



## TELEPHOTO ENTERTAINMENTS LIMITED

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Fifth Annual Report  
2003-2004

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**TELEPHOTO ENTERTAINMENTS LIMITED**  
**FIFTH ANNUAL REPORT 2003-2004**

**COMPANY INFORMATION**

**REGD OFFICE:**

13, FIRST CRESCENT ROAD, GANDHI NAGAR,  
ADYAR, CHENNAI - 600 020  
Ph No 044-24451440  
Fax No 044-24402974

**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 STREET,  
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

## **NOTICE TO SHAREHOLDERS**

Notice is hereby given that the Fifth Annual general meeting of the members of **TELEPHOTO ENTERTAINMENTS LIMITED** will be held on **MONDAY**, the 27TH September, 2004, at 11.30 AM at **SRI DEVI PREVIEW THEATRE**, 14, Vijayaraghava Road, T.Nagar, Chennai 600 017 to transact the following business.

### **Ordinary Business**

#### **Ordinary Resolution**

1. To consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2004, 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 a Director in the place of Mr.T.P.George, who retires by rotation and being eligible, *offers himself for re-appointment.*
3. 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**

#### **Ordinary Resolution**

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

"RESOLVED THAT, pursuant to the provisions of Section 198,269,309, 310 and other applicable provisions, if any, of the Companies Act,1956, read with and in accordance with the conditions specified in Schedule XIII to the said Act, and in partial modification of the resolution at item no 4 passed by the members at the Annual General Meeting held on 23<sup>rd</sup> September,2003, approval of the company be and is hereby accorded to the increase in the remuneration payable to Mr.T.P.George, Director, with effect from February 1,2004 from Rs.50,000 (Rupees fifty thousands only) all inclusive per month to Rs.75,000 (Rupees Seventy five thousands only) all inclusive per month."

Place: Chennai 600 020

Date: 30.07.2004

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 member and share transfer books will remain closed between Tuesday 14th to Tuesday 21st of September '04 (both days inclusive) for the purpose of AGM.
5. **Appointment /Re-appointment of Directors**

At the ensuing Annual General Meeting Mr.T.P.George,Director retires by rotation and being eligible offers himself for re-appointment. He was earlier appointed as Chief Executive Officer of the company from 1.7.2002. Subsequently, he was nominated as Additional director to the Board on 26.6.2003 and was elected by the members as Director in the Annual general meeting held on 23.9.2003, subject to retirement by rotation. He being the senior most Director in the Board, is due to retire by rotation during the ensuing annual general Meeting. He has given his consent to be a Director, if re- elected by the members. He has confirmed that he is not disqualified to be appointed as Director under Section 274 of the companies Act,1956. Mr.T.P.George, is interested in this resolution, as it relates to his appointment. None of the other directors of the Company are concerned or interested in this resolution.

The information or details to be provided for the aforesaid Director is given in the Corporate governance Report.

### **ANNEXURE TO NOTICE**

#### **Explanatory Statement as required under Section 173(2) of the Companies Act,1956**

##### **Item No 4 (Ordinary Resolution)**

At the company's Annual general meeting held on 23<sup>rd</sup> September, 2003, the members of the company, inter-alia had approved the payment of monthly salary and allowances of Rs. 50,000/- and other perquisites as per schedule XIII of the Companies Act,1956.

The Company during the year,under review has achieved significant increase in turnover and has turned around in terms of profitability. The Board considers that the increase in profitability is attributable to strategic decisions taken by the company during the year which resulted in the overall performance of the company for the year. These achievements have been due to the intense efforts by the Whole time Director, Mr. George with mature guidance by the Managing Director and other Directors.

In the light of the exceptional results and the strategic vision shown during the year to put the company onto the firm growth path, the Remuneration committee decided in a mid-year review meeting held on 28.2.2004 to recommend to the Board a moderate increase in the salary of Mr. George by Rs.25,000 per month , including all allowances, effective from February, 2004. The Board of Directors in their meeting held on 22.04.2004 decided to accept the recommendations of the remuneration committee unanimously, subject to members approval.

