

Padmalaya

Annual Report
1999-2000



Padmalaya Telefilms Limited

Shareholder Information

Board of Directors

G.S.R. Krishna Murthy	Chairman
G.V. Narasimha Rao	Director
P.C. Reddy	Director
JayaDev Galla	Director
R. Sudesh Iyer	Director
G. Adishesagiri Rao	Managing Director

Company Secretary

V. Kanta Rao

Shareholder Enquiries

A.S.R. Kumar
Assistant Company Secretary

Registered Office

H.No. 6-3-1186/3,
I Floor, Balreddy Buildings,
Adj. lane to Grand Kakatiya Hotel
Begumpet,
HYDERABAD - 500 016.

Studio

Road No. 78
PADMALAYA STUDIO ANNEXE
Filmnagar Housing Society
Jubilee Hills,
Hyderabad.

Musalamadugu
Burgampahad Mandalam,
Khammam District.

Bankers

STATE BANK OF INDIA
Film Nagar
Jubilee Hills
Hyderabad.

CANARA BANK
Basheerbagh,
Hyderabad.

ANDHRA BANK
Jubilee Hills
Hyderabad.

U.T.I. BANK
Begumpet.
Hyderabad.

Auditors

DENDUKURI ASSOCIATES
Chartered Accountants
H.No. 6-3-1186/A/6, (New No. 326)
II floor, Chinna Balreddy Buildings,
Adj. lane to Grand Kakatiya Hotel,
Hyderabad - 500 016.

Padmalaya Telefilms Limited

Registered Office: D. No. 6-3-1186/3, First Floor, Balreddy Buildings,
Adjacent lane to Grand Kakatiya Hotel, Begumpet, Hyderabad - 500 016.

Notice

Notice is hereby given that the 9th Annual General Meeting of the Members of Padmalaya Telefilms Limited will be held on 10th July, 2000 at 11.00 A.M. at the Registered Office of the Company.

Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000, the Profit & Loss Account for the period ended on that date and the Reports of Directors and Auditors thereon.
2. To declare final dividend.
3. To appoint a director in place of Sri G.S.R. Krishna Murthy, who retires by rotation, offers himself for reappointment.
4. To appoint a director in place of Sri G.V. Narasimha Rao who retires by rotation, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

Special Business :

6. To consider and if thought fit to pass with or without modification(s) the following resolution as Ordinary Resolution:

"RESOLVED THAT Sri R.SUDESH IYER be and is hereby appointed as Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to section 94 and other applicable provisions if any of the Companies Act 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs.10,00,00,000/- (Rupees Ten Crores only) divided into 1,00,00,000 (One Crore only) Equity shares of Rs.10/- (Rupees Ten only) each to Rs. 12,00,00,000/- (Rupees Twelve Crores only) divided into 1,20,00,000 (One Crore and Twenty lacs only) Equity shares of Rs.10/- each (Rupees Ten only) by creation of additional 20,00,000 (Twenty lacs only) Equity shares of Rs.10/- (Rupees Ten only) each ranking pari passu with the existing Equity shares of the Company.

"RESOLVED FURTHER THAT pursuant to Section 16 and other applicable provisions if any of the Companies Act 1956, the existing clause V of the Memorandum of Association of the Company be substituted by the following:

V. The Authorised Share Capital of the Company is Rs.12,00,00,000/- (Rupees Twelve Crores only) divided into 1,20,00,000 (One Crore and Twenty lacs only) Equity shares of Rs.10/- (Rupees Ten only) each. The Company has powers from time to time to increase or reduce its capital and also to cancel any uncalled capital

"RESOLVED FURTHER THAT pursuant to Section 31 and other applicable provisions if any of the Companies Act 1956, the existing Article 3(a) of the Articles of Association of the Company be substituted by the following:

- 3.(a) The Authorised Share Capital of the Company is Rs.12,00,00,000/- (Rupees Twelve Crores only) divided into 1,20,00,000 (One Crore and Twenty lacs only) Equity shares of Rs.10/- each (Rupees Ten Only) with power to sub divide, consolidate, increase and reduce the capital and to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential or special rights and privileges and conditions as may be determined by or in accordance with regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may, for the time being, be provided in the regulations of the Company.
8. To consider and if thought fit to pass, with or without modification(s), the following Resolution as Special Resolution.
- "RESOLVED THAT pursuant to Section 31 and other applicable provisions if any of the Companies Act 1956, the Articles of Association of the Company be altered in the following manner :
- (I) Insert the following Article 3 A after the Existing Article 3
- 3A. (1) Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the un-issued capital or out of the increased share capital then:
- (a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the Equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
- (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
- (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
- (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
- (2) Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.
- (a) If a special resolution to that effect is passed by the Company in the General Meeting, or
- (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.
- (3) Nothing in sub-clause (c) of (1) hereof shall be deemed:
- (a) To extend the time within which the offer should be accepted; or
- (b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person, in whose favour the renunciation was first made, has declined to take the shares comprised in the renunciation.
- (4) Nothing in this Article shall apply to the increase of the Subscribed Capital of the Company caused by the exercise of any option attached to the debenture issued or loans raised by the Company:

- (i) To convert such debentures or loans into shares in the Company; or
- (ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise.)

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
 - (b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.
- (II). Existing Article 4 of the Articles of Association of the Company be and is hereby altered by substituting the following New Article 4 in place of the existing Article.

4. Shares at the disposal of the Directors :

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose off the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the Compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

(III) Insert the following Article 11 A after the Existing Article 11.

11A. Limitation of time for Issue of Certificates:

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or, if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe jointly by several persons. the Company shall not be borne to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.

(IV) Insert the following Article 11 B after the Article 11 A.

11B. Issue of New Certificate in place of Defaced, Lost or Destroyed :

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate be lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Directors shall Comply with such Rules or Regulations or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall *mutatis mutandis* apply to debentures of the Company.

(V) Substitute the following Article 16 b in place of the Existing Article 16(b).

16b. Instrument of Transfer :

The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

(VI) Substitute the following Article 16 c in place of the existing Article 16 c.

16c. Directors may refuse to Register Transfer.

Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on account whatsoever except when the Company has a lien on the shares. Transfer of shares / debentures in whatever lot shall be refused.

(VII) Substitute the following Article 16 e in place of the Existing Article 16 e.

16e. No Fee on Transfer or Transmission :

No fee shall be charged for registration of transfer, transmission, probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

(VIII) The following Existing Paragraph at the end of Article 13 (e) (ii) be deleted

"Provided that any amount be paid in advance of call on any shares, such amount may carry interest of not less than 15% PA. but shall not in respect thereof confer a right to dividend or to participate in profit"

(IX) Insert the following New Article 13 A after the Existing Article 13.

13A. Payment in Anticipation of call may carry interest :

The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same, whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable.

The provisions of these Articles shall *mutatis mutandis* apply to the calls on debentures of the Company.

(X) Substitute the following Article 14 a in place of the Existing Article 14 a.

14a. Company's Lien on Shares / Debentures

The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared

in respect of such shares/debentures. Unless otherwise agreed, the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

(XI) Insert the following New Article 19 A after the Existing Article 19.

19A. Term of Issue of Debenture :

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of directors and otherwise, debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a special Resolution.

(XII) Substitute the following Article 84 in place of the Existing Article 84.

84. Unpaid or unclaimed dividend :

Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of PADMALAYA TELEFILMS LIMITED", and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of Seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government. A claim to any money so transferred to the above fund may be preferred to the Central Government / committee appointed by the Central Government by the shareholders to whom the money is due.

No unclaimed or unpaid dividend shall be forfeited by the Board. The Company shall comply with the provisions of Section 205A of the Act in respect of Dividend.

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

'RESOLVED THAT in accordance with the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (herein after referred to as the "Board" which expression shall include a committee thereof) or as may be prescribed or imposed while granting such approvals, permissions and transfers which may be agreed to and accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to create, offer, issue or allot, in one or more Tranches, to ' Padmalaya Telefilms Employees Welfare Trust," such number of Ordinary shares of the Company of the face value of Rs. 10/- each, not exceeding 5,00,000 number of Equity shares of the Company, as the Board may deem fit, for subscription for cash at the Market Value as on the date of such allotment and in accordance with the applicable guidelines and provisions of law and otherwise, ranking *pari-passu* with the ordinary shares of the Company as then issued and in existence and on such terms and conditions and at such time or times as the Board may, in its absolute discretion and in the best interests of the Company deem fit. Such shares of the Company allotted by the Board shall be granted as options to the Professional Directors and the employees, including present and future employees of the Company on such terms and conditions as may be decided upon by the ESOS committee constituted by the Board for this purpose.

