

38th
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".

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.
4. 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)	He has worked at BHEL, Trichy as in charge of vendor development and served in that Company over a period of 10 years. He also played the role of Financial & Business promotional adviser in various organizations including Media & Software.	He has worked in the field of computer software for over two decades in positions both in India and Abroad. He began his career with Bharath Heavy Electric Ltd (BHEL) and served that company for over 10 years in various positions in software system. Later In USA worked for designing software system for Radio and TV stations. He has a doctorate in Multimedia systems.	He has 40 years of professional corporate experience in executing projects and in corporate planning. He commenced his career 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 been a Technological Consultant.
Directorships held in other public Companies (excluding foreign companies)	NIL	1. Wellwin Industry Ltd. 2. M F B Industries Ltd. 3. 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

13. 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.

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:

- i) 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.

- v) If 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*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <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. (Sequence number has been provided as SI No in the address label)
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
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <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 [https:// www.evotingindia.co.in](https://www.evotingindia.co.in) under help section or write an email to helpdesk.evoting@cdslindia.com

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 proviso to Section 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	31 st March, 2014	31 st 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 assets)	(139.38)	Nil
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 Vigneshwara" & "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 Mauritius 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 interactivity 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 billion. 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

digitisation of media products and services, and growth in regional media. Gaming and digital advertising were the two prominent industry sub-sectors which recorded a strong growth in 2013 compared to the previous year, albeit on a smaller base. For projections till 2018, digital advertising is expected to have the highest CAGR of 27.7 per cent while all other sub-sectors are expected to grow at a CAGR in the range of 9 to 18 per cent. Overall, the industry is expected to register a CAGR of 14.2 percent to touch INR 1785.8 billion by 2018. The Indian M&E sector showed some resilience and began to grapple seriously with some structural issues it has long talked about but not engaged with. These include TV and Print industry measurement, advertising volumes, inventory and rates, actions to see digitisation through and reap its benefits, working out the MSO-LCO relationship, copyright laws and operational efficiency. Many of these remain alive and will take a few years to sort through. Others, like phase III of radio – are still pending regulatory action.

Animation / VFX: 2013 was an important year for the Animation and VFX industry. This year saw the introduction of policies by a few state governments to boost the sector. VFX also began to get used in TV. The impetus of visual effects was not restricted to films, but also extended to big budget serials and television commercials. However, the underlying struggle in the industry came to the forefront with the fall of big names like Rhythm and Hues and Digital Domain and retrenchment by some big players

Software

According to IDC's worldwide semiannual software tracker, the worldwide software market grew in 2013 to \$369 billion in which the growth percentage was from 4.3% in 2002 to 5.5% in 2013.

NASSCOM says that Software exports in 2014-15 would rise to as much as \$99 billion, from about \$86 billion estimated for this fiscal year ending March. Including the domestic market, the Indian IT industry is currently pegged at \$118 billion, the highest forecast since it estimated a 16-18% growth in software exports for 2011-12. Indian IT industry would add incremental revenues of \$13-14 billion in 2014-15. Incremental revenue is a measure of market share growth that has evolved as the new benchmark for the IT sector. Indian IT industry would grow to about \$300 billion by 2020, and created different verticals that would focus on specific areas such as the domestic IT market, software products and e-commerce. "The guidance is a clear reflection that the market is strengthening, so 13-15% overall growth seems like a fair number," said Manish Bahl, vice-president at Forrester Research Inc. Technology researcher Gartner Inc. has forecast that global IT spending will touch \$3.8 trillion in 2014, up by 3% from last year.

Apps market is growing in India along with increased sales of smartphones. This could lead data revolution, says Indian Council for Research on International Economic Relations, with growing number of developers and distributors in India, the data revolution might not be a distant dream. The expected hike of Indian app market is Rs.3800 Cr by 2016 with 3 lakh app developers. The table showing how worldwide tablet sales to end users by operating system:

OS	2013	2012
Android	121 million	53 million
iOS	70 million	61 million
Microsoft	4 million	1 million
Others	41,598	379,000

Cloud & Mobility is leading in India the way in cloud and mobility with growth rates surpassing the 200% clip for Microsoft's Azure cloud. Whether it is social, smartphones or market place, India is going to be a huge market. That's why everyone wants to come here. It is not just about getting the economies of scale and cost, most of our important products are being developed in India.

ROBOTICS Technologies are all set to change the practice in all the areas where more perfection and excellence is required.. This technology is mainly capturing industries like manufacturing, pharmaceutical, FMCG, healthcare, defence, education, packaging and inspection. The robotics will become an important aspect of our lives directly or in-directly. Each Robot requires digital technology with inbuilt software. The future will require many talents in programming the Robots.

Directors

"In accordance with provisions of Section 203 of Companies Act 2013 and SEBI's amendment in Clause 49 of the listing agreement of BSE Limited in terms of separation of Chairman & Managing Director of Company, Mr.V.Chandrasekaran is continuing as "Managing Director" of the Company.

In accordance with the provisions of Section 149 the Companies Act, 2013, Independent Directors are required to be appointed for a term of five consecutive years and shall not be liable to retire by rotation. Accordingly, resolutions proposing appointment of Independent Directors form part of the Notice of the Annual General Meeting. All other Directors, except the Managing Director, will retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-election.

Changes during the year

- a) Mr.V.Chandrasekaran, Chairman & Managing Director is continuing as “Managing Director” of the Company as per the provisions of Companies Act 2013.
- b) Mr.G.Swaminathan has been appointed as Company Secretary & Compliance officer with effect from 1st December 2013 subsequent to the resignation of Ms.A.Menaka, Company from the post of Secretary & Compliance officer with effect from 1st December 2013

Corporate Social Responsibility (CSR)

Your company is continuing in supporting the CSR initiatives by following the strategy that enables realisation of twin goals of shareholder value enhancement and societal value creation based on a belief that a business cannot succeed in a society that fails and therefore it is imperative for business houses, to invest in the future by taking part in social building activities. In line with recent regulatory guidelines and in order to align the Company's operations with the objective of inclusive growth and to integrate CSR programmes with the business value chain the Company is constantly evolving to the latest requirements. Any assistance required in this please contact the Company.

Green Initiatives

As a Green Initiative in Corporate Governance, the Ministry of Corporate Affairs (MCA) vide its circular dated 21st April 2011, allowed companies to send various notices and documents, including Annual Reports to shareholders through electronic mode & As per the Section 108 of new Companies Act 2013 to provide eVoting facility to the registered email id of the shareholders. In this regard, the Company requests all its members to register their E-mail ID to respective depository participant's (DP's) alternatively visit <http://green.cameoindia.com> and register E-mail ID so as to enable us to communicate the reports and other updates electronically

Director's Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, in relation to the Annual Financial Statements for the Financial Year 2013-2014, your Directors confirm that:

- a) The Financial Statements of the Company - comprising of the Balance Sheet as at 31 March, 2014 and the Statement of Profit & Loss for the year ended on that date, have been prepared on a going concern basis following as per the applicable accounting standards read with the requirements specified in Schedule VI of the Companies Act, 1956 and that no material departures have been made from the same;
- b) Accounting policies selected were applied consistently and the judgments and estimates related to the financial statements have been made on a prudent and reasonable basis, so as to give a true and fair view of the state of affairs of the Company as at 31 March, 2014, and, of the profit of the Company for the year ended on that date; and
- c) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors

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.

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. Apart from regular employees, the Company is also hiring the consultants as full-time, part-time and outsources for our business activities in Media & Software.

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

There were no Employees of the company covered under the provisions of Section 217(2A) (a) (iii) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

Business Responsibility Report

The Business Responsibility report as per Clause 55 of the Listing agreement with the Stock Exchange(s) is not applicable to your Company for the financial year 2013-14.

Internal Control System

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.

Human Resources

The Company takes pride in the commitment, competence and dedication shown by its employees (including outsourced) in all areas of business. The Company is committed to nurturing, enhancing and retaining top talent through superior learning & organization development as a part of Corporate HR function. It is a critical pillar to support the organization growth and its sustainability over the long run.

Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo

Your Company is into the business of Media and Training for Animation and Software. Since these activities involves more of mind products than body products through manufacturing activity, most of the Information required to be provided 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 given below.

Conservation of Energy

During the year, due to power scarcity the consumption of power & fuel were Rs 7.71 lacs as against Rs 8.86 lacs of pervious year. The Company is taking all the measurements for optimal use of energy to avoid wastages and conserve energy as far as possible

Technology Absorption

In its endeavor to deliver the best to its business partners , associates & students/trainees, your Company is constantly active in harnessing and tapping the latest and best technologies in the industry viz. Stereoscopic conversion, Cloud & Mobility, Robotics, Apps for Mobile/Tablets etc.

