

TELEPHOTO ENTERTAINMENTS LIMITED

**Annual Report
2008 -09**

TELEPHOTO ENTERTAINMENTS LIMITED

10th Annual Report 2008-09

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COMPANY INFORMATION

Board of Directors

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

Company Secretary & Compliance Officer

Ms. Sneha Dalia

Board Committees

Audit Committee

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

Shareholders'/Investors'

Grievance Committee

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

Auditors

PKF Sridhar & Santhanam
Chartered Accountants
98 A, IV Floor, Dr. Radhakrishnan Salai,
Mylapore, Chennai-600 004

Registered Office

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

Registrar & Transfer Agent

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

TELEPHOTO ENTERTAINMENTS LIMITED

NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the members of **Telephoto Entertainments Limited** will be held on Monday, September 30, 2009 at 12.00 Noon at "Kamaraj Arangam", No. 492 (Old No.574-A), Anna Salai, Chennai-600006 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet of the Company as at March 31, 2009, the Profit & Loss Account for the financial year ended March 31, 2009 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Prasad V. Potluri, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION :
"RESOLVED THAT M/s. PKF Sridhar & Santhanam, Chartered Accountants, be and are hereby appointed as 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."

SPECIAL BUSINESS

4. **Appointment of Mr. Deepak Nagori as a Director of the Company**

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

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Deepak Nagori, who was appointed as an Additional Director pursuant to the provisions of section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."

By order of the Board
For **Telephoto Entertainments Limited**
Sneha Dalia
(Company Secretary)

Hyderabad, August 25, 2009

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 forty-eight 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. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
5. 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.
6. 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.
7. The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, September 23, 2009 to Wednesday, September 30, 2009 (both days inclusive).
8. 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 and/or of the mandates, if any.

9. Reappointment of Mr. Prasad V. Potluri:

At the ensuing AGM, Mr. Prasad V. Potluri is retiring by rotation and being eligible, offers himself for reappointment. His brief resume and other relevant details are as follows:

Name	Mr. Prasad V. Potluri
DIN	00179175
Date of birth	September 08, 1970
Date of appointment	December 04, 2007
Experience	17 years of Entrepreneurship experience with a track record of interface with both US & Indian Markets. Expertise in building successful organizations based on organic growth and inorganic consolidation.
Qualifications	BME, MES
No. of shares held	NIL
Relationship with other directors of the Company	NA
Directorship in other public companies	PVP Ventures Limited
Chairman/Member of the Committee of the Board of the companies in which he is a Director	Chairmanship-NIL Member- Shareholders & Investors Grievances' Committee of PVP Ventures Limited

**TELEPHOTO ENTERTAINMENTS LIMITED
EXPLANATORY STATEMENT UNDER SECTION
173(2) OF THE COMPANIES ACT, 1956**

Item No. 4

Mr. Deepak Nagori was appointed as Additional Director of the Company with effect from May 20, 2009.

In terms of the provisions of Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting. The Company, pursuant to the provisions of Section 257 of the Act, has received a notice in writing from a member along with a deposit of Rs. 500/- proposing the candidature of Mr. Deepak Nagori as a Director of the Company.

Except Mr. Deepak Nagori, none of the Directors of the Company are, in any way, concerned or interested in the resolution.

The Board recommends the resolution for your approval.

By order of the Board
For **Telephoto Entertainments Limited**

Sneha Dalia
(Company Secretary)

Hyderabad, August 25, 2009

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Tenth Annual Report and the audited accounts for the financial year ended March 31, 2009.

Financial results and operations

The Company has not carried out any business activities during the year. Since the net worth of the subsidiary company, PVP Screens Private Limited has been eroded, the Company has provided for diminution in value of advances amounting to Rs. 452.11 lacs provided to the subsidiary. The Company has also provided an amount of Rs. 3 lacs towards diminution in value of investment in the subsidiary.

Dividend

In view of the losses, no dividend has been recommended by the Board for the year under review.

Directors

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

During the year, Mr. R.R. Aroonkumar had resigned as a Director w.e.f. May 20, 2009 and Mr. Deepak Nagori was appointed as an Additional Director of the Company with effect from the same date. In terms of section 260 of the Companies Act, 1956, Mr. Nagori would vacate his office on the date of ensuing AGM. Notice under section 257 of the Companies Act, 1956, along with a deposit of Rs. 500/- has been received from a member of the Company signifying its intention to propose his candidature as a Director of the Company, liable for retirement by rotation. Necessary resolution for his appointment as Director is incorporated in the Notice calling the AGM.

As per the Articles of Association, Mr. Prasad V. Potluri, retires by rotation at the ensuing AGM and being eligible offers himself for reappointment. Brief resume of Mr. Prasad V. Potluri, his expertise, names of public limited companies in which he holds directorships and memberships /chairmanships of Board Committees, shareholding and relationships between directors *inter-se*, as stipulated under Clause 49 of the Listing Agreements are provided in the Notice calling the AGM.

Delisting from Madras Stock Exchange

Pursuant to the decision of the shareholders in the previous Annual General Meeting, the Company had filed an application for delisting of its shares from Madras Stock Exchange (MSE) on October 09, 2008. However, as communicated by MSE, the delisting approval is still pending due to want of meeting of its listing committee. Since the Company had made the application around 10 months back,

MSE did not require the Company to pay the listing fees for the year 2009-2010.

Public Deposits

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

Subsidiaries and their operations

The Company, as on March 31, 2009, has two (2) subsidiaries namely, PVP Screens Private Limited (PVP Screens) and Telephoto International Pte. Ltd. (TIPL). PVP Screens sold its multiplex property at Villivakkam, Chennai along with all the rights and licenses, during the year by way of public auction. TIPL has been a dormant Company for the last few years. TIPL has applied for the striking off of its name from the records of the Accounting & Corporate Regulatory Authority, Singapore and the application is pending as on the date of this report.

