

PENTAMEDIA 



36th
**ANNUAL REPORT
2011 - 2012**

SEO 

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BOARD OF DIRECTORS

Mr.V.Chandrasekaran – Chairman
Mr.Krish Narayanan - Director & CEO
Mrs.Sumathi Sridharan-Director
Mr.S.D.Viswanathan –Director
Mr.Joseph Jerome – Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr.Krish Narayanan

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@penta-media.com
shares@penta-media.com
Website : www.penta-media.com

REGISTRAR & TRANSFER AGENT

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

Chairman's Message

Dear friends,

Wishing you all a happy festive season....

Yesterdays dreams, todays inspiration and tomorrows necessity have been historically proved in all walks of life. After the debacle of 9/11 in USA ten years back and the consequent cash flow crisis, necessiated restructuring of the company. The top management then decided to have a debt free status which will enable the company the freedom of doing innovative things in the creative world which is the forte of the company. We felt that this status will enable new investment and association which can add value to our products and projects both in media and software. I am glad to state that we have achieved the debt free status this year. To move forward towards the desired goal we have appointed a CEO in Feb' 2012 and me in the back on an advisor role. I am confident that the present management will raise the performance of our company to our dreams and expectations. I thank all the stake holders and I am sure you will all extend the usual support to the new team.

V. Chandrasekaran
Chairman

PENTAMEDIA GRAPHICS LIMITED

Regd Office: "Taurus" No. 25, 1st Main road, United India Colony, Kodambakkam, Chennai – 600 024

NOTICE

Notice is hereby given that the **THIRTY SIXTH** Annual General Meeting of the members of the Company will be held on Wednesday, the 5th September 2012 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 Audited Profit & Loss Account for the year ended 31st March 2012 and the Balance Sheet as at the date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a director in the place of Mr. S.D.Viswanathan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit to pass with or without modification(s) the following resolution as Ordinary Resolution:

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

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Sections 260, 269, 198, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) and re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the appointment of Mr. Krish Narayanan as the Director & Chief Executive Officer of the Company with effect from 1st February, 2012 for a period of 3 years (three years) on the following terms and conditions :

- a) Salary of Rs. 50,000/- per month subject to statutory deductions as applicable. Increments to be decided by the Remuneration Committee.
- b) House Rent Allowance of Rs.20,000/- Per month.
- c) Reimbursement of Car, Petrol & Medical Expenses to the limit of Rs.15,000/- per month.
- d) The aggregate of salary, performance bonus and perquisites in any one financial year shall not exceed the limits subject to the requirements as contained in Sections 198,309 and 310 read with Section II of Part II of Schedule XIII of the Companies Act, 1956 (including any statutory modification(s) or re- enactment thereof for the time being in force)
- e) The Company shall not pay to Mr. Krish Narayanan any sitting fees for attending the meeting of the Board or Committee thereof so long as he functions as a Director & CEO.

"RESOLVED FURTHER THAT Mrs. Sumathi Sridharan, Director of the Company be and is hereby authorized to sign the necessary returns required to be filed with the Registrar of Companies, Chennai."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things that may be required to give effect to the aforesaid resolution."

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

"RESOLVED THAT the consent of the Members be and is hereby accorded to re-designate Mr. V. Chandrasekaran, Non-Executive Director as the Chairman of the Company with effect from 1st February, 2012 and he shall be liable to retire by rotation."

On behalf of the Board

Place: Chennai
Date: 27.07.2012

Krish Narayanan
Director & CEO/Company Secretary

NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him / her and the proxy need not be a member of the Company. A blank proxy form is enclosed, which if used should be returned to the Company duly completed not later than forty eight hours before the commencement of the meeting.**
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 with regard to Special Business mentioned above in Item Nos.4 and 5 are annexed herewith.
3. The Company's Register of Members and the Share Transfer Books will be closed from Tuesday, the 28th Day of August 2012 to Wednesday, the 05th Day of September 2012 (both days inclusive).
4. Corporate members are requested to send a duly certified copy of the Board Resolution / Power of Attorney authorizing their representatives to attend and vote at the meeting.
5. Members / proxies are requested to bring their admission slips along with the copies of annual reports to this meeting.
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 who hold shares in electronic form are requested to write their Client ID and DP ID numbers. Members holding shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting to facilitate identification of membership at the meeting. Members are requested to bring their attendance slip along with their copy of annual report to the meeting.
8. Members holding shares in physical form are advised to intimate any change of address and bank details immediately to the Company's Registrar and Share Transfer Agents, Cameo Corporate Services Limited. Shareholders holding shares in electronic form must send the advice about change in address and bank details to their respective Depository Participants and not to the Company.
9. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted U/s 109A of the Companies Act, 1956 are requested to write to the Company's Registrars for the prescribed form.
10. Relevant documents referred to the accompanying Notice are open for inspection at the Registered Office of the Company on all working days (Monday to Friday) between 10:00 AM and 05:00 PM till the date of Annual General Meeting and will also be available for inspection at the meeting.
11. Complete set of the Annual Report is also available at the Company's Website www.penta-media.com under the Investor's Relation Section.
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.
13. 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 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 www.cameoindia.com/greenpage/ and register E-mail ID so as to enable us to communicate the reports and other updates electronically.
14. Members who hold shares in physical form are requested to convert the physical holdings into electronic holdings in order to enable us to have a status of 100% dematerialized Company.

Mr. S.D.Viswanathan

Mr. S.D.Viswanathan has 40 years of experience in executing projects and in corporate planning. He is a Honours Graduate in Electronics and Electrical Engineering and he commenced his career in Indian Railways for more than 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.

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

Company	Position	Committee Membership	Number of Shares held
Nil	Nil	Nil	Nil

Mr. Krish Narayanan

Mr. Krish Narayanan is a Qualified Cost Accountant, Company Secretary and holds a Masters in Business Administration. He is having more than twenty five years of experience in various fields including software, insurance and finance. He has anchored the implementation of insurance software in Oracle Platform in Nigeria. He served leading organizations which include Oriental Insurance, IndusInd Bank, Zeeta Business Solutions, First Apex Software Services, Blend Financial Services, IL&FS Group.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No: 4

The Remuneration Committee of the Board at its Meeting held on 10th February 2012, recommended to the Board the appointment of Mr. Krish Narayanan as the Director and Chief Executive Officer (CEO) of the Company for a period of three years with effect from 1st February 2012.

The Board of Directors at their meeting held on the same day i.e. 10th February 2012, based on the recommendation of the Remuneration Committee and subject to the approval of the Members at the Annual General Meeting, approved the appointment of Mr. Krish Narayanan as the Director & CEO of the Company on the terms and conditions stated in the Resolution.

The Board of Directors recommend the approval of the Resolution at Item No.4 of the Notice.

None of the Directors except Mr. Krish Narayanan is interested in this resolution.

Item No: 5

Remuneration Committee at their meeting held on 10th February, 2012, had recommended to the Board to re-designate the position held by Mr. V.Chandrasekaran as Chairman from his current designation of Chairman and CEO of the Company consequent to the appointment of Mr. Krish Narayanan as Director and CEO of the Company with effect from 1st February, 2012.

The Board of Directors at their meeting held on 10th February 2012, based on the recommendation of the Remuneration Committee approved the re-designation of Mr. V. Chandrasekaran as the Non-executive Chairman of the Company.

Accordingly, the Resolution at Item No.5 of the Notice is placed before the Members for their approval.

None of the Directors except Mr. V. Chandrasekaran is interested in this resolution.

On behalf of the Board

Place: Chennai
Date: 27.07.2012

Krish Narayanan
Director & CEO/Company Secretary

Directors' Report

Dear Members,

The Directors are pleased to present the Thirty-sixth Audited Statement of Accounts of the Company for the year ended 31st March 2012.

Financial Results of 31st March

₹ in Lacs

Particulars	2012	2011
Net Sales / Income from Operations and other Income	607.16	668.79
Total Expenditure	380.01	394.50
Interest / Finance costs	0.27	0.22
Gross Profit / (Loss) after interest but before Depreciation	226.88	274.07
Depreciation and amortization expenses	160.54	204.58
Tax Expense (Net)	7.62	22.42
Profit / (Loss) brought forward	58.72	47.07
Appropriation	1213.03	1154.31
Balance profit carried forward	1213.03	1154.31

Business Overview

Pentamedia is providing high quality application orientated training in media and software, continues to utilize its digital assets and software products by re-engineering to the latest requirement including cloud computing. Last year witnessed sharp slowdown in the economy globally resulting fluctuations in currencies causing in the overseas operations undergoing a strain. Pentamedia is engaged in imparting Quality Application Training and Services by its own resources and through other associates. The Internet based e-learning is being improved to meet the various customers requirement on popular platforms. Your Company is in the process of establishing services as a high end at an affordable option in the education/training market. The infrastructural facilities which are under development will increase our handling of projects and products penetration in media and software. As a step towards reducing the gap between industries and educational institutions, Pentamedia has organized a 'Charcoal Drawing Competition' for Viscom and other college students. Pentamedia has started "Junior Animator Programme" for youngsters to bring out new talents in animation and multimedia to cater to the skill requirements as required by the industries. Being pioneers in Animation Technology, Pentamedia is showcasing its contents of live action and animation movies to its trainees bringing out the various changing technologies from yesterday to today and possibilities of tomorrow. Pentamedia is expanding its horizon in the development of its software products on other operating systems on modular basis. Various upcoming projects and products on media and software including apps on tablets and mobiles are in discussions with customers. The Company is planning Soft skill programmes on personality development, general management techniques, so that our training will be a one stop shop for personal, technical and creative skills. The pre-production of Animation films 'Kathy in Space', "Sinbad – Secret of Colonis" on STEREO SCOPIC 3D technology is nearing completion. The pre-production for "Thirukkural Stories" in animation is in progress. The Company is evaluating strategic partners to support production, distribution and marketing of its contents.

Subsidiaries / Investments

NumTV Limited (Mauritius) and Esoftcom (Mauritius) Limited are the 100% subsidiaries of the Company. Members should be aware by this time, the Ministry of Corporate Affairs in order to support green initiative, has provided general exemption to companies vide General Circular No: 2 /2011 dated.08.02.2011 to comply with Section 212 (8) of the Companies Act, 1956, provided such companies publish the audited consolidated financial statements in the Annual Report. Your Board has decided to avail the said general exemption from applicability of provisions of Section 212 of the Companies Act, 1956, and accordingly, the Annual Report 2011-12 does not contain the financial statement of subsidiaries. The audited annual financial statements and related information of subsidiaries will be made available on request by any shareholder of the Company, or for inspection at the registered office. The same will be published on our official website www.penta-media.com. This is a step taken by your Company synchronize "Green Initiatives" of Government of India. The subsidiaries whose financial reflect a turnover of Esoftcom amounting to \$0.39m with a net loss of \$0.05m and turnover of NumTV amounting \$0.92m with a net loss of \$0.02m. With the overall economy being bleak the business prospects and lack of adequate skills, the Company has suspended the operations in Mauritius from Oct' 2011. Mayajaal equity shares has been extinguished upon the buy-back by Mayajaal Entertainment

Limited as per the order of Company Law Board, Chennai bench (CP No. 106 of 2010) dated 1st March 2011. The proceeds has been utilised to settle the Debt Recovery Tribunal (DRT) orders O.A No. 95 of 2003, O.A No. 7 of 2004 & O.A. No. 76 of 2005 and High Court of Madras order CP No. 243 of 2008. The settlement has paved the way for expanding its operations in new areas through new associates, investors etc.

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 Company has obtained stay orders against Income Tax demands and have been in discussion with Income Tax to settle the issues regarding demands and refunds.

Dividend

Your Directors do not recommend any dividend for the financial year 2011-12 to conserve cash resources for future.

Management Discussion and Analysis Report

Industry Outlook

Media & Animation

India's role as a significant destination for outsourcing of works related to animation is a fact. But a larger fact that needs immediate attention is the strength of the Indian animation market to produce, create and develop exceptional animation work and workers to gain wider acceptance in the Indian markets itself. Today, there is an increasing section of audience, appreciators across age groups, who are emerging and interested in works related to animation. Experts believe that the potency of an animation film in the Indian film market is not emphasized strongly despite the viability and immense business sense of releasing animation films. Indian animation industry is set to clock stupendous growth in coming times. Animation, which encompasses gaming, web designing, television commercials, games for internet, personal computer and consoles, has a strong and wide reach across sectors. According to a report by auditing firm Pricewaterhouse Coopers on the Indian media & entertainment industry, the animation industry growth has presumed to be around Rs.1,100 crore in the year 2006 and it is expected to grow at a rate of 22% to reach Rs.5,400 crore at the end of 2014. There is enough scope for animation companies to grow in the Indian entertainment industry. There are two factors that would drive the growth of the animation industry namely high-skilled workers and low cost of production.

The Nasscom survey zeroed in on three key factors that are responsible for the growth of the Indian animation and gaming industry. It said that the cost competitiveness factor of Indian workforce plays a crucial role in the Indian animation industry. The survey also predicts that most mobile companies have realized that the model of co-production is quite feasible and lucrative. At present, most Indian companies are graduating from traditional outsourcing to co-production model. 3-D mobile games are also gaining popularity and it is expected that the future of the animation industry lies in this segment. Another study by industry body Associated Chambers of Commerce and Industry of India (Assocham) and Deloitte shows that the custom content development and education segments are expected to see huge momentum largely due to corporate e-learning programmes and would grow at 11% per annum. One of the observations of the study is that the rising number of TV channels, greater accessibility to internet, proliferation of mobile devices that leads to the popularity of video and gaming content are set to offer a huge potential for animation and character licensing. The applications of content technology are constantly changing from big screens to mobile screens and vice versa. The existing talents and new talents have to be trained to adopt this to close-ups, mid-shot & long-shot coloring schemes. So that the common man can use education, entertainment and edutainment applications on the devices on his/her preference.

Tamilnadu is playing a big game for animation industry by initiating the announcement that it will constitute an expert committee to promote the animation and gaming industry in India. Karnataka is first in the country to have a separate policy on animation, visual effects, gaming and comics industry in India. According to sources Tamil Nadu a lucrative outsourcing destination as well as attract venture capital funding for new entrants in the Animation Industry.

Strategic Planning

Your Company is in the process of venturing into strategic alliance for its expansion. Towards this business partner relationships with other leading training institutions is under progress and this will increase our marketing base exchange of technical know-how and relative advantage for our business activities as a whole.

Software & IT

The Indian software industry continues to add jobs at a fast clip despite the threat of a slowdown. The industry is estimated to close fiscal 2012 with an addition of around 230,000 jobs. As per NASSCOM, the Indian Rupee depreciation against the US dollar helps the industry only in the long-term perspective and businesses do not gain much during short term. IT companies entering new geographies, natural growth is happening in Europe, Latin America and Middle East". On employment in the IT industry, projections were made that 160,000 to 180,000 jobs should be created this year. Last year, NASSCOM had predicted that 200,000 new jobs would be created in the industry for the financial year 2011-12. IT industry revenues are set to grow at 16% but the number of people added is likely to grow only by 10%. Over the last many years, the Indian software companies have also added over 25,000 jobs in the US for local citizens. "The kind of numbers Indian companies are adding is unprecedented. They will have to hire from every part of the world. Over the last 20 years, the Indian IT industry has grown from \$ 100 million to \$ 100 billion, recording a phenomenal growth. Allocation for IT in India by central and state governments stands at whopping \$ 10 billion but so far only \$1 billion-\$ 1.5 billion has been spent.

Directors

Mr.S.D.Viswanathan, Director retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment, which the Board recommends.

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

Changes in the year

Mr.Krish Narayanan has been appointed as Director & CEO w.e.f 01st February 2012. Consequent to this Mr.V.Chandrasekaran, Chairman & CEO has been re-designated as "Non-Executive Chairman" of the Company w.e.f 01st February 2012.

Mr.G.Swaminathan,Company Secretary & Compliance Officer has resigned from the Company and Mr.Krish Narayanan,Director & CEO has been appointed additionally as Company Secretary & Compliance Officer w.e.f 01st April 2012.

Corporate Social Responsibility (CSR)

Environmental Awareness

Environmental degradation and impact of global warming and climate change. These global threats, mirrored in India are perhaps larger in dimensions, can severely constrain human development and economic progress. To address the challenges emerging from these threats, your Company continues to pursue an 'Environmental Awareness' approach that subserves national priorities by creating larger societal value encompassing the creation of economic, environmental and social capital. The Company has made a animation short film in the interest of public "Environmental Awareness" which was telecasted in the regional television channels. The message to the society is sent through from this short film are conservation of water, planning more trees, reduce pollution with objective of protecting the nature, environment and mother earth. This film is also available in the link <http://www.penta-media/showreel.html> Similarly a short film on "Population" is produced by sending the message of increase in population to 7 billion at the end of 2011 and its impact on the universe.

Green Initiatives

To fall in line with the Green Initiatives of GOI, Your Company is geared up to meet the same in all spheres of its activities. That is strengthening to communicate both internally and externally by E-mail & Internet thereby creating a 'paperless' atmosphere in the Company. 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 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 www.cameoindia.com/greenpage/ and register E-mail ID so as to enable us to communicate the reports and other updates electronically.

Director's Responsibility Statement

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors confirm having:

- a) Prepared of the Annual Accounts through the applicable accounting standards with proper explanation relating to material departures and strict adherence of principles of accounting and financial management.
- b) Selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- c) Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company providing higher etiquettes in accounting and financial management; and
- d) Prepared the Annual Accounts on a going concern basis.

Auditors

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

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

Particulars of Employees

Relations with employees continued to be cordial throughout the year. Your directors place on record their appreciation of the efforts, dedication, commendable teamwork and exemplary contribution of the employees in the various initiatives of the Company and contributing to the performance of the Company during the year under review. The consultants and creative people are hired part-time basis for assignments on case to case basis.

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

No Employee of the company is covered by the provisions of the Section 217(2A) (a) (iii) of the Companies Act, 1956.

Internal Control System

Your Company having a sound internal system, which enable that all assets are protected against loss from unauthorized use and all transactions are recorded and report 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 reviewed issues raised by both Internal and Statutory Auditors.

Human Resources

Your Company takes pride in the commitment, competence and dedication shown by its employees (including outsourced) in all areas of business. Various Human Resource initiatives are taken to align the HR policies to the growing requirements of the business of the Company. Your Company has the credit of having produced high "Value Human Asset" during the last decade up to this period.

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 do not involve any manufacturing activity, most of the Information required 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 , the consumption of power & fuel were ₹ 4.7 lacs as against ₹ 3.85 lacs of pervious year. The Company taking all possible steps for optimal use of energy to avoid waste and conserve energy as far as possible.

Technology Absorption / Research and Development

Your Company is constantly active in harnessing and tapping the latest technologies in the industry and during the year, your Company had implemented the "Quality Education and Services" by Multimedia rendering systems and Multimedia Database. The Company has procured updated software in the user training divisions of "Maya" & Animation area. The Company has taken all possible efforts for optimal utilization of energy to avoid waste as a measure of conservation of energy as "Energy Conserved is Energy Saved"

Foreign Exchange Earnings and Outgo

During the year, foreign exchange earnings were \$1.2m as against outgo of \$0.43m by the parent Company.

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 along with the Auditors' certificate on compliance with the Corporate Governance as stipulated in Clause 49 is set out in this Annual Report and forms part of this Report.

By Order of the Board

Place: Chennai
Date: 27.07.2012

V.Chandrasekaran
Chairman

REPORT ON CORPORATE GOVERNANCE

The Directors have great pleasure in presenting the Report for the financial year ended 31st March, 2012 on the compliance by the Company with the Corporate Governance requirements 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 follows laws and customs as applicable. 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) Changes during the year

Mr.Krish Narayanan has been appointed as Director & CEO and Mr.V.Chandrasekaran, Chairman & CEO has been re-designated as "Non-Executive Chairman" of the Company w.e.f 1st February 2012.

b) Composition

The Board has a balanced mix of Executive and Non-Executive Independent Directors. The Board consists of 5 members as on 31st March, 2012 and out of which the 4 are Non-Executive Independent Directors. The Chairman of the Board is a Non Executive Director and One third of the Board is independent. The Composition of the Board is in compliance with the requirements of Clause 49(I)(A) of the Listing Agreement.

The Composition and category of the Board of Directors as on 31st March, 2012 and the number of other directorships/ committee memberships held by them are as under:-

Name of the Director	Category	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.V. Chandrasekaran	Non Executive Chairman	-	-
Mr. Krish Narayanan	Director & CEO	-	-
Mr. S D Viswanathan	Non Executive Independent Director	-	2
Mrs. Sumathi Sridharan	Non Executive Independent Director	-	-
Mr. Joseph Jerome	Non Executive Independent Director	-	-

(\$) Directorship in private limited companies(which are not subsidiary or holding company of a public limited company) , foreign companies and companies under Section 25 of the Companies Act 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.

Board Meetings and Procedures

The dates of the Board Meeting for the calendar year are decided in advance. The Board meets at least once in a quarter and the interval between two meetings is not more than four months. 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.

Details of Director seeking re- appointment:-

Mr. S D Viswanathan, Director retiring by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re- appointment.

Relevant details relating to the above Director is furnished in the Notice convening the Annual General Meeting to be held on Wednesday, 05th September 2012 which forms part of the Annual Report.

Board Meetings and Attendance at Board Meetings & Annual General Meeting

The Board of Directors met Six times during the year ended 31st March 2012. The dates of the Board Meetings were, 29th April, 2011, 12th May, 2011, 4th August, 2011, 12th August, 2011, 11th November, 2011 and 10th February, 2012.

The attendance of each Director at the Board Meeting, the last Annual General Meeting and number of other directorships held by them as on 31.03.2012 are as under.

SI No	Name	No of Board Meetings Attended	Attendance at Last AGM (Yes/No)
1	Mr.V. Chandrasekaran	6	Yes
2	Mr. Krish Narayanan (Appointed w.e.f 01.02.2012)	Not Applicable	Not Applicable
3	Mr. S D Viswanathan	6	Yes
4	Mrs. Sumathi Sridharan	6	Yes
5	Mr. Joseph Jerome	5	Yes

3. AUDIT COMMITTEE:

Role:

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.

The Company had constituted an Audit Committee. The terms of Audit Committee broadly are as under:

- a. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- b. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- e. Reviewing, with the management, performance of statutory and internal auditors adequacy of the internal control systems.
- f. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

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 3 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 2011-2012, the Audit Committee met Five times viz., 12th May 2011, 4th August, 2011, 12th August, 2011, 11th November, 2011 and 10th February, 2012.

Name of the Member	Status	No. of Meetings Attended
Mr. S D Viswanathan	Chairman	5
Mrs. Sumathi Sridharan	Member	5
Mr. Jerome Joseph	Member	4

3. REMUNERATION COMMITTEE

Terms of Reference

The Committee advises the broad policy for remuneration, terms of employment and any changes, including service contracts of Executive and Non-Executive Directors, the manager. The Remuneration Committee decides on the remuneration of the Executive and Non-Executive Directors, the manager, takes into account the general market trend pertaining to the industry and the rules of the Company for fixing remuneration accordingly.

Name	Status
Mr. S D Viswanathan	Chairman
Mrs.Sumathi Sridharan	Member
Mr. Joseph Jerome	Member

During the Financial Year 2011-12 the Remuneration Committee met once on 10th February, 2012.

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 by the Companies Act, 1956. The details of remuneration paid to directors during the financial year 2011-12is noted below;-

(a) Executive Directors:- (to be confirmed)

₹ in 000s

Name	Salary/ Allowance	Contribution to Funds	Value of Perquisites	Commission
Mr.V.Chandrasekaran (Upto 31.01.2012)	2000	240	-	-
Mr.Krish Narayanan	100	-	40	-

(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	37.50	NIL	NII
Mrs. Sumathi Sridharan	37.50	NIL	NIL
Mr. Jerome Joseph	37.50	NIL	NIL

5. SHAREHOLDERS'/INVESTORS GRIEVANCE COMMITTEE

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.

Terms of Reference

The broad terms of reference includes the following:

- (a) redressal of shareholder and investors' complaints including but not limited to transfer of shares and issue of duplicate share certificates, non – receipt of balance sheet, non – receipt of declared dividends, etc and
- (b) monitoring transfers, dematerialisation, rematerialisation, splitting and consolidation of shares issued by the Company.

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	3
Mrs. Sumathi Sridharan	Member	3
Mr. Jerome Joseph	Member	3

During the financial year 2011-12, the Investors' grievance committee met Three times on 5th August, 2011, 15th November, 2011 and 9th March, 2012.

Name, Designation and Contact Details of the Compliance officer

Mr. Krish Narayanan, Director & CEO and Company Secretary is the Compliance Officer of the Company. The Compliance Officer can be contacted our registered office at:

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

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@penta-media.com) exclusively for redressal of investors' complaints.

There are no pending complaints as on March 31, 2012.

There were no pending requests for transfer of shares of the Company as at March 31, 2012.

6. GENERAL BODY MEETINGS:

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

Year	Date	Time	Venue
2008-2009	30 th September, 2009	10.00 A.M.	Vani Mahal, New No. 103, G.N.Chetty Road, T.Nagar,Chennai 600 017
2009-2010	28 th September, 2010	10.00 AM	Rani Seethai Hall, No.603,Anna Salai, Chennai - 600 006
2010-2011	14 th September, 2011	10:00 AM	Rani Seethai Hall, No.603,Anna Salai, Chennai - 600 006

PASSING OF RESOLUTIONS BY POSTAL BALLOT:-

I) 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.

The company will seek shareholder's approval through postal ballot in respect of resolutions relating to such business as prescribed in the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, as and when the occasion arises.

7. Code of Conduct

The Board has adopted a Code of Conduct which serves as a guide for your company and its employees on the standards of values, ethics and business principles, which should govern their conduct. The Company operates within accepted standards of propriety, fair play and justice and aims at creating a culture of openness in relationships between itself and its stakeholders. It has set up a system, which enables all its employees to voice their concerns openly and without any fear or inhibition. Annual Declaration regarding compliance with the Code is obtained from every person covered by the Code of Conduct. A declaration to this effect is signed by Mr. Krish Narayanan Director & CEO and the same forms a part of this report.

8. 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.

9. Prevention of Insider Trading

The Company has framed a Code of Conduct for Prevention of Insider Trading, in line with the SEBI (Insider Trading) Regulations, 1992. This 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.

Mr. Krish Narayanan, Director & CEO and Company Secretary has been appointed as the Compliance Officer for monitoring adherence to the Regulations.

10. DISCLOSURES:

i) Disclosures on materially significant related party transactions

There were no materially significant related party transactions during the financial year 2011-2012 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) Profile of Directors seeking appointment/ reappointment

Mr. S.D.Viswanathan has 40 years of experience in executing projects and corporate planning. He is a Honours Graduate in Electronics and Electrical Engineering and commenced his career in Indian Railways for more than 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.

vi) CEO/CFO Certification

The requisite certification from CEO and Head- Finance for the financial year 2011-12 under Clause 49(V) has been placed before the Board of Directors of the Company.

vii) 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 2012-13 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.

viii) 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 established the Whistle Blower Policy as 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.

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.penta-media.com

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.

SHAREHOLDER'S INFORMATION

Registered Office	: "TAURUS" ,No. 25, 1 st Main Road United India Colony, Kodamabakkam Chennai - 600 024
Annual General Meeting	
Day	: Wednesday
Date	: 05 th September, 2012
Venue	: Rani Seethai Hall - No. 603, Anna Salai, Chennai – 600 006
Financial Year	: 01.04.2011 - 31.03.2012
Book Closure Period	: Tuesday, 28th August 2012 to Wednesday, 05 th September 2012 (both days inclusive).
Listing on stock exchanges and stock code	: Bombay Stock Exchange 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 Luxumbourg.
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'2011 to March'2012 were as follows:

Month	High	Low	Volume of shares traded
April'11	1.90	1.38	21,59,889
May '11	1.49	1.29	15,06,519
June' 11	1.45	1.20	19,62,667
July '11	1.41	1.21	31,82,388
August' 11	1.37	0.91	34,94,118
September' 11	1.34	1.01	19,97,584
October '11	1.57	1.11	28,91,274
November' 11	1.90	1.21	30,09,914
December' 11	1.50	1.05	18,85,990
January'12	1.45	1.06	18,67,303
February'12	1.58	1.21	25,50,849
March' 12	1.44	1.00	31,16,818

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, Anna Salai
Chennai - 600 002
Email: investor@cameoindia.com

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 dematerialisation 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 31.03.2012.

Share holding pattern /Distribution of shareholding**Shareholding pattern as on 31.03.2012**

Category	No of shares	% of shareholding
Indian Promoters	60,227,891	14.51
Mutual Fund/ UTI	550	0.00
Financial Institutions/ Banks	61,054,986	14.71
Central / State Government	100	0.00
Foreign Institutional Investors	516,055	0.12
Private Bodies Corporate	31,514,655	7.59
Indian Public	244,519,267	58.92
Clearing Members	164,487	0.04
HUF	13,783,543	3.32
NRIs	3,186,838	0.77
OCBs	15,528	0.00
Trusts	42,264	0.01
Others (FOREIGN NATIONALS)	4	0.00
GRAND TOTAL	415,026,168	100.00

Distribution of shareholding as on 31.03.2012

Category	Number of holders	%	No of shares	%
1 500	136341	68.81	21544378	5.19
501 1000	26000	13.12	21424102	5.16
1001 2000	16447	8.30	25280237	6.09
2001 3000	6230	3.14	15840426	3.82
3001 4000	2947	1.49	10554809	2.54
4001 5000	2745	1.38	13026614	3.14
5001 10000	4076	2.06	29968831	7.22
10001 and above	3371	1.70	277386771	66.84
Total	198157	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, 2011	426	84036
Fresh undelivered cases during the financial year 2011-12	-	-
Number of shareholders who approached the Company for transfer of shares from suspense account till March 31, 2012	-	-
Number of shareholders to whom shares were transferred from the Suspense account till March 31, 2012	-	-
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2012	426	84036

The voting rights on the shares outstanding in the suspense account as on March 31, 2012 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 dematerialisation 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, 2012 are noted below:

Particulars	No of Shares	%
Shares held in Dematerialised form with NSDL	334,966,924	80.71
Shares held in Dematerialised form with CDSL	79,282,590	19.10
Shares held in Physical form	776,654	0.19
Total	415,026,168	100.00

Outstanding GDRs/Warrants or any convertible warrants

There are no outstanding convertible GDRs/Convertible warrants

NOMINATION FACILITY

The shareholders may avail themselves of the nomination facility under section 109A of the Companies Act, 1956. The nomination form (Form 2B) along with instruction will be provided to the members on request. In case the members wish to avail of this facility, they are requested to write to the company's registrars M/s. Cameo Corporate Services Limited.

The facility of nomination is not available to non-individuals shareholders such as societies, trust, bodies corporate, Karta of Hindu Undivided Families and holders of Power of Attorney.

Investors are advised to avail this facility, especially investors holding securities in single name, to avoid the process of transmission by law. Investors holding shares held in electronic form, the nomination has to be conveyed to your Depository participants directly, as per the format prescribed by them.

Address for Correspondence

Registered Office:

"TAURUS"

No. 25, 1st Main Road

United India Colony,

Kodamabakkam

Chennai - 600 024.

Tel: (044) – 24833067

Fax: (044) - 24726042

E-Mail: investor@penta-media.com

For all matters relating to Shares:

M/s. Cameo Corporate Services Limited

Fifth Floor, Subramaniam Building,

No.1, Club House Road, Anna Salai

Chennai - 600 002.

Tel: (044) – 28460390 (5 lines)

Fax: (044) - 28460129

Email: investor@cameoindia.com

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identification No. : L74210TN1976PLC007142

Nominal Capital: Rs.250,00,00,000

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 Bombay Stock Exchange Limited for the financial year ended March 31, 2012. 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 : 032100

Firm Registration No. 006019S

Place : Chennai

Date : 27.07.2012

DECLARATION OF CODE OF CONDUCT

To

The Members of Pentamedia Graphics Limited

"TAURUS" No. 25, 1st 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.

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 2012, as envisaged in Clause 49(l) (D) (ii), of the Listing Agreement.

Place : Chennai

Date : 27.07.2012

Krish Narayanan
Director & CEO/Company Secretary

**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.

**KRISH NARAYANAN
DIRECTOR & CEO / COMPANY SECRETARY**

**V. VENKATARAMANAN
HEAD FINANCE**

Place: Chennai

Date : 27.07.2012

AUDITOR'S REPORT TO THE MEMBERS OF PENTAMEDIA GRAPHICS LIMITED

We have audited the attached Balance Sheet of Pentamedia Graphics Limited as at 31st March 2012, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (as amended) hereinafter referred to as "the order" issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, hereinafter referred to as the "the Act" we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.

Further to our comments in the annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for purpose of the audit;
- ii. In our opinion, proper books of accounts have been kept as required by law so far as appears from our examination of those books;
- iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with books of account;
- iv. In our opinion, balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable excepting the Note no. (vi) of the auditor's report relating to Accounting Standard 2.
- v. On the basis of written representations received from directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that, none of the Directors are disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi. Attention is invited to:
 - a. *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.*
 - b. *The company valued long term investments at cost as per the present market conditions and as per valuation done by the valuer. Increase / decrease in value is provided for, where the management is of the opinion that the variation is permanent in nature. We have not conducted audit procedure for the same.*
 - c. *The value of long term / short term loans and advances amounting to Rs.163.02 crores is based on confirmation from management as to recoverability and consequent implications of AS-28 and the value of Secured creditors amounting to Rs. Nil crores and sundry creditors amounting to Rs.0.17 crores is subject to confirmation.*
- vii. The effect of the qualifications in Item (vi) above on the profit of the company cannot be ascertained owing to the non quantifiable and non-ascertainable causes for the same.

viii. In our opinion and to the best of our information and according to the explanation given to us, subject to the effect on the financial statements of the matter referred to in the preceding para vi & vii the said accounts given the information required by the Companies Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of Balance Sheet, the state of affairs of the company as at 31st March, 2012,
- b. in the case of Profit and Loss account, of the profit for the year ended on that date; and
- c. in the case of cash flow statement, of the cash flows for the year ended on that date.

for **M/s.Sudhindran & Co**
Chartered Accountants

CA. P. SUDHINDRAN,
Partner

Membership No : 032100
Firm Registration No. 006019S

Place: Chennai

Date : 27.07.2012

ANNEXURE TO AUDITORS' REPORT OF EVEN DATE

1. FIXED ASSETS

- a) The Company has maintained proper records showing full particulars including quantitative details and the situation of fixed assets, on the basis of available information.
- b) According to the explanations given to us, all the fixed assets have been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. Due to the fact that, the Company is in the process of reconciling physical assets with the book records, we have no comments to offer with regard to material discrepancies, if any, arising on such verification.

2. INVENTORIES

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 is based on the estimates of management. We have not conducted audit procedures for the same.

3. LOANS TO/FROM 301 PARTIES

According to the records of the company and information and explanations given to us, the company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Act. The company has granted loan free of interest to company covered in the register maintained under section 301 of the Companies Act, 1956. However the terms & condition under which the loan has been granted are not prima-facie prejudicial to the interest of the company.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of the goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.

5. TRANSACTIONS COVERED BY SECTION 301

- a. Based on the audit procedure applied by us and according to the information and explanations provided by the management, we are of the opinion that the Company has entered all transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- b. In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contract or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.5,00,000/-in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposit from the public and consequently, the directives issued by the Reserve Bank of India, the provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. According to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records by the Company under section 209 (1) (d) of the Companies Act 1956.

9. STATUTORY DUES

According to the information and explanation given to us there are no dues of income tax, wealth tax, sales tax, custom duty, excise duty and cess which have not been deposited on account of any dispute except in the following cases.

Income Tax:

The Company has obtained stay orders against Income Tax demands and have been in touch with the Income Tax Department to settle the issues regarding demands and refunds. The volume of claims/ refunds cannot be quantified now.

10. The Company neither has accumulated losses at the end of the financial year nor has it incurred any losses during the financial year covered by our audit or in the immediately preceding financial year.

11. The settlement due to EXIM Bank (CP No. 243 of 2008), Dhanalakshmi Bank assigned to Pridhvi Assets Reconstruction vide O.A No. 95 of 2003 and AXIS Bank assigned to Phoenix Assets Recovery Construction vide OA Nos. 7 of 2004 & 76 of 2005 which is pending before the Debt Recovery Tribunal (DRT) have been settled by using the proceeds from the disinvestment of Mayajaal Entertainment Ltd equity shares as per the order of Company Law Board, Chennai, dated 01.03.2011 and said shares have been extinguished vide corporate action taken by the company through NSDL on 21.04.2011.

12. As explained to us, the Company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or nidhi, mutual benefit fund, society. Accordingly, clause 4(xiii) of Companies (Auditors Report) Order, 2003 is not applicable.

14. According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of Companies (Auditors Report) Order, 2003 is not applicable.

15. According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the company.

16. The Company has not raised any new term loan during the year.

17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that, short term funds have not been used for long term purposes.

18. The company has not issued any debentures. Accordingly clause 4(xix) of Companies (Auditors Report) Order, 2003 is not applicable.

19. No monies have been raised by way of public issue.

20. In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statement to be materially misstated.

for **M/s.Sudhindran & Co**
Chartered Accountants

CA. P.Sudhindran,
Partner

Place: Chennai
Date : 27.07.2012

Mem No.032100
Firm Registration No. 006019S

PENTAMEDIA GRAPHICS LIMITED
BALANCE SHEET AS AT 31 MARCH 2012

₹ in '000

Particulars	Note No.	As at 31 March, 2012	As at 31 March, 2011
<u>I. EQUITY AND LIABILITIES</u>			
<u>1) Shareholders' funds</u>			
Share capital	3	415,026	415,026
Reserves and surplus	4	4,086,852	4,080,980
		4,501,878	4,496,006
<u>2) Non-current liabilities</u>			
Long-term borrowings	5	-	708,934
Deferred tax liabilities (net)	6	19,702	20,204
Long-term Provisions	7	350	-
		20,052	729,138
<u>3) Current liabilities</u>			
Short-term borrowings	8	180,569	221,551
Trade payables	9	1,690	2,399
Other current liabilities	10	512	181
Short-term provisions	11	10,647	10,251
		193,417	234,382
Total Equity & Liabilities		4,715,348	5,459,526
<u>II. ASSETS</u>			
<u>1) Non-current assets</u>			
Fixed assets	12		
(i) Tangible assets		160,792	176,287
(ii) Intangible assets		1,718,583	1,718,583
		1,879,375	1,894,870
Long-term loans and advances	13	1,162,863	1,144,571
Other non-current assets	14	1,676	2,235
		3,043,914	3,041,676
<u>2) Current assets</u>			
Current investments	15	927,270	1,686,771
Inventories	16	254,634	262,134
Trade Receivables	17	20,032	29,055
Cash and cash equivalents	18	2,169	2,094
Short-term Loans and Advances	19	467,329	437,796
		1,671,434	2,417,850
Total Assets		4,715,348	5,459,526

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
Chairman

for **Sudhindran & Co.**
Chartered Accountants

KRISH NARAYANAN
Director & CEO / Company Secretary

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

Place : Chennai
Date : 27.07.2012

PENTAMEDIA GRAPHICS LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2012

₹ in '000

Particulars	Note No.	Year ended 31 March, 2012	Year ended 31 March, 2011
REVENUE			
Revenue from operations (gross)	20	60,716	66,221
Less: Excise duty		-	-
Revenue from operations (net)		60,716	66,221
Other income	21	-	658
Total Revenue		60,716	66,879
EXPENSES			
Cost of materials consumed	22	21,374	27,176
Employee benefits expenses	23	4,866	4,702
Finance costs	24	27	22
Depreciation and amortisation expenses	25	16,054	20,458
Administrative & Other expenses	26	11,761	7,572
Total Expenses		54,082	59,930
Profit before exceptional and extraordinary items and tax		6,634	6,949
Add : Exceptional items		-	-
Profit before extraordinary items and tax		6,634	6,949
Extraordinary Items		-	-
Profit before tax		6,634	6,949
<u>Tax expense:</u>			
Current Tax		1,264	1,251
Deferred tax Liability		-	991
Deferred tax Asset		502	-
Profit for the year		5,872	4,707
Earnings per equity share of face value of Re.1 each			
Basic and Diluted		0.014	0.011

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.

for **Sudhindran & Co.**
Chartered Accountants

V.CHANDRASEKARAN
Chairman

KRISH NARAYANAN
Director & CEO / Company Secretary

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

Place : Chennai
Date : 27.07.2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012 ₹ in '000

	31 March 2012		31 March 2011	
A. Cash Flow From Operating Activities				
Net Profit Before Tax		6,634		6,949
Add : Depreciation	15,495		19,899	
Interest Paid	27	15,522	22	19,921
		22,156		26,870
Less : Mis. Income		-		658
Operating profit before working capital changes		22,156		26,212
Add : Increase in Current Assets & Non-Current Assets(Net)	728,758		4,726	
Decrease in Current Liabilities & Non-Current Liabilities	(896)	727,862	(10,535)	(5,809)
Net Cash flow operating activities "A"		750,018		20,403
B. Cash Flow From Investing Activities				
Misc. Income	-		658	
Less: Purchase of Fixed Assets	-		(20,910)	
Net Cash Flow from Investing Activities "B"		-		(20,252)
C. Cash Flow From Financing Activities				
Increase in Long Term Borrowings	(708,934)		-	
Increase in Short Term Borrowings	(40,982)		-	
Interest Paid	(27)		(22)	
Net Cash Flow from Financing Activities "C"		(749,943)		(22)
Net Cash Inflow for the year ended				
D. Net Increase / (Decrease in) Cash & Cash equivalents (A+B+C) / (F-E)		75		129
Reconciliation :				
E. Cash & Cash Equivalents at the beginning of the year		2,094		1,965
F. Cash & Cash Equivalents at the end of the year		2,169		2,094
Net Cash Increase for the year ended		75		129

* Cashflow for current year has been prepared based on restricted 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.

V.CHANDRASEKARAN
Chairman

KRISH NARAYANAN
Director & CEO / Company Secretary

Place : Chennai
Date : 27.07.2012

AUDITORS' 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 2012 reported upon by us on 27.07.2012. 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 M/s. SUDHINDRAN & CO., Chartered Accountants

CA. P. SUDHINDRAN,
Partner

Membership No: 032100,
Firm Registration No: 006019S

Place : Chennai
Date : 27.07.2012

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 2011 – 2012

SIGNIFICANT ACCOUNTING POLICIES:

A. CORPORATE INFORMATION

Pentamedia Graphics Limited (PMGL), a Public Limited Company incorporated in the State of Tamilnadu and listed on the Bombay Stock Exchange (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.

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 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) 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

C) 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.

D) 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.

E) INVENTORIES

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

F) INVESTMENTS

Long term investments are stated at cost, except where there is a diminution in value (other than temporary), in which case the carrying value is reduced to recognize the decline.

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) BORROWING COSTS

Borrowing Costs attributable to acquisition of assets, are capitalized as part of the cost of such assets. Other borrowing costs are charged to revenue.

I) FOREIGN CURRENCY TRANSACTIONS

Transaction in foreign currency is recorded at the rate of exchange prevailing on the date of transaction. Current assets and liabilities are translated at the year end closing rates. Exchange difference in respect of foreign currency liabilities incurred for acquiring fixed assets is added to the cost of respective fixed assets.

J) TAXES ON INCOME

Provision for current tax is made on the basis of Minimum Alternate Tax provided in accordance with the provisions of Income Tax Act, 1961.

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.

K) 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.

L) 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.

M) PRELIMINARY EXPENSES

Preliminary expenses are amortized over a period of five years commencing from the year in which it was incurred.

N) 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

NOTE NO. 3 SHARE CAPITAL

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	₹ in '000	Number of shares	₹ in '000
(a) <u>Authorised Capital</u> 4,45,00,00,000 equity shares of Re.1/- each 50,00,00,000 preference shares of Rs.10/- each	4,45,00,00,000	4,45,00,000	4,45,00,00,000	4,45,00,000
	5,00,00,000	50,000	5,00,00,000	50,000
	4,45,50,00,000	4,50,00,000	4,45,50,00,000	4,50,00,000
(b) <u>Issued, Subscribed and paidup</u> 41,50,26,163 Equity shares of Re.1/- each fully paidup	415,026,163	415,026	415,026,163	415,026
Total	415,026,163	415,026	415,026,163	415,026

Notes forming part of the financial statements**2.Reconciliation of number of equity shares and share capital**

	Number of Equity Shares	Amount in Rs.	Number of Equity Shares	Amount in Rs.
At the beginning of the year	415,026,163	415,026	415,026,163	415,026
Add : Issued during the year	Nil	Nil	Nil	Nil
Outstanding at the end of the year	415,026,163	415,026	415,026,163	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

	Number of Equity Shares	% of Ratio	Number of Equity Shares	% of Ratio
Kotak Mahindra Bank	60,000,000	14.46	60,000,000	14.46
Vesa Holdings Pvt Ltd	41,806,385	10.07	28,804,371	6.94

4. Aggregate number of equity shares allotted as fully paidup by way of bonus shares during the proceeding five years.

Year	
2011-12	Nil
2010-11	Nil
2009-10	Nil
2008-09	Nil
2007-08	Nil

NOTE NO. 4 RESERVE AND SURPLUS

₹ in '000

Particulars	As at 31 March, 2012	As at 31 March, 2011
<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	115,431	108,742
Add : Profit for the year	5,872	6,689
Balance at the end of the year	121,303	115,431
TOTAL	4,086,852	4,080,980

Notes forming part of the financial statements

NOTE NO. 5 LONG TERM BORROWINGS

₹ in '000

Particulars	31 March, 2012	31 March, 2011
a. Working Capital Loans		
From banks		
Secured	-	401,904
Sub-Total (a)	-	401,904
b. Unsecured Loans		
i) from banks	-	306,530
ii) from other parties	-	500
Sub-Total (b)	-	307,030
Grand Total (a+b)	-	708,934

Disclosures :

A. Working capital loans

1. Name of the Bank	Axis Bank	Axis Bank
2. Period of maturity with reference to balance sheet date :	NA	NA
3. Number of installments due :	NA	NA
4. Amount due for the installments :	NA	NA
5. Rate of interest :	NA	NA
6. Overdue amount and period	Amount : Period : NA	NA NA
7. Security :	Secured by a first & second charge on the fixed assets, hypothecation and charge on book debts, stock and other current assets of the company on a pari passu basis.	Secured by a first & second charge on the fixed assets, hypothecation and charge on book debts, stock and other current assets of the company on a pari passu basis.
8. Guarantees :	Mr. V. Chandrasekaran, Chairman, Ex-CEO	Mr. V.Chandrasekaran, Chairman, Ex-CEO

Note : Though Long term borrowings have been settled against proceeds from the dis-investment of Mayajaal Entertainment Limited equity shares, the company is awaiting DRT orders. Filing of satisfaction of charge with Registrar of Companies is pending.

