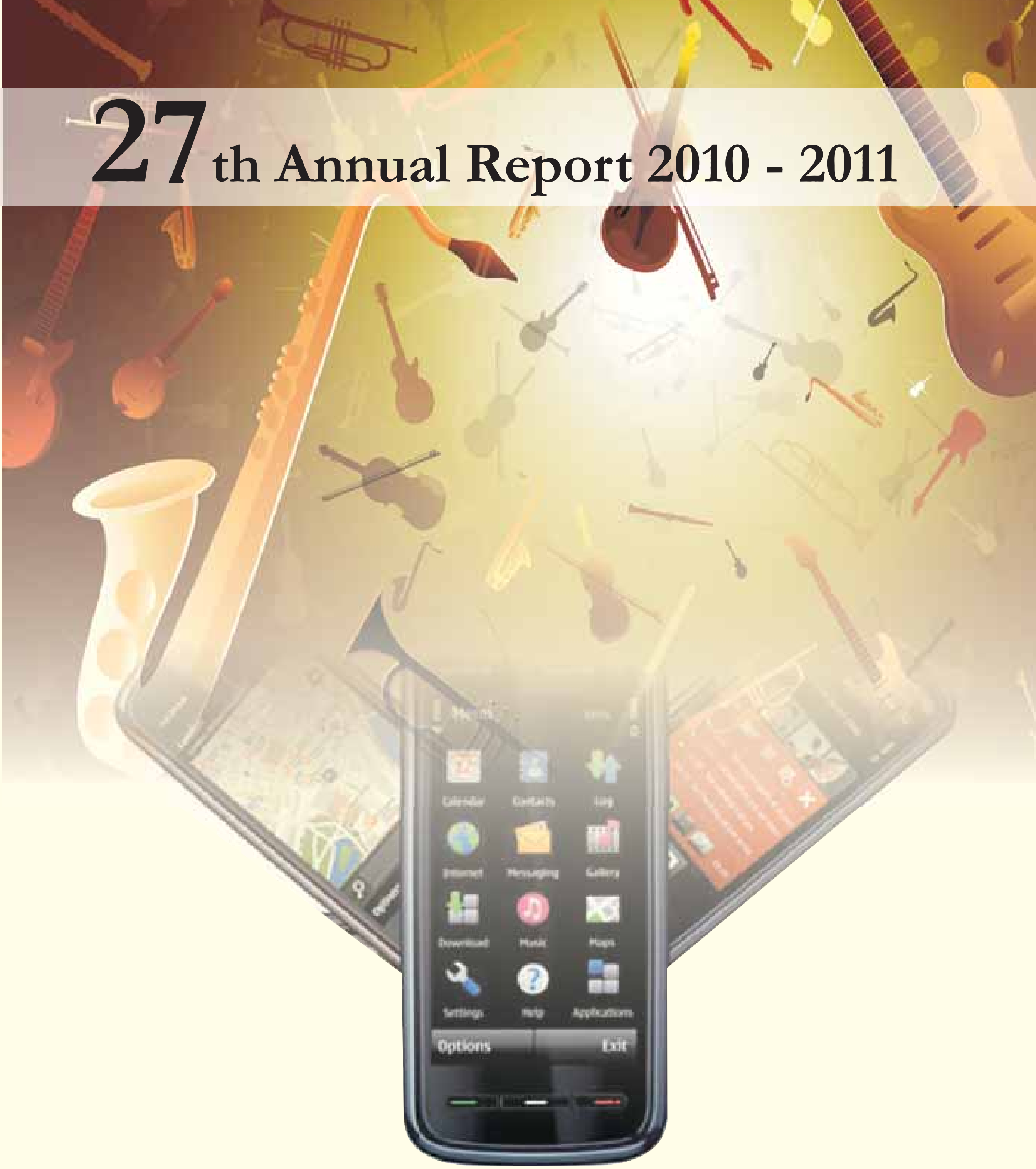
27th Annual Report 2010 - 2011



JMD Telefilms Industries Limited

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27th Annual Report 2010 - 2011

Board of Directors

Kailash Prasad Purohit	Chairman & Managing Director
Jagdish Prasad Purohit	Executive Director
Pravin Sawant	Independent Director
Ashok Bothra	Independent Director

Registered Office
105, Sagar Slopping Centre, J. P. Road,
Andheri (W), Mumbai - 400 058.

