# Sth Annual Report 2013-2014



## **BOARD OF DIRECTORS**

Mr.V.Chandrasekaran - Managing Director Mrs.Sumathi Sridharan - Director Mr.S.D.Viswanathan - Director Mr. R. Kalyanaraman - Director

# COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. G. Swaminathan

# **AUDITORS**

M/s.Sudhindran & Co. Chartered Accountants Firm No. 006019S G-1, Kesari Kuteeram #22, West Cott Road Royapettah, Chennai-600014

# **BANKERS**

Oriental Bank of Commerce IndusInd Bank Indian Bank

# **REGISTERED OFFICE**

No. 25, "Taurus", 1st Main Road U.I.Colony, Kodambakkam Chennai-600024

Tel.: 044-24833067 Fax:044-24726042

Email : investor@pentamedia.in

shares@pentamedia.in

Website: www.pentamedia.in

# **REGISTRAR & TRANSFER AGENT**

M/s. Cameo Corporate Services Limited Unit : "Pentamedia Graphics Ltd."

"Subramaniam Building" No.1 Club House Road Anna salai, Chennai-600002 Tel.: 044-2846 0390 (5 Lines)

Fax: 044-28460129

Email : investor@cameoindia.com Website : www.cameoindia.com

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# PENTAMEDIA GRAPHICS LIMITED

CIN: L74210TN1976PLC007142

Regd Office: "Taurus" No. 25, 1st Main Road, United India Colony, Kodambakkam, Chennai – 600 024. Ph No: 044-24833067 Fax No:044-24726042, E-Mail ID: shares@pentamedia.in website: www.pentamedia.in

# **NOTICE**

**NOTICE** is hereby given that the **THIRTY EIGHTH** Annual General Meeting (AGM) of the members of **PENTAMEDIA GRAPHICS LIMITED** will be held on Thursday, the 28th August, 2014 at 10.00 AM at Rani Seethai Hall, No. 603, Anna Salai, Chennai – 600 006 to transact the following business.

#### **ORDINARY BUSINESS**

- 1. To receive, consider and adopt the Directors' Report and the Audited statement of Profit and Loss for the year ended 31st March, 2014 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 (DIN 00162055), who retires by rotation and being eligible, offers herself for re-appointment.

#### **SPECIAL BUSINESS**

- 3. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the Forty third 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 pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. Babu Peram & Associates, Chartered Accountants, bearing Firm Reg. No. 012721S be and are hereby appointed as the Statutory Auditors of the Company in place of the retiring Auditors M/s. Sudhindran & Co, Chartered Accountants, bearing Firm Reg. No. 006019S who have shown their unwillingness to be re-appointed, to hold office from the conclusion of this Annual General Meeting until the conclusion of Forty third Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) on a remuneration as may be decided by the Board in consultation with the Auditors."
- 4. To consider and if deemed fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
  - "RESOLVED THAT in accordance with the provisions of Sections 196, 197 and other applicable provisions of the Companies Act, 2013, the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Companies Act, 2013 (corresponding to Sections 198, 309, 310 read with Schedule XIII to the Companies Act, 1956), and subject to any other approval as may be required, approval of the Company be and is hereby accorded for the appointment of Mr. V. Chandrasekaran (DIN: 00158019) as the Managing Director of the Company with effect from 1st November, 2013 for a period of one year on the following terms and conditions:

#### a) Salary

- Rs.2,00,000/-per month in the scale of Rs.2,00,000/- to Rs. 4,00,000/- Increments to be decided by the Remuneration Committee.
- b) In terms of the provisions of Article 37 of the Articles of Association of the Company, Mr. V. Chandrasekaran shall not be subject to retirement by rotation during his tenure as Chairman and Managing Director.
- c) Perquisites (evaluated as per Income-Tax Rules, wherever applicable, and at actual cost to the Company in other cases) like the benefit of gas, electricity, water, club fees, personal insurance, use of car and telephone at residence or reimbursement of expenses in lieu thereof, medical reimbursement, leave and leave travel concession, education benefits and other benefits in accordance with the scheme(s) and rule(s) applicable to the members of the staff from time to time, for the aforesaid benefits.
- d) Mr. V. Chandrasekaran shall not be entitled to any sitting fee for the meeting of the Board or of any committee thereof.
- e) Mr. V. Chandrasekaran will be subject to all other service conditions as applicable to any other employee of the company.

