



TELEPHOTO ENTERTAINMENTS LIMITED



Seventh Annual Report
2005-2006

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TELEPHOTO ENTERTAINMENTS LIMITED
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COMPANY INFORMATION

REGD OFFICE:

No. 34, THIRUMALAI ROAD
T. NAGAR, CHENNAI 600017
Tel No. : 044-28340016
Fax No. : 044-28340047

BOARD OF DIRECTORS

Mr. R. NAGARAJAN
Mr. N.S. KUMAR
Mr. K. PRAVEEN KUMAR
Mr. R. RANGARAJAN

BANKERS

STATE BANK OF MAURITIUS LIMITED, CATHEDRAL ROAD, CHENNAI
CENTURION BANK LIMITED, NANDANAM BRANCH, CHENNAI 600035
HDFC BANK LIMITED, T.NAGAR, 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 Seventh Annual General meeting of the members of **TELEPHOTO ENTERTAINMENTS LIMITED** will be held on Monday, 25th September, 2006 at 10.00 AM at Sri Devi Preview Theatre, 14, Vijayaraghava Road, T.Nagar Chennai 600017 to transact the following business:

Ordinary Business

Ordinary Resolution

Adoption of Accounts

1. To consider and adopt the Balance Sheet as at 31st March 2006 and Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

Appointment of Director(s)

2. Appointment of Mr.R.Nagarajan as Director

"RESOLVED THAT Mr.R.Nagarajan whose term of Office as an Additional Director of the Company expires at this Annual General meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act,1956 from a member proposing the candidature of Mr.R.Nagarajan for the office of Director be and is hereby appointed a Director of the Company whose period of office will be liable to determination by retirement by rotation".

3. Appointment of Mr.N.S.Kumar as Director

"RESOLVED THAT Mr.N.S.Kumar whose term of Office as an Additional Director of the Company expires at this Annual General meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act,1956 from a member proposing the candidature of Mr.N.S.Kumar for the office of Director be and is hereby appointed a Director of the Company whose period of office will be liable to determination by retirement by rotation".

4. Appointment of Mr.K.Praveen Kumar as Director

"RESOLVED THAT Mr.K.Praveen Kumar whose term of Office as an Additional Director of the Company expires at this Annual General meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act,1956 from a member proposing the candidature of Mr.K.Praveen Kumar, for the office of Director be and is hereby appointed a Director of the Company whose period of office will be liable to determination by retirement by rotation".

5. Appointment of Mr.R.Rangarajan as Director

"RESOLVED THAT Mr.R.Rangarajan whose term of Office as an Additional Director of the Company expires at this Annual General meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act,1956 from a member proposing the candidature of Mr.R.Rangarajan, for the office of Director be and is hereby appointed a Director of the Company whose period of office will be liable to determination by retirement by rotation".

6. Appointment of Auditor(s)

"RESOLVED THAT M/S CNGSN&ASSOCIATES, Chartered Accountants, be and are hereby appointed Auditors of the Company in place of retiring auditors to hold office from the conclusion of this Annual General meeting until conclusion of the next Annual General Meeting on a remuneration to be decided by the Board of Directors".

Special Business**Special Resolution**

7. Approval of Borrowing Limits

To consider and, if thought fit, to pass with or without modification, the following as a Special Resolution.

'RESOLVED THAT the consent be and is hereby accorded under the provisions of Section 293(1) (d) and any other applicable provisions of the companies Act, 1956, to the Board of Directors of the Company to borrow from time to time such sum or sums of money, secured or unsecured, as they may deem requisite for the purpose of the business of the company notwithstanding that monies to be borrowed together with the monies already borrowed by the company (apart from temporary loans obtained from the company's Bankers in the ordinary course of business) would exceed the aggregate of the Paid up capital of the company and its free Reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount up to which monies may be borrowed by the Board of Directors shall not exceed the sum of Rs.30,00,00,000(Rupees thirty crores only) outstanding at any point of time".

Special Resolution

8. APPROVAL FOR PROVIDING INTER-CORPORATE LOANS AND INVESTMENTS AND PROVISION OF GUARANTEE OR SECURITY

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

'RESOLVED THAT pursuant to Section 372A of the Companies Act, 1956 and all other applicable provisions of the companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof subject to such other approvals, permission(s) and sanction(s) as may be necessary and subject to such condition(s) and modification(s) as may be and imposed while granting such approval(s), permission(s) and sanction(s), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the Board) the consent of the Company be and is hereby accorded to the Board to give guarantee(s) and /or provide security(ies) and to acquire from time to time by way of subscription, purchase or otherwise Shares in the following manner:-

Name of the company	Maximum Amount (Rs. In lakhs)	
	To make Investments	To give guarantee(s) Security(ies)
AGS Properties Development (India) Pvt Limited	750	4000

