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Perseverance and Perfection



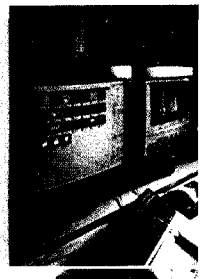






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Padmalaya



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From seeing to seeing things in a different light

From the time man learned the art of communication, entertainment has latched on to every single alphabet and has grown with it. Be it the cave paintings or the temple carvings, it's always been man's creativity that has manifested into larger proportions for generations to regard and follow. What remained a constant through the process of this evolution is that those who saw things in a different light were the once who defined standards.

Here at Padmalaya Telefilms Limited, we quite identify ourselves with those who succeeded in making a difference. A confidence that stems from the manner in which we operate and excel. As we reiterate our commitment to redefining entertainment, we put forth the practices that define our purpose of being.

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From shaky pictures to expressions of genius





The Indian entertainment industry is one of the largest in the world, characterised by phenomenal growth patterns over the years. What began as a shaky and nondescript medium is today an industry that's outperforming the entire economy. Since 1931, when talkies were first introduced, the country has seen over 65,000 films in over 50 languages. Similar has been the growth in other related areas including music and television.

The Indian entertainment industry is now witnessing a turnaround that benchmarks it with global standards. With increased focus on technology and packaging, the country is getting ready to compete with established giants on the same plane.

Increased foreign capital investment, regional and national tax benefits, professional management and accountability, and many such novel factors are contributing to the improvement of infrastructure and also the investments in content creation and intellectual capital.

Furthermore, the country, over the last decade, has been exposed to international content, owing to the deregulation of the domestic television industry. This has come as a welcome boon to the entertainment industry.

Above all, the sector has woken up to the reality of convergence – entertainment, information and telecommunication, which, in line with global trends spell a high growth path for the Indian entertainment industry.

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From winning minds to winning hearts globally

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The pre-eminence of the Indian entertainment industry is quite certain, with its apparent signs of transformation at the operating level as it begins to embrace corporatisation and organised business structures. This is likely to instill a greater discipline in the functioning of the industry and lead to greater consolidation in the future. And as trends fast shift to technology-intensive media, the domestic consumer will have far better options in the future. Consequently, domestic majors will have to redefine their product offerings.

Other advantages such as better quality in product offering and international facilities for pre and post production are gaining importance even with the foreign producers. Animation too has turned out to be a highly lucrative segment where the vast Indian talent is matching up with global standards.

On the home front, it is the burgeoning of mega theaters and multiplexes. Over 1000 multiplexes with between 150-400 seats are expected to be built in the next few years. This clearly identifies with the industry's focus on heightened consumer experience.

Be it the adoption of digitised technology or the consumer-centric approach, the primary drivers for the entertainment industry in India has remained and will always remain the drive to win minds and hearts. A philosophy, inherent with every little practice at Padmalaya.

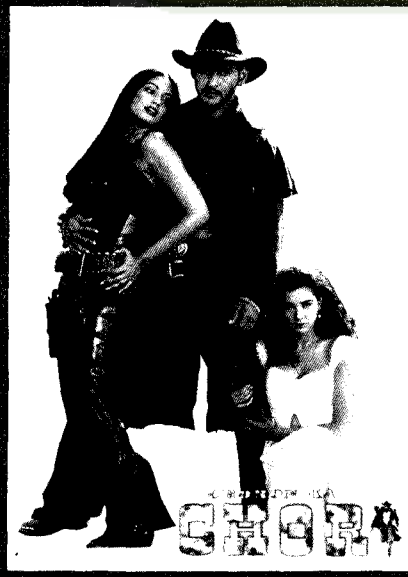
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From creating standards to defining the engines of growth

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A good enterprise is known by its idea. A great enterprise is known by how it shapes that idea into an example for others to follow.

In over three decades, Padmalaya Telefilms has evolved as a truly global entertainment enterprise, reflecting the vision of its founders and the organisations' persistence to succeed in every facet of its operation. A company which began film production in Telugu is today a pan Indian brand and banner. Under the guidance of Krishna, one of the super stars of south Indian cinema, Padmalaya grew to become a benchmark in the Indian entertainment industry with interests spanning films, television, distribution and animation.

The producer of the largest number of films under a single banner, Padmalaya bears the distinction of having introduced the 70 mm format in south India and the Cinemascope format in Telugu. Padmalaya has also been a major film distributor. Over 500 films, including English language films have been distributed by Padmalaya.

Padmalaya is supported in its drive by its various divisions – Feature Films, Television Software, Integrated Communications Group, Distribution, Animation and the newly inducted Exhibitors Division. Each of these SBUs is involved in providing critical solutions to discerning clients around the country and across the globe.

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The year in perspective

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The crisp management practices followed at Padmalaya Telefilms has not only placed the company in the league of international majors, but has also helped the company define standards and benchmarks for the entire industry.

