



**Picturehouse Media Limited**

**13th Annual Report  
2011-12**

## 13th Annual Report 2011-2012



### Picturehouse Media Limited

#### 13th Annual Report 2011-12

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#### COMPANY INFORMATION

##### Board of Directors

Mr. Prasad V. Potluri, Managing Director  
Mr. R. Nagarajan  
Mr. N. S. Kumar

##### Company Secretary & Compliance Officer

Ms. Perna Mundada

##### Registered Office

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

##### 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  
Indian Overseas Bank

##### Corporate Office

4th Floor, Punnaiah Plaza, Plot No. 83&84,  
Road No. 2, Banjara Hills,  
Hyderabad, India  
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

### Notice

**NOTICE is hereby given that the 13th Annual General Meeting of the members of Picturehouse Media Limited (formerly known as Telephoto Entertainments Limited) will be held on September 26, 2012 at 11.30 A.M. or soon after conclusion of the Annual General Meeting of PVP Ventures Limited convened on the same day, whichever is later, at "Kamaraj Arangam", No. 492, (Old No.574-A), Anna Salai, Teynampet, Chennai-600006, to transact the following Businesses:**

#### Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at March 31, 2012, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. R. Nagarajan, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s. CNGSN & Associates, Chartered Accountants, Chennai 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 at a remuneration to be decided by the Board of Directors.

#### Special Business:

#### 4. Appointment of Mr. Prasad V. Potluri as Managing Director

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, Mr. Prasad V. Potluri, be and is hereby appointed as the Managing Director of the Company for a period of five years effective from June 01, 2012 to May 30, 2017 at a salary of ₹ 1/- per annum and on the terms and conditions including remuneration set out in the Agreement entered into between the Company and Mr. Potluri, which is hereby specifically sanctioned.

RESOLVED FURTHER THAT the terms and conditions of his appointment including remuneration herein may be altered and varied from time to time by the Board of Directors of the

Company (which term shall be deemed to include the Remuneration Committee constituted by the Board), provided those are within the limits specified in Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

#### 5. Alteration of Capital Clause of the Company

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof for time being in force), approval of the members is hereby accorded that 2,70,00,000 (Two Crore Seventy Lac) Preference Shares of ₹ 10/- each aggregating ₹ 27,00,00,000/- (Rupees Twenty Seven Crores only) forming part of the Authorized Share Capital of the Company be and are hereby reclassified as 2,70,00,000 (Two Crore Seventy Lac) of equity shares of ₹ 10/- each so that the Authorised Share Capital of the Company shall be ₹ 80,00,00,000/- (Eighty Crores only) divided into 8,00,00,000 (Eight Crore Only) Equity Shares of ₹ 10/- each (Rupees Ten Only)

RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company be deleted and substituted by the following:

- V. *The Authorised Share Capital of the Company is ₹ 80,00,00,000/- (Rupees Eighty Crores Only) divided into 8,00,00,000 (Eight Crore) Equity Shares of ₹ 10 each. The Company shall have power to issue shares at par or at a premium or at a discount and shall also have the power to increase or reduce its capital and to divide the capital for the time being into several classes and to attach such preferential, qualified, deferred, non-voting or special rights, privileges, conditions or restrictions thereto as may be permissible by law and as may be determined by or in*

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*accordance with the Articles of Association of the Company for the time being in force, and to vary, modify or abrogate such rights, privileges or conditions in such manner as permitted by law and as provided by the Articles of Association of the Company, for the time being in force."*

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

### 6. Alteration of Article 3 of the Articles of Association

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to section 31 and other applicable provisions, if any, of the Companies act, 1956 the existing Article 3 of the Article of association of the Company be deleted and substituted by the following Article:

3. *The Authorised Share Capital of the Company shall be as per the Clause V of the Memorandum of Association of the Company.*

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

**By order and on behalf of the Board**

**Prerna Mundada**  
(Company Secretary)

August 10, 2012  
Chennai

### 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 17, 2012 to Wednesday, September 26, 2012 (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 type, account number and address of the Bank with Pin Code Number, if not furnished earlier.
8. The Company has designated an exclusive email ID viz. [ir.telephoto@pvpglobal.com](mailto:ir.telephoto@pvpglobal.com), which would 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.



## Picturehouse Media Limited

### 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. R. Nagarajan is retiring by rotation and being eligible, offers himself for reappointment as director. Further, it is also proposed to appoint Mr. Prasad V. Potluri as Managing Director of the Company for a period of five years from June 01, 2012 to May 30, 2017. In terms of **clause 49 of the Listing Agreement, their profiles etc. are** as follows:

Name of Director	Mr. R. Nagarajan	Mr. Prasad V. Potluri
DIN	00443963	00179175
Date of birth	July 06, 1938	September 08, 1970
Date of appointment on the Board	April 27, 2006	December 04, 2007
Qualifications	B. Com (Hons.), CAIIB	BME, MES
Brief Resume	Mr. R. Nagarajan is a retired State Bank of India (SBI) Officer, who during his 50 years of career, held various positions in different part of the Country with SBI. He retired in 1998 as the Chief General Manager of SBI, Chennai Circle.	A serial entrepreneur who started his entrepreneurial career in global IT services space and has to his credit promotion of three successful companies to serve the needs of Fortune 1000 companies. Within the global investment community, he is a respected thought leader. During an entrepreneurship-packed decade, he had been the driving force behind many companies, including Procon Inc, Albion Orion Company LLC and Irevna Ltd. Irevna Limited was acquired by CRISIL (S&P India) in 2005. He is the Promoter of PVP Group and Chairman & Managing Director of PVP Ventures Limited.
Expertise	Over 48 years of experience in banking and finance.	Over 20 years of entrepreneurship experience with a track record of interface with both US & Indian Markets. Expertise in building successful organizations based on organic growth and inorganic consolidation.
Directorships held in other public companies	PVP Ventures Limited Dhandapani Finance Limited	PVP Ventures Limited
Chairmanship/ Membership of Committee across public companies	Chairmanships in: <i>PVP Ventures Limited</i> (a) Audit Committee, (b) Remuneration Committee and (c) Shareholders & Investors Grievances' Committee <i>Picturehouse Media Limited</i> (a) Audit Committee (b) Remuneration Committee and (c) Shareholders & Investors Grievances' Committee <i>Dhandapani Finance Limited</i> (a) Audit Committee	Member of Shareholders & Investors Grievances' Committee- PVP Ventures Limited
No. of shares held in the Company	NIL	NIL
Relationship with other directors of the Company	NIL	NIL

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### Explanatory statements

(Pursuant to section 173(2) of the Companies Act, 1956)

#### Item No. 4

The Board of Directors of the Company has, subject to the approval of the members in the Annual General Meeting, appointed Mr. Prasad V. Potluri as Managing Director of the Company for a period of five (5) years from June 01, 2012 to May 30, 2017 and entered into an Agreement setting out the Terms and Conditions including remuneration for his appointment.

Mr. Potluri is the Promoter of PVP Group and also the Chairman and Managing Director of PVP Ventures Limited.

It is proposed to seek approval of the members for his appointment. Broad particulars of the terms of his appointment as set out in the Agreement are as follows:

#### Salary, Perquisites and Allowances

Mr. Potluri shall receive a salary of Re. 1/- per annum. Medical re-imbursement, leave travel assistance for self and family, premium on personal accident/mediclaim insurance and such other benefits and allowances, in accordance with the rules applicable to the senior executives of the Company. The value of these perquisites shall be determined in accordance with applicable laws and in the absence thereof, these perquisites shall be valued at actual cost to the Company.

#### Re-imbursement of expenses

Re-imbursement of expenses incurred for travelling, boarding and lodging during business trips, provision of company's car with driver, petrol and maintenance for use on the Company's business, provision of internet, telephones and mobile phone expenses and club membership shall be re-imbursed and not considered as perquisites.

#### General

- (a) The Office of Managing Director may be terminated by the Company or by Mr. Potluri by giving 3 (three) months prior written notice to the other party. In the exceptional circumstances as may be decided by the Board, the Company or Mr. Potluri can waive off this notice period.
- (b) Mr. Prasad V. Potluri shall be entrusted with the substantial powers of management of the Company's business and its affairs, subject to the supervision, control and directions of the Board of

Directors. He shall carry out the orders and directions given by the Board from time to time and shall also assist the Board in proper and effective exercise of its powers and discharge of functions.

- (c) During the continuance of his appointment, he shall devote his full time and attention to the Company's work and shall use his best endeavour for promotion of the interest and welfare of the Company, its shareholders and other stakeholders.
- (d) If he ceases to hold office of the Director for any reason, he shall immediately cease to be the Managing Director.
- (e) He shall not be entitled to any sitting fees for attending meetings of the Board of Directors of the Company or any committee(s) thereof. However, the Company shall pay (or re-imburse to him as the case may be) the charges for travelling, boarding and lodging incurred in connection with attending these meetings on actuals. However, in case where on the same day and place, meeting of PVP Ventures Limited is also convened, the expenses for attending meetings shall be shared with PVP Ventures Limited and the Company in equal proportion.
- (f) His services will be governed by the service rules of the Company, as may be in force from time to time in so far as they are not at variance with the terms herein contained.