B. Unsecured Loans - from Banks

1. Name of the Bank :	Dhanalakshmi Bank, First International Bank	Dhanalakshmi Bank First International Bank
2. Period of maturity with reference to balance sheet date :	NA	NA
3. Number of installments due :	NA	NA
4. Amount due for the installments :	NA	NA
5. Rate of interest :	NA	NA
6. Overdue amount and period	Amount : Period : NA	NA NA
7. Security :	Loans are secured by hypothecation of fixed assets, stocks and book debts	Loans are secured by hypothecation of fixed assets, stocks and book debts
8. Guarantees :	Mr. V. Chandrasekaran, Chairman, Ex-CEO	Mr. V.Chandrasekaran, Chairman, Ex-CEO

Note : Though Long term borrowings have been settled against proceeds from the dis-investment of Mayajaal Entertainment Limited equity shares, the company is awaiting DRT orders. Filing of satisfaction of charge with Registrar of Companies is pending.

Notes forming part of the financial statements

NOTE NO. 6 DEFERRED TAX LIABILITIES

₹ in '000

Particulars	
Depreciation as per Companies Act	15,495
Depreciation as per Income Tax Act	13,869
Difference	1,626
Deferred Tax asset @ 30.90%	502
Amount credited to P & L account for the year ended 31.03.2012	502
Net Deferred Tax Liability shown in the Balance Sheet for the last year	20,204
Less: Deferred Tax Asset for the current year to be accounted - P & L	502
Net Deferred Tax Liability to be shown in the Balance Sheet as at 31.03.2012	19,702

NOTE NO.7 LONG TERM PROVISIONS

Particulars	As at 31 March, 2012	As at 31 March, 2011
Gratuity Provision	350	-
TOTAL	350	-

NOTE NO.8 SHORT TERM BORROWINGS

(a) Loans repayable on demand from other parties Unsecured	180,569	221,551
TOTAL	180,569	221,551

NOTE NO.9 TRADE PAYABLE

Sundry Creditors for Supplies	1,690	2,399
TOTAL	1,690	2,399

NOTE NO.10 OTHER CURRENT LIABILITIES

(a) <u>Other payables</u>	-	-
(i) <u>Statutory remittances :</u>		
TDS Payable	432	181
Service Tax Payable	80	-
TOTAL	512	181

NOTE NO. 11 SHORT TERM PROVISIONS

a) <u>Provision for employee benefits:</u> Salaries & Wages and benefits	455	500
b) <u>Others</u>		
Advances from customers	1,953	1,953
Trade Expenses	30	65
c) <u>Provisions for taxation</u> Income Tax	8,209	7,733
TOTAL	10,647	10,251

Note 12

DEPRECIATION SCHEDULE 2011-12

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	GROSS BLOCK-AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	As at 01.04.2011	Rate @ Dep	For the Year	Deductions	As at 31.03.2012	As at 31.03.2011
Assets										
Tangible Assets										
Land	27,325	-	-	27,325			-	-	27,325	27,325
Buildings	131,867	-	-	131,867	46,318	3%	4,404	-	81,145	85,549
Plant and Machinery	13,577	-	-	13,577	8,129	7%	960	-	4,488	5,448
Vehicles	1,551	-	-	1,551	1,394	10%	147	-	10	157
Furniture and Fittings	117,201	-	-	117,201	73,335	6%	7,419	-	36,447	43,866
Digital Content	20,910	-	-	20,910	6,969	33%	2,565	-	11,376	13,941
Sub-Total (a)	312,432	-	-	312,432	136,145	1	15,495	-	160,792	176,287
Intangible assets										
Capital Work-in-progress	897,812			897,812	-		-		897,812	897,812
Product Rights	820,427	-	-	820,427	-		-		820,427	820,427
Computer & Software	2,214,114	-	-	2,214,114	2,213,770	16%	-	-	344	344
Sub-Total (b)	3,932,353	-	-	3,932,353	2,213,770	0	-	-	1,718,583	1,718,583
Grand Total	4,244,784	-	-	4,244,784	2,349,915	1	15,495	-	1,879,375	1,894,870

Notes forming part of the financial statements**NOTE NO. 13 LONG TERM LOANS & ADVANCES**

₹ in '000

Particulars	31 March, 2012	31 March, 2011
(i) Other loans and advances Unsecured, considered good	1,162,863	1,144,571
TOTAL	1,162,863	1,144,571

NOTE NO. 14 OTHER NON-CURRENT ASSETS

(a) <u>Others</u> Miscellaneous Expenses (not written off)	1,676	2,235
TOTAL	1,676	2,235

NOTE NO. 15 CURRENT INVESTMENTS

Particulars	As at 31 March, 2012			As at 31 March, 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<u>A. Current portion of long-term investments (At cost)</u>	-	-	-	759,501	-	759,501
(i) Other investments - Mayajaal Entertainment Limited						
<u>B. Other current investments (at lower of cost and fair value, unless otherwise stated)</u>						
(a) Investments in equity instruments:						
(i) of subsidiaries	-	927,270	927,270	-	927,270	927,270
TOTAL			927,270			1,686,771

NOTE NO. 16 INVENTORIES

(As certified by the Management)

(At lower of cost and net realisable value)

(a) Work-in-progress	121,015	123,015
(b) Finished goods (other than those acquired for trading) Stock of Training Material	2,634	3,134
(c) Stock-in-trade (acquired for trading)	1,315	3,315
(d) <u>Others</u> Distribution Rights	129,670	132,670
TOTAL	254,634	262,134

Notes forming part of the financial statements

NOTE NO. 17 TRADE RECEIVABLES

₹ in '000

Particulars	31 March, 2012	31 March, 2011
a. Outstanding for a period exceeding 6 months from the date they are due for payment Unsecured, considered good	7,851	2,872
Less : Provision for doubtful debts	-	-
Sub-total(a)	7,851	2,872
<u>b. Others - considered goods</u> Unsecured, considered good	12,181	26,183
Less : Provision for doubtful debts	-	-
Sub-total(b)	12,181	26,183
TOTAL (a+b)	20,032	29,055

NOTE NO. 18 CASH AND CASH EQUIVALENTS

a. Cash on Hand	25	7
<u>b. Balances with Banks</u> in Current Accounts	2,144	2,087
TOTAL	2,169	2,094

NOTE NO. 19 SHORT TERM LOANS & ADVANCES :

<u>(a) Security deposits</u> Secured, considered good		
Deposit-Electricity - PSTL	233	233
Deposit - Telephone -PSTL	681	681
Earnest Money Deposit	485	485
Electricity Deposit	3,376	3,376
Security Deposits - Paid	623	623
Telephone Deposit	804	804
	6,202	6,202
<u>(b) Prepaid expenses - Unsecured, considered goods</u> (Insurance premium, Annual maintenance contracts, etc.)	18	18
	18	18
<u>(c) Balances with government authorities</u> Unsecured, considered good		
(iii) Service Tax credit receivable	190	190
(iv) Advance Income Tax	313,694	313,000
(vii) Tax deducted at Source	6,064	6,056
	319,948	319,246
<u>(d) Advances</u> Unsecured, considered good	141,161	112,330
	141,161	112,330
TOTAL	467,329	437,796

Notes forming part of the financial statements**NOTE NO. 20 REVENUE FROM OPERATIONS**

₹ in '000

Particulars	31 March, 2012	31 March, 2011
Sale of services		
a. Media Training Income	899	1,711
b. Overseas Operations	59,817	64,510
	60,716	66,221
Less : Excise duty	-	-
Revenue from Operation (Net)	60,716	66,221

NOTE NO. 21 OTHER INCOME

Miscellaneous income	-	658
TOTAL	-	658

NOTE NO. 22 COST OF MATERIALS CONSUMED

Opening stock	-	-
Add: Purchases	-	-
	-	-
Less: Closing stock	-	-
Cost of material consumed	-	-
Material consumed comprises:		
Multimedia development Expenses	21,374	27,176
TOTAL	21,374	27,176

NOTE NO. 23 EMPLOYEES' BENEFITS EXPENSES :

Salaries and wages	4,806	4,645
Staff welfare expenses	60	57
TOTAL	4,866	4,702

NOTE NO. 24 FINANCE COST

Bank Charges	27	22
TOTAL	27	22

NOTE NO. 25 DEPRECIATION AND AMORTISATION EXPENSES

Depreciation	15,495	19,899
Preliminary expenses	559	559
TOTAL	16,054	20,458

Notes forming part of the financial statements**NOTE NO. 26 ADMINISTRATIVE AND OTHER EXPENSES**

₹ in '000

Particulars	31 March, 2012	31 March, 2011
Power and fuel	470	385
Repairs and maintenance - Buildings	2	91
Repairs and maintenance - Machinery	66	19
Repairs and maintenance - Others	130	110
Insurance	11	20
Rates and taxes	1,378	1,684
Travelling and conveyance	394	151
Printing and stationery	742	537
Legal and professional	5,047	2,686
Director Sitting Fees	113	100
Training Expenses	-	126
Office Maintenance	380	334
Administration and other exp	601	310
Telephone and Postage	1,853	403
Advertisement	234	298
Payments to auditors		
Statutory audit	150	150
Taxation matters	25	25
Other services	15	68
Miscellaneous expenses	150	75
TOTAL	11,761	7,572

B. NOTES ON ACCOUNTS**1(a) Secured Loans:**

The settlement due to EXIM Bank (CP No. 243 of 2008), Dhanalakshmi Bank assigned to Pridhvi Assets Reconstruction vide O.A No. 95 of 2003 and AXIS Bank assigned to Phoenix Assets Recovery Construction vide OA Nos. 7 of 2004 & 76 of 2005 which is pending before the Debt Recovery Tribunal (DRT) have been settled by using the proceeds from the dis-investment of Mayajaal Entertainment Ltd equity shares as per the order of Company Law Board, Chennai, dated 01.03.2011 and said shares have been extinguished vide corporate action taken by the company through NSDL on 21.04.2011.

