

## **BOARD OF DIRECTORS**

Mr.V.Chandrasekaran (Chairman & CEO)  
Mr.S.D.Viswanathan (Director)  
Mrs.Sumathi Sridharan (Director)  
Mr. Joseph Jerome (Director)

## **COMPANY SECRETARY & COMPLIANCE OFFICER**

Mr. G. Swaminathan

## **AUDITORS**

M/s.Sudhindran & Company  
Chartered Accountants  
Firm No.006019S  
G-1, Kesari Kuteeram  
#22, West Cott Road  
Royapettah, Chennai-600 014

## **BANKERS**

Indian Bank  
Indusind Bank  
Oriental Bank of Commerce

## **REGISTERED OFFICE**

No.25, "Taurus", First Main Road  
United India Colony, Kodambakkam  
Chennai-600 024, Tamil Nadu  
Tel: 044 - 24833067 Fax: 044 -24726042  
E-Mail: shares@penta-media.com  
Visit us at : www.penta-media.com

## **REGISTRAR & TRANSFER AGENT**

Cameo Corporate Services Limited  
Unit: "Pentamedia Graphics Limited"  
"Subramaniam Building", No.1 Club House Road  
Anna Salai, Chennai – 600 002  
Tel: 044 - 28460390-394 Fax: 044 - 28460129  
E- Mail: investor@cameoindia.com

## Contents

🔗 Chairman's Message .....	3
🔗 Notice of Annual General Meeting .....	4
🔗 Directors' Report with Management Discussion & Analysis .....	7
🔗 Corporate Governance with Shareholders Information .....	12
🔗 Standalone Financials	
✦ Auditor's Report .....	23
✦ Balance Sheet .....	26
✦ Profit & Loss Account .....	27
✦ Schedules .....	28
✦ Notes on Accounts .....	33
✦ Cash Flow Statement .....	40
🔗 Consolidated Financials	
✦ Auditor's Report .....	41
✦ Balance Sheet .....	42
✦ Profit & Loss Account .....	43
✦ Schedules .....	44
✦ Notes on Accounts .....	48
✦ Cash Flow Statement .....	53
🔗 Statement Pursuant to Section 212 .....	54
🔗 NumTV Limited, Mauritius	
✦ Directors' Report .....	55
✦ Auditor's Report .....	55
✦ Balance Sheet .....	56
✦ Profit & Loss Account .....	57
🔗 Esoftcom (Mauritius) Limited	
✦ Directors' Report .....	58
✦ Auditor's Report .....	58
✦ Balance Sheet .....	59
✦ Profit & Loss Account .....	60

## Chairman's Message

*Dear Friends,*

*First let me start with Best Wishes to you and your family*

*In today's world the Time & Technology waits for nobody and the borderless communication tools have made the local, national & international events at our finger tips which also effects and affects our daily life in physical, mental & spiritual level.*

*The Facebook, Orkut & Twitters have made a strong impact in individuals and governments. The Computers, Notebooks, Netbooks, iPads and Mobile phones have been changing the way we have been reading, writing, listening and viewing, thus introducing digital in everywalk of life.*

*This has revolutionized the education, enterprise and entertainment business and have made location less important, working from homes have increased thus reducing office spaces and travel time and increasing the output effectiveness.*

*All the above is demanding fast response communication which is being constantly improved thro' broadband wired & wireless networks. To tackle the new methods in technology and benefit derived through the merger of Pentasoft and its training division, your Company is imparting professionals the knowledge & skills thro' its own and franchisee training centres will enable us to get the skills for the changing business environment. This will enable us to necessiate to have a re-look at the assets and business approaches of the Company and thus suitably re-engineer to achieve beneficial business advantage.*

*The 3D technology in 'Avatar', the products on cloud computing and applications on smart phones requires audio, video and software component. We believe Pentamedia with its experience can play a significant role in this development. I am Confident that we will have your usual support to achieve the best.*

**V.Chandrasekaran**

## PENTAMEDIA GRAPHICS LIMITED

Registered Office : No 25, 'Taurus', First Main Road,  
United India Colony, Kodambakkam, Chennai – 600 024.

