

# **PICTUREHOUSE MEDIA LIMITED**

*(Formerly Telephoto Entertainments Limited)*

## **Annual Report 2010-11**

## 12th Annual Report 2010-2011

### PICTUREHOUSE MEDIA LIMITED

(Formerly Telephoto Entertainments Limited)

#### 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, 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

##### 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 12<sup>th</sup> Annual General Meeting of the members of **Picturehouse Media Limited** (formerly *Telephoto Entertainments Limited*) will be held on Wednesday, 28<sup>th</sup> 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:

- (i) 93,59,177 equity shares of ₹ 10 each at par;
- (ii) 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;

- (iii) 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

**PICTUREHOUSE MEDIA LIMITED** (Formerly Telephoto Entertainments Limited)

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

<b>Name of Subsidiary Company</b>	<b>PVP Cinema Private Limited</b> (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)



## PICTUREHOUSE MEDIA LIMITED (Formerly Telephoto Entertainments Limited)

### 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.

#### 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

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

##### (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

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### Disclosures

- (i) During the year, there were no materially significant related party transactions that may have potential conflict with the interests of the Company. The Company's related party transactions are generally with its subsidiaries and associate companies. All related party transactions are intended to further the business interests of the Company.
- (ii) All mandatory requirements as per Clause 49 of the Listing Agreement have been complied with by the Company.
- (iii) The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and there are no statutory audit qualifications in this regard.
- (iv) In terms of Clause 49(V) of the Listing Agreement, requisite certification is made to the Board of Directors in the prescribed format for the year under review which has been reviewed by the Audit Committee and taken on record by the Board.

- (v) The Company has adopted an Insider Trading Code as per the model code prescribed under the SEBI (Insider Trading) Regulations as amended upto date. All Directors/designated employees are required to disclose related information periodically as defined in the Code. The Company Secretary has been designated as the Compliance Officer under the Code.

### Means of Communication

The Company announced the quarterly/half-yearly/ annual results within the prescribed period and published the same in Trinity Mirror (in English) and in Makkal Kural (in Tamil).

Annual Report containing inter-alia, Audited Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report, Management Discussion & Analysis Report and Corporate Governance Report including information for the Shareholders and other important information is circulated to the members and others entitled thereto.

### General Shareholders Information

<b>Registered Office</b>	KRM Centre, 9 <sup>th</sup> Floor, Door No. 2, Harrington Road, Chetpet, Chennai-600031 Phone: +91-44-30285570, Fax: +91-44-30285571
<b>Investor Helpline</b>	Mr. A.S. Sathish Kumar Company Secretary Picturehouse Media Limited KRM Centre, 9 <sup>th</sup> Floor, Door No. 2, Harrington Road, Chetpet, Chennai-600031 Phone: +91-44-30285570, Fax: +91-44-30285571 Email: <a href="mailto:ir.telephoto@pvpglobal.com">ir.telephoto@pvpglobal.com</a>
<b>Registrar and Transfer Agent</b>	Cameo Corporate Services Limited "Subramanyam Building" 1, Club House Road, Chennai-600 002 Phone: 91-44-28460390 Fax: 91-44-28460129, E-mail: <a href="mailto:cameo@cameoindia.com">cameo@cameoindia.com</a>
<b>Date, place and time of Annual General Meeting</b>	September 28, 2011 at 11.30 AM "Rani Seethai Hall", No. 603, Anna Salai, Chennai-600 006
<b>Date of Book Closure</b>	September 19, 2011 to September 28, 2011 (both days inclusive)
<b>Financial Calendar 2011-12</b>	Adoption of Quarterly results for the quarter ending June, 2011 - August, 2011 September, 2011 - November, 2011 December, 2011 - February, 2012 March, 2012 - May, 2012 Instead of publishing unaudited quarterly financial results for the last quarter, the Company may also opt to publish audited annual accounts by May 30, 2012.

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<b>Listing on Stock Exchanges at</b>	The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited ('BSE').
<b>Reuters code</b>	Bombay Stock Exchange- 532355

### Stock Market data

Monthly high and low quotations, in Rupees, of the shares traded at BSE from April 2010 to March 2011 are as follows:

Month	Bombay Stock Exchange	
	Highest	Lowest
April 2010	7.70	5.90
May 2010	7.30	6.02
June 2010	9.50	5.61
July 2010	8.15	6.03
August 2010	8.98	7.00
September 2010	8.56	6.76
October 2010	8.69	6.65
November 2010	10.37	8.86
December 2010	9.70	6.42
January 2011	8.86	7.56
February 2011	13.13	8.08
March 2011	18.42	12.00

### Distribution of Shareholding as at March 31, 2011

The distribution of shareholding as at March 31, 2011 was as follows:

No. of Equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholdings
1-5000	5034	98.61	887635	5.73
5001-10000	28	0.55	217349	1.40
10001-20000	21	0.41	296081	1.91
20001-30000	9	0.17	220506	1.42
30001-40000	2	0.04	69552	0.45
40001-50000	1	0.02	42499	0.27
50001-100000	4	0.08	253181	1.64
100001-15495788	6	0.12	13508985	87.18
<b>Total</b>	<b>5105</b>	<b>100.00</b>	<b>15495788</b>	<b>100.00</b>

### Corporate Governance Certificate

A Certificate from a Practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 is attached to the Directors' Report forming part of the Annual Report. This Certificate is also being forwarded to the Bombay Stock Exchange Limited.

### Capital Integrity Audit

The Audit Report, confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with National Securities Depository Limited and Central Depository Services (India) Limited, is placed before the Board on a quarterly basis. A copy of the Audit Report is submitted to the Bombay Stock Exchange Limited every quarter.

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**Status as regards adoption/non-adoption of non-mandatory requirements under Clause 49**

<b>Provisions of non-mandatory requirements</b>	<b>Status</b>
<p><b>The Board</b></p> <p>(i) A non-executive Chairman may be entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.</p>	Not applicable as the Company has not appointed a Chairman.
<p>(ii) Independent Directors may have a tenure not exceeding, in the aggregate, a period of nine years, on the Board of a company.</p>	Not adopted
<p>(iii) The company may ensure that the person who is being appointed as an independent director has the requisite qualifications and experience which would be of use to the company and which, in the opinion of the company, would enable him to contribute effectively to the company in his capacity as an independent director</p>	All the Independent Directors have requisite qualifications and experience in their respective fields.
<p><b>Remuneration Committee</b></p>	Not adopted
<p><b>Shareholder Rights</b> A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders</p>	Not adopted
<p><b>Audit qualifications</b> Company may move towards a regime of unqualified financial statements</p>	Adopted
<p><b>Training of Board Members</b></p>	All Board members have requisite qualifications and experience in their respective fields. They are well aware of the business model of the Company as well as the risk profile.
<p><b>Mechanism for evaluating non-executive Board Members</b></p>	Not adopted
<p><b>Whistle Blower Policy</b></p>	Not adopted

For and on behalf of the Board of Directors

Chennai  
August 25, 2011

**Prasad V. Potluri**  
Director

**R. Nagarajan**  
Director

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### Certification in terms of Clause 49(V) of the listing agreement

May 27, 2011

The Board of Directors  
Picturehouse Media Limited  
(formerly Telephoto Entertainments Limited)

Dear Sirs,

We, Prasad V. Potluri, Director and Mr. A. Praveen Kumar, GM-Finance and Accounts of Picturehouse Media Limited ("**the Company**") certify to the Board, in terms of the requirement of Clause 49(V) of the listing agreement, that we have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2011 and that to the best of our knowledge and belief, we state that:

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (iii) There are no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of the Company's code of conduct.
- (iv) We accept the responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and the steps taken for or proposed to be taken for rectifying these deficiencies.
- (v) We do further certify that during the year there has been:
  - (a) no significant changes in internal controls during the year;
  - (b) no significant changes in accounting policies during the year; and
  - (c) no instances of significant fraud of which we have become aware.

Thanking you,

Yours truly,

**Prasad V. Potluri**  
(Director)

**A. Praveen Kumar**  
(GM-Finance & Accounts)

### CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
**M/s. Picturehouse Media Limited**

We have examined the compliance of conditions of corporate governance by Picturehouse Media Limited ("**the Company**") for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our review of the relevant records and documents furnished to us and the report on Corporate Governance as approved by the Board of Directors and according to the information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreements "except as to the requirements of the composition of Audit Committee, which consists of only two members instead of the mandatory three members". We also state that no investor grievance(s) are pending for a period exceeding one month against the Company as per the records of the Company.

**V. Mahesh**  
Company Secretary in Practice  
CP.2473

Place: Chennai  
Date: August 24, 2011

## PICTUREHOUSE MEDIA LIMITED (Formerly Telephoto Entertainments Limited)

### Management's Discussion and Analysis

#### Cautionary Statements

*Statements in this Management Discussion and Analysis may contain forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. These statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Important developments that could affect the company's operations include a downtrend in media and entertainment sector, significant changes in political and economic environment in India or key financial markets abroad, tax laws, litigations, exchange rate fluctuations, interest and other costs.*

#### Indian Film Industry, review and future outlook

The Indian Film Industry, acknowledged as one of the fastest growing and the largest in the world, produces the maximum number of films every year across various Indian languages.

Overcoming the gloom that had set in during the economic slowdown of 2008-09, the Indian Media & Entertainment Industry bounced back in 2010 registering a growth of 11% as compared to a mere 1.4% in 2009. According to KPMG's Report on the Indian Media & Entertainment Industry, the Industry is estimated to achieve a growth of 13% in 2011 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.

Among the factors that drive the growth of this Industry other than governmental measures are Corporatisation, Multiplex Culture, Digital Cinemas, Overseas Market for Indian films, Emerging Technologies like Mobile Entertainment, Merchandising, In-film advertising etc., Interestingly, during the last 5 years, the Indian Film Industry witnessed the entry of leading Corporate Houses in all the 3 segments viz., Film Production, Distribution & Exhibition.

On the financing of films, IDBI took the lead way back in the year 2000 in extending financial assistance to film producers. Subsequently, Reserve Bank of India re-framed the lending norms for Film Financing and this paved the way for Commercial Banks to finance film production. Organised funding is more prevalent among Hindi Film Producers, while regional language film producers still thrive on traditional funding from Private Financiers.

#### Business Overview

Our Company's business activities are focussed in media & entertainment space and we have identified 'Media Financing' as our primary activity. Last year, we started funding production of feature films and to begin with, our initial focus has been in the Tamil and Telugu film industry, though our long-term objective is to be present across all Indian languages. We are exploring opportunities in the television segment as well.

#### Business Model

Our business model comprises of "Interest Model" and "Interest-cum-Profit Sharing Model". Under the "Interest-cum-Profit Sharing Model", our revenue comprises of the interest on the loan amount and a share in the Profits earned by the Producer of the films.

We work with a well-structured process-driven approach to ensure a high degree of professionalism and transparency at each stage. Our analysis to fund a movie starts with identifying the right Producer. We finance Producers who possess a good track record of producing films in terms of completing them within the budgeted cost and releasing them on time. Having convinced with the credentials of the Producer, we evaluate the viability of the project in terms of the marketability of the film. Various attributes like presence of leading cast & crew members in the film including the Hero, Director and the Music Director play a vital role in the saleability of the film. Our financial exposure is related to the budgeted cost of production and the tenure of the loan is linked to the targeted date of release given by the producer. Our rates of interest vary depending on the credentials of the Producer and the merits of the proposal.

For securing our interest and rights for funding a movie, as per the industry practice, we create a first charge on the negative of the movie. In certain cases, we also insist on the additional security of immovable properties and other assets as collateral.



## 12th Annual Report 2010-2011

### Key Competence Drivers

**De-risking the Business:** The Film Industry over the decades has earned a dubious reputation of being unpredictable. We are working fervently to remove this stigma attached to the Industry and we see this as a great opportunity in building a solid base which will eventually position ourselves as a leading financier for the Indian Media & Entertainment Industry.

Though Film Financing is prone to risks, we follow prudent, transparent and professional business practices and take effective steps to mitigate risks to ensure that there are no 'Bad Accounts'.

We have a team of professionals who possess in-depth knowledge and experience in funding of movies coupled with vast experience in the Film Industry. Our selection of Producers to whom we lend is based on various parameters and our 100% success rate in this activity speaks for itself on our capabilities.

Our risk ends on receipt of full and final settlement of the principal and interest by the Producer and is not related to the success or failure of the film.

**Corporate Structure:** We have put in place a corporate structure for funding of movies, which has led to increased efficiency and greater transparency and has been achieved through adoption of our disciplined corporate practices.

**Film Completion Guarantee :** Since the repayment of our loan is linked to the completion of the timely completion of the film, as an additional measure to secure the repayment of the principal and interest, we are in the process of evaluating the feasibility of obtaining Film Completion Guarantees. We are in talks with leading Completion Guarantee Providers and will soon have this risk mitigation tool in place to safeguard our lending interests.

### Future Plans

We aim to be a market leader and to be a 'One-Stop-Shop' for all financing needs across the Indian Media & Entertainment space. Acknowledged by the Tamil & Telugu Industry as a reputed Financier in terms of Professionalism, Transparency, Integrity & Ethics in a short span of time, we envisage a great opportunity in the Media Financing activity. During the coming years, we will strengthen our base in the South Indian Film industry.

Our Producer identification process has ensured us a 100% recovery rate in recovery and going forward, with the level of growth envisaged in the operations, we

will review our lending norms on a continuous basis and adopt various risk mitigation measures to safeguard our exposure so as to maintain to maintain the same success rate.

### Challenges

We face competition from existing private money lenders who have been present in the Industry for ages. Despite the transformation undergone by the Industry over the last few years, unorganised players continue to dominate this Industry, though the entry of Corporate Houses is changing the way the Industry used to operate. The entry of several listed entities to this Industry and their long-term plans to be present in the entire Media & Entertainment value chain has paved the need for organised funding.

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. Unorganised players including Traditional Private Money Lenders will continue to remain, but their presence will reduce drastically in the changed environment. We therefore do not envisage any challenges as such, though we will be operating in a 'Healthy & Competitive' environment and be a stable player.

### Film Production

We also plan to be producer of films and our objective as a Production House is to produce films with 'Leading Artistes & Technicians'. Unlike most of the other film makers in the Country, we have a Corporate Structure that follows a structured methodology for film production. We hire the best talent available in the Industry and put together a 'winning combination' for each project to ensure that only quality films are produced by us.

Film Production activity involves Project Management, Financial Planning and developing relationships with Artistes & Technicians. The Company's Production Wing plans and executes the production activity, besides tracking the changing tastes and preferences of the audience.

We are in the process of identifying the right scripts and right subjects to produce movies in Tamil language.

### Internal Control Systems and their Adequacy

Our Company has an appropriate internal control system for the business processes, with regard to the efficiency of operations, financial reporting, compliance with applicable laws and regulations. Our Internal Auditors



## PICTUREHOUSE MEDIA LIMITED (Formerly Telephoto Entertainments Limited)

conducts quarterly internal audits encompassing all processes of the Company like statutory compliances, payroll, purchase, fixed assets, etc. It also ensures adherence to policies and systems and mitigation of the operational risks perceived for each area under audit.

### Discussion on Financial Performance

#### Reserves & Surplus

The Reserves & Surplus same as last year.

#### Fixed Assets

The Company, during the year, purchase fixed assets worth of ₹ 2,95,842. The net block of fixed assets after depreciation ₹ 2,82,689.

### Investments

The Company, during the year, not made any investments.

### Other Current Assets

Other Current Assets are Deposits and Advance of Income Tax of ₹ 58,67,520.

### Results of Operations

The Company, during the year started the movie finance operation and the company received revenue of ₹ 7,11,36,268 on account movie finance.

Total Administrative and other expenses stand at ₹ 2,59,70,590. An analysis of the various Administrative and other expenses is given below:

ADMINISTRATION AND OTHER EXPENSES	(in ₹)	% of total
Employee Cost	14,463,888	55.69%
Contribution to Provident Fund and Other Funds	148,761	0.57%
Staff Welfare Expenses	216,010	0.83%
Rent	2,320,712	8.94%
Power & Fuel	222,335	0.86%
Printing & Stationery	241,069	0.93%
Communication Expenses	421,220	1.62%
Travelling & Conveyance	1,723,834	6.64%
Rates & Taxes	3,163,985	12.18%
Registration Charges	232,100	0.89%
Business Development	133,508	0.51%
Insurance - Employees	122,008	0.47%
Security Charges	158,102	0.61%
Investor Services	287,694	1.11%
Legal & Consultancy Charges	474,938	1.83%
Repairs & Maintenance - Building	28,262	0.11%
Others	44,927	0.17%
Directors Sitting Fees	110,000	0.42%
Other Expenses	657,562	2.53%
Audit Fees - Audits	661,800	2.55%
- Other Services	137,875	0.53%
<b>Total</b>	<b>25,970,590</b>	<b>100.00%</b>

Interest & Finance charges represent an amount of ₹ 1,69,21,308/- on the facility assigned from the parties.

For and on behalf of the Board of Directors

**Prasad V. Potluri**

Director

August 25, 2011

Chennai

**12th Annual Report 2010-2011**

**For Members Use**

**PICTUREHOUSE MEDIA LIMITED** (Formerly Telephoto Entertainments Limited)

# **Standalone Financial Statements and Notes**

**For Members Use**

**PICTUREHOUSE MEDIA LIMITED** (Formerly Telephoto Entertainments Limited)

**AUDITORS REPORT TO THE MEMBERS OF  
PICTUREHOUSE MEDIA LIMITED**

To

The Shareholders  
Picturehouse Media Limited  
Chennai

1. We have audited the attached Balance Sheet of Picturehouse Media Limited as at 31<sup>st</sup> March 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed there to. These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report)(Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the Books of Account;

- d) In our opinion the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt by this report, comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representation received from the Directors, and taken on records by the Board of Directors, we report that, none of the Directors are disqualified as on 31/03/2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) *Attention is drawn to the note number B11 of Schedule Q with regard to carrying the long term investment and advances given to its subsidiary company, on which the provisions already been made. Any additional provisions to be made, if any, on the investment and advances to subsidiary company, are not quantified at this stage.*
- g) In our opinion and to the best of our information and according to the explanations given to us, subject to the effect on the financial statement on the matters referred to in the preceding paragraph, the said accounts read with the accounting policies and notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i. In the case of Balance Sheet, of the State of Affairs of the Company as at 31<sup>st</sup> March 2011,
  - ii. In the case of Profit and Loss Accounts, of the PROFIT of the Company for the year ended on that date; and
  - iii. In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **M/s CNGSN & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**R. THIRUMALMARUGAN**  
PARTNER  
Membership No. 200102  
Firm Registration No. 004915S

Camp: Hyderabad  
Date: 27<sup>th</sup> May, 2011

## 12th Annual Report 2010-2011

### ANNEXURE TO AUDITORS REPORT

(Referred to in Paragraph 3 of our Report of even date)

1. a. In our opinion and according to the information and explanations given to us, the company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
b. As per the information and explanations provided to us, the company has physically verified the fixed assets during this year and there is no material discrepancies noticed on such verification.  
c. As per the information and explanation provided to us, substantial part of fixed assets have not been disposed off during the year, which affects the going concern.
2. There are no inventory and hence the provision of clause 4 (ii) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
3. a. According to the information and explanations given to us, the company has granted, unsecured loans to subsidiary company- PVP Screens Pvt Ltd during previous years, a party covered in the register maintained under section 301 of the Companies Act, 1956. It is informed that these advances are recoverable on demand. The total outstanding as on the balance sheet date is ₹ 452.11 lakhs. Therefore the rate of interest, terms and conditions of loans, receipt of principal and overdue amounts are not applicable.  
b. According to the information and explanations given to us, the company has not taken loans, secured or unsecured from, companies, firms or other parties covered in the register maintained under section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business, for purchases of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls systems.
5. a. According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.  
b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanation given to us the Company has not accepted deposits from public during this year. Therefore the provisions of section 58A, 58AA of the Act and any contravention of these provisions for the year under audit are not applicable.
7. The Company has an internal audit system to commensurate with its size and nature of its business.
8. As per the information and explanation given to us the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
9. a. According to the information and explanation given to us, the Company is depositing undisputed statutory dues with appropriate authorities, like Provident Fund, Investor Education and Protection Fund, Employee's State insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Customs Duty, Excise Duty, Cess, wherever applicable, except few delays in depositing TDS remittances and professional tax. There are no undisputed Statutory outstanding dues as at the 31<sup>st</sup> March, 2011 for a period of more than six months from the date they become payable.  
b. According to the information and explanation given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess which have not been deposited on account of any dispute.

**PICTUREHOUSE MEDIA LIMITED** (Formerly Telephoto Entertainments Limited)

10. In our opinion and according to the information and explanation given to us the accumulated loss of the company as at the end of the financial year is not more than 50% of its networth. The company has not incurred cash losses during the financial year covered by our audit and incurred cash loss during immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the financial institutions or banks or debenture holders.
12. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanation given to us the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provision of clause 4 (xiii) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
14. In our opinion and according to the information and explanation given to us the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
15. In our opinion and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanation given to us, the Company has not obtained any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that there are no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanation given to us the Company has made allotment of equity and preferences shares during the year to the parties covered in the register maintained under section 301 of the Act and the price at which these shares have been issued is not prejudicial to the interest of the company.
19. According to the information and explanation given to us, the Company has not issued any secured debentures during the year and creation of security for issue of debenture does not arise.
20. According to the information and explanation given to us, the Company has not raised money by public issue during the year and disclosure of end use of public issue does not arise.
21. According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **M/s CNGSN & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**R. THIRUMALMARUGAN**  
PARTNER  
Membership No.200102  
Firm Registration No. 004915S

Camp: Hyderabad  
Date: 27<sup>th</sup> May, 2011

# 12th Annual Report 2010-2011

## Balance Sheet As At March 31, 2011

	Schedules	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>SOURCES OF FUNDS</b>			
<b>1 Share Holders Funds</b>			
Share Capital			
Equity Share Capital	<b>A</b>	154,957,880	61,366,110
Preference Share Capital	<b>B</b>	259,977,220	-
Share Warrants	<b>C</b>	15,017,350	-
Reserves & Surplus	<b>D</b>	20,537,500	20,537,500
<b>2 Loan Funds</b>			
Secured Loans		-	-
Unsecured Loans	<b>E</b>	-	203,102
		<b>450,489,950</b>	<b>82,106,712</b>
<b>APPLICATION OF FUNDS</b>			
<b>1 Fixed Assets</b>	<b>F</b>		
(a) Gross Block		295,842	-
(b) Less: Depreciation		13,153	-
Net Block		282,689	-
<b>2 Investments</b>	<b>G</b>	-	-
<b>3 Current Assets, Loans and Advances</b>			
Inventories		-	-
Cash and Bank balances	<b>H</b>	47,906,566	161,492
Sundry Debtors	<b>I</b>	26,499,601	-
Other Assets	<b>J</b>	5,867,520	471,549
Loans and advances	<b>K</b>	327,041,425	-
		407,315,112	633,041
Less: Current Liabilities and Provisions	<b>L</b>		
Current Liabilities		11,547,024	1,309,003
Provisions		7,926,754	-
		19,473,778	1,309,003
<b>Net Current Assets</b>		387,841,334	(675,962)
<b>4 Miscellaneous expenditure to the extent not written off or adjusted</b>			
Profit and Loss Account	<b>Q</b>	62,365,927	82,782,674
<b>NOTES TO ACCOUNTS</b>			
		<b>450,489,950</b>	<b>82,106,712</b>

The schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For **CNGSN & Associates**

Chartered Accountants

Firm Reg.No. 0049155

For and on behalf of the Board of Directors

**R. Thirumalmarugan**

Partner

Membership No : 200102

Place : Hyderabad

Date : May 27, 2011

**Prasad V. Potluri**

Director

**R. Nagarajan**

Director

**N.S. Kumar**

Director



**PICTUREHOUSE MEDIA LIMITED** (Formerly Telephoto Entertainments Limited)

**Profit and Loss Account For Year Ended March 31, 2011**

	Schedules	For the Year Ended 31.03.2011 ₹	For the Year Ended 31.03.2010 ₹
<b>INCOME</b>			
Income from Operations	<b>M</b>	71,246,268	102,610
Other Income	<b>N</b>	2,284	25,531
<b>Total</b>		<b>71,248,552</b>	<b>128,141</b>
<b>EXPENDITURE</b>			
Operating, Administration and Other Expenses	<b>O</b>	25,970,590	685,958
		<b>25,970,590</b>	<b>685,958</b>
<b>Profit/(Loss) before Interest, Depreciation &amp; Tax</b>		45,277,962	(557,817)
Interest and Finance Charges	<b>P</b>	16,921,308	-
Depreciation		13,153	-
<b>Profit/(Loss) before Tax</b>		<b>28,343,501</b>	<b>(557,817)</b>
Less: Provision for Tax :			
- Income Tax		7,926,754	-
<b>Profit/(Loss) after tax</b>		<b>20,416,747</b>	<b>(557,817)</b>
Balance brought forward from earlier year		(82,782,674)	(82,224,857)
Balance Carried to Balance Sheet		<b>(62,365,927)</b>	<b>(82,782,674)</b>
<b>NOTES TO ACCOUNTS</b>	<b>Q</b>		
Earnings per Share ( Refer Note B-12 in Schedule Q)			
Basic		3.30	(0.09)
Diluted		3.29	(0.09)
Face Value per equity share		10.00	10.00

The schedules referred to above form an integral part of the Profit and Loss Account.  
This is the Profit and Loss Account referred to in our report of even date.