In the event of absence or inadequacy of profits in any financial year, Mr. V. Chandrasekaran will be paid remuneration including the perquisites and other amenities as aforesaid subject to the limits specified under Schedule XIII and other applicable provisions of the Companies Act, 1956 and Part II of Schedule V of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force).

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts and deeds as it may consider necessary, expedient or desirable, in order to give effect to this resolution or otherwise as considered by the Board to be in the best interest of the Company".

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

"RESOLVED THAT pursuant to Sections 149, 150, 152, Schedule IV and all other applicable provisions, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. S. D. Viswanathan (holding DIN 00162156), who was appointed as a Director liable to retire by rotation and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying the intention to propose Mr. S. D. Viswanathan as a candidate for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for Five (5) consecutive years with effect from 28th August, 2014, being the date of the 38th Annual General Meeting, for a term up to the conclusion of the 43rd Annual General Meeting of the Company, who is not liable to retire by rotation".

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:** 

"RESOLVED THAT pursuant to Sections 149, 150, 152, Schedule IV and all other applicable provisions, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. R. Kalyanaraman (holding DIN 00041770), who was appointed as a Director liable to retire by rotation and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying the intention to propose Mr. R. Kalyanaraman as a candidate for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for Five (5) consecutive years with effect from 28th August, 2014, being the date of the 38th Annual General Meeting, for a term up to the conclusion of the 43rd Annual General Meeting of the Company, who is not liable to retire by rotation".

By Order of the Board

G. Swaminathan Company Secretary

Place: Chennai Date: 27.06.2014

#### NOTES:

- 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll only instead of him / her. The proxy need not be a member of the company. A blank form of proxy is enclosed herewith and if intended to be used, it should be returned duly completed at the registered office of the company not later than forty eight hours before the scheduled time of the commencement of 38th annual general meeting.
- 2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the company carrying voting rights. A member holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder
- 3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 22nd August, 2014 to Thursday, 28th August, 2014 (both days inclusive).
- 5. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
- 6. 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.
- 7. Members are requested to notify the change in their address, if any, immediately to the company so that all communication can be sent to the latest address. In case of shareholders holding shares in physical form, all intimations regarding change of address and change of bank account details are to be sent to M/s Cameo Corporate Services Limited, Unit: Pentamedia Graphics Limited, 5th Floor, "Subramaniam Building", No.1, Club House Road, Chennai 600 002 and in case of shareholders holding shares in demat form, the same is to be sent directly to their Depository Participants.
- 8. Copies of the Annual Report 2014 are being sent by electronic mode only to all the members whose email IDs are registered with the Company/Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2014 are being sent by the permitted mode.

- 9. The Notice of the 38th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form, is being sent by electronic mode to all the members whose email addresses are registered with the Company/Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
- 10. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
- 11. Members may also note that the Notice of the 38th Annual General Meeting and the Annual Report 2014 will also be available on the Company's website www.pentamedia.in for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's Registrars M/s Cameo Corporate Services Limited.
- 12. 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. The Directors have furnished the requisite consents / declarations for their appointment(s).

