trend. 3D Animation and VFX training is offered in Open Source Platform Blender. All our courses are with live projects to give the necessary industrial experience to make the learners employable. We offer Individual, Corporate and Institutional training.

The Company has taken initiatives to bridge the gap between industry & educational institutes, during the year have conducted free seminars on “Visual Entrepreneurship & Digital Contents“ and workshops on “Mobile Apps Development” & “Cloud Computing” for around 50 colleges including Loyola, MOP Vaishnav, Alpha Arts & Science, SIET, Ethiraj, Madras Christian College, DB Jain, Meenakshi College, Hindusan College, Veltech Institute, Auxillium College, New College, SS Jain College etc.

Some of the major university/institutions have shown their interest to have “4 Staged Industry tie-up” for their students and faculty, through our unique Collaborative learning partnership program. Draft MOUs are being exchanged & to be rolled out in the 2013-14 academic year onwards, with the training imparted in new technology emerging areas, the Company has a large scope of increasing its operations internationally.

The software requirement is changing from computers to tablets & mobile phones and the new operating systems viz., iOS, Android, Windows 8, Chrome etc.

#### **Subsidiaries / Investments**

Subsidiaries: NumTV Limited (Mauritius) and Esoftcom (Mauritius) Limited are the 100% subsidiaries of the Company.

As the Members are aware, the Ministry of Corporate Affairs towards supporting green initiative, has provided general exemption to companies vide General Circular No: 2/2011 dated.08.02.2011 from complying with Section 212 (8) of the Companies Act, 1956, provided such companies publish the audited consolidated financial statements in the Annual Report. Your Board has decided to avail the said general exemption from applicability of provisions of Section 212 of the Companies Act, 1956, and accordingly, the Annual Report 2012-13 does not contain the financial statement of subsidiaries. The audited annual financial statements and related information of subsidiaries will be made available on request by any shareholder of the Company, or for inspection at the registered office. The same will be published on our official website [www.pentamedia.in](http://www.pentamedia.in). The Subsidiaries whose financials reflect a turnover of Esoftcom amounting to NIL with a net loss of 0.002m and turnover of NumTV amounting to NIL with a net loss of 0.003m. As explained in the last year Annual General Meeting, the commercial operations of these subsidiaries was suspended from October 2011, thus reducing the overheads in overseas and the parent Company directly dealing the overseas customers from India. This has been resulted the increase in profit margin by 49.94% from the sales which was 37.36% in the previous year. Hence there will not be any consolidated accounts from this financial year onwards as these subsidiaries are closed.

#### **CEO/CFO Certification**

The requisite certification from CEO and Head- Finance for the financial year 2012-13 under Clause 49(V) has been placed before the Board of Directors of the Company.

#### **Consolidated Financial Statements**

The Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards (AS-21, AS-23, and AS-27) issued by the Institute of Chartered Accountants of India and the same together with Auditors' Report thereon form part of the Annual report.

#### **Public Deposits**

Your Company has not accepted any Deposits under Section 58A and Section 58AA of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

#### **Statutory Dues**

Income Tax demands & refund issues have been referred to ITAT & High Court of Madras for the previous years as the Company's is 100% EOU with benefits under STPI & EHTP scheme till 2010. The Company is confident of winning from this issues.

#### **Dividend**

Your Directors do not recommend any dividend for the financial year 2012-13 to conserve cash resources for future. Consequently no amount is transferred to General Reserve Account.

#### **Management Discussion and Analysis Report**

##### **Industry Outlook**

##### **Media & Animation**

Indian media and entertainment industry grew from Rs 728 billion in 2011 to Rs 820 billion in 2012, registering an overall growth of 12.6 per cent as per the FICCI-KPMG Media & Entertainment 2013 report. While 2012 was a challenging year for the industry, with some improvement likely in the global economy in 2013 and GDP in the region of 6.1 per cent to 6.7 per cent, the prognosis for the industry looks much better going forward. Given the impetus introduced by digitisation, continued growth of regional media, upcoming elections, continued strength in the film sector and fast increasing new media businesses, the industry is estimated to achieve a growth of 11.8 per cent in 2013 to touch Rs 917 billion. Going forward, the sector is projected to grow at a healthy CAGR of 15.2 per cent to reach Rs 1,661 billion by 2017.

## Overall Industry Size and Projections:

Overall industry size (INR Billion) (For Calendar Years)	2007	2008	2009	2010	2011	2012	Growth in 2012 over 2011	2013P	2014P	2015P	2016P	2017P	CAGR (2012-2017)
TV	211.0	241.0	257.0	297.0	329.0	370.1	12.5%	419.9	501.4	607.4	725.0	847.6	18.0%
Print	160.0	172.0	175.2	192.9	208.8	224.1	7.3%	241.1	261.4	285.6	311.2	340.2	8.7%
Films	92.7	104.4	89.3	83.3	92.9	112.4	21.0%	122.4	138.3	153.6	171.7	193.3	11.5%
Radio	7.4	8.4	8.3	10.0	11.5	12.7	10.4%	14.0	15.4	18.7	22.7	27.4	16.6%
Music	7.4	7.4	7.8	8.6	9.0	10.6	18.1%	11.6	13.1	15.3	18.3	22.5	16.2%
OOH	14.0	16.1	13.7	16.5	17.8	18.2	2.4%	19.3	21.1	23.0	25.0	27.3	8.4%
Animation and VFX	14.0	17.5	20.1	23.6	31.0	35.3	13.9%	40.6	46.9	54.2	63.1	73.5	15.8%
Gaming	4.0	7.0	8.0	10.0	13.0	15.3	17.7%	20.1	23.8	30.9	36.2	42.1	22.4%
Digital Advertising	4.0	6.0	8.0	10.0	15.4	21.7	40.9%	28.3	37.1	48.9	65.1	87.2	32.1%
<b>Total</b>	<b>514.5</b>	<b>579.8</b>	<b>587.4</b>	<b>651.9</b>	<b>728.4</b>	<b>820.5</b>	<b>12.6%</b>	<b>917.4</b>	<b>1058.5</b>	<b>1237.5</b>	<b>1438.4</b>	<b>1661.1</b>	<b>15.2%</b>

**Growth in new media:** The rapid increase in mobile and wireless connections continues to drive the growth of internet penetration in India. Key beneficiaries are emerging new media segments, which include internet advertising, online classifieds, and gaming, all of which are on a rapid growth path. India remains a growth market for 'traditional' media as evidenced by the growth last year in TV audiences, radio listenership, and footfalls in theatres. India is an outlier country, where print is still a growth market. There is growing overseas demand for quality Indian animation/VFX work at affordable pricing. Traditional media is also increasingly offered on new media platforms. The M&E sector could be a noteworthy employer across creative, technical and business areas. With potential mushrooming of TV and radio broadcast channels and growth in skill intensive sectors of film, animation, gaming, VFX, this is only set to escalate. In the talent driven media sector, companies could potentially differentiate based on ability to attract and retain the right people..source FICCI

## Software & IT

The Indian software industry is poised for a strong revenue growth driven by social media, mobility, analytics and cloud. The Indian companies in the top 100 emerging markets list bring combined revenue of \$797 million. India ranks fifth among the emerging markets based on revenues, the Global 100 Software Leaders report, a revenue-based study on the world's top 100 software vendors. The recent report also contains indices of the top 100 software vendors in North America, Europe Middle East and Africa, and the emerging markets. IT to see strong revenue growth: "The Indian IT industry has been primarily identified with software services and this focus has relegated the software products segment to the background. However, off late, we are seeing a change in the fortunes of this segment due to significant growth. "Emerging technologies such as social media, mobility, analytics and cloud (SMAC) are driving the growth in this segment and helping it move to the next level,". A number of software product firms have grown over the last decade from a little over 100 in the year 2000 to nearly 2,400 in 2013. According to the industry body NASSCOM, the revenue from the software product segment currently stands at \$2.2 billion and is expected to reach \$10 billion by 2020.....Source PWC

## Directors

Mrs. Sumathi Sridharan, Director retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment, which the Board recommends.

A brief resume of Director retiring by rotation at the ensuing annual general meeting, nature of her expertise in specific functional areas, and names of Companies in which she 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.

## Changes during the year

- Mr. Krish Narayanan has resigned as "Director and CEO" with effect from November 1, 2012
- Mr.V.Chandrasekaran was appointed as Chairman & Managing Director of the Company from Non-Executive Chairman with effect from November 1, 2012 for a period of one year.
- Mr. R.Kalyanaraman was appointed as an Additional Director with effect from November 1, 2012.
- Mr.Joseph Jerome, Director had resigned with effect from December 28, 2012.
- Consequent to the resignation of Mr.Krish Narayanan, Company Secretary & Compliance Officer, Mrs.A.Menaka has been appointed as Company Secretary and Compliance Officer with effect from November 1, 2012.

## Corporate Social Responsibility (CSR)

### Your company is continuing in supporting the CSR initiatives with following activities:

- a) Last year the Company have started exclusive training programme “Junior Animator” for school children’s & youngsters to bring out new talents in Animation & Multimedia to cater to the skill requirements as required by the industries.
- b) The Company has taken initiatives to bridge the gap between industry & educational institutes, during the year have conducted free seminars on “Visual Entrepreneurship & Digital Contents” and workshops on “Mobile Apps Development” & “Cloud Computing” for around 50 colleges in Tamil Nadu.
- c) Conducted tamilnadu state level “Character Drawing & Script Writing” competition for students & graduates to enhance to inbuilt creativity and imagination in the entertainment industry.

## Environmental Awareness & Safety

Your Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

## Green Initiatives

To fall in line with the Green Initiatives of GOI, your Company is geared up to meet the same in all spheres of its activities. That is strengthening to communicate both internally and externally by E-mail & Internet thereby creating a 'paperless' atmosphere in the Company.

As a Green Initiative in Corporate Governance, the Ministry of Corporate Affairs (MCA) vide its circular dated 21<sup>st</sup> April 2011, allowed companies to send various notices and documents, including Annual Reports to shareholders through electronic mode to the registered email id of the shareholders. In this regard, the Company requests all its members to register their E-mail ID to respective depository participant's (DP's) alternatively visit <http://green.cameoindia.com> and register E-mail ID so as to enable us to communicate the reports and other updates electronically

## Director's Responsibility Statement

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm having:

- a) Prepared the Annual Accounts through the applicable accounting standards with proper explanation relating to material departures and strict adherence of principles of accounting and financial management.
- b) Selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- c) 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 your Company providing higher etiquettes in accounting and financial management; and
- d) Prepared the Annual Accounts on a going concern basis.

## Auditors

M/s. Sudhindran & 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 consultants and creative people are hired on part-time basis for assignments on case to case basis.

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

There were no Employees of the company covered under the provisions of Section 217(2A) (a ) (iii) of the Companies Act, 1956 read with Companies (Particulars of Employees ) Rules,1975 as amended.

### **Internal Control System**

Your Company is having a sound internal system, which enables that all assets are protected against loss from unauthorized use and all transactions are recorded and reported correctly. The classification and accounting of assets is carried out as per the standard procedures followed by the Company. This system is further supplemented by internal audit carried out by an independent Chartered Accountant and periodical review by management. The Audit Committee of the Board reviewed issues raised by both Internal and Statutory Auditors.

### **Human Resources**

Your Company takes pride in the commitment, competence and dedication shown by its employees (including outsourced) in all areas of business. Various Human Resource initiatives are taken to align the HR policies to the growing requirements of the business of the Company. Your Company has the credit of having produced high "Value Human Asset" during the last decade up to this period.