Foreign Exchange Earnings and Outgo

During the year, foreign exchange earnings & outgo is NIL

Corporate Governance

Your Company has been constantly reassessing and benchmarking itself with well-Established Corporate Governance practices besides strictly complying with the requirements of Clause 49 of the Listing Agreement. A separate report on Corporate Governance is provided as part of this Annual Report, together with a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s). A Certificate of the Managing Director and Head Finance of the Company in terms of sub-clause(v) of Clause 49 of Listing Agreement, inter alia, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee, is also annexed. The Ministry of Corporate Affairs has made majority of the provisions of the Companies Act, 2013 effective from 1st April, 2014. The new act is a positive step towards strengthening corporate governance regime in the country. Your Company is already in substantial compliance of most of the governance requirements provided under the new law. Your Company has proactively adopted provisions related to formation of Nomination and Remuneration

Acknowledgement

Your Directors wish to place their sincere appreciation of the co-operation and support received from shareholders, institutions, Ministry of Corporate Affairs, Registrar of Companies, Securities Exchange Board of India, Stock Exchanges, State & Central Governments, Other regulatory authorities, Educational institutions , Students/Trainees and other business constituents during the year under review. The Regular employees, Consultants, Part-time employees & Ex- Pentamedians are our vital and most valuable assets. Your Directors value the professionalism and commitment of all employees of the Company and place on record their appreciation of the contribution made by them during the year.

Date : 27.06.2014

Place : Chennai

On Behalf of the Board

**V. Chandrasekaran
Managing Director**

**R. Kalyanaraman
Director**

REPORT ON CORPORATE GOVERNANCE

The Directors have great pleasure in presenting the Report on Corporate Governance for the financial year ended 31st March, 2014 as per Clause 49 of the Listing Agreement.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company's Corporate Governance philosophy rests on the pillars of integrity, accountability, equity, transparency and environmental responsibility and is committed to the highest standards of Corporate Governance in all its activities and processes. The Company adheres to good corporate practices and is constantly striving to improve them and adopt the best practices.

Corporate Governance refers to the manner, in which a Company is directed, and laws and customs affecting that direction. The Corporate Governance structure specifies the relationship, and the distribution of rights and responsibilities, among primarily three groups of participants, viz., the Board of Directors, Managers and Shareholders. This system spells out the rules and procedures for making decisions on corporate affairs; it also provides the structure through which the Company objectives are set, as well as the means of attaining and monitoring the performance of those objectives.

The Board of Directors fully supports and endorses corporate governance practices as enunciated in Clause 49 of the Listing Agreement as applicable from time to time.

2. BOARD OF DIRECTORS

a) Composition

The Board has a balanced mix of Executive and Non-Executive Independent Directors. The Board consists of 4 members as on 31st March, 2014 and out of which the 2 are Non-Executive Independent Directors. The Chairman of the Board is a Executive Director and the minimum requirement of One half of the Board consisting of independent director is duly complied with.

b) Changes during the year

During the year there were no changes in the composition of the Board of Directors.

c) Board Meetings & Procedures

During the financial year under review, Five (5) meetings of the Board were held on 10th May 2013, 29th May 2013, 2nd August 2013, 13th November 2013 and 31st January, 2014. The intervening period between any two Board Meetings were well within the maximum time gap of 4 months prescribed under Clause 49 of the Listing Agreement. The annual calendar of meetings is broadly determined at the beginning of each year. The Board meets at least once a quarter to review the quarterly performance and financial results of the Company. Apart from the statutory requirements, the role of the Board includes periodic review of operations and considering proposals for business re-organization., etc. The Board has complete access to any information within the Company. The information periodically placed before the Board includes proceedings/ minutes of all committee meetings, significant developments etc.

Particulars of Directors, their attendance at the Annual General Meeting and Board Meetings mentioned hereinabove held during the Financial year 2013-14 and also their other Directorships held in Public Companies (excluding Foreign Companies and Section 8 Companies) and Membership of other Board Committees (excluding Remuneration Committee) as at March 31, 2014 are as under:

Name of the Director	Category	No of Board Meetings attended	Attendance at last AGM	No of Director-ship (out of which as Chairman) excluding Pentamedia Graphics Limited)\$	No of committee membership (including Pentamedia Graphics Limited) (out of which as Chairman) #
Mr. R.Kalyanaraman	Director	5	Yes	Nil	Nil
Mr.V.Chandrasekaran	Chairman & Managing Director	5	Yes	Nil	Nil
Mrs. Sumathi Sridharan	Director	2	No	Nil	3
Mr.S.D.Vishwanathan	Director	5	Yes	Nil	Nil

\$ Directorship in private limited companies(which are not subsidiary or holding company of a public limited company) , foreign companies and companies under Section 8 of the Companies Act, 2013 are excluded.

Only Membership in Audit Committee, Share transfer Committee and Remuneration Committee are considered for this purpose.

All the directors have certified that they are not members of more than ten committees and do not act as the Chairman of more than five committees in terms of the Listing Agreement across all companies in which they are directors.

The Independent Directors have confirmed that they satisfy the "criteria of independence" as stipulated in the clause 49(l)(A) of the Listing Agreement.

d) Brief profile of the Directors of the Company to be appointed/re-appointed at the Annual General Meeting

1. Mrs. Sumathi Sridharan :

Mrs.Sumathi Sridharan aged about 53 years is a M.E Computer Engineer and worked with REC, Trichy as a faculty in Department of Computer Science. She served in our group from 1993 to 2004. She has overall 25 years of professional corporate experience in various fields such as software development, education and training.

2. Mr. R. Kalyanaraman:

Mr. R. Kalyanaraman aged about 63 years is a Electrical Engineer and he worked at BHEL, Trichy as in charge of vendor development and served in that Company over a period of 10 years. He also played the role of Financial & Business promotional adviser in various organizations including Media & Software.

3. Mr. V. Chandrasekaran

Mr. V. Chandrasekaran has been the Managing Director of the Company since its incorporation and he was appointed as Chairman & CEO of the Company in July 2001. He has worked in the field of computer software for over two decades in positions both in India and Abroad. He began his career with Bharath Heavy Electric Ltd (BHEL) and served that company for over 10 years in various positions in which he oversaw the design, development and maintenance of software and systems. He has also worked in Systems & Applied Sciences Corporation in Washington, where he was involved in design, development and implementation of software for media services. He is a M.E. in computer science from the Regional Engineering College, Trichy.

4. Mr. S. D. Viswanathan

Mr. S. D. Viswanathan has 40 years of professional corporate experience in executing projects and in corporate planning. He is Honours Graduate in Electronics and Electrical Engineering and he commenced his career 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 been a Technological Consultant.

e) Code of Conduct

The Company has instituted a Code of Conduct ("The Code") for Members of the Board and Senior Management of the Company and the compliance of the same is affirmed by the Board and Senior Management personnel annually. The Code has also been posted on Company's corporate website www.pentamedia.in. A declaration to this effect is signed by Mr. V. Chandrasekaran, Managing Director and the same forms a part of this report.

3. Board Committees

A. AUDIT COMMITTEE:

Terms of Reference

The Audit Committee has been formed to monitor and provide effective supervision of the Financial and reporting process. The terms of reference of the Committee is to review the financial reporting process, internal audit process, accounting policies, adequacy of internal control systems, management audit and recommend appointment of the statutory/internal Auditors and to fix their remuneration. The members of this Committee are Independent Directors.

In line with the Companies Act, 2013, the terms of reference of the Audit Committee has been revised with effect from 23rd May, 2014 as follows:-

- oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- recommendation for appointment, remuneration and terms of appointment of auditors of the company
- approval of payment to statutory auditors for any other services rendered by the statutory auditors
- reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
 - a. matters to be included in the Directors responsibility statement

- b. Changes, if any, in accounting policies and practices and reasons for the same.
- c. Major accounting entries involving estimates based on exercise of judgment by management
- d. Significant adjustments made in the financial statements arising out of audit findings
- e. Compliance with listing and other legal requirements relating to financial statements
- f. Disclosure of any related party transactions
- g. Qualifications in the draft audit report
 - 1. Reviewing with the management, the quarterly financial statements before submission to the Board for approval
 - 2. Discussion with internal auditors any significant findings and follow up thereon
 - 3. Reviewing with the management, the statement of uses/ application of funds raised through an issue, the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
 - 4. Approval or any subsequent modification of transactions of the company with related parties
- a. Scrutiny of inter-corporate loans and investments, as applicable
- b. Valuation of undertakings or assets of the company, wherever it is necessary including appointment of Registered Valuers.
- c. Evaluation of internal financial controls and risk management systems;
- d. Reviewing with the management and monitoring the auditor's independence and performance and effectiveness of audit process
- e. Reviewing with the management, performance of internal auditors, adequacy of the internal control systems & effectiveness of the audit process
- f. Reviewing the adequacy of internal audit function, if any, including structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- g. Discussion with internal auditors of any significant findings and follow up thereon
- h. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- i. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well post audit discussion to ascertain any area of concern
- j. To look into reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (for non-payment of declared dividends) and creditors
- k. The following are subject to mandatory review:
 - Management discussion and analysis of financial condition and results of operations.
 - Statement of significant related party transactions (as defined by the audit committee), submitted by management
 - Management letters / letters of internal control weaknesses issued by the statutory auditors
 - Internal audit reports relating to internal control weaknesses
 - The appointment, removal and terms of remuneration of the Chief Internal auditor shall be subject to review by the Audit Committee
- l. To review functioning of whistle blower mechanism and oversee the vigil mechanism of the company
- m. Recommend the appointment of Chief Financial Officer (i.e. the whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience, background etc. of the candidate
- n. Any other functions as per the terms of reference as may be required by law from time to time.

