



TELEPHOTO ENTERTAINMENTS LIMITED



Fourth Annual Report
2002-2003

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TELEPHOTO ENTERTAINMENTS LIMITED
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COMPANY INFORMATION

REGD OFFICE:

14, VIJAYARAGHAVA ROAD
T.NAGAR, CHENNAI - 600 017
Ph No. 044-28151724/726

BOARD OF DIRECTORS

MR. T. SURESH CHANDRA MENON
Chairman & Managing Director
Mr. T.P. GEORGE - Director
Mr. DHIRESH L.BHATIA - Director
Mr. T. BALAGOPALAN - Director

BANKERS

CENTURION BANK LIMITED
NANDANAM BRANCH, CHENNAI 600035
GLOBAL TRUST BANK LIMITED
R.K.SALAI BRANCH, CHENNAI 600086
H.D.F.C.BANK LIMITED
T.NAGAR BRANCH, CHENNAI 600017

AUDITORS

C.S. SUNDAR, B.Sc., FCA
39/3, VEDANTHA DESIKAR SWAMY ST,
PALATHOPE-MYLAPORE
CHENNAI-600004

STOCK EXCHANGES

MADRAS STOCK EXCHANGE
(REGIONAL STOCK EXCHANGE)
THE STOCK EXCHANGE, MUMBAI

SHARE TRANSFER AGENTS

CAMEO CORPORATE SERVICES LIMITED
"SUBRAMANYAM BUILDING"
1, CLUB HOUSE ROAD - CHENNAI 600 002

COMPANY SECRETARY&COMPLIANCE OFFICER

Mr. S. GANESAN

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the Fourth Annual general meeting of the members of **TELEPHOTO ENTERTAINMENTS LIMITED** will be held on Tuesday, the 23rd September 2003 at 11.00 AM at Sri Devi Preview Theatre, 14, Vijayaraghava Road, T.Nagar, Chennai 600017 to transact the following business.

Ordinary Business

1. To consider and adopt the Balance Sheet as at 31st March 2003, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration

Special Business**Re-Appointment of Managing Director and Payment of Remuneration**

3. To consider and, if thought fit, to pass the following resolution, with or without modification/s, as an **ORDINARY RESOLUTION**

'RESOLVED THAT Mr. T. Suresh Chandra Menon, who fulfills the conditions specified in Parts I and II of the Schedule XIII to the companies Act, 1956, be and is hereby re- appointed as the Managing Director of the company for a period of three years effective from 01.04.2003 and that he may be paid remuneration by way of salary in accordance with Part II of Schedule XIII of the Act at Rs. 75,000/- per month including allowances and other perquisites in accordance with para 2 of Part II of Schedule XIII'

Appointment of Directors

4. To consider and if thought fit, to pass the following resolution, with or without modification/s, as an **ORDINARY RESOLUTION**

'RESOLVED THAT Mr. T.P. George who was appointed as an Additional Director by the Board under Section 260 of the companies Act, 1956 and Article 35 of the Articles of Association of the company and who holds office only up to the date of this Annual General Meeting and in respect of whom the company has received Notice in writing, under Section 257 of the companies Act, 1956 from a member signifying his intention to propose him as a candidate for the Office of Director of the Company, be and is hereby appointed a Director of the company subject to retirement by rotation'.

'RESOLVED FURTHER that, effective from 01.04.2003, Mr. T.P. George be remunerated by way of salary and allowances Rs. 50,000/- per month and other perquisites as per schedule XIII of the Companies Act, 1956.'

5. To consider and if thought fit, to pass the following resolution, with or without modification/s, as an **ORDINARY RESOLUTION**

'RESOLVED THAT Mr. Dhires. L. Bhatia, who was appointed as an Additional Director by the Board under Section 260 of the companies Act, 1956 and Article 35 of the Articles of Association of the company and who holds office only up to the date of this Annual General Meeting and

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in respect of whom the company has received Notice in writing, under Section 257 of the companies Act, 1956 from a member signifying his intention to propose him as a candidate for the Office of Director of the Company, be and is hereby appointed a Director of the company subject to retirement by rotation".

6. To consider and if thought fit, to pass the following resolution, with or without modification/s, as an **ORDINARY RESOLUTION**

'RESOLVED THAT Mr. T. Balagopalan, who was appointed as an Additional Director by the Board under Section 260 of the companies Act, 1956 and Article 35 of the Articles of Association of the company and who holds office only up to the date of this Annual General Meeting and in respect of whom the company has received Notice in writing, under Section 257 of the companies Act, 1956 from a member signifying his intention to propose him as a candidate for the Office of Director of the Company, be and is hereby appointed a Director of the company subject to retirement by rotation".

Place: Chennai 600 017

Date: 30.07.2003

By Order of the Board of Directors

T. Suresh Chandra Menon

Chairman & Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
3. Members are requested to bring their copy of Annual report to the meeting. Corporate members are requested to send duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
4. The Register of Members and Share Transfer Books of the company will be closed from Tuesday the 26th August, 2003 to Tuesday, the 2nd September, 2003 (both days inclusive)
5. **Appointment of Directors**

At the ensuing Annual General Meeting, Mr. T.P. George, Mr. Dherish. L. Bhatia and Mr. T. Balagopalan, who were earlier appointed by the Board in their meeting held on 26.6.2003, as Additional Directors under Section 260 of the Companies Act, 1956 and who have signified their consent to continue as Director, are seeking shareholders' approval to be elected as Directors, subject to retirement by rotation. The Company has received notices under Section 257 of the companies Act, 1956, from some members, signifying their intension to propose the names of the above in the ensuing Annual General Meeting for appointment as Directors.

Details about the proposed appointees are furnished in the corporate governance report, attached with the Annual Report. All the proposed Directors have confirmed that they are not disqualified under Section 274 of the Companies Act, 1956 from being considered for appointment as Directors.

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6. Members holding shares in physical form and who have multiple folios in identical names or joint accounts in the same order are requested to send all the share certificates to the company's registrars and share transfer agents for consolidation of all such shareholdings into one folio to facilitate better service.

Explanatory Statement under Section 173 (2)

Item 3

Re-appointment of Mr. T. Suresh Chandra Menon as Managing Director and payment of minimum remuneration

In the extraordinary general meeting held on 30.3.2000, the members approved appointment of Mr. T. Suresh Chandra Menon as Managing Director for a period of three years from 1.4.2000 to 31.3.2003 with the following remuneration.

Salary per month	Rs. 1,50,000
House Rent Allowance (30% of salary)	Rs. 45,000

Annual perquisites

Medical reimbursement -one month salary per annum
 Leave salary encashment as per company's rules
 Annual Bonus as per Bonus Act.

Others

Reimbursement of petrol expenses
 Reimbursement of Telephone expenses

During the year 2001-2002 and 2002-2003, due to "NO PROFITS" situation, only Minimum Remuneration based on effective capital was paid. During the year 2001-2002, Rs. 1,25,000/- per month and during the year 2002-2003 Rs. 1,00,000 per month along with perquisites permitted under Part 11 of Schedule XIII of the companies Act, 1956, were paid as Managing Director's remuneration..

The tenure of Mr. T. Suresh Chandra Menon, as Managing Director expired on 31.3.2003. The remuneration committee which met on 27.06.2003, decided to recommend the re-appointment of Mr. T. Suresh Chandra Menon, as Managing Director for another three years from 1.4.2003 to 31.3.2006 with payment of Minimum Remuneration based on effective capital as on 31.3.2003, subject to approval by the members in the Annual General Meeting.

The remuneration committee recommended the following as remuneration to Managing Director.

Monthly salary Rs. 75,000 including all allowances.

Perquisites

Contribution to Provident fund to the extent that are not taxable under the Income tax Act, 1961.
 Gratuity payable at a rate not exceeding half a month's salary for each completed year of service

Encashment of leave at the end of the tenure.

The Board of Directors in their meeting held on 30.6.2003, accepted the recommendation of the Remuneration committee and is seeking the approval of shareholders for the re-appointment and payment of Minimum remuneration.

None of the Directors other than Mr. T. Suresh Chandra Menon, is interested or concerned in the above resolution.

Your Directors commend the resolution for adoption.

Item No 4

Appointment of Mr. T.P. George as Director and payment of remuneration.

Mr. T.P. George was appointed as Additional Director by the Board of Directors on 26.6.2003 to hold office until the date of the ensuing Annual General Meeting. If elected, he will hold office as Director, subject to retirement by rotation. He was earlier Chief Executive Officer of the company. Detailed particulars about Mr. T.P. George is furnished in the Corporate Governance Report enclosed herewith.

The Remuneration Committee, in its meeting held on 27.06.2003, recommended a proposal to remunerate Mr. T.P. George, at Rs. 50,000 per month including allowances, subject to approval by the shareholders in the Annual General Meeting. He will be entitled to other perquisites as provided for in Part 111 of Schedule XIII of the companies Act, 1956. The Remuneration Committee also resolved that the remuneration package as approved now, may be reviewed whenever any amendment is brought in Schedule XIII of the companies Act, 1956.

Some shareholders have signified their intention to propose Mr. T.P. George for the office of Director in the ensuing Annual General Meeting and have complied with the provisions of Section 257 of the companies Act, 1956. Mr. T.P. George has informed the company, that he is not disqualified to be appointed as Director under Section 274 of the Companies Act, 1956.

None of the Directors other than Mr. T.P. George, is interested or concerned in the above appointment.

Your Directors commend the resolution for adoption.

Item No. 5

In the Board meeting held on 26.6.2003, the Board of Directors appointed Mr. Dhiresh. L. Bhatia as additional Director to hold office until the date of the ensuing Annual General Meeting. If appointed he will hold office, subject to retirement by rotation.

Some shareholders have signified their intention to propose Mr. Dhiresh. L. Bhatia for the office of Director in the ensuing Annual General Meeting and have complied with the provisions of Section 257 of the companies Act, 1956. Mr. Dhiresh. L. Bhatia, informed the company, that he is not disqualified to be appointed as Directors under Section 274 of the companies Act, 1956.

Particulars of Mr. Dhiresh. L. Bhatia is furnished in Corporate Governance report.

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None of the Directors other than Mr. Dhiresh. L. Bhatia is interested or concerned in the respective resolutions.

Your Directors commend the resolution for adoption.

Item No. 6

In the Board meeting held on 26.6.2003, the Board of Directors appointed Mr. T. Balagopalan, as additional Director to hold office until the date of the ensuing Annual General Meeting. If appointed he will hold office, subject to retirement by rotation.

Some shareholders have signified their intention to propose Mr. T. Balagopalan, for the office of Director in the ensuing Annual General Meeting and have complied with the provisions of Section 257 of the Companies Act, 1956. Mr. T. Balagopalan, has informed the company, that he is not disqualified to be appointed as Directors under Section 274 of the companies Act, 1956.

Particulars of Mr. T. Balagopalan is furnished in Corporate Governance report.

None of the Directors other than Mr. T. Balagopalan is interested or concerned in the respective resolutions.

Your Directors commend the resolution for adoption.



DIRECTORS' REPORT 2003

Your Directors have pleasure in presenting the Fourth Annual Report together with the audited statements of accounts of the company for the year ended 31st March 2003.