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form and terms of the issue, the issue price and all other terms and conditions connected therewith and to settle any question or difficulties that may arise in regard to the issue and to do all acts, deals and things as may be required on behalf of the Company.'

for and on behalf of the Board

Place : Hyderabad
Date : 06/06/2000

G. Adishesagiri Rao
Managing Director

Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER. IN ORDER TO BE VALID THE PROXY FORM MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 3rd July, 2000 to 10th July, 2000. (Both days inclusive)
3. Members, holding shares in physical form are requested to notify immediately change of address if any to the share transfer agents KARVY CONSULTANTS LTD.,(UNIT PADMALAYA TELEFILMS LTD.,) KARVY HOUSE, 46, AVENUE - 4, STREET NO: 1, BANJARA HILLS, HYDERABAD - 500 034.
4. The attendance slip is annexed to the Proxy Form, Members / Proxies are requested to fill in and affix *their signatures at the space provided therein and hand over the same at the entrance of the place of meeting.*
5. Members desiring any information on accounts are requested to write to the Company at least Seven days before the date of the meeting so as to enable the Company to keep the information ready.
6. Members / Proxies are requested to bring the Copies of the Annual Report to the meeting. In view of high cost of Printing, the Annual Report will not be distributed at the Meeting.
7. The explanatory statement pursuant to Section 173(2) of the Companies Act 1956 in respect of Special Business is herewith Annexed.

Annexure to the Notice

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956.

ITEM NO (6)

Sri. R.Sudesh Iyer was appointed as Additional Director of the Company by the Board of Directors at their meeting held on 24th Jan 2000, and he holds office up to the date of the forthcoming Annual General Meeting. He has got rich experience in business and it would be in the best interests of the Company to appoint him as a director. The Company has received Notice from a member proposing his candidature as director along with required deposit. Your directors recommend his appointment.

None of the Directors except R.Sudesh Iyer are deemed to be concerned or interested in the passing of the above Resolution.

ITEM NO (7)

The present Authorised capital of the Company is Rs 10 Crores and the issued, subscribed and paid-up capital after allotment of shares in the public issue will be Rs 10 Crores. The Company proposes to introduce the Employees Stock option scheme (ESOP) and to issue shares to reward, motivate and retain talented employees. Hence it is proposed to increase the Authorised capital from Rs. 10 Crores to Rs. 12 Crores. As per the Provisions of the Companies Act 1956, your approval is required for increase of authorised capital and consequential Alteration of Memorandum of Association and Articles of Association. The Resolutions as set out above are proposed for your approval. Your Directors recommend the passing of the above resolutions.

None of the Directors is concerned or interested in the passing of the above Resolutions.

ITEM NO (8)

The Company has made a Public Issue of 25,00,000 Equity shares of RS 10/- each at a premium of Rs 90 /- per share. One of the objects of the Public Issue was to list the shares of the Company on the Stock Exchanges. The shares of the Company are proposed to be listed on The Stock Exchange Mumbai and the Hyderabad Stock Exchange. The Company has made an application to the stock exchanges for listing of the shares. The Stock Exchange, Mumbai vide its letter No: List / JJB /NS /2000 dated 3rd May 2000 advised to alter certain Articles of Association of the Company. Hence the above resolution is proposed for your approval. The alteration of the Articles of Association requires your approval as per the provisions of the Companies Act, 1956.

The Copy of the above letter along with Articles of Association are available for Inspection at the Registered office of the Company during office hours on all working days between 10.00 A.M. and 12.00 A.M. up to the date of the Annual General Meeting.

The Directors recommend the resolution to the members. None of the Directors is concerned or interested in the resolution.

ITEM NO (9)

You are aware that it has become the general trend of the Software/ Entertainment Industry, to offer Equity shares under Employees Stock Option Scheme to attract, retain and reward the talented and loyal employees. The Board of Directors proposes to offer shares under Stock Option to the employees of the Company through the Employees Stock Option Scheme. The compensation committee will formulate the scheme based on the following guidelines: