



TELEPHOTO ENTERTAINMENTS LIMITED



**Sixth Annual Report
2004-2005**

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TELEPHOTO ENTERTAINMENTS LIMITED
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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
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

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the Sixth Annual general meeting of the members of **TELEPHOTO ENTERTAINMENTS LIMITED** will be held on Monday, 7th November, 2005, at 10.30 AM at Sri Devi Preview Theatre, 14, Vijayaraghava Road, Chennai 600 017 To transact the following business.

Ordinary Business

Ordinary Resolution

1. To consider and adopt the Balance Sheet as at 31st March 2005, 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. Dhires L. Bhatia, 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

Place: Chennai 600 020

Date: 30.09.2005

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 will remain closed between November, 2nd and November 7th, 2005. (both days inclusive) for the purpose of AGM..
5. **Appointment /Re-appointment of Directors**

At the ensuing Annual General Meeting Mr. Dhires L. Bhatia, Director retires by rotation and being eligible offers himself for re-appointment. He 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. Dhires L. Bhatia, 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.

DIRECTORS' REPORT 2005

Your Directors have pleasure in presenting the Sixth Annual Report together with the audited statements of accounts of the company for the year ended 31st March 2005.

Financial results

| | 2004-2005 | (Rs.in lakhs) 2003-2004 |
|-------------------|-----------|----------------------------|
| Total income | 53.41 | 364.46 |
| Total Expenditure | 81.41 | 300.22 |
| Interest | 7.69 | 6.19 |
| Depreciation | 46.09 | 53.78 |
| Profit before Tax | (81.78) | 4.27 |

Current Operations

The company has commenced shooting , as Executive producer, of a Hindi feature films, being Directed by Priyadharshan with a star cast of Paresw Rawal, Om Puri, Ritesh Deshmukh, Reema Sen etc. We are negotiating with a Mumbai company for making one more Hindi feature film during the current year.

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.

Income includes Rs.3.17 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.6.59 lakhs on sale of retelecast rights of some of its serials from the Film Library.

Capital Reduction

As part of re-structuring the financials of the company, a scheme of Capital Reduction was approved by the members in the Extra ordinary general meeting held on 14th February,2005. The company, after completing all legal formalities, has effected the Capital reduction.

Assets re-valuation

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

Depreciation on assets.

The Assets are written down under straight line method, based on estimated life of the assets.

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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.

Transactions with the Subsidiary

The company received Sing \$ 10,000 from WOS towards service charges for post-production work.

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, 2004 and the audited accounts relate to January- December 2004. There has not been any significant changes in the financials of WOS during the period January, 2005 to March, 2005 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. Dhiresh L. Bhatia, Director, is due to retire by rotation during this meeting and being eligible offers himself for reelection.

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. Varadarajan & Co, Chartered Accountants, were appointed as Internal auditors, and the internal audit reports given by them were considered by the audit committee during their meetings and all their recommendations were accepted and implemented.

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. 2,62,567

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, 2005 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.

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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, Film Producers and suppliers.

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

Place : Chennai
Date : 30.09.2005

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



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.

Corporate governance is all about directing with integrity the affairs of the company so as to optimize its performance and increase the value and wealth for all the stake holders. The onus for this devolves chiefly on 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 31.3.2005

| 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. Dhires 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 41 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 and with the approval of share holders, with effect from 1.2.2004.

Other Business interest 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 |

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| | |
|-----------------------------|------------------|
| Pimar Foods | Managing Partner |
| Pimar Industries | Managing Partner |
| Pimar Exports | Partner |
| Pimar Agencies | Partner |
| AZR Exports | Partner |
| Kings International Limited | Director |

2. Mr.Dhires.L.Bhatia, aged about 42 years, is associated with Entertainments Industry. He is a Director of Balaji Amusements Pvt Ltd; a company associated with "KISHKINTA"an amusement theme park in setting up some imported rides in the park. He is also a Partner in GIFT LAND a leading Novelty shop in chennai. He is partner in M.M. FOODS and Dhirubai Caterers which renders catering services in 'KISHKINTA". He is also a promoter of Crescent Air Cargo Ltd, involved in the business of chartered cargo flights between Chennai and Maldives and Sri Lanka.
3. Mr. T. BALAGOPALAN, aged about 69 years, is associated with production of feature films for more than 30 years. He has produced three feature films and worked as Executive Producer for 11 movies produced by Sujathas and Sujatha Cine Arts, Chennai.

Pecuniary relationship or transactions of non-executive Directors under provisions of clause 49-1(B) of the Listing Agreement.

None of the non-executive Directors have any pecuniary relationship /transaction with the company.

Disclosure of Directors' Interest in transactions with the Company

The company has not entered into any transaction with anybody or any organization in which any of the Directors are directly or indirectly interested or concerned.

Relative party transaction

There were no materially significant party transactions with the Directors, the Management or relatives that have a potential conflict with the interests of the company at large.

Committees of Board

Audit Committee

The Company has reconstituted the Audit Committee on 27.6.2003

The following Directors are members of Audit Committee.

Mr. T. Balagopalan

Mr. Dhires L. Bhatia

Mr. T.P. George