Studio Location
75C, Park Street, Basement, Kolkata 700 016.

Bankers
Axis Bank Limited
Kotak Mahindra Bank
HDFC Bank
Union Bank of India

Auditors
Mehta Kothari & Associates
Chartered Accountants
134, Great Western Building, 2nd Floor,
N. M. Road, Fort, Mumbai - 400 023.

Registrar & Share Transfer Agent
Purva Sharegistry (India) Pvt. Ltd.
No. 9, Shiv Shakti Ind. Estate,
Gr. Floor, J. R. Boricha Marg,
Lower Parel, Mumbai - 400 011.

ANNUAL GENERAL MEETING
Date : 23rd September 2011
Time : 11.00 A.M.
Venue : Axis Bank Hall, Springfields, Lokhandwala Complex, Andheri (W), Mumbai - 400 053.

C O N T E N T S

Members are requested to bring their copy of Annual Report at the time of Meeting

NOTICE

Notice is hereby given that the Twenty Seventh Annual General Meeting of the members of JMD Telefilms Industries Limited will be held on Friday, the 23rd September 2011 at 11.00 A.M. at Axis Bank Hall, Springfields, Lokhandwala Complex, Andheri (W), Mumbai- 400 053 to transact the following businesses as :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report and Audited Statement of Accounts for the year ended 31st March 2011.
2. To declare dividend.
3. To appoint Director in place of Mr. Pravin Sawant, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold the office from the conclusion of this Annual General Meeting and to fix their remuneration.

Mumbai, June 30, 2011

By order of the Board
For **JMD Telefilms Industries Limited**

Registered Office :
105, Sagar Shopping Center, J. P. Road
Andheri (W), Mumbai-400 058.

Kailash Prasad Purohit
Chairman & Managing Director

Notes :

1. Proxies, in order to be effective, must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.
2. The Register of Member and the Share Transfer Books of the Company will remain closed from 16th September 2011 to 23rd September 2011 (both days inclusive).
3. The Shares of the Company are mandated by the Securities & Exchange Board of India (SEBI) for trading in dematerialized form by all investors.
4. The Book Closure/Record Date for the purpose of declaration of Dividend shall be fixed in due course of time and shall be published in the newspapers pursuant to Section 154 of the Companies Act, 1956. The said information will also be intimated to the Stock Exchanges and Stock Exchanges will upload the same to their website and will also be uploaded to the Company's website. The Dividend as recommended by the Board of Directors, if declared at the time of Annual General Meeting, will be paid on or before 22nd October 2011.
5. The identity/signature of Members holding shares in electronic/demat form is liable for verification with the specimen signatures furnished by NSDL/CDSL. Such Members are advised to bring the relevant identity card issued by the Depository Participant to the Annual General Meeting.
6. Members desirous of getting any information about the accounts of the Company, are requested to send their queries so as to reach at-least ten days before the meeting at the Registered Office of the Company, so that the information required can be made readily available at the meeting.
7. Members are requested to intimate change in their address immediately to M/s Purva Sharegistry (India) Pvt. Ltd., the Company's Registrar and Share Transfer Agents, at their

office at No. 9, Shiv Shakti Ind. Estate, Gr. Floor, J. R. Boricha Marg, Lower Parel, Mumbai-400 011.

8. Pursuant to SEBI Circular, the Shareholders holding shares in physical form are requested to submit self attested copy of PAN at the time of sending their request for share transfer/ transmission of name/transposition of name.