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 subsidiary companies 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 2008-09 is attached as **Annexure-I** to this report.

Management Discussion and Analysis Report

Management Discussion and Analysis Report for the year ended March 31, 2009 as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is presented in a separate section forming part of the Annual 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, 2009 and the Notes on Accounts are self-explanatory and therefore do not call for any further comments.

As regard to the observations of the Auditors in the Auditors' Report on the Standalone and Consolidated Financial Statements, the Board would like to comment as follows:

TELEPHOTO ENTERTAINMENTS LIMITED

Standalone financials

- (i) Board's comments on the para 4 (v) of the Auditors' Report

The subsidiary company has invested in the share application money of certain companies engaged in real estate projects at Hyderabad. However, considering the general downturn in the real estate sector across the country and specifically in Hyderabad, the subsidiary company has provided for diminution in value of this investment. The Company would be able to continue as a going concern depending upon the returns of this investment and also upon the support of its parent company, PVP Ventures Limited.

- (ii) Board's comments on the para (vii) of the Annexures to the Auditors' Report

Since the Company has not carried out any business operations during the year, there was no requirement of an internal audit system.

- (iii) Board's comments on the para (ix) of the Annexures to the Auditors' Report

The Company has been quite regular in depositing statutory dues like TDS, etc. Still, due to oversight, there have been few cases of delay in this regard. However, after June 2008, all statutory dues have been deposited within the statutory time limit.

- (iv) Board's comments on the para (x) of the Annexures to the Auditors' Report

Due to lack of any business activity in the Company, it has been incurring cash losses for meeting its operational expenses.

Consolidated financials

- (i) Board's comments on the para 4 of the Auditors' Report

The subsidiary company has invested in the share application money of certain companies engaged in real estate projects at Hyderabad. However, considering the general downturn in the real estate sector across the country and specifically in Hyderabad, the subsidiary company has provided for diminution in value of this investment. The Company would be able to continue as a going concern depending upon the returns of this investment and also upon the support of its parent company, PVP Ventures Limited.

Auditors

M/s.PKF Sridhar & Santhanam, Chartered Accountants, Chennai, hold office until the conclusion of the ensuing AGM and are eligible for re-appointment.

The Company has received a letter from them that their re-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 re-appointment within the meaning of Section 226 of the said Act. Necessary resolution for their re-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 Company had no employees during the year.

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 the 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 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, 2009 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.

Acknowledgement

Your Directors would like to express their appreciation for assistance and co-operation received from the Shareholders, Holding Company, Banks and Government authorities during the year under review.

For and on behalf of the Board of Directors
For **Telephoto Entertainments Limited**

Prasad V.Potluri Deepak Nagori
(Director) (Director)

Hyderabad, August 25, 2009

TELEPHOTO ENTERTAINMENTS LIMITED

ANNEXURE - I

**Statement Pursuant to Section 212 of the Companies Act, 1956, relating to
Company's Interest in Subsidiary Companies for the financial year 2008-09**

Name of Subsidiary Company	PVP Screens Private Limited	Telephoto International Pte. Ltd.
The Financial Year of the Subsidiary Companies ended on	March 31, 2009	December 31, 2008
Date from which they became Subsidiary Companies	March 02, 2006	January 13, 2006
Number of shares held by the Company along with its nominees in the subsidiaries at the end of the financial year of the Subsidiary	30,000 equity shares of Rs. 10 each	10,000 shares of 1 Singapore Dollar each (INR 266500)
Extent of Interest of the Company at the end of the financial year of the Subsidiary Companies	100%	100%
The net aggregate amount of the Subsidiary Companies 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	Rs. 4,72,83,298	INR 2,87,693
(b) for the previous financial year	Rs. 3,94,799	INR 2,87,693
The net aggregate amount of the Subsidiary Companies 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	NIL
(b) for the previous financial year	NIL	NIL

For and on behalf of the Board of Directors

For Telephoto Entertainments Limited

Prasad V.Potluri Deepak Nagori
(Director) (Director)

Hyderabad, August 25, 2009

REPORT ON CORPORATE GOVERNANCE

The Company has always adhered to the requirements set out by Clause 49 of the Listing Agreement.

Board Composition and the meetings

The Board of Directors of the Company, as on the date of this Report, comprises of four (4) Non-executive directors. Mr. Prasad V. Potluri is a Promoter Director, Mr. Deepak Nagori is a professional director and Mr. R. Nagarajan and Mr. N.S. Kumar are the Independent & Non-executive directors.

During the financial year, Six (6) board meetings were held on June 14, 2008, June 30, 2008, July 31, 2008, August 20, 2008, October 31 2008 and January 30, 2009. The maximum interval between any two Board meetings was of 90 days.

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		No. of Directorships and Committee Memberships/ Chairmanships including those of Telephoto Entertainments Limited		
		Board Meetings	Last AGM	Other Directorships#	Committee Memberships@	Committee Chairmanships@
Mr. Prasad V. Potluri	00179175	2	Yes	2	1	NIL
Mr. R. Nagarajan	00443963	6	Yes	4	7	6
Mr. N. S. Kumar	00552519	6	Yes	3	5	NIL
Mr. R. R. Aroonkumar*	01943748	4	Yes	1	1	NIL
Mr. Deepak Nagori**	00877734	NIL	NIL	NIL	NIL	NIL

*Resigned w.e.f. 20.05.2009

**Appointed w.e.f 20.05.2009

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.

Committees of the Board**(I) Audit 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. Mr. R. Nagarajan is the Chairman of the Audit Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company. The Company Secretary acts as the Secretary of the Committee.

Meetings and attendance during the year

Four (4) meetings of the Audit Committee were held during the year on June 30 2008, July 31 2008, October 31 2008 and January 29, 2009.