### **Conservation Of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo**

Your Company is into the business of Media and Training for Animation and Software. Since these activities do not involve any manufacturing activity, most of the Information required to be provided 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 given below.

#### **Conservation of Energy**

During the year, due to power scarcity the consumption of power & fuel were Rs 8.86 lacs as against Rs 4.7 lacs of pervious year. The Company taking all possible steps for optimal use of energy to avoid wastages and conserve energy as far as possible

#### **Technology Absorption / Research and Development**

Your Company is constantly active in harnessing and tapping the latest technologies in the industry and during the year, your Company had implemented the "Quality Education and Services" in New Media viz., Mobile Apps Development and Cloud. In Digital Media, the Company has adopted the technology of conversion from 2D to 3D Animation. Traditionally Digital Media is capital intensive and skill intensive. Pentamedia adapted its pipeline to support open source digital media tools as part of its production pipeline. This creates complete capital saving and also showcase the capability of the tool to reach production standards. With today's Cloud Resources, Rendering was completed in a record time using few cloud resources both private and public. Senior experienced Skilled resources were crossed trained on open source by professional mentors to expedite the learning curve during production. The Company has taken all possible efforts for optimal utilization of energy to avoid wastages as a measure of conservation of energy as "Energy Conserved is Energy Saved"

#### **Foreign Exchange Earnings and Outgo**

During the year, foreign exchange earnings were NIL whereas the outgo is Rs 3.09 lacs

#### **Corporate Governance**

Your Company has been constantly reassessing and benchmarking itself with well-Established Corporate Governance practices besides strictly complying with the requirements of Clause 49 of the Listing Agreement. A separate Report on Corporate Governance along with the Auditors' Certificate on compliance with the Corporate Governance as stipulated in Clause 49 is set out in this Annual Report and forms part of this Report.

#### **Appreciation**

Your Directors wish to place their sincere appreciation of the co-operation and support received from shareholders, institutions, state & central governments, other regulatory authorities, Educational institutions , Students 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 employees including out-sourced & ex-pentamedian, resulting in the successful performance of the Company during the year.

**Date: 29.05.2013**

**Place: Chennai**

**On Behalf of the Board  
V.Chandrasekaran  
Chairman & Managing Director**

# REPORT ON CORPORATE GOVERNANCE

The Directors have great pleasure in presenting the Report on Corporate Governance for the financial year ended 31<sup>st</sup> March, 2013 as per Clause 49 of the Listing Agreement.

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company'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 objectives are set, as well as the means of attaining and monitoring the performance of those objectives.

The Board of Directors fully supports and endorses corporate governance practices as enunciated in Clause 49 of the Listing Agreement as applicable from time to time.

## 2. BOARD OF DIRECTORS

### a) Composition

The Board has a balanced mix of Executive and Non-Executive Independent Directors. The Board consists of 4 members as on 31<sup>st</sup> March, 2013 and out of which the 3 are Non-Executive Independent Directors. The Chairman of the Board is an Executive Director and the minimum requirement of one half of the Board consisting of independent director is complied with.

### b) Changes during the year

Mr.R.Kalyanaraman was appointed as Director and Mr.V.Chandrasekaran, as Chairman & Managing Director of the Company w.e.f 1<sup>st</sup> November, 2012. Mr.Krish Narayanan & Mr. Joseph Jerome resigned from the post of Directorship with effect from 1<sup>st</sup> November, 2012 & 28<sup>th</sup> December, 2012 respectively.

### c) Board Meetings & Procedures

During the financial year under review, Five (5) meetings of the Board were held on 11<sup>th</sup> May 2012, 27<sup>th</sup> July 2012, 10<sup>th</sup> August 2012, 5<sup>th</sup> November 2012 and 7<sup>th</sup> February 2013. The intervening period between any two Board Meetings were well within the maximum time gap of 4 months prescribed under Clause 49 of the Listing Agreement. The annual calendar of meetings is broadly determined at the beginning of each year. The Board meets atleast once a quarter to review the quarterly performance and financial results of the Company. 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.

Particulars of Directors, their attendance at the Annual General Meeting and Board Meetings mentioned hereinabove held during the Financial year 2012-13 and also their other Directorships held in Public Companies (excluding Foreign Companies and Section 25 Companies) and Membership of other Board Committees (excluding Remuneration Committee) as at March 31, 2013 are as under:

Name of the Director	Category	No of Board Meetings attended	Attendance at last AGM	No of Director-ship (out of which as Chairman) excluding Pentamedia Graphics Limited)\$	No of committee membership (including Pentamedia Graphics Limited) (out of which as Chairman) #
*Mr. V.Chandrasekaran	Chairman & Managing Director	5	Yes	-	-
Mr. S.D. Viswanathan	Non Executive Independent Director	5	Yes	-	-
**Mr. Krish Narayanan	Director & CEO	3	Yes	-	-
Mrs. Sumathi Sridharan	Non Executive Independent Director	5	Yes	-	3
Mr. R.Kalyanaraman (Appointed w.e.f. 1 <sup>st</sup> November 2012)	Non Executive Independent Director	1	N/A	-	-
***Mr. Joseph Jerome	Non Executive Independent Director	4	Yes	-	-

\$ Directorship in private limited companies (which are not subsidiary or holding company of a public limited company), foreign companies and companies under Section 25 of the Companies Act 1956 are excluded.

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

\*Mr.V.Chandrasekaran, Redesignated as Non-Executive Chairman w.e.f 1<sup>st</sup> February, 2012 to 31<sup>st</sup> October, 2012 & was appointed as Chairman & Managing Director w.e.f 1<sup>st</sup> November, 2012

\*\*Mr.Krish Narayanan resigned from the Board as Director & CEO with effect from 1<sup>st</sup> November, 2012.

\*\* \* Mr. Joseph Jerome resigned from the Board as Director with effect from 28<sup>th</sup> December, 2012.

All the directors have certified that they are not members of more than ten committees and do not act as the Chairman of more than five committees in terms of the Listing Agreement across all companies in which they are directors.

The Independent Directors have confirmed that they satisfy the "criteria of independence" as stipulated in the clause 49(I) (A) of the Listing Agreement.

#### **d) Brief profile of the Directors of the Company to be re-appointed at the Annual General Meeting**

1. Mrs.Sumathi Sridharan, Director retiring by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re- appointment.

Mrs.Sumathi Sridharan aged about 52 years is a M.E Computer Engineer and worked with REC, Trichy as a faculty in Department of Computer Science. She served in our group from 1993 to 2004. She has overall 25 years of professional corporate experience in various fields such as software development, education and training.

2. Mr.R.Kalyanaraman

Mr.R.Kalyanaraman aged about 62 years is an Electrical Engineer and has worked at BHEL in R&D at Hyderabad & Chennai over 10 years. He also carried in the role of Financial & Business promotional adviser in various organizations including Media & Software industries.

3. M.V.Chandrasekaran

Mr.V.Chandrasekaran has been the Managing Director of the Company since its incorporation and he was appointed as Chairman & CEO of the Company in July 2001. He has worked in the field of computer software for over two decades in said positions both in India and Abroad. He began his career with Bharath Heavy Electricals Ltd. (BHEL) and served that company for over 10 years in positions in which he oversaw the design, development and maintenance of software and systems. He has also worked in Systems & Applied Sciences Corporation in Washington, where he was involved in design, development and implementation of software for media services. He is a M.E. in Computer Science

#### **e) Code of Conduct**

The Company has instituted a Code of Conduct for Members of the Board and Senior Management of the Company and the compliance of the same is affirmed by the Board and Senior Management personnel annually. The Code has also been posted on Company's corporate website [www.pentamedia.in](http://www.pentamedia.in). A declaration to this effect is signed by Mr. V.Chandrasekaran Chairman & Managing Director and the same forms a part of this report.

### **3. Board Committees**

#### **A. AUDIT COMMITTEE:**

##### **Terms of Reference**

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

- a. 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.
- b. 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.
- c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

- d. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- e. 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.

#### Composition & Meetings

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 2012-2013, the Audit Committee met Five times viz., 11<sup>th</sup> May 2012, 27<sup>th</sup> July 2012, 10<sup>th</sup> August 2012, 5<sup>th</sup> November 2012 and 7<sup>th</sup> February 2013.

Name of the Member	Category	Status	No. of Meetings Attended
Mr. S D Viswanathan	Non Executive – Independent	Chairman	5
*Mr.V.Chandrasekaran	Non Executive – Independent	Member	3
Mrs.Sumathi Sridharan	Non Executive – Independent	Member	2
**Mr. Joseph Jerome	Non Executive – Independent	Member	4
Mr.R.Kalyanaraman (Appointed w.e.f 1 <sup>st</sup> November 2012)	Non Executive – Independent	Member	2

\*Mr.V.Chandrasekaran was appointed as Chairman and Managing Director of the Company with effect from 1<sup>st</sup> November, 2012 and ceased to be member of the Committee w.e.f 1<sup>st</sup> November, 2012

\*\* Mr.Joseph Jerome has resigned with effect from 28<sup>th</sup> December, 2012

#### B. REMUNERATION COMMITTEE

##### Terms of Reference

The Committee advises 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	Category	Status
Mr. S D Viswanathan	Non Executive – Independent	Chairman
Mrs.Sumathi Sridharan	Non Executive – Independent	Member
*Mr. Joseph Jerome	Non Executive – Independent	Member
Mr.R.Kalyanaraman (Appointed w.e.f 1 <sup>st</sup> November, 2012)	Non Executive – Independent	Member

\*Resigned with effect from 28<sup>th</sup> December, 2012

During the Financial Year 2012-13 the Remuneration Committee met once on 5<sup>th</sup> November, 2012.

##### 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 Executive Directors during the financial year 2012-13 is noted below:-



**(a) Executive Directors:-**

(₹. in 000')

Name	Salary/ Allowance	Contribution to Funds	Value of Perquisites	Commission
Mr.V.Chandrasekaran (from 01.11.2012)	1000	-	-	-
Mr.Krish Narayanan (upto 31.10.2012)	430	-	60	-

**(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(000s)	Stock Options granted	Shareholding in the Company
Mr.V.Chandrasekaran (upto 31.10.2012)	24.00	NIL	NIL
Mr. S D Viswanathan	40.00	NIL	Nil
Mrs. Sumathi Sridharan	16.00	NIL	NIL
Mr. Joseph Jerome *	32.00	NIL	NIL
Mr.R.Kalyanaraman (Appointed w.e.f. 1 <sup>st</sup> November, 2012)	16.00	NIL	Nil

\*Resigned with effect from 28<sup>th</sup> December, 2012

**C. SHAREHOLDERS'/INVESTORS GRIEVANCE COMMITTEE**

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 and Share Transfer Agent and Depository Registrar.

**Terms of Reference**

The broad terms of reference includes the following:

- 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
- 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.

Name of the Member	Status	No. of Meetings Attended
Mr. S D Viswanathan	Chairman	4
Mrs. Sumathi Sridharan	Member	4
*Mr. Joseph Jerome	Member	3
Mr.R.Kalyanaraman (Appointed w.e.f. 1 <sup>st</sup> November, 2012)	Member	1

\*Mr.Joseph Jerome has Resigned with effect from 28<sup>th</sup> December, 2012

During the financial year 2012-13, the Investors' grievance committee met four times on 22<sup>nd</sup> June 2012, 12<sup>th</sup> July 2012, 1<sup>st</sup> August 2012 and 26<sup>th</sup> March 2013.

#### **Name, Designation and Contact Details of the Compliance officer**

Mrs.A.Menaka, 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 / 24833067  
Fax: +91-044- 24726042  
E-mail: cs@pentamedia.in, shares@pentamedia.in

#### **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 (investor@pentamedia.in) exclusively for redressal of investors' complaints.