9. Members holding shares in physical form and wishing to avail of the nomination facility, are requested to send the duly filled in nomination in the prescribed form (form 2B) to M/s Purva Sharegistry (India) Pvt. Ltd., Registrar and Share Transfer Agents of the Company, at their address given above or to the Compliance Officer at the Registered Office of the Company.

10. Members are requested to bring copies of Annual Report to the Annual General Meeting.

11. The Members/Proxies should bring the attendance slip duly filed in and signed for attending the meeting.

12. Members are requested to quote Folio Number/Client ID in their correspondence.

13. The Equity shares of the Company are listed on Bombay Stock Exchange Ltd. and Listing Fees for the financial year 2010-2011 have been paid to Bombay Stock Exchange Ltd.

Mumbai, June 30, 2011

By order of the Board
For **JMD Telefilms Industries Limited**

Registered Office :
105, Sagar Shopping Center, J. P. Road
Andheri (W), Mumbai-400 058.

Kailash Prasad Purohit
Chairman & Managing Director

DIRECTORS' REPORT & MANAGEMENT DISCUSSIONS & ANALYSIS

To The Members,

Your Directors have pleasure in presenting the Twenty Seventh Annual Report of your Company together with the Audited Statements of Accounts for the financial year ended March 31, 2011.

(Rs. in Lacs)

Financial Results	**Year Ended 31.03.2011**	Year Ended 31.03.2010
Income	**10354.15**	8626.24
Profit before Tax & Extraordinary Items	**355.48**	186.15
Less : Provision for Taxation	**61.76**	31.29
Profit after Tax	**293.72**	154.86
Less : Prior Period Adjustments	**7.38**	2.62
Profit available for appropriation after adding to its Previous Years B/f	**286.34**	152.24
Appropriated as under :		
Proposed Dividend	**72.15**	70.15
Corporate Tax on above Dividend	**11.70**	11.92
Transfer to General Reserve	**5.00**	3.00
Net Profit available for the year	**197.49**	67.17
Balance brought forward from Previous Year	**110.19**	43.09
Balance carried forward to Next Year	**307.68**	110.19

Dividend

Your Directors are pleased to recommend the payment of Dividend for the year ended 31st March 2011 at 10 Paise (Ten Paise) per share or 10% (ten percent) on face value of Re 1/- each, subject to approval of Members at the ensuring Annual General Meeting.

Industry Structure and Development

Music & Software Industry

The entertainment sector in India is poised for a compounded annual growth rate of 20% according to a recent KPMG report. The key factors that are driving the growth of the media and entertainment industry in India are the favourable demographics, growing literacy, increasing affluence, development of technology, government support and the growing interest in the Indian way of life. Entertainment demographics (population in age groups that are the highest consumers of entertainment) are more acute indicators of the future of the entertainment business: North America has 65 million in that demographic, while China and India have almost 700 million. In India alone over the next 10 years, 40% of our existing population will come from this demographic. The corresponding figure for the US is just 15%. Aided by the large number of Asians in the West, Asian culture will make inroads into the West. The never before seen growth in the sector has been the result of the growing number of television channels, FM radio channels, rising popularity of social media, growing demand for content from mobile operators which is expected to further increase with the growth of 3G services and innovations of technology. This has resulted in the availability of entertainment anywhere and at anytime at the touch of a button and has ensured wide spread reach of the industry. During the year 2010, the media and entertainment industry grew by 11 percent and recorded revenues of Rs. 65,200 crore. The growth in advertising revenues by 17 per cent to Rs. 26,600 crore, increase in subscription revenues, increasing variety of rich content coupled with the opportunity for its monetization and the government's thrust to digitization are expected to aid in the robust growth of the sector.

Leading chambers of commerce such as FICCI and CII have identified entertainment as a fast growing industry. Revenues are projected to increase to $15 billion in 2015 from $6 billion currently. The global entertainment industry is projected to grow to Rs. 235000 Crore in the next 10 years with nearly half of the revenues emanating from Asia. The PWC report prepared for FICCI forecasts an annual CAGR of 18% predicting the industry will touch Rs. 1,45,000 crore on 2015. The KPMG CII study is more optimistic estimating the current industry size at Rs. 22,200 crore and predicting that it will grow at 18% to touch Rs. 151500 Crore by 2015.

Mobile Industry

The growth performance of the Indian mobile communications services industry is now reasonably well recorded. It is one of the few industries in India which has travelled significantly from being a monopolistic and somnolent industry from the innovation point of view to an extremely competitive and technologically speaking dynamic industry. The very recent distinction that is made between active users and the total number of subscribers (the former is only 70 per cent of the latter); the industry has witnessed a phenomenal increase in the length and indeed breadth of its coverage.

India now has one of the most competitive telecom services in the world and this has positive implications for its outsourcing industry where significant decline in communications costs is tremendously helpful for making this industry too remaining competitive when other factor prices have been showing an increasing trend. While all these augur well, questions had been raised about the ever rising trade balance in telecom equipments as the phenomenal growth of new subscribers that are added per month was met with equal amount of equipment imports. The increasing share of equipment imports was due to the weak manufacturing base that India possessed. In the context the paper argues that the growth of market for telecom equipments precipitated by the growth of services has jump started an extremely dynamic manufacturing industry, especially over the last five years or so. The dynamism of the industry can be gauged from the fact that for the first time, India has a positive trade balance in mobile handsets facilitated by India emerging as a manufacturing and export base for cheaper handsets. Although the industry is dominated by MNCs, domestic firms have started making an entry into domestic manufacturing and indeed in innovations as well. However there is some evidence to show that most of the manufacturers are now more of assemblers of imported parts and components than manufacturers per se.

Capital Market & Investment Sector

The global economic and financial situation is recovering slowly. The large fiscal deficits and high debt ratios coupled with slow economic growth have created unsettling conditions for business and have potential for causing great volatility in financial markets. It is hard to visualize strong economic growth in the advanced economies in 2010 and to a large extent in 2011. The implications of this, for India's strategy to return to the 9.0 per cent growth trajectory, are that public policy must promote business confidence and facilitate increased investment.

Opportunities & Threats

Music & Software Industry

Film music and devotional has been the dominant revenue stream in the Indian music industry and continues to do so. Though other streams of music such as western and pop music are becoming popular, film music is still the most popular segment in the music industry. With music being released much before the release of a movie, on an average the music sales contributes one fifth of the revenue from the movie and in many cases is the deciding factor for the success of failure of a movie. The music industry has been growing at a CAGR of over 25 per cent and its revenues are expected to cross $567.6 million by 2014 according to PWC estimates.

On the other hand there are so many threats in Music Industry. The increased popularity of the internet has caused the economies of scale for the music industry to be moderately low. Independent artists and record labels can now offer their products online at very low cost, and in doing so skip several steps in the traditional value chain. Even though hard-copy CDs still account for the majority of industry sales, the significant shift towards digital downloading in the past several years has eliminate this "economies of scale" advantage. Overall, the moderately low level of economies of scale in the music industry leads to lower revenues and profits. Other threats are flop of music results in entire loss of cost and revenue, non-cycling of onetime recorded CDS as well as lack in demand due to invention of new recording label etc.

Mobile Industry

The rapid increase in mobile penetration with Indian being the second fastest growing mobile phone market in the world, next only to China and the emergence of new technologies such as 2G and 3G has further increased the growth potential of the industry. Sensing the opportunity, some of players in the arena have launched their mobile stores in few centers in India and plan to expand them on a national scale. Apart from Nokia many players are set to open music stores.