Composition & Meetings

The Audit Committee of the Company has been constituted as per the requirements of Clause 49 of the Listing Agreement. The Composition of the Committee is in compliance with the requirements of Clause 49 (II) (A) of the Listing agreement. It consists of 2

members, all of whom including the Chairman are independent directors. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company. The Company Secretary of the Company acts as the Secretary of the Audit Committee.

During the financial year under review, Five (5) meetings of the Committee were held on 10th May 2013, 29th May 2013, 2nd August 2013, 13th November 2013 and 31st January, 2014

Name of the Member	Category	Status	No. of Meetings Attended
Mr. S D Viswanathan	Non Executive – Independent	Chairman	5
Mrs. Sumathi Sridharan	Non Executive	Member	2
Mr. R. Kalyanaraman	Non Executive – Independent	Member	5

B. NOMINATION & REMUNERATION COMMITTEE

The Company had constituted its Nomination & Remuneration Committee on 23rd May, 2014 in line with Section 178 of the Companies Act, 2013 to perform the following functions with regard to remuneration of managerial personnel.

- to identify persons having the desired qualifications for becoming directors or for appointment into the senior management level & recommend to the Board their appointment and/or removal;
- to carry out evaluation of every director's performance formulating the criteria for determining the qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees; The policy should be disclosed in the Board's report.
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;

Composition of the Committee

Name	Category	Status
Mr. S D Viswanathan	Non Executive – Independent	Chairman
Mrs. Sumathi Sridharan	Non Executive	Member
Mr. R. Kalyanaraman	Non Executive – Independent	Member

During the Financial Year 2013-14 the Remuneration Committee met once on 13th November, 2013.

Remuneration Policy and Remuneration to Directors

Remuneration to Executive directors has been decided based on job profile, special skill requirements, number of years of experience and contribution made by the respective directors and is consistent with the existing industry practice. As regard payment of sitting fees to Non –Executive Directors, the same is within the limits prescribed in the provisions of Sections 349 and 350 of the Companies Act, 1956. The details of remuneration paid to Executive Directors during the financial year 2013-14 is noted below:-

(a) Executive Directors:-

(₹. in 000')

Name	Salary/ Allowance	Contribution to Funds	Value of Perquisites	Commission
Mr.V.Chandrasekaran	2400	-	-	-

(b) Non Executive Directors :

The Non - Executive Directors are not paid any remuneration except sitting fees for attending the meetings of the Board of Directors and / or committees thereof. The Company does not have material pecuniary relationship or transactions with its non executive directors. The details of sitting fees paid, stock options granted and shares held by the non- executive directors are as under:

Name of the Non – Executive Director	Sitting Fees(000s)	Stock Options granted	Shareholding in the Company
Mr. S D Viswanathan	32.00	NIL	Nil
Mr. R. Kalyanaraman	32.00	NIL	NIL
Mrs. Sumathi Sridharan	16.00	NIL	10,000

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Shareholders and Investors Grievance Committee has been renamed as Stakeholders Relationship Committee on 23rd May, 2014 in terms of Section 178 of the Companies Act, 2013.

The Company promptly attends to investors' queries or grievances. In order to provide timely service, the power to approve the transfer of shares had been delegated by the board to the share transfer and investors grievance committee. The Board has also authorized the directors and executives of the company to approve the transfer/transmissions. Share transfer requests are processed within 15 days from the date of receipt. Cameo Corporate Services Limited, Chennai is the company's Registrar and Share Transfer Agent and Depository registrar.

Composition and meetings

The Investors Grievance Committee of the Company consists of three members, all of whom are independent directors of the Company.

Name of the Member	Status	No. of Meetings Attended
Mr. S D Viswanathan	Chairman	18
Mr. R. Kalyanaraman	Member	18
Mrs. Sumathi Sridharan	Member	18

During the financial year 2013-14, the Investors' grievance committee met 18 times on 17.04.13,20.05.13,29.06.13,31.07.13,23.09.13,18.11.13,12.12.13,31.12.13,12.02.14,07.03.14,14.05.13,14.06.13,09.07.13,23.08.13,12.09.13,18.01.14,30.01.14,20.03.14

Name, Designation and Contact Details of the Compliance officer

Mr. G. Swaminathan, Company Secretary is the Compliance Officer of the Company. The Compliance Officer can be contacted at:

No. 25, 'Taurus', First Main Road,
United India Colony,
Kodambakkam,
Chennai – 600 024.
Tel: +91- 044- 24803898
Fax: +91-044- 24726042
E-mail: shares@pentamedia.in

Separate e-mail id for redressal of investors' complaints

As per Clause 47(f) of the Listing Agreement, the Company has designated a separate e-mail id (investor@pentamedia.in) exclusively for redressal of investors' complaints.

During the financial year 2013-14, Two Complaints were received from the shareholders/investors and all were redressed to their satisfaction. No Complaint was pending for redressal as on March 31, 2014.

There were no pending requests for transfer of shares of the Company as at March 31, 2014.

4. GENERAL BODY MEETINGS:

The date, time and venue of the last three general meetings are given below:

Year	Day & Date	Time	Venue
2010-2011	Wednesday, 14 th September, 2011	10:00 AM	Rani Seethai Hall, No.603,Anna Salai, Chennai - 600 006
2011-2012	Wednesday, 5 th September, 2012	10:00 AM	Rani Seethai Hall, No.603,Anna Salai, Chennai - 600 006
2012-2013	Wednesday, 21 st August, 2013	10:00 AM	Rani Seethai Hall, No.603,Anna Salai, Chennai - 600 006

All the above resolutions were passed with requisite majority.

Passing of Resolutions by Postal Ballot:-

No resolution requiring a Postal Ballot under Section 192A of the Companies Act, 1956 was placed before the last Annual General Meeting.

Similarly, no resolution requiring postal ballot is being proposed at the ensuing Annual General Meeting.

5. RISK MANAGEMENT

The Company has laid down procedures to inform the Board members about the risk assessment and minimization procedures, which is reviewed by Board periodically.

6. INSIDER TRADING CODE

The Company has adopted a "Code of Conduct for Prevention of Insider Trading" (The Code) in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The SEBI has over the years introduced various amendments to the Insider Trading Regulations of 1992 which ordain new action steps by Corporates and market intermediaries for the purposes of prevention of insider trading. The Code is amended from time to time reflecting the changes brought in by SEBI in the Insider Trading Regulations. The Code is applicable to all Directors and such designated employees who are expected to have access to unpublished price sensitive information relating to the Company.

7. DISCLOSURES:

i) Disclosures on materially significant related party transactions

There were no materially significant related party transactions during the financial year 2013-2014 that may have potential conflict with the interest of the Company at large. The details of related party transactions as per Accounting Standard – 18 forms part of notes to the Accounts.

ii) Disclosure of Accounting Treatment

The Company follows accounting standards issued by Institute of Chartered Accountants of India (ICAI) and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any accounting standard.

iii) Board Disclosures- risk management

The risk assessment and minimization procedures are in place and the Audit Committee of the Board is regularly informed about the business risks and the steps taken to mitigate the same.

iv) Management Discussion and Analysis Report

The management discussion and analysis report forms part of this annual report.

v) CEO/CFO Certification

The requisite certification from Managing Director and Head- Finance for the financial year 2013-14 under Clause 49(V) has been placed before the Board of Directors of the Company.

vi) Details of non – compliance with regard to Capital Market

There were no instances of non- compliances by the Company on any matter related to capital markets. The Company has complied with requirements of listing agreement as well as the regulations and guidelines prescribed by SEBI. The Company has paid the listing fees to the stock exchange and annual custodial fees to the depositories for the financial year 2013-14 in terms of Clause 38 of the Listing Agreement. There were no penalties or strictures imposed by any statutory authority on any matter related to capital markets during the last three years.

vii) Details of compliance with mandatory requirements and adoption of non- mandatory requirements of Clause 49 of the listing agreement

The Company has complied with all the mandatory requirements under Clause 49 of listing agreement. A certificate from the Statutory Auditors of the Company to this effect has been included in this report.

ix) Whistle Blower Policy

The Company has taken steps to establish the Whistle Blower Policy as is stipulated in the clause 49 of the Listing Agreement. This provides a mechanism to raise concerns about actual or suspected frauds, unethical behavior, safeguards against victimization of employees, etc. This Whistle Blower mechanism stipulated by the Company is also in line with the requirements of Companies Act, 2013, as Vigil mechanism, with enhanced scope of coverage.