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

(II) Shareholders'/Investors' Grievance Committee

As on March 31, 2009, this Committee comprised of Mr. R. Nagarajan (Chairman) and Mr. N. S. Kumar. It approves the transfer and transmission 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. Ms. Sneha Dalia is the Compliance Officer of the Company.

TELEPHOTO ENTERTAINMENTS LIMITED

Distribution of Shareholding as on March 31, 2009

The distribution of shareholding as on March 31, 2009 was as follows

No. of Equity shares	As on March 31, 2009			
	No. of shareholders	% of shareholders	No. of shares	% of Shareholdings
1-100	4055	76.6540	134541	2.1924
101-500	792	14.9716	206253	3.3610
501-1000	184	3.4782	141606	2.3075
1001-2000	117	2.2117	175797	2.8647
2001-3000	42	0.7939	108733	1.7718
3001-4000	18	0.3402	63720	1.0383
4001-5000	14	0.2646	65828	1.0727
5001-10000	25	0.4725	200447	3.2664
10001 and above	43	0.8128	5039686	82.1249
Total	5290	100.00	6136611	100.00

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 Stock Exchanges where the securities of the Company are listed.

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 Stock Exchanges where the securities of the Company are listed.

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

Provisions of non-mandatory requirements	Status
The Board	
(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.	Not applicable as the Company has not appointed a Chairman.
(ii) Independent Directors may have a tenure not exceeding, in the aggregate, a period of nine years, on the Board of a company.	Not adopted
(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	All the Independent Directors have requisite qualifications and experience in their respective fields.
Remuneration Committee	Not adopted
Shareholder Rights 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	Not adopted
Audit qualifications Company may move towards a regime of unqualified financial statements	Adopted
Training of Board Members	All Board members have requisite qualifications and experience in their respective fields.
Mechanism for evaluating non-executive Board Members	Not adopted
Whistle Blower Policy	Not adopted

For and on behalf of the Board of Directors
For **Telephoto Entertainments Limited**

Prasad V.Potluri Deepak Nagori
(Director) (Director)
Hyderabad, August 25, 2009

**CERTIFICATE ON COMPLIANCE WITH
CONDITIONS OF CORPORATE
GOVERNANCE UNDER CLAUSE 49 OF
THE LISTING AGREEMENT**

**To the Members of M/s. Telephoto
Entertainments Limited**

We have reviewed the implementation of Corporate Governance procedures by Telephoto Entertainments Limited during the year ended March 31, 2009, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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 and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreements with the Stock Exchanges have been complied with in all material respect by the Company and that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

V. Mahesh
Company Secretary in Practice
CP. No : 2473

Chennai, August 25, 2009

**TELEPHOTO ENTERTAINMENTS LIMITED
MANAGEMENT DISCUSSION AND
ANALYSIS REPORT**

The Company has no operations over the last three years and cash flows from operations are negative.

Future outlook

The Company's ability to continue as a going concern depends on the returns from the real estate projects that may be carried out by its Holding or Subsidiary Companies.

Risk Factors

The Company's current financial situation and the negative cash flow is a concern for the management.

Strengths

The Company's management is hopeful to have access to improved management resources in near future.

The other matters as listed out in Corporate Governance Code like Industry structure and developments, opportunities and threats etc. are not applicable to the Company for the current year as the Company has not carried any business activities during the last three years.

AUDITORS' REPORT

To
The Members of Telephoto Entertainments Limited

1. We have audited the attached Balance Sheet of Telephoto Entertainments Ltd as at 31st March 2009 and the Profit and Loss account and Cash Flow Statement for the period ended on that date and 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These 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. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose 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:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit
 - (ii) 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 those books
 - (iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 .

(v) *Attention is invited to Note No.1(C) in Schedule K (Basis of preparation of financial statements).The Company has incurred a cash loss of Rs.7.79 Lakhs for the period ended 31.3.2009 and Cash loss of Rs. 9.63 lakhs in the previous year. The Company has no fixed assets and has had no business operations over the past three years. The Company had decided to focus on another segment of the industry namely promotion of theatre projects by investing in its subsidiary PVP Screens Private Limited (Formerly AGS Properties Development India Private Limited. However, the theatre property of the subsidiary had to be sold during the year to meet debt obligations of the subsidiary. The subsidiary has invested these proceeds in some real estate projects in Hyderabad. The company's ability to continue as a going concern depends on returns from these real estate projects.*

(vi) On the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on that date from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009 and
- (b) In case of the Profit and Loss account, of the loss for the year ended on that date,
- (c) In case of the Cash Flows Statement, of the cash flows of the Company for the year ended on that date.

For PKF Sridhar & Santhanam
Chartered Accountants
S. Hariharan
Partner
Membership No: 20158
Chennai, June 30, 2009

Annexure to Auditors Report

(Referred to in paragraph 3 of our report of even date.)

- (i) The Company does not own any fixed assets and hence this clause is not applicable.
- (ii) The company does not have any physical inventory and hence this clause is not applicable.
- (iii) (a) In our opinion and according to the information and explanations given to us and to the extent of our verification of books of accounts, the Company has not given any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.

(b) In our opinion and according to the information and explanations given to us and to the extent of our verification of books of accounts, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act
- (iv) The company has very few transactions. Hence the need for adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and with regard to the sale of goods and services was not found wanting.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements that need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 .

(b) According to the information and explanations given to us, there are no transactions entered in the register maintained under Sec 301, exceeding Rs.5 Lakhs during the period.
- (vi) In our opinion and according to the information and explanation given to us, the Company has not accepted any public deposits during the year.