The year 2002-03 has been favourable to the company in many aspects. The company registered a turnover of Rs. 88.02 Crores in the financial year, an excess of 31.42% over the previous year. A major share of this came from Feature Films, Distribution and Television Software divisions.

The year 2002-03 also witnessed the company's focus on new business opportunities. Realizing the lack of exhibition infrastructure in the country, the company incorporated the Exhibitors Division which leverages the company's competencies to provide quality entertainment.

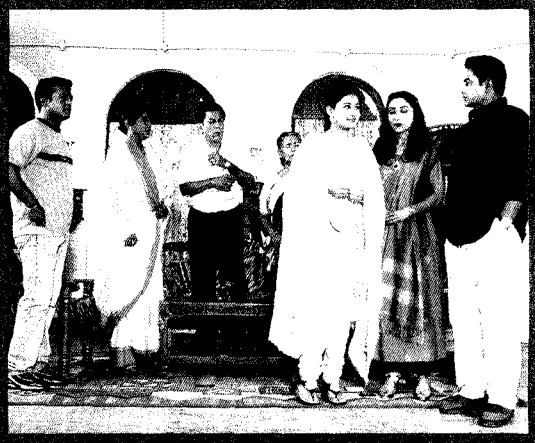
Animation and other related areas remain the company's mainstay, providing support to the operations and enhancing business outreach across the country and the world.

Padmalaya Telefilms incorporates its ideals and carefully thought out strategies in its operations, giving more meaning to its core philosophy - to provide quality entertainment to the global market using the latest technologies.

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Feature Films Division

Padmalaya's foray into feature films dates back to its days of inception. Padmalaya has transformed the production of feature films into a professional activity with industry status, wherein internationally recognised tools are employed for efficiency, economy and risk management. Padmalaya's expertise helps the organisation to remain a leader in this business. Cutting across cultural barriers, Padmalaya, an icon in the Telugu film industry; in the year 2001-02 initiated its first Hindi feature film. In the year 2002-03, Padmalaya achieved another milestone in this regard by venturing into the regional film market. A strategic alliance with Zee Telefilms has increased its scope of activity and has provided additional support to its products and services.





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Television Software Division

One of the most widely known divisions of Padmalaya, the Television Software arm has brought the choicest serials to the regional and national audiences. Well-accepted Commissioned and Sponsored Programmes have given a great advantage to this division. That apart, the integrated facilities including state-of-the-art editing suites enable fast and easy completion of any project. With the deregulation of cable and satellite industry, the Television has become one of the choicest media to reach out to the masses. Padmalaya's Television Software Division has consolidated its focus on the industry, increasing its total software production from 1279.5 hours in 2001-02 to 1633.00 hours in 2002-03. The division has achieved a growth of 20.18% over the previous year.





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Integrated Communications Group

The ICG has been a strategic business initiative of Padmalaya which provides one-stop-solutions for the production and post-production requirements of the entertainment industry, especially films, and also leverages Padmalaya's strengths to deliver high-end television commercials, corporate films, industrial documentaries and 3-D graphics for film and video media. The ICG has also successfully executed many contract assignments from third parties in editing, and audio and music recording. The production facilities of the ICG are more and more utilized for captive consumption. Despite the use of ICG facilities for in-house requirements, the division was able to sustain its position in the year 2002-03.





Animation Divison

This division has been rated by global leaders like IBM as the 'biggest, comprehensive animation studio in Asia'. Over 300 qualified animators under internationally reputed project managers create original content for global markets. The facilities are linked through dedicated leased lines to enable clients and partners to monitor work status in real time. With the best infrastructure and wonderful talent, this division has enabled Padmalaya to create unique products for markets around the world. In the previous year, the Animation Division addressed the requirements of pre-production works for various projects handled by the company. Though this led to a decline in revenue over the previous year, it improved the value and the standard of the content provided.







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Distribution Division

This division leverages the three decades old Padmalaya's success in film distribution and exhibition to give the organisation's film and other media assets the widest reach and maximum returns. Realizing the need to incorporate best practices in distribution in the wake of growing exhibition demands, the Distribution Division provided the best services to meet every requirement. In the year 2002-03, the company has distributed 92 feature films as against the 68 in the previous year. The Distribution Division also ventured into new areas like West Bengal, New Delhi and UP in the year, complementing the company's outlook to reach out to more segments.







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Exhibitors Division

This division was established in the year 2002-03, to create more value for the customer. The impetus to venture into this sector comes from entertainment tax incentives from the state government and the increasing demand for quality exhibition facilities. Padmalaya envisions to gain control of more than 100 theaters in the coming two years. In the first year of its operation alone, the Exhibitors Division contributed 7.06% of the total turnover of the company. With growing customer awareness and exposure, the demand for such services will surmount. And Padmalaya together with its distribution strength will be ready to provide enchanting service offerings to the customer.





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