MEANS OF COMMUNICATION

The quarterly results - Published within 48 hours of the meeting

Newspapers wherein results are normally published in	a) NEWS TODAY (English Daily) b) MALAI SUDAR (Tamil Daily)
Website wherein results are normally available	www.pentamedia.in

GENERAL SHAREHOLDER INFORMATION

A separate section has been annexed to the Annual Report furnishing various details viz., AGM venue, share price movement, distribution of shareholding, location of factories, means of communication etc.,

Date: 27.06.2014

Place: Chennai

V.Chandrasekaran
Managing Director

SHAREHOLDER'S INFORMATION

Registered Office	: "TAURUS" ,No. 25, 1 st Main Road United India Colony, Kodamabakkam Chennai - 600 024
Corporate Identification Number (CIN)	: L74210TN1976PLC007142
Annual General Meeting	
Day	: Thursday
Date & Time	: 28 th August, 2014 at 10:00 AM
Venue	: Rani Seethai Hall - No. 603, Anna Salai, Chennai – 600 006
Financial Year	: 01.04.2013-31.03.2014
Book Closure Period	: Friday, 22nd August 2014 to Thursday, 28th August 2014 (both days inclusive).
Listing on stock exchanges and stock code	: BSE Limited Phiroz Jheejhee Bhai Towers, Dalal Street, Fort, Mumbai – 400 001.
Luxembourg Stock Exchange	: Societe te Bourse De Luxembourg Societe p Binyrene/Rc B8222 8P 165 1- 2011 Luxembourg.
Stock Code	: 500329 (BSE)
ISIN No.	: INE202A01022

Stock Market Data

The monthly high and low quotations and volume of shares traded on BSE for the period from April'2013 to March'2014 were as follows:

Month	High	Low	Volume of shares traded
April'13	0.67	0.54	9,66,134
May '13	0.58	0.48	14,91,781
June' 13	0.56	0.43	9,12,520
July '13	0.60	0.43	16,10,916
August' 13	0.66	0.42	18,41,147
September' 13	0.61	0.49	10,07,630
October '13	0.66	0.51	14,63,231
November' 13	0.73	0.60	13,39,834
December' 13	0.76	0.61	24,36,513
January'14	1.37	0.64	62,91,304
February'14	1.15	0.86	19,11,576
March' 14	0.98	0.67	25,33,432

Registrar and Share Transfer Agents:

In due compliance with SEBI norms, the Company has entrusted the share transfer work both physical as well as electronic transfers to the transfer agents mentioned below:

M/s Cameo Corporate Services Ltd

5th Floor, Subramanian Building,
No.1, Club House Road,
Chennai - 600 002

Share Transfer and Investors Service System

A committee constituted for this purpose approves transfers in the physical form on fortnightly basis. The Board has also authorized its directors and executives to approve the transfer/transmission. As per the directions of SEBI, the company immediately on transfer of shares sends letters to the investors, in the prescribed format, informing them about the simultaneous transfer and dematerialization option available for the shares transferred in their names. The committee also looks into all the communications received from the

shareholders and complaints received from the stock exchanges. There are no Pending Complaints as on 31.03.2014. Share holding pattern /Distribution of shareholding.

SHARE HOLDING PATTERN / DISTRIBUTION OF SHAREHOLDING

Shareholding pattern as on 31.03.2014

Category	No of shares	% of shareholding
Promoters	60227891	14.51
Indian Public	260397103	62.75
Financial Institutions	837564	0.20
Foreign Financial Institutions	199406	0.05
NRIs	3497057	0.84
Corporate Bodies	29406995	7.09
Clearing Member	189936	0.04
Foreign Nationals	4	0.00
Mutual Funds & Trust	42790	0.01
Banks	60227422	14.51
GRAND TOTAL	415026168	100.00

Distribution of shareholding as on 31.03.2014

Category	Number of holders	% on total	No of shares	% on total
1 500	130136	68.84	20402243	4.92
501 1000	24541	12.98	20201263	4.87
1001 2000	15656	8.28	24046438	5.80
2001 3000	5910	3.13	15009967	3.62
3001 4000	2812	1.49	10069326	2.42
4001 5000	2616	1.38	12404957	2.98
5001 10000	3972	2.10	29259946	7.05
10001 and above	3407	1.80	283632028	68.34
Total	189050	100.00	415026168	100.00

Unclaimed Shares

Pursuant to Clause 5A of the Listing Agreement (as amended in December 2010), details in respect of the physical shares, which were issued by the Company from time to time and lying in the suspense account is as under:

Particulars	No of holders	No of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account as at April 1, 2013	426	84036
Fresh undelivered cases during the financial year 2013-14	Nil	Nil
Number of shareholders who approached the Company for transfer of shares from suspense account till March 31, 2014	Nil	Nil
Number of shareholders to whom shares were transferred from the Suspense account till March 31, 2014	Nil	Nil
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2014	426	84036

The voting rights on the shares outstanding in the suspense account as on March 31, 2014 shall remain frozen till the rightful owner of such shares claims the shares. In compliance with the said requirements, these shares will be transferred into one folio in the name of 'Unclaimed Suspense Account' in due course.

DEMATERIALIZATION

The Shares of the company are compulsorily traded in dematerialization form. The code number allotted by the National Securities Depository Limited (NSDL) and Central Depository Services limited (CDSL) to Pentamedia Graphics Limited is - INE202A01022.

Number of shares held in Dematerialised and physical mode as on 31st March, 2014 are noted below:

Particulars	No of Shares	% of total capital issued
Shares held in Dematerialised form with NSDL	33,39,11,124	80.45
Shares held in Dematerialised form with CDSL	8,03,39,523	19.36
Shares held in Physical form	7,75,521	0.19
Total	41,50,26,168	100.00

Outstanding GDRs/Warrants or any convertible warrants

There are no outstanding convertible GDRs/Convertible warrants.

NOMINATION FACILITY

Section 72 of the Companies Act, 2013 provides the facility of nomination to shareholders. This facility is mainly useful for individuals holding shares in sole name. In the case of joint holding of shares by individuals, nomination will be effective only in the event of death of all joint holders.

Investors, especially those who are holding shares in single name, are advised to avail of the nomination facility by submitting the prescribed Form SH-13 for initial registration of nomination and Form SH-14 for cancellation and variation of nomination as per Companies Act, 2013 to the Company's R&TA.

Address for Correspondence

Registered Office:

"TAURUS"

No. 25, First Main Road

United India Colony

Kodamabakkam,

Chennai-600 024

E-Mail: investor@pentamedia.in Website : www.pentamedia.in

For all matters relating to Shares

M/s. Cameo Corporate Services Limited

Fifth Floor, "Subramaniam Building"

No.1, Club House Road

Chennai - 600 002

Tel: (054) – 28460390 (5 lines)

Fax: (054) - 28460129

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

Date: 27.06.2014

Place: Chennai

V.Chandrasekaran
Managing Director

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identification No. : L74210TN1976PLC007142

Authorised Capital: 4,500,000,000/-

To
The Members
PENTAMEDIA GRAPHICS LIMITED

We have examined all relevant records of M/s. Pentamedia Graphics Limited for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with BSE Limited for the financial year ended March 31, 2014. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof. This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

We state that no investor grievance is pending for a period exceeding one month against the company as per records maintained by the share/debenture/ Investors' grievance committee.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with all the mandatory conditions of the said Clause 49 of the listing Agreement.

For **Sudhindran & Co**
Chartered Accountants

CA P.SUDHINDRAN
PARTNER
Membership No.32100
Firm Registration No.006019S

Place : Chennai
Date : 27.06.2014

DECLARATION OF CODE OF CONDUCT

To
The Members of Pentamedia Graphics Limited
"TAURUS" No. 25, First Main Road
United India Colony, Kodamabakkam
Chennai - 600 024

This is to confirm that the Board has laid down a code of conduct for all Board Members and senior management of the Company. The Code of conduct has also been posted on the website of the Company.

It is further confirmed that all the directors and senior management personnel of the company have affirmed compliance with the code of conduct of the company for the year ended 31st March 2014, as envisaged in Clause 49(I) (D) (ii), of the Listing Agreement.

Place : Chennai
Date : 27.06.2014

V.Chandrasekaran
Managing Director

**DIRECTOR & CEO's DECLARATION IN TERMS OF
CLAUSE 49(V) OF THE LISTING AGREEMENT:-**

I hereby certify that we have

- a. Reviewed financial statements and the cash flow statement for the year and to the best of their knowledge and belief;

These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

- b. There are to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. Accept responsibility for establishing and maintaining internal controls and that they have evaluated the effectiveness of the internal control systems of the company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee

Significant changes in internal control during the year;

Significant changes in accounting policies during the year and that the same have been disclosed in the notices to the financial statements; and

Instances of significant fraud of which they have become aware and the involvement therein, if any of the management or and employee having a significant role in the company's internal control system.

**V.CHANDRASEKARAN
MANAGING DIRECTOR**

**V. VENKATARAMANAN
HEAD FINANCE**

Place: Chennai
Date: 27.06.2014

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS TO THE MEMBERS OF PENTAMEDIA GRAPHICS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. PENTAMEDIA GRAPHICS LIMITED (the "Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required, give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of matter

We draw attention to :

- a. Note no.B(2) relating to amounts written off under exceptional items
- b. The company has valued inventory at the lower of cost or net realizable value. The determination of realizable value of this inventory is a technical matter and we have relied on the valuation conducted by the technical experts in the management. We have not conducted audit procedure for the same.
- c. The value of Long Term/Short Term Loans and Advances amounting to Rs.133.82 crores is based on confirmation from management as to recoverability and consequent implication of AS-28 is subject to confirmation.