The Board and/or its Committee may, from time to time, alter or vary the terms and conditions as set-out above and/or in the Agreement, provided those are within the limits specified in Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

Mr. Potluri fulfills the conditions for eligibility contained in Part I of Schedule XIII to the Act and he is not disqualified from being appointed as a director in terms of section 274(1) (g) of the Act.

The above may be treated as an abstract of the terms of his appointment under section 302 of the Act.

Mr. Prasad V. Potluri is interested in this resolution as it pertains to his appointment and remuneration. Save and except Mr. Prasad V. Potluri, none of other directors of the Company is, in any way, concerned or interested in the Resolution.



A copy of the Agreement entered with Mr. Potluri is open for inspection by the shareholders at the registered office of the Company between 10.00 am to 1.00 pm on all working days up to September 26, 2012.

The Board recommends this resolution for your approval by way of an Ordinary Resolution.

#### **Item 5 & 6**

The existing authorized share capital of the Company is ₹ 80 Crores comprising of 5,30,00,000 equity Shares of ₹10 each aggregating to ₹ 53,00,00,000 (Rupees Fifty Three Crore Only) and 2,70,00,000 Preference shares of ₹10/- each aggregating to ₹ 27,00,00,000 (Rupees Twenty Seven Crore Only).

The issued, subscribed and paid up preference shares were converted into equity shares in terms of their issuance and currently there are no outstanding preference shares in the Company. Hence, it is proposed to re-classify the preference shares capital back to equity share capital, which inter-alia entails alteration of the Capital clause of the Memorandum of Association and Article 3 of Article of Association of the Company. It is also proposed that existing Article 3 should be altered to provide for the authorised share capital as specified in Capital Clause of Memorandum of Association of the Company.

## **Picturehouse Media Limited**

In terms of section 94 of the Act, the proposed alteration of the Memorandum of Association requires your approval by way of an ordinary resolution and in terms of section 31 of the Act, the proposed alteration of the Articles of Association requires your approval by way of a Special resolution. The Board of Directors recommends your approval to both the resolutions as set out in item 5 and 6.

A Copy of the Memorandum & Articles of Association of the Company containing the proposed alterations as above is open for inspection by the shareholders at the registered office of the Company between 10.00 am to 1.00 pm on all working days up to September 26, 2012.

None of the Directors of the Company is interested or concerned in any manner in the proposed resolution.

#### **By order and on behalf of the Board**

**Prerna Mundada**  
(Company Secretary)

*August 10, 2012*  
*Chennai*



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### Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the 13<sup>th</sup> Annual Report on the business and operations of the Company together with audited annual accounts for the financial year ended March 31, 2012.

#### Financial Results

(₹ in lacs)

Particulars	2011-2012	2010-2011
Total Income	4645.18	712.49
Operational, Administration and other expenses	3099.45	259.71
Profit/(Loss) before Depreciation, Interest and Tax	1545.73	452.78
Depreciation	2.05	0.13
Interest and Finance Charges	279.68	169.21
Profit / (Loss) before Tax	1264.00	283.44
Provision for taxation	411.41	79.27
Profit/ (Loss) after tax	852.59	204.17

#### Review of Operations

The year 2011-12 has been a tremendous year for the Company as it produced its first feature film under the banner of PVP Cinema "Rajapattai" in Tamil language starring Vikram and Deeksha Seth under the directions of Susheendhran. The Company earned total income of ₹ 46.45 Cr during the year (previous year ₹ 712.49 lac) with PBT of ₹ 12.64 Cr (previous year ₹ 2.83 Cr).

In July 2012, another movie under the banner of PVP Cinema "Naan-E" starring Sudeep and Samantha and directed by Mr. S. S. Rajmouli was released in Tamil language. Naan-E redefined the special effects and animation usage in the Indian movies and received huge response from the public and critics both.

During the year, Picturehouse consolidated its position as a leading organised capital provider to the Tamil and Telugu film industry with providing capital to all top star movies. The Company worked with a well-structured process-driven approach to ensure a high degree of professionalism and transparency and it recovered all its investments signifying the strength of its management team, their understanding of the market and execution capability.