For **CNGSN & Associates**

Chartered Accountants  
Firm Reg.No. 004915S

For and on behalf of the Board of Directors

**R. Thirumalmarugan**

Partner  
Membership No : 200102

**Prasad V. Potluri**

Director

**R. Nagarajan**

Director

**N.S. Kumar**

Director

Place : Hyderabad

Date : May 27, 2011

## 12th Annual Report 2010-2011

### Cash Flow Statement for the year ended March 31, 2011

(Amount in ₹)

	Year Ended 31st March 2011	Year Ended 31st March 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	28,343,501	(557,817)
Adjustments for:		
Depreciation	13,153	-
Interest paid	16,921,308	-
Interest received	(71,136,268)	(25,531)
Operating Profit Before Working Capital changes	(25,858,306)	(583,348)
Adjustments for:		
(Increase)/Decrease in Sundry Debtors	(26,499,601)	-
(Increase)/Decrease in Other Assets	(1,052,000)	-
(Increase)/Decrease in Loans & Advances	(327,041,424)	-
Increase in Trade payable	10,238,020	195,250
Cash Generated from Operations	(370,213,311)	(388,098)
Direct Taxes paid	(4,343,971)	-
Net Cash from Operating Activities	(374,557,282)	(388,098)
<b>B. CASH FROM INVESTING ACTIVITIES</b>		
Purchase/addition to Fixed Assets	(295,842)	-
Interest received	71,136,268	25,531
Net Cash used in Investing Activities	70,840,426	25,531
<b>C. CASH FROM FINANCING ACTIVITIES</b>		
Interest paid	(16,921,308)	-
Issue of Equity Share Capital, Preferential Shares & Share Warrants	368,586,340	-
Proceeds from Long Term Borrowings (Net)	(203,102)	203,102
Net Cash from Financing Activities	351,461,930	203,102
Net increase in cash and cash equivalents	47,745,074	(159,465)
Cash and cash equivalents at the beginning of the year	161,492	320,957
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>47,906,566</b>	<b>161,492</b>

This is the Cash Flow Statement referred to in our report of even date

For **CNGSN & Associates**

Chartered Accountants  
Firm.Reg.No. 004915S

For and on behalf of the Board of Directors

**R. . Thirumalmarugan**

Partner  
Membership No : 200102

**Prasad V. Potluri**

Director

**R. Nagarajan**

Director

**N.S. Kumar**

Director

Place : Hyderabad

Date : May 27, 2011

**PICTUREHOUSE MEDIA LIMITED** (Formerly Telephoto Entertainments Limited)

**Schedules forming part of Balance Sheet**

	<b>As at 31.03.2011 ₹</b>	<b>As at 31.03.2010 ₹</b>
<b>SCHEDULE - A SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
4,80,00,000 (2010: 1,20,00,000) Equity Shares of ₹ 10/- each.	480,000,000	120,000,000
2,70,00,000 (2010: Nil) Preferential Shares of ₹ 10/- each.	270,000,000	-
	<b>750,000,000</b>	<b>120,000,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAIDUP CAPITAL</b>		
<b>1,54,95,788 (2010: 61,36,611) equity Shares of ₹ 10/- each fully paid up</b>		
(Of which 61,59,177 shares held by Mrs. Jhansi Sureddi, 33,53,114 Shares are held by PVP Ventures Ltd and 6,85,487 shares are held by PVP Energy Private Ltd, a 100% subsidiary of PVP Ventures Ltd)	154,957,880	61,366,110
	<b>154,957,880</b>	<b>61,366,110</b>
<b>SCHEDULE - B 0% Compulsorily Convertible Preferential Shares (CCPS)</b>		
2,59,97,722 shares issued to Mrs. Jhansi Sureddi of ₹ 10/- each fully paid-up (Refer note B-3 of Schedule Q )	259,977,220	-
	<b>259,977,220</b>	<b>-</b>
<b>SCHEDULE - C Share Warrants Issued &amp; Partly Paid-up</b>		
35,06,490 warrants of ₹ 10/- each to Rayudu Media Projects Private Limited paid up ₹ 2.50 each	8,767,350	-
25,00,000 warrants of ₹ 10/- each to Pearl Dealers Private Limited paid up ₹ 2.50 each (Refer note B-3 of Schedule Q)	6,250,000	-
	<b>15,017,350</b>	<b>-</b>
<b>SCHEDULE - D RESERVES &amp; SURPLUS</b>		
Capital Reserve	2,287,500	2,287,500
Securities Premium	18,250,000	18,250,000
	<b>20,537,500</b>	<b>20,537,500</b>
<b>SCHEDULE - E UNSECURED LOANS</b>		
PVP Ventures Limited	-	203,102
	<b>-</b>	<b>203,102</b>

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Schedules forming part of Balance Sheet

Schedule F

FIXED ASSETS

(Amount in ₹)

Description	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK		
	As at 1/4/2010	Additions	Deletions	As at 31/03/2011	As at 1/4/2010	For the period	Deletions	As at 31/03/2011	As at 31/03/2010
Office Equipment	-	162,138	-	162,138	-	2,174	-	159,964	-
Computers and Related Assets	-	133,704	-	133,704	-	10,979	-	122,725	-
<b>TOTAL</b>	-	<b>295,842</b>	-	<b>295,842</b>	-	<b>13,153</b>	-	<b>282,689</b>	-
Previous Year	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**PICTUREHOUSE MEDIA LIMITED** (Formerly Telephoto Entertainments Limited)

**Schedules forming part of Balance Sheet**

	<b>As at 31.03.2011 ₹</b>	<b>As at 31.03.2010 ₹</b>
<b>SCHEDULE - G</b>		
<b>INVESTMENTS in Subsidiaries</b>		
(Valued at cost) - Trade and Unquoted		
PVP Cinema Pvt. Ltd. (Formerly PVP Screens Pvt. Ltd.)		
30,000 equity shares of ₹10/- each	300,000	300,000
Less: Provision for diminution in value of investment	(300,000)	(300,000)
	-	-
<b>SCHEDULE - H</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash on hand	140,207	-
Balance with Scheduled Banks		
- in current accounts	47,766,359	161,492
	<b>47,906,566</b>	<b>161,492</b>
<b>SCHEDULE - I</b>		
<b>SUNDRY DEBTORS (Secured)</b>		
Debts outstanding exceeding six months	-	-
Other debts	26,499,601	-
	<b>26,499,601</b>	-
<b>SCHEDULE - J</b>		
<b>OTHER CURRENT ASSETS</b>		
Deposits	1,052,000	-
Advance Income Tax	4,815,520	471,549
	<b>5,867,520</b>	<b>471,549</b>
<b>SCHEDULE - K</b>		
<b>LOANS &amp; ADVANCES</b>		
(Secured and Considered good, unless otherwise stated)		
Advances for Film Production	28,721,674	-
Advances to Film Finance	278,653,073	-
Advances for Film Copy Rights	19,500,000	-
Advances to Others	166,678	-
- Considered doubtful (PVP Cinema Pvt. Ltd. (Formerly PVP Screens Pvt. Ltd.))	45,211,000	45,211,000
	372,252,425	45,211,000
Less: Provision for doubtful advances	45,211,000	45,211,000
	<b>327,041,425</b>	-

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### Schedules forming part of Balance Sheet

	AS AT 31.03.2011 ₹	AS AT 31.03.2010 ₹
<b>SCHEDULE - L</b>		
<b>CURRENT LIABILITIES</b>		
Interest received in Advance	2,985,390	1,147,390
Sundry Creditors		
- For Expenses	3,691,547	148,152
- Statutory Dues	1,129,227	13,461
- Retirement Benefits	3,740,860	-
	<b>11,547,024</b>	<b>1,309,003</b>
<b>PROVISIONS</b>		
Provision for Income Tax	7,926,754	-
	<b>7,926,754</b>	-

**PICTUREHOUSE MEDIA LIMITED** (Formerly Telephoto Entertainments Limited)

**Schedules forming part of Profit and Loss Account**

	<b>For the Year Ended 31.03.2011 ₹</b>	<b>For the Year Ended 31.03.2010 ₹</b>
<b>SCHEDULE - M</b>		
<b>INCOME FROM OPERATIONS</b>		
Income from Leasing Movie Rights	110,000	102,610
Interest from Movie Finance	71,136,268	-
	<b>71,246,268</b>	<b>102,610</b>
<b>SCHEDULE - N</b>		
<b>OTHER INCOME</b>		
Interest earned on Deposits	2,284	25,531
	<b>2,284</b>	<b>25,531</b>
<b>SCHEDULE - O</b>		
<b>OPERATING, ADMINISTRATION &amp; OTHER EXPENSES</b>		
Employee Cost	14,463,888	-
Contribution to Provident Fund and Other Funds	148,761	-
Staff Welfare Expenses	216,010	-
Rent	2,320,712	-
Power & Fuel	222,335	-
Printing & Stationery	241,069	-
Communication Expenses	421,220	-
Travelling & Conveyance	1,723,834	650
Rates & Taxes	3,163,985	-
Registration Charges	232,100	-
Business Development	133,508	-
Insurance - Employees	122,008	-
Security Charges	158,102	-
Investor Services	287,694	142,071
Legal & Consultancy Charges	474,938	97,211
Repairs & Maintenance - Building	28,262	-
- Others	44,927	-
Directors Sitting Fees	110,000	174,560
Other Expenses	657,562	144,621
Audit Fees - Audits	661,800	82,725
- Other Services	137,875	44,120
	<b>25,970,590</b>	<b>685,958</b>
<b>SCHEDULE - P</b>		
Interest and Finance Charges		
Interest		
- To Movie Finance	16,921,308	-
	<b>16,921,308</b>	<b>-</b>

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### Schedules forming part of the Standalone financial statements for the year ended March 31, 2011

#### Schedule Q: Significant accounting policies and Notes on Accounts

##### A. Significant Accounting Policies

##### 1. Basis of preparation of financial statements

- (A) The financial statements of the Company have been prepared under the historical cost convention in accordance with the Accounting Standards specified by Companies (Accounting Standards) Rules, 2006 issued by the Central Government and the relevant provisions of the Companies Act, 1956, to the extent applicable.
- (B) All financial transactions have been recognized on accrual basis. The preparation of financial statements in conformity with the GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from those estimates.
- (C) The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

##### 2. Revenue Recognition

Interest income is recognized on time proportionate basis. Income earned on licensing the copyrights is also recognized on time proportionate basis.

##### 3. Use of Estimates

In preparation of financial statements conforming to GAAP requirements certain estimates and assumptions are essentially required to be made with respect to items such as provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful life period of Fixed Assets. Due care and diligence have been exercised by the Management in arriving at such estimates and assumptions since they may directly affect the reported amounts of income and expenses during the year as well as the balances of Assets and Liabilities including those which are contingent in nature as at the date of reporting of the financial statements.

To comply with GAAP requirements relating to impairment of assets, if any, the Management

periodically determines such impairment using external and internal resources for such assessment. Loss, if any, arising out of such impairment is expensed as stipulated under the GAAP requirements. Contingencies are recorded when a liability is likely to be incurred and the amount can be reasonably estimated. To this extent the results may differ from such estimates.

##### 4. Fixed Assets and Depreciation

Fixed Assets are stated at acquisition cost. Depreciation is charged on a pro-rata basis on a straight-line method as per the rates and in the manner prescribed under the schedule XIV to the Companies Act, 1956, as amended. Expenditure on maintenance, repairs and renewals of minor items are generally charged to revenue as incurred. Upon sale or write off of assets, the cost of the assets and the accumulated depreciation on such assets are eliminated from the Fixed Assets block. The profit / loss on sale or write off of assets are included in the earnings statement.

##### 5. Benefits to employees

###### Gratuity

The liability as at the Balance Sheet date is provided for based on the actuarial valuation carried out in accordance with revised Accounting Standard 15 (Revised 2005) on "Employee Benefits" as at the end of the period. Actuarial Gains/Losses are recognized immediately in Profit & Loss Account.

###### Leave Encashment

Leave encashment is paid for in accordance with the rules of the Company and provided based on an actuarial valuation as at the balance sheet date. Actuarial Gains/Losses are recognized immediately in Profit & Loss Account.

###### Other Benefit Plans

Contributions paid/ payable under defined contribution plans are recognized in the Profit and Loss Account in each year. Contribution plans primarily consist of Provident Fund administered and managed by the Government of India. The company makes monthly contributions and has no further obligations under the plan beyond its contributions.



## PICTUREHOUSE MEDIA LIMITED (Formerly Telephoto Entertainments Limited)

### 6. Investments

Long-term investments are stated at cost, less diminution other than temporary in the value of such investments, if any. Current investments are valued at cost or market value whichever is lower.

### 7. Foreign Currency Transactions

All foreign currency transactions are accounted for at the rates prevailing on the dates of the transaction. Foreign currency liabilities are converted at the year end rates as applicable. The exchange difference on settlement / conversion is adjusted to Profit and Loss account.

### 8. Taxes on Income

Tax expense comprises current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the relevant tax laws. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

### 9. Leases

There were no assets taken on financial lease during the year. Lease rentals in respect of operating lease arrangements are charged to expense on a straight-line basis over the term of the related lease agreement.

### 10. Borrowing Cost

Expenditure on borrowing cost on the loans obtained specifically for acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset. Other borrowing costs are charged to revenue over the tenure of

the loan. The company does not have any borrowing cost during the current year.

### 11. Impairment of Assets

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each Balance Sheet date. Impairment loss, if any, is recognized in the year in which the impairment takes place.

### 12. Cash Flow Statement

The Cash flow statement is prepared under the indirect method as per Accounting Standard 3 "Cash Flow Statements".

### 13. Segment Reporting

The Company operates in only one segment viz., movie production and funding related Income. Hence segment reporting is not applicable.

### 14. Earnings per Share

The earnings considered for ascertaining the Company's Earnings Per Share comprises the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted EPS comprises the weighted average shares considered for deriving basic EPS, and also the weighted average number of equity shares that would be issued on the conversion of all dilutive potential equity shares.

### 15. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has an obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

## 12th Annual Report 2010-2011

### B. NOTES TO THE ACCOUNTS

1. During the year, the Company changed its name to Picturehouse Media Limited, which became effective from March 29, 2011 consequent upon issuance of a fresh Certificate of Incorporation by the Registrar of Companies, Tamilnadu at Chennai.
2. During the year, the authorised share capital of the Company was increased to ₹ 75,00,00,000/- divided into 4,80,00,000 Equity Shares of ₹ 10/- each and 2,70,00,000 Preference shares of ₹ 10/- each.
3. During the year, the Company allotted following securities on preferential basis:
  - (i) 93,59,177 equity shares of ₹ 10/- each;
  - (ii) 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 share 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;
  - (iii) 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 share 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 Warranholder;

Post the allotment of above, paid up share capital of the Company stands 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.

Effective from March 30, 2011, the equity shareholding pattern of the Company is as follows:

Name	No. of shares	% age
Promoter Group		
Mrs. Jhansi Sureddi	61,59,177	39.75
M/s. PVP Ventures Limited	33,53,114	21.64
M/s. PVP Energy Private Limited	6,85,487	4.42
Public	52,98,010	34.19
Total	1,54,95,788	100.00

Accordingly, w.e.f. March 30, 2011, the Company ceased to be a subsidiary of PVP Ventures Limited.

4. Pursuant to the approval of shareholders on March 15, 2011, and subject to receipt of the FIPB approval, the Company shall also allot 50,00,000 Warrants of ₹ 10/- each to M/s. Sparrow India Diversified Opportunity Fund I, a SEBI registered FII. These warrants also have the same terms and conditions as above.
5. (a) During the year, the Company has ventured into movie financing and has acquired certain facilities and all the rights and securities thereon including the interest receivables from parties who had provided finances to the movie production houses. As per the assignment agreements executed, the advances outstanding as on March 31, 2011 is ₹ 2786.53 Lakhs.
  - (b) Further, the Company has paid ₹ 195.00 Lakhs for purchase of movie copyrights for commercial exploitation. The further commitment for this business is around ₹ 325.00 Lakhs.
  - (c) During the year, the Company has also ventured into film production for a project with leading artistes and technicians of South India. As per the agreements executed, the Company shall invest around ₹ 6200.00 lakhs for production of the film. As on March 31, 2011, the Company has spent around ₹ 287.22 lakhs towards the project.
6. During the year, as part of corporate restructuring implementation, all the employees of PVP Ventures Limited have been transferred to the Company effective from July 01, 2010 on the same terms and conditions of their employment. Accordingly, the related provisions of the employee benefits have also been transferred to the Company.
7. **Expenditure in Foreign Exchange**

During the year the Company has incurred an expenditure in foreign exchange of ₹ Nil/- (Previous Year – ₹ 75,064/-).

**PICTUREHOUSE MEDIA LIMITED** (Formerly Telephoto Entertainments Limited)

**8. Related party disclosures**

**(a) Names of related parties and description of relationship**

Description of relationship	Names of related parties
Holding Company	PVP Ventures Limited (PVP) (Upto 29.03.2011)
Subsidiary Company	PVP Screens Private Limited (PVPS)
Key Management Personnel	Mr. Prasad V. Potluri

**(b) Summary of transactions and outstanding balances with the above related parties:**

Nature of transactions	Transactions for the year ended (in ₹)		Balance as at (in ₹)	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Loan Given to PVPS	Nil	Nil	4,52,11,000	4,52,11,000
Loan taken from PVP	8,228	2,03,102	Nil	2,03,102
Loan Repaid to PVP	2,11,330	Nil		
Gratuity and Leave Encashment Liability taken over from PVP and settled	25,66,308	Nil	Nil	Nil
Provision for advances given to PVPS	NIL	NIL	4,52,11,000	4,52,11,000

**9. Employee Benefits**

During the year, all the employees of PVP Ventures Limited were transferred to the Company w.e.f. July 01, 2010.

The following table sets forth the status of the Gratuity Plan of the Company and the amounts recognized in the Balance Sheet and Profit and Loss Account.

**Amounts recognized in the balance sheet**

	Year ended March 31, 2011 (in ₹)
Present value of funded obligation	6,93,450
Less: Fair value of assets*	-
Net Liability / (Asset)	6,93,450

\*The Company has not created any Trust for meeting the liability and not funded so far and hence no assets are available for valuation and hence there are no disclosures pertaining to plan assets.

**Cost for the period**

	Year ended March 31, 2011 (in ₹)
Current service cost	2,09,574
Interest cost	29,602
Actuarial (gain)/loss	1,12,816
Cost recognized	3,51,992

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### Reconciliation of opening and closing balances of the present value of the obligations

	Year ended March 31, 2011 (in ₹)
<b>Defined benefit obligation taken</b>	3,70,027
Current service cost	2,09,574
Interest cost	29,602
Actuarial loss/(gain)	1,12,816
Benefits paid	<b>(28,569)</b>
<b>Projected benefit obligation at the end of the period</b>	<b>6,93,450</b>

### Principal Actuarial assumptions used:

	Year ended March 31, 2011 (in ₹)
Discount rates	8.00%
Expected salary increase rates	7.50%
Expected rate of return on plan assets	-

The following table sets forth the status of the Leave Encashment Plan of the Company and the amounts recognized in the Balance Sheet and Profit and Loss Account.

### Amounts recognized in the balance sheet

	Year ended March 31, 2011 (in ₹)
Present value of funded obligation	30,47,410
Less: Fair value of assets	-
Net Liability / (Asset)	30,47,410

### Cost for the period

	Year ended March 31, 2011 (in ₹)
Current service cost	8,50,182
Interest cost	1,75,777
Actuarial (gain)/loss	3,46,215
Cost recognized	13,72,174

### Reconciliation of opening and closing balances of the present value of the obligations:

	Year ended March 31, 2011 (in ₹)
<b>Defined benefit taken over</b>	21,97,218
Current service cost	8,50,182
Interest cost	1,75,777
Actuarial loss/(gain)	3,46,215
Benefits paid	(5,21,982)
<b>Projected benefit obligation at the end of the period</b>	<b>30,47,410</b>

**PICTUREHOUSE MEDIA LIMITED** (Formerly Telephoto Entertainments Limited)

**Principal Actuarial assumptions used:**

	<b>Year ended March 31, 2011</b>
Discount rates	8.00%
Expected salary increase rates	7.50%
Expected rate of return on plan assets	-

The Actuary has not furnished the data related to experience adjustment and estimate for the next year.

**Defined contribution plans**

In respect of the defined contribution plans, an amount of ₹ 1,48,761 (2010: Nil) has been recognized in the Profit and Loss Account during the year.

**10. Provision for Taxation and deferred tax**

The provision for deferred tax asset/liability for the year ended March 31, 2011 has been made in accordance with AS-22 on Accounting for Taxes on Income. The deferred tax liability on amount of depreciation is ₹ 23,084/- and the deferred tax asset on account of timing differences with regard to gratuity and leave encashment provisions is ₹ 12,13,772/-. On a conservative basis, the net deferred tax asset of ₹ 11,90,688/- has not been recognised as on March 31, 2011.

The provision for income tax has been made as per the Income Tax Act, 1961 considering the brought forward losses available for set-off.

11. During the previous years, on a conservative basis, the Company has provided for the entire amount of investments and advances to its subsidiary company and the management do not expect any further provision on these investments and advances.

**12. Earning per Share:**

<b>Particulars</b>	<b>Ref</b>	<b>Year ended March 31, 2011</b>	<b>Year ended March 31, 2010</b>
Profit after Tax (in ₹)	A	204,16,747	(5,57,817)
Number of Equity shares outstanding	B	154,95,788	61,36,611
Weighted average number of equity shares outstanding	C	61,87,894	61,36,611
Number of weighted average shares outstanding including diluted potential equity shares	D	62,10,368	61,36,611
Earnings per share – Basic (in ₹)	A/C	3.30	(0.09)
Earnings per share – Diluted (in ₹)	A/D	3.29	(0.09)

13. The Company has entered into an operating lease agreement for its office premises and the said agreement is binding on the Company upto May 17, 2013. In case the Company cancels the agreement any time before the end of the contracted period, security deposit of ₹ 10.52 lakhs shall not be refunded to the Company.

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The lease rentals paid during the year and the future lease obligations for the agreement in vogue as at March 31, 2011 are as follows:

Particulars	Year ended March 31, 2011 (in ₹)	Year ended March 31, 2010 (in ₹)
Due within 1 year from the Balance Sheet date	31,56,000	Nil
Due between 1 and 5 years	35,50,500	Nil
Due after 5 years	Nil	Nil
Lease rent paid during the year	23,20,712	Nil

### 14. Auditor's Remuneration including service tax (in ₹)

Description	Year ended March 31, 2011	Year ended March 31, 2010
Statutory Audit Fees	6,06,650	82,725
Tax audit fees	55,150	Nil
Other Services	1,37,875	44,120

### 15. Disclosure made in terms of clause 32 of the listing agreement with Stock exchange:

Particulars	Name of the company	Amount outstanding as on March 31, 2011 (In ₹)	Maximum amount due at any one time during the year (In ₹)
<b>(A)</b> Loans and advances Loans and advances in the nature of loans made to subsidiary company	PVP Screens Private Limited (100% Subsidiary)	4,52,11,000	4,52,11,000
Loans and advances in the nature of loans made to associate company	NA	Nil	Nil
Loans and advances in the nature of loans where there is (a) No repayments schedule or repayment beyond seven years (or)	PVP Screens Private Limited (100% Subsidiary)	4,52,11,000	4,52,11,000
(b) No Interest or interest below section 372A of the Companies Act	PVP Screens Private Limited (100% Subsidiary)	4,52,11,000	4,52,11,000
loans made to firms/companies in which Directors of the company are interested.	Not Applicable	Nil	Nil
<b>(B) Investments by the Company</b>	<b>Name of the company</b>	<b>Amount outstanding as on March 31, 2011</b>	<b>Maximum investment due at any one time during the year</b>
in Subsidiary Company	PVP Screens Private Limited (100% Subsidiary)	3,00,000	Nil
Investment by the loanee in the shares of the parent company and subsidiary company	Not Applicable	Nil	Nil

**PICTUREHOUSE MEDIA LIMITED** (Formerly Telephoto Entertainments Limited)

16. The Company has not received any intimation from Suppliers, regarding their status under Micro, Small Enterprises Development Act, 2006 and hence disclosure of any relating to amounts unpaid as at the period end together with interest paid/payable as required under the said Act have not been given.
17. The Company has not entered into any Derivative transactions during the year. There are no outstanding foreign currency exposures.
18. The Company does not have a Managing Director or whole time Director for the time being. However, the Company is in the process of appointing a suitable person as Managing Director or whole time director.
19. Additional information pursuant to paragraphs 3, 4, 4A to 4D of Part II to Schedule VI to the Act, to the extent either Nil or not applicable is not furnished.
20. Previous year's figures have been re-grouped wherever necessary to conform to the current year's classification.

As per our Report of even date  
For **CNGSN & Associates**  
Chartered Accountants  
Firm.Reg.No. 004915S

For and on behalf of the Board of Directors

**R. Thirumalmarugan**  
Partner  
Membership No : 200102

**Prasad V. Potluri**  
Director

**R. Nagarajan**  
Director

**N.S. Kumar**  
Director

Place : Hyderabad  
Date : May 27, 2011

## 12th Annual Report 2010-2011

### Balance Sheet Abstract and Company's General Business Profile

#### i. Registration Details

Registration No.	:	044077	State Code	:	18
Balance Sheet Date	:	31.03.2011			

#### ii. Capital raised during the year (₹ in thousands)

Public Issue	:	NIL	Rights Issue	:	NIL
Bonus Issue	:	NIL	Private Placement	:	3,53,569

#### iii. Position of Mobilisation and Deployment of Funds (₹ in thousands)

Total Liabilities	:	450,490	Total Assets	:	450,490
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#### Source of Funds

Paid-up Capital	:	429,952	Reserves & Surplus	:	20,538
Secured Loans	:	NIL	Unsecured Loans	:	NIL

#### Application of Funds

Net Fixed Assets	:	283	Investments	:	NIL
Net Current Assets	:	387,841	Miscellaneous Expenditure	:	NIL
Accumulated Losses	:	62,366			

#### iv. Performance of Company (₹ in thousands)

Turnover / Income	:	71,248	Total Expenditure	:	42,905
Profit/(Loss) Before Tax	:	28,343	Profit/(Loss) After Tax	:	20,417
Earnings per share in ₹	:	3.30	Dividend Rate %	:	NIL

#### v. Generic Names of three Principal Products / Service of Company

Item Code No. (ITC Code)	:	N.A.	Product Description	:	N.A.
--------------------------	---	------	---------------------	---	------

As per our Report of even date

For **CNGSN & Associates**

Chartered Accountants

Firm.Reg.No. 004915S

For and on behalf of the Board of Directors

**R. Thirumalmarugan**

Partner

Membership No : 200102

Place : Hyderabad

Date : May 27, 2011

**Prasad V. Potluri**

Director

**R. Nagarajan**

Director

**N.S. Kumar**

Director



**PICTUREHOUSE MEDIA LIMITED** (Formerly Telephoto Entertainments Limited)

# **Consolidated Financial Statements and Notes**

**12th Annual Report 2010-2011**

**For Members Use**

**PICTUREHOUSE MEDIA LIMITED** (Formerly Telephoto Entertainments Limited)

**Auditors' Report to the Board of Directors of Picturehouse Media Limited  
on the Consolidated Financial Statements of Picturehouse Media Limited and its Subsidiary:**

1. We have audited the attached Consolidated Balance Sheet of Picturehouse Media Limited as at 31<sup>st</sup> March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

*doubt about the subsidiary company's ability to continue as a going concern.*
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that, the Consolidated Financial Statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21, on Consolidated Financial Statements, and on the basis of the separate audited financial statements of Picturehouse Media Ltd and its subsidiary included in Consolidated Financial Statements.
4. a. *Attention is invited to the material matter relating to the preparation of financial statements of the Subsidiary Company, PVP Screens Private Limited on a going concern. The subsidiary company has negative networth, no operational income for the year, depends on the support of its holding company for continued operation and other related factors indicate that existence of a material uncertainty that may cast significant*
- b. Attention is also invited to the doubtful advances amounting to ₹ 620.00 lakhs for which the entire amount has already been provided for in the books of account of subsidiary company. Any additional provisions, if any, to be made for the above advances are not quantified at this stage.
5. On the basis of information and explanations given to us, and on the consideration of the separate audit reports on individual audited financial statements of Picturehouse Media Limited and its subsidiary, *subject to the effect on the financial statements on the matters related to in the preceding paragraph*, we are of the opinion that the attached consolidated financial statement give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. in the case of the Consolidated Balance Sheet, of the Consolidated State of Affairs of Picturehouse Media Ltd and its Subsidiaries as at 31<sup>st</sup> March, 2011;
  - b. in the case of the Consolidated Profit & Loss account, of the PROFIT for the year ended on that date; and
  - c. In the case of Consolidated Cash Flow, the Cash Flows for the year ended on that date.

For **M/s CNGSN & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**R. THIRUMALMARUGAN**  
PARTNER  
Membership No. 200102  
Firm Registration No. 004915S

Camp: Hyderabad  
Date: 27<sup>th</sup> May, 2011

## 12th Annual Report 2010-2011

### Consolidated Balance Sheet As At March 31, 2011

	Schedules	AS AT 31.03.2011 ₹	AS AT 31.03.2010 ₹
<b>SOURCES OF FUNDS</b>			
<b>1 Share Holders Funds</b>			
Share Capital			
Equity Share Capital	<b>A</b>	154,957,880	61,366,110
Preference Share Capital	<b>B</b>	259,977,220	-
Share Warrants	<b>C</b>	15,017,350	-
Reserves & Surplus	<b>D</b>	20,537,500	20,537,500
<b>2 Loan Funds</b>			
Secured Loans		-	-
Unsecured Loans	<b>E</b>	-	2,326,342
		<b>450,489,950</b>	<b>84,229,952</b>
<b>APPLICATION OF FUNDS</b>			
<b>1 Fixed Assets</b>	<b>F</b>		
(a) Gross Block		295,842	-
(b) Less: Depreciation		13,153	-
Net Block		282,689	-
<b>2 Investments</b>	<b>G</b>	-	-
<b>3 Current Assets, Loans and Advances</b>			
Inventories		-	-
Cash and Bank balances	<b>H</b>	47,916,554	444,815
Sundry Debtors	<b>I</b>	26,499,601	-
Other Assets	<b>J</b>	5,875,285	479,314
Loans and advances	<b>K</b>	325,110,228	-
		405,401,667	924,129
Less: Current Liabilities and Provisions	<b>L</b>		
Current Liabilities		11,603,548	1,367,493
Provisions		7,926,754	21,064
		19,530,302	1,388,557
<b>Net Current Assets</b>		385,871,366	(464,428)
<b>4 Miscellaneous expenditure to the extent not written off or adjusted</b>			
Profit and Loss Account		64,335,895	84,694,380
<b>NOTES TO ACCOUNTS</b>	<b>Q</b>		
		<b>450,489,950</b>	<b>84,229,952</b>

The schedules referred to above form an integral part of the Consolidated Balance Sheet. This is the Consolidated Balance Sheet referred to in our report of even date.

For **CNGSN & Associates**

Chartered Accountants  
Firm Reg.No. 004915S

**R. Thirumalmarugan**  
Partner  
Membership No : 200102

Place : Hyderabad  
Date : May 27, 2011

For and on behalf of the Board of Directors

**Prasad V. Potluri**  
Director

**R. Nagarajan**  
Director

**N.S. Kumar**  
Director

**PICTUREHOUSE MEDIA LIMITED** (Formerly Telephoto Entertainments Limited)

**Consolidated Profit And Loss Account For Year Ended March 31, 2011**

	Schedules	For the Year Ended 31.03.2011 ₹	For the Year Ended 31.03.2010 ₹
<b>INCOME</b>			
Income from Operations	<b>M</b>	71,246,268	102,610
Other Income	<b>N</b>	23,348	66,031
<b>Total</b>		<b>71,269,616</b>	<b>168,641</b>
<b>EXPENDITURE</b>			
Operating, Administration and Other Expenses	<b>O</b>	26,049,916	865,864
		<b>26,049,916</b>	<b>865,864</b>
<b>Profit/(Loss) before Interest, Depreciation &amp; Tax</b>		45,219,700	(697,223)
Interest and Finance Charges	<b>P</b>	16,921,308	-
Depreciation		13,153	-
<b>Profit/(Loss) before Tax</b>		<b>28,285,239</b>	<b>(697,223)</b>
Less: Provision for Tax :			
- Income Tax		7,926,754	-
<b>Profit/(Loss) after tax</b>		<b>20,358,485</b>	<b>(697,223)</b>
Balance brought forward from earlier year		(84,694,380)	(83,997,157)
Balance Carried to Balance Sheet		<b>(64,335,895)</b>	<b>(84,694,380)</b>
<b>NOTES TO ACCOUNTS</b>	<b>Q</b>		
Earnings per Share ( Refer Note B-10 in Schedule Q)			
Basic		3.29	(0.11)
Diluted		3.28	(0.11)
Face Value per equity share		10.00	10.00

The schedules referred to above form an integral part of the Consolidated Profit and Loss Account.

This is the Consolidated Profit and Loss Account referred to in our report of even date.

For **CNGSN & Associates**

Chartered Accountants

Firm Reg.No. 004915S

For and on behalf of the Board of Directors

**R. Thirumalmarugan**

Partner

Membership No : 200102

**Prasad V. Potluri**

Director

**R. Nagarajan**

Director

**N.S. Kumar**

Director

Place : Hyderabad

Date : May 27, 2011

## 12th Annual Report 2010-2011

### Cash Flow Statement for the period ended March 31, 2011

(Amount in ₹)

	Year Ended 31st March 2011	Year Ended 31st March 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	28,285,239	(697,223)
Adjustments for:		
Depreciation	13,153	-
Interest paid	16,921,308	66,875
Interest received	(71,136,268)	(25,531)
Liabilities written back	(21,064)	(40,500)
Operating Profit Before Working Capital changes	(25,937,632)	(696,379)
Adjustments for:		
(Increase)/Decrease in Sundry Debtors	(26,499,601)	-
(Increase)/Decrease in Other Assets	(1,052,000)	-
(Increase)/Decrease in Loans & Advances	(325,110,227)	(2,573)
Increase in Trade payable	10,236,055	225,189
Cash Generated from Operations	(368,363,405)	(473,763)
Direct Taxes paid	(4,343,971)	(2,076,950)
Net Cash from Operating Activities	(372,707,376)	(2,550,713)
<b>B. CASH FROM INVESTING ACTIVITIES</b>		
Purchase/addition to Fixed Assets	(295,842)	-
Interest received	71,136,268	25,531
Net Cash used in Investing Activities	70,840,426	25,531
<b>C. CASH FROM FINANCING ACTIVITIES</b>		
Interest paid	(16,921,308)	(66,875)
Issue of Equity Share Capital, Preferential Shares & Share Warrants	368,586,340	-
Proceeds from Long Term Borrowings (Net)	(2,326,342)	2,326,342
Net Cash from Financing Activities	349,338,690	2,259,467
Net increase in cash and cash equivalents	47,471,739	(265,715)
Cash and cash equivalents at the beginning of the year	444,815	710,530
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>47,916,554</b>	<b>444,815</b>

This is the Cash Flow Statement referred to in our report of even date

For **CNGSN & Associates**

Chartered Accountants  
Firm Reg.No. 004915S

For and on behalf of the Board of Directors

**R. Thirumalmarugan**

Partner  
Membership No : 200102

**Prasad V. Potluri**

Director

**R. Nagarajan**

Director

**N.S. Kumar**

Director

Place : Hyderabad

Date : May 27, 2011

**PICTUREHOUSE MEDIA LIMITED** (Formerly Telephoto Entertainments Limited)

**Schedules forming part of Consolidated Balance Sheet**

	<b>As at 31.03.2011 ₹</b>	<b>As at 31.03.2010 ₹</b>
<b>SCHEDULE - A SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
4,80,00,000 (2010: 1,20,00,000) Equity Shares of ₹ 10/- each.	4,800,000,000	120,000,000
2,70,00,000 (2010: Nil) Preferential Shares of ₹ 10/- each.	2,700,000,000	-
	<b>7,500,000,000</b>	<b>120,000,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
<b>1,54,95,788 (2010: 61,36,611) equity Shares of ₹ 10/- each fully paid up</b>		
(Of which 61,59,177 shares held by Mrs. Jhansi Sureddi, 33,53,114 Shares are held by PVP Ventures Ltd and 6,85,487 shares are held by PVP Energy Private Ltd, a 100% subsidiary of PVP Ventures Ltd)	154,957,880	61,366,110
	<b>154,957,880</b>	<b>61,366,110</b>
<b>SCHEDULE - B 0% Compulsorily Convertible Preferential Shares (CCPS)</b>		
2,59,97,722 shares issued to Mrs. Jhansi Sureddi of ₹ 10/- each fully paid-up (Refer note B-3 of Schedule Q)	259,977,220	-
	<b>259,977,220</b>	<b>-</b>
<b>SCHEDULE - C Share Warrants Issued &amp; Partly Paid-up</b>		
35,06,490 warrants of ₹ 10/- each to Rayudu Media Projects Private Limited paid up ₹ 2.50/- each	8,767,350	-
25,00,000 warrants of ₹ 10/- each to Pearl Dealers Private Limited paid up ₹ 2.50/- each (Refer note B-3 of Schedule Q)	6,250,000	-
	<b>15,017,350</b>	<b>-</b>
<b>SCHEDULE - D RESERVES &amp; SURPLUS</b>		
Capital Reserve	2,287,500	2,287,500
Securities Premium	18,250,000	18,250,000
	<b>20,537,500</b>	<b>20,537,500</b>
<b>SCHEDULE - E UNSECURED LOANS</b>		
PVP Ventures Limited	-	2,326,342
	<b>-</b>	<b>2,326,342</b>

## 12th Annual Report 2010-2011

### Schedules forming part of Balance Sheet

#### Schedule F

#### FIXED ASSETS

(Amount in ₹)

Description	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK		
	As at 1/4/2010	Additions	Deletions	As at 31/03/2011	As at 1/4/2010	For the period	Deletions	As at 31/03/2011	As at 31/03/2010
Office Equipment	-	162,138	-	162,138	-	2,174	-	159,964	-
Computers and Related Assets	-	133,704	-	133,704	-	10,979	-	122,725	-
<b>TOTAL</b>	-	<b>295,842</b>	-	<b>295,842</b>	-	<b>13,153</b>	-	<b>282,689</b>	-
Previous Year	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil



**PICTUREHOUSE MEDIA LIMITED** (Formerly Telephoto Entertainments Limited)

**Schedules forming part of Consolidated Balance Sheet**

	<b>As at 31.03.2011 ₹</b>	<b>As at 31.03.2010 ₹</b>
<b>SCHEDULE - G</b>		
<b>INVESTMENTS in Subsidiaries</b>	-	-
	-	-
<b>SCHEDULE - H</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash on hand	140,207	-
Balance with Scheduled Banks		
- in current accounts	47,776,347	444,815
	<b>47,916,554</b>	<b>444,815</b>
<b>SCHEDULE - I</b>		
<b>SUNDRY DEBTORS (SECURED)</b>		
Debts outstanding exceeding six months	-	-
Other debts	26,499,601	-
	<b>26,499,601</b>	-
<b>SCHEDULE - J</b>		
<b>OTHER CURRENT ASSETS</b>		
Deposits	1,052,000	-
Advance Income Tax	4,823,285	479,314
	<b>5,875,285</b>	<b>479,314</b>
<b>SCHEDULE - K</b>		
<b>LOANS &amp; ADVANCES</b>		
(Secured and Considered good, unless otherwise stated)		
Advances for Film Production	26,790,476	-
Advances to Production Houses	278,653,074	-
Advances for Film Copy Rights	19,500,000	-
Other Advances	166,678	-
- Considered doubtful	62,000,000	62,000,000
	387,110,228	62,000,000
Less: Provision for doubtful advances	62,000,000	62,000,000
	<b>325,110,228</b>	-
<b>SCHEDULE - L</b>		
<b>CURRENT LIABILITIES</b>		
Interest received in Advance	2,985,390	1,147,390
Sundry Creditors		
- For Expenses	3,741,181	197,787
- Statutory Dues	1,136,117	22,316
- Retirement Benefits	3,740,860	-
	<b>11,603,548</b>	<b>1,367,493</b>
<b>PROVISIONS</b>		
Provision for Income Tax	7,926,754	21,064
	<b>7,926,754</b>	<b>21,064</b>

## 12th Annual Report 2010-2011

### Schedules forming part of Consolidated Profit and Loss Account

	For the Year Ended 31.03.2011 ₹	For the Year Ended 31.03.2010 ₹
<b>SCHEDULE - M</b>		
<b>INCOME FROM OPERATIONS</b>		
Income from Leasing Movie Rights	110,000	102,610
Interest from Movie Finance	71,136,268	-
	<b>71,246,268</b>	<b>102,610</b>
<b>SCHEDULE - N</b>		
<b>OTHER INCOME</b>		
Interest earned on Deposits	2,284	25,531
Liabilities Written Back	21,064	40,500
	<b>23,348</b>	<b>66,031</b>
<b>SCHEDULE - O</b>		
<b>OPERATING, ADMINISTRATION &amp; OTHER EXPENSES</b>		
Employee Cost	14,463,888	-
Contribution to Provident Fund and Other Funds	148,761	-
Staff Welfare Expenses	216,010	-
Rent	2,320,712	-
Power & Fuel	222,335	-
Printing & Stationery	241,069	262
Communication Expenses	421,220	30
Travelling & Conveyance	1,723,834	1,547
Rates & Taxes	3,163,985	-
Registration Charges	232,100	-
Business Development	133,508	-
Insurance - Employees	122,008	-
Security Charges	158,102	-
Investor Services	287,694	142,071
Legal & Consultancy Charges	496,143	114,180
Repairs & Maintenance - Building	28,262	-
- Others	44,927	-
Directors Sitting Fees	110,000	174,560
Other Expenses	660,533	217,820
Audit Fees - Audits	716,950	137,875
- Other Services	137,875	77,519
	<b>26,049,916</b>	<b>865,864</b>
<b>SCHEDULE - P</b>		
Interest and Finance Charges		
Interest		
- To Movie Finance	16,921,308	-
	<b>16,921,308</b>	<b>-</b>

**PICTUREHOUSE MEDIA LIMITED** (Formerly Telephoto Entertainments Limited)

**Schedules forming part of the Consolidated Financial Statements for the year ended March 31, 2011**

**Schedule Q : Significant Accounting Policies and Notes to Accounts**

**A. Significant Accounting Policies**

**1. Basis of preparation of financial statements**

- (A) The financial statements of the Group have been prepared under the historical cost convention in accordance with the Accounting standards specified by Companies (Accounting Standards) Rules, 2006 issued by the Central Government and the relevant provisions of the Companies Act, 1956, to the extent applicable.
- (B) All financial transactions have been recognized on accrual basis. The preparation of financial statements in conformity with the GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. The actual results could differ from those estimates. Examples of such estimates include future obligations under employee retirement benefit plans and the useful life of the fixed assets.
- (C) Principles of Consolidation: The Group's consolidated financial statements include those of Picturehouse Media Limited (formerly Telephoto Entertainments Limited) and PVP Screens Private Limited, its 100% Subsidiary. All significant inter-company transactions and balances have been eliminated in the consolidated statements.
- (D) List of subsidiaries & proportion of voting power held:

Name of Subsidiary	Country of incorporation/ Residence	Proportion of Ownership interest / Proportion of Voting power held
PVP Screens Private Limited (Wholly owned Subsidiary)	India	100 %

**2. Revenue Recognition**

Interest income is recognized on time proportionate basis. Income earned on licensing the copyrights is also recognized on time proportionate basis.

**3. Use of Estimates**

In preparation of financial statements conforming to GAAP requirements certain estimates and assumptions are essentially required to be made

with respect to items such as provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful life period of fixed assets. Due care and diligence have been exercised by the Management in arriving at such estimates and assumptions since they may directly affect the reported amounts of income and expenses during the year as well as the balances of Assets and Liabilities including those which are contingent in nature as at the date of reporting of the financial statements.

To comply with GAAP requirements relating to impairment of assets, if any, the Management periodically determines such impairment using external and internal resources for such assessment. Loss, if any, arising out of such impairment is expensed as stipulated under the GAAP requirements. Contingencies are recorded when a liability is likely to be incurred and the amount can be reasonably estimated. To this extent the results may differ from such estimates.

**4. Fixed Assets and Depreciation**

Fixed Assets are stated at acquisition cost. Depreciation is charged on a pro-rata basis on a straight-line method as per the rates and in the manner prescribed under the Schedule XIV to the Companies Act, 1956, as amended. Expenditure on maintenance, repairs and renewals of minor items are generally charged to revenue as incurred. Upon sale or write off of assets, the cost of the assets and the accumulated depreciation on such assets are eliminated from the Fixed Assets block. The profit / loss on sale of assets are included in the earnings statement.

**5. Benefits to employees**

**Gratuity**

The liability as at the Balance Sheet date is provided for based on the actuarial valuation carried out in accordance with revised Accounting Standard 15 (Revised 2005) on "Employee Benefits" as at the end of the period. Actuarial Gains/Losses are recognized immediately in Profit & Loss Account.

**Leave Encashment**

Leave encashment is paid for in accordance with the rules of the Group and provided based on an actuarial valuation as at the balance sheet date. Actuarial Gains/Losses are recognized immediately in Profit & Loss Account.

## 12th Annual Report 2010-2011

### Other Benefit Plans

Contributions paid/ payable under defined contribution plans are recognized in the Profit and Loss Account in each year. Contribution plans primarily consist of Provident Fund administered and managed by the Government of India. The Group makes monthly contributions and has no further obligations under the plan beyond its contributions.

### 6. Foreign Currency Transactions

All foreign currency transactions are accounted for at the rates prevailing on the dates of the transaction. Foreign currency liabilities are converted at the year end rates as applicable. The exchange difference on settlement / conversion is adjusted to Profit and Loss account.

### 7. Taxes

Tax expense comprises current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the relevant tax laws. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

### 8. Leases

There were no assets taken on financial lease during the year. Lease rental in respect of operating lease arrangements are charged to expense on a straight-line basis over the term of the related lease agreement.

### 9. Borrowing Cost

Expenditure on borrowing cost on the loans obtained specifically for acquisition, construction or production of qualifying assets are capitalized

as part of the cost of that asset. Other borrowing costs are charged to revenue over the tenure of the loan. The company does not have any borrowing cost during the current year.

### 10. Segment Reporting

The Holding Company, Picturehouse Media Limited, (Formerly Telephoto Entertainments Limited) operates only in entertainment segment, whereas PVP Screens Private Limited, the subsidiary, did not have any commercial activity during the year. Hence segment reporting for this year is not applicable.

### 11. Impairment of Assets

The Group reviews the carrying values of tangible and intangible assets for any possible impairment at each Balance Sheet date. Impairment loss, if any, is recognized in the year in which the impairment takes place.

### 12. Cash Flow Statement

The Cash Flow statement is prepared under the indirect method as per Accounting Standard 3 "Cash Flow Statements".

### 13. Earnings per Share

The earnings considered for ascertaining the Group's Earnings Per Share comprises the net profit after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted EPS comprises of the weighted average number of shares considered for deriving Basic EPS and also the weighted average number of equity shares that would be issued on the conversion of all dilutive potential equity shares.

### 14. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Group has an obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the

## PICTUREHOUSE MEDIA LIMITED (Formerly Telephoto Entertainments Limited)

control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

### B. Notes to the Accounts

1. During the year, the Holding Company changed its name to Picturehouse Media Limited, which became effective from March 29, 2011 consequent upon issuance of a fresh Certificate of Incorporation by the Registrar of Companies, Tamilnadu at Chennai.

2. During the year, the authorised share capital of the Holding Company was increased to ₹ 75,00,00,000/- divided into 4,80,00,000 Equity Shares of ₹ 10/- each and 2,70,00,000 Preference shares of ₹ 10/- each.

3. During the year, the Holding Company allotted following securities on preferential basis:

- (i) 93,59,177 equity shares of ₹ 10/- each;
- (ii) 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 Holding Company. These CCPS carry Nil interest and each of them are mandatorily convertible into One (1) equity share 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;
- (iii) 60,06,490 Warrants of ₹ 10/- each to bodies corporate, persons other than the promoter group of the Holding Company. These Warrants are convertible into One (1) equity share 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;

Post the allotment of above, the paid up share capital of the Holding Company stands 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.

Effective from March 30, 2011, the equity shareholding pattern of the Holding Company is as follows:

Name	No. of shares	% age
Promoter Group :		
Mrs. Jhansi Sureddi	61,59,177	39.75
M/s. PVP Ventures Limited	33,53,114	21.64
M/s. PVP Energy Private Limited	6,85,487	4.42
Public	52,98,010	34.19
<b>Total</b>	<b>1,54,95,788</b>	<b>100.00</b>

Accordingly w.e.f. March 30, 2011, the Holding Company ceased to be a subsidiary of PVP Ventures Limited.

4. Pursuant to the approval of shareholders on March 15, 2011, and subject to receipt of the FIPB approval, the Holding Company shall also allot 50,00,000 Warrants of ₹10/- each to M/s. Sparrow India Diversified Opportunity Fund I, a SEBI registered FII. These warrants also have the same terms and conditions as above.

5. (a) During the year, the Holding Company has ventured into movie financing and has acquired certain facilities and all the rights and securities thereon including the interest receivables from parties who had provided finances to the movie production houses. As per the assignment agreements executed, the advances outstanding, as on March 31, 2011 is ₹ 2786.53 Lakhs.

(b) Further, the Company has paid ₹ 195.00 Lakhs for purchase of movie copyrights for commercial exploitation. The further commitment for this business is around ₹ 325.00 Lakhs.

(c) During the year, the Company has also ventured into film production for a project with a leading artistes and technicians of South India. As per the agreements executed, the Company shall invest around ₹ 6200.00 Lakhs for production of the film. As on March 31, 2011, the Company has spent around ₹ 287.22 Lakhs towards the project.

6. During the year, as corporate restructuring implementation, all the employees of PVP Ventures Limited have been transferred to the Company effective from July 01, 2010 on the same terms and conditions of their employment. Accordingly, the related provisions of the employee benefits have also been transferred to the Company.

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### 7. Related party transactions

#### (a) Names of related parties and description of relationship

Description of relationship	Names of related parties
Holding Company	PVP Ventures Limited (Upto 30.03.2011)
Key Management Personnel	Mr. Prasad V. Potluri, Director Mr. Deepak Nagori, Director (upto 09.02.2011) Mr. Arasu V. R., Director

#### (b) Summary of transactions and outstanding balances with the above related parties:

Nature of transactions	Transactions for the year ended		Balance as at	
	March 31, 2011 (₹ in Lakhs)	March 31, 2010 (₹ in Lakhs)	March 31, 2011 (₹ in Lakhs)	March 31, 2010 (₹ in Lakhs)
Loans received from PVP Ventures Limited	0.17	23.26	Nil	23.26
Loans repaid to PVP Ventures Limited	23.43	Nil		
Gratuity and Leave Encashment Liability taken over from PVP and settled	25.66	Nil	Nil	Nil

### 8. Provision for taxation

The Provision for Deferred Tax Asset/Liability for the year ended March 31, 2011 has been made in accordance with AS-22 on Accounting for Taxes on Income. The deferred tax liability is on account of Depreciation is ₹ 0.23 Lakhs and the deferred tax asset on account of timing differences with regard to gratuity and leave encashment provisions is ₹ 12.14 Lakhs. On a conservative basis, the net deferred tax asset of ₹ 11.91 Lakhs has not been recognized as on March 31, 2011.

The Provision for Tax has been made as per the provisions of the Income Tax Act, 1961 considering the brought forward losses for set off.

### 9. Earnings per Share

Particulars	Ref	Year ended March 31, 2011	Year ended March 31, 2010
Profit after Tax (in ₹ )	A	2,03,58,485	(6,97,223)
Number of shares outstanding	B	154,95,788	61,36,611
Weighted average number of Equity Shares outstanding	C	61,87,894	61,36,611
Weighted average number of shares outstanding including diluted potential equity shares	D	62,10,368	61,36,611
Earnings per share – Basic (In ₹ )	A/C	3.29	(0.11)
Earnings per share – Diluted (In ₹ )	A/D	3.28	(0.11)

### 11. Employee Benefits

During the year, all the employees of PVP Ventures Limited were transferred to the Company w.e.f. July 01, 2010.

**PICTUREHOUSE MEDIA LIMITED** (Formerly Telephoto Entertainments Limited)

The following table sets forth the status of the Gratuity Plan of the Group and the amounts recognized in the Balance Sheet and Profit and Loss Account.

**Amounts recognized in the balance sheet**

	<b>Year ended March 31, 2011 (₹ in Lakhs)</b>
Present value of funded obligation	6.93
Less: Fair value of assets*	-
<b>Net Liability / (Asset)</b>	<b>6.93</b>

\*The Group has not created any trust for meeting the liability and not funded so far and hence no assets are available for valuation and hence there are no disclosures pertaining to plan assets.