Report on Other Legal and Regulatory Requirements

1. As required by "the Companies (Auditor's Report) Order, 2003" (the "Order") as amended by "the Companies (Auditor's Report) (Amendment) Order, 2004" issued by the Central Government of India in terms of Section 227(4A) of the Act, (herein after referred to as the "Order") and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - (e) On the basis of the written representations received from the directors as on March 31, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **Sudhindran & Co**
Chartered Accountants

CA P.SUDHINDRAN
PARTNER
Membership No.32100
Firm Registration No.006019S

Place : Chennai
Date : 27.06.2014

ANNEXURE TO AUDITORS' REPORT OF EVEN DATE

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1.
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets are physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets is not been disposed off by the company during the year.
2.
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

- (d) The company has valued inventory at the lower of cost or net realisable value. The determination of realisable value of this inventory is based on the method adopted by the management. We have not conducted audit procedures for the same.
3. We have been informed by the company management that they have not granted/taken any loans, secured or unsecured to/from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
 5. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Act, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
 6. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year. Therefore, the provisions of the clause 4 (vi) of the Order are not applicable to the Company.
 7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
 8. As per the information and explanations given to us, maintenance of cost records has not been prescribed by the central government under Section 209(1)(d) of the Companies Act, 1956.
 9. According to the information and explanations given to us there are no dues of Income Tax, Wealth Tax, Sales Tax, Customs duty, Excise Duty, Service Tax and Cess which have not been deposited on account of any dispute except in the following cases.

Income Tax

Pentamedia Graphics Limited has obtained a direction/order dated 15.07.2010 (W.P No.2357/10) from the High court of Madras to dispose off all the issues and appeals pertaining to the Assessment Year : 1997-98 to 2007-2008 where the company have claimed refunds. The issues and appeals are on various stages with the Income Tax department. Pentasoft Technologies Limited has obtained a direction/order dated 18.12.2009 (W.P.No.25120/2009) from the High Court of Madras to dispose off all the issues and appeals pertaining to the Assessment Year : 1998-99 to 2006-07 where Pentasoft Technologies Limited have claimed refunds. The issues and appeals are on various stages with the Income Tax department.

The volume of Claims/Refunds cannot be quantified.

The particulars of dues of Income Tax which have not been deposited on account of a dispute for the following years as follows.

Assessment Year	Amount in Crores
2008-2009	1.96
2009-2010	0.85
2010-2011	5.72

10. The Company has accumulated losses as at the end of the financial year and incurred cash losses during the financial year covered by our audit. However, the company had not incurred any losses in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks. The company has not issued any debentures.
12. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion and according to the information and explanations given to us, the Company is not dealing in shares, securities and debentures. Therefore, the provisions of clause 4(xii) of the Order are not applicable to the Company.
14. In our opinion, the company is not a chit fund or a nidhi, mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. According to the information and explanations furnished to us, the company has not given guarantees, for loans taken by others from banks or financial institutions.
16. The company has not raised any new term loan during the year.
17. In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have prima facie not been used during the year for long- term purposes.
18. According to the information and explanations given to us, during the year covered by our audit, the Company has not made preferential allotment of equity shares to parties and companies covered in the register maintained under Section 301 of the Act.
19. According to the information and explanations given to us, during the year covered by our report, the Company has not issued any secured debentures.
20. During the year covered by our report, the Company has not raised any money by way of public issue.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For **Sudhindran & Co**
Chartered Accountants

CA P.SUDHINDRAN
PARTNER
Membership No.32100
Firm Registration No.006019S

Place : Chennai
Date : 27.06.2014

PENTAMEDIA GRAPHICS LIMITED
BALANCE SHEET AS AT 31st MARCH 2014

₹ in '000

Particulars	Note No.	As at 31 March, 2014	As at 31 March, 2013
I. EQUITY AND LIABILITIES :			
1) Shareholders' funds			
Share Capital	3	415,026	415,026
Reserves and Surplus	4	2,705,231	4,090,974
		3,120,257	4,506,000
2) Non-Current Liabilities			
Deferred tax liabilities (net)	5	16,697	17,594
Long-term Provisions	6	900	350
		17,597	17,944
3) Current Liabilities			
Trade Payables	7	10,169	9,355
Other Current Liabilities	8	2,338	1,490
Short-term Provisions	9	7,916	7,916
		20,423	18,761
Total Equity & Liabilities		3,158,277	4,542,705
II. ASSETS			
1) Non-Current Assets			
Fixed assets	10		
(i) Tangible assets		123,839	141,029
(ii) Intangible assets		1,526,874	1,714,866
		1,650,713	1,855,895
Long-term Loans and Advances	11	361,749	533,003
Other non-Current Assets	12	559	1,117
		2,013,021	2,390,015
2) Current Assets			
Current Investments	13	Nil	927,270
Inventories	14	161,138	241,965
Trade Receivables	15	7,014	6,056
Cash and cash equivalents	16	630	634
Short-term Loans and Advances	17	976,474	976,766
		1,145,256	2,152,690
Total Assets		3,158,277	4,542,705

Accounting policies and Notes forming part of the financial statements.

For and on behalf of the Board

As per our separate report of even date

V.CHANDRASEKARAN
Managing Director

R. KALYANARAMAN
Director

for **Sudhindran & Co**,
Chartered Accountants,

G. SWAMINATHAN
Company Secretary

CA P Sudhindran,
Partner,
Membership No.032100
Firm Registration No.006019S

Place : Chennai
Date : 27.06.2014

PENTAMEDIA GRAPHICS LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2014

₹ in '000

Particulars	Note No.	Year ended 31 March, 2014	Year ended 31 March, 2013
<u>REVENUE</u>			
Revenue from operations (gross)	18	49,448	53,116
Less: Excise duty		Nil	Nil
Revenue from operations (net)		49,448	53,116
Other income	19	600	Nil
Total Revenue		50,048	53,116
<u>EXPENSES</u>			
Cost of materials consumed	20	6,892	13,328
Employee benefits expense	21	6,204	4,426
Finance costs	22	3	17
Depreciation and amortisation expense	23	20,935	24,038
Administrative & Other expenses	24	8,850	8,818
Total Expenses		42,884	50,627
Profit before exceptional and extraordinary items and tax		7,164	2,489
Less : Exceptional items	25	1,393,804	Nil
Profit/(Loss) before extraordinary items and tax		(1,386,640)	2,489
Extraordinary Items		Nil	Nil
Profit/(Loss) before tax		(1,386,640)	2,489
<u>Tax expense:</u>			
Current Tax		Nil	474
Deferred tax Asset		897	2,108
Profit/(Loss) for the year		(1,385,743)	4,122
Earnings per equity share of face value of Re.1 each			
Basic and Diluted		(3.34)	0.01
Weighted average number of shares outstanding		415,026,168	415,026,168

Accounting policies and Notes forming part of the financial statements.

For and on behalf of the Board

As per our separate report of even date

V.CHANDRASEKARAN
Managing Director

R. KALYANARAMAN
Director

for **Sudhindran & Co,**
Chartered Accountants,

G. SWAMINATHAN
Company Secretary

CA P Sudhindran,
Partner,
Membership No.032100
Firm Registration No.006019S

Place : Chennai
Date : 27.06.2014

PENTAMEDIA GRAPHICS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

₹ in '000

	2013 - 2014		2012-2013	
A. Cash Flow From Operating Activities				
Net Profit Before Tax		(1,386,640)		2,489
Add : Depreciation	20,376		23,479	
Interest Paid	3	20,379	17	23,496
		(1,366,261)		25,985
Less : Rental Income	600		Nil	
Decrease in WIP	Nil	600	22,931	22,931
Operating profit before working capital changes		(1,366,861)		3,054
Add : Decrease in Current Assets & Non-Current Assets(Net)	1,179,242		147,627	
Increase in Current Liabilities & Non-Current Liabilities	2,212	1,181,455	5,438	153,065
Net Cash flow operating activities "A"		(185,407)		156,119
B. Cash Flow From Investing Activities				
Rental Income	600		Nil	
Sale of fixed assets	184,900		Nil	
Less: Purchase of Fixed Assets	(94)		22,931	
Net Cash Flow from Investing Activities "B"		185,406		22,931
C. Cash Flow From Financing Activities				
Decrease in Short Term Borrowings	Nil		(180,568)	
Interest Paid	(3)		(17)	
Net Cash Flow from Financing Activities "C"		(3)		(180,585)
Net Cash Inflow for the year ended				
D. Net Increase / (Decrease in) Cash & Cash equivalents (A+B+C) / (F-E)		(4)		(1,535)
Reconciliation :				
E. Cash & Cash Equivalents at the beginning of the year		634		2,169
F. Cash & Cash Equivalents at the end of the year		630		634
Net Cash Increase for the year ended		(4)		(1,535)

*Cashflow for current year has been prepared based on restructured financials. Previous year figures have been regrouped and recasted wherever necessary to confirm to current year's classification.

This is the cash flow statement referred to in our report of even date.

For and on behalf of the Board

V.CHANDRASEKARAN
Managing Director

R. KALYANARAMAN
Director

G. SWAMINATHAN
Company Secretary

Place : Chennai

Date : 27.06.2014

AUDITOR'S CERTIFICATE

The above cash flow statement has been compiled from and is based on the audited accounts of M/s. Pentamedia Graphics Limited for the year ended 31st March 2014 reported upon by us on 27.06.2014. According to the information and explanations given together with notes thereon, the aforesaid cash flow statement has been prepared pursuant to clause 32 of the Listing agreement with Stock Exchange and the reallocations required for the purpose are as made by the company.