On other hand, with increased choice of telecom products and services, the bargaining power of buyers is rising. Let's face it; telephone and data services do not vary much, regardless of which companies are selling them. For the most part, basic services are treated as a commodity. This translates into customers seeking low prices from companies that offer reliable service. At the same time, buyer power can vary somewhat between market segments. While switching costs are relatively low for residential telecom customers, they can get higher for larger business customers, especially those that rely more on customized products and services. Products and services from non-traditional telecom industries pose serious substitution threats. Cable TV and satellite operators now compete for buyers. The cable guys, with their own direct lines into homes, offer broadband internet services, and satellite links can substitute for high-speed business networking needs. New technology is prompting a raft of substitute services. Nearly everybody already pays for phone services, so all competitors now must lure customers with lower prices and more exciting services. This tends to drive industry profitability down. In addition to low profits, the telecom industry suffers from high exit barriers, mainly due to its specialized equipment.

Investment Business Activities

The Company is also in a business of Investment in shares and securities as well as in various Mutual Fund schemes. Investment business activities need lot of experience, skills and passion as well as timely exit decision. Gain from Investment business lies on the investment decision and wise person with timely and accurate decision can perform better than a person investment without vision.

On the other hand changes in regulatory frameworks, slowing down of capital market, increase in inflation and decrease in earning of common consumer can lead to the loss in investment business.

Segment wise performance

Music & Software Segment

Your Company has done well in the Music Business segment by way of registering a growth of 16.72% in term of sale and however profit ratio has been rose to 3.13% due to competitive market, lack of buying interest by music lovers as well as for the reason of higher inflation.

Mobile Equipments trading Segment

During the year the Company has entered into the business of selling Mobile Instruments which Company use to import from China. The Company's performance in the sector was satisfactory looking to the fact that there are so many players in the market in arena and some of them are having their own brands and popularity in the market. The Company has earned Rs. 15.70 Lac from Mobile equipment trading business.

Income from Investment activities

The Company has done well in this segment of business and has earned a net profit of Rs. 301.71 Lac before provision of taxation. This has become possible only because of its focus on quality stocks and timely decision of entry and exit. Remember slowness in the Capital Market triggered loss to many of its investors and there are very few who have earned such a handsome gain from falling market and JMD is proud to be one of those winners.

Outlook

Your Company is one of the better players in the market and is having its presence in different business segment viz. entertainment industry, trading of mobile equipments as well as investment in capital market activities.

In term of Music business segment, your Company's outlook is positive looking the interest of common man in music. The branding and availability of its music rights in electronic media or internet is an added benefit to the Company. Anyone can logon on to our portal www.jmdmusic.com and with its vided range, can listen of download to their interest.

The demand of Mobile Phones is increasing tremendously and this will create an opportunity to the Company to provide value added services like different software which are used in Mobile Phone and thus will increase its profitability in the new sector of business also and thus the outlook of the Company on its new business segment is positive.

In term of Investment activities and in spite of slow down in the Capital Market as well rising interest rates and higher inflation, the Company believes to be doing positive in this business segment.

Risk & Concerns

Despite new risks, the global economic recovery is gaining strength and the IMF projected a 4.5% world growth in 2011 and 2012. While growth in emerging economies remains strong, while in the US and European region is slowly gaining momentum. Some of economies of the developed nations are still a concern with the Euro zone being the most vulnerable as rating agencies continue to downgrade the sovereign rating of many of economies in this region. The natural disaster in Japan, sharp increase in oil prices consequent to the turmoil in the Middle East and North America is fuelling uncertainty to the pace of global recovery. Globally, elevated food and commodity prices accompanied by the spike in oil prices have endangered inflation concerns.