During the financial year 2012-13, Ten (10) Complaints were received from the shareholders/investors and all were redressed to their satisfaction. No Complaint was pending for redressal as on March 31, 2013.

There were no pending requests for transfer of shares of the Company as at March 31, 2013.

#### **4. GENERAL BODY MEETINGS:**

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

<b>Year</b>	<b>Day &amp; Date</b>	<b>Time</b>	<b>Venue</b>
2009-2010	Tuesday, 28 <sup>th</sup> September, 2010	10.00 AM	Rani Seethai Hall, No.603,Anna Salai, Chennai - 600 006
2010-2011	Wednesday, 14 <sup>th</sup> September, 2011	10:00 AM	Rani Seethai Hall, No.603,Anna Salai, Chennai - 600 006
2011-2012	Wednesday, 5 <sup>th</sup> September, 2012	10:00 AM	Rani Seethai Hall, No.603,Anna Salai, Chennai - 600 006

All the above resolutions were passed with requisite majority.

#### **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.

#### **5. RISK MANAGEMENT**

The Company has laid down procedures to inform the Board members about the risk assessment and minimization procedures, which is reviewed by Board periodically.

#### **6. PREVENTION OF INSIDER TRADING**

The Company has framed a Code of Conduct for Prevention of Insider Trading, in line with the SEBI (Insider Trading) Regulations, 1992. This 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.

#### **7. DISCLOSURES:**

##### **i) Disclosures on materially significant related party transactions**

There were no materially significant related party transactions during the financial year 2012-2013 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) CEO/CFO Certification

The requisite certification from CEO and Head- Finance for the financial year 2012-13 under Clause 49(V) has been placed before the Board of Directors of the Company.

## vi) 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 2012-13 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.

## vii) 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 behaviour, safeguards against victimization of employees, etc.

## 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	www.pentamedia.in

## 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.,

Date: 29.05.2013

Place: Chennai

V.Chandrasekaran  
Chairman & Managing Director

## SHAREHOLDER'S INFORMATION

<b>Registered Office</b>	:	"TAURUS" ,No. 25, 1 <sup>st</sup> Main Road United India Colony, Kodambakkam Chennai - 600 024
<b>Annual General Meeting</b>	Day	: Wednesday
	Date	: 21 <sup>st</sup> August, 2013
	Time	: 10 A.M
	Venue	: Rani Seethai Hall - No. 603, Anna Salai, Chennai – 600 006
<b>Financial Year</b>	:	01.04.2012-31.03.2013
<b>Book Closure Period</b>	:	Thursday, 15th August 2013 to Wednesday, 21st August 2013 (both days inclusive).
<b>Listing on stock exchanges and stock code</b>	:	Bombay Stock Exchange Limited Phiroz Jheejhee Bhai Towers, Dalal Street, Fort, Mumbai – 400 001.
<b>Luxembourg Stock Exchange</b>	:	Societe te Bourse De Luxumbourg Societe p Binyrene/Rc B8222 8P 165 1- 2011 Luxumbourg.
<b>Stock Code</b>	:	500329 (BSE)
<b>ISIN No.</b>	:	INE202A01022

### Stock Market Data

The monthly high and low quotations and volume of shares traded on BSE for the period from April'2012 to March'2013 were as follows:

Month	High	Low	Volume of shares traded
April'12	1.22	1.01	22,63,210
May '12	1.12	0.93	18,55,475
June' 12	1.00	0.89	13,84,495
July '12	1.08	0.90	18,84,922
August' 12	0.97	0.78	16,24,786
September' 12	0.88	0.66	15,63,169
October '12	0.89	0.73	12,80,115
November' 12	0.92	0.70	19,94,060
December' 12	1.06	0.68	27,94,407
January'13	0.88	0.70	16,66,654
February'13	0.77	0.57	14,60,158
March' 13	0.69	0.48	19,51,920

### Registrar and Share Transfer Agents:

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

5<sup>th</sup> Floor, Subramanian Building,  
No.1, Club House Road,  
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 31.03.2013.

## Share holding pattern /Distribution of shareholding

### Shareholding pattern as on 31.03.2013

Category	No of shares	% of shareholding
Indian Promoters	6,02,27,891	14.51
Mutual Fund/ UTI	550	-
Financial Institutions/ Banks	6,10,54,986	14.71
Central / State Government	100	-
Foreign Institutional Investors	2,06,006	0.05
Private Bodies Corporate	3,06,84,937	7.39
Indian Public	24,52,24,132	58.55
Clearing Members	70,665	0.02
HUF	1,41,01,964	3.40
NRIs	33,98,245	0.82
OCBs	14,978	-
Trusts	42,264	0.01
Others (FOREIGN NATIONALS)	4	-
ADRs/ GDRs	-	-
<b>GRAND TOTAL</b>	<b>415,026,168</b>	<b>100.00</b>

### Distribution of shareholding as on 31.03.2013

Category	Number of holders	% on total	No of shares	% on total	
1	100	65858	34.07	2668679	0.64
101	500	67114	34.72	18261576	4.40
501	1000	25234	13.05	20780219	5.00
1001	2000	16019	8.28	24617815	5.93
2001	3000	6051	3.13	15372978	3.70
3001	4000	2885	1.49	10337677	2.49
4001	5000	2682	1.38	12717143	3.06
5001	10000	4049	2.09	29821794	7.18
10001 and above	3405	1.76	280448287	67.57	
<b>Total</b>	<b>193297</b>	<b>100</b>	<b>415026168</b>	<b>100</b>	

### Unclaimed Shares

Pursuant to Clause 5A of the Listing Agreement (as amended in December 2010), details in respect of the physical shares, which were issued by the Company from time to time and lying in the suspense account is as under:

Particulars	No of holders	No of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account as at April 1, 2012	426	84036
Fresh undelivered cases during the financial year 2012-13	-	-
Number of shareholders who approached the Company for transfer of shares from suspense account till March 31, 2013	-	-
Number of shareholders to whom shares were transferred from the Suspense account till March 31, 2013	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2013	426	84036

The voting rights on the shares outstanding in the suspense account as on March 31, 2013 shall remain frozen till the rightful owner of such shares claims the shares. In compliance with the said requirements, these shares will be transferred into one folio in the name of 'Unclaimed Suspense Account' in due course.

## DEMATERIALIZATION

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 31<sup>st</sup> March, 2013 are noted below:

Particulars	No of Shares	% of total capital issued
Shares held in Dematerialised form with NSDL	33,39,11,124	80.45
Shares held in Dematerialised form with CDSL	8,03,39,523	19.36
Shares held in Physical form	7,75,521	0.19
<b>Total</b>	<b>41,50,26,168</b>	<b>100.00</b>

## Outstanding GDRs/Warrants or any convertible warrants

There are no outstanding convertible GDRs/Convertible warrants.

## 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-individuals 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.

## Address for Correspondence

### Registered Office:

"TAURUS"

No. 25, First Main Road

United India Colony

Kodambakkam,

Chennai-600 024

E-Mail: [investor@pentamedia.in](mailto:investor@pentamedia.in)

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: (054) – 28460390 (5 lines)

Fax: (054) - 28460129

Email: [investor@cameoindia.com](mailto:investor@cameoindia.com)

**Date: 29.05.2013**

**Place: Chennai**

**V.Chandrasekaran**  
**Chairman & Managing Director**

# CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identification No. : L74210TN1976PLC007142

Authorised Capital: 4,500,000,000/-

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, 2013. 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.

For **Sudhindran & Co**  
Chartered Accountants

**CA P.SUDHINDRAN**  
PARTNER

Membership No.32100

Firm Registration No.006019S

Place : Chennai  
Date : 29.05.2013

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## DECLARATION OF CODE OF CONDUCT

To

The Members of Pentamedia Graphics Limited  
"TAURUS" No. 25, First Main Road  
United India Colony, Kodamabakkam  
Chennai - 600 024

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 31<sup>st</sup> March 2013, as envisaged in Clause 49(I) (D) (ii), of the Listing Agreement.

Place : Chennai  
Date : 29.05.2013

**V.Chandrasekaran**  
Chairman & Managing Director

**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 their 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 & MANAGING DIRECTOR**

**V. VENKATARAMANAN  
HEAD FINANCE**

Place: Chennai  
Date: 29.05.2013



## **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 2013, the Statement of 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, statement of 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, statement of 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 2013 and taken on record by the Board of Directors, we report that, none of the Directors are disqualified as on 31st March 2013 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 company valued long term investments at cost as per the present market conditions and as per valuation done by the valuer. Increase / decrease in value is provided for, where the management is of the opinion that the variation is permanent is nature. We have not conducted audit procedure for the same.*
  - c. *The value of long term / short term loans and advances amounting to Rs.150.84 crores is based on confirmation from management as to recoverability and consequent implications of AS-28 and the value of Secured creditors amounting to Rs. Nil crores and Current Liabilities amounting to Rs.81.85 lacs 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 non quantifiable 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, 2013

- b. in the case of Statement 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.

For **Sudhindran & Co**  
Chartered Accountants

**CA P.SUDHINDRAN**  
PARTNER

Place : Chennai  
Date : 29.05.2013

Membership No.32100  
Firm Registration No.006019S

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## 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 not granted loan free of interest to company covered in the register maintained under section 301 of the Companies Act, 1956.

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 the 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 Rs.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. 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.

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

## 9. STATUTORY DUES

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:

Pentamedia Graphics Limited has obtained a direction/order dt. 15.07.2010 (W.P. No.2357/10) from the High Court of Madras to dispose off all the issues and appeals pertaining to the AYs 1997-98 to 2007-08 where the Company have claimed refunds. The issues and appeals are on various stages with the Income Tax department. Pentasoft Technologies Limited has obtained a direction/order dt. 18.12.2009 (W.P. No.25120/2009) from the High Court of Madras to dispose off all the issues and appeals pertaining to the AYs 1998-99 to 2006-07 where Pentasoft have claimed refunds. The issues and appeals are on various stages with the Income Tax department.

The volume of claims /refunds cannot be quantified.

10. 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.
11. 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.
12. 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.
13. 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.
14. According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the company.
15. The Company has not raised any new term loan during the year.
16. 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.
17. The company has not issued any debentures. Accordingly clause 4(xix) of Companies (Auditors Report) Order, 2003 is not applicable.
18. No monies have been raised by way of public issue.
19. 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.

For **Sudhindran & Co**  
Chartered Accountants

**CA P.SUDHINDRAN**  
PARTNER

Membership No.32100  
Firm Registration No.006019S

Place : Chennai  
Date : 29.05.2013

**PENTAMEDIA GRAPHICS LIMITED**  
**BALANCE SHEET AS AT 31st MARCH 2013**

₹ in '000

Particulars	Note No.	As at 31 March, 2013	As at 31 March, 2012
<b>I. EQUITY AND LIABILITIES :</b>			
<b>1) Shareholders' funds</b>			
Share Capital	3	415,026	415,026
Reserves and Surplus	4	4,090,974	4,086,852
		<b>4,506,000</b>	<b>4,501,878</b>
<b>2) Non-Current Liabilities</b>			
Long-term Borrowings	5	-	-
Deferred tax liabilities (net)	6	17,594	19,702
Long-term Provisions	7	410	350
		<b>18,004</b>	<b>20,052</b>
<b>3) Current Liabilities</b>			
Short-term Borrowings	8	3,433	180,569
Trade Payables	9	2,799	1,690
Other Current Liabilities	10	75	512
Short-term Provisions	11	11,023	10,647
		<b>17,330</b>	<b>193,418</b>
<b>Total Equity &amp; Liabilities</b>		<b>4,541,334</b>	<b>4,715,347</b>
<b>II. ASSETS</b>			
<b>1) Non-Current Assets</b>			
Fixed assets	12		
(i) Tangible assets		141,029	160,792
(ii) Intangible assets		1,714,866	1,718,583
		<b>1,855,895</b>	<b>1,879,375</b>
Long-term Loans and Advances	13	1,038,362	1,162,863
Other non-Current Assets	14	1,117	1,676
		<b>2,895,374</b>	<b>3,043,914</b>
<b>2) Current Assets</b>			
Current Investments	15	927,270	927,270
Inventories	16	241,965	254,634
Trade Receivables	17	6,039	20,032
Cash and cash equivalents	18	633	2,169
Short-term Loans and Advances	19	470,053	467,329
		<b>1,645,960</b>	<b>1,671,434</b>
<b>Total Assets</b>		<b>4,541,334</b>	<b>4,715,347</b>

Accounting policies and Notes forming part of the financial statements.

For and on behalf of the Board

As per our separate report of even date

**V.CHANDRASEKARAN**  
Chairman & Managing Director

**SUMATHI SRIDHARAN**  
Director

for **Sudhindran & Co,**  
Chartered Accountants,

**A. MENAKA**  
Company Secretary

**CA P Sudhindran,**  
Partner,  
Membership No.032100  
Firm Registration No.006019S

Place : Chennai  
Date : 29.05.2013

**PENTAMEDIA GRAPHICS LIMITED**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2013**

₹ in '000

Particulars	Note No.	Year ended 31 March, 2013	Year ended 31 March, 2012
<b><u>REVENUE</u></b>			
Revenue from operations (gross)	20	53,116	60,716
Revenue from operations (net)		53,116	60,716
Other income	21	-	-
<b>Total Revenue</b>		<b>53,116</b>	<b>60,716</b>
<b><u>EXPENSES</u></b>			
Cost of materials consumed	22	13,328	21,374
Employee benefits expense	23	4,426	4,866
Finance costs	24	17	27
Depreciation and amortisation expense	25	24,038	16,054
Administrative & Other expenses	26	8,818	11,761
<b>Total Expenses</b>		<b>50,627</b>	<b>54,082</b>
Profit before exceptional and extraordinary items and tax		2,489	6,634
Add : Exceptional items		-	-
Profit before extraordinary items and tax		2,489	6,634
Extraordinary Items		-	-
Profit before tax		<b>2,489</b>	<b>6,634</b>
<b><u>Tax expense:</u></b>			
Current Tax		474	1,264
Deferred tax Asset		2,108	502
<b>Profit for the year</b>		<b>4,122</b>	<b>5,872</b>
Earnings per equity share of face value of Re.1 each			
Basic and Diluted		0.010	0.014

Accounting policies and Notes forming part of the financial statements.

For and on behalf of the Board

As per our separate report of even date

**V.CHANDRASEKARAN**  
Chairman & Managing Director

**SUMATHI SRIDHARAN**  
Director

for **Sudhindran & Co,**  
Chartered Accountants,

**A. MENAKA**  
Company Secretary

**CA P Sudhindran,**  
Partner,  
Membership No.032100  
Firm Registration No.006019S

Place : Chennai  
Date : 29.05.2013

**PENTAMEDIA GRAPHICS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

₹ in '000

	2012 - 2013		2011-2012	
<b>A. Cash Flow From Operating Activities</b>				
Net Profit Before Tax		2,489		6,634
Add : Depreciation	23,479		15,495	
Interest Paid	17	23,496	27	15,522
		25,985		22,156
Less : Mis. Income	-		-	
Decrease in WIP	22,931	22,931	-	-
Operating profit before working capital changes		3,054		22,156
Add : Decrease in Current Assets & Non-Current Assets(Net)	148,997		728,758	
Increase in Current Liabilities & Non-Current Liabilities	634	149,632	(896)	727,862
<b>Net Cash flow operating activities "A"</b>		<b>152,686</b>		<b>750,018</b>
<b>B. Cash Flow From Investing Activities</b>				
Misc. Income	-		-	
Less: Purchase of Fixed Assets	22,931		-	
<b>Net Cash Flow from Investing Activities "B"</b>		<b>22,931</b>		<b>-</b>
<b>C. Cash Flow From Financing Activities</b>				
Increase in Long Term Borrowings	-		(708,934)	
Decrease in Short Term Borrowings	(177,135)		(40,982)	
Interest Paid	(17)		(27)	
<b>Net Cash Flow from Financing Activities "C"</b>		<b>(177,152)</b>		<b>(749,943)</b>
<b>Net Cash Inflow for the year ended</b>				
<b>D. Net Increase / (Decrease in) Cash &amp; Cash equivalents (A+B+C) / (F-E)</b>		<b>(1,536)</b>		<b>75</b>
<b>Reconciliation :</b>				
<b>E. Cash &amp; Cash Equivalents at the beginning of the year</b>		<b>2,169</b>		<b>2,094</b>
<b>F. Cash &amp; Cash Equivalents at the end of the year</b>		<b>633</b>		<b>2,169</b>
<b>Net Cash Increase for the year ended</b>		<b>(1,536)</b>		<b>75</b>

\*Cashflow for current year has been prepared based on restructured financials. Previous year figures have been regrouped and recasted wherever necessary to confirm to current year's classification.

This is the cash flow statement referred to in our report of even date.

**For and on behalf of the Board**

**V.CHANDRASEKARAN**  
Chairman & Managing Director

**SUMATHI SRIDHARAN**  
Director

**A. MENAKA**  
Company Secretary

Place : Chennai  
Date : 29.05.2013

**AUDITOR'S CERTIFICATE**

The above cash flow statement has been compiled from and is based on the audited accounts of M/s. Pentamedia Graphics Limited for the year ended 31st March 2013 reported upon by us on 29.05.2013. 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.

As per our separate report of even date.  
for **SUDHINDRAN & CO**, Chartered Accountants,

**CA P Sudhindran**,  
Partner,  
Membership No.032100  
Firm Registration No.006019S

Place : Chennai  
Date : 29.05.2013

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS** **FOR THE YEAR 2012 - 2013**

### **A. CORPORATE INFORMATION**

Pentamedia Graphics Limited (PMGL) is a Public Limited company incorporated in the State of Tamilnadu and listed on the Bombay Stock Exchange (BSE). The company has been mainly in the following business during the year:

- a. Pre & Post production of digital contents for animation& visual effects for Film, TV &Internet
- b. Consultancy on multimedia & software
- c. Training and maintenance of media & software products.

### **SIGNIFICANT ACCOUNTING POLICIES :**

### **B. 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. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

### **A) 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 despatch 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 billed to the clients.

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

### **B) USE OF ESTIMATES:**

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Differences between actual and estimates are recognized in the period in which the results are known/materialized.

### **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 represents capital advances and expenditure incurred during the period of software development pending capitalization

## **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. As the computers have exhausted the useful life, their value is written off as depreciation.

## **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 stated at cost, except where there is a diminution in value (other than temporary), in which case the carrying value is reduced to recognize the decline.

## **H) RETIREMENT BENEFITS TO EMPLOYEES**

The liability for future payment of gratuity has been provided in the accounts. The liability is not funded separately.

## **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 is provided in accordance with the provisions of Income Tax Act, 1961.

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize.

## **L) IMPAIRMENT OF ASSETS**

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amounts. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

## **M) PRELIMINARY EXPENSES**

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



## N) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized only when the Company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements.

### Notes forming part of the financial statements for 2012 - 2013

#### NOTE NO. 3 SHARE CAPITAL

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	₹ '000	Number of shares	₹ in '000
<u>(a) Authorised Capital</u>				
4,45,00,00,000 equity shares of Re.1/- each	4,450,000,000	4,450,000	4,450,000,000	4,450,000
50,00,000 preference shares of Rs.10/- each	5,000,000	50,000	5,000,000	50,000
	4,455,000,000	4,500,000	4,455,000,000	4,500,000
<u>(b) Issued, Subscribed and paidup</u>				
41,50,26,168 Equity shares of Re.1/- each fully paidup	415,026,168	415,026	415,026,168	415,026
<b>Total</b>	<b>415,026,168</b>	<b>415,026</b>	<b>415,026,168</b>	<b>415,026</b>

#### 2. Reconciliation of number of equity shares and share capital

	Number of Equity Shares	Amount in 000	Number of Equity Shares	Amount in 000
At the beginning of the year	415,026,168	415,026	415,026,168	415,026
Add : Issued during the year	Nil	Nil	Nil	Nil
Outstanding at the end of the year	415,026,168	415,026	415,026,168	415,026

#### Disclosures :

All the equity shares carry equal rights and obligations rights including for dividend and with respect to voting rights.

#### 3. Details of Shareholders holding more than 5% of the aggregate shares in the company

Name of the shareholders	Number EquityShares	% Ratio	Number of EquityShares	% of Ratio
Kotak Mahindra Bank	60,000,000	14.46	60,000,000	14.46
Vesa Holdings Pvt Ltd	41,806,385	10.07	41,806,385	10.07

**4. Aggregate number of equity shares allotted as fully paidup by way of bonus shares during the proceeding five years.**

Year	
2012-13	Nil
2011-12	Nil
2010-11	Nil
2009-10	Nil
2008-09	Nil

**NOTE NO. 4 RESERVE AND SURPLUS**

₹ in '000

Particulars	As at 31 March, 2013	As at 31 March, 2012
<b>(a) Securities premium account</b>		
Balance at the beginning and at the end of the year	987,780	987,780
<b>(b) General reserve</b>		
Balance at the beginning and at the end of the year	369,593	369,593
<b>(c) Other reserves</b>		
(i) Share Premium On account of Scheme of arrangement with Pentasoft Technologies Ltd as per High Court Order. Balance at the beginning and at the end of the year	2,546,597	2,546,597
(ii) Contingency Reserve		
Balance at the beginning and at the end of the year	61,579	61,579
<b>(d) Surplus / (Deficit) in Statement of Profit and Loss</b>		
Balance at the beginning of the year	121,303	115,431
Add : Profit for the year	4,122	5,872
Balance at the end of the year	125,425	121,303
<b>TOTAL</b>	<b>4,090,974</b>	<b>4,086,852</b>

**NOTE NO. 5 LONG TERM BORROWINGS**

₹ in '000

Particulars	As at 31 March, 2013	As at 31 March, 2012
<b>a. Working Capital Loans</b>		
<b>From banks</b>		
Secured		
Sub-Total (a)		
<b>b. Unsecured Loans</b>	<b>Nil</b>	<b>Nil</b>
i) from banks		
ii) from other parties		
Sub-Total (b)		
<b>Grand Total (a+b)</b>		

**NOTE NO.6 DEFERRED TAX LIABILITIES**

₹ in '000

Particulars	As at 31 March, 2013	As at 31 March, 2012
Depreciation as per Companies Act	23,479	15,495
Depreciation as per Income Tax Act	16,659	13,869
Difference	6,821	1,626
Deferred Tax Asset @ 30.90%	2,108	502
Amount taken into P & L account for the year ended	2,108	502
Net Deferred Tax Liability shown in the Balance Sheet for the last year	19,702	20,204
Less: Deferred Tax Asset for the current year to be accounted - P & L	2,108	502
<b>Net Deferred Tax Liability to be shown in the Balance Sheet</b>	<b>17,594</b>	<b>19,702</b>