As per our separate report of even date.
for **SUDHINDRAN & CO**, Chartered Accountants,

CA P Sudhindran,
Partner,
Membership No.032100
Firm Registration No.006019S

Place : Chennai

Date : 27.06.2014

NOTES FORMING PART OF THE FINANCIAL STATEMENTS **FOR THE YEAR 2013 - 2014**

A. CORPORATE INFORMATION

Pentamedia Graphics Limited (PMGL) is a Public Limited company incorporated in the State of Tamilnadu and listed on the BSE Limited (BSE). The company has been mainly in the following business during the year:

- a. Pre & Post production of digital contents for animation& visual effects for Film, TV &Internet
- b. Consultancy on multimedia & software
- c. Training and maintenance of media & software products.

SIGNIFICANT ACCOUNTING POLICIES :

B. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable Accounting Standards notified u/s 211 (3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

A) REVENUE RECOGNITION

Revenue/Incomes and Costs/Expenditure are generally accounted on accrual, as they are earned or incurred.

- Revenue from Multimedia business (for sale of digital content on fixed price basis) is recognized based on milestones reached.
- Revenue in respect of Training and Education services is recognized on rendering of services, only when it is reasonably certain that the ultimate collection will be made. The revenue from fixed time contracts is recognized over the period of contracts. For services rendered through franchisees only the company's share of revenue is recognized.
- Revenue from sales is recognized after despatch of goods to customers.
- Revenue for services charges is recognized after completion of each stage of service.
- Revenue from software development (on time and material basis) is recognized based on software developed and billed to the clients.

Overseas sales & services represent sales to the overseas customer for multimedia and other software development services done.

B) USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Differences between actual and estimates are recognized in the period in which the results are known/materialized.

C) FIXED ASSETS

- i Fixed assets are stated at cost including taxes, duties, freight etc related to purchase and installation less accumulated depreciation.
- ii Capital work in progress represents capital advances and expenditure incurred during the period of software development pending capitalization

D) INTANGIBLE ASSETS

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. The intangible assets are recorded at cost and are carried at cost.

E) DEPRECIATION

Depreciation on fixed assets other than computers is provided on the straight-line method in accordance with the rates specified under schedule XIV to the Companies Act, 1956. As the computers have exhausted the useful life, their value is written off as depreciation.

F) INVENTORIES

Raw Materials are valued at cost. Finished goods are valued at lower of cost or net realizable value.

G) RETIREMENT BENEFITS TO EMPLOYEES

The liability for future payment of gratuity has been provided in the accounts. The liability is not funded separately.

H) TAXES ON INCOME

Income Tax

Provision for taxation is not made for the year ended 31.03.2014 as there is no tax liability for the period.

Deferred Tax

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize.

I) CASH AND CASH EQUIVALENTS

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

J) IMPAIRMENT OF ASSETS

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amounts. The reduction is treated as an impairment loss and is recognized in the profit and loss account.

If at the balance sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

K) PRELIMINARY EXPENSES

Preliminary expenses are amortized over a period of five years commencing from the year at commercial operations.

L) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized only when the Company has present or legal or constructive obligations as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements.

Notes forming part of the financial statements for 2013 - 2014

NOTE NO. 3 SHARE CAPITAL

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	₹ '000	Number of shares	₹ in '000
<u>(a) Authorised Capital</u>				
4,45,00,00,000 equity shares of Re.1/- each	4,450,000,000	4,450,000	4,450,000,000	4,450,000
50,00,000 preference shares of Rs.10/- each	5,000,000	50,000	5,000,000	50,000
	4,455,000,000	4,500,000	4,455,000,000	4,500,000
<u>(b) Issued, Subscribed and paidup</u>				
41,50,26,168 Equity shares of Re.1/- each fully paidup	415,026,168	415,026	415,026,168	415,026
Total	415,026,168	415,026	415,026,168	415,026

2. Reconciliation of number of equity shares and share capital

	Number of Equity Shares	Amount in 000	Number of Equity Shares	Amount in 000
At the beginning of the year	415,026,168	415,026	415,026,168	415,026
Add : Issued during the year	Nil	Nil	Nil	Nil
Outstanding at the end of the year	415,026,168	415,026	415,026,168	415,026

Disclosures :

All the equity shares carry equal rights and obligations rights including for dividend and with respect to voting rights.

3. Details of Shareholders holding more than 5% of the aggregate shares in the company

Name of the shareholders	Number EquityShares	% Ratio	Number of EquityShares	% of Ratio
Kotak Mahindra Bank	60,000,000	14.46	60,000,000	14.46
Vesa Holdings Pvt Ltd	41,806,385	10.07	41,806,385	10.07

No equity shares were allotted as fully paidup by way of bonus shares during the preceeding five years.

NOTE NO. 4 RESERVE AND SURPLUS

₹ in '000

Particulars	As at 31 March, 2014	As at 31 March, 2013
<u>(a) Securities premium account</u>		
Balance at the beginning and at the end of the year	987,780	987,780
<u>(b) General reserve</u>		
Balance at the beginning and at the end of the year	369,593	369,593
<u>(c) Other reserves</u>		
(i) Share Premium On account of Scheme of arrangement with Pentasoft Technologies Ltd as per High Court Order. Balance at the beginning and at the end of the year	2,546,597	2,546,597
(ii) Contingency Reserve		
Balance at the beginning and at the end of the year	61,579	61,579
<u>(d) Surplus / (Deficit) in Statement of Profit and Loss</u>		
Balance at the beginning of the year	125,425	121,303
Add : Profit / (Loss) for the year	(1,385,743)	4,122
Balance at the end of the year	(1,260,318)	125,425
TOTAL	2,705,231	4,090,974

NOTE NO.5 DEFERRED TAX LIABILITIES (Net)

₹ in '000

Particulars	As at 31 March, 2014	As at 31 March, 2013
Depreciation as per Companies Act	20,376	23,479
Depreciation as per Income Tax Act	17,473	16,659
Difference	2,903	6,821
Deferred Tax Asset @ 30.90%	897	2,108
Amount taken into P & L account for the year ended	897	2,108
Net Deferred Tax Liability shown in the Balance Sheet for the last year	17,594	19,702
Less: Deferred Tax Asset for the current year to be accounted - P & L	897	2,108
Net Deferred Tax Liability to be shown in the Balance Sheet	16,697	17,594

NOTE NO. 6 LONG-TERM PROVISIONS

₹ in '000

Particulars	As at 31 March, 2014	As at 31 March, 2013
<u>Provision For Employees Benefit</u>		
Gratuity Provision	900	350
TOTAL	900	350

NOTE NO. 7 TRADE PAYABLE

₹ in '000

Particulars	As at 31 March, 2014	As at 31 March, 2013
Sundry Creditors for		
Expenses	4,418	4,013
Others	5,751	5,342
TOTAL	10,169	9,355

NOTE NO. 8 OTHER CURRENT LIABILITIES

Rental Advance	500	Nil
Others	1,205	1,205
Advances from Franchisees	210	210
	1,915	1,415
<u>(a) Other payables</u>		
<u>(i) Statutory remittances :</u>		
TDS Payable	413	64
Professional tax	8	9
Others	2	2
	423	75
TOTAL	2,338	1,490

NOTE NO. 9 SHORT TERM PROVISIONS

<u>Provisions for taxation</u>		
Income Tax	7,916	7,916
TOTAL	7,916	7,916

**NOTE NO. 10
DEPRECIATION SCHEDULE 2013-14**

₹ in '000

	GROSS BLOCK-AT COST			DEPRECIATION				NET BLOCK	
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	For the Year	Deductions	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible assets									
Land	27,325	Nil	Nil	27,325	Nil	Nil	Nil	27,325	27,325
Buildings	131,867	Nil	Nil	131,867	4,404	Nil	59,530	72,337	76,741
Plant and Machinery	13,577	Nil	Nil	13,577	960	Nil	11,009	2,568	3,528
Vehicles	1,551	Nil	Nil	1,551	Nil	Nil	1,551	Nil	Nil
Furniture and Fittings	117,201	Nil	Nil	117,201	7,419	Nil	95,592	21,609	29,028
Digital Content	20,910	Nil	Nil	20,910	4,407	Nil	20,910	Nil	4,407
Sub-Total (a)	312,432	Nil	Nil	312,432	17,190	Nil	188,592	123,839	141,029
Intangible assets									
Capital Work-in-progress	874,881	Nil	82,500	792,381	Nil	Nil	Nil	792,381	874,881
Product Rights	820,427	Nil	102,400	718,027	Nil	Nil	Nil	718,027	820,427
Computer & Software	2,237,045	94	Nil	2,237,139	3,186	Nil	2,220,673	16,467	19,558
Sub-Total (b)	3,932,353	94	184,900	3,747,547	3,186	Nil	2,220,673	1,526,874	1,714,866
Grand Total	4,244,784	94	184,900	4,059,979	20,376	Nil	2,409,265	1,650,713	1,855,895
Previous Year	4,244,784	22,931	22,931	4,244,784	23,479	Nil	2,388,889	1,855,895	1,879,374

NOTE NO. 11 LONG TERM LOANS & ADVANCES

₹ in '000

Particulars	As at 31 March, 2014	As at 31 March, 2013
(i) Other loans and advances Unsecured, considered good	361,749	533,003
TOTAL	361,749	533,003

