

PICTUREHOUSE MEDIA LIMITED

(Formerly Telephoto Entertainments Limited)

Annual Report 2010-11

12th Annual Report 2010-2011

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12th Annual Report 2010-11

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COMPANY INFORMATION

Board of Directors

Mr. Prasad V. Potluri
Mr. R. Nagarajan
Mr. N. S. Kumar

Company Secretary & Compliance Officer

Mr. A.S. Sathish Kumar

Board Committees

Audit Committee

Mr. R. Nagarajan (Chairman)
Mr. N. S. Kumar

Shareholders'/Investors'

Grievance Committee

Mr. R. Nagarajan (Chairman)
Mr. N. S. Kumar

Auditors

M/s. CNGSN & Associates
Chartered Accountants
Chennai

Bankers

Kotak Mahindra Bank Limited
HDFC Bank Limited

Registered Office

KRM Centre, 9th Floor, Door No. 2,
Harrington Road, Chetpet, Chennai-600031
Telephone: +91-44-30285570
Fax: +91-44-30285571
Email: ir.telephoto@pvpglobal.com

Corporate Office

4th Floor, Punnaiah Plaza, Plot No. 83&84,
Road No. 2, Banjara Hills,
Hyderabad, India
Mob: +91-9908816444
Tel: +91-40-67309999
Fax: +91-40-67309988
Email: ir.telephoto@pvpglobal.com

Registrars & Transfer Agents

Cameo Corporate Services Limited
"Subramanyam Building"
1, Club House Road, Chennai-600 002
Phone: 91-44-28460390
Fax: 91-44-28460129
E-mail: cameo@cameoindia.com

PICTUREHOUSE MEDIA LIMITED (Formerly Telephoto Entertainments Limited)

Notice

NOTICE is hereby given that the 12th Annual General Meeting of the members of **Picturehouse Media Limited** (formerly *Telephoto Entertainments Limited*) will be held on Wednesday, 28th September, 2011 at 11.30 A.M. at "Rani Seethai Hall", No. 603, Anna Salai, Chennai-600 006, to transact the following **Ordinary Businesses:**

1. To consider and adopt the Audited Balance Sheet of the Company as at March 31, 2011, the Profit & Loss Account for the financial year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. N. S. Kumar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s. CNGSN & Associates, Chartered Accountants, as the Statutory Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

The following resolution is proposed to be passed, with or without modifications, as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224(1) and other applicable provisions, if any, of the Companies Act, 1956, M/s. CNGSN & Associates, Chartered Accountants, be and are hereby 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 of the Company, on such remuneration as shall be fixed by the Board of Directors."

By order of the Board
For **Picturehouse Media Limited**

A S Sathish Kumar
(Company Secretary)

Chennai,
August 25, 2011

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting ("the Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**
2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting. Members are requested to bring their attendance slips along with their copy of Annual Report to the Meeting.
4. 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.
5. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, September 19, 2011 to Wednesday, September 28, 2011 (both days inclusive).
6. Members are requested to quote their Registered Folio Number/Client ID on all correspondence with the Company/RTA and notify the Company's RTA, or the Depository Participants, in case of shares in dematerialized form, immediately of change, if any, in their registered address.
7. Non-Resident Indian Members are requested to inform the Company's RTA immediately of:
 - (i) Change in their Residential status on return to India for permanent settlement.
 - (ii) Particulars of their Bank Account maintained in India with complete name, branch, account

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type, account number and address of the Bank with Pin Code Number, if not furnished earlier.

enable the investors/shareholders to post their grievances and monitor its redressal. Any member having any grievances can post the same to this email ID for the quick redressal.

8. The Company has designated an exclusive email ID viz. ir.telephoto@pvpglobal.com, which would
9. Details of Directors seeking appointment/re-appointment at the forthcoming AGM (pursuant to clause 49 of the Listing Agreement)

At the ensuing AGM, Mr. N. S. Kumar is retiring by rotation and being eligible, offers himself for reappointment as director. In terms of **clause 49 of the Listing Agreement, the profile of Mr. Kumar is as under:**

Name	Mr. N.S.Kumar
Date of birth	06-01-1947
Date of appointment	19-03-2001
Expertise	Over 30 years of experience in IT Industry and Management of Projects.
Qualifications	M.S. (Computer Science), B.E.
No. of shares held in the Company	NIL
Relationship with other directors of the Company	NIL
Directorship in other companies	PVP Ventures Limited Electro Scan India Limited
Chairman/Member of the Committee of the Board of the companies in which he is a Director	Member – Audit Committee and Shareholders & Investors Grievance Committee of PVP Ventures Limited

PICTUREHOUSE MEDIA LIMITED (Formerly Telephoto Entertainments Limited)

Directors' Report

Your Directors have pleasure in presenting the 12th Annual Report and the audited accounts for the financial year ended March 31, 2011.

Financial Results

(₹ in lacs)

Particulars	2010-2011	2009-2010
Total Income	712.48	1.28
Operational, Administration and other expenses	259.70	6.86
Profit/(Loss) before Depreciation, Interest and Tax	452.78	(5.58)
Depreciation	0.13	0.00
Interest and Finance Charges	169.21	0.00
Profit / (Loss) before Tax	283.43	(5.58)
Provision for taxation	79.26	0.00
Profit/ (Loss) after tax	204.16	(5.58)

Review of Operations

The Gross revenue for the year under consideration is ₹ 712.48 lac (previous year ₹ 1.28 lac) with a net profit after tax of ₹ 204.16 lac (previous year ₹ 5.58 lac).

During the year under review your company ventured into funding of movies and had acquired certain loans and all the rights and securities including the interest receivables from certain parties who had provided finances to the movie production houses. The income as reported above represents the interest income net of costs from these loans.

Dividend

In view of the losses of the Company, the Board has not recommended any dividend for the financial year 2010-11.

Name change of the Company

The name of the Company was changed to Picturehouse Media Limited w.e.f. March 29, 2011 after obtaining approval of the shareholders on March 15, 2011. The new name of the Company gives a fresh identity and signifies the intention of the Company to be a mega picture house in the country.

Preferential Issue of securities

The Company on March 30, 2011 allotted following securities on preferential basis:

- 93,59,177 equity shares of ₹ 10 each at par;
- 2,59,97,722 Zero Percent Compulsorily Convertible Preference Shares of ₹ 10 each to Mrs. Jhansi Sureddi, wife of Mr. Prasad V. Potluri,

the Promoter of the Company. These CCPS carry Nil interest and each of them are mandatorily convertible into One (1) equity shares of ₹ 10 each at a conversion price of ₹ 10 per equity share within such time, but not exceeding 18 months from the date of allotment, as may be decided by the shareholder;

- 60,06,490 Warrants of ₹ 10 each to bodies corporate, persons other than the promoter group of the Company. These Warrants are convertible into One (1) equity shares of ₹ 10 each at a conversion price of ₹ 10 per equity share within such time, but not exceeding 18 months from the date of allotment, as may be decided by the Warrantholder;

Consequent to the above allotment, paid up share capital of the Company increased to ₹ 41,49,35,100/- divided into 1,54,95,788 equity shares of ₹. 10 each and 2,59,97,722 CCPS of ₹ 10 each fully paid up in cash. Accordingly, the Company ceased to be a subsidiary of PVP Ventures Limited w.e.f. March 30, 2011.

Further, the Company, pursuant to the approval of FIPB, also allotted 47,50,000 Warrants of ₹ 10 each to M/s. Sparrow Asia Diversified Opportunity Fund, a SEBI registered FII. These warrants also have the same terms and conditions as above.

Directors

As on the date of this Report, the Board of Directors comprises of Mr. Prasad V. Potluri, Mr. R. Nagarajan and Mr. N.S. Kumar.

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As per the Articles of Association, Mr. N.S. Kumar, retires by rotation at the ensuing AGM and being eligible offers himself for reappointment. Brief profiles etc. of Mr. N. S. Kumar, as stipulated under Clause 49 of the Listing Agreements, are provided in the notes attached to the Notice calling the AGM and necessary resolution for his appointment is incorporated in the Notice calling the AGM.

Public Deposits

The Company has not accepted/renewed any fixed deposits during the year under review.

Subsidiary Company

The Company has only one subsidiary, PVP Cinema Private Limited (formerly PVP Screens Private Limited) to the extent of 100%. In terms of the sub-section (1) of Section 212 of the Companies Act, 1956, the Balance Sheet, Profit and Loss Account and other documents of the PVP Cinema are attached with the Balance Sheet of the Company. A statement pursuant to section 212(1)(e) read with 212(3) of the Companies Act, 1956, relating to Company's Interest in Subsidiary Companies for the financial year under review is attached as **Annexure-1** to this report.