1(b) Claim against the company not acknowledged as Liability:**Dallah Albaraka, Ireland**

Dallah Albaraka, Ireland (DAL) obtained an ex parte decree before the High Court of Justice Queen's Bench Division London against M/s. Pentasoft Technologies Limited for the corporate guarantee issued by them. Company Petition seeking an order of winding up (No.134 of 2008) filed by DAL was dismissed by a single judge in the High Court of Madras vide order dated 16.12.2008 for want of merits. DAL appealed against the single judge order (OSA Bo. 27 of 2009& M.P. No. 1 of 2010 Pentamedia Graphics Ltd was made respondent as Pentasoft Technologies Limited merged with Pentamedia Graphics Limited during October 2008) and the same was also dismissed by the bench of the High Court of Madras vide their order dated 07.07.2010 on same lines of the single judge order. DAL also filed an unnumbered petition under Regulation 44 of Company Law Board Regulation seeking to set aside order pertaining to the buyback of Mayajaal Entertainment Ltd shares. This petition too was rejected by the Company Law Board vide their order dated 11.01.2012 stating that there is no merit in the DAL's application, also due to the fact that the applicant is yet to establish its status as creditor of Pentamedia Graphics Ltd and cannot be held with certainty that it will be entitled to any reliefs even if the company petition is dismissed. After DAL moved Execution Petitions (No. 299 & 300 Of 2011) seeking attachment and sale of moveable and immovable property of Pentamedia Graphics Ltd. However both the Execution Petitions were dismissed by the Master Court of Chennai, vide their order dated 20.01.2012 stating that both of them are not maintainable and not executable with the decree obtained by them which is not on merits and without the prior permission from Reserve Bank of India or Central Government of India. DAL filed a review petition and got the case heard once again and also got the order that Executive Petitions are maintainable against the assets of Pentamedia Graphics Ltd. Now Pentamedia Graphics Ltd has appealed (Appeal No. 2801 of 2012) against this order and DAL has sought time for reply.

Notes forming part of the financial statements

According to the information and explanation given to us there are no dues of income tax, wealth tax, sales tax, custom duty, excise duty and cess which have not been deposited on account of any dispute except in the following cases.

Income Tax:

The Company has obtained stay orders against Income Tax demands and have been in touch with the Income Tax Department to settle the issues regarding demands and refunds. The volume of claims/refunds cannot be quantified now.

- Confirmation of balances/Reconciliation is pending in respect of certain Banks/Loans and Advances/Sundry Debtors/Sundry creditors' 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.
- The Company has recognized deferred tax liability (Net) Rs. 1.97 cores as per the requirements of Accounting Standard 22.

4. EPS

Number if equity shares of Rs 1each (basic)	415,026,168
Number if equity shares of Rs 1 each (diluted)	415,026,168
Net profit after tax available for equity shareholders -	Rs. 5,872,043
Basic EPS - Weighted Average Rs	0.014
Diluted EPS - Weighted Average	0.014

5. 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.

₹ in '000

Particulars	
Sales & Services	
Media Products & Services	899
Software Products & Services	59,817
Total	60,716
Profit Before Interest & Tax	
Media Products & Services	4,250
Software Products & Services	2,429
Total	6,679
Depreciation and amortization	16,054
Interest	27
Profit before Tax & Extraordinary item	6,634

Notes forming part of the financial statements

6. Payments to Auditors:

₹ in '000

Particulars	2011 – 2012	2010 – 2011
a. Statutory Audit	150	150
b. Tax Audit	25	25
c. Certification and other services	15	68
Total	190	243

7. Disclosures in respect of related parties pursuant to Accounting Standard 18:

List of Related Parties:

- 1. Subsidiaries:** NumTV Limited, Mauritius
Esoftcom (Mauritius) Limited,
- 2. Key Management personnel:** Mr. V. Chandrasekaran, Chairman
Mr. Krish Narayanan, Director and CEO/Company Secretary

₹ in '000

Particulars	Subsidiaries	Fellow Subsidiaries	Key Management Personnel	Total
Purchase of Goods	-	-	-	-
Sale of Goods	-	-	-	-
Purchase of Fixed Assets	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Rendering of Services	-	-	-	-
Receiving of Services	-	-	-	-
Collection Arrangements	-	-	-	-
Leasing Or Hire Purchase Agreements	-	-	-	-
Transfer of Research & Development	-	-	-	-
Licence Agreements	-	-	-	-
Finance (Including Loans & Equity contributions in cash or in kind)	-	-	-	-
Guarantees & Collaterals	-	-	-	-
Rent Received	-	-	-	-
Payment of Salary	-	-	2,380	2,380

8. MANAGERIAL REMUNERATION

Particulars	2011-2012	2010-2011
Salary	2,140	2,400
Contribution to Provident Fund & Other funds	240	288
Commission	Nil	Nil
Total	2,380	2,688

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

Net Profit for the year as per Profit & Loss account	6,634	6,949
Add : Depreciation as per Profit & Loss account	15,495	19,899
Less: Director's Remuneration	2,380	2,688
Director's Sitting fees	113	100
Depreciation as per Sec 350 of the Companies Act, 1956	15,495	19,899
Net Profit	4,141	4,161

Notes forming part of the financial statements

9. 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.

10. EXPENDITURE IN FOREIGN CURRENCY

₹ in '000

Import on CIF basis		
Capital goods	Nil	Nil
Raw Materials	Nil	Nil
Spare parts, Components & Consumables	Nil	Nil
Travel (including maintenance allowances)	Nil	Nil
Others (includes listing fees, seminar expenses & Expenditure incurred overseas for Multimedia Development)	26,240	31,878

11. EARNING IN FOREIGN CURRENCY

Particulars	2012	2011
Multimedia Development Services & Products (Exports)	59,817	64,510

12. DUES TO SMALL SCALE INDUSTRIAL UNDERTAKINGS

As of 31st March 2012 the Company has no outstanding exceeding Rs.100 thousands to Small Scale Industrial Undertakings as defined under the Industrial Development Regulation Act, 1951.

13. PREVIOUS YEAR COMPARATIVES

Schedule VI to the Companies Act, 1956 is revised effective from 1 April 2011 and has significantly impacted the disclosures and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classifications / disclosures.

14. All figures are rounded off to nearest in thousands.

for **M/s. SUDHINDRAN & CO**
Chartered Accountants

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

V. CHANDRASEKARAN
Chairman

KRISH NARAYANAN
Director & CEO / Company Secretary

Place : Chennai
Date : 27.07.2012

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the attached Consolidated Balance Sheet of M/s.Pentamedia Graphics Limited and its subsidiaries as at 31st March 2012, the Consolidated Profit & Loss Account and the Cash Flow Statement for the year ended.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Accounting Standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared in all material respects in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiaries whose financial statements reflect Total Assets Rs.103.52 Crores as at 31st March 2012, and Total Revenues of Rs.6.63 Crores for the year ended. The financial statements have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the other auditors.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirement of Accounting Standard 21 – as per the Consolidated Financial Statements.

Subject to Para 1 above,

- i. The consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of M/s. Pentamedia Graphics Limited and its subsidiaries as at 31st March, 2012,
- ii. The consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of M/s. Pentamedia Graphics Limited and its subsidiaries for the year ended.
- iii. The consolidated Cash Flow gives a true and fair view of the consolidated state of affairs of M/s. Pentamedia Graphics Limited and its subsidiaries as at 31st March, 2012.

for **M/s.Sudhindran & Co**
Chartered Accountants

CA. P. SUDHINDRAN,
Partner

Membership No : 032100
Firm Registration No. 006019S

Place: Chennai

Date : 27.07.2012

PENTAMEDIA GRAPHICS LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2012

₹ in '000

Particulars	Note No.	As at 31 March, 2012	As at 31 March, 2011
<u>I. EQUITY AND LIABILITIES :</u>			
<u>1) Shareholders' funds</u>			
Share Capital	3	415,026	415,026
Reserves and Surplus	4	4,083,377	4,743,970
		4,498,403	5,158,996
<u>2) Non-Current Liabilities</u>			
Long-term Borrowings	5	-	708,934
Deferred tax liabilities (net)	6	19,702	20,204
Long-term Provisions	7	350	-
		20,052	729,138
<u>3) Current Liabilities</u>			
Short-term Borrowings	8	180,569	160,537
Trade Payables	9	1,690	2,399
Other Current Liabilities	10	512	181
Short-term Provisions	11	10,647	10,251
		193,417	173,368
Total Equity & Liabilities		4,711,873	6,061,502
<u>II. ASSETS</u>			
<u>1) Non-Current Assets</u>			
Fixed assets	12		
(i) Tangible assets		153,797	176,287
(ii) Intangible assets		3,050,185	3,050,185
		3,203,981	3,226,471
Long-term Loans and Advances	13	762,055	945,718
Other non-Current Assets	14	1,676	2,235
		3,967,712	4,174,424
<u>Current Assets</u>			
Current Investments	15	-	759,501
Inventories	16	254,634	262,133
Trade Receivables	17	20,032	425,041
Cash and cash equivalents	18	2,169	2,607
Short-term Loans and Advances	19	467,329	437,796
		744,164	1,887,077
Total Assets		4,711,873	6,061,502

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.

for **Sudhindran & Co.**
Chartered Accountants

V.CHANDRASEKARAN

Chairman

KRISH NARAYANAN

Director & CEO / Company Secretary

CA. P. SUDHINDRAN,

Partner

Membership No : 032100

Firm Registration No. 006019S

Place : Chennai

Date : 27.07.2012

PENTAMEDIA GRAPHICS LIMITED
STATEMENT OF CONSOLIDATED PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2012

₹ in '000

Particulars	Note No.	31 March, 2012	31 March, 2011
REVENUE :			
Revenue from operations (gross)	20	126,984	259,017
Less: Excise duty		-	-
Revenue from operations (net)		126,984	259,017
Other income	21	-	658
Total Revenue		126,984	259,675
EXPENSES :			
Cost of materials consumed	22	57,881	117,176
Employee benefits expenses	23	12,884	23,667
Finance costs	24	215	207
Depreciation and amortisation expenses	25	23,049	31,358
Administrative & Other expenses	26	29,796	29,370
Total Expenses		123,825	201,778
Profit before exceptional and extraordinary items and tax		3,159	57,897
Add : Exceptional items		-	-
Profit before extraordinary items and tax		3,159	57,897
Extraordinary Items		-	-
Profit before tax		3,159	57,897
<u>Tax expense:</u>			
Current Tax		1,264	1,251
Deferred tax Liability		-	991
Deferred tax Asset		502	-
Profit for the year		2,397	55,655

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.

for **Sudhindran & Co.**
Chartered Accountants

V.CHANDRASEKARAN

Chairman

KRISH NARAYANAN

Director & CEO / Company Secretary

CA. P. SUDHINDRAN,

Partner

Membership No : 032100

Firm Registration No. 006019S

Place : Chennai

Date : 27.07.2012

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31.03.2012**

₹ in '000

	31 March, 2012		31 March, 2011	
A. Cash Flow From Operating Activities				
Net Profit Before Tax		3,159		57,897
Add : Depreciation	22,490		30,799	
Interest Paid	215	22,705	207	31,006
		25,864		88,903
Less : Mis. Income		-		658
Operating profit before working capital changes		25,864		88,245
Add : Increase in Current Assets & Non-Current Assets(Net) Decrease in Current Liabilities & Non-Current Liabilities	663,713 (896)	662,816	(168,625) 100,902	(67,723)
Net Cash flow operating activities "A"		688,680		20,522
B. Cash Flow From Investing Activities				
Misc. Income	-		658	
Less: Purchase of Fixed Assets	-		(20,910)	
Net Cash Flow from Investing Activities "B"		-		(20,252)
C. Cash Flow From Financing Activities				
Increase in Long Term Borrowings	(708,934)		-	
Increase in Short Term Borrowings	(20,032)		-	
Interest Paid	(215)		(207)	
Net Cash Flow from Financing Activities "C"		(689,117)		(207)
Net Cash Inflow for the year ended				
D. Net Increase / (Decrease in) Cash & Cash equivalents (A+B+C) / (F-E)		(437)		63
Reconciliation :				
E. Cash & Cash Equivalents at the beginning of the year		2,606		2,543
F. Cash & Cash Equivalents at the end of the year		2,169		2,606
Net Cash Increase for the year ended		(437)		63

