19th ANNUAL REPORT 2009 - 10

PADMALAYA TELEFILMS LIMITED

Padmalaya

TELEFILMS LIMITED

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Corporate Information

Board of Directors

Sri. Bijaya Kumar Khemkha	-	Chairman
Sri. G.V.Narasimha Rao	-	Executive Director
Sri. S.Sreenivasa Rao	-	Director - Works
Dr. D.V.N.Raju	-	Director
Sri. V.Srihari	-	Director
Sri. Bipin Dhamji Shah	-	Director

Regd. & Administrative Office

Plot No.138, H.No. 8-3-222/1/23,
Madhura Nagar, Yusuf Guda, Hyderabad - 38

Auditors

M/s P. Murali & Co.,
Chartred Accountants
6-3-655/2/3
Somaji Guda
Hyderabad - 500 082

Bankers

HDFC Bank Limited
Allahabad Bank
Corporation Bank

Share Transfer Agents

Karvy Computer Share Pvt. Ltd.
(Unit Padmalaya Telefilms)
46, Avenue 4, Banjara Hills,
Hyderabad - 500 034.
Ph : 040-23312454/23320251
Fax: 040-23311963/23323049

Listing

The Bombay Stock Exchnge Limited, Mumbai
The National Stock Exchange Limited, Mumabi
The Hyderabad Stock Exchange Limited, Hyderabad

NOTICE

Notice is hereby given that the 19th Annual General Meeting of M/s.Padmalaya Telefilms Limited will be held on Thursday, the 30th day of September 2010 at 9.30 AM at SONY'Z Garden, Plot No.3940, Bhagyanagar Phase - II, Opp. Arjun Theatre, KPHB Colony, Hyderabad - 500 072 to transact the following business:

ORDINARY BUSINESS

1. To Receive, Consider and Adopt the Audited Balance Sheet as at 31st March, 2010 and Profit & Loss Account as on that date and the together with the Report of Auditors and the Report of Board of Directors thereon.

2. To appoint a Director in the place of Sri. V.Srihari who retires by rotation and being eligible offers himself for reappointment.

3. To appoint a Director in the place of Dr. D.V.N.Raju who retires by rotation and being eligible offers himself for reappointment.

4. To appoint Auditors and to fix their remuneration by Passing the following Resolution :-

   "RESOLVED THAT M/s P. Murali & Co., Chartered Accountants, Hyderabad be and are hereby appointed as Statutory 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 in place of the existing Statutory Auditors."

On behalf of Board of Directors

(Bijay Kumar Khemka)
Chairman

Place : Hyderabad
Date : 2nd September, 2010

Notes :

1. *A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES DULY STAMPED AND SIGNED MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.*

2. The Register of Members and Share Transfer Books of the Company will remain closed from 26th September 2010 to 30th September 2010 (Both Days Inclusive) to ascertain the list of members for 19th Annual General Meeting.

3. 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 the meeting.

4. 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.

Details of Directors Seeking Re-Appointment in the Annual General Meeting (In Pursuance of Clause 49 (VI) (A) of the Listing Agreement)

1. **Brief profile of Sri V.Srihari, who retires by rotation and eligible for re-election.**

   Sri V.Srihari, aged about 56 years, holds a bachelor degree in commerce and is a Chartered accountant and a Fellow Member of the institute of chartered accountants of India. He is having rich and vast Experience in the profession and he has served in private sector organization and government sector organizations for more than 34 years in various business segments like commercial banking, investment banking, operational management, corporate financial and strategies. He has worked as chief of finance, accounts and administration

2. **Brief profile of Dr.D.V.N.Raju who retires by rotation and eligible for re-election.**

   Dr.D.V.N.Raju, aged about 69 years, is a Doctor by profession and holds M.B.B.S., from Andhra University and also pursued his Masters Degree in D.V.(M.S) from Madras University. In addition to the medical practice, he was the Executive Producer and also the Member of the Production Committee. He has also produced more than 20 feature films in his career.

On behalf of Board of Directors

Place : Hyderabad
Date 2nd September, 2010

(Bijay Kumar Khemka)
Chairman

Directors' Report

To

The Members

Your Directors have pleasure in presenting the 19th Annual Report on the business of your company and the Audited Statements of Accounts for the year ended on 31st March 2010 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 2010	Year ended 31st March2009
Turn Over	178.61	177.52
Profit / (Loss) after Tax	(294.60)	(204.44)
Add: Profit / (Loss) brought Forward from last year	(7,201.47)	(6,997.03)
Profit / (Loss) Available for Appropriation	(7,250.99)	(7,201.47)

Business Performance Review

During the year under review your company's performance is not encouraging due to paucity of funds delayed in implementing the proposed business activities.

Out look for the current year

Your Directors wish to inform that due to the set back in the previous years, the Company has reviewed all its business divisions and 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 multimedia training, and Digitalisation of the theaters and Film Production tie ups with experts in the business hoses.

Dividend

Due to non availability of profits during the year the Board could not recommend dividend during the year under review.

STATUTORY DISCLOSURES

Additional Information required under Section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988

Conservation of Energy

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

Research and Development and Technology Absorption

The company is not engaged in manufacturing activities, and as such the particulars relating to Research, Development and technology absorption are not applicable.

Foreign Exchange Earnings and Outgoings.

1. Total Foreign Exchange earned — Nil
2. Total Foreign Exchange utilized — Nil

Particulars of Employee

In Persuence of Section 217 (2A) of the Companies Act 1956 read with the Companies (particulars of Employees) rulee 1975, The Directors are to report that no employee was in receipt of remunaration of Rs. 24,00,000 or more per annum or Rs. 2,00,000 per month where employed for a part of the year.

Public Deposits

Your company has not accepted any deposits from the public during the year under review with in the meaning of section 58A of the Companies Act 1956.

DIRECTORS:

Sri. V.Srihari and Dr.D.V.N.Raju of the Company retrie by rotation and being eligible, offers themselves for re-appointment.

AUDITORS

M/s.P. Murali & Co., Chartered Accountants retires at the conclusion of the Annual General Meeting and are eligible for re-appointment as Statutory Auditors of the company. The Board recommends the appointment of M/s. P. Murali & Co. Chartered Accountants, as Statutory Auditor for the period from the Conclusion of this Annual General Meeting to Next Annual General Meeting.

REPLY TO AUDITORS QUALIFICATIONS

The Board has furnished the following in respect of the qualification by the Auditors:

- Management is in the process of re-negotiating of OTS with the HDFC bank. A detailed note is given in the point no 15 of Notes to the accounts.
- The Management is putting its full efforts to regularize the payments to the statutory authorities in time.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement executed with the stock exchanges the Company has complied with all the provisions of the corporate governance. The 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.

DIRECTORS RESPONSIBILITY STATEMENT PERSUENT TO SECTION 217 (2AA) OF THE COMPANIES ACT:

We the Directors confirm.

a. That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same :

b. That we have 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 the company at the end of the financial year and of the profit of the company for that period

c. That we have 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 the company and for preventing and detecting fraud and other irregularities.

d. That we have prepared the annual accounts on a Going concern basis.

HUMAN RESOURSE EMPLOYEE RELATIONS

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 complete effectively. The relationship with the employees continues to be cordial.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their thanks to various departments of Central and State Governments, financial institutions, Banks, the Suppliers, Customers and Shareholders of the Company for their continued assistance, support and guidance.

On behalf of Board of Directors

Place : Hyderabad
Date 2nd September, 2010

(Bijay Kumar Khemka)
Chairman

REPORT ON CORPORATE GOVERNANCE

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

Pursuant to Clause 49 of the Listing Agreement, your directors present below a detailed Report on Corporate Governance.

1. 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 of their company.

2. Board of Directors

a.Composition of the Board

The number of the Directors is 6 comprises of 2 Executive and 4 Non Executive Directors. Out of two Executive Directors, one is from the promoter category and another, Director Works, is from non promoter category, and the remaining Non-Executive Directors are professional / independent. The professional / independent Directors are drawn from persons with experience in Business, Finance, Management, Marketing and Industry.

b.Other Directorship / Committee Memberships held :-

Sl. No.	Name of Director	Category	Designation	Director Ship held in other Companies	
				Director	Committee Member
1	Bijay Kumar Khemka	Independent	Chairman	Nil	Nil
2	G.V.Narasimha Rao	Promoter Executive	Executive Director	Nil	Nil
3	S.Srinivasa Rao	Non Promoter Executive	Director- Works	2	Nil
4	V.Srihari	Independent	Director	Nil	Nil
5	Dr D.V.N.Raju	Independent	Director	1	Nil
6	Bipin Damji Shah	Independent	Director	2	Nil

c. Board Meetings held During the Year

S.No	Date of Board Meeting
1	30/04/2009
2	31/07/2009
3	02/09/2009
4	31/10/2009
5	31/01/2010
6	08/03/2010

d. Attendance of Directors at Board Meetings and last Annual General Meeting :

Name of The Director	No of Board Meetings Attended	Attendance at Last AGM
Bijay Kumar Khemka	6	Yes
G.V.Narasimha Rao	6	Yes
S.Srinivasa Rao	6	Yes
V. Srihari	6	No
Dr D.V.N. Raju	6	No
Bipin Damji Shah	6	Yes

3. 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 disclosers. The Audit committee acts as a link between the Management, Statutory 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 Statutory Auditors in the following areas.

I. Overview of Company's financial reporting process and financial 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 auditors, fixation of Audit fees. """ ""

b) Composition, names of the members and chairman

The Audit Committee of the Company re-constituted during the year comprises three members. All the members of the Committee are "Independent" Non-Executive Directors. Audit Committee consists of the following members:

1. V.Srihari - Chairman
2. Bijay Kumar Khemka - Member
3. Dr D.V.N. Raju - Member

c) Meetings and Attendance during the year

Name of Director	No. of Meetings held	No. of Meetings Attended
V.Srihari	5	5
Bijay Kumar Khemka	5	5
Dr D.V.N. Raju	5	5

Mr. V. Srihari, Chairman of the Audit Committee, attended previous AGM.

4. Remuneration Commottee

The Remuneration Committee recommends the company policy on all elements of remuneration of Executive Directors.

The Remuneration Committee comprises the following Directors:

Dr D.V.N. Raju - Chairman
Bipin Dhamji Shah - Member
Bijay KumarKhemka - Member

Details of Remuneration to the Executive Directors paid/ payable for the financial year 2010 is as follows Rs.lakhs

Particulars	G.V. Narasimha Rao Executive Director	S.Srinivasa Rao Director - Works
Salary	6.00	5.40
HRA	0.90	—
Total	6.90	5.40

Except setting fees for attending board and committe meeting(s), Non of the non executive director(s) has any pecuniary relationship / transactions.

5. Share Holders /Investors Grievance Committee

As a measurement of Good Corporate Governance and to focus on the shareholder's grievance and towards strengthening investor relations, an Investor's Grievance Committee has been constitutes as sub committee of the Board.

In Pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Duty Amended), the Board has approved the "Code of Conduct for Prevention of Insider Trading" and authorized the Committee to implement and monitor the various requirements as set out in the code.

The Board has designated the Executive Director, as the Compliance Officer.

a) The function of the Committee include:

To specifically look into redressing investor's grievance pertaining to:

1. Transfer of shares
2. Dividend
3. Dematerialisation of Shares
4. Replacement of lost/stolen/mutilated share certificates.
5. Non-receipt of rights/bonus/split shares certificates
6. Any other related issues

b) Constitution and composition

Your company has constituted the investor's grievance committee, with three directors under the Chairmanship of Non Executive Director, as follows:

Bipin Dhamji Shah	-	Chairman
Dr D.V.N.Raju	-	Member
Bijay Kumar Khemka	-	Member

Mr. S.Srinivasa Rao, Director of the Company is acting as compliance officer

6. Investor Complaints Received and resolved during the Year 2009-2010

Nature of Complaints	Received	Resolved	Pending
A. Non-receipt of Dividend Warrants	3	3	Nil
B. Non receipt of Annual Reports	3	3	Nil
C. Non Receipt of share Certificates	1	1	Nil