TELEPHOTO ENTERTAINMENTS LIMITED

- (vii) **The Company does not have an internal audit system.**
- (viii) 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
- (ix) (a) According to the records provided to us, the Company has been generally regular in depositing undisputed statutory dues with the appropriate authorities **excepting few cases of delays in depositing Tax Deducted at Source – For the month of April, May & June 08 remittances were done by 10th of subsequent months.** There are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable

(b) There are no dues of Income Tax, Sales-tax and Cess that have not been deposited on account of any dispute.
- (x) **The Company has been registered for a period of not less than five years. Its accumulated losses at the end of the financial year are not less than fifty percent of its net worth and it has incurred cash losses in the current year and in the immediately preceding financial year also.**
- (xi) In our opinion and according to the information and explanation given to us, the Company has no dues to any financial institution or bank and question of default in repayment does not arise.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- (xiii) As this Company is not a Nidhi/Mutual benefit fund/ Society, the provisions of special statute applicable to chit fund is not applicable to this Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) 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 bank or financial institutions.

(xvi) In our opinion and according to the information and explanations given to us, the Company has not availed of any term loans and hence this clause is not applicable.

(xvii) In our opinion and according to the information and explanations given to us, the Company has not raised funds on short term basis and hence this clause is not applicable.

(xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the period.

TELEPHOTO ENTERTAINMENTS LIMITED

(xix) The Company has not issued any debentures during the period.

(xx) The company has not made any public issue during the year.

(xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company noticed or reported during the year nor have we been informed of any such case by the management, that causes the financial statements to be materially misstated.

For PKF Sridhar & Santhanam
Chartered Accountants

S. Hariharan
Partner
Membership No: 20158

Chennai, June 30, 2009

TELEPHOTO ENTERTAINMENTS LIMITED

Balance Sheet as at March 31, 2009

	Schedules	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SOURCES OF FUNDS			
1 SHARE HOLDERS FUNDS			
Share Capital	A	61,366,110	61,366,110
Reserves & Surplus	B	20,537,500	20,537,500
		81,903,610	81,903,610
APPLICATION OF FUNDS			
1 INVESTMENTS			
	C	-	300,000
2 CURRENT ASSETS, LOANS AND ADVANCES			
Sundry Debtors		-	-
Cash and Bank balances	D	320,957	508,645
Loans and advances	E	468,081	47,290,803
		789,038	47,799,448
Less: Current Liabilities and Provisions			
Current Liabilities	F	1,076,460	523,716
Provisions		33,825	10,565
		1,110,285	534,281
Net Current Assets		(321,247)	47,265,167
PROFIT AND LOSS ACCOUNT		82,224,857	34,338,443
		81,903,610	81,903,610
NOTES TO ACCOUNTS		K	

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 PKF Sridhar & Santhanam

Chartered Accountants

S. Hariharan

Partner

M No : 20158

For and on behalf of the Board of Directors

Prasad V. Potluri

Director

R. Nagarajan

Director

N.S. Kumar

Director

Deepak Nagori

Director

Place: Chennai

Date : June 30, 2009

Sneha Dalia

Company Secretary

TELEPHOTO ENTERTAINMENTS LIMITED

TELEPHOTO ENTERTAINMENTS LIMITED

Profit & Loss Account for the year ended March 31, 2009

	Schedules	For the Year ended 31.03.2009 Rs.	For the Year ended 31.03.2008 Rs.
INCOME			
Other Income	G	207,998	370,392
Total		207,998	370,392
EXPENDITURE			
Salaries, wages and benefits to employees	H	-	303,699
Operating, Administration and Other Expenses	I	46,390,816	963,190
		46,390,816	1,266,889
Profit/(Loss) before Interest, Depreciation & Tax		(46,182,818)	(896,497)
Interest and Finance Charges	J	-	5,776
		(46,182,818)	(902,273)
Less: Prior year adjustment (Refer note no. 22 in Schedule K)		1,680,335	123,173
Profit/(Loss) before Tax		(47,863,153)	(1,025,446)
Less: Provision for Tax :			
-Fringe Benefit Tax for earlier years		23,260	2,388
Profit/(Loss) after tax		(47,886,413)	(1,027,834)
Profit/(Loss) brought forward from earlier year		(34,338,444)	(33,310,610)
Balance Carried to Balance Sheet		(82,224,857)	(34,338,444)
NOTES TO ACCOUNTS	K		
Earnings per Share (Refer Note 16 in Schedule K)			
Basic		(7.80)	(0.17)
Diluted		(7.80)	(0.17)
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 PKF Sridhar & Santhanam
Chartered Accountants
S. Hariharan
Partner
M No : 20158

For and on behalf of the Board of Directors

Prasad V. Potluri
Director

R. Nagarajan
Director

N.S. Kumar
Director

Deepak Nagori
Director

Place: Chennai
Date : June 30, 2009

Sneha Dalia
Company Secretary

TELEPHOTO ENTERTAINMENTS LIMITED

TELEPHOTO ENTERTAINMENTS LIMITED
Cash Flow Statement for the year ended March 31, 2009

	March 31, 2009	March 31, 2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	(47,863,153)	(1,025,445)
Adjustments for:		
Depreciation	-	-
Provision for diminution in value of Investment	300,000	
Interest paid	-	5,776
Interest received	(6,890)	(370,392)
Prior Period Adjustment		
Operating Profit Before Working Capital changes	(47,570,043)	(1,390,060)
Adjustments for:		
Provision for Advances extended to subsidiary	45,211,000	
TDS/ Advance Tax written off	1,611,722	
Other Decrease in Loans & Advances	-	(12,416,807)
Increase in Trade payable	552,744	268,876
Cash Generated from Operations	(194,577)	(13,537,991)
Direct Taxes paid		-
Net Cash from Operating Activities	(194,577)	(13,537,991)
B. CASH FROM INVESTING ACTIVITIES		
Purchase/addition to Fixed Assets including capital advances		
Expenditure during construction period		
Interest received	6,890	370,392
Net Cash used in Investing Activities	6,890	370,392
C. CASH FROM FINANCING ACTIVITIES		
Interest paid -	(5,776)	
Issue of Share Capital		
Proceeds from Long Term Borrowings (Net)	-	(1,367,854)
Net Cash from Financing Activities	-	(1,373,630)
Net increase in cash and cash equivalents	(187,687)	(14,541,229)
Cash and cash equivalents at the beginning of the year	508,645	15,049,874
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	320,958	508,645

For PKF Sridhar & Santhanam

Chartered Accountants

S. Hariharan

Partner

M No : 20158

For and on behalf of the Board of Directors

Prasad V. Potluri

Director

R. Nagarajan

Director

N.S. Kumar

Director

Deepak Nagori

Director

Place: Chennai

Date : June 30, 2009

Sneha Dalia

Company Secretary

TELEPHOTO ENTERTAINMENTS LIMITED

TELEPHOTO ENTERTAINMENTS LIMITED
Schedules to the Balance Sheet

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
SCHEDULE - A		
SHARE CAPITAL		
AUTHORISED CAPITAL		
1,20,00,000 Equity Shares of Rs.10/- each.	120,000,000	120,000,000
ISSUED, SUBSCRIBED & PAIDUP CAPITAL		
61,36,611 Equity Shares of Rs. 10 each fully paid-up (Of which 3353044 Shares are held by PVP Ventures Ltd)	61,366,110	61,366,110
	61,366,110	61,366,110
SCHEDULE - B		
RESERVES & SURPLUS		
Capital Reserve	2,287,500	2,287,500
Securities Premium	18,250,000	18,250,000
	20,537,500	20,537,500
SCHEDULE - C		
INVESTMENTS in Subsidiaries		
(Valued at cost) - Trade and Unquoted		
PVP Screens Pvt Ltd		
30,000 equity shares of Rs.10/- each	300,000	300,000
Less: Provision for diminution in value of investment	(300,000)	-
Telephoto International Pte.Ltd., Singapore		
10,000 Ordinary Shares of \$1/- each	266,500	266,500
Less: Provision for Diminution of Investment	(266,500)	(266,500)
	-	300,000
SCHEDULE - D		
CASH & BANK BALANCES		
Cash on hand	-	-
Balance with Scheduled Banks in current accounts	320,957	508,645
	320,957	508,645
SCHEDULE - E		
LOANS & ADVANCES		
(Unsecured and Considered good)		
Loans and advances to subsidiary	45,211,000	45,211,000
Less: Provision for diminution in value of advance	(45,211,000)	
Advance Income Tax/TDS	468,081	2,079,803
	468,081	47,290,803
SCHEDULE - F		
CURRENT LIABILITIES		
Accrued Salaries	-	9,716
Unearned Income (PY - Advance from customers)	1,000,000	300,000
Statutory Liabilities	1,284	22,142
Sundry Creditors	20,026	116,268
Audit fees payable	55,150	75,590
	1,076,460	523,716
B) PROVISIONS		
Provision for FBT	33,825	10,565
	33,825	10,565

TELEPHOTO ENTERTAINMENTS LIMITED

TELEPHOTO ENTERTAINMENTS LIMITED
Schedules to the Profit and Loss Account

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
SCHEDULE - G		
OTHER INCOME		
Interest earned	107,998	370,392
Miscellaneous Receipts	100,000	-
	207,998	370,392
SCHEDULE - H		
SALARIES, WAGES AND BENEFITS TO EMPLOYEES		
Salaries,Wages & Allowances	-	279,823
Contribution to Provident fund, ESI etc.,	-	16,842
Staff Welfare Expenses	-	7,034
	-	303,699
SCHEDULE - I		
OPERATING,ADMINISTRATION & OTHER EXPENSES		
Rent		200,000
Power & Fuel		2,618
Communication		4,253
Printing & Stationery		9,788
Travelling & Conveyance		20,630
Investor Services	301,923	358,793
Legal & Consultancy Charges	55,216	79,868
Directors Sitting Fees	110,000	159,000
Other Expenses	256,419	128,240
Provision for diminution in value of investment	300,000	
Provision for diminution in value of advance	45,211,000	
Audit Fees	55,150	
Pre-takeover obligations written off	101,108	
	46,390,816	963,190
SCHEDULE - J		
INTEREST AND FINANCE CHARGES		
Interest & Finance Charges	-	5,776
	-	5,776

Schedules forming part of the financial statements for the year ended March 31, 2009**Schedule K: Significant Accounting Policies and Notes on Accounts:****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
- a) The Indian Generally Accepted Accounting Principles (GAAP)
 - b) The Accounting standards specified by the Institute of Chartered Accountants of India (ICAI), and
 - c) The provisions of the Companies Act, 1956
- 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 made cash loss of Rs. 7.79 lakhs in the current period and Rs. 9.63 lakhs in the previous year. The company has had no operations over the past three years and cash flows from operations are negative. This was on account of company wanting to focus on another segment of entertainment industry, namely operation of multiplexes. Company had therefore invested in its subsidiary company promoting theatre projects. However, the theatre property of the subsidiary had to be sold to meet debt obligations of the subsidiary. The subsidiary has invested these proceeds in some real estate projects in Hyderabad. The company's ability to continue as a going concern depends on returns from these real estate projects.

2. Revenue Recognition:

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

3. Accounting of Expenditure:

Expenses are accounted on an accrual basis. Provisions have been made for all known losses and liabilities as on the date of the financial statements.

4. Benefits to employees:

There were no employees during the year.

5. Foreign Currency Transactions:

There are no foreign currency transactions during the year.

6. Taxes on Income:

Provision for income tax is made annually based on the liability computed after considering for the year from April 2008 to March 2009 after considering tax allowances and exemptions. Adjustments to tax provisions have been done after considering the provisions made in the year ended 31st March 2009. The company does not have book profits. Hence tax provision has not been made for the current year.

7. 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.

8. 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. The company does not have Fixed Assets – Tangible or Intangible.

9. 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.