This increase in salary will not have any impact, financially, since Mr. T. Suresh Chandra Menon, has requested the company to reduce his salary by Rs.25,000 per month with effect from February, 2004.

Your Directors commend the resolution at item No 4 of the Notice for your approval.

Mr. T.P. George, is interested in this resolution. None of the other Directors of the Company are concerned or interested in the said resolution.

This may be treated as an abstract pursuant to Section 302 of the Companies Act,1956.

**DIRECTORS' REPORT 2004**

Your Directors have pleasure in presenting the Fifth Annual Report together with the audited statements of accounts of the company for the year ended 31<sup>st</sup> March 2004.

**Financial results**

	2003-2004	(Rs.in lakhs) 2002-2003
Total income	364.46	210.89
Total Expenditure	300.22	322.22
Interest	6.19	2.22
Depreciation	53.78	43.84
Profit before Tax	4.27	(157.39)

**Current Operations**

On behalf of Percept Picture Company Pvt Limited, the company, as Executive Producer, during the year has produced a Hindi Feature film titled 'PHIR MILENGE" starring Abhishek Bachchan, Salman Khan, Shilpa Shetty etc.

The company has signed up to do, as Executive producer another Hindi feature film, to be Directed by Priyadarshan.

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.

During the year under review, the lease agreement relating to Preview Theatre expired and the Company after due consideration, did not renew the lease agreement.

The company is negotiating with Channels for producing on commissioned basis, Serials in Tamil.

Income includes Rs.2.99 lakhs, receipts from sale of exhibition rights for some territories, of MITR-MY FRIEND, production expenses relating to which, were booked in earlier year.

**Film Library**

The Company has during the year earned Rs.4.50 lakhs on sale of retelecast rights of some of its serials from the Film Library.

**Assets re-valuation**

The assets of the company have not been re-valued during the year.

**Depreciation on assets.**

As decided during last year, depreciation on cinematography equipments, graphics equipments, soft wares are accelerated and hence the depreciation during the year under review is more than the previous year.

**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.

**Transactions with the Subsidiary**

No transactions, other than recovery of out standings, were done with the subsidiary 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, 2003 and the audited accounts relate to January- December 2003. There has not been any significant changes in the financials of WOS during the period January, 2004 to March, 2004 having any impact on your company's results.

**Consolidated financial Statements**

As stipulated by Clause 32 of the Listing Agreement with the Stock Exchanges, the consolidated financial Statements have been prepared in accordance with the requirements of Accounting Standard 21 issued by The Institute of Chartered Accountants of India. and annexed with this report.

**Retirement by rotation of Director and revision of salary**

Mr.T.P.George, Director, who was elected by the members in the last Annual General Meeting, being senior most among the Directors, is due to retire by rotation during this meeting and being eligible offers himself for reelection.

In the last Annual General Meeting, the members have consented for payment of monthly remuneration of Rs.50,000 (all inclusive) to Mr. T.P. George. During the course of the year, the remuneration committee, taking into consideration all relevant factors, recommended that the remuneration of Mr. T.P. George, Director, be increased to Rs.75,000 per month ( all inclusive) subject to members' approval. The revision in salary is to be given effect to retrospectively from 1.2.2004.

**Salary to Mr.T.Suresh Chandra Menon**

Mr.T.Suresh Chandra Menon had requested the Board of Directors to reduce his salary by Rs. 25,000 per month and the Board of directors reluctantly agreed to the request. This has been given effect to from 1.2.2004.

**FIFTH ANNUAL REPORT**

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**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. If elected, they will hold office until the conclusion of next Annual general Meeting.

**Internal audit**

During the year M/s. Annamalai Associates, Chartered Accountants, were appointed as Internal auditors, and the two half yearly reports given by them were considered by the audit committee during their meetings and all their recommendations were accepted.

**Internal Control System and their adequacy**

Your company has adopted internal control system, commensurate with its size and operations. Through the Audit committee, its implementation and compliance is ensured, so that assets and business interests of the company are adequately safeguarded.

**Related Party Transactions**

They were no related party transactions during the year under review.

**Declaration under Section 217 of the Companies Act,1956**

There were no employees drawing a remuneration of Rs. 24,00,000 per annum or Rs. 2,00,000 per month either in full time basis or part time basis during the year under review.

**Technological absorption and conservation of energy**

The nature of business of the company is such that it is not necessary to report about the technological absorption and conservation of energy.

**Foreign Exchange**

Total foreign exchange out flow during the year: NIL

Total foreign exchange inflow during the year: Rs.1,24,000

**Risk Management**

All the equipments , have been adequately insured and are kept securely protected..

**Corporate Governance**

As required by Clause 49 of the Listing agreement , Corporate Governance Report and the Auditors Certificate thereon is attached to this report.

**Share Dealing code**

Yours Directors have approved a Share Dealing code that will have to be adhered to by all employees of the company. The objective of prescribing this code is primarily to ensure that the employees deal in the shares of the company only at a time when any price sensitive information that could be known to the employee is known to the public at large.



**Directors' responsibility statement**

In accordance with the provisions of Section 217(2AA) of the companies Act, 1956, your Directors state that:

- In preparation of accounts, the applicable accounting standards have been followed.
- Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give true and fair view of the state of affairs of the company as at the end of March, 2004 and of the profit and loss of the company for the year ended as on that.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
- The Annual accounts of the company have been prepared on a going concern basis.

**Management discussion and Analysis report**

In accordance with the Listing Agreement, the Management discussion and Analysis Report (MD & A) forms part of this report.

**Appreciation**

Your Directors take this opportunity to thank all the employees for rendering high quality of service to every constituent of the company's customers. Your Directors wish to place on record the support received from the company's banker/s Centurion Bank Limited, Nandanam Branch and HDFC Bank Limited, T.Nagar Br, suppliers and advertisers and last but not the least the Private Channels.

The Directors would like to convey their gratitude to the members and look forward to their continued support.

On behalf of the Board of Directors  
**T. Suresh Chandra Menon**  
Chairman

Place : Chennai  
Date : 30.07.2004

## Corporate Governance Report

### Company's Philosophy on code of Governance

Telephoto Entertainments Limited is committed to customer satisfaction and strongly believes that good corporate governance is key in achieving long-term growth in shareholders value. We believe that companies can prosper only with the trust and support of the shareholders. The company believes in conducting its affairs in such a way that it would help build the confidence of its various stakeholders in the integrity of the Board of Directors.

The Board of Directors support the broad principles of corporate governance and lays strong emphasis on transparency, accountability, integrity, disclosure and value creation. Given below is the report of the Directors on corporate governance in accordance with the provisions of the listing agreement.

### Composition of the Board of Directors As on 31.3.2004

Name	Category	Dt of Appt
Mr. T. Suresh Chandra Menon	Exe. Director	First Director
Mr. T.P. George	Non-Exe. Independent	26.06.2003
Mr. Dhiresht.L.Bhatia	Non-Exe. Independent	26.06.2003
Mr. T. Balagopalan	Non-Exe. Independent	26.06.2003

### Brief particular of the Directors is furnished below.

1. Mr. T.P. GEORGE, aged about 40 years, has done B.A.Economics and M.A History. He belongs to an Entrepreneur family and is actively involved in manufacture and trading in food products, hatcheries, and various export trades. He was a Director of Telephoto Entertainment Limited, for a brief period before IPO during 2000. He was associated with the production of MITR-MY FRIEND, an English feature film produced by the company, as its PRODUCTION EXECUTIVE during 2001. He was Chief Executive Officer of the Company from middle of 2002 until June 2003, when he was appointed to the Board as an Additional Director. As Director, he was drawing a salary, including all allowances, of Rs.50, 000/- (Rupees Fifty thousands only) per month. On the recommendations of the Remuneration committee, the Board of directors approved increase in salary by Rs.25,000/- to Rs75,000/- per month subject to approval by the share holders, with effect from 1.2.2004.

Mr. T.P. George, being the senior most, is retiring by rotation and being eligible offers himself for re-appointment.

Other Business interests of Mr. T.P. George

Mr. T.P. George is associated with the following companies.

Jeeva Management and financial Consultants Pvt Ltd	Managing Director
Pimarine Hatcheries	Managing Partner