



40th ANNUAL REPORT

2015-16

CONTENTS

Directors Profile.....	02
Notice to the Shareholders.....	03
Directors' Report & Management Discussion and Analysis Report.....	07
Report on Corporate Governance.....	29
Independent Auditor's Report.....	41
Balance Sheet.....	44
Statement of Profit & Loss Account.....	46
Notes Forming Part of Financial Statements....	49
Attendance and Proxy Form.....	63

CORPORATE INFORMATION

Board of Directors	
Mr. V. Chandrasekaran - Managing Director - DIN: 00158019 Mrs. Sumathi Sridharan - Director - DIN: 00162055 Mr. R. Kalyanaraman - Director - DIN: 00041770 Mr. R. Swaminathan - Director - DIN: 02052310	
Bankers	Company Secretary & Compliance Officer
Oriental Bank of Commerce State Bank of India Andhra Bank	Mr. T.S. Srinivasan
	Auditors
	M/s. Babu Peram & Associates Chartered Accountants Firm Registration No.012721S No.6, 2nd Street, V.O.C. Nagar, Kodambakkam, Chennai - 600 024. Email: babuperamca@yahoo.co.in
Registered Office	Registrar & Transfer Agents
No. 25, "Taurus", 1st Main Road, U.I. Colony, Kodambakkam, Chennai - 600 024. Tel.: 044-24833067, Fax: 044-24726042, Email : investor@pentamedia.in / shares@pentamedia.in, www.pentamedia.in	M/s. Cameo Corporate Services Limited Unit : "Pentamedia Graphics Ltd." "Subramaniam Building", No.1, Club House Road, Anna Salai, Chennai - 600 002. Tel.: 044-2846 0390 (5 Lines), Fax : 044-28460129, Email: investor@cameoindia.com www.cameoindia.com

DIRECTORS – A BRIEF PROFILE

Mr . V. Chandrasekaran - Managing Director

Mr. V. Chandrasekaran aged about 65 years is an M.E. in computer science from the Regional Engineering College, Trichy. He has worked in the field of computer software for well over two decades and held positions both in India and abroad. He began his career with Bharath Heavy Electricals Ltd (BHEL) and served company for over 10 years in various capacities and had managed the design, development and maintenance of software and systems. Mr Chandrasekaran was with Systems & Applied Sciences Corporation, Washington, USA, where he was involved in design, development and implementation of software for enterprising and media services.

Mr. R. Kalyanaramann - Non-Executive Independent Director

Mr. R. Kalyanaraman aged about 65 years is an Electrical Engineer and worked with BHEL, R&D, Hyderabad & Ranipet, as in charge of vendor development and served there nearly a decade in that Company. For the last 30 years he played the role of Financial & Business promotional adviser for various organizations including Media & Software.

Mrs. Sumathi Sridharan Non-Executive Director

Mrs.Sumathi Sridharan aged about 55 years, is an M.E in Computer Science and worked with NIT [REC], Trichy as a faculty in Department of Computer Science. She served in our group from 1993 to 2004 and her corporate professional experience spans over 25 years in various fields such as software development, education and training.

Mr. R. Swaminathan - Non-Executive Independent Director

Mr. R. Swaminathan aged about 54 is a Qualified Chartered Accountant, Cost and Management Accountant and Company Secretary and also Life Member of Indian Institute of Banking and Finance, Fellow of Institute of Chartered Shipbrokers London, Qualified Licensed International Financial Analyst. He is a Cross-functional and Cross-industry expertise in the areas of – Banking, Global Shipping, Auditing, Finance and Taxation and possess over 25 years of experience. Part of various professional institutes and trade bodies/associations, His proven ability as a banker, ability to develop strategies to turnaround the company is vital for corporate sector. He is specialized in International financing, Attracting Global Investment, Corporate Governance and GRC techniques.

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 CONVENING THE FORTIETH ANNUAL GENERAL MEETING

NOTICE is hereby given that the **FORTIETH** Annual General Meeting of the members of **PENTAMEDIA GRAPHICS LIMITED** will be held on Wednesday, the 14th September 2016 at 10.00 A.M 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 Financial Statements of the Company for the financial year ended 31st March, 2016 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.
3. To ratify the appointment of Statutory Auditors to hold office from the conclusion of this Annual General Meeting till 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 139,142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), pursuant to the recommendations of the Audit Committee of the Board of Directors and pursuant to the resolution passed by members at the AGM held on 28th August, 2014, the appointment of M/s. Babu Peram & Associates, Chartered Accountants, Chennai bearing Firm Reg. No. 012721S as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting be and is hereby ratified on a remuneration as may be decided by the Board in consultation with the Auditors."

By Order of the Board

Place: Chennai
Date: 29th July , 2016

T.S. Srinivasan
Company Secretary

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 40th 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. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than three days of notice in writing is given to the Company.
4. Members / proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
5. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
6. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM
7. Corporate members intending to send their authorised 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.
8. Brief resume of Director who proposed to be re-appointed, nature of her expertise in specific functional areas, names of companies in which she hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships

between directors inter-se as stipulated under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are provided in the Annexure forming part of the notice.

9. The Register of Members and the Share Transfer Books of the Company shall remain closed from Thursday, 08th September 2016 to Wednesday, 14th September 2016, (both days inclusive), for the purpose of Annual General Meeting.
10. Members are requested to notify the change in their address, if any, immediately, so that all communications can be sent to the latest address. In case of members 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, (CCSL) Unit: Pentamedia Graphics Limited, "Subramaniam Building" No.1 Club House Road, Anna Salai, Chennai – 600002. Members, who hold shares in electronic form, are requested to notify any change in their particulars like change in address, bank particulars etc. to their Depository Participants immediately.
11. The Securities and Exchange Board of India (SEBI) vide circular ref no. MRD/Dop/CIR 05/2007 dated April 27, 2007 made PAN the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transaction. In continuation of the said circular, it is hereby clarified that for securities market transactions and off-market/private transactions involving transfer of shares in listed companies in physical form, it shall be mandatory for the transferee(s) to furnish a copy of the PAN card to the Company / RTA for registration of such transfer of shares.
12. Copies of the Annual Report 2016 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. In the case of members holding shares in physical mode whose email IDs are registered with the Company/ Registrars M/s. Cameo Corporate Services Limited, and have given consent for receiving communication electronically, copies of the Annual Report 2016 are being sent by electronic mode only. For members who have not registered their email addresses, physical copies of the Annual Report 2016 are being sent by the permitted mode.
13. The Notice of the 40th 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 unless any member has requested for a hard copy of the same. In the case of members holding shares in physical mode whose email IDs are registered with the Company/ Registrars M/s. Cameo Corporate Services Limited, and have given consent for receiving communication electronically, the Notice of the 40th Annual General Meeting of the Company inter alia indicating the process and manner of remote e-voting along with Attendance Slip and Proxy Form, is being sent by electronic mode. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
14. Members may also note that the Notice of the 40th Annual General Meeting and the Annual Report 2016 will also be available on the Company's website 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 at: www.cameoindia.com.
15. All documents referred to in the Notice will be available for inspection at the Company's registered office during normal business hours on working days up to the date of the 40th AGM.

16. 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, as amended the Company is pleased to provide to the members the facility to exercise their right to vote at the 40th Annual General Meeting (AGM) by electronic means and the business may be transacted through remote e-Voting Services provided by M/s Central Depository Services (India) Limited on all resolutions set forth in this Notice:

The procedure and instructions for the same are as follows:

REMOTE E-VOTING INSTRUCTIONS:

The voting period begins on Sunday, 11th September 2016 at 10:00 a.m (IST) and ends on Tuesday, 13th September 2016 at 05:00 pm (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 6th September 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (i) The shareholders should log on to the e-voting website www.evotingindia.com.
- (ii) Click on Shareholders.
- (iii) 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.

- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat 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	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> 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. 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.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat 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 is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that 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) For 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 for the relevant PENTAMEDIA GRAPHICS LIMITED 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 "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (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 a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login 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) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xvii) Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com 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 a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login 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.
- (xviii) 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 www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

A. Other Instructions

- The remote e-voting period commences on Sunday, 11th day, September 2016 at 10.00 a.m (IST) and ends on Tuesday day 13th September 2016 at 5.00 p.m (IST). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 06th September 2016, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, he shall not be allowed to change it subsequently.
- The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date 06th September 2016.
- The Board of Directors has appointed Mr. R Sridharan, Practising Company Secretary (Membership No. FCS 4775) of R Sridharan & Associates, Company Secretaries has been appointed as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.
- The Scrutinizer shall immediately after the conclusion of voting at the annual general meeting first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman of the Company. For the purpose of ensuring that members who have cast their votes through remote e-voting do not vote again at the general meeting, the scrutinizer shall have access, after closure of the period for remote e-voting and before commencement of the meeting, to details relating to members as the Scrutinizer may require except the manner in which they have cast their votes.
- The results shall be declared on the date of the 40th AGM or not later than 48 hours of conclusion of the meeting. 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 immediately after declaration of results by the Chairman and the Company shall simultaneously forward the results to the stock exchanges on which its equity shares are listed for placing it on their respective websites.

Resolutions passed through e-voting would be deemed to be passed as on the date of the AGM.

ANNEXURE TO THE NOTICE

Information as required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Name	Mrs. Sumathi Sridharan
Age	55
Date of Appointment	15/05/2006
Qualifications	M.E. Computer Engineer
Expertise in functional area	She has 26 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)
Directorships held in other public Companies (excluding foreign companies)	NIL
Membership / Chairmanships of Committees of other public companies (includes only Audit Committee (AC) and Shareholders/ Investors Grievance Committee (SIGC))	NIL
Shareholding in the Company (No. of Shares)	10,000 Equity shares of Re. 1/- each
Inter –se relationship with any director	NIL

Directors' Report & Management Discussion and Analysis

Dear Members,

Your Directors are pleased to present the Fortieth Annual Report on the business and operations of your company together with the Audited Financial Statements for the year ended 31st March 2016. The Management Discussion and Analysis is given as part of this Report.

Financial Highlights

₹ in Crore

Particulars	2015-2016	2014-2015
Gross Income	4.17	5.44
Profit before interest and depreciation	1.56	3.13
Depreciation and Amortisation expenses	1.36	3.12
Profit before tax	0.20	0.03
Provision for tax		
- Tax expense	-	2.46
- Deferred tax asset	0.19	0.62
Exceptional items written off	(51.00)	(147.84)
Net Profit / Loss after tax	(50.99)	(149.65)
Balance of Profit / Loss carried forward	(326.67)	(275.68)

Financial Performance

The Gross profit amounted to Rs.1.56 Crore which is 37% of Gross income as against Rs.3.13 Crore of 58% of Gross income of previous year. The Profit before tax and exceptional items amounted to Rs.0.20 Crore as against Rs.0.03 Crore of previous year. The groupings have been done accordingly the new standards. The Company is not having subsidiaries, hence consolidated statements are not applicable.

Business Overview

Your Company is continuing its activities of Projects, Products, Consultancy, Training in Edutainment, Infotainment and Entertainment for big, small and personal screens.

Content Creation

During the year the Company successfully completed an Animation project for a Belgium based Multinational Company M/s.WABCO, Chennai for its auto components unit. Fresh proposal have been given for their other branches which will be executed next year. Proposal to a Major Infrastructure Company to do an animation project viz. "Sewage Water Plant" is under process.

As reported earlier, Digital 3D Animation film "Mustafa Vs Magician" viewable through 3D Glass is under post production and we are planning to release the same during this Christmas/Festival holidays. More Episodes 2D TV series viz., "Thirukkual Stories", "Zen Stories" & "Proverb Stories" are in progress.

Content Distribution

During the year the Company have engaged in content distribution for live action and animated films for Theatrical, Broadcasting, CableTV, Internet/Online, Merchandising. As part of distribution and exhibition, the Company's online streaming APP & Web is known as **PMGflic** is showcased to host others contents for viewers on subscription model.

Content Publishing

The Company has published so far the following technical books and comics in both paper back and E-book forms with prices range from Rs.150 to Rs.700 and the same are available in the leading online stores viz., "Amazon.Com", "Pohty.Com" etc.:

Text Books	Comics
<ul style="list-style-type: none"> ➤ Visual Effects – Theory and Practice ➤ Cloud Computing ➤ 3D Printing 	<ul style="list-style-type: none"> ➤ Legend of Buddha ➤ Gulliver & Lilliputs with 3D Glass

The Compilation of other Books viz., "Internet of Things", "Blender-An Animation Tool", "Apps Development for Mobile Operating Systems" are in pipeline and will be released shortly.

APPS on Mobile & Tablets

In order to participate in the recent revolution of OTT (Over-the-top) video streaming in India along with other channels, the Company launched "**PMGflic**" an App for Mobile & Tablets and also www.pmgflic.com web for online streaming of Animation videos, the contents that are being exhibited from the Company archives stored in digital library which were earlier screened in NumTV.Com is now enable to stream for Mobile / Tablets via App "**PMGflic**" for individual consumers both India & International to view online. Later this App will host other's contents for viewers to subscribe. We have developed a client based Mobile App for a Pharma Company. Other in-house Apps viz., "The Legend of Buddha" (Comic) & "Gulliver and Lilliputs" (3D Comic with Glass) have been developed and being made available in GOOGLE PLAY STORE. The Company is in the process of constructing e-commerce store viz. PENTAMALL APP for Mobile and Tablet and other Apps for Food & Beverage, Personal Document System, Healthcare & E-publishing are being developed.

Training

Company has been conducting the skill based training programmes viz.:

Digital Media	Software
<ul style="list-style-type: none">➤ 2D/3D Animation➤ VFX/Special Effects➤ Video Editing➤ Gaming➤ Graphic Designing and 3D Printing etc.	<ul style="list-style-type: none">➤ App Development in Android & iOS➤ Web Design and Development➤ Robotics➤ Cloud Computing➤ Core Java / C & C++

Trained students are being used for Content creation & APPs development. The training programmes are extended online by an exclusive portal (www.pentamedia.in/elearning) in Digital Media & Software. The ELearning an interactive, realtime/online system with audio & video content, enables the learner to have face to face classrooms simulation.

The company is focussing its training towards preparing the students to have knowledge, skill and employability by developing Apps and creating contents for big, small and personal screens. The training is also for virtual and Augmented Reality (AR) gaming. The company conducted seminars and campus training programmes in Education institutions viz., Adiparasakthi Engineering College, Chennai, Vellamal Engineering College, Chennai, St. Joseph Engineering College, Cuddalore, Parisutham College of Engineering, Tanjore, Madras Christian College School, Chennai in Software & Animation.

The trend of re-visiting our old film contents such as Pandavas, Buddha and TV contents viz. Bible Stories, Panchtantra Stories etc. will be recreated using the latest technology of Digital 3D for Big, Small and Personal Screens.

Dividend & Reserves

Taking into account overall financial performances of the Company Your Directors do not recommend any dividend for the financial year 2015-16. Consequently no amount is transferred to General Reserve Account.

