21st ANNUAL REPORT 2011 - 12

PTL
PADMALAYA TELEFILMS LIMITED

Padmalaya
TELEFILMS LIMITED

Corporate Information

Board of Directors

Sri. Bijay 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

Regd. & Administrative Office

Plot No.138, H.No. 8-3-222/1/23,
Madhura Nagar, Yusuf Guda, Hyderabad - 500 038

Auditors

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

Bankers

Allahabad Bank
ING Vysya Bank

Share Transfer Agents

Karvy Computershare Pvt. Ltd.
Plot No.17-24, Vittal Rao Nagar,
Madhapur,
Hyderabad - 500 081.
Ph : 040-44655000, Fax: 040-23420814
email : einward.ris@karvy.com

Listing

The Bommay Stock Exchnge Limited, Mumbai
The National Stock Exchange Limited, Mumabi

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NOTICE

Notice is hereby given that the 21st Annual General Meeting of M/s.Padmalaya Telefilms Limited will be held on Saturday, the 29th day of September 2012 at 9.30 AM at State Gallery of Fine Arts, Road No.1, Kavuri Hills, Madhapur, Hyderabd-500 033 to transact the following business:

ORDINARY BUSINESS

1. To Receive, Consider and Adopt the Audited Balance Sheet as at 31st March, 2012 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 place of Sri. V.Srihari who retires by rotation and being eligible offers himself for reappointment.

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

4. To re-appoint Statutory 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."

SPECIAL BUSINESS:

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

   Re-appointment of Sri. G.V.Narasimha Rao as Executive Director.

   "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 re-appointed as Executive Director of the Company, for a further period of 5 years with effect from 01.03.2012 at a gross remuneration of Rs. 57,500/- (Rupees Fifty Seven Thousand Five Hundred only) per month.

   RESOLVED FURTHER THAT all other benefits, amenities and perquisites shall be allowed and paid to him as minimum remuneration during the tenure of his office, notwithstanding the absence or inadequacy of profits for any financial year, but shall not, in any financial year, exceed the ceiling laid down in this behalf in schedule XIII of the Companies Act, 1956 including amendments made thereto from time to time.

   RESOLVED FURTHER THAT the Remuneration committee be and is hereby authorized to review and also to determine performance linked incentives including commission, either on quarterly, half yearly basis, considering the maximum remuneration payable under provision of section 198 and schedule XIII of the Companies Act, 1956.

   RESOLVED FURTHER THAT any one of the Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution".

By Order of the Board of Directors

Sd/-
(Bijay Kumar Khemka)
Chairman

Place : Hyderabad
Date : 3rd September, 2012

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 2012 to 29th September 2012 (Both Days Inclusive) to ascertain the list of members for 21st 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.

EXPLANATORY STATEMENT
(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 5

Originally, Sri G.V. Narasimha Rao was appointed as an Executive Director in March 2005 for a period of five years and he was re-appointed through the agreement entered between Sri G.V. Narasimha Rao and the Company w.e.f 1st March 2010 for a further period of two years. His re-appointment was due for renewal in March 2012. In view of the increase of operations and considering his experience in the industry, it is proposed to re-appoint him as an Executive Director of the Company.

Accordingly, Board of Directors of the company in its meeting held on 1st March 2012 re-appointed him for a further period of 5 years w.e.f. 1st March 2012. Pursuant 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 to be passed as Special Resolution.

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

Brief profile of Sri G.V.Narasimha Rao:

Sri.G.V.Narasimha Rao aged about 42 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.

Additional information required to be furnished as per the Listing Agreement.

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

   Sri V. Srihari, aged about 58 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 35 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 71 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.

By Order of the Board of Directors

Sd/-
(Bijay Kumar Khemka)
Chairman

Place : Hyderabad
Date 3rd September, 2012

Directors' Report

To
The Members
Your Directors have pleasure in presenting the 21st Annual Report on the business of your company and the Audited Statements of Accounts for the year ended on 31st March 2012 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 2012	Previous ended on 31st March 2011
Turn Over	333.05	218.42
Profit / (Loss) Before Depreciation, Tax & Prior Period Adj.	158.75	61.22
Profit / (Loss) after Tax & Before Prior Period Adjustments	16.67	(216.34)
Profit / (Loss) after Tax & Prior Period Adjustments	(931.05)	(231.14)
Add: Profit/(Loss) brought Forward from last year	(7,482.13)	(7,250.99)
Profit / (Loss) Carried forward to Balance Sheet	(8,413.19)	(7,482.13)

Business Performance Review
During the year under review, the Company has reviewed all its business divisions and your company's performance is encouraging. Board of Directors assures you the same in the years to come.

Out look for the current year
Your Company has reviewed all its business divisions and, 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 market.

Dividend
Due to inadequacy of profits, 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

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
There are no employees whose particulars are required to furnish under Section 217(2A) of the Companies Act 1956, read with Companies (Particulars of Employees) Rules, 2011, are to be disclosed.

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, 2012.

DIRECTORS:

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

Sri. Bipin Dhamji is seized with effect from 30th Septemeber 2011. Subject to approval of the members in the Annual General Meeting, Sri. G.V. Narasimha Rao was re-appointed as Executive Director for a further period of 5 years w.e.f. 1st March 2012.

AUDITORS

M/s.P. Murali & Co., Chartered Accountants retires at the conclusion of the Annual General Meeting and being 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 was given in the Notes to the accounts.

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.

By Order of the Board of Directors

Sd/-
(Bijay Kumar Khemka)
Chairman

Place : Hyderabad
Date : 3rd September, 2012

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

MEDIA AND ENTERTAINMENT INDUSTRY OVERVIEW

According to the reports, the global media and entertainment industry grew by 3.5% in 2011. The spending on global M&E will rise to $1.9 trillion by 2015, at a CAGR of 5.7%. The evolving consumer preferences, technology breakthroughs, enhanced advertising spend and industry consolidation will be the M&E industry's major growth drivers.

The Indian Media and Entertainment (M&E) industry grew significantly in the past years. The industry recorded a double digit growth. It is slated to grow further. Furthermore, it is estimated to grow at a CAGR of 14% to reach Rs. 1,275 Billion by 2015 as per the KPMG analysis and industry review.

INDIA'S FILM INDUSTRY

The domestic film industry is poised to grow at a healthy CAGR of 9.6% until 2015,touching Rs. 132.1 Billion. Contribution from the domestic theatrical revenues is estimated to grow at a CAGR of 8.9% and also the contribution of revenues emanating from cable and satellite rights' are likely to account for 13% of the overall industry size.

COMPANY'S PERFORMANCE

Business Performance Review

During the year under review, the Company has reviewed all its business divisions and your company's performance is encouraging. Board of Directors assures you the same in the years to come.

Out look for the current year

Your Company has reviewed all its business divisions and, to strengthen its stand in the market, the company has been concentrating in activities like multimedia training, and Digitalization of the theaters and Film Production tie ups with experts in the market.

PRINCIPAL RISKS AND UNCERTAINTIES

Piracy: Piracy of the produced content, under the purview of intellectual property rights, can adversely affect revenues and profitability.

Mitigation: Industry members have set up an Antipiracy Society (AACT) to fight the menace.

New Piracy Laws were introduced in Tamil Nadu in 2005. It was followed by similar laws in Maharashtra and Karnataka in 2009.

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 5 comprises of 2 Executive and 3 Non Executive Directors. Out of two Executive Directors, one is from the 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 :-

S. No.	Name of Director	Category	Designation	Director Ship held in other Companies	
				Director	Committee Member
1	Bijay Kumar Khemka	Independent	Chairman	1	Nil
2	G.V.Narasimha Rao	Promoter Executive	Executive Director	Nil	Nil
3	S.Srinivasa Rao	Non Promoter Executive	Director- Works	Nil	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

* Ceased as the Director w.e.f 30th September 2011

c. Board Meetings held During the Year

S.No	Date of Board Meeting
1	14/05/2011
2	12/08/2011
3	01/09/2011
4	14/11/2011
5	13/02/2012

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	5	Yes
G.V.Narasimha Rao	5	Yes
S.Srinivasa Rao	5	Yes
V. Srihari	4	No
Dr D.V.N. Raju	5	Yes
*Bipin Dhamji Shah	3	No

* Ceased as the Director w.e.f 30th September 2011.

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	4
Bijay Kumar Khemka	5	5
Dr D.V.N. Raju	5	5

c. Audit Committee Meetings held During the Year

S.No	Date of Board Meeting
1	14/05/2011
2	12/08/2011
3	01/09/2011
4	14/11/2011
5	13/02/2012

4. Remuneration Policy

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 2011-12 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

Non Executive Directors have been paid sitting fees for attending Board and Committee Meetings.

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:

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

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