**Cost for the period**

	<b>Year ended March 31, 2011 (₹ in Lakhs)</b>
Current service cost	2.09
Interest cost	0.29
Actuarial (gain)/loss	1.13
<b>Cost recognized</b>	<b>3.52</b>

**Reconciliation of opening and closing balances of the present value of the obligations**

	<b>Year ended March 31, 2011 (₹ in Lakhs)</b>
<b>Defined benefit obligation taken</b>	<b>3.70</b>
Current service cost	2.09
Interest cost	0.29
Actuarial loss/(gain)	1.13
Benefits paid	<b>(0.29)</b>
<b>Projected benefit obligation at the end of the period</b>	<b>6.93</b>

**Principal Actuarial assumptions used:**

	<b>Year ended March 31, 2011 (₹ in Lakhs)</b>
Discount rates	8.00%
Expected salary increase rates	7.50%
Expected rate of return on plan assets	-

The following table sets forth the status of the Leave Encashment Plan of the Group and the amounts recognized in the Balance Sheet and Profit and Loss Account.

**Amounts recognized in the balance sheet**

	<b>Year ended March 31, 2011 (₹ in Lakhs)</b>
Present value of funded obligation	30.47
Less: Fair value of assets	-
<b>Net Liability / (Asset)</b>	<b>30.47</b>

**Cost for the period**

	<b>Year ended March 31, 2011 (₹ in Lakhs)</b>
Current service cost	8.50
Interest cost	1.76
Actuarial (gain)/loss	3.46
<b>Cost recognized</b>	<b>13.72</b>

**Reconciliation of opening and closing balances of the present value of the obligations:**

	<b>Year ended March 31, 2011 (₹ in Lakhs)</b>
<b>Defined benefit taken over</b>	<b>21.97</b>
Current service cost	8.50
Interest cost	1.76
Actuarial loss/(gain)	3.46
Benefits paid	<b>(5.22)</b>
<b>Projected benefit obligation at the end of the period</b>	<b>30.47</b>

**Principal Actuarial assumptions used:**

	<b>Year ended March 31, 2011 (₹ in Lakhs)</b>
Discount rates	8.00%
Expected salary increase rates	7.50%
Expected rate of return on plan assets	-

Data regarding experience adjustment and estimate for the next year has not been furnished by the Actuary.



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### Defined contribution plans

In respect of the defined contribution plans, an amount of ₹ 1.49 Lakhs (2010: Nil) has been recognized in the Profit and Loss Account during the year.

11. The Group has entered into operating lease agreement for office premises and the said agreement is valid upto May 17, 2013. In case the Company cancels the agreement any time before the end of the contracted period, security deposit of ₹ 10.52 lakhs shall not be refunded to the Company.

The lease rentals paid during the year and the future lease obligations for agreements in vogue as at March 31, 2011 are as follows:

	Year ended March 31, 2011 (in ₹)	Year ended March 31, 2010 (in ₹)
Due within 1 year from the Balance Sheet date	31,56,000	Nil
Due between 1 and 5 years	35,50,500	Nil
Due after 5 years	Nil	Nil
Lease rent paid during the year	23,20,712	Nil

12. The Group has not entered into any derivative contracts during the year under review and also does not have any foreign currency exposure as at March 31, 2011.
13. The estimated amount of contracts remaining to be executed on capital account in the Subsidiary Company as at March 31, 2011 is ₹ Nil (Previous year ₹ Nil).
14. The Company has not received any intimation from Suppliers, regarding their status under Micro & Small Enterprises Development Act, 2006 and hence disclosure of any relating to amounts unpaid as at the period end together with interest paid/payable as required under the said Act have not been given.
15. Previous year's figures have been re-grouped wherever necessary to conform to the current year's classification.

As per our Report of even date

For **CNGSN & Associates**

Chartered Accountants

Firm Reg.No. 004915S

For and on behalf of the Board of Directors

**R. Thirumalmarugan**

Partner

Membership No : 200102

**Prasad V. Potluri**

Director

**R. Nagarajan**

Director

**N.S. Kumar**

Director

Place : Hyderabad

Date : May 27, 2011



# **PVP Cinema Private Limited**

(Formerly PVP Screens Private Limited)

**For Members Use**

## PVP CINEMA PRIVATE LIMITED (Formerly PVP Screens Private Limited)

### DIRECTORS' REPORT

Your Directors are pleased to present their Seventh Annual Report of the Company, together with the Audited Annual Accounts for the financial year ended March 31, 2011.

#### Business Review

During the year, the Company entered into production support agreements for rendering services related to film production and allied activities. In terms of such arrangement, the Company is entitled for cost plus 5% and the billing would happen at the end of each half-year. Accordingly, the Company did not earn any business income during the year.

#### Dividend

In view of the losses, no dividend is recommended for the financial year ended March 31, 2011.

#### Deposits

The Company has not accepted any deposits during the financial year.

#### Name change

The Company changed its name to PVP Cinema Private Limited w.e.f. May 26, 2011.

#### Directors

As on date of this Report, Mr. Prasad V. Potluri and Mr. Arasu V. R. are the directors of the Company.

#### 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.

#### 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 as it has no employees.

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

Particulars required to be disclosed as per section 217(1) (e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable to the Company for the financial year under review.

#### 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 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 loss 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.

#### Acknowledgements

Your Directors would like to express their sincere appreciation for assistance and co-operation received from the Holding Company, bankers and other business associates, who have extended their valuable sustained support and encouragement during the year under review.

For and on behalf of the Board of Directors

**Prasad V Potluri**  
(Director)

**Arasu V.R.**  
(Director)

Chennai  
August 25, 2011

## 7th Annual Report 2010-2011

### AUDITORS REPORT TO THE MEMBERS OF PVP CINEMA PRIVATE LIMITED

To

The Shareholders  
PVP Cinema Private Limited  
(Formerly PVP Screens Private Limited)  
Chennai

1. We have audited the attached Balance Sheet of PVP Screens Private Limited as at 31<sup>st</sup> March 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed there to. These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Companies (Auditors' Report)(Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, is not applicable to the Company for the year under audit.
4. We report that:
  - (a) We have obtained all information and explanations which, to the best of our

knowledge and belief, were necessary for the purpose of our audit;

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the Books of Account;
- (d) In our opinion the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt by this report, comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
- (e) On the basis of written representation received from the Directors and taken on records by the Board of Directors, we report that, none of the Directors is disqualified as on 31.03.2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (f) *Attention is drawn to the following material matters:*
  - (i) *Note 1(C) in notes on accounts of Schedule I, with regard to the preparation of financial statements on going concern. The Company has negative networth, has no operational income for the year, depends on the support of its holding company for the continued operation and other related factors indicate that existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.*

**PVP CINEMA PRIVATE LIMITED** (Formerly PVP Screens Private Limited)

- (ii) *Note 15 in notes on accounts of Schedule I with regard to the advances made during previous years to the extent of ₹ 620.00 lakhs for which the entire amount has already been provided for in the books of account. Any additional provisions, if any, to be made for the above advances are not quantified at this stage.*
- (g) In our opinion and to the best of our information and according to the explanations given to us, *subject to the effect on the financial statement on the matters referred to in the preceding paragraph*, the said accounts read with the accounting policies and notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) In the case of Balance Sheet, of the State of Affairs of the Company as at 31<sup>st</sup> March 2011,
- (ii) In the case of Profit and Loss Accounts, of the LOSS of the Company for the year ended on that date; and
- (iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **M/s CNGSN & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**R. THIRUMALMARUGAN**

PARTNER

Membership No.200102

Firm Registration No. 004915S

Place : Chennai

Date : 23<sup>rd</sup> May, 2011

## 7th Annual Report 2010-2011

### Balance Sheet As At March 31, 2011

	Schedules	As at 31.03.2011 ₹	As at 31.03.2010 ₹
<b>SOURCES OF FUNDS</b>			
<b>Share Holders Funds</b>			
Share Capital	<b>A</b>	300,000	300,000
Reserves & Surplus		-	-
<b>Loan Funds</b>			
Secured Loans		-	-
Unsecured Loans	<b>B</b>	52,098,674	47,334,240
		<b>52,398,674</b>	<b>47,634,240</b>
<b>APPLICATION OF FUNDS :</b>			
<b>1 Fixed Assets</b>			
Gross Block		-	-
Less: Depreciation		-	-
Net Block		-	-
Capital work-in-progress		-	-
<b>2 Investments</b>			
		-	-
<b>3 Current Assets, Loans and Advances :</b>			
Inventories		-	-
Sundry Debtors		-	-
Cash and Bank balances	<b>C</b>	9,988	283,323
Other current assets		-	-
Loans and advances	<b>D</b>	4,964,243	7,765
		4,974,231	291,088
Less: Current Liabilities and Provisions			
Liabilities	<b>E</b>	56,524	58,489
Provisions		-	21,064
		56,524	79,553
Net Current Assets		4,917,707	211,535
<b>4 Miscellaneous expenditure to the extent not written off or adjusted</b>			
Profit and Loss Account		47,480,967	47,422,705
<b>NOTES TO ACCOUNTS</b>			
	<b>I</b>	<b>52,398,674</b>	<b>47,634,240</b>

The schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For **CNGSN & Associates**

Chartered Accountants

Firm Reg.No. 004915S

For and on behalf of the Board of Directors

**R. Thirumalmarugan**

Partner

Membership No : 200102

**Prasad V. Potluri**

Director

**Arasu V R**

Director

Place : Chennai

Date : May 23, 2011

**PVP CINEMA PRIVATE LIMITED** (Formerly PVP Screens Private Limited)

**Profit and Loss Account For Year Ended March 31, 2011**

	Schedules	For the Year Ended 31.03.2011 ₹	For the Year Ended 31.03.2010 ₹
<b>INCOME</b>			
Other Income	<b>F</b>	21,064	40,500
<b>Total</b>		<b>21,064</b>	<b>40,500</b>
<b>EXPENDITURE</b>			
Operating, Administration and Other Expenses	<b>G</b>	79,326	113,032
		<b>79,326</b>	<b>113,032</b>
<b>Profit/(Loss) before Interest, Depreciation &amp; Tax</b>		(58,262)	(72,532)
Interest and Finance Charges	<b>H</b>	-	66,875
Preliminary Expenses		-	-
		<b>(58,262)</b>	<b>(139,407)</b>
Less: Expenditure during construction period		-	-
<b>Profit/(Loss) before Tax</b>		<b>(58,262)</b>	<b>(139,407)</b>
Less: Provision for Tax :			
- Income Tax		-	-
		<b>(58,262)</b>	<b>(139,407)</b>
<b>Profit/(Loss) after tax</b>		<b>(58,262)</b>	<b>(139,407)</b>
Balance brought forward from earlier year		(47,422,705)	(47,283,298)
Balance Carried to Balance Sheet		<b>(47,480,967)</b>	<b>(47,422,705)</b>
<b>NOTES TO ACCOUNTS</b>	<b>I</b>		
Earnings per Share ( Refer Note 23 in Schedule I)			
Basic		(1.94)	(4.65)
Diluted		(1.94)	(4.65)
Face Value per equity share		10.00	10.00

The schedules referred to above form an integral part of the Profit and Loss Account.  
This is the Profit and Loss Account referred to in our report of even date.

For **CNGSN & Associates**

Chartered Accountants

Firm Reg.No. 004915S

For and on behalf of the Board of Directors

**R. Thirumalmarugan**

Partner

Membership No : 200102

**Prasad V. Potluri**

Director

**Arasu V R**

Director

Place : Chennai

Date : May 23, 2011

## 7th Annual Report 2010-2011

Cash Flow Statement for the year ended March 31, 2011

(Amount in ₹)

	Year Ended 31st March 2011	Year Ended 31st March 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	(58,262)	(139,407)
Adjustments for:		
Interest paid	-	66,875
Write back of liabilities	(21,064)	(40,500)
Operating Profit Before Working Capital changes	(79,326)	(113,032)
Adjustments for:		
Other Current Assets	(4,956,479)	897
Trade payable	(1,964)	(7,354)
Expenditure during construction period	-	-
Cash Generated from Operations	(5,037,769)	(119,489)
Direct Taxes paid	-	(2,043,125)
Net Cash from Operating Activities	(5,037,769)	(2,162,614)
<b>B. CASH FROM INVESTING ACTIVITIES</b>		
Net Cash used in Investing Activities	-	-
<b>C. CASH FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings (Net)	4,764,434	2,123,240
Interest paid	-	(66,875)
Net Cash from Financing Activities	4,764,434	2,056,365
Net increase in cash and cash equivalents	(273,335)	(106,249)
Cash and cash equivalents at the beginning of the year	283,323	389,572
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>9,988</b>	<b>283,323</b>