### NOTICE TO THE SHAREHOLDERS

**NOTICE** is hereby given that the **THIRTY FOURTH** Annual General Meeting of the Shareholders of **PENTAMEDIA GRAPHICS LIMITED** will be held on Tuesday, the 28th day of September, 2010 at 10.00 a.m. at Rani Seethai Hall, No.603, Anna Salai, Chennai-600006 to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010 and the Balance Sheet as at that date and the Report of the Auditors thereon.
2. To appoint a director in the place of Mrs. Sumathi Sridharan, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and in this connection, to consider and if deemed fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** M/s. Sudhindhran & Co., Chartered Accountants, bearing Firm Reg. No. 006019S, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors."

#### SPECIAL BUSINESS

4. To consider and if deemed fit, to appoint Mr. Joseph Jerome as a Director in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a Member along with a deposit of ₹500/- signifying his intention to move the following resolution as an **Ordinary Resolution**:

**RESOLVED THAT** Mr. Joseph Jerome as a Director liable to retire by rotation.

By Order of the Board

Place : Chennai  
Date : 10.08.2010

**G.Swaminathan**  
Company Secretary

## NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll, instead of him/herself and the proxy need not be a member of the Company. The instrument appointing Proxy should however be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.**
2. Corporate Members are requested to send a duly certified copy of the Board Resolution/ Power of Attorney authorizing their representatives to attend and vote at the Annual General Meeting.
3. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed herewith.
4. Members/proxies are requested to bring their admission slips along with the copies of Annual Reports to this Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members who hold shares in electronic form are requested to write their Client ID and DP ID numbers. Members holding shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting to facilitate identification of membership at the Meeting. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
7. Members holding shares in physical form are advised to intimate any change of address immediately to the Company's Registrar and Share Transfer Agents, Cameo Corporate Services Limited. Shareholders holding shares in electronic form must send the advice about change in address to their respective Depository Participants (DPs).
8. Members desirous of making a nomination in respect of their shareholding in the company, as permitted under Section 109A of the Companies Act, 1956 are requested to write to the Company's Registrars for the prescribed form.
9. Relevant documents referred to the accompanying Notice are open for inspection at the Registered Office of the Company on all working days (Monday to Friday) between 11.00 a.m. and 5.00 p.m. upto the date of Annual General Meeting and will also be available for inspection at the Meeting.
10. Members having any questions on accounts are requested to send them ten days in advance to enable the Company to collect the relevant information.
11. The Company's Register of Members and the Share Transfer Books will be closed from Wednesday, the 22nd September, 2010 to Tuesday, the 28th September, 2010 (both days inclusive).
12. Complete set of the Annual Report is also available at the Company's web-site [www.penta-media.com](http://www.penta-media.com) in the Investor's Relation Section.
13. For the security reasons, no article/baggage will be allowed at the venue of the meeting. The Members or attendees are strictly requested not to bring any article/baggage, etc at the venue of the meeting.
14. As per clause 49 of the Listing Agreement, a brief resume and functional expertise of the Directors proposed for appointment / reappointment are furnished below along with the details of Companies in which they are Directors and the Board Committees of which they are members.

### **Mrs. Sumathi Sridharan :**

Mrs. Sumathi Sridharan aged about 48 years has joined Penta Software (now Penta Media) in the year 1993. She has 25 years of professional corporate experience in various fields such as software development (Penta Bank & CBT/CD Titles), education and training (IBM AS/400, ES/9000 & E-Business solution). She is a M.Tech. Computer Engineer and before joining our company she was with REC, Trichy as a faculty in Department of Computer Science. She holds 10,000 Equity shares of ₹ 1/- each in the Company.

The details of her directorship in other Companies and membership of Committees as on date are as follows:

Company	Position	Committee Memberships	No. of shares held
Pentafour Software Employees Welfare Foundation	Independent Director	Nil	Nil

#### **Mr. Joseph Jerome**

Mr. Joseph Jerome is a Master in Business Administration (MBA) with more than 30 years of experience in Banking and IT. He has served in Nationalised Bank in India and abroad for many years. He has rich experience in implementing Quality Procedures in Bank and other Companies. He is a certified associate of Indian Bankers, India and Fellow of Islamic Institute of Banking and Insurance, London. He has a Law Degree as well as Certified ISO 9001 auditor. He was responsible for development of more than twenty products for the Banks and Finance Segment and marketed them successfully worldwide. He joined Pentasoft Technologies as consultant in early 2000 and later he was in the Board of Pentasoft Technologies. The details of his directorship in other Companies and membership of Committees as on date are as follows:

Company	Position	Committee Memberships	No. of shares held
Nil	Nil	Nil	Nil

#### **Annexure to the Notice**

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

The following statement pursuant to Section 173(2) of the Companies Act, 1956 sets out all material facts relating to Item No. 4 as mentioned in the accompanying Notice dated 10<sup>th</sup> August 2010

#### **ITEM No.4:**

The Board of Directors at their meeting held on 30<sup>th</sup> October 2009 appointed Mr. Joseph Jerome as an Additional Non-Executive Director of the Company. As an Additional Director he will hold office upto the ensuing Annual General Meeting and is eligible for re-appointment.

The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a member along with a deposit of ₹. 500/- signifying the information to propose at the ensuing Annual General Meeting the appointment of Mr. Joseph Jerome as a Director.

Accordingly, the ordinary resolution set out under item No. 4 of the notice is submitted for approval of the members.

#### **Interest of Directors:**

Mr. Joseph Jerome is interested in the resolution. None of the other Directors are interested or concerned in this resolution.

On Behalf of the Board

Place : Chennai  
Date : 10.08.2010

**G.Swaminathan**  
Company Secretary

## DIRECTORS' REPORT

**Dear Members,**

Your Directors have pleasure in presenting the Thirty-fourth Annual Report and Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March 2010.

### Financial Highlights and Review

₹'000s

Particulars	31 <sup>st</sup> March 2010	31 <sup>st</sup> March 2009
Total Income	131,223	62,604
Profit before Interest, Depreciation & Tax	50,791	23,961
Net Profit After Tax	31,786	7,181
Add : Surplus Brought Forward	78,939	71,764
Profit available for appropriation	110,725	78,945
Amount transferred to Contingency reserve	—	—
Balance carried to Balance Sheet	110,725	78,939

After merging Pentasoft Technologies Limited as per the order of Hon'ble High Court of Madras dated 03<sup>rd</sup> August 2009 with effect from 01.10.2008, the Company's total income grew by 110% to ₹ 131.22 million compared with FY2009 total income of ₹ 62.60 million. The Net Profit increased by 77% to ₹ 31.79 million against ₹ 7.18 million in FY2009. The Consolidated total income is ₹ 540.27 million and the Net profit is ₹ 157.05 million. The company is a 100% EOU under STPI scheme valid till 2011.

### Operations & Review

**PENTAMEDIA** is the realization of a great vision, indeed, a cherished dream, of taking entertainment to the common man, to feed him the fruits of creativity, to make him laugh, to entertain him and to transport him to a world where the impossible is made possible, by harnessing the wonders of cutting edge technology.

**PENTAMEDIA** pioneers in the Indian Animation Technology. Amongst the few leading companies in the world to have produced 7 Animation movies they are "Sinbad", "Alibaba and Forty Thieves", "Gulliver's Travel", "Legend of Buddha", "Son of Alladin", "Pandavas" and "Jai Vigneshwara" which is the world's first flash based 2D animation film. Out of which 3 movies viz., "Alibaba and Forty Theives", "Legend of Buddha" & "Gulliver's Travel" have been in entry level for Oscars.

The company and its associates have produced live action movies, television serials and game programs and won four national awards and one state award for the its Live action movies. The movies that won the awards are "Bharathi" (national award), "Nila Kalam" (national award), "Pandavar Bhoomi" (state award), "Little John", "Pamal K Sambandam", "Whistle" and "Kulir 100".

For animation films the main backbone is pre & post production and Penta Media is one of the major player in this. Consultancy, projects, products and training in progress. The trend of converting the live action & animation films into 3D have started at present in Hollywood and will be shortly followed in the international production centres including India.

PENTAMEDIA Graphics Limited through its training venture offers Application Oriented Training Courses. 2D, 3D animation, Special Effects and Gaming field to meet the industrial standards. The courses which are being offered are as follows: Maya Monster, Flash Fighter, Effects Engineer, Gaming God, Graphic Designing, Web Designing, 2D Animation Movie, 3D Animation Movie, SFX, Media – Pro and Multimedia Open Source software in a short duration.