Financial results

	(Rs.in lakhs)	
	2002-2003	2001-2002
Total Income	210.89	231.46
Total Expenditure	322.22	632.04
Interest	2.22	0.84
Depreciation	43.84	45.96
Profit before Tax	(157.39)	(447.38)

Current Operations

The mega serial POOVILANKU, as a commissioned programme, is on air from 15.6.2002 in STAR-VIJAY channel.

On behalf of another producer, the company, as Executive Producer, is producing a Hindi Feature film. The shooting is scheduled to be completed by November 2003.

The company has registered considerable income by letting on hire its equipments for post-production work for other producers.

Cost reduction exercises that began last year have resulted in considerable saving in overheads.

The company is negotiating with Channels for producing on commissioned basis, another Mega Serial in Tamil.

Income includes Rs.14.45 lakhs, receipts from sale of exhibition rights for some territories, of MITR-MY FRIEND, production expenses relating to which, were written off during earlier year..

Film Library

The Board of Directors felt, that since the company could not arrange for the re-telecast of the serials forming part of the film library in the past more than three years it would be more realistic to write off the entire value of Film Library during this year itself. Hence, the Company, during the year has written off Rs. 79, 40,703 being the entire value of Film Library lying under the head Closing Stock as against Rs. 39,70,351 due to be written off under the agreed accounting policy. Due to this the Net Loss stated is increased by Rs. 39,70,352.

Assets re-valuation

The Board of Directors revalued all the equipments and other assets of the company during the year in the context of technological advancement in the IT sector. Due to this, the stated Net Loss is increased by Rs. 46,25,351.

Depreciation of remaining assets

IT IS PROPOSED TO DEPRECIATE cinematography Equipments over the next three years and the Graphics Equipments and Soft wares in the next two years commencing from 2003-2004.

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Demat facility

The company's shares are listed in Madras Stock Exchange (Regional Stock Exchange) and the Stock exchange, Mumbai. As per SEBI guidelines, the company's shares are compulsorily dematerialized and can be traded only Electronically.

Fixed Deposits

The company accepted no fixed deposits during the year.

Accounts of WOS

Audited Accounts of the TELEPHOTO INTERNATIONAL PTE LIMITED, SINGAPORE, a wholly owned subsidiary of your company is enclosed with the Annual Report. Their financial year ends in December, 2002 and the audited accounts relate to January- December 2002. There has not been any significant changes in the financials of WOS during the period January, 2003 to March, 2003 having any impact on your company's results.

Re-Appointment of Mr.T.Suresh Chandra Menon as Managing Director

The tenure of Mr.T.Suresh Chandra Menon as Managing Director of your company expired on 31.3.2003. The remuneration committee that met on 27.6.2003 recommended re-appointment of Mr.T.Suresh Chandra Menon as Managing Director for another three-years, subject to approval by the shareholders in the ensuing Annual general Meeting. They also recommended the payment of Minimum remuneration under Schedule XIII of the Companies Act, 1956, based on the effective capital of the company as on 31.3.2003.

Director's resignation and appointments

During the year Mr.Mukund Vijayan, resigned from the Board on 22.11.2002.

Mrs. Asha Menon and Mrs.Radha Menon, resigned from the Board on 26.6.2003

Mr. T.P.George, Mr. Dhiresh.L.Bhatia and Mr.T. Balagopalan have joined the Board on 26.6.2003 as Additional Directors and will hold office until the date of the ensuing Annual General Meeting. They, being eligible, offer themselves for appointment as Directors by the members in the coming annual general Meeting, subject to retirement by rotation.

Auditors

The auditors of the company M/S C.S.SUNDAR, B.Sc, FCA, Chartered Accountants are due to retire as Auditors during this Annual general Meeting and being eligible offer themselves for re-election as auditors of the company for the next year. If elected, they will hold office until the conclusion of next Annual general Meeting.

Transactions with the Subsidiary

The company had incurred an expenditure of Rs.19,94,078/- on behalf of the WOS during the year 2002-2003 and had received Rs. 8,99,200 as on 31.3.2003.