* Cashflow for current year has been prepared based on restricted 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

Chairman

Place : Chennai

Date : 27.07.2012

KRISH NARAYANAN

Director & CEO / Company Secretary

AUDITORS' 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 2012 reported upon by us on 27.07.2012. 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 M/s. SUDHINDRAN & CO., Chartered Accountants

CA. P. SUDHINDRAN,

Partner

Membership No : 032100

Firm Registration No. 006019S

Place : Chennai

Date : 27.07.2012

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

A. CORPORATE INFORMATION

Pentamedia Graphics Limited (PMGL) is a Public Limited company incorporated in the State of Tamilnadu and listed on the Bombay Stock Exchange (BSE). Num TV Limited, Mauritius and Esoftcom (Mauritius) Ltd are 100% subsidiaries of the company. The company and its subsidiaries 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

A. 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 from Entertainment and Multimedia business namely, consultancy, animation special effects, contents through Film, TV, Internet, advertisement and distribution of content through various digital and analog mediums based on man hours/ Milestones/ contracts entered with customers.

Revenue in respect of sale of advertisement is recognized over the period of the campaign beginning from the first insertion of the advertisement on the website.

Overseas sales & services represent sales to the overseas customer for multimedia business done.

- i) Revenue from Multimedia business (for sale of digital content on fixed price basis) is recognized based on milestones reached.
- ii) Training and Education Income

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.

- iii) Revenue for services charges is recognized after completion of each stage of service.
- iv) Revenue from software development (on time and material basis) is recognized based on software developed and bill to the clients.

b) 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
Capital work in progress represents capital advances and expenditure incurred during the period of software development pending capitalization

c) 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.

d) 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.

e) INVENTORY

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

f) INVESTMENTS

Long term investments are stated at cost, except where there is a diminution in value (other than temporary), in which case the carrying value is reduced to recognize the decline.

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) BORROWING COSTS

Borrowing Costs attributable to acquisition of assets, are capitalized as part of the cost of such assets. Other borrowing costs are charged to revenue.

i) FOREIGN CURRENCY TRANSACTIONS

Foreign currency revenue transactions are accounted on the basis of the month end exchange rate. Adjustments are made for any change in the sale proceeds on conversion into Indian currency upon actual receipt. Expenditure in foreign currency is accounted at the conversion rate prevalent when such expenditure is incurred.

All foreign currency loans outstanding at the year end, are expressed in Indian currency at the appropriate rates of exchange prevailing on the date of the balance sheet.

Exchange differences arising as a result of translation of foreign currency loan taken for purchase of fixed assets are adjusted in the cost of the asset and depreciated over the remaining useful life of the asset. All other exchange differences arising out of Foreign Currency Transactions are recognized as income or expense in the year in which they arise.

j) TAXES OF INCOME TAX

Provision for current tax is made on the basis of Minimum alternate tax is provided in accordance with the provisions of Income Tax Act, 1961.

The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and law that have been substantively enacted as of the balance sheet date.

k) 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.

l) 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 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.

m) LICENSE FEES AND OUTSOURCED PROGRAMMES

The outsourced Programmes are written off over a period of three years based on the validity period of license.

n) PRELIMINARY EXPENSES

Preliminary expenses are amortized over a period of five years commencing from the year in which it was incurred.

o) 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.

CONSOLIDATED**p) DEFERRED REVENUE EXPENDITURE**

- i. Deferred Revenue Expenditure comprises of advertisements, publicity expenses and other administrative expenses incurred prior to the commencement of the commercial operation, to be written over a period of five years from the year of commercial operation.
- ii. Production / Distribution / Cost of films expenses are written off over a period of 4 Years. In case of Distribution rights being acquired by the company, the costs of acquisition of the rights are amortized over the period during which the rights can be exercised.
- iii. Production cost of TV serials for telecast and promotion expenses including the cost of presentation and pilot films, the benefits of which are anticipated over an extended period, are amortized over a period not exceeding 5 years. Other copyrights and ownership, which are with the company, are being written off over the estimated useful life of TV serials as estimated by the Management, which is considered to be 5 years.
- iv. Amortizations of Merger expenses are being written of over a period estimated by the management, which is considered to be five years.

Notes forming part of the financial statements**NOTE NO. 3 SHARE CAPITAL**

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	₹ in '000	Number of shares	₹ in '000
(a) Authorised Capital				
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
(b) Issued, Subscribed and paidup				
41,50,26,163 Equity shares of Re.1/- each fully paidup	415,026,163	415,026	415,026,163	415,026
Total	415,026,163	415,026	415,026,163	415,026

2.Reconciliation of number of equity shares and share capital

	Number of Equity Shares	Amount in Rs.	Number of Equity Shares	Amount in Rs.
At the beginning of the year	415,026,163	415,026	415,026,163	415,026
Add : Issued during the year	Nil	Nil	Nil	Nil
Outstanding at the end of the year	415,026,163	415,026	415,026,163	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 of Equity Shares	% of Ratio	Number of Equity Shares	% of Ratio
Kotak Mahindra Bank	60,000,000	14.46	60,000,000	14.46
Vesa Holdings Pvt Ltd	41,806,385	10.07	28,804,371	6.94

Notes forming part of the financial statements

4. Aggregate number of equity shares allotted as fully paidup by way of bonus shares during the proceeding five years.

Year	No. of Shares
2011-12	Nil
2010-11	Nil
2009-10	Nil
2008-09	Nil
2007-08	Nil

NOTE NO. 4 RESERVE AND SURPLUS

₹ in '000

Particulars	As at 31 March, 2012	As at 31 March, 2011
<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) Capital Reserve</u>	-	662,990
<u>(d) Surplus / (Deficit) in Statement of Profit and Loss</u>	-	
Balance at the beginning of the year	115,431	108,742
Add : Profit for the year	2,397	6,689
Balance at the end of the year	117,828	115,431
TOTAL	4,083,377	4,743,970

Notes forming part of the financial statements

NOTE NO. 6 DEFERRED TAX LIABILITIES

Particulars	₹ in '000
Depreciation as per Companies Act	22,490
Depreciation as per Income Tax Act	13,869
Difference	8,621
Deferred Tax asset @ 30.90%	2,664
Amount credited to P & L account for the year ended 31.03.2012	2,664
Net Deferred Tax Liability shown in the Balance Sheet for the last year	20,204
Less: Deferred Tax Asset for the current year to be accounted - P & L	502
Net Deferred Tax Liability to be shown in the Balance Sheet as at 31.03.2012	19,702

NOTE NO.7 LONG TERM PROVISIONS

₹ in '000

Particulars	As at 31 March, 2012	As at 31 March, 2011
Gratuity Provision	350	-
TOTAL	350	-

NOTE NO.8 SHORT TERM BORROWINGS

Particulars	31 March, 2012	31 March, 2011
(a) Loans repayable on demand from other parties Unsecured	180,569	160,537
TOTAL	180,569	160,537

NOTE NO.9 TRADE PAYABLE

Sundry Creditors for Supplies	1,690	2,399
TOTAL	1,690	2,399

NOTE NO.10 OTHER CURRENT LIABILITIES

(a) Other payables	-	-
(i) Statutory remittances :		
TDS Payable	432	181
Service Tax Payable	80	-
TOTAL	512	181

NOTE NO. 11 SHORT TERM PROVISIONS

a) Provision for employee benefits:		
Salaries & Wages and benefits	455	500
b) Others		
Advances from customers	1,953	1,953
Trade Expenses	30	65
c) Provisions for taxation		
Income Tax	8,209	7,733
TOTAL	10,647	10,251

Note 12
Depreciation schedule to the Consolidated Balance Sheet as at 31st March 2012.

Assets	GROSS BLOCK-AT COST			DEPRECIATION			NET BLOCK			
	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	As at 01.04.2011	For the Year	Deductions	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Tangible Assets										
Land	27,325	-	-	27,325	-	-	-	-	27,325	27,325
Buildings	131,867	-	-	131,867	46,318	4,404	-	50,722	81,145	85,549
Plant and Machinery	13,577	-	-	13,577	8,129	960	-	9,089	4,488	5,448
Vehicles	1,551	-	-	1,551	1,394	147	-	1,541	10	157
Furniture and Fittings	117,201	-	-	117,201	73,335	7,419	-	80,754	36,447	43,866
Digital Content	20,910	-	-	20,910	6,969	9,560	-	16,529	4,381	13,941
Sub-Total (a)	312,431	-	-	312,431	136,145	22,490	-	158,635	153,796	176,286
Intangible assets										
Capital Work-in-progress	897,812	-	-	897,812	-	-	-	-	897,812	897,812
Product Rights	820,427	-	-	820,427	-	-	-	-	820,427	820,427
Computer & Software	4,319,092	-	-	4,319,092	2,987,146	-	-	2,987,146	1,331,946	1,331,946
Sub-Total (b)	6,037,331	-	-	6,037,331	2,987,146	-	-	2,987,146	3,050,185	3,050,185
Grand Total	6,349,762	-	-	6,349,762	3,123,291	22,490	-	3,145,781	3,203,981	3,226,471

Notes forming part of the financial statements
NOTE NO. 13 LONG TERM LOANS & ADVANCES

₹ in '000

Particulars	As at 31 March, 2012	As at 31 March, 2011
(i) Other loans and advances Unsecured, considered good	762,055	945,718
TOTAL	762,055	945,718

NOTE NO. 14 OTHER NON-CURRENT ASSETS

(a) Others Miscellaneous Expenses (not written off)	1,676	2,235
TOTAL	1,676	2,235

NOTE NO. 15 CURRENT INVESTMENTS

Particulars	As at 31 March, 2012			As at 31 March, 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<u>A. Current portion of long-term investments (At cost)</u>						
(i) Other investments - Mayajaal Enterprises Limited	-	-	-	759,501	-	759,501
TOTAL	-	-	-	759,501	-	759,501

NOTE NO. 16 INVENTORIES

(As certified by the Management)

(At lower of cost and net realisable value)

(a) Work-in-progress	121,015	123,015
(b) Finished goods (other than those acquired for trading) Stock of Training Material	2,634	3,134
(c) Stock-in-trade (acquired for trading)	1,315	3,315
(d) Others Distribution Rights	129,670	132,670
TOTAL	254,634	262,134

NOTE NO. 17 TRADE RECEIVABLES

a. Outstanding for a period exceeding 6 months from the date they are due for payment Unsecured, considered good Less : Provision for doubtful debts	7,851 -	2,872 -
Sub-total(a)	7,851	2,872
b. Others - considered goods Unsecured, considered good Less : Provision for doubtful debts	12,181 -	4,22,169 -
Sub-total(b)	12,181	4,22,169
TOTAL (a+b)	20,032	4,25,041