As per our Report of even date

For **CNGSN & Associates**

Chartered Accountants

Firm Reg.No. 004915S

For and on behalf of the Board of Directors

**R. Thirumalmarugan**

Partner

Membership No : 200102

**Prasad V. Potluri**

Director

**Arasu V R**

Director

Place : Chennai

Date : May 23, 2011



**PVP CINEMA PRIVATE LIMITED** (Formerly PVP Screens Private Limited)

**Schedules forming part of Balance Sheet**

	<b>As at 31.03.2011 ₹</b>	<b>As at 31.03.2010 ₹</b>
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
50000 Equity Shares of ₹10/- each.	<b>500,000</b>	<b>500,000</b>
<b>ISSUED, SUBSCRIBED &amp; PAIDUP CAPITAL</b>		
30,000 Equity Shares of ₹ 10/- each fully paid-up (All the above shares are held by the holding company, Picturehouse Media Limited (Formerly Telephoto Entertainments Limited and its nominee)	300,000	300,000
	300,000	300,000
<b>SCHEDULE - B</b>		
<b>UNSECURED LOANS</b>		
Unsecured loan from PVP Ventures Ltd -Ultimate Holding Company Picturehouse Media Limited (Formerly Telephoto Entertainments Ltd.)	-	2,123,240
	52,098,674	45,211,000
	<b>52,098,674</b>	<b>47,334,240</b>
<b>SCHEDULE - C</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash on hand	-	-
Balance with Scheduled Banks - in Current Accounts	9,988	283,323
	<b>9,988</b>	<b>283,323</b>
<b>SCHEDULE - D</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured and considered good, unless otherwise stated)		
Advance recoverable in cash or in kind or for value to be received		
- Considered Good		
KH Film Limited (Film Production Services)	4,956,478	-
- Considered Doubtful	62,000,000	62,000,000
Less : Provision for dimunution in Value	(62,000,000)	(62,000,000)
	4,956,478	-
Pre-paid tax	7,765	7,765
	<b>4,964,243</b>	<b>7,765</b>
<b>SCHEDULE - E</b>		
<b>A) CURRENT LIABILITIES</b>		
Sundry Creditors (Refer Note 22 in Schedule I)		
- Outstanding dues of Micro enterprises and small enterprises	-	-
- Others	-	-
Expenses Payable	49,634	49,634
Statutory Liabilities	6,890	8,855
	<b>56,524</b>	<b>58,489</b>
<b>B) PROVISIONS</b>		
Provision for ULT	-	21,064
	-	<b>21,064</b>

## 7th Annual Report 2010-2011

### Schedules forming part of Profit and Loss Account

	For the Year Ended 31.03.2011 ₹	For the Year Ended 31.03.2010 ₹
<b>SCHEDULE - F OTHER INCOME</b>		
Liabilities Written Back	21,064	40,500
	<b>21,064</b>	<b>40,500</b>
<b>SCHEDULE - G OPERATING, ADMINISTRATION &amp; OTHER EXPENSES</b>		
Legal & Consultancy Charges	21,205	50,368
Printing & Stationery	-	262
Travelling & Conveyance	-	897
Audit Fees - Statutory Audit	55,150	55,150
Other Expenses	2,971	6,355
	<b>79,326</b>	<b>113,032</b>
<b>SCHEDULE - H INTEREST &amp; FINANCE CHARGES</b>		
Interest		
- Others	-	66,875
	-	<b>66,875</b>

## PVP CINEMA PRIVATE LIMITED (Formerly PVP Screens Private Limited)

### Schedules forming part of the financial statements for the year ended March 31, 2011

#### Schedule I: Significant Accounting Policies and Notes on Accounts

##### A. SIGNIFICANT ACCOUNTING POLICIES

##### 1. Basis of preparation of financial statements

A) The financial statements of the company have been prepared under the historical cost convention in accordance with the Accounting standards specified by Companies (Accounting Standards) Rules, 2006 issued by the Central Government and the relevant provisions of the Companies Act, 1956 as amended upto the date and the Rules and Regulations made thereunder.

B) All financial transactions have been recognized on accrual basis. The preparation of financial statements in conformity with the GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from those estimates.

C) Going Concern: The Company has not been carrying any business activities for the past few years. However, during the year, the Company has started some business activities. Further, the Company has made investments in few real estate companies and its ability to continue as a going concern depends on the returns from these business activities and that on these investments. For the current year, the Company is fully dependent upon the financial and administrative support of its holding company Picturehouse Media Limited (formerly Telephoto Entertainments Limited).

##### 2. Revenue Recognition

As a consistent practice, the Company recognizes revenue on an accrual basis upon rendering of service.

##### 3. Use of Estimates

In preparation of financial statements conforming to GAAP requirements certain estimates and assumptions are essentially required to be made with respect to items such as provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes

and the useful life period of Fixed Assets. Due care and diligence have been exercised by the Management in arriving at such estimates and assumptions since they may directly affect the reported amounts of income and expenses during the year as well as the balances of Assets and Liabilities including those which are contingent in nature as at the date of reporting of the financial statements.

To comply with GAAP requirements relating to impairment of assets, if any, the Management periodically determines such impairment using external and internal resources for such assessment. Loss, if any, arising out of such impairment is expensed as stipulated under the GAAP requirements. Contingencies are recorded when a liability is likely to be incurred and the amount can be reasonably estimated. To this extent the results may differ from such estimates.

##### 4. Fixed Assets and Depreciation

There are no Fixed Assets held during the year.

##### 5. Investments

There are no Investments made during the year or outstanding as at the end of the year.

##### 6. Foreign Currency Transactions

There were no foreign currency transactions undertaken during the year or foreign currency assets or liabilities outstanding as at the end of the year under review.

##### 7. Leases

There were no assets taken on financial lease or operational lease during the year.

##### 8. Retirement Benefits

There were no employees employed during the year.

##### 9. Cash Flow Statement

The Cash flow statement is prepared under the indirect method as per Accounting Standard 3 "Cash Flow Statements".

##### 10. Segment Reporting

The Company is operating only in one segment viz. rendering movie production services agreement and hence segment reporting is not applicable.

## 7th Annual Report 2010-2011

### 11. Borrowing Cost

Expenditure on borrowing cost on the loans obtained specifically for acquisition, construction or production of qualifying assets is capitalized as part of the cost of that asset. Other borrowing costs are charged to revenue over the tenure of the loan.

### 12. Taxes on Income

- (a) Provision for current tax is made for the amount of tax payable in respect of taxable income for the year under Income Tax Act, 1961.
- (b) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

### 13. Earnings per Share

The earnings considered for ascertaining the Company's Earnings Per Share comprises the net profit/(loss) after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted EPS comprises the weighted average shares considered for deriving basic EPS, and also the weighted average number of equity shares that would be issued on the conversion of all dilutive potential equity shares.

### 14. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has an obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of

one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

### B. NOTES TO THE ACCOUNTS

15. During the previous year, the Company had advanced a sum of ₹ 620.00 lakhs to certain companies, for which the entire amount has already been provided for in the earlier accounts. The management is not contemplating any further commitment or provisions in excess of the amount of advance made.
16. During the year, the Company has entered into production support agreement with a company, KH Films Ltd, UK for rendering services related to film production. As per the agreement the Company is entitled for cost plus 5% and the billing shall happen at the end of each half-year. For the year, the Company so far spent around ₹ 49.56 lakhs, which is shown as Advance and hence the income has not accrued till March 31, 2011.
17. **Contingent Liabilities**  
There are no contingent liabilities as on the Balance Sheet date.
18. **Quantitative details**  
The quantitative details as required under paragraphs 4(D) (III) of part II of schedule VI to the Companies Act, 1956 are not applicable to the Company.
19. **Imports (Value on CIF basis) [on payment basis] – NIL**
20. **Particulars relating to Foreign Exchange (on receipt and payment basis) – NIL**
21. **Provision for taxation:**  
Since there is no taxable income, provision for taxation is not made for the year. In view of virtual certainty of set off not being there, the Company has not recognized deferred tax asset on carry forward losses on the grounds of prudence.
22. The Company has not received any intimation from suppliers, regarding their status, under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure of any amounts unpaid as at the period end together with interest paid/payable as required under the said Act have not been given.

**PVP CINEMA PRIVATE LIMITED** (Formerly PVP Screens Private Limited)

**23. Earnings per Share:**

Particulars	Ref	Year ended March 31, 2011	Year ended March 31, 2010
Profit/ (Loss) after Tax (in ₹)	A	(58,262)	(1,39,407)
Number of shares outstanding	B	30,000	30,000
Effect of dilutive issue of stock options	C	Nil	Nil
Number of shares outstanding including potential shares	D	30,000	30,000
Earnings per share – Basic (₹)	A/B	(1.94)	(4.65)
Earnings per share – Diluted (₹)	A/D	(1.94)	(4.65)

**24. Related party Disclosures:**

**Names of Related parties and description of relationship**

Description of relationship	Names of related parties
Holding Company	Picturehouse Media Limited (Formerly Telephoto Entertainments Limited)
Ultimate Holding Company	PVP Ventures Limited (Upto 30.03.2011)
Key Management Personnel:	Mr. Deepak Nagori (upto 09.02.2011) Mr. Prasad V Potluri (w.e.f. 10.02.2011) Mr. Arasu V. R.

**Summary of transactions with the above-related parties are as follows: (In ₹)**

Nature of transactions	Transactions for the year ended		Balance as at	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Loan taken from PVP Ventures Limited	8,855	21,23,240	NIL	21,23,240
Loans repaid to PVP Ventures Limited	21,32,095	NIL		
Loan taken from Picturehouse Media Limited	68,87,674	NIL	520,98,674	452,11,000

**25. Auditor's Remuneration including Service Tax: (In ₹)**

Description	Year ended March 31, 2011	Year ended March 31, 2010
Statutory Audit Fees	55,150	55,150

**26. Derivatives and foreign currency exposure**

The Company has not entered into any derivative contracts during the year under review and also does not have any foreign currency exposure as at March 31, 2011.

**27.** The Company has written back the urban land tax payable of ₹ 21,064/- for earlier years as

the properties on which this tax was provided had been sold during December 2008 and in terms of the contractual terms, the buyer is required to pay the urban land tax.

**28.** Previous year's figures have been re-grouped wherever necessary to conform to the current period's classification.

**For CNGSN & Associates**

Chartered Accountants  
Firm Reg.No. 004915S

**R. Thirumalmarugan**

Partner  
Membership No : 200102

Place : Chennai, Date : May 23, 2011

For and on behalf of the Board of Directors

**Prasad V. Potluri**

Director

**Arasu V R**

Director

## 7th Annual Report 2010-2011

### Balance Sheet Abstract and Company's General Business Profile

#### i. Registration Details

Registration No.	:	054088	State Code	:	18
Balance Sheet Date	:	31.03.2011			

#### ii. Capital raised during the year (₹ in thousands)

Public Issue	:	NIL	Rights Issue	:	NIL
Bonus Issue	:	NIL	Private Placement	:	NIL

#### iii. Position of Mobilisation and Deployment of Funds (₹ in thousands)

Total Liabilities	:	5,23,98,674	Total Assets	:	5,23,98,674
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#### Source of Funds

Paid-up Capital	:	3,00,000	Reserves & Surplus	:	NIL
Secured Loans	:	NIL	Unsecured Loans	:	5,20,98,674

#### Application of Funds

Net Fixed Assets	:	Nil	Investments	:	NIL
Net Current Assets	:	49,17,707	Miscellaneous Expenditure	:	NIL
Accumulated Losses	:	4,74,80,697			

#### iv. Performance of Company (₹ in thousands)

Turnover / Income	:	21,064	Total Expenditure	:	79,326
Profit/(Loss) Before Tax	:	(58,262)	Profit/(Loss) After Tax	:	(58,262)
Earnings per share in ₹	:	(1.94)	Dividend Rate %	:	NIL

#### v. Generic Names of three Principal Products / Service of Company

Item Code No. (ITC Code)	:	N.A.	Product Description	:	N.A.
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For **CNGSN & Associates**

Chartered Accountants

Firm Reg.No. 004915S

For and on behalf of the Board of Directors

**R. Thirumalmarugan**

Partner

Membership No : 200102

Place : Chennai

Date : May 23, 2011

**Prasad V. Potluri**

Director

**Arasu V R**

Director

# PICTUREHOUSE MEDIA LIMITED

Regd. Office : KRM Centre, 9th Floor, Door No. 2, Harrington Road, Chetpet, Chennai - 600 031.

## ATTENDANCE SLIP

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE.

DP ID
-------

REGD. FOLIO NO.
-----------------

CLIENT ID
-----------

Name and Address of the Shareholder

No. of Share(s) Held

I/we hereby record my/our presence on the 12th Annual General Meeting of Picturehouse Media Limited held on Wednesday, September 28, 2011 at 11.30 A.M. at Rani Seethai Hall, 603, Anna Salai, Chennai- 600 006.

Signature of the Shareholder/Proxy .....



# PICTUREHOUSE MEDIA LIMITED

Regd. Office : KRM Centre, 9th Floor, Door No. 2, Harrington Road, Chetpet, Chennai - 600 031.

## PROXY FORM

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE.

DP ID
-------

REGD. FOLIO NO.
-----------------

CLIENT ID
-----------

I/we .....  
of ..... being a member of Picturehouse Media Limited hereby  
appoint Mr. .... of .....  
.....or failing him Mr..... of .....  
..... as my/our proxy to vote for me/us/and on my/our behalf, at 12th  
Annual General Meeting of Picturehouse Media Limited held on Wednesday, September 28, 2011 at 11.30  
A.M. at at Rani Seethai Hall, 603, Anna Salai, Chennai- 600 006 or at any adjournment thereof.

Signed this .....day of .....2011.

Signature of the Shareholder .....

Affix Re. 1 Revenue Stamp
------------------------------------

**Note : This proxy, in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the company not less than 48 Hours before the time of the meeting. The Proxy need not be a member of the Company.**

**For Members Use**



BOOK-POST

If undelivered please return to:

**Cameo Corporate Services Limited**

(Registrar & Share Transfer Agent)

"Subramanyam Building"

1, Club House Road, Chennai-600 002

Tamilnadu, India.