Group

Pursuant to the intimation from the Promoters and Promoters Group, the entities comprising of the Group, in terms of Regulation 3 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, are as follows:

Mr. Prasad V. Potluri
Mrs. Jhansi Sureddi
M/s. Platex Limited
M/s. PVP Ventures Limited
M/s. PVP Energy Private Limited
M/s. Whitecity Infrastructure (India) Private Limited
M/s. Maven BPO Services Private Limited
M/s. Godavari Infracon Private Limited
M/s. Waltair Promoters Private Limited

Management Discussion and Analysis Report

Management Discussion and Analysis Report for the year ended March 31, 2011 as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is attached to this Report.

Corporate Governance

The Directors adhere to the requirements set out by Clause 49 of the Listing Agreement. The Report on Corporate Governance as stipulated under Clause 49

of the Listing Agreement forms part of the Annual Report. The requisite Certificate from M/s. V. Mahesh & Associates, Company Secretaries, confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

Auditors' Report

The Auditors' Report together with the Audited Accounts for the financial year ended March 31, 2011 read with the Notes on Accounts are self-explanatory and therefore do not call for any further comments.

Auditors

The Company has received a letter from M/s. CNGSN & Associates, Chartered Accountants, confirming 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 reappointment within the meaning of Section 226 of the said Act. Necessary resolution for their appointment is incorporated in the Notice calling the AGM.

Consolidated Financial Statements

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates, the audited Consolidated Financial Statements are provided in the Annual Report.

Particulars of employees

The provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company for the year under review.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Outgo

Particulars regarding technology absorption, conservation of energy and foreign exchange earnings and outgo required under section 217(1)(e) of the Companies Act, 1956 and Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 are not applicable to the Company.

Responsibility Statement of the Directors

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule VI to the

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Companies Act, 1956, have been followed and there are no material departures from the same;

- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended March 31, 2011 and of the Profit of the company for the year ended on that date;
- (iii) the Directors have 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 the company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a going concern basis.

Acknowledgement

Your Directors would like to express their appreciation for assistance and co-operation received from the shareholders, investors, its bankers, the Telugu and Tamil film industries, the artistes, producers and technicians during the year. The Board wishes to place on record its appreciation to the contribution made by employees of the Company during the year under review.

For and on behalf of the Board of Directors

For **Picturehouse Media Limited**

Prasad V. Potluri
(Director)

R. Nagarajan
(Director)

Chennai
August 25, 2011

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Annexure-I

**Statement pursuant to Section 212 of the Companies Act, 1956, relating to
Company's Interest in Subsidiary Company for the financial year 2010-11**

Name of Subsidiary Company	PVP Cinema Private Limited (Formerly PVP Screens Private Limited)
The Financial Year of the Subsidiary Company ended on	March 31, 2011
Date from which it became Subsidiary Company	March 02, 2006
Number of shares held by the Company along with its nominees in the subsidiary at the end of the financial year of the Subsidiary	30,000 equity shares of ₹ 10 each
Extent of Interest of the Company at the end of the financial year of the Subsidiary Company	100%
The net aggregate amount of the Subsidiary Company's Profit/(Loss) so far as it concerns the members of the Holding Company not dealt with in the Company's accounts:	
(a) for the current financial year	₹ (47,480,967)
(b) for the previous financial year	₹ (47,422,705)
The net aggregate amount of the Subsidiary Company's Profit/(Loss) so far as it concerns the members of the Holding Company dealt with in the Company's accounts	
(a) for the current financial year	NIL
(b) for the previous financial year	NIL

For and on behalf of the Board of Directors
For **Picturehouse Media Limited**

Chennai
August 25, 2011

Prasad V. Potluri
(Director)

R. Nagarajan
(Director)

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Report on Corporate Governance

Picturehouse Media Limited believes in the system of accountability, transparency and business ethics as prescribed in the Clause 49 of the Listing Agreement with the stock exchanges.

Board Composition, its meetings and procedure

The Board of Directors of the Company, as on the date of this Report, comprises of three (3) Non-executive directors. Mr. Prasad V. Potluri is a Promoter Director, Mr. R. Nagarajan and Mr. N.S. Kumar are Independent & Non-Executive directors.

During the financial year, Seven (7) board meetings were held on June 02, 2010, July 30, 2010, August 16, 2010, November 12, 2010, January 22, 2011, February 07, 2011 and March 30, 2011.

Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and number of other Directorships and Chairmanships/Memberships of Committees of each Director in various companies are as follows:

Name of the Director	DIN	Attendance Board Meetings	Last AGM	No. of Directorships and Committee Memberships / Chairmanships including Picturehouse Media Limited		
				Other Directorships#	Committee Memberships@	Committee Chairmanships@
Mr. Prasad V. Potluri	00179175	3*	Yes	2	1	Nil
Mr. R. Nagarajan	00443963	7	Yes	3	6	5
Mr. N. S. Kumar	00552519	7	Yes	2	6	Nil
Mr. Deepak Nagori@	00877734	1	Yes	1	1	Nil

* includes meetings attended through tele-conference.

@Resigned with effect from July 30, 2010

Other directorships excludes directorships in Indian private limited companies, section 25 companies, foreign companies, and alternate directorships. @ Represents Memberships/Chairmanships of Audit Committee & Shareholders/Investors Grievance Committee.

The Board of the Company is regularly presented with all information, in specific, the information stipulated under Clause 49 of the Listing Agreement to ensure adequate disclosure and a transparent decision-making. Detailed agenda with explanatory notes and information is circulated among the members of the Board, in advance of each meeting. However, urgent matters are also considered and adopted by passing resolutions through circulation, which are noted at the next meeting of the Board.

of the Companies Act, 1956 and the guidelines set out in Clause 49 of the Listing Agreement.

Meetings and attendance of the Audit Committee during the year

Four (4) meetings of the Audit Committee were held during the year on July 30, 2010, August 16, 2010, November 12, 2010 and January 22, 2011.

Members	No. of Meetings held	No. of Meetings attended
Mr. R. Nagarajan	4	4
Mr. N.S. Kumar	4	4

Committees of the Board

(I) Audit Committee

As on March 31, 2011, this Committee comprised of Mr. R. Nagarajan (Chairman) and Mr. N.S. Kumar, all independent directors. The Company Secretary of the Company acts as the Secretary of this Committee. The terms of reference of Audit Committee are in accordance with Section 292A

(II) Shareholders /Investors' Grievance Committee

As on March 31, 2011, this Committee comprised of Mr. R. Nagarajan (Chairman) and Mr. N. S. Kumar. It approves the transfer and transmission

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of securities; issuance of duplicate share certificates, redressal of investors' grievances. It also suggests and monitors measures to improve investor relations.

During the year, there was no meeting of the Shareholders'/Investors' Grievance Committee as there were no complaints/grievances received from any shareholder of the Company. The Company Secretary acts as Secretary of the Committee. Mr. A. S. Sathish Kumar is the Compliance Officer of the Company.

Remuneration paid to the Directors during the year 2010-11

The Company has not paid any remuneration to its non-executive directors, except the sitting fees paid for attending the meetings of the Board and Audit Committee

@ ₹ 5,000 per meeting. The Company does not have any employee stock option scheme in force.

The details of sitting fees paid to the Directors are as follows:

Mr. Prasad V. Potluri	Nil
Mr. Deepak Nagori	Nil
Mr. R. Nagarajan	₹ 55,000
Mr. N. S. Kumar	₹ 55,000

Details of equity shares of the Company held by Directors as on March 31, 2011

Director	No. of shares @ ₹ 10 each
Mr. Prasad V. Potluri	NIL
Mr. R. Nagarajan	NIL
Mr. N.S. Kumar	NIL

General Body Meetings

A. Annual General Meetings

Location, date and time of the Annual General Meetings held during the preceding 3 years and the Special Resolutions passed thereat are as follows:

Year	Venue	Date & Time	Special resolutions passed
2007-08	Kamaraj Arangam, No.492, (Old No.574-A), Anna Salai, Teynampet, Chennai-600006	September 29, 2008 12:00 Noon	Delisting of shares from Madras Stock Exchange Limited
2008-09	Kamaraj Arangam, No.492, (Old No.574-A), Anna Salai, Teynampet, Chennai-600006	September 30, 2009 12:00 Noon	NIL
2009-10	Kamaraj Arangam, No.492, (Old No.574-A), Anna Salai, Teynampet, Chennai-600006	September 30, 2010 11:30 Noon	NIL

B. Extraordinary General Meetings

During the year, no Extra-Ordinary General Meeting was held.

C. Postal Ballot

During year under review, approval of the shareholders was obtained by way of postal ballot for the following seven (7) resolutions, the results of which were declared on March 15, 2011.

- To change name of the Company to Picturehouse Media Limited;
- To amend the main object clause of Memorandum of Association of the Company;
- To increase the authorized share capital of the Company to ₹ 75 crores;
- To amend Articles of Association of the Company for increase in authorized share capital;
- Further issuance of equity shares and compulsorily convertible preference shares on preferential basis to the Promoter Group;
- Further issuance of equity shares and convertible warrants on preferential basis to the persons other than the Promoter Group; and