#### **Details of Directors seeking appointment**

Name	Mrs. Sumathi Sridharan	Mr.R.Kalyanaraman	Mr. V. Chandrasekaran	Mr. S. D. Viswanathan
Age	53	63	63	79
Date of Appointment	15/05/2006	01/11/2012	20/08/1991	22/08/2003
Qualifications	M.E. Computer Engineer	B.E in Electrical from Madras University	M.E. in computer science from the Regional Engineering College, Trichy	He is Honours Graduate in Electronics and Electrical Engineering.
Expertise in functional area	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)	vendor development and served in that Company over a period of 10 years. He also played the role of Financial & Business pro-	software for over two decades in positions both in India and Abroad. He began his career with Bharath Heavy Electic Ltd (BHEL) and served	in Indian Railways for more two decades where he finally held the position of Director of Inspection, Integral Coach Factory, Chennai. He held several positions in leading private sector companies and has
Directorships held in other public Companies (excluding foreign companies)	NIL	Wellwin Industry Ltd.     M F B Industries Ltd.     Quintegra Solutions Ltd.	NIL	NIL
Membership / Chairmanships of Committees of other public companies (includes only Audit Committee (AC) and Shareholders/ Investors Grievance Committee (SIGC))	NIL	NIL	NIL	NIL
Shareholding in the Company (No. of Shares)	10,000 Equity shares of Re. 1/- each	NIL	NIL	NIL

<sup>13.</sup> The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Cameo.

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#### 14. Voting through electronic means

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to the members the facility to exercise their right to vote at the 38th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL) on all resolutions set forth in this Notice:

The procedure and instructions for the same are as follows:

#### **E-VOTING INSTRUCTIONS:-**

A. In case of members receiving e-mail:

- Log on to the e-voting website www.evotingindia.com during the voting period.
- ii) Click on "Shareholders" tab
- iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

Next enter the Image Verification as displayed and Click on Login.

f you are holding shares in dematerialised form and had logged on to www.evotingindia.com and voted on an earlier voting
of any Company, then your existing password is to be used.

If you are a first time user, follow the steps given below:

	For Members holding shares in Demat Form and Physical Form		
PAN*	<ul> <li>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</li> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. (Sequence number has been provided as SI No in the address label)</li> </ul>		
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.		
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.  # Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.		

- vi) After entering these details appropriately, click on "SUBMIT" tab.
- vii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in dematerialised form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password can also be used by the members holding shares in dematerialised form for voting in respect of resolutions of any other Company on which they are eligible to vote, provided that the Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii) In case of members holding shares in physical form, the details can be used only for e- voting on the resolutions contained in this Notice.
- ix) Click on the EVSN of the Company on which you choose to vote.
- x) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the resolution.
- xi) Click on the Resolution file link if you wish to view the entire notice.

- xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiv) You can also take out a print out of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xv) If dematerialized account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvi) Note for Institutional Shareholders
  - Institutionalshareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log onto https://www.evotingindia.co.in and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
  - After receiving the login details they have to create a compliance user should be created who would be able to link the
    account(s) for which they wish to vote on.
  - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- B. In case of members receiving the physical copy of Notice of AGM(for members whose email Ids are not registered with the company/ depository participant(s) or requesting physical copy)
  - a. Please follow all the steps above to cast vote.
  - b. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at <a href="https://www.evotingindia.co.in">https://www.evotingindia.co.in</a> under help section or write an email to <a href="helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a>

## Other Information:

- (i) The e-voting period commences on Friday, 22nd August, 2014 (9.00 a.m. IST) and ends on Sunday, 24th August, 2014 (6.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 18th July, 2014 may cast their vote electronically.
- (ii) The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by a Member, he shall not be allowed to change it subsequently.
- (iii) The voting rights of Members shall be in proportion to their shares in the paid up equity share capital of the Company as on 18th July, 2014.
- (iv) Mr. R. Sridharan (CP.No.3239) of M/s.R.Sridharan & Associates, Company Secretaries, Chennai has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (v) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against forthwith to the Chairman of the Company.
- (vi) Voting is provided to the members through e- voting and at the annual general meeting of the Company. A Member can opt for only one mode of voting i.e. either through e-voting or at the Annual General Meeting of the Company.
- (vii) If a Member casts votes by both modes, then voting done through e-voting shall prevail.

The results shall be declared not later than two days from the date of Annual General Meeting (AGM) of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website **www.pentamedia.in** and on the website of CDSL within forty eight hours of AGM and communicated to the BSE Limited, where the shares of the Company are listed.