NOTE NO. 12 OTHER NON-CURRENT ASSETS

(a) Others Miscellaneous Expenses (not written off)	559	1,117
TOTAL	559	1,117

NOTE NO. 13 CURRENT INVESTMENTS

Particulars	As at 31 March, 2014			As at 31 March, 2013		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
a. Other current investments (at lower of cost and fair value, unless otherwise stated)						
(a) Investments in equity instruments :						
(i) of subsidiaries	Nil	Nil	Nil	Nil	927,270	927,270
TOTAL	Nil	Nil	Nil	Nil	Nil	927,270

NOTE NO. 14 INVENTORIES

(As certified by the Management)

(At lower of cost and net realisable value)

(a) Work-in-progress	75,556	120,199
(b) Finished goods (other than those acquired for trading) Stock of Training Material"	Nil	1,109
(c) Others Distribution Rights"	85,582	120,657
TOTAL	161,138	241,965

NOTE NO. 15 TRADE RECEIVABLES

a. Outstanding for a period exceeding 6 months from the date they are due for payment Unsecured, considered good	1,859	1,605
Less : Provision for doubtful debts	Nil	Nil
Sub-total(a)	1,859	1,605
b. Others - considered goods Unsecured, considered good	5,155	4,451
Less : Provision for doubtful debts	Nil	Nil
Sub-total(b)	5,155	4,451
TOTAL (a+b)	7,014	6,056

NOTE NO. 16 CASH AND CASH EQUIVALENTS

₹ in '000

Particulars	As at 31 March, 2014	As at 31 March, 2013
a. Cash on Hand	6	4
<u>b. Balances with Banks</u>		
in Current Accounts	623	629
TOTAL	630	634

NOTE NO. 17 SHORT TERM LOANS & ADVANCES

<u>(a) Security deposits</u>		
<u>Secured, considered good</u>		
Deposit-Electricity	233	233
Deposit - Telephone	681	681
Earnest Money Deposit	485	485
Electricity Deposit	3,376	3,376
Security Deposits	623	633
Telephone Deposit	795	795
Service Tax Pre Deposit	940	940
	7,133	7,143
<u>(b) Prepaid expenses - Unsecured, considered goods</u>		
(Insurance premium, Annual maintenance contracts, etc.)	7	18
	7	18
<u>(c) Balances with government authorities</u>		
Unsecured, considered good		
(i) Balance with revenue authorities (Indirect Taxes)	428	745
(ii) Advance Income Tax/TDS receivable/Refund Due	827,036	826,466
	827,464	827,211
<u>(d) Advances</u>		
Unsecured, considered good	141,871	142,394
	141,871	142,394
TOTAL	976,474	976,766

NOTE NO. 18 REVENUE FROM OPERATIONS

<u>Sale of services</u>		
a. Media Training Income	284	449
b. Software Intergration	3,850	52,667
c. Media	45,314	Nil
	49,448	53,116
Less : Excise duty	Nil	Nil
Revenue from Operation (Net)	49,448	53,116

NOTE NO. 19 MISCELLANEOUS INCOME

Rental Income	600	Nil
TOTAL	600	Nil

NOTE NO. 20 COST OF MATERIALS CONSUMED

Opening stock	241,965	254,634
Add: Purchases	382	Nil
	242,347	254,634
Less : Obsolete stock written off	80,100	Nil
Closing stock	161,138	241,965
Cost of material consumed	1,109	12,669
Multimedia development and educational training expense	5,783	659
TOTAL	6,892	13,328

NOTE NO. 21 EMPLOYEES' BENEFIT EXPENSES :

₹ in '000

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
Salaries and wages	6,072	4,282
Staff welfare expenses	132	144
TOTAL	6,204	4,426

NOTE NO. 22 FINANCE COST

Bank Charges	3	17
TOTAL	3	17

NOTE NO. 23 DEPRECIATION AND AMORTISATION EXPENSES

Depreciation	20,376	23,479
Preliminary expenses	559	559
TOTAL	20,935	24,038

NOTE NO. 24 ADMINISTRATIVE AND OTHER EXPENSES

Rates and taxes	1,539	1,057
Power and fuel	771	886
Printing and stationery	294	392
Telephone and Postage	1,396	2,731
Travelling and conveyance	326	611
Insurance	17	17
Office Maintenance	191	234
Repairs and maintenance - Buildings	163	Nil
Repairs and maintenance - Machinery	188	114
Repairs and maintenance - Others	182	485
Administration and other exp	297	189
Training Expenses	98	102
Advertisement	97	202
Director Sitting Fees	75	120
Legal and professional	2,651	1,250
Miscellaneous expenses	380	243
Payments to auditors		
Statutory audit	150	150
Taxation matters	25	25
Other services	10	10
TOTAL	8,850	8,818

NOTE NO. 25 EXCEPTIONAL ITEMS REPRESENTS

Particulars	Year ended 31 March, 2014	Year ended 31 March, 2013
<u>1. Investments: Investment in subsidiaries written off</u>		
Esoftcom (Mauritius) Ltd	720,045	Nil
Num TV Limited, Mauritius	207,225	Nil
<u>2. Capital Item written off</u>		
Capital work in Progress	82,500	Nil
Products rights	102,400	Nil
<u>3. Written off of Loan & advances</u>		
Loans and advances	195,810	Nil
<u>4. Revenue Items written off</u>		
Sundry Debtors	5,725	Nil
<u>5. Inventories written off</u>		
Distribution rights	35,075	Nil
Project in Progress	45,025	Nil
TOTAL	1,393,804	Nil

B. NOTES ON ACCOUNTS**1. CLAIMS AGAINST THE COMPANY NOT ACKNOWLEDGE AS LIABILITY :**

i. Income Tax

Pentamedia Graphics Limited has obtained a direction/order dated 15.07.2010 (W.P No.2357/10) from the High court of Madras to dispose off all the issues and appeals pertaining to the Assessment Year : 1997-98 to 2007-2008 where the company has claimed refunds. The issues and appeals are on various stages with the Income Tax department. Pentasoft Technologies Limited has obtained a direction/order dated 18.12.2009 (W.P.No.25120/2009) from the High Court of Madras to dispose off all the issues and appeals pertaining to the Assessment Year : 1998-99 to 2006-07 where Pentasoft Technologies Limited has claimed refunds. The issues and appeals are on various stages with the Income Tax department.

The volume of claims / refunds cannot be quantified.

The particulars of dues of Income Tax which have not been deposited on account of a dispute for the following years as follows.

Assessment Year	Amount in Crores
2008-2009	1.96
2009-2010	0.85
2010-2011	5.72

The Company has filed appeals against the above dues with The Commissioner of Income Tax (Appeals - V), Chennai.

ii. DAL, Ireland

The company's appeal on Dallah Albaraka (DAL) claim against the guarantor Pentasoft Technologies Ltd which is being claimed on Pentamedia Graphics Ltd is in progress at High Court of Madras.

2. EXCEPTIONAL ITEMS REPRESENTS :(i) Writing off of Investments in overseas subsidiaries

Num TV Limited, Mauritius (100% Subsidiary of Pentamedia Graphics Limited) and Esoftcom (Mauritius) Limited (100% Subsidiary of Pentasoft Technologies Limited) were formed with the approval of Reserve Bank of India during May 2000. Consequent to the merger of Pentasoft Technologies Limited with Pentamedia Graphics Limited from 01.10.2008 Esoftcom (Mauritius) Limited also came under the fold of Pentamedia Graphics Limited.

The onset of sunset clause for STPs/EHTPS, increase in the cost of operation, high competition and general economic slowdown all over the world forced the company to windup the subsidiaries.

The company informed The Reserve Bank of India during Nov 2011 for the write off of investments amounting to Rs.92.73 crores in subsidiaries and RBI in turn vide their letter dated 06.01.2012 asked the company to approach through the authorized dealers for further compliance.

In the meantime Corporate and Business Registration Department of Mauritius also informed the company vide their letter 13.11.2013 their intention to strike off the names of the companies due to the inactive status of the subsidiaries.

In view of the above, the company decided to close the operations and hence the investments of Rs. 92.73 crores are written off.

(ii) PRODUCTS RIGHTS

Pentasoft Technologies Limited was in the development and export of software like Hospital Management Software (Care+Cure), Banking and Financial Software, Insurance Software ERP solutions etc.

Consequent to the merger of Pentasoft Technologies Limited with Pentamedia Graphics Limited on 01.10.2008 high end software products along with its rights came into Pentamedia Graphics Limited.

The above softwares being used only on main frame machines and these machines being not in use at present, these products to the tune of Rs.10.24 crores are written off as per the advice of the management.

(iii) CAPITAL WORK IN PROGRESS

The capital work in progress consists of digital assets related to film, Television and internet content in the category of high, medium and low complexities.

Since most of the low complexity items have become obsolete due to high end technology, the company wrote off to the extent of Rs.8.25 crores as per the advice of the management.

(iv) LOANS AND ADVANCES

Pentasoft Technologies Limited appointed over 150 franchisees during the year 2000 – 2001. Upon merger of Pentasoft Technologies Limited, the amounts receivable from franchisees were taken as advances in Pentamedia Graphics Limited.