The Indian Economy registered improved growth and was amongst the better performer aid emerging market economies. Central statistical Organizations' recent estimated Indian GDP growth rate of 8.6% for 2010-11 is consistent with the RBI's projections for the same period. While the area sown under the Rabi Corp is higher than last year which augurs well for agricultural production, the index of industrial productions continues to be volatile. The other indicators such as latest Purchasing Managers' Index, direct and indirect tax collections, merchandise exports and bank credit suggest that growth momentum persists. However, continuing uncertainty about energy and commodity prices may vitiate the investment climate, posing a threat to the current growth trajectory. Inflation remains a challenge for the Indian Economy and the key risks are tighter monetary conditions and rising prices earning into the customer's disposable income.

Internal Control Systems and Adequacy

Your Company believes in formulating adequate and effective internal control systems and implementing the same strictly to ensure that assets and interests of the Company are safeguarded and reliability of accounting data and accuracy are ensured with proper checks and balances. The Internal Control systems is improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

The Audit Committee of the Board of Directors, Statutory Auditors and Business Heads are periodically apprised of the Internal Audit findings and corrective actions taken.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of Internal Control system and suggests improvements for strengthening them. The Company has a robust Management Information System which is an integral part of the control mechanism.

Material Development in Human Resources

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. Various HR Initiatives are taken to align the HR Policies to the growing requirements of the business.

The Company has a structures induction process at its business locations and management development programmes to upgrade skills of managers. Objective appraisal systems based on Key Result Areas (KRAs) are in place for senior management staff.

Technical and safety training programmes are given periodically to its lower grade staff. Relations with its employees remain cordial entirely during the year.

Cautionary Statement

Statements in the Management Discussions and Analysis describing the Company's objectives, projections, estimates, expectations may be forward looking statements. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's performance include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government Regulations, tax laws, statues and other incidental factors.

Management

There is no Change in Management of the Company during the year under review.

Directors

There is no change in composition of Board during the year under review.

In accordance with the requirements of the Companies Act, 1956 and as per the provisions of Articles of Association of the Company, Mr. Pravin Sawant is liable to retire and eligible, offers himself for re-appointments in the forthcoming Annual General Meeting.

Except Mr. Pravin Sawant himself, none of Directors is interested in his re-appointment.

Further, non of the Directors of the Company are disqualified under section 274(1)(g) of the Companies Act 1956.

Auditors

Auditors M/s. Mehta Kothari & Assocaites, Chartered Accountants, Mumbai holds the office until the conclusion of ensuing Annual General Meeting. Your Company has received certificate from the Auditors under section 224(1B) of the Companies Act, 1956 to the effect that their reappointment if made, will be within the limit prescribed.

The shareholders are requested to appoint the Auditors and fix their remuneration.

Comments On Auditor's Report:

The notes referred to in the Auditor's Report are self explanatory and as such they do not call for any further explanation as required under section 217(3) of the Companies Act, 1956.

Public Deposits

Your Company has not accepted any deposits from the Public during the year under review.

Corporate Governance

Your Company follows the principles of the effective corporate governance practices. The Clause 49 of Listing Agreement deals with the Corporate Governance requirements which every publicly listed Company has taken steps to comply with the requirements of the revised Clause 49 of the Listing Agreement with the Stock Exchange.

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Company's Auditors on Corporate Governance as stipulated in Clause 49 of the Listing Agreement is included in the Annual Report.

Statutory Information

The Company being basically in the media sector, requirement, regarding and disclosures of Particulars of conservation of energy and technology absorption prescribed by the rule is not applicable to us.

Particulars of Employees

People are the backbone of our operations. It is a matter of great satisfaction for our Company that our employees have been very supportive of the Company's plan. By far the employee's relations have been cordial through out the year.

The information as required by provisions of section 217(2A) of the Companies Act, 1956 read with the companies (Particular of employees) amendments rules, 1988 is reported to be NIL.

Particulars under section 217 (1) (e) of the Companies Act, 1956

The Company is engaged in the business of media products, trading of Mobile Instruments and in Investments in Shares & Securities hence the information regarding conservation of energy, Technology