By Order of the Board

**G. Swaminathan** Company Secretary

Place: Chennai Date: 27.06.2014

# STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

## ITEM NO. 3

The retiring auditors, namely, M/s. Sudhindran & Co, Chartered Accountants, Chennai, have given notice in writing, pursuant to Section 140(4)(i) of the Companies Act, 2013, (Act) about their unwillingness to be re-appointed and that a special notice in terms of the provisions of Section 140(4)(i) read with Section 139 of the Act has been received from a Shareholder of the Company for the appointment of new auditors M/s. Babu Peram & Associates, Chartered Accountants, Chennai, in place of the retiring auditors Messrs. Sudhindran & Co, Chartered Accountants, Chennai.

As per requirements of the Companies Act, 2013 ('the Act'), M/s.Babu Peram & Associates, Chartered Accountants, have confirmed that their appointment if made would be within the limits specified under Section 141(3)(g) of the Act and it is not disqualified to be appointed as statutory auditor in terms of the provisions of the provision 139(1), Section 141(1) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

Their appointment has been proposed for a period of five years commencing from the current Annual General Meeting till the conclusion of the Forty Third Annual General Meeting subject to annual approval of the shareholders.

A copy of the notice shall be made available for inspection at the Registered Office of the Company on any working day till the date of Annual General Meeting during business hours and will also be placed before the meeting.

The Directors recommend the Resolution set out under Item No. 3 of the Notice for approval of the shareholders.

#### ITEM NO. 4

The Board of Directors of the Company (the 'Board'), at their meeting held on 13th November, 2013 has, subject to the approval of members, re-appointed Mr. V. Chandrasekaran as Chairman & Managing Director under the erstwhile Companies Act, 1956, for a period of 1 year from the expiry of his present term, which expired on 31st October, 2013 at the remuneration recommended by the Remuneration Committee of the Board. But, pursuant to Section 203 of the Companies Act, 2013 a person cannot hold the post of both Chairman and Managing Director. Hence, Mr. V. Chandrasekaran has been proposed to be appointed as the Managing Director of the Company subject to the approval of the shareholders in the General Meeting of the Company.

The Board of Directors recommends the resolution at item No.4 of the Notice for approval of the shareholders.

Except Mr. V. Chandrasekaran being an appointee, none of the other Directors or their relatives or Key Managerial Personnel of the company or their relatives is concerned or interested, financial or otherwise in the resolution set out under item No.4.

#### **ITEM NO. 5 & 6**

Mr. S. D. Viswanathan and Mr. R. Kalyanaraman are Non-Executive Independent Directors of the Company. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. S. D. Viswanathan and Mr. R. Kalyanaraman are being eligible to proposed to be appointed as an Independent Directors for Five (5) consecutive years with effect from 28th August, 2014, being the date of the 38th Annual General Meeting, for a term up to the conclusion of the 43rd Annual General Meeting of the Company.

The Company has received the requisite consent and disclosure forms from the above Directors. The Company has also received notices under Section 160 of the Act, along with a deposit of Rs.1,00,000/- in respect of each of the above Directors from member(s) proposing their respective appointments.

In the opinion of the Board, Mr. S. D. Viswanathan and Mr. R. Kalyanaraman fulfill the conditions specified in the Act for their appointments as Independent Directors of the Company and are independent of the management. Copies of the draft letter of appointment of the above Directors as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day up to the date of the AGM. The profile of the Directors is provided in the Annual Report and the information under clause 49 is provided in the annexure.

The Board considers that the continued association of Mr. S. D. Viswanathan and Mr. R. Kalyanaraman would be of immense benefit to the Company and hence it is desirable to continue to avail their services as Independent Directors. Accordingly, the Board recommends each of the Resolutions in relation to the appointment of Directors for approval by the Shareholders of the Company.

## Memorandum of Interest

Mr. S. D. Viswanathan and Mr. R. Kalyanaraman are deemed to be interested in their respective appointments. No other Director or Key Managerial Personnel of the Company or their relatives are interested or concerned, financial or otherwise in the aforesaid Ordinary Resolutions detailed in the item Nos.5 & 6 and the Board recommends the Resolutions set forth herein for approval of the members.