Trendy courses like Cloud Computing, Finance, ERP, Oracle, SAP, LAMP, Dot Net, Sql Server and Open Source Software are offered in incredibly short duration. It also offers students to develop Products as a project work, which will equip them with employment ability.

PENTAMEDIA will have Training centres globally, and make products both for Entertainment and Enterprise using trained professionals having local knowledge and flavour. The curriculum will be more futuristic, which will enable our trainees to be readily employable.

Our education system will have three platform viz., Class Room Training, Touch Program, Online Training. The company will also use these trainees in its business in media & technology software and will offer products on 3D & cloud computing. Consultancy, projects and products are being continuing.

#### **Share capital**

Upon the merger of Pentasoft Technologies Limited with the Company as per the order of Hon'ble High Court of Madras dated 03<sup>rd</sup> August 2009 (w.e.f. 01.10.2008) after the approval of the shareholders and creditors at the court held EGM on 11<sup>th</sup> February 2009 and the 24(f) approval by Bombay Stock Exchange Limited dated 25.11.2008, the Company has issued 38511595 equity shares @ ₹1/- to the shareholders of Pentasoft Technologies Limited and 128760443 equity shares @ ₹1/- each to the agreed Secured Creditors of Pentasoft Technologies Limited on 18<sup>th</sup> September 2009. These shares were listed on Bombay Stock Exchange on 06<sup>th</sup> February 2010.

#### **Statutory Dues**

Your company obtained a stay order from Hon'ble High Court of Madras on 13th April 2010 against Income Tax demands and the final order is awaited.

#### **Dividend**

Your Directors do not recommend any dividend for the financial year 2009-10 to conserve cash resources for future operations and become a near debt free company.

#### **Management Discussion and Analysis Report**

##### **Animation & Software Industry Overview**

This year witnessed a sudden change in the dynamics of the software packages in global markets. The period saw a decline in the GDP of all major markets, extremely volatile oil price and major currencies, record unemployment in the Western markets and a major decline in the stock markets across the globe. The animation industry in India is large & growing. Animation, gaming & web design professionals work on full-length animation movies, create TV commercials education CDs, games for Internet, mobile, PC or consoles (like PlayStation or Xbox), work in the advertising industry or as web designers in various companies. Over the next four years, the growth in the domestic demand for broadcast animated content on TV is projected to grow at a compounded annual growth rate (cagr) of 49.5 percent, according to a Nasscom report. For the same period, the market for fully animated movies in India is likely to match the offshore market, growing from its current size of ₹ 650 million to ₹ 3400 million. While the growth is evident, issues like funding, quality and skill sets are the challenges that the industry is grappling with. The industry will continue to grow at increasing rates, resulting in the overall compound annual growth rate for the period 2009-13 of 10.5 percent. Animation, gaming and VFX industry will continue to maintain its growth pace and is projected to grow at a CAGR of 22 percent to ₹ 425 million in 2013 from its current size of ₹ 156 million. In the animation space, domestic demand will create the fillip in its growth, as well as contribution from international co-productions, in the film and television space. According to Pricewaterhouse Coopers report, The Indian media and entertainment industry is slated to grow at a compounded annual growth rate of 12.4% over the next five years to ₹ 1040800 million.

As Gartner predicted an overall growth to come from IT products and from software services sector. While the economic scenario in 2009 across the globe looks challenging, the situation can be viewed as an opportunity for advertising and gaming to evolve the contribute towards cost effectiveness and enhanced productivity. The future focus of your Company is in E-learning, streaming live and on-demand lectures, Web Based Training (WBT), ASP(Application Service Provider), Renting software through the web on a monthly basis, E-commerce, shopping through portal, content syndication, advertisements and other value added services. Software exports got increased from US \$ 31200 million (2006-07) to US \$ 49700 million (2009-10).

The global animation industry requires a whopping 40,000 professionals and qualified people from India can easily get jobs. Analysts at two of the big four global consulting firms say that animation will create around 2.5-3.5 lakh job opportunities by 2011, especially for those in the age group of 25-32 years.