TELEPHOTO ENTERTAINMENTS LIMITED

Notes to the Accounts

10. Contingent Liabilities:

The estimated amount of contracts remaining to be executed on capital account as at March 31, 2009 is Rs. Nil (Previous year Rs. Nil)

11. 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

12. Imports (Value on CIF basis) [on payment basis] – NIL (Previous year – NIL)

13. Particulars relating to Foreign Exchange (on receipt and payment basis) – NIL (Previous Year – NIL)

14. Related party transactions:

The list of related parties where control exists and related parties with whom transactions have taken place and relationships are as follows:

Holding Company – PVP Ventures Limited (54.64%)

Subsidiary Company – PVP Screens Private Limited (100%)

Summary of transactions with related parties during the year are as follows

(Rs. in lakhs)

Nature of transactions	Transactions for the		Balance as at	
	Year ended Mar 31,2009	Year ended Mar 31,2008	March 31, 2009	March 31, 2008
Loan Given to PVP Screens Private Limited	Nil	132.11	452.11	452.11

Since the net worth of the subsidiary company PVP Screens Private Limited has been eroded, the Company has provided for diminution in value of advances amounting to Rs. 452.11 lacs provided to the subsidiary. The company has also provided an amount of Rs. 3 lacs towards diminution in value of investment in the subsidiary.

15. Provision for taxation:

No tax provision is made for the period, as the company does not have any taxable profit. The provisions of Section 115 JB of the Income Tax Act, 1961 is not applicable for the current year, as the company does not have any book profits as defined under that Section. The company has no employees, the need for FBT does not arise. However, provision for FBT for prior year demand is made.

16. Earnings per Share:

		Year ended Mar 31,2009	Year ended Mar 31,2008
Profit after Tax (in Rs.)	A	(47886413)	(1027834)
Number of shares outstanding	B	61,36,611	61,36,611
Effect of dilutive issue of stock options	C	Nil	Nil
Number of shares outstanding including potential shares	D	61,36,611	61,36,611
Earnings per share-Basic (Rs.)	A/B	(7.80)	(0.17)
Earnings per share-Diluted (Rs.)	A/D	(7.80)	(0.17)

17. 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.

18. The company has made 100% investment in subsidiary company Telephoto International Pte Limited, Singapore and there are no activities in the company during the year. The net assets and liabilities are not material as at 31/03/2009

19. The Company has not entered into any Derivative transactions during the year.

20. The Company does not have a Managing Director or whole time directors as there are no operations in the company at present. Necessary appointment will be done when operations increase

21. Auditor's Remuneration including Service Tax

Description	Year ended March 31, 2009 (Rs. Lakhs)	Year ended March 31, 2008 (Rs. Lakhs)
Statutory Audit Fees	0.55	0.84

22. "Pre take over obligation written off" debited to Profit and Loss Account comprises of taxes deducted out of pre take over receipts which belonged to the account of the erstwhile owners before change of shareholding in the year 2005-06.

During the year, tax refunds were received to the extent of Rs.9.80 Lakhs including interest thereto Rs. 1.01 Lakhs and these were paid to the pre take over shareholders. The amount corresponding to the interest passed on to Rs. 1.01 Lakhs is treated as a current year item and balance treated as prior period item.

Also tax deduction at source other than what is receivable in respect of post take over earnings and for which credit has not been granted by the Income tax has also been written off under this head.

23. Previous year's figures have been re-grouped wherever necessary to confirm to the current year's classification.

TELEPHOTO ENTERTAINMENTS LIMITED

Balance Sheet Abstract And Company's General Business Profile

i. Registration Details

Registration No. : 044077 State Code : 18
Balance Sheet Date : 31.03.2009

ii. Capital raised during the year (Amount in Rs. Lacs)

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

iii. Position of Mobilisation and Deployment of Funds (Amount in Rs.Lacs)

Total Liabilities : 819.03 Total Assets : 819.03

Source of Funds

Paid-up Capital : 613.66 Reserves & Surplus : 205.37
Secured Loans : NIL Unsecured Loans : NIL

Application of Funds

Net Fixed Assets : NIL Investments : NIL
Net Current Asset : (3.21) Miscellaneous Expenditure: NIL
Accumulated Losses : 822.24

iv. Performance of Company (Amount in Rs. Lacs)

Turnover/Income : 2.07 Total Expenditure : 463.90
Profit/(Loss) Before Tax : (478.63) Profit/(Loss) After Tax : (478.86)
Earnings per share in Rupees : (7.80) Dividend Rate % : Nil

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

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

For and on behalf of the Board

Prasad V. Potluri Director
R. Nagarajan Director
N. S. Kumar Director
Deepak Nagori Director
Sneha Dalia Company Secretary

Place: Chennai
Date: June 30, 2009

AUDITOR'S REPORT

Auditors' Report to the Board of Directors of Telephoto Entertainments Limited on the Consolidated Financial Statements of Telephoto Entertainments Limited and its Subsidiary:

1. We have examined the attached Consolidated Balance Sheet of Telephoto Entertainments Limited and its subsidiary (Group) as at March 31'st 2009 and the Consolidated Profit and Loss account and the Cash Flow Statement of the Group for the year ended on that date annexed thereto. These financial statements are the responsibility of the Group'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 auditing standards generally accepted in India. These 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 Group in accordance with the requirements of Accounting Standard (AS) 21, on Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Telephoto Entertainments Limited and its subsidiary ; PVP Screens Private Limited.
4. **There have been no business operations in the company over the past three years. The company has decided to focus on another segment of the industry namely promotion of theatre projects. Company had therefore invested in its subsidiary company promoting theatre projects. However, the theatre property of the subsidiary had to be sold to meet the debt obligations of the subsidiary. The subsidiary has invested in some real estate projects in Hyderabad. In our opinion whether the holding company would be able to continue as a going concern will depend upon the outcome of the subsidiary company's investment in real estate business.**
5. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
6. On the basis of information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Telephoto Entertainments Limited and its subsidiary we are of the opinion that :-
 - a) The Consolidated Balance Sheet gives a true and fair view of the Consolidated State of Affairs of the Group as at March 31'st 2009.
 - b) the Consolidated Profit and Loss Account gives a true and fair view of the Consolidated results of operations of the Group for the year then ended; and
 - c) The Consolidated Cash Flow Statement gives the true and fair view of the Consolidated cash flows of the Group for the year then ended.