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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. VOTING IS BY SHOW OF HANDS UNLESS A POLL IS DEMANDED BY A MEMBER OR MEMBERS PRESENT IN PERSON, OR BY PROXY, HOLDING AT LEAST ONE-TENTH OF THE TOTAL SHARES ENTITLED TO VOTE ON THE RESOLUTION OR BY THOSE HOLDING PAID-UP CAPITAL OF AT LEAST RS.50,000. A PROXY SHALL NOT VOTE EXCEPT ON A POLL.**
3. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
4. 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.
5. The Register of Members and Share Transfer Books will remain closed between Wednesday, 20th September, 2006 and Monday, 25th September, 2006 (both days inclusive) for the purpose of AGM.
6. The Register of Directors' shareholding, maintained under section 307 of the Companies Act, 1956, will be available for inspection by the Members at the AGM.
7. The Register of contracts, maintained under Section 301 of the Companies Act, 1956, will be available for inspection by the Members at the Registered Office of the company.
- 8. Appointment / Re-appointment of Directors**
 - (A) Mr.R.Nagarajan, was appointed as Additional director in the Board meeting held on 27th April, 2006 and his appointment as Additional director expires at this Annual general Meeting. The company has received a notice under section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr.R.Nagarajan for the office of Director. Mr.R.Nagarajan, has given his consent to be the Director of the company, if elected and has confirmed that he is not disqualified to be appointed as director under section 274 of the companies Act, 1956. If elected, his appointment is subject to retirement by rotation. No other Director other than Mr.R.Nagarajan is interested in this resolution. The information or details to be provided for the aforesaid Director is given in the Corporate Governance Report.
 - (B) Mr.N.S.Kumar, was appointed as Additional director in the Board meeting held on 27th April, 2006 and his appointment as Additional director expires at this Annual general Meeting. The company has received a notice under section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr.N.S.Kumar for the office of Director. Mr.N.S.Kumar, has given his consent to be the Director of the company, if elected and has confirmed that he is not disqualified to be appointed as director under section 274 of the companies Act, 1956. If elected, his appointment is subject to retirement by

rotation. No other Director other than Mr N.S.Kumar is interested in this resolution. The information or details to be provided for the aforesaid Director is given in the Corporate Governance Report.

- (C) Mr.K.Praveen Kumar, was appointed as Additional director in the Board meeting held on 27th April, 2006 and his appointment as Additional director expires at this Annual general Meeting. The company has received a notice under section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr.K.Praveen Kumar for the office of director. Mr.K.Praveen Kumar has given his consent to be the Director of the company, if elected.and has confirmed that he is not disqualified to be appointed as director under section 274 of the companies Act, 1956. If elected, his appointment is subject to retirement by rotation. No other Director other than Mr K.Praveen Kumar is interested in this resolution. The information or details to be provided for the aforesaid Director is given in the Corporate Governance Report.
- (D) Mr.R.Rangarajan, was appointed as Additional director in the Board meeting held on 27th April, 2006 and his appointment as Additional director expires at this Annual general Meeting. The company has received a notice under section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr.R.Rangarajan, for the office of director. Mr.R.Rangarajan, has given his consent to be the Director of the company, if elected.and has confirmed that he is not disqualified to be appointed as director under section 274 of the companies Act, 1956. If elected, his appointment is subject to retirement by rotation. No other Director other than Mr R.Rangarajan is interested in this resolution. The information or details to be provided for the aforesaid Director is given in the Corporate Governance Report.

(6) Appointment of Auditors

M/s.C.S.Sundar , B.Sc .FCA , who were the statutory auditors of the company have requested that they may not be considered for re-appointment as auditors during this meeting. Hence, the Board of Directors recommend ,that M/S.CNGSN & ASSOCIATES, Chartered Accountants, having their office at No 20, Raja Street, T.Nagar, Chennai 600017 be considered for appointment as Statutory Auditors of the company for the financial year 2006-2007.

None of the Directors are interested in this resolution.

Your Directors recommend the above motion for approval.

- (7) Explanatory statement u/s 173 (2) of the Companies Act,1956,relating to item No 7 and 8 is annexed herewith.

By order of the Board

Place : Chennai - 17.

Date : 29.07.2006

Director

EXPLANATORY STATEMENT U/S 173 (2) OF THE COMPANIES ACT, 1956**Item No 7****Approval of Borrowing Limits**

Telephoto Entertainments Limited, after becoming a Subsidiary of SSI Limited, has decided to venture into construction and operation of Multiplexes by itself and or through its subsidiary. In this connection, the Company may have to raise loans, secured and unsecured from time to time which may exceed the paid up capital and free reserves of the company. Approval of shareholders is being sought authorizing the Board of Directors to borrow monies, depending on the business needs, subject to over all limits specified in the Resolution.

The Directors commend the motion set out in the notice to be passed as a Special Resolution by the Members.

None of the Directors of the company is, in any way, concerned or interested in this item of business.

Item No 8

Inter-Corporate loans and investments and provision of guarantee or security.

SSI Limited, holding company of Telephoto Entertainments Limited, through its subsidiaries, has ventured into Entertainment Industry by constructing and operating Multiplexes. It proposes to have about 15-22 screens by the year-end.