Due to economic slowdown and increase in competitors most of the franchisees discontinued the business and hence the advance amounts to the tune of Rs.19.58 crores became irrecoverable. In spite of sincere efforts taken by the management to recover the same, they could not recover it and hence written off.

(v) SUNDRY DEBTORS

In spite of best efforts, the company could not recover the debtors to the tune of Rs.0.57 crores and as such the same is written off.

(vi) INVENTORIES

Due to rapid change in digital technology, a few of the inventory items totaling to Rs.8.01 crores became obsolete and hence written off.

3. Confirmation of balances/Reconciliation is pending in respect of certain Banks/Long Term & Short Term Loans and Advances/ Trade Receivables/ Trade Payables unclaimed dividend and other liabilities. Adjustments if any which may arise upon completion of confirmation/reconciliation will be dealt with upon confirmation/completion of reconciliation.

4. **Income Tax:** As the Company has incurred losses during the current year no provision for Taxation is made.

5. The Company has recognized deferred tax liability (Net) Rs.1.67 crores as per the requirements of Accounting Standard 22.

6. EPS

Number if equity shares of Re1/- each (basic)	41,50,26,168
Number if equity shares of Re 1/- each (diluted)	41,50,26,168
Net profit/loss after tax available for equity shareholders	Rs. (138,57,43,861)
Basic EPS - Weighted Average	Rs. (3.34)
Diluted EPS - Weighted Average	(3.34)

7. SEGMENTAL REPORTING PRIMARY BUSINESS SEGMENTAL RESULTS.

As the assets (Computers and software's) are being used interchangeably by different segments, segment wise capital employed is not ascertainable.

Particulars	₹ in '000
Sales & Services	
Media Products & Services	
Software Products & Services	49,448
Total	49,448
Profit Before Interest & Tax	
Media / Software Products & Services	5,783
Total	669
Depreciation and amortization	20,935
Interest	3
Profit before Tax & Extraordinary item	(13,86,640)

8. PAYMENTS TO AUDITORS:

₹ in '000

Particulars	2013 – 2014	2012 – 2013
a. Statutory Audit	150	150
b. Tax Audit	25	25
c. Certification and other services	10	10
Total	185	185

9. DISCLOSURES IN RESPECT OF RELATED PARTIES PURSUANT TO ACCOUNTING STANDARD 18:

List of Related Parties:

Related parties/Promoters : Pentafour Software Employees Welfare Foundation
Mayajaal Entertainment Ltd.

Key Management personnel: Mr.V.Chandrasekaran,
Managing Director

Related Party Transactions Outstanding

₹ in '000

Particulars	As at 31 March, 2014	As at 31 March, 2013
a. Mayajaal Entertainment Ltd.		
(Debtors)	28,474 Dr	2,018 Cr.
(Creditors)	17.80 Cr.	Nil
(Rental Income)	3.07 Dr	Nil
b. Pentafour Software Employees Welfare Foundation	23.30 Cr.	13.54 Cr.

Particulars	Subsidiaries	Fellow Subsidiaries	Key Management Personnel	Total
Purchase of Goods	Nil	Nil	Nil	Nil
Sale of Goods	Nil	Nil	Nil	Nil
Purchase of Fixed Assets	Nil	Nil	Nil	Nil
Sale of Fixed Assets	Nil	Nil	Nil	Nil
Rendering of Services	Nil	Nil	Nil	Nil
Receiving of Services	Nil	Nil	Nil	Nil
Collection Arrangements	Nil	Nil	Nil	Nil
Leasing Or Hire Purchase Agreements	Nil	Nil	Nil	Nil
Transfer of Research & Development	Nil	Nil	Nil	Nil
Licence Agreements	Nil	Nil	Nil	Nil
Finance (Including Loans & Equity contributions in cash or in kind)	Nil	Nil	Nil	Nil
Guarantees & Collaterals	Nil	Nil	Nil	Nil
Rent Received	Nil	Nil	Nil	Nil
Payment of Salary	Nil	Nil	2,400	2,400

10. MANAGERIAL REMUNERATION

Particulars	2013-2014	2012-2013
Salary	2,400	1,490
Contribution to Provident Fund & Other funds	Nil	Nil
Commission	Nil	Nil
Total	2,400	1,490

Computation of net profit under section 198 / 349 of the Companies Act, 1956 and Director's commission

	2013-2014	2012-2013
Net Profit (Loss) for the year as per Profit & Loss account	(13,86,640)	2,489
Add : Depreciation as per Profit & Loss account	20,376	23,479
Less: Director's Remuneration	2,400	1,490
Director's Sitting fees	75	120
Depreciation as per Sec 350 of the Companies Act, 1956	20,376	23,479
Net Profit	Nil	769

11. COMPUTER SOFTWARE FOR MULTIMEDIA

The Company is mainly engaged in Multimedia business of consultancy, training, sale of digital content, service for pre-post production, special / visual effects and distribution is not capable of being expressed in any generic units.

12. EXPENDITURE IN FOREIGN CURRENCY

₹ in '000

	2014	2013
Import on CIF basis		
Raw Materials	Nil	Nil
Spare parts, Components & Consumables	Nil	Nil
Travel (including maintenance allowances)	220	Nil
Others (includes listing fees, seminar expenses & Expenditure incurred overseas for Multimedia Development)	5,783	659

13. EARNING IN FOREIGN CURRENCY

₹ in '000

	2014	2013
Multimedia Development Services & Products (Exports)	Nil	Nil

14. DUES TO SMALL SCALE INDUSTRIAL UNDERTAKINGS

As of 31st March 2014 the Company has no outstanding exceeding Rs.100 thousands to Small Scale Industrial Undertakings as defined under the Industrial Development Regulation Act, 1951.

15. PREVIOUS YEAR COMPARATIVES

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classifications / disclosures.

16. All figures are rounded off to nearest in thousands

As per our separate report of even date

for **Sudhindran & Co,**
Chartered Accountants

CA. P. SUDHINDRAN,
Partner
Membership.No.: 032100
Firm Registration No. 006019S

Place : Chennai
Date : 27.06.2014

For and on behalf of the Board

V.CHANDRASEKARAN
Managing Director

R. KALYANARAMAN
Director

G.SWAMINATHAN
Company Secretary

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

E-Mail Registration Form for Holding shares in Physical Form

To

Cameo Corporate Services Limited

Unit :Pentamedia Graphics Limited
5th Floor, "Subramaniam Building"
No.1, Club House Road,Anna Salai,Chennai-600002

Green Initiative in Corporate Governance

I am a shareholder of the Company. I want to receive all communication from the Company including the Notices, Annual Reports etc. through email. Please register my e-mail ID, set out below, in your records for sending communication through e-mail:

Folio/Client Id. & DP Id. _____ E-mail Id. _____

Name of Holder(s) _____

Registered Address _____

Date : _____

Signature: _____

Notes:

- i) On registration, all communications will be sent to the E-mail Id. Registered in the Folio/Client Id. & DP Id.
- ii) The form is also available on the website of the Company **www.pentamedia.in** under "Investor Relations"
- iii) Holders of shares in demat form are requested to register / update their e-mail id with their Depository Participant and also directed to visit **http://green.cameoindia.com** and register their E-mail Id.

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ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Folio No./Client ID & DP ID	
Name of the person attending the Meeting :	
Number of Shares held :	
I/We hereby record my/our presence at the 38th Annual General Meeting of Pentamedia Graphics Limited to be held on Thursday, the 28 th August 2014 at 10:00 AM at Rani Seethai Hall - No. 603, Anna Salai, Chennai – 600 006.	
Signature of Shareholder/Proxy	



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Ph No: 044-24833067 Fax No:044-24726042, E-Mail ID: shares@pentamedia.in website: www.pentamedia.in

PROXY FORM

Name of Member(s)

Folio No/ Client ID No.

I/ We, being the member(s) holding Equity Shares of Pentamedia Graphics Ltd, hereby appoint

1. Name: Signature:

Or failing him

2. Name: Signature:

Or failing him

3. Name: Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the thirty eighth Annual General Meeting of the company to be held on Thursday, 28th August 2014 at 10:00 AM at Rani Seethai Hall, No:603, Anna Salai, Chennai – 600 006 and at any adjournment thereof in respect of resolutions as are indicated below:

Resolutions:

1. Adoption of Audited Financial Statements of the company for the Financial Year ended 31st March 2014
2. Re-appointment of Mrs.Sumathi Sridharan as retiring by rotation
3. Appointment of M/s.Babu Peram & Associates as Statutory Auditors of the Company for the period five years in the place of retiring Auditors M/s.Sudhindran & Co.
4. Re- appointment of Mr.V.Chandasekaran as Managing Director
5. Appointment of Mr.S.D.Viswanathan as Independent Director for the period of five years
6. Appointment of Mr. R. Kalyanaraman as Independent Director for the period of five years

Signed thisday of 2014

Signature of Shareholder..... Signature of Proxyholder(s)

Note : This form in order to be effective should be duly completed and deposited at the Registered office of the Company not less than 48 hours before the commencement of the Meeting.

Affix
1 Rupee
Revenue
Stamp

If undelivered please return to:

PENTAMEDIA
GRAPHICS LIMITED 

"Taurus", No. 25, 1st Main Road, United India Colony,
Kodambakkam, Chennai 600024, India.