For PKF Sridhar & Santhanam
Chartered Accountants

S. Hariharan
Partner
Membership No. 20158

Chennai, June 30, 2009

TELEPHOTO ENTERTAINMENTS LIMITED
TELEPHOTO ENTERTAINMENTS LIMITED
Consolidated Balance Sheet as at March 31, 2009

	Schedules	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SOURCES OF FUNDS			
1 SHAREHOLDERS' FUNDS			
Share Capital	A	61,366,110	61,366,110
Reserves & Surplus	B	20,537,500	20,537,500
2 LOAN FUNDS			
Secured Loans	C	-	82,802,164
Unsecured Loans	D	-	59,253,222
		81,903,610	223,958,996
APPLICATION OF FUNDS			
1 FIXED ASSETS			
Gross Block	E	-	45,400,500
Less: Depreciation		-	-
Net Block		-	45,400,500
ADD: Capital WIP		-	114,491,221
		-	159,891,721
2 INVESTMENTS			
3 CURRENT ASSETS, LOANS AND ADVANCES	F	-	-
Sundry Debtors		-	-
Cash and Bank balances	G	710,529	3,408,151
Loans and advances	H	476,742	2,605,040
		1,187,271	6,013,191
Less: Current Liabilities and Provisions			
Current Liabilities	I	1,182,804	11,894,682
Provisions		2,098,014	12,397
		3,280,818	11,907,079
Net Current Assets		(2,093,547)	(5,893,888)
4 MISCELLANEOUS EXPENDITURE	J	-	35,227,921
5. PROFIT AND LOSS ACCOUNT		83,997,157	34,733,242
		81,903,610	223,958,996
NOTES TO ACCOUNTS	O		

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 PKF Sridhar & Santhanam
Chartered Accountants
S. Hariharan
Partner
M No : 20158

For and on behalf of the Board of Directors

Prasad V. Potturi
Director

R. Nagarajan
Director

N.S. Kumar
Director

Deepak Nagori
Director

Place: Chennai
Date : June 30, 2009

Sneha Dalia
Company Secretary

TELEPHOTO ENTERTAINMENTS LIMITED

TELEPHOTO ENTERTAINMENTS LIMITED

Consolidated Profit & Loss Account for the year ended March 31, 2009

	Sche- dules	For the Year ended 31.03.2009 Rs.	For the Year ended 31.03.2008 Rs.
INCOME			
Other Income	K	17,451,232	370,392
Total		17,451,232	370,392
EXPENDITURE			
Salaries, wages and benefits to employees	L	-	303,699
Operating, Administration and Other Expenses	M	62,968,426	2,166,492
		62,968,426	2,470,191
Profit/(Loss) before Interest, Depreciation & Tax		(45,517,194)	(2,099,800)
Interest and Finance Charges	N	-	13,691,910
Depreciation		-	-
		(45,517,194)	(15,791,710)
Less: Prior year adjustment		1,680,336	123,173
Profit/(Loss) before Tax		(47,197,530)	(15,914,883)
Transferred to Expenditure during construction period		-	14,889,438
		(47,197,530)	(1,025,445)
Less: Provision for Tax :			
- Corporate Tax		2,043,125	-
- Finge Benefit Tax for earlier years		23,260	2,388
Profit/(Loss) after tax		(49,263,915)	(1,027,833)
Profit & (Loss) brought forward from earlier year		(34,733,242)	(33,705,409)
Balance Carried to Balance Sheet		(83,997,157)	(34,733,242)
NOTES TO ACCOUNTS			
Earnings per Share (Refer Note 20 in Schedule O)	O		
Basic		(8.03)	(0.17)
Diluted		(8.03)	(0.17)
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 PKF Sridhar & Santhanam
Chartered Accountants
S. Hariharan
Partner
M No : 20158

For and on behalf of the Board of Directors

Prasad V. Potluri
Director

R. Nagarajan
Director

N.S. Kumar
Director

Deepak Nagori
Director

Place: Chennai
Date : June 30, 2009

Sneha Dalia
Company Secretary

TELEPHOTO ENTERTAINMENTS LIMITED

TELEPHOTO ENTERTAINMENTS LIMITED

Consolidated Cash Flow Statement for the year ended March 31, 2009

	March 31, 2009	March 31, 2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	(47,197,530)	(1,420,232)
Adjustments for:		
Depreciation	-	-
Interest paid	-	5,776
Interest received	108,665	(370,392)
Gain on sale of Assets	17,242,567	-
Operating Profit Before Working Capital changes	(64,548,762)	(1,784,848)
Adjustments for:		
Other Current Assets	-	312,956
Loans and Advances	2,128,299	-
Trade payable	(10,711,878)	9,933,211
Cash Generated from Operations	(73,132,341)	8,461,319
Interest paid	-	(5,776)
Direct Taxes paid	-	-
Net Cash from Operating Activities	(73,132,341)	8,455,543
B. CASH FROM INVESTING ACTIVITIES		
Purchase/addition to Fixed Assets		
including capital advances	(9,765,116)	(74,038,098)
Expenditure during construction period	-	(9,968,868)
Sale of Assets	222,146,556	162,600,084
Interest received	108,665	370,392
Net Cash used in Investing Activities	212,490,105	78,963,510
C. CASH FROM FINANCING ACTIVITIES		
Interest paid	-	-
Issue of Share Capital	-	-
Proceeds from Long Term Borrowings (Net)	(142,055,386)	(99,314,700)
Net Cash from Financing Activities	(142,055,386)	(99,314,700)
Net increase in cash and cash equivalents	(2,697,622)	(11,895,646)
Cash and cash equivalents at the beginning of the year	3,408,151	15,303,797
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	710,529	3,408,151