By Order of the Board

G. Swaminathan Company Secretary

Place: Chennai Date: 27.06.2014

# **Directors' Report & Management Discussion and Analysis**

#### Dear Members.

Your Directors are pleased to present the Thirty Eighth Annual Report on the business and operations of your company together with the Audited Financial Statements of the Company for the year ended 31st March 2014. The Management Discussion and Analysis is given as part of this Report.

Financial Highlights (₹.in Crore)

Particulars	31st March, 2014	31st March, 2013
Net Sales / Income from Operation and other income	5.00	5.31
Total expenditure	2.19	2.65
Finance charges	Nil	Nil
Gross Profit / (Loss) after finance charges but before Depreciation	2.81	2.66
Depreciation	2.09	2.40
Profit before exceptional items & tax	0.72	0.26
Provision for Taxation		
- Tax expense	Nil	0.05
- Deferred Tax Asset	0.09	0.21
Exceptional items		
(Written off investments due to closure of overseas subsidiaries and part of current	(139.38)	Nil
assets)		
Profit/ (Loss) after tax	(138.57)	0.42
Balance (Profit/Loss) carried forward	(126.03)	12.54

#### **Financial Performance**

During the financial year 2013-14, your Company reported an income of Rs. 5.00 crores against Rs. 5.31 of previous year. The net profit before exceptional items is Rs.0.72 Crores against Rs.0.26 Crores of previous year. The loss after exceptional items is Rs.138.57 Crores. The exceptional items primarily comprised of write-off investments due to closure of overseas subsidiaries. The write-off also comprises of obsolescence of digital contents in assets, inventory and debtors, which are non realizable.

#### **Business Overview**

The Company is in the business of Media & Software involving the activities in Products, Projects, Consultancy & Training.

The Company has been pioneer in Media & Software. The Company produced/associated 9 animation films from 1995 to till date viz., "King and I", "Sindbad", "Alibaba" (Oscar nominated), "Pandavaas" (Won Indian National Award), "Son of Alladin", "Buddha" (Oscar Nominated), "Gulliver Travels" (Oscar Nominated), "Jai Vigneswara" & "Gulliver and the Lilliputs".

During the year, the Company released its 9th digital 3D animation film "Gulliver and the Lilliputs" (with glasses) December 2013 in available 3D theatres in India. The marketing & selling of this movie to Broadcasting, DVD, and Pay-per-View, Online etc. for both domestic and overseas territories are in progress. Production of 10th digital 3D animation film "Mustafa versus Magician" (with glasses) is in progress. Production for TV episodes viz., "Zen Stories", "Thirukkural Stories" & "Proverb based stories" in 2D animation are in progress.

The training programmes offered under "**Digital Media**" are "How to Make 2D/3D Animation for Film & TV", "How to Make Special / Visual Effects for Film", "Video Editing", "Game Development" etc through our training centre and other franchisee & online models. The trainees are given 3 to 6 months live projects and on completion the Company will recruit deserving candidates.

The Company merged M/s. Pentasoft Technologies w.e.f 01.10.2008 vide High Court of Madras order dt.03.08.2009. The Company is able to concentrate on both the software and media activities. Upon this merger, M/s.Esoftcom Mauritis Ltd. which was 100% subsidiary of Pentasoft Technologies became a 100% subsidiary of the Company. The Company all these years has been concentrating in latest and futuristic technologies on the digital field.

The technology in hardwares & softwares have gone through a sea change from Main Frame, Mini & Desktops to Tabs, Mobiles & Notebooks with latest operating system which were designed for more intereactiveness and user friendliness. Thus it enables the work to be done from anywhere facilitating work from home concept. The new Operating Systems such as Android, iOS, Chrome usage of Cloud Computing have become one of the main tools to redesign and re-engineer the existing systems on Finance, Insurance. Healthcare. Transportation. Hotel Management etc.

The Company is conducting the training in software viz., "Apps Development for Mobile & Tablet in Android,iOS,Windows", "Apps Development using PhoneGap", "Virtualization & Cloud Computing". These courses are being conducted under "Tech Masters".