Telephoto Entertainments Limited would provide the platform to enter Entertainment Segment. In this connection, Telephoto Entertainments Limited has already acquired 100% control of AGS Properties Development (India) Pvt Limited, a company already in the process of constructing Multiplexes.

The Board of Directors of Telephoto Entertainments Limited, feel that adequate financial support to AGS Properties Development (India) Pvt Limited in the construction and operation of Multiplexes will be to the benefit of Telephoto Entertainments Limited and will help Telephoto Entertainments Limited to achieve its objective of making its presence felt in entertainment industry.

Section 372 A of the companies Act, 1956 deals with Inter corporate loans and investments. Section 372A (8) (c) and (d) exempts the loans and guarantee provided by a holding to its subsidiary from the application of the provisions of Section 372 A.

The resolution relating to providing loans and guarantees to AGS Properties Development (India) Pvt Limited is submitted to the Shareholders as an abundant caution.

The Directors commend the motion set out in the notice to be passed as a Special Resolution by the Members.

None of the Directors of the company is, in any way, concerned or interested in this item of business.

By Order of the Board
For Telephoto Entertainment Limited

Place : Chennai - 17

Date : 29.07.2006

Director

DIRECTORS' REPORT 2006

Your Directors have pleasure in presenting the Seventh Annual Report together with the audited statements of accounts of the Company for the year ended 31st March 2006.

Financial results

	(Rs.in lakhs)	
	2005-06	2004-05
Total income	321.70	53.41
Total Expenditure	277.96	81.41
Interest	3.36	7.69
Depreciation	16.42	46.09
Profit before Tax	23.96	(81.78)

Results of operations

Total income and expenditure include Rs.318.75 and Rs.264.10 lakhs being provisional income and actual expenses incurred up to 30th September 2005 on the project "MALAMMAL WEEKLY".

Two projects that were under execution as on 30th September, 2005 were assigned to Smile India Entertainment Pvt Limited, a company promoted by Mr.T.Suresh Chandra Menon, original promoter of Telephoto Entertainments Limited, in order to complete the on going projects. Expenses, if any, incurred on the projects from 1.10.2005 are transferred to Smile India Entertainment Pvt Ltd,

Share capital

The paid up capital of Rs.1100 lakhs, as reported in the last year's Annual report was reduced to Rs..313.66 lakhs with due consent of the members and the High Court of Madras. New shares after reduction were issued on 1.9.2005. The shareholders, during December, 2005 approved a proposal to issue, on preferential basis, 30,00,000 equity shares to SSI Limited at a premium of Rs.5.25/- per share. In addition, SSI Limited was permitted to subscribe up to 25,00,000 lakes share warrants at a value of Rs.15.25 per warrant with the option to convert the warrants into equity shares of Rs.10/- each on a future date. SSI Limited, subscribed for 15,00,000 share warrants and have paid 10% of the value as advance. After SSI Limited's subscription, Telephoto Entertainments Limited has become a subsidiary of SSI Limited.

On 27.4.2006, four new Directors, ie, Mr.R. Nagarajan, Mr.N.S. Kumar, Mr.K. Praveen Kumar and Mr.R. Rangarajan, were appointed to the Board of the company.

On the same day, Mr.T. Suresh chandra Menon, Mr.T.P. George, Mr.T. Balagopalan and Mr. Dhires .L.Bhatia resigned from the Board.

Business

The projects that were under execution by Telephoto Entertainments Limited during last year-end were assigned to Smile India Entertainment Pvt Limited, a company promoted by Mr.T.Suresh chandra Menon. Your company has decided to venture into construction and operation of multiplexes, the new growing area of business.

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In this connection, on 15.3.2006, Telephoto Entertainments Limited acquired the entire share capital of AGS Properties Development (India) Pvt Limited, a company which is in the process of construction of multiplexes in Chennai.

Valuation of Assets

Accelerated depreciation is provided on Cinematography equipments to the extent of Rs. 266803, based on the utility and usefulness of the equipments.

Depreciation on assets

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

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

Transaction with the subsidiaries**Overseas Subsidiary**

During the year under reference, Telephoto Entertainments Limited did not have any transaction with Telephoto International Pte Ltd, a WOS at Singapore. During the year under reference, WOS at Singapore did not report any turnover. Since our investment of Sing\$10000 in the WOS, is inadequately represented by any tangible asset, we have provided for diminution of the value of our investment.

Indian Subsidiary

During the year, Telephoto Entertainments Limited acquired the entire shareholding of AGS Properties Development (India) Pvt Limited, Chennai. AGS Properties Development (India) Pvt Limited, has acquired lands in Villivakkam and Anna Nagar, Chennai.

Accounts of WOS

Accounts of Telephoto International Pte Limited, Singapore are made up to 31st December 2005 and accounts of AGS Properties Development (India) Pvt Limited, are made up to 30th September 2005.

Consolidated financial Statements

As stipulated by clause 32 of the Listing Agreement with the Stock Exchanges, the consolidated financial statements has 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.