#### Future Plans

Overcoming the gloom that had set in during the economic slowdown of 2008-09, the Indian Media & Entertainment Industry bounced back registering a growth of 11%. According to KPMG's Report on the Indian Media & Entertainment Industry, the Industry is estimated to touch INR 738 billion and with exciting times

ahead, this sector is projected to grow a CAGR of 14% to reach INR 1,275 billion by 2015, while the Indian Film Industry is projected to grow at a CAGR of 9.6% to touch INR 133.5 billion in revenues by 2015.

Picturehouse aims to be a market leader in providing capital and production of movies and to be a 'One-Stop-Shop' for all capital requirements across the Indian Media & Entertainment space. It has already been acknowledged by the Tamil & Telugu Film Industry as a reputed organisation in terms of professionalism, transparency, integrity & ethics in a short span of time, we envisage a great opportunity in the media and entertainment sector.

In April 2012, Picturehouse acquired a NBFC named PVP Capital Limited (formerly known as Nahar Finance Limited) to diversify and consolidate its presence in funding and providing capital to movies and production houses. The renewed film financing business through PVP Capital will bring fast track growth, long-term sustainability and de-risk the business of film financing as well. The Company's objective is to build a loan book size of around ₹ 500 Crores over the next 5 years.

We are also aware that in this changing scenario, availability of organised funding will be the key growth driver and as one of the early entrants, we stand to gain substantially in this segment as compared to new players who take time to stabilise.

#### Dividend

The Directors has not recommended any dividend for the financial year 2011-12.





## Picturehouse Media Limited

### Allotment of Equity shares

During the year, the Company issued and allotted 3,67,54,212 equity shares of ₹10/- each at par upon conversion of 2,59,97,722 Compulsorily Convertible Preference Shares and 1,07,56,490 convertible Warrants. Consequently, the paid up share capital of the Company increased to ₹ 52.25 Cr. divided into 5,22,50,000 equity shares of ₹ 10/- each.

### Acquisition of PVP Capital Limited, an NBFC

In April 2012, the Company acquired 100 % equity share capital of PVP Capital Limited (formerly known as *Nahar Finance Limited*) a Non Banking Financial Company (NBFC) registered with RBI, Chennai. PVP Capital Limited will be the financing arm of the Company.

### 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.

As per the Articles of Association, Mr. R. Nagarajan, retires by rotation at the ensuing AGM and being eligible offers himself for reappointment. Brief profiles etc. of Mr. R. Nagarajan, 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.

Also, it is proposed to appoint Mr. Prasad V. Potluri as Managing Director of the Company for a period of 5 years from June 01, 2012 to May 30, 2017. The Board of Directors has approved his appointment subject to the approval of the shareholders. The required information and the terms and conditions of his appointment are disclosed in the Notice calling the AGM.

### Employees

During the year, the Company appointed Mr. Vinay Chilakapati as COO and Dr. Rajeev Kamineni as Executive Director-Production of the Company. The Company is looking to strengthen its senior management team for the expansion and consolidation.

### Public Deposits

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

### Subsidiary Company

As on March 31, 2012, PVP Cinema Private Limited was the only subsidiary of the Company. In terms of the

section 212(1) 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 PVP Cinema for the financial year under review is attached as **Annexure-I** to this report.

### Management Discussion and Analysis Report

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

### Corporate Governance

The Company is committed to maintain the prescribed standards of Corporate Governance. The Directors adhere to the requirements set out by the Securities and Exchange Board of India's Corporate Governance practices and have implemented all the mandatory stipulations prescribed. 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, 2012 read with the Notes on Accounts are self-explanatory and therefore do not call for any further comments.

### Auditors

M/s. CNGSN & Associates, the statutory auditors, hold office upto the conclusion of the forthcoming Annual General Meeting (AGM). The Company has received requisite certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed 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.

The Board of Directors recommend reappointment of M/s. CNGSN & Associates as the statutory auditors of the Company for the year 2012-13.

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### Consolidated Financial Statements

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements, 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 earning 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 to the extent applicable are annexed as **Annexure-II** of this Report.

### Directors' Responsibility Statement

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 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 acknowledge with gratitude the co-operation and assistance received from the bankers, producers, actors, technicians, directors, production houses, shareholders, government agencies and other business associates. Your Directors wish to place on record their deep sense of appreciation for the committed services by the employees of the Company.

### For and on behalf of the Board of Directors

**Prasad V. Potluri**  
(Managing Director)

Hyderabad,  
August 10, 2012