**NOTE NO. 7 LONG-TERM PROVISIONS**

Gratuity Provision	350	350
Others	60	-
<b>TOTAL</b>	<b>410</b>	<b>350</b>

**NOTE NO. 8 SHORT TERM BORROWINGS**

<u>(a) Loans repayable on demand from other parties</u>		
Unsecured	3,433	180,569
<b>TOTAL</b>	<b>3,433</b>	<b>180,569</b>

**NOTE NO. 9 TRADE PAYABLE**

Sundry Creditors for Supplies	2,799	1,690
<b>TOTAL</b>	<b>2,799</b>	<b>1,690</b>

**NOTE NO. 10 OTHER CURRENT LIABILITIES**

<u>(a) Other payables</u>		
<u>(i) Statutory remittances :</u>		
TDS Payable	64	413
Service Tax Payable	-	80
Others	11	19
<b>TOTAL</b>	<b>75</b>	<b>512</b>

**NOTE NO. 11 SHORT TERM PROVISIONS**

<u>a) Provision for employee benefits:</u>		
Salaries & Wages and benefits	801	455
<u>b) Others</u>		
Advances from customers	1,953	1,953
Trade Expenses	353	30
<u>c) Provisions for taxation</u>		
Income Tax	7,916	8,209
<b>TOTAL</b>	<b>11,023</b>	<b>10,647</b>

	GROSS BLOCK- AT COST			DEPRECIATION				NET BLOCK	
	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	As at 01.04.2012	For the Year	Deductions	As at 31.03.2013	As at 31.03.2012
<b>Tangible assets</b>									
Land	27,325	-	-	27,325	-	-	-	27,325	27,325
Buildings	131,867	-	-	131,867	50,722	4,404	-	76,741	81,145
Plant and Machinery	13,577	-	-	13,577	9,089	960	-	3,528	4,488
Vehicles	1,551	-	-	1,551	1,541	10	-	-	10
Furniture and Fittings	117,201	-	-	117,201	80,754	7,419	-	29,028	36,447
Digital Content	20,910	-	-	20,910	9,534	6,969	-	4,407	11,376
Sub-Total (a)	312,432	-	-	312,432	151,640	19,762	-	141,029	160,791
<b>Intangible assets</b>									
Capital Work-in-progress	897,812	-	22,931	874,881	-	-	-	874,881	897,812
Product Rights	820,427	-	-	820,427	-	-	-	820,427	820,427
Computer & Software	2,214,114	22,931	-	2,237,045	2,213,770	3,717	-	19,558	344
Sub-Total (b)	3,932,353	22,931	22,931	3,932,353	2,213,770	3,717	-	1,714,866	1,718,583
<b>Grand Total</b>	<b>4,244,784</b>	<b>22,931</b>	<b>22,931</b>	<b>4,244,784</b>	<b>2,365,410</b>	<b>23,479</b>	<b>-</b>	<b>1,855,895</b>	<b>1,879,374</b>

**NOTE NO. 13 LONG TERM LOANS & ADVANCES**

₹ in '000

Particulars	As at 31 March, 2013	As at 31 March, 2012
(i) Other loans and advances Unsecured, considered good	1,038,362	1,162,863
<b>TOTAL</b>	<b>1,038,362</b>	<b>1,162,863</b>

**NOTE NO. 14 OTHER NON-CURRENT ASSETS**

(a) Others Miscellaneous Expenses ( not written off)	1,117	1,676
<b>TOTAL</b>	<b>1,117</b>	<b>1,676</b>

**NOTE NO. 15 CURRENT INVESTMENTS**

Particulars	As at 31 March, 2013			As at 31 March, 2012		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<u>a. Other current investments (at lower of cost and fair value, unless otherwise stated)</u>						
(a) Investments in equity instruments :						
(i) of subsidiaries	-	927,270	927,270	-	927,270	927,270
<b>TOTAL</b>			<b>927,270</b>			<b>927,270</b>

**NOTE NO. 16 INVENTORIES**

(As certified by the Management)

(At lower of cost and net realisable value)

(a) Work-in-progress	120,199	121,015
(b) Finished goods (other than those acquired for trading) Stock of Training Material"	1,109	2,634
(c) Stock-in-trade (acquired for trading)	-	1,315
(d) <u>Others</u> Distribution Rights"	120,657	129,670
<b>TOTAL</b>	<b>241,965</b>	<b>254,634</b>

**NOTE NO. 17 TRADE RECEIVABLES**

a. Outstanding for a period exceeding 6 months from the date they are due for payment Unsecured, considered good	1,605	7,851
Less : Provision for doubtful debts	-	-
Sub-total(a)	1,605	7,851
<u>b. Others - considered goods</u>		
Unsecured, considered good	4,434	12,181
Less : Provision for doubtful debts	-	-
Sub-total(b)	4,434	12,181
<b>TOTAL (a+b)</b>	<b>6,039</b>	<b>20,032</b>

**NOTE NO. 18 CASH AND CASH EQUIVALENTS**

₹ in '000

Particulars	As at 31 March, 2013	As at 31 March, 2012
a. Cash on Hand	4	25
<u>b. Balances with Banks</u>		
in Current Accounts	629	2,144
<b>TOTAL</b>	<b>633</b>	<b>2,169</b>

**NOTE NO. 19 SHORT TERM LOANS & ADVANCES**

<u>(a) Security deposits</u>		
<u>Secured, considered good</u>		
Deposit-Electricity	233	233
Deposit - Telephone	681	681
Earnest Money Deposit	485	485
Electricity Deposit	3,376	3,376
Security Deposits	633	623
Telephone Deposit	795	804
Service Tax Pre Deposit	940	-
	7,143	6,202
<u>(b) Prepaid expenses - Unsecured, considered goods</u>		
(Insurance premium, Annual maintenance contracts, etc.)	18	18
	18	18
<u>(c) Balances with government authorities</u>		
Unsecured, considered good		
(i) Service Tax credit receivable	740	190
(ii) Advance Income Tax	313,694	313,694
(iii) Tax deducted at Source	6,064	6,064
	320,498	319,948
<u>(d) Advances</u>		
Unsecured, considered good	142,394	141,161
	142,394	141,161
<b>TOTAL</b>	<b>470,053</b>	<b>467,329</b>

**NOTE NO. 20 REVENUE FROM OPERATIONS**

	Year ended 31 March, 2013	Year ended 31 March, 2012
<u>Sale of services</u>		
a. Media Training Income	449	899
b. Software & Media Operation	52,667	59,817
	53,116	60,716
Less : Excise duty	-	-
<b>Revenue from Operation (Net)</b>	<b>53,116</b>	<b>60,716</b>

**NOTE NO. 21 OTHER INCOME**

Miscellaneous Income	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**NOTE NO. 22 COST OF MATERIALS CONSUMED**

Opening stock	254,634	262,134
Add: Purchases	-	-
	254,634	262,134
Less: Closing stock	241,965	254,634
Cost of material consumed	12,669	7,500
Material consumed comprises:		
Multimedia development and educational training expense	659	13,874
<b>TOTAL</b>	<b>13,328</b>	<b>21,374</b>

**NOTE NO. 23 EMPLOYEES' BENEFITS EXPENSES :**

₹ in '000

Particulars	Year ended 31 March, 2013	Year ended 31 March, 2012
Salaries and wages	4,282	4,806
Staff welfare expenses	144	60
<b>TOTAL</b>	<b>4,426</b>	<b>4,866</b>

**NOTE NO. 24 FINANCE COST**

Bank Charges	17	27
<b>TOTAL</b>	<b>17</b>	<b>27</b>

**NOTE NO. 25 DEPRECIATION AND AMORTISATION EXPENSES**

Depreciation	23,479	15,495
Preliminary expenses	559	559
<b>TOTAL</b>	<b>24,038</b>	<b>16,054</b>

**NOTE NO. 26 ADMINISTRATIVE AND OTHER EXPENSES**

Rates and taxes	1,057	1,378
Power and fuel	886	470
Printing and stationery	392	742
Telephone and Postage	2,731	1,853
Travelling and conveyance	611	394
Insurance	17	11
Office Maintenance	234	380
Repairs and maintenance - Buildings	-	2
Repairs and maintenance - Machinery	114	66
Repairs and maintenance - Others	485	130
Administration and other exp	189	601
Training Expenses	102	-
Advertisement	202	234
Director Sitting Fees	120	113
Legal and professional	1,250	5,047
Miscellaneous expenses	243	150
Payments to auditors		
Statutory audit	150	150
Taxation matters	25	25
Other services	10	15
<b>TOTAL</b>	<b>8,818</b>	<b>11,761</b>

**B. NOTES ON ACCOUNTS****Claims against the Company not acknowledge as Liability:**

a. Income Tax:

Pentamedia Graphics Limited has obtained a direction/order dt. 15.07.2010 (W.P. No.2357/10) from the High Court of Madras to

dispose off all the issues and appeals pertaining to the AYs 1997-98 to 2007-08 where the Company have claimed refunds. The issues and appeals are on various stages with the Income Tax department. Pentasoft Technologies Limited has obtained a direction/order dt. 18.12.2009 (W.P. No.25120/2009) from the High Court of Madras to dispose off all the issues and appeals pertaining to the AYs 1998-99 to 2006-07 where Pentasoft have claimed refunds. The issues and appeals are on various stages with the Income Tax department.

The volume of claims /refunds cannot be quantified.

b. DAL, Ireland

The Company's appeal on Dallah Albaraka (DAL) claim against the guarantor M/s.Pentasoft Technologies Limited which is being claimed on Pentamedia Graphics Ltd. is in progress.

2. Confirmation of balances/Reconciliation is pending in respect of certain Banks/Long Term & Short Term Loans and Advances/ Trade Receivables/ Trade Payables unclaimed dividend 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 Company has recognized deferred tax liability (Net) Rs. 1.76 cores as per the requirements of Accounting Standard 22.

#### 4. EPS

Number if equity shares of Re1/- each (basic)	41,50,26,168
Number if equity shares of Re 1/- each (diluted)	41,50,26,168
Net profit after tax available for equity shareholders	Rs. 41,21,954
Basic EPS - Weighted Average	0.010
Diluted EPS - Weighted Average	0.010

#### 5. Segmental Reporting Primary Business Segmental Results.

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

Particulars	₹ in '000
<b>Sales &amp; Services</b>	
Media Products & Services	449
Software Products & Services	52,667
<b>Total</b>	<b>53,116</b>
<b>Profit Before Interest &amp; Tax</b>	
Media / Software Products & Services	669
<b>Total</b>	<b>669</b>
Depreciation and amortization	24,038
Interest	17
<b>Profit before Tax &amp; Extraordinary item</b>	<b>2,489</b>

#### 6. Payments to Auditors:

₹ in '000

Particulars	2012 – 2013	2011 – 2012
a. Statutory Audit	150	150
b. Tax Audit	25	25
c. Certification and other services	10	15
<b>Total</b>	<b>185</b>	<b>190</b>



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

### List of Related Parties:

<b>Subsidiaries:</b>	NumTV Limited, Mauritius Esoftcom (Mauritius) Limited,
<b>Key Management personnel:</b>	Mr.V.Chandrasekaran, Chairman & Managing Director

₹ in '000

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	-	-	1,490	1,490

## 8. MANAGERIAL REMUNERATION

Particulars	2012-2013	2011-2012
Salary	1,490	2,140
Contribution to Provident Fund & Other funds	Nil	240
Commission	Nil	Nil
<b>Total</b>	<b>1,490</b>	<b>2,380</b>

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

	2012-2013	2011-2012
Net Profit for the year as per Profit & Loss account	2,489	6,634
<b>Add :</b> Depreciation as per Profit & Loss account	23,479	15,495
<b>Less:</b> Director's Remuneration	1,490	2,380
Director's Sitting fees	120	113
Depreciation as per Sec 350 of the Companies Act, 1956	23,479	15,495
<b>Net Profit</b>	<b>769</b>	<b>4,141</b>

## 9. 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.

**10. EXPENDITURE IN FOREIGN CURRENCY**

₹ in '000

	2012-2013	2011-2012
Import on CIF basis		
Capital goods	Nil	Nil
Raw Materials	Nil	Nil
Spare parts, Components & Consumables	Nil	Nil
Travel (including maintenance allowances)	Nil	Nil
Others (includes listing fees, seminar expenses & Expenditure incurred overseas for Multimedia Development)	Nil	26,240

**11. EARNING IN FOREIGN CURRENCY**

₹ in '000

	2013	2012
Multimedia Development Services & Products (Exports)	Nil	59,817

**12. DUES TO SMALL SCALE INDUSTRIAL UNDERTAKINGS**

As of 31st March 2013 the Company has no outstanding exceeding Rs.100 thousands to Small Scale Industrial Undertakings as defined under the Industrial Development Regulation Act, 1951.