Share Capital

The paid-up equity share capital of the Company as on 31st March 2016 stood at Rs.41.50 Crore. During the year under review, the Company has not raised its issued capital with different voting rights nor has granted any stock options or sweat equity and none of the directors hold instruments that are to be converted as equity shares as on 31st March 2016. Mrs. Sumathi Sridharan (DIN: 00162055) Director, holds 10000 equity shares in the company.

Deposits

During the year under review, Your Company has not accepted any Deposits within the meaning of provisions of Chapter V of the Companies Act 2013 (Acceptance of Deposits by Companies) read with the Companies (Acceptance of Deposits) Rules, 2014.

Risk Management

Your Company has a robust Risk Management policy, The Company through a steering committee oversees the Risk Management process including risk identification, impact assessment, effective implementation of the mitigation plans and risk reporting. A detailed Risk Management policy of the Company to have good Corporate Governance is hosted in the Company's official website www.pentamedia.in

Internal Control Systems and Their Adequacy

Your Company is having a sound internal system, which enables that all assets are protected against loss from unauthorized use and all transactions are recorded and reported correctly. The classification and accounting of assets is carried out as per the standard procedures followed by the Company. This system is further supplemented by internal audit carried out by an independent Chartered Accountant and periodical review by management. The Audit Committee of the Board of Directors, Statutory Auditors and Heads are periodically appraised of the internal audit findings and corrective actions taken.

Directors

During the year under review, Mr.R.Swaminathan (DIN 02052310) was appointed as Independent Director for a period of 5 years with effect from 3rd September 2015 for a term upto the conclusion of 44th Annual General Meeting to be held in the calendar year 2020, not liable to retire by rotation. Mr.S.D.Viswanathan (DIN 00162156) Independent Director has resigned from the board with effect from 27.09.2015 At the 39th Annual General Meeting held on 3rd September 2015,

Based on the recommendation of the Nomination & Remuneration Committee and the approval of the Board, Mrs.Sumathi Sridharan, Director who retire by rotation and, being eligible, offer herself for re appointment. The Directors recommend Mrs.Sumathi Sridharan for re-appointment.

Finance & Accounts

Your Company prepares its financial statements in compliance with requirements of Section 134 of Companies Act 2013 and generally accepted accounting principles (GAAP) in India.

MANAGEMENT DISCUSSION AND ANALYSIS

Media & Entertainment Industry

The Indian Media and Entertainment (M&E) industry is a sunrise sector for the economy and is making high growth strides. Proving its resilience to the world, the Indian M&E industry is on the cusp of a strong phase of growth, backed by rising consumer demand and improving advertising revenues. The industry has been largely driven by increasing digitisation and higher internet usage over the last decade. Internet has almost become a mainstream media for entertainment for most of the people.

The Indian media & entertainment sector is expected to grow at a Compound Annual Growth Rate (CAGR) of 13.9 per cent year-on-year to reach Rs 196,400 crore (US\$ 28.82 billion) by 2019. In 2015, the overall Media and Entertainment industry grew 11.7 per cent over 2014. The largest segment, India's television industry, is expected to maintain its strong growth momentum led by subscription revenues, representing a year-on-year growth of about 13.2 per cent to reach Rs 60,000 crore (US\$ 8.8 billion) in 2015. Industry estimates reveal that video games industry grew at a record 22.4 per cent in 2014 over 2013, wherein its net worth rose to US\$ 392 million. The Indian animation industry was valued at US\$ 748 million in 2014 and is forecasted to grow at 15-20 per cent per annum. The Foreign Direct Investment (FDI) inflows in the information and broadcasting (I&B) sector (including print media) in the period April 2000 – December 2015 stood at US\$ 4.55 billion, as per data released by Department of Industrial Policy and Promotion (DIPP)... (Source FICCI)

The animation and visual effects (VFX) segment within the M&E industry is looking quite positive. VFX has shown tremendous growth from doing mainly pre- and post-production jobs procured from overseas to serving films, television and commercials with world-class content. In the coming years, India animation studios will develop content to cater to global consumers via digital platforms such as Apple iTunes, Android, Netflix and Windows. The animation and VFX market is driven by growth in the children's television genre and visual effects in movies

Software

IT & ITeS

India will remain the world's fastest growing information technology (IT) market in 2016 as it is expected to spend more than \$72 billion on IT services, products and hardware, up from 7.2% from the current year. The growth will come on the back of the digitization wave catching up with Indian companies and the growing number of connected devices that form the Internet of Things (IoT).