CONSOLIDATED**Notes forming part of the financial statements****NOTE NO. 18 CASH AND CASH EQUIVALENTS**

₹ in '000

Particulars	As at 31 March, 2012	As at 31 March, 2011
a. Cash on Hand	25	7
<u>b. Balances with Banks</u> in Current Accounts	2,144	2,600
TOTAL	2,169	2,607

NOTE NO. 19 SHORT TERM LOANS & ADVANCES :

<u>(a) Security deposits</u> Secured, considered good		
Deposit-Electricity - PSTL	233	233
Deposit - Telephone -PSTL	681	681
Earnest Money Deposit	485	485
Electricity Deposit	3,376	3,376
Security Deposits - Paid	623	623
Telephone Deposit	804	804
	6,202	6,202
<u>(b) Prepaid expenses - Unsecured, considered goods</u> (Insurance premium, Annual maintenance contracts, etc.)	18	18
	18	18
<u>(c) Balances with government authorities</u> Unsecured, considered good		
(iii) Service Tax credit receivable	190	190
(iv) Advance Incom Tax	313,694	313,000
(vii) Tax deducted at Source	6,064	6,056
	319,948	319,246
<u>(d) Advances</u> Unsecured, considered good	141,161	112,330
	141,161	112,330
TOTAL	467,329	437,796

NOTE NO. 20 REVENUE FROM OPERATIONS

<u>Sale of services</u>		
a. Media Training Income	899	1,711
b. Overseas Opeations	126,085	257,306
	126,984	259,017
Less : Excise duty	-	-
Revenue from Operation (Net)	126,984	259,017

NOTE NO. 21 OTHER INCOME

Miscellaneous income	-	658
TOTAL	-	658

Notes forming part of the financial statements

NOTE NO. 22 COST OF MATERIALS CONSUMED

₹ in '000

Particulars	As at 31 March, 2012	As at 31 March, 2011
Opening stock	-	-
Add: Purchases	-	-
Less: Closing stock	-	-
Cost of material consumed	-	-
Material consumed comprises:		
Multimedia development Expenses	57,881	117,176
TOTAL	57,881	117,176

NOTE NO. 23 EMPLOYEES' BENEFITS EXPENSES :

Salaries and wages	12,824	23,610
Staff welfare expenses	60	57
TOTAL	12,884	23,667

NOTE NO. 24 FINANCE COST

Bank Charges	215	207
TOTAL	215	207

NOTE NO. 25 DEPRECIATION AND AMORTISATION EXPENSES

Depreciation	22,490	30,799
Preliminary expenses	559	559
TOTAL	23,049	31,358

NOTE NO. 26 ADMINISTRATIVE AND OTHER EXPENSES

Rates and taxes	1,603	1,684
Power and fuel	580	385
Printing and stationery	967	537
Telephone and Postage	2,193	403
Travelling and conveyance	1,129	151
Office Maintenance	525	334
Repairs and maintenance - Buildings	5	1
Repairs and maintenance - Machinery	66	19
Repairs and maintenance - Others	132	326
Insurance	11	20
Administration and other exp	15,164	22,108
Advertisement	346	298
Director Sitting Fees	113	100
Legal and professional	6,567	2,686
Miscellaneous expenses	180	75
Payments to auditors		
Statutory audit	150	183
Taxation matters	25	25
Other services	40	35
TOTAL	29,796	29,370

Notes forming part of the financial statements**B. NOTES ON ACCOUNTS****1 (a) Secured Loans:**

The settlement due to EXIM Bank (CP No. 243 of 2008), Dhanalakshmi Bank assigned to Pridhvi Assets Reconstruction vide O.A No. 95 of 2003 and AXIS Bank assigned to Phoenix Assets Recovery Construction vide OA Nos. 7 of 2004 & 76 of 2005 which is pending before the Debt Recovery Tribunal (DRT) have been settled by using the proceeds from the dis-investment of Mayajaal Entertainment Ltd equity shares as per the order of Company Law Board, Chennai, dated 01.03.2011 and said shares have been extinguished vide corporate action taken by the company through NSDL on 21.04.2011.

1 (b) Claim against the company not acknowledged as Liability:**Dallah Albaraka, Ireland**

Dallah Albaraka, Ireland (DAL) obtained an exparte decree before the High Court of Justice Queen's Bench Division London against M/s. Pentasoft Technologies Limited for the corporate guarantee issued by them. Company Petition seeking an order of winding up (No.134 of 2008) filed by DAL was dismissed by a single judge in the High Court of Madras vide order dated 16.12.2008 for want of merits. DAL appealed against the single judge order (OSA Bo. 27 of 2009& M.P. No. 1 of 2010 Pentamedia Graphics Ltd was made respondent as Pentasoft Technologies Limited merged with Pentamedia Graphics Limited during October 2008) and the same was also dismissed by the bench of the High Court of Madras vide their order dated 07.07.2010 on same lines of the single judge order. DAL also filed an unnumbered petition under Regulation 44 of Company Law Board Regulation seeking to set aside order pertaining to the buyback of Mayajaal Entertainment Ltd shares. This petition too was rejected by the Company Law Board vide their order dated 11.01.2012 stating that there is no merit in the DAL's application, also due to the fact that the applicant is yet to establish its status as creditor of Pentamedia Graphics Ltd and cannot be held with certainty that it will be entitled to any reliefs even if the company petition is dismissed. After DAL moved Execution Petitions (No. 299 & 300 Of 2011) seeking attachment and sale of moveable and immovable property of Pentamedia Graphics Ltd. However both the Execution Petitions were dismissed by the Master Court of Chennai, vide their order dated 20.01.2012 stating that both of them are not maintainable and not executable with the decree obtained by them which is not on merits and without the prior permission from Reserve Bank of India or Central Government of India. DAL filed a review petition and got the case heard once again and also got the order that Executive Petitions are maintainable against the assets of Pentamedia Graphics Ltd. Now Pentamedia Graphics Ltd has appealed (Appeal No. 2801 of 2012) against this order and DAL has sought time for reply.

According to the information and explanation given to us there are no dues of income tax, wealth tax, sales tax, custom duty, excise duty and cess which have not been deposited on account of any dispute except in the following cases.

Income Tax:

The Company has obtained stay orders against Income Tax demands and have been in touch with the Income Tax Department to settle the issues regarding demands and refunds. The volume of claims/ refunds cannot be quantified now.

2. Confirmation of balances/Reconciliation is pending in respect of certain Banks/Loans and Advances/Sundry Debtors/ Sundry creditors' 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.

3. The Company has recognized deferred tax liability (Net) Rs.1.97 cores as per the requirements of Accounting Standard 22.

4. The subsidiaries whose financials reflect total assets of Num TV Limited amounting to Rs. 23.11 crores, total turnover to Rs. 4.66 crores and Esoftcom (Mauritius) Ltd. amounting to Rs. 80.41 crores, total turnover to Rs. 1.97 crores

5. EPS:

Number of equity shares of Re.1 each (basic)	415,026,000
Number of equity shares of Re.1 each (diluted)	249,754,000
Net profit after tax available for equity shareholders Rs	2,397,000
Basic EPS – Weighted Average Rs	0.01
Diluted EPS - Weighted Average Rs	0.01

Notes forming part of the financial statements
6. Segmental Reporting

Primary Business Segmental Results

₹ in '000

Particulars	
Sales & Services	
Media Products & Services	48,254
Software Products & Services	78,730
Total	126,984
Profit Before Interest & Tax & Depreciation	
Media Products & Services	43,874
Software Products & Services	26,891
Total	70,765
Depreciation	23,049
Interest	215
Profit before tax & extraordinary item	3,159

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

Particulars	Subsidiaries	Fellow Subsidiaries	Key Management Personnel	Total
Purchase of Goods	-	-	-	-
Sale of Goods	-	-	-	-
Purchase of Fixed Assets	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Rendering of Services	-	-	-	-
Receiving of Services	-	-	-	-
Collection Arrangements	-	-	-	-
Leasing Or Hire Purchase Agreements	-	-	-	-
Transfer of Research & Development	-	-	-	-
Licence Agreements	-	-	-	-
Finance (Including Loans & Equity contributions in cash or in kind)	-	-	-	-
Guarantees & Collaterals	-	-	-	-
Rent Received	-	-	-	-
Payment of Salary	-	-	2,380	2,380

- Holding Company : M/s Pentamedia Graphics Ltd
- Subsidiaries : Num TV Limited, Mauritius
: Esoftcom (Mauritius) Limited
- Key Management Personnel : V. Chandrasekaran,
Chairman

Krish Narayanan,
Director & CEO / Company Secretary.

During the year, there were no transactions with Associates, Key Management Personnel and relative of Key Management personnel..

CONSOLIDATED**Notes forming part of the financial statements****8. MANAGERIAL REMUNERATION**

₹ in '000

Particulars	2011-2012	2010-2011
Salary	2,140	2,400
Contribution to Provident Fund & Other funds	240	288
Commission	Nil	Nil
Total	2,380	2,688

9. EXPENDITURE IN FOREIGN CURRENCY

Import on CIF basis		
Capital goods	Nil	Nil
Raw Materials	Nil	Nil
Spare parts, Components & Consumables	Nil	Nil
Travel (including maintenance allowances)	Nil	Nil
Others (includes listing fees, seminar expenses & Expenditure incurred overseas for Multimedia Development)	70,765	140,843

10. PAYMENTS TO AUDITORS:

a. Statutory Audit	150	150
b. Tax Audit	25	25
c. Other services	15	68
Total	190	243

13. PREVIOUS YEAR COMPARATIVES

Schedule VI to the Companies Act, 1956 is revised effective from 1 April 2011 and has significantly impacted the disclosures and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classifications/disclosures.

15. All figures are rounded off to nearest in thousands.

for **M/s. SUDHINDRAN & CO**
Chartered Accountants

V. CHANDRASEKARAN
Chairman

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

KRISH NARAYANAN
Director & CEO / Company Secretary

Place : Chennai
Date : 27.07.2012

PENTAMEDIA GRAPHICS LIMITED

Regd Office: "Taurus" No. 25, 1st Main road, United India Colony, Kodambakkam, Chennai – 600 024

E-Communication 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 _____ 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
- ii) The form is also available on the website of the Company www.penta-media.com 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://cameoindia.com/greenpage/> and register their E-mail Id.

PENTAMEDIA GRAPHICS LIMITED

Registered office: Taurus, No 25, 1st Main Road, United India Colony, Kodambakkam, Chennai – 600 024.

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Folio Number/Client ID & DP ID	
Name of the person attending the Meeting : (In Block Letters)	
Number of Shares held :	
I/We hereby record my/our presence at the Thirty Sixth Annual General Meeting of Pentamedia Graphics Limited to be held on Wednesday, the 5th September 2012 at 10:00 AM at Rani Seethai Hall - No. 603, Anna Salai, Chennai – 600 006.	
Signature of Shareholder/Proxy	



PENTAMEDIA GRAPHICS LIMITED

Registered office: Taurus, No 25, 1st Main Road, United India Colony, Kodambakkam, Chennai – 600 024.

PROXY FORM

Folio No /Client Id. & DP Id	
No of Share(s) held	

I/We.....residing.....
at.....being a member/members of Pentamedia Graphics Limited do hereby appoint.....failing him,
..... as my/our proxy to vote for me/us and on my/our behalf at the 36th Annual General Meeting of Pentamedia Graphics Limited to be held on 5th September 2012 at 10:00 AM or at any adjournment thereof.

Signed this.....day of2012.

Affix 1 Rupee Revenue Stamp

Note: The Proxy, in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting. The proxy need not be a member of the Company.