**13. PREVIOUS YEAR COMPARATIVES**

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classifications / disclosures.

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

As per our separate report of even date

for **Sudhindran & Co,**  
Chartered Accountants

**CA. P. SUDHINDRAN,**  
Partner  
Membership.No.: 032100  
Firm Registration No. 006019S

Place : Chennai  
Date : 29.05.2013

For and on behalf of the Board

**V.CHANDRASEKARAN**  
Chairman & Managing Director

**SUMATHI SRIDHARAN**  
Director

**A. MENAKA**  
Company Secretary

**AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

We have audited the attached Balance Sheet of M/s.Pentamedia Graphics Limited and its subsidiaries as at 31<sup>st</sup> March 2013, the Consolidated Statement of Profit & 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 Rs.121.77 Crores as at 31<sup>st</sup> March 2013, and Total Revenues of Rs. NIL 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 M/s. Pentamedia Graphics Limited and its subsidiaries as at 31<sup>st</sup> March, 2013,
- ii. The consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of M/s. 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 M/s. Pentamedia Graphics Limited and its subsidiaries as at 31<sup>st</sup> March, 2013.

For **Sudhindran & Co**  
Chartered Accountants

**CA P.SUDHINDRAN**  
PARTNER

Membership No.32100

Firm Registration No.006019S

Place : Chennai  
Date : 29.05.2013

**PENTAMEDIA GRAPHICS LIMITED  
CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2013**

₹ in '000

Particulars	Note No.	As at 31 March, 2013	As at 31 March, 2012
<b>I. EQUITY AND LIABILITIES :</b>			
<b>1) Shareholders' funds</b>			
Share Capital	3	415,026	415,026
Reserves and Surplus	4	4,087,190	4,083,377
		4,502,216	4,498,403
<b>2) Non-Current Liabilities</b>			
Long-term Borrowings	5	-	-
Deferred tax liabilities (net)	6	17,594	19,702
Long-term Provisions	7	410	350
		18,004	20,052
<b>3) Current Liabilities</b>			
Short-term Borrowings	8	3,433	180,569
Trade Payables	9	2,799	1,690
Other Current Liabilities	10	75	512
Short-term Provisions	11	11,023	10,647
		17,330	193,417
<b>Total Equity &amp; Liabilities</b>		<b>4,537,551</b>	<b>4,711,873</b>
<b>II. ASSETS</b>			
<b>1) Non-Current Assets</b>			
Fixed assets	12		
(i) Tangible assets		141,029	153,797
(ii) Intangible assets		3,046,468	3,050,184
		3,187,497	3,203,981
Long-term Loans and Advances	13	630,249	762,055
Other non-Current Assets	14	1,117	1,676
		3,818,863	3,967,712
<b>2) Current Assets</b>			
Current Investments	15	-	-
Inventories	16	241,965	254,634
Trade Receivables	17	6,039	20,032
Cash and cash equivalents	18	633	2,169
Short-term Loans and Advances	19	470,053	467,329
		718,690	744,164
<b>Total Assets</b>		<b>4,537,551</b>	<b>4,711,873</b>

Accounting policies and Notes forming part of the financial statements.

For and on behalf of the Board

As per our separate report of even date

**V.CHANDRASEKARAN**  
Chairman & Managing Director

**SUMATHI SRIDHARAN**  
Director

for **Sudhindran & Co.**  
Chartered Accountants,

**A. MENAKA**  
Company Secretary

**CA P Sudhindran,**  
Partner,  
Membership No.032100  
Firm Registration No.006019S

Place : Chennai  
Date : 29.05.2013

**PENTAMEDIA GRAPHICS LIMITED**  
**STATEMENT OF CONSOLIDATED PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2013**

₹ in '000

Particulars	Note No.	Year ended 31 March, 2013	Year ended 31 March, 2012
<b><u>REVENUE</u></b>			
Revenue from operations (gross)	20	53,116	126,984
Less: Excise duty		-	-
Revenue from operations (net)		53,116	126,984
Other income	21	-	-
<b>Total Revenue</b>		<b>53,116</b>	<b>126,984</b>
<b><u>EXPENSES</u></b>			
Cost of materials consumed	22	13,328	57,881
Employee benefits expense	23	4,426	12,884
Finance costs	24	17	215
Depreciation and amortisation expense	25	24,038	23,049
Administrative & Other expenses	26	9,127	29,796
<b>Total Expenses</b>		<b>50,936</b>	<b>123,825</b>
Profit before exceptional and extraordinary items and tax		2,180	3,159
Add : Exceptional items		-	-
Profit before extraordinary items and tax		2,180	3,159
Extraordinary Items		-	-
Profit before tax		2,180	3,159
<b><u>Tax expense:</u></b>			
Current Tax		474	1,264
Deferred tax Asset		2,108	502
<b>Profit for the year</b>		<b>3,813</b>	<b>2,397</b>

Accounting policies and Notes forming part of the financial statements.

For and on behalf of the Board

As per our separate report of even date

**V.CHANDRASEKARAN**  
Chairman & Managing Director

**SUMATHI SRIDHARAN**  
Director

for **Sudhindran & Co,**  
Chartered Accountants,

**A. MENAKA**  
Company Secretary

**CA P Sudhindran,**  
Partner,  
Membership No.032100  
Firm Registration No.006019S

Place : Chennai  
Date : 29.05.2013

**PENTAMEDIA GRAPHICS LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013**

₹ in '000

	2012 - 2013		2011-2012	
<b>A. Cash Flow From Operating Activities</b>				
Net Profit Before Tax		2,180		3,159
Add : Depreciation	23,479		22,490	
Interest Paid	17	23,496	215	22,705
		25,677		25,864
Less : Mis. Income	-		-	
Decrease in WIP	22,931	22,931	-	-
Operating profit before working capital changes		2,746		25,864
Add : Decrease in Current Assets & Non-Current Assets(Net)	149,307		663,713	
Increase in Current Liabilities & Non-Current Liabilities	634	149,941	(896)	662,816
<b>Net Cash flow operating activities "A"</b>		<b>152,687</b>		<b>688,680</b>
<b>B. Cash Flow From Investing Activities</b>				
Misc. Income	-		-	
Less: Purchase of Fixed Assets	22,931		-	
<b>Net Cash Flow from Investing Activities "B"</b>		<b>22,931</b>		<b>-</b>
<b>C. Cash Flow From Financing Activities</b>				
Increase in Long Term Borrowings	-		(708,934)	
Decrease in Short Term Borrowings	(177,136)		20,032	
Interest Paid	(17)		(215)	
<b>Net Cash Flow from Financing Activities "C"</b>		<b>(177,153)</b>		<b>(689,117)</b>
<b>Net Cash Inflow for the year ended</b>				
<b>D. Net Increase / (Decrease in) Cash &amp; Cash equivalents (A+B+C) / (F-E)</b>		<b>(1,535)</b>		<b>(437)</b>
<b>Reconciliation :</b>				
<b>E. Cash &amp; Cash Equivalents at the beginning of the year</b>		<b>2,169</b>		<b>2,606</b>
<b>F. Cash &amp; Cash Equivalents at the end of the year</b>		<b>633</b>		<b>2,169</b>
<b>Net Cash Increase for the year ended</b>		<b>(1,535)</b>		<b>(437)</b>

\*Cashflow for current year has been prepared based on restructured financials. Previous year figures have been regrouped and recasted wherever necessary to confirm to current year's classification.

This is the cash flow statement referred to in our report of even date.

**For and on behalf of the Board**

**V.CHANDRASEKARAN**  
Chairman & Managing Director

**SUMATHI SRIDHARAN**  
Director

**A. MENAKA**  
Company Secretary

Place : Chennai  
Date : 29.05.2013

**AUDITOR'S CERTIFICATE**

The above cash flow statement has been compiled from and is based on the audited accounts of M/s. Pentamedia Graphics Limited for the year ended 31st March 2013 reported upon by us on 29.05.2013. 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.

As per our separate report of even date.

for **SUDHINDRAN & CO**, Chartered Accountants,

**CA P Sudhindran**,  
Partner,  
Membership No.032100  
Firm Registration No.006019S

Place : Chennai  
Date : 29.05.2013

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2013

### CORPORATE INFORMATION

Pentamedia Graphics Limited (PMGL) is a Public Limited company incorporated in the State of Tamilnadu and listed on the Bombay Stock Exchange (BSE). Num TV Limited, Mauritius and Esoftcom (Mauritius) Ltd are 100% subsidiaries of the company. The company and its subsidiaries has been mainly in the following business during the year:

- a. Pre & Post production of digital contents for animation & visual effects for Film, TV & Internet.
- b. Consultancy on multimedia & software.
- c. Training and maintenance of media & software products.

### 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. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### a) REVENUE RECOGNITION

Revenue from Entertainment and Multimedia business namely, consultancy, 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.

Revenue from Multimedia business (for sale of digital content on fixed price basis) is recognized based on milestones reached.

#### 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 contracts. For services rendered through franchisees only the company's share of revenue is recognized.

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 billed to the clients.

#### b) 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 capitalization

**c) 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.

**d) 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.

**e) INVENTORY**

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

**f) INVESTMENTS**

Long term investments are stated at cost, except where there is a diminution in value (other than temporary), in which case the carrying value is reduced to recognize the decline.

**g) RETIREMENT BENEFITS TO EMPLOYEES**

The liability for future payment of gratuity has been provided in the accounts. The liability is not funded separately.

**h) 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.

**i) 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.

**j) TAXES OF INCOME TAX**

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

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize.

**k) IMPAIRMENT OF ASSETS**

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its



recoverable amounts. The reduction is treated as an impairment loss and is recognized in the profit and loss account.

If at the balance sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

#### **l) LICENSE FEES AND OUTSOURCED PROGRAMMES**

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

#### **m) PRELIMINARY EXPENSES**

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

#### **n) Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized only when the Company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements.

#### **o) DEFERRED REVENUE EXPENDITURE**

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.

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 amortized over the period during which the rights can be exercised.

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 amortized 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.

Amortizations of Merger expenses are being written off over a period estimated by the management, which is considered to be five years.

**Notes forming part of the consolidated financial statements for 2012 - 2013**

**NOTE NO. 3 SHARE CAPITAL**

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	₹ '000	Number of shares	₹ in '000
<u>(a) Authorised Capital</u>				
4,45,00,00,000 equity shares of Re.1/- each	4,450,000,000	4,450,000	4,450,000,000	4,450,000
50,00,000 preference shares of Rs.10/- each	5,000,000	50,000	5,000,000	50,000
	4,455,000,000	4,500,000	4,455,000,000	4,500,000
<u>(b) Issued, Subscribed and paidup</u>				
41,50,26,168 Equity shares of Re.1/- each fully paidup	415,026,168	415,026	415,026,168	415,026
<b>Total</b>	<b>415,026,168</b>	<b>415,026</b>	<b>415,026,168</b>	<b>415,026</b>

**2. Reconciliation of number of equity shares and share capital**

	Number of Equity Shares	Amount in 000	Number of Equity Shares	Amount in 000
At the beginning of the year	415,026,168	415,026	415,026,168	415,026
Add : Issued during the year	Nil	Nil	Nil	Nil
Outstanding at the end of the year	415,026,168	415,026	415,026,168	415,026

**Disclosures :**

All the equity shares carry equal rights and obligations rights including for dividend and with respect to voting rights.

**3. Details of Shareholders holding more than 5% of the aggregate shares in the company**

Name of the shareholders	Number EquityShares	% Ratio	Number of EquityShares	% of Ratio
Kotak Mahindra Bank	60,000,000	14.46	60,000,000	14.46
Vesa Holdings Pvt Ltd	41,806,385	10.07	41,806,385	10.07

**4. Aggregate number of equity shares allotted as fully paidup by way of bonus shares during the proceeding five years.**

Year	
2012-13	Nil
2011-12	Nil
2010-11	Nil
2009-10	Nil
2008-09	Nil

**NOTE NO. 4 RESERVE AND SURPLUS**

₹ in '000

Particulars	As at 31 March, 2013	As at 31 March, 2012
<u>(a) Securities premium account</u>		
Balance at the beginning and at the end of the year	987,780	987,780
<u>(b) General reserve</u>		
Balance at the beginning and at the end of the year	369,593	369,593
<u>(c) Other reserves</u>		
(i) Share Premium On account of Scheme of arrangement with Pentasoft Technologies Ltd as per High Court Order. Balance at the beginning and at the end of the year	2,546,597	2,546,597
(ii) Contingency Reserve		
Balance at the beginning and at the end of the year	61,579	61,579
<u>(d) Surplus / (Deficit) in Statement of Profit and Loss</u>		
Balance at the beginning of the year	117,828	115,431
Add : Profit for the year	3,813	2,397
Balance at the end of the year	121,641	117,828
<b>TOTAL</b>	<b>4,087,190</b>	<b>4,083,377</b>

**NOTE NO. 5 LONG TERM BORROWINGS**

Particulars	As at 31 March, 2013	As at 31 March, 2012
<u>a. Working Capital Loans</u>		
<u>From banks</u>		
Secured		
Sub-Total (a)		
b. Unsecured Loans	<b>Nil</b>	<b>Nil</b>
i) from banks		
ii) from other parties		
Sub-Total (b)		
<b>Grand Total (a+b)</b>		

**NOTE NO.6 DEFERRED TAX LIABILITIES**

₹ in '000

Particulars	As at 31 March, 2013	As at 31 March, 2012
Depreciation as per Companies Act	23,479	22,490
Depreciation as per Income Tax Act	16,659	13,869
Difference	6,821	8,621
Deferred Tax Asset @ 30.90%	2,108	2,664
Amount debited into P & L account for the year ended	2,108	2,664
Net Deferred Tax Liability shown in the Balance Sheet for the last year	19,702	20,204
Less: Deferred Tax Asset for the current year to be accounted - P & L	2,108	502
<b>Net Deferred Tax Liability to be shown in the Balance Sheet</b>	<b>17,594</b>	<b>19,702</b>

**NOTE NO. 7 LONG-TERM PROVISIONS**

Gratuity Provision	350	350
Others	60	-
<b>TOTAL</b>	<b>410</b>	<b>350</b>

**NOTE NO. 8 SHORT TERM BORROWINGS**

<u>(a) Loans repayable on demand from other parties</u>		
Unsecured	3,433	180,569
<b>TOTAL</b>	<b>3,433</b>	<b>180,569</b>

**NOTE NO. 9 TRADE PAYABLE**

Sundry Creditors for Supplies	2,799	1,690
<b>TOTAL</b>	<b>2,799</b>	<b>1,690</b>

**NOTE NO. 10 OTHER CURRENT LIABILITIES**

<u>(a) Other payables</u>		
<u>(i) Statutory remittances :</u>		
TDS Payable	64	432
Service Tax Payable	-	80
Others	11	-
<b>TOTAL</b>	<b>75</b>	<b>512</b>

**NOTE NO. 11 SHORT TERM PROVISIONS**

<u>a) Provision for employee benefits:</u>		
Salaries & Wages and benefits	801	455
<u>b) Others</u>		
Advances from customers	1,953	1,953
Trade Expenses	353	30
<u>c) Provisions for taxation</u>		
Income Tax	7,916	8,209
<b>TOTAL</b>	<b>11,023</b>	<b>10,647</b>

NOTE NO. 12  
DEPRECIATION SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2013  
₹ in '000

	GROSS BLOCK- AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	As at 01.04.2012	For the Year	Deductions	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b>Tangible assets</b>										
Land	27,325	-	-	27,325	-	-	-	-	27,325	27,325
Buildings	131,867	-	-	131,867	50,722	4,404	-	55,126	76,741	81,145
Plant and Machinery	13,577	-	-	13,577	9,089	960	-	10,049	3,528	4,488
Vehicles	1,551	-	-	1,551	1,541	10	-	1,551	-	10
Furniture and Fittings	117,201	-	-	117,201	80,754	7,419	-	88,173	29,028	36,447
Digital Content	20,910	-	-	20,910	9,534	6,969	-	16,503	4,407	4,381
Sub-Total (a)	312,432	-	-	312,432	151,640	19,762	-	171,402	141,029	153,797
<b>Intangible assets</b>										
Capital Work-in-progress	897,812		22,931	874,881	-	-	-	-	874,881	897,812
Product Rights	820,427	-	-	820,427	-	-	-	-	820,427	820,427
Computer & Software	4,319,092	22,931	-	4,342,023	2,987,146	3,717	-	2,990,863	1,351,160	1,331,946
Sub-Total (b)	6,037,331	22,931	22,931	6,037,331	2,987,146	3,717	-	2,990,863	3,046,468	3,050,185
<b>Grand Total</b>	<b>6,349,762</b>	<b>22,931</b>	<b>22,931</b>	<b>6,349,762</b>	<b>3,138,786</b>	<b>23,479</b>	<b>-</b>	<b>3,162,265</b>	<b>3,187,497</b>	<b>3,203,981</b>

**NOTE NO. 13 LONG TERM LOANS & ADVANCES**

₹ in '000

Particulars	As at 31 March, 2013	As at 31 March, 2012
(i) Other loans and advances Unsecured, considered good	630,249	762,055
<b>TOTAL</b>	<b>630,249</b>	<b>762,055</b>

**NOTE NO. 14 OTHER NON-CURRENT ASSETS**

(a) Others Miscellaneous Expenses ( not written off)	1,117	1,676
<b>TOTAL</b>	<b>1,117</b>	<b>1,676</b>

**NOTE NO. 15 CURRENT INVESTMENTS**

Particulars	As at 31 March, 2013			As at 31 March, 2012		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<u>A. Current portion of long-term investments</u> <u>(At cost)</u>						
(i) Other investments -	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-

**NOTE NO. 16 INVENTORIES**

(As certified by the Management)  
(At lower of cost and net realisable value)

(a) Work-in-progress	120,199	121,015
(b) Finished goods (other than those acquired for trading) Stock of Training Material"	1,109	2,634
(c) Stock-in-trade (acquired for trading)	-	1,315
(d) <u>Others</u> Distribution Rights"	120,657	129,670
<b>TOTAL</b>	<b>241,965</b>	<b>254,634</b>

**NOTE NO. 17 TRADE RECEIVABLES**

a. Outstanding for a period exceeding 6 months from the date they are due for payment Unsecured, considered good	1,605	7,851
Less : Provision for doubtful debts	-	-
Sub-total(a)	1,605	7,851
<u>b. Others - considered goods</u> Unsecured, considered good	4,434	12,181
Less : Provision for doubtful debts	-	-
Sub-total(b)	4,434	12,181
<b>TOTAL (a+b)</b>	<b>6,039</b>	<b>20,032</b>

**NOTE NO. 18 CASH AND CASH EQUIVALENTS**

₹ in '000

Particulars	As at 31 March, 2013	As at 31 March, 2012
a. Cash on Hand	4	25
b. <u>Balances with Banks</u> in Current Accounts	629	2,144
<b>TOTAL</b>	<b>633</b>	<b>2,169</b>

**NOTE NO. 19 SHORT TERM LOANS & ADVANCES**

(a) <u>Security deposits</u> <u>Secured, considered good</u>		
Deposit-Electricity - PSTL	233	233
Deposit - Telephone -PSTL	681	681
Earnest Money Deposit	485	485
Electricity Deposit	3,376	3,376
Security Deposits - Paid	633	623
Telephone Deposit	795	804
Service Tax Pre Deposit	940	-
	7,143	6,202
(b) <u>Prepaid expenses - Unsecured, considered goods</u> (Insurance premium, Annual maintenance contracts, etc.)	18	18
	18	18
(c) <u>Balances with government authorities</u> Unsecured, considered good		
(i) Service Tax credit receivable	740	190
(ii) Advance Income Tax	313,694	313,694
(iii) Tax deducted at Source	6,064	6,064
	320,498	319,948
(d) <u>Advances</u> Unsecured, considered good	142,394	141,161
	142,394	141,161
<b>TOTAL</b>	<b>470,053</b>	<b>467,329</b>

**NOTE NO. 20 REVENUE FROM OPERATIONS**

	Year ended 31 March, 2013	Year ended 31 March, 2012
<u>Sale of services</u>		
a. Media Training Income	449	899
b. Software & Media Operation	52,667	126,085
	53,116	126,984
Less : Excise duty	-	-
<b>Revenue from Operation (Net)</b>	<b>53,116</b>	<b>126,984</b>

**NOTE NO. 21 OTHER INCOME**

Miscellaneous Income	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**NOTE NO. 22 COST OF MATERIALS CONSUMED**

Opening stock	254,634	262,134
Add: Purchases	-	-
	254,634	262,134
Less: Closing stock	241,965	254,634
Cost of material consumed	12,669	7,500
Material consumed comprises:		
Multimedia development and educational training expense	659	50,381
<b>TOTAL</b>	<b>13,328</b>	<b>57,881</b>

**NOTE NO. 23 EMPLOYEES' BENEFITS EXPENSES :**

₹ in '000

Particulars	Year ended 31 March, 2013	Year ended 31 March, 2012
Salaries and wages	4,282	12,824
Staff welfare expenses	144	60
<b>TOTAL</b>	<b>4,426</b>	<b>12,884</b>

**NOTE NO. 24 FINANCE COST**

Bank Charges	17	215
<b>TOTAL</b>	<b>17</b>	<b>215</b>

**NOTE NO. 25 DEPRECIATION AND AMORTISATION EXPENSES**

Depreciation	23,479	22,490
Preliminary expenses	559	559
<b>TOTAL</b>	<b>24,038</b>	<b>23,049</b>

**NOTE NO. 26 ADMINISTRATIVE AND OTHER EXPENSES**

Rates and taxes	1,057	1,603
Power and fuel	886	580
Printing and stationery	410	967
Telephone and Postage	2,743	2,193
Travelling and conveyance	636	1,129
Office Maintenance	244	525
Repairs and maintenance - Buildings	-	5
Repairs and maintenance - Machinery	114	66
Repairs and maintenance - Others	485	132
Insurance	17	11
Administration and other exp	356	15,164
Training Expenses	102	
Advertisement	202	346
Director Sitting Fees	120	113
Legal and professional	1,265	6,567
Miscellaneous expenses	305	180
Payments to auditors		
Statutory audit	150	150
Taxation matters	25	25
Other services	10	40
<b>TOTAL</b>	<b>9,127</b>	<b>29,796</b>

**B. NOTES ON ACCOUNTS**

**Claims against the Company not acknowledge as Liability:**

a. Income Tax:

Pentamedia Graphics Limited has obtained a direction/order dt. 15.07.2010 (W.P. No.2357/10) from the High Court of Madras to dispose off all the issues and appeals pertaining to the AYs 1997-98 to 2007-08 where the Company have claimed refunds. The issues and appeals are on various stages with the Income Tax department. Pentasoft Technologies Limited has obtained a direction/order dt. 18.12.2009 (W.P. No.25120/2009) from the High Court of Madras to dispose off all the issues and appeals pertaining to the AYs 1998-99 to 2006-07 where Pentasoft have claimed refunds. The issues and appeals are on various stages with the Income Tax department.



The volume of claims /refunds cannot be quantified.

b. DAL, Ireland

The Company's appeal on Dallah Albaraka (DAL) claim against the guarantor M/s.Pentasoft Technologies Limited which is being claimed on Pentamedia Graphics Ltd. is in progress.

- Confirmation of balances/Reconciliation is pending in respect of certain Banks, Short & Long Term Loans & Advances/Trade Receivables / Trade Payables unclaimed dividend and other liabilities. Adjustments if any which may arise upon completion of confirmation/reconciliation will be dealt with upon confirmation/completion of reconciliation.
- The Company has recognized deferred tax liability (Net) Rs.1.76 cores as per the requirements of Accounting Standard 22.
- The subsidiaries whose financials reflect total assets of Num TV Limited amounting to Rs. 27.21 crores, total turnover to Rs. NIL crores and Esoftcom (Mauritius) Ltd. amounting to Rs. 94.56 crores, total turnover to Rs. NIL crores

**5. EPS:**

Number of equity shares of Re.1 each (basic)	415,026,168
Number of equity shares of Re.1 each (diluted)	415,026,168
Net profit after tax available for equity shareholders Rs	38,13,454
Basic EPS – Weighted Average	Rs 0.009
Diluted EPS - Weighted Average	Rs 0.009

**6. Segmental Reporting**

Primary Business Segmental Results

Particulars	₹ in '000
<b>Sales &amp; Services</b>	
Media Products & Services	449
Software Products & Services	52,667
<b>Total</b>	<b>53,116</b>
<b>Profit Before Interest &amp; Tax &amp; Depreciation</b>	
Media / Software Products & Services	669
<b>Total</b>	<b>669</b>
Depreciation	24,038
Interest	17
<b>Profit before tax &amp; extraordinary item</b>	<b>2,180</b>

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

**7. Related Party**

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	-	-	1,490	1,490

<b>Holding Company</b>	: M/s Pentamedia Graphics Ltd
<b>Subsidiaries</b>	: Num TV Limited, Mauritius : Esoftcom (Mauritius) Limited
<b>Key Management Personnel</b>	: V. Chandrasekaran, Chairman & Managing Director

During the year, there were no transactions with Associates, Key Management Personnel and relative of Key Management personnel.

**8. MANAGERIAL REMUNERATION**

₹ in '000

Particulars	2013	2012
Salary	1,490	2,140
Contribution to Provident Fund & Other funds	Nil	240
Commission	Nil	Nil
<b>Total</b>	<b>1,490</b>	<b>2,380</b>

**9. EXPENDITURE IN FOREIGN CURRENCY**

Import on CIF basis		
Capital goods	Nil	Nil
Raw Materials	Nil	Nil
Spare parts, Components & Consumables	Nil	Nil
Travel (including maintenance allowances)	Nil	Nil
Others (includes listing fees, seminar expenses & Expenditure incurred overseas for Multimedia Development)	Nil	70,765

**10. Payments to Auditors:**

a. Statutory Audit	150	150
b. Tax Audit	25	25
c. Other services	10	15
<b>Total</b>	<b>185</b>	<b>190</b>

**11. PREVIOUS YEAR COMPARATIVES**

Schedule VI to the Companies Act, 1956 is revised effective from 1 April 2011 and has significantly impacted the disclosures and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classifications / disclosures.

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

As per our separate report of even date

for **Sudhindran & Co,**  
Chartered Accountants

**CA. P. SUDHINDRAN,**  
Partner  
Membership.No.: 032100  
Firm Registration No. 006019S

Place : Chennai  
Date : 29.05.2013

For and on behalf of the Board

**V.CHANDRASEKARAN**  
Chairman & Managing Director

**SUMATHI SRIDHARAN**  
Director

**A. MENAKA**  
Company Secretary

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

SI No.	Name of the Subsidiary Company	Number of Equity shares held by PMGL as on 31 <sup>st</sup> March 2013	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

*Note: These subsidiaries have been closed.*



# PENTAMEDIA GRAPHICS LIMITED

Registered Office: 'TAURUS', No. 25, 1<sup>st</sup> Main Road, United India Colony, Kodambakkam, Chennai – 600 024

## E-Communication Registration Form for Holding shares in Physical form

To

### Cameo Corporate Services Limited

Unit :Pentamedia Graphics Limited

5<sup>th</sup> Floor, "Subramaniam Building"

No.1, Club House Road,Anna Salai,Chennai-600002

### Green Initiative in Corporate Governance

I am a shareholder of the Company. I want to receive all communication from the Company including the Notices, Annual Reports etc. through email. Please register my e-mail ID, set out below, in your records for sending communication through e-mail:

Folio \_\_\_\_\_ E-mail Id. \_\_\_\_\_

Name of Holder(s) \_\_\_\_\_

Registered Address \_\_\_\_\_

\_\_\_\_\_

Date : \_\_\_\_\_

Signature: \_\_\_\_\_

### **Notes:**

- i) On registration, all communications will be sent to the E-mail Id. Registered in the Folio
- ii) The form is also available on the website of the Company [www.pentamedia.in](http://www.pentamedia.in) under "Investor Relations"
- iii) Holders of shares in demat form are requested to register / update their e-mail id with their Depository Participant and also directed to visit <http://green.cameoindia.com> and register their E-mail Id.



## PENTAMEDIA GRAPHICS LIMITED

Registered Office: 'TAURUS', No. 25, 1<sup>st</sup> 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/We hereby record my/our presence at the 37th Annual General Meeting of Pentamedia Graphics Limited to be held on Wednesday, the 21 <sup>st</sup> August 2013 at 10:00 AM at Rani Seethai Hall - No. 603, Anna Salai, Chennai – 600 006.	
Signature of Shareholder/Proxy	



## PENTAMEDIA GRAPHICS LIMITED

Registered Office: 'TAURUS', No. 25, 1<sup>st</sup> Main Road, United India Colony, Kodambakkam, Chennai – 600 024

### PROXY FORM

Folio No /Client Id. & DP Id	
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 37<sup>th</sup> Annual General Meeting of Pentamedia Graphics Limited to be held on 21<sup>st</sup> August 2013 at 10:00 AM or at any adjournment thereof.

Signed this ..... day of ..... 2013.

Affix  
1 Rupee  
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.











BOOK-POST

If undelivered please return to:

**PENTAMEDIA**  
GRAPHICS LIMITED 

"Taurus", No. 25, 1<sup>st</sup> Main Road, United India Colony,  
Kodambakkam, Chennai 600024, India.



July 23, 2013

Bombay Stock Exchange Limited  
Floor 25, P J Towers  
Dalal Street  
Mumbai-400 001

Dear Sirs,

**Sub: Compliance of Clause 31(a) of the Listing Agreement**

In continuation to our submission of six copies of the Annual Report for the year ended 31<sup>st</sup> March 2013 on 17<sup>th</sup> July 2013, we give below the details as per the amendment to Clause 31(a) of listing the agreement.

**Form B**

1. Name of Company : Pentamedia Graphics Limited
2. Annual Financials Statements for the year ended : 31<sup>st</sup> March 2013
3. Type of Audit qualification: Qualified
4. Frequency of qualification : Since 2010
5. Attention invited to :

- a. The company has valued inventory at the lower of cost or ~~net realizable~~ value....Page No.23

**Mgmt. Response:**

Inventory consists of Electronic Media Assets ~~including rights / ownership~~ of films, Digital contents (in the form of Sets, properties and Characters) and episode contents. While the raw materials are valued at cost and finished goods are valued at lower of cost or net realizable value. Determination of net realizable value depends upon its contents which are very technical in nature and also the number of men and machines deployed while making them and the





number shows a film can run, number of cd/ dvds, TRP ratings, pay per view etc. likely to sold depending upon the market conditions/popularity.. Valuations were done by the experts in industry after taking into consideration all the above factors and which the Auditor has relied upon.

Additional Comments from the Board

Company has already recognized personnel who are technical experts and who also have sound knowledge of audit procedures to work hand in hand with our Statutory auditors and help him in audit procedure in this area. Collection reports and purchase orders received after the audit period will be handed over for him to have a fair estimate.

- b. *The company valued long term investments at cost as per the present market conditions and as per valuation done by the valuer.... Page No.23*

Mgmt. Response:

Long term investments are investments made in the wholly owned subsidiaries and are all unquoted investments. These investments were made with the specific permission of Reserve Bank of India hence there cannot be much variations. This method has been carried on by the company for the past three years.

Additional Comments from the Board

An independent Company secretary/ valuer can be appointed to report the Auditor directly and to assess the impact separately and based on which he can conclude the valuation.





- c. The value of long term / short term loans and advances amounting to Rs.150.84 crores , the value of Secured creditors amounting to Rs. Nil crores and Current Liabilities amounting to Rs.81.85 lacs is subject to confirmation.....Page No.23.

**Mgmt. Response:**

Long term and short term advances are in the nature of deposits for telephone, electricity, Earnest Money deposits, security deposits, TDS receivable and receipts from franchisees. Income tax amounts have been paid and the same have been disputed by the company. There can be no impairment of assets as they are all recoverable in nature and hence there can be no implication under AS 28. Moreover long term advances have down by 12.18 crores.

Additional Comments from the Board

*Pertaining to Current Liabilities:*

The current liabilities are in the form Trade payables (Sundry Creditors) were there is large number of small creditors from whom we have get to confirmation from them individually. There was short term of loan of Rs. 34.33 lakhs. Letters posted by the company seeking confirmation from the creditors were not responded by them on time. However both the short term loan and around 70% of the creditors were paid during April and May 2013



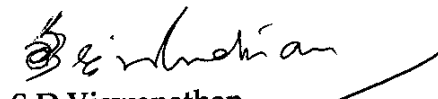



*Pertaining to loans & advances:*

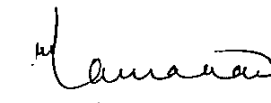
Since the majority of the amounts in advances are income tax and the company sought two directions from Madras High Court vide W.P. No. C.P.167/2010 dated 11.01.2009 to consider the revised returns filed by the company from AY 2001-02 to 2004-05 and W.P No. 2357/10 dated 15.07.2012 to dispose of pending issues and appeals where the company has sought refund. Income tax Department is in the process of giving effect to the revised returns filed by the company.

Company has resolved to post letters seeking confirmation at the beginning of the last quarter in such a way the all the confirmation will reach the Auditor's office directly.

  
V. Chandrasekaran  
CMD

  
S.D. Viswanathan  
Director

  
CA. P. Sudhindran  
Chartered Accountant

  
V. Venkataramanan  
Head Finance