

ANNUAL REPORT 2004-05



Report  Junction.com

Padmalaya

TELEFILMS LIMITED



Corporate Information

Board of Directors

Bijey Khemka	-	Chairman
G. V. Narasimha Rao	-	Executive Director
K. Gopala Krishna	-	Director (Operations)
Ajithan G. Kurup	-	Director
K. Raghavendra Kumar	-	Director

Company Secretary

P. Vijaya Bhaskar

Regd. & Corporate Office

Plot No A-33, Road No 2, Film Nagar,
 Jubilee Hills, Hyderabad - 33

Auditors

M/s. NG Rao & Associates
 H.No. 6-3-1186/A/6, (New No. 325),
 II Floor, Chinna Balreddy Building,
 Begumpet, Hyderabad - 16

Bankers

HDFC
 UTI
 Andhra Bank
 ICICI

Registrars & Share Transfer Agents

Karvy Computer Share Private Limited
 46, Avenue 4, Street No 1,
 Banjara Hills, Hyderabad - 500 034

Listing

The Hyderabad Stock Exchange Limited
 The Stock Exchange, Mumbai
 The National Stock Exchange of India Limited, Mumbai

Contents:	Page Nos
Notice	2
Directors' Report	6
Report on Corporate Governance	8
Compliance on Corporate Governance	12
Management Discussion & Analysis Report	13
Auditors' Report	15
Annexure to Auditors' Report	16
Balance Sheet as at 31.03.2005	18
Profit & Loss Account for the year ended 31st March 2005	19
Schedules	20
Cash Flow Statement for the year Ended 31st March 2005	29
General Share Holders Information	30
Balance Sheet Abstract and Company's General Business Profile	33



Notice

Notice is hereby given that the Fourteenth Annual General Meeting of Padmalaya Telefilms Limited will be held on Friday, the 30th day of September.2005 at 10.00 A.M. at State Gallery of Fine Arts, Road No.1, Kavuri Hills, Madhapur, Hyderabad - 500 033 to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st March, 2005 and the Profit and Loss Account for the year ended on that date along with the reports of the Auditors and Directors thereon.
2. To appoint a Director in Place of Mr Bijay Kumar Khemka, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration by passing the following resolution as ordinary Resolution.

"RESOLVED THAT M / s N. G. Rao & Associates, Chartered Accountants, Hyderabad be and are hereby appointed as Auditors of the company, to hold office from the conclusion of this Annual General meeting till the conclusion of the next Annual General Meeting of the company at a remuneration to be fixed by the Board of Directors of the company."

SPECIAL BUSINESS:

4. To consider and if thought fit to pass with or without modification(s)the following resolution as ordinary resolution

"RESOLVED THAT Mr Ajithan G. Kurup, who was appointed as additional Director of the company pursuant to section 260 of the Companies Act 1956 and holds office up to the date of this Annual General Meeting be and is hereby appointed as Director of the company, liable to retire by rotation"

5. To consider and if thought fit to pass with or without modification(s)the following resolution as ordinary resolution

"RESOLVED THAT Mr K. Raghavendra Kumar, who was appointed as additional Director of the company pursuant to section 260 of the Companies Act 1956 and holds office up to the date of this Annual General Meeting be and is hereby appointed as Director of the company, liable to retire by rotation"

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

"RESOLVED THAT pursuant to Section 269, and Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 subject to approval of the Share holders Sri. G. V. Narasimha Rao be and is hereby appointed as whole time Director designated as Executive Director of the Company, for a period of 5 years with effect from 10.03.2005 on the following terms and conditions.

i) Salary Rs. 50,000/- (Rupees Fifty Thousand only) P.M.

ii) **Perquisite:** in addition to salary entitled to the following perquisites-

1. HOUSING:

House Rent Allowance @15% of the salary

2. MEDICAL REIMBURSEMENT:

1-month salary per annum for self and family

3. CLUB FEES:

Fees of Clubs shall be reimbursed subject to a maximum of Two clubs. Admission fee or life member Fee shall not be reimbursable.

4. Provision for car with driver for use on Company's business and Telephone, Mobile and Fax at residence and reimbursement of expenditure. Use of Car for Private purposes and personal long distance calls on Telephone will be billed by the Company

4. Statutory Payments like Contribution to Provident Fund, Superannuating Fund or Annuity Fund and Gratuity as per Company rules / policies.
5. Encashment of earned Leave as per Company rules / policies.
7. To consider and if thought fit to pass with or without modification(s) the following resolution as Special resolution
"RESOLVED THAT subject to approval of the Share holders pursuant to Section 269, and Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 Sri. K. Gopala Krishn, be and is hereby appointed as whole time Director designated as Director (Operations) of the Company, for a period of 5 years with effect from 01.01.2005 on the following terms and conditions.
 - i) Salary Rs. 50,000/- (Rupees Fifty Thousand only) P.M.
 - iii) **Perquisite:** in addition to salary entitled to the following perquisites-
 1. HOUSING:
House Rent Allowance @15% of the salary
 2. MEDICAL REIMBURSEMENT:
1-month salary per annum for self and family
 3. CLUB FEES:
Fees of Clubs shall be reimbursed subject to a maximum of Two clubs. Admission fee or life member Fee shall not be reimbursable.
 4. Provision for car with driver for use on Company's business and Telephone, Mobile and Fax at residence and reimbursement of expenditure. Use of Car for Private purposes and personal long distance calls on Telephone will be billed by the Company

By order of the Board of Directors

Place: Hyderabad

Date: 31st August 2005

P.Vijaya Bhaskar
 Company Secretary
Notes:

1. An Explanatory Statement Pursuant to Section 173(2) of the Companies Act 1956 in respect of Special Business is annexed hereto.
2. 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 OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 28-09-2005 to 30-09-2005 (Both Days Inclusive) to ascertain the list of members for 14th Annual General Meeting.
4. Shareholders who have not encashed the Dividend warrants in respect of the final Dividend for the financial year 2000-2001, 2001-2002 and 2002-2003 are requested to apply for revalidated warrants.
5. The attendance slip is annexed to the proxy Form, Members/ proxies are requested to duly fill in and affix their signatures at the space provided therein and hand over the same at the entrance of the place of meeting.
6. Members desiring any information on accounts are requested to write to the company at least seven days before the meeting so as to enable to company to keep the information ready and the Members/Proxies are requested to bring the Copies of the Annual Report to the Meeting and the same will not be distributed at the Meeting.

Padmalaya Telefilms Limited**Explanatory Statement Pursuant to Section 173(2) of the Companies Act 1956:****ITEM NO 4**

Mr Ajithan G. Kurup was appointed as Additional Director of the company by the Board of Directors at their meeting held on 5th March 2005, and he holds office up to the date of forthcoming Annual General Meeting. The company has received a notice in writing from a member proposing the candidature of Mr Ajithan G. Kurup for the office of Director under the provisions of Section 257 of the Companies Act 1956, together with the requisite deposit. Your Directors recommend the resolution for approval of the shareholders.

None of the Directors except Mr Ajithan G. Kurup is deemed to be concerned or interested in the resolution.

ITEM NO 5

Mr K. Raghavendra Kumar was appointed as Additional Director of the company by the Board of Directors at their meeting held on 5th March 2005, and he holds office up to the date of forthcoming Annual General Meeting. The company has received a notice in writing from a member proposing the candidature of Mr Raghavendra Kumar for the office of Director under the provisions of Section 257 of the Companies Act 1956, together with the requisite deposit. Your Directors recommend the resolution for approval of the shareholders.

None of the Directors except Mr Raghavendra Kumar is deemed to be concerned or interested in the resolution.

ITEM NO 6

Sri G.V. Narasimha Rao is the Promoter Director of the Company and is actively involved in the day-to-day operations of the Company. In view of the increase of operations and considering his experience in the industry, it is proposed to appoint him as a Executive Director of the Company. According to the provisions of the Company's Act 1956 the appointment and the payment of remuneration to Sri G.V. Narasimha Rao requires your approval, Hence the resolution as set out above is proposed for your Director recommended the passing of the above resolution.

None of the Directors except Sri G.V. Narasimha Rao is deemed to be concerned or interested in the resolution.

ITEM NO 7

Sri K. Gopala Krishna is the Director of the Company and is actively involved in the day-to-day operations of the Company. In view of the increase of operations and considering his experience in the industry, it is proposed to appoint him as a Director (Operations) of the Company. According to the provisions of the Company's Act 1956 the appointment and the payment of remuneration to Sri K. Gopala Krishna requires your approval, Hence the resolution as set out above is proposed for your Director recommended the passing of the above resolution.

None of the Directors except Sri K. Gopala Krishna is deemed to be concerned or interested in the resolution.

By order of the Board of Directors

Place: Hyderabad

Date: 31st August 2005

P.Vijaya Bhaskar
Company Secretary

Padmalaya Telefilms Limited***Additional Information required to be furnished as per the Listing Agreement.*****Brief Profile of Mr Bijay Khemka Director, who retires by rotation and eligible for re- election**

Mr. Bijay Khemka aged 55 years having vast experience in Motion Picture Production and Distribution, distributed more than 100 Hindi films, more than 20 Bengali Films in eastern Circuit, Produced the biggest Bengali Hit till date '**Beder Meya Joshna**'. Is the former Senior Vice President of Eastern india Motion Pictures Association of Eastern Indian Motion Pictures Association.

Brief Profile of Mr Ajithan G. Kurup, who was appointed as additional Director of the Company and is eligible for appointment as Director

Mr. Ajithan G. Kurup, aged about 48 years, has a Bachelor of Arts in Economics, Sociology and English. He was a topper in Economics and English. He has vast experience in Corporate communications, Project Design, Marketing, drafting and involve Promotional Campaign to various Governmental and Non-Governmental Programmes. He was a Management Consultant to Companies such as Citadel Health, Asia Online etc., and involved closely with hi-tech areas such as Health care Informatics, Online Business and Media & Entertainment.

Brief Profile of Mr. K. Raghavendra Kumar, who was appointed as additional Director of the Company and is eligible for appointment as Director

Mr. K. Raghavendra Kumar aged about 43 years is a Science graduate and a qualified Cost and Works Accountants of India. He has a rich experience in Financial Consulting, including Loan Syndications, feasibility studies and presentations for fund Managers, Budgeting and Costing etc. He Served for Central Government for more than a decade in Accounts and Administration wings.

Brief Profile of Mr K. Gopala Krishna,

Mr. K. Gopala Krishna, aged about 43 years, has a Bachelor of Science, Bachelor of Law and is a Fellow Member of Institute of Chartered Accountants of India. He has rich experience in the Advertising and Marketing activities, which involve promotional campaigns of National and multinational clientel involving various media like out door, road shows, print and electronic media. He was a Director on the Board of Andhra Sinters limited till 1998 and is a Director in Vardhana Software Consultants Private Limited

Brief Profile of Mr. G.V. Narasimha Rao

Mr. G. V. Narasimha Rao aged about 35 years, has behind him wealth of knowledge in production management and media negotiations. He combined the spirit of youth and eagerness to foray in to new terrains with professional grasp of media technologies.

Directors' Report

Your Directors take pleasure in presenting the Fourteenth Annual Report of your Company and the Audited Statement of Accounts for the year ended 31st March 2005 thereof. The Business and operations of the Company over the last fiscal year are briefly encapsulated below:

Financial Results**(Rs.in.lakhs)**

Particulars	Year Ended 31st March 2005	Previous ended on 31st March 2004
Turn Over	2081.50	9436.69
Profit After Tax	-317.07	-2248.15
Add: Profit brought Forward from last year	185.34	2433.48
Profit Available for Appropriation	-131.73	185.33

Business Performance Review

As the re-structuring and re-organisation exercise is in progress during the year, the performance of your Company has not been encouraging. animation division was not encouraging due to tough competition and sluggish market conditions. However, the Company is now ready to compete in the market with rejuvenated energies.

Out look for the current year

Your Directors inform that due to the set back during the previous year, the company has reviewed each of its business divisions and has under taken a substantial re-organizing, restructuring exercise of its total divisions. To strengthen its stand in the market, the Company has been concentrating in activities like Film Production in which the Company is strong with proven track record.

Statutory Disclosures**Conservation of Energy and Technology Absorption**

The company is not engaged in manufacturing activities, and as such the particulars relating to conservation of energy and technology absorption are not applicable. The company makes every effort to conserve energy as far as possible in its editing facilities, Production Floors, offices etc.

Foreign Exchange Earnings and Outgoings.**(Rs.in.Lakhs)**

- | | |
|------------------------------------|------|
| 1. Total Foreign Exchange earned | NIL |
| 2. Total Foreign Exchange utilised | 5.15 |

Particulars of Employee's Remuneration and Industrial Relations

There are no employees whose particulars, pursuant to Section 217(2A) of the Companies Act 1956, read with Companies (Particulars of Employees) Rules, 1975, are to be disclosed. Industrial relations in the company were very cordial and stable

Public Deposits

Your Company has not accepted any deposits from the public during the year under review and there are no outstanding deposits as on 31st March 2005.

Directors

In accordance with the Provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr Bijay Kumar Khemka will retire by rotation and being eligible, offer themselves for re-appointment.

Auditors

M/s. N.G.Rao & Associates, Chartered Accountants are Auditors of the company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

Explanation to Auditors Qualification:-

Auditors have commented in point No 12 of Annexure to the Auditors Report as Company is not regular in depositing undisputed statutory dues mentioned in point 16 of Schedule L.

Management feels that due to blocking of funds in some long-term current assets, delay has happened. However, the management is putting efforts to regularize these statutory dues at the earliest.

Corporate Governance

Pursuant to clause 49 of the Listing Agreement executed with the stock exchanges, the company has complied with all the provisions of Corporate Governance and a detailed note in this regard is provided in this Annual Report elsewhere. A certificate from the Auditors of the company regarding compliance of conditions of Corporate Governance is attached to this report.

Management Discussion and Analysis

A Management Discussion and Analysis Report has been attached and forms part of the Annual Report.

Director's Responsibility Statement

As required under the Companies Act 1956, your Directors wish to state:

1. In the preparation of the Annual Accounts for the year ended March 31, 2005 applicable accounting standards have been followed with no material departure.
2. Accounting policies have been selected and applied consistently, at the same time judgments and estimates have been made, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit for the year under review.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. Accounts for the year ended 31st March 2005 have been prepared on Going Concern basis.

Human Resources

The Board of Directors would like to place on record its deep appreciation to all the employees for their dedicated services to the company. Our organizational culture and work environment is central to our ability to compete effectively.

Acknowledgements

Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff, viewers, Clients and Advertising Agencies, Various TV Channels, Distributors, Exhibitors and Channel Partners, the Central & State Governments, Bankers, and Institutions for their continued support as well as co-operation with the Company.

For and on behalf of the Board

Place: Hyderabad
Date: 31st August 2005

K. Gopala Krishna
Director (Operations)

Report on Corporate Governance

Padmalaya Telefilms Limited is committed to the highest standards of corporate governance in all its activities.

Company's Philosophy on code of governance:

Your company believes in providing highest transparency and ethical value in Corporate Governance. Your company also believes in taking into confidence all the stakeholders viz Shareholders, Employees, Creditors, Customers etc. Your company is committed to take the torch of Corporate Governance forward, so that every stakeholder of the company synchronise and synergise their efforts in their growth along with the growth of their company.

Board of Directors:-**a) Composition**

The Board of Directors of the Company consists of 5 Members comprising of.

- One Promoter Director and one Non-Promoter Director who are in the Whole time employment of the Company.
- Three Independent Directors, drawn from amongst persons with experience in Business, Finance, Management, Marketing and industry.

b) Other Directorship/Committee Memberships held:

Name of Director	Category	Designation	Directorship held in other Companies	
			Director	Committee Member
G. V. Narasimha Rao	Promoter Executive	Executive Director	1	NIL
K. Gopala Krishna	Non-Promoter Executive	Director (Operations)	1	NIL
Bijay Khemka	Non-Promoter Non-Executive	Director	NIL	NIL
Agithan G. Kurup	Non-Promoter Non-Executive	Director	NIL	NIL
K. Raghavendra Kumar	Non-Promoter Non-Executive	Director	NIL	NIL

c) Board Meetings held during the year:

S.No	Date of Board Meeting
1.	14th April 2004
2.	26th July 2004
3.	27th October 2004
4.	6th December 2004
5.	31st December 2004
6.	31st January 2005
7.	5th March 2005



D) Attendance of Directors at Board Meetings and Last Annual General Meeting:

Name of Director	Meetings Attended	Attendance at last AGM
G. Adisheshagiri Rao * ^	6	Yes
G.V. Narasimha Rao	7	Yes
Rajiv garg**	3	No
P.C.Reddy***	1	No
Atul Goel**	2	No
K. Srinivasan**	0	No
K. Gopala Krishna	6	Yes
Bijay Khemka	4	Yes
K. Raghavendra Kumar****	1	No
Agithan G. Kurup****	1	No

* Resigned as Chairman and MD W.E.F 1st January 2005

^ Resigned as Director wef. 1st February 2005

** Resigned as Director wef. 10th December 2004

*** Resigned as Director wef 3rd September 2004

**** Appointed as an additional Directors on the Board wef. 5th March 2005

Audit Committee

a) Terms of Reference

The Audit Committee Provides the Board with additional Assurance as to the adequacy of the Company's internal control systems and financial disclosures. The Audit Committee acts as a link between the Management, Statutory Auditors, Internal Auditors, and the Board of Directors. The composition, powers and functions of the Audit committee meet the requirements of the Listing Agreement and Section 292 A of the Companies Act 1956. The Broad terms of reference of the Audit committee are to review with the Management and / or Internal Auditors and / or Statutory Auditors in the following areas.

- I. Overview of Company's financial reporting process and financial information disclosures.
- II. Review with Management, external and internal audits, the adequacy of internal control systems.
- III. Review the adequacy and effectiveness of accounting and financial controls of the Company, compliance with the company's policies and applicable laws and regulations.
- IV. Review with Management, the Annual financial statement before submission to the Board.
- V. Recommending the appointment/removal of external and internal auditors, fixation of Audit fees.

b) Composition, names of members and Chairman

The Audit Committee of the Company comprises three members; two of them are "Independent " Non-Executive Directors. The names of the members of the Audit Committee are as follows.

K. Raghavendra Kumar	-	Chairman
Bijay Kumar Khemka	-	Member
K. Gopala Krishna	-	Member