#### **Subsidiaries**

The Audited financial statements of NumTV Limited (Mauritius) and Esoftcom (Mauritius) Limited and also the statement of the holding Company's interest in the subsidiaries as specified in sub-section (3) of



Section 212 of the Companies Act, 1956 and information on the financials of subsidiaries appended to the above statement in this Annual Report for further information on subsidiaries.

#### **Public Deposits**

Your company has not accepted deposits from the Public within the meaning of Section 58A of the Companies Act, 1956 and as such no amount and as such no amount principal or interest was outstanding on the date of the Balance Sheet

#### **Directors**

Mr. Joseph Jerome was appointed as Additional Non-Executive Director with effect from 30<sup>th</sup> October 2009 and Mr. Joseph Jerome hold office upto the date of the ensuing Annual General Meeting of the Company

Mrs. Sumathi Sridharan, Non-executive Director of the Company retires by rotation and being eligible offers herself for re-appointment at the ensuing Annual General Meeting in accordance with Article 37 of the Articles of Association.

A brief resume of Director retiring by rotation at the ensuing annual general meeting, nature of his expertise in specific functional areas, and names of Companies in which he holds directorship and / or membership/ chairmanship of Committees of the Board, as stipulated under Clause 49 of the Listing Agreement are given in the section on Corporate Governance elsewhere in the Annual Report.

#### **Director's Responsibility Statement**

The Directors would like to assure the Members that the financial statements for the year under review conform in their entirety to the requirements of the Companies Act, 1956 pursuant to Section 217 (2AA) and that

- a) The Annual audited financials have been prepared in conformity with the applicable Accounting Standards.
- b) The Directors have selected such accounting policies and applied them consistently except where otherwise stated in the notes to the accounts and made judgments and estimates that are reasonable and prudent so as to vie 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) The Directors 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. The internal auditors have conducted periodic audits to provide reasonable assurances that established policies and procedures of the Company have been followed. However, it must be recognized that there are inherent limitations in weighing the assurances provided by any system on internal controls;
- d) The Directors have prepared the annual accounts on a going concern basis

#### **Auditors**

M/s. Sudhindhran & Co., Chartered Accountants, Chennai as Statutory Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment.

The Company has received letter from M/s. Sudhindran & Co., Chartered Accountants to the effect that their appointment, if made would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of section 226 of the Companies Act, 1956.

#### **Particulars of Employees**

Relations with employees continued to be cordial throughout the year. Your directors place on record their appreciation of the efforts, dedication, commendable teamwork and exemplary contribution of the employees in the various initiatives of the Company and contributing to the performance of the Company during the year under review. The executives are hired on contractual basis on requirement to complete the jobs/tasks in time.

#### **Information under Section 217(2A) of the Companies Act, 1956**

The particulars required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975 is appended herewith as Annexure to the Director's Report.

### **Human Resources**

The company maintained all its industrial relations cordially. The company has a very good team of personnel. The company has always been focused on the improvement of the quality of its human capital, good training and development programmes to achieve this.

### **Conservation Of Energy, Technology Absorption & Foreign Exchange Earning**

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are set out in the Annexure to the Director's Report.

### **Consolidated Financial Statements**

As required by Accounting Standard AS 21 on Consolidated Financial Statements issued by The Institute of Chartered Accountants of India, the Audited Consolidated Financial Statements of the Company are attached. The Audited Consolidated Financial Statements also account for the minority interest of your Company's subsidiaries NumTv Limited, (Mauritius) and Esoftcom (Mauritius) Limited.

### **Corporate Governance**

The Report on Corporate Governance as stipulated under Clause 49 of the listing agreement entered into with the stock exchange forms part of the Annual Report. A Certificate from the Auditors of the Company, M/s. Sudhindran & Co., Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 is annexed to this report.

### **Cautionary statement**

Statement in this Directors' report & Management Discussion and Analysis describing the Company's objective, future, estimates, expectations or predictions may be "Forward-looking Statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

### **Acknowledgement**

Your Directors takes this opportunity to express their sincere appreciation of the co-operation and support received from shareholders, bankers, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of dedication and commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

On behalf of the Board

Place : Chennai  
Date : 10.08.2010

**V.Chandrasekaran**  
Chairman & CEO