India's IT market is projected to grow annually at a rate of 4.95% between 2015 and 2019—the fastest globally—to touch \$85.3 billion by the end of 2019. The robust growth will help India overtake Australia to become the second largest IT market in the Asia-Pacific by 2019, behind China. Devices, which include mobile phones, personal computers and tablets, will account for almost 33% of the overall IT spend in India, growing at 9.3% in 2016. While data centre systems will grow 3.9% in 2016, IT services, which accounts for 18.1% of the overall IT spend, will be the fastest growing segment in 2016 with 13.8% growth year on year. Software, which accounts for nearly 7% of IT revenue in India, will grow 12.7%. Communication services will continue to account for the largest share of IT spend: 39.2% of revenue in 2016. However, this will also be the slowest growing segment, with a 2.1% rise in revenue in 2016. As per the research firm's survey of chief information officers, Indian IT budget growth of 11.7% is one of the highest in the world, while global average is 1%. "The IT industry is being driven by digital business, and an environment driven by a connected world. (Source Gartner)

Apps on Mobile & Tablet

India witnessed the highest number of internet users via Mobile & Tablets per year, vs. any other country in the world. As of June 30, 2015, 52 million consumers gained access to the Internet vs the prior year, according to More importantly, over 60% of consumers access the internet via their mobile devices — 213 million people by end of June to be exact. (Source The Internet and Mobile Association Of India). Mobile sites report a third of their sales through their mobile apps in India! Mobile payment apps are also experiencing rapid growth. Another area where mobile apps are growing is streaming online videos, music etc.. It is clear that mobile apps play a dominant role in shaping consumer behavior in India. An example to highlight this point is the following graph, which shows the rapid growth of paid app revenue in India (2016).

Internet & E-Commerce

Internet & E-Commerce market in India is likely to touch \$128 billion in 2017 from the current level of \$42 billion in 2015 due to increase in mobile and internet penetration, m-commerce sales, payment options, exciting discounts, according to the joint study brought out by ASSOCHAM and Deloitte. With an increasing mobile and internet penetration, m-commerce sales, advanced shipping and payment options, exciting discounts, and the push into new international markets by e-businesses are the major drivers of this unprecedented growth. The big retailers are increasingly focusing on their digital strategies in order to gain the obvious benefits of online platforms – wider reach, always on, personalization to name a few. The e-commerce companies are concentrating their efforts on increasing the penetration of their mobile apps for higher growth. Big players in this space claim to have more than 50% of their revenue coming from mobile apps.

The future of e-commerce is bright and growth will come from mobile platforms, personalization, social media analytics, omni-channel service, and sharing economy business models. The e-commerce industry is an exciting place with the interplay of social, mobility, analytics, cloud (SMAC), digital, 3D and, virtualization. The current high valuations, in spite of losses, perhaps, are indicative of the future potential. Online travel, one of the key drivers of India's e-commerce market, accounts for nearly 71% of e-commerce business in India. Though the online retail market in India, currently at \$1.6 billion, is a miniscule fraction of India's overall \$500 billion retail industry; retail e-commerce has recorded a three-fold growth since 2011, predominantly driven by million dollar investments by domestic and foreign investors.

On the other hand, mobile commerce (m-commerce) is growing rapidly as a stable and secure supplement to the e-commerce industry. Shopping online through smart phones is proving to be a game changer, and industry leaders believe that m-commerce could contribute up to 70% of their total revenues.