The Robotics is going to play an important role in day-to-day human life in future and the Company is tying up with few associates / partners for Robotics training and development. The training in CAD/CAM is another area which has large potential in 3D printing and developing customized products from homes. The Company is in the process of imparting training in these areas to develop skills for future business deals.

Company with its futuristic approach is preparing freshers/professionals for present & future requirement in International Market. To bring down the gap between Industry & Institutions, the Company is regularly conducting free seminars, workshops & hands-on-training. Last year around 200 plus Engineering, Viscom and school students participated in these activities.

# **Exceptional / Written-off items**

In the year 1999-2000, Pentamedia formed a SPV (Special Purpose Vehicle) viz., NumTV Limited, Mauritius with an investment of \$4 million & Pentasoft formed a SPV (Special Purpose Vehicle) Esoftcom Mauritius Ltd with an investment of \$16.1 million, since Mauritius has preferred because of the excellent trade arrangement with Asia & Africa and Europe countries. So far, the parent Company received around \$78 million in various in-flows as Foreign Inward Remittance (FIRCs) from these subsidiaries.

Due to change in global business environment and slow down, the commercial operations of these subsidiaries have been suspended from October'2011, to reduce the cost and to have effective control from India as reported in the Annual Report 2011-12. Subsequently these subsidiaries have been closed officially in 2013 by adopting the required procedures. Upon the closure of the subsidiaries, the corresponding investments of Rs.92.73 Crores and part of current assets of the Company such as Products Rights to the tune of Rs.10.24 Crores, CWIP to the tune of Rs.8.25 Crores, Loans & Advances to the tune of Rs.19.58 Crores, Sundry Debtors to the tune of Rs.0.57 Crores and Inventories to the tune of Rs.8.01 Crores have been written-off totaling to Rs.139.38 Crores which was placed before the Board of Directors at its meeting held on 23th May 2014 & 27th June 2014. A detailed report on this write-off is given in Part "B" to Notes on Accounts forming part of this annual report.

#### CEO/CFO Certification

In compliance with provisions of Clause 49(V) of the listing agreement, the requisite certification from CEO and Head- Finance for the financial year 2013-14 was placed before the Board of Directors of the Company at its meeting held on 27th June 2014.

#### **Public Deposits**

Your Company has not accepted any Deposits under Section 58A and Section 58AA of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

## **Statutory Dues**

The issues and appeals are on various stages with the Income Tax department. The volume of claims / refunds cannot be quantified. The Company is confident of getting favourable orders as the Company was 100% EOU under STP/EHTP Scheme till 2010.

# Dividend

Your Directors do not recommend any dividend for the financial year 2013-14 to conserve cash resources for future. Consequently no amount is transferred to General Reserve Account.

# **Management Discussion and Analysis Report**

#### **Industry Outlook**

# Media & Animation

The Indian Media and Entertainment (M&E) Industry, one of the most vibrant and exciting industries in the world, has had a tremendous impact on the lives and the Indian economy. As the M&E industry widens its reach, it plays a critical role in creating awareness on issues affecting, channelling the energy of and building aspirations among India's millions. As it entertains and informs the country, the M&E industry has been a catalyst for the growth of large parts of the Indian economy. Take for example, a villager – illiterate and previously unaware of what life has to offer, who begins to see a better life through entertainment programs on TV and aspires for a better life for him and his family. This drives demand for various products and services. These aspirations have been key to self motivated transformation taking deep root in India – Transformation not just from handouts and government schemes, but transformation stemming from ambition and aspiration. The media plays a significant role in our lives today and is all pervasive with touch points ranging from television to newspapers to films to radio to outdoor properties. With the addition of new media such as social networking services, animation and VFX, online gaming and applications running on mobile devices, a new dimension has been added to the world of media that was dominated by traditional media. In addition to their implicit impact, all media platforms provide a great opportunity to carry explicit messages to create social impact

In the calendar year 2013, the Indian Media & Entertainment (M&E) industry registered a growth of 11.8 per cent over 2012 and touched INR 918 billon. The overall growth rate remained muted, with a slow GDP growth and a weak rupee. Lower GDP meant lower demand from the consumer and this impacted advertising. At the same time, the industry began to see some benefits from the