For PKF Sridhar & Santhanam

Chartered Accountants

S. Hariharan

Partner

M No : 20158

For and on behalf of the Board of Directors

Prasad V. Potluri

Director

R. Nagarajan

Director

N.S. Kumar

Director

Deepak Nagori

Director

Sneha Dalia

Company Secretary

Place: Chennai

Date : June 30, 2009

TELEPHOTO ENTERTAINMENTS LIMITED

TELEPHOTO ENTERTAINMENTS LIMITED

Schedules forming part of the Consolidated Balance Sheet

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
SCHEDULE - A		
SHARE CAPITAL		
AUTHORISED CAPITAL 1,20,00,000 Equity Shares of Rs.10/- each.	120,000,000	120,000,000
ISSUED, SUBSCRIBED & PAIDUP CAPITAL 61,36,611 Equity Shares of Rs. 10 each fully paid-up (Of which 3353044 Shares are held by PVP Ventures Ltd)	61,366,110	61,366,110
	61,366,110	61,366,110
SCHEDULE - B		
RESERVES & SURPLUS		
Capital Reserve	2,287,500	2,287,500
Securities Premium	18,250,000	18,250,000
Profit & Loss Account	-	-
	20,537,500	20,537,500
SCHEDULE - C		
SECURED LOANS		
From Banks	-	82,802,164
	-	82,802,164
SCHEDULE - D		
UNSECURED LOANS		
Unsecured loan from Holding Company-PVP Ventures Ltd	-	59,253,222
	-	59,253,222
SCHEDULE - E		
FIXED ASSETS		
Gross Block	-	45,400,500
Less: Depreciation	-	-
Net Block	-	45,400,500
ADD: Capital WIP	-	114,491,221
	-	159,891,721
SCHEDULE - F		
INVESTMENTS in Subsidiaries		
Telephoto International Pte.Ltd., Singapore 10,000 Ordinary Shares of \$1/- each	266,500	-
	266,500	266,500
Less: Provision for Diminution of Investment	(266,500)	(266,500)
	-	-
SCHEDULE - G		
CASH & BANK BALANCES		
Cash on hand	-	5,758
Balance with Scheduled Banks in current accounts	710,529	3,402,393
	710,529	3,408,151

TELEPHOTO ENTERTAINMENTS LIMITED

TELEPHOTO ENTERTAINMENTS LIMITED
Schedules forming part of the Consolidated Balance Sheet

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
SCHEDULE - H		
LOANS & ADVANCES		
(Unsecured and Considered good)		
Deposits	-	524,340
Advance recoverable in cash or kind	897	897
Advance for investment (Share Application monies)	62,000,000	-
Less: Provision for dimunition in value	(62,000,000)	-
Loans and advances to subsidiaryDeposits	-	-
Advance Income Tax/TDS	475,845	2,079,803
	476,742	2,605,040
SCHEDULE - I		
CURRENT LIABILITIES		
Expenses Payable	-	215,205
Accrued Salaries	-	9,716
Unearned Income (PY -Advance from Customers)	1,000,000	300,000
Statutory Liabilities	3,932	410,742
Sundry Creditors	68,572	10,883,429
Audit fees payable	110,300	75,590
	1,182,804	11,894,682
B) PROVISIONS		
Provision for Corporate Tax	2,043,125	-
Provision for FBT	33,825	10,565
Provision for ULT	21,064	1,832
	2,098,014	12,397
SCHEDULE - J		
MISCELLANEOUS EXPENDITURE		
Expenditure during Construction period allocation		
Opening Balance	-	25,259,052
Add: Incurred during the year	-	30,152,161
Less: Withdrawn during the year	-	(20,183,292)
	-	35,227,921

TELEPHOTO ENTERTAINMENTS LIMITED

TELEPHOTO ENTERTAINMENTS LIMITED

Schedules forming part of the Consolidated Profit and Loss Account

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
SCHEDULE - K OTHER INCOME		
Interest earned	108,665	370,392
Miscellaneous Receipts	100,000	-
Gain on Sale of Asset	17,242,567	-
	17,451,232	370,392
SCHEDULE - L SALARIES, WAGES AND BENEFITS TO EMPLOYEES		
Salaries,Wages & Allowances	-	279,823
Contribution to Provident fund, ESI etc.,	-	16,842
Staff Welfare Expenses	-	7,034
	-	303,699
SCHEDULE - M OPERATING,ADMINISTRATION & OTHER EXPENSES		
Rent	-	200,000
Rates & Taxes	(68,458)	10,494
Power & Fuel	-	302,039
Communication	-	12,610
Printing & Stationery	-	9,788
Travelling & Conveyance	-	23,840
Investor Services	301,924	358,793
Legal & Consultancy Charges	66,219	114,934
Directors Sitting Fees	110,000	159,000
Audit Fees	110,300	168,540
Tax Audit Fees	-	84,270
Other Services	-	23,315
Security Charges	-	190,980
Insurance	-	65,796
Bank Charges	16,581	190,862
Miscelanious Exp	616	41,423
Notices & Relults Publication Expenses	32,707	-
AGM EXPENSES	139,273	-
Corporate Administration Charrges	61,000	-
EGM Expenses	24,353	-
Filing Expenses	1,170	-
Bad Debts	73,465	-
Project Development Expenses	(1,832)	209,808
Provision for diminution in value of investments62,000,000	-	-
Pre-takeover obligations written off	1,01,108	-
	62,968,426	2,166,492
SCHEDULE - N INTEREST AND FINANCE CHARGES		
Interest & Finance Charges	-	13,691,910
	-	13,691,910

**Schedules forming part of the Consolidated Financial Statements
for the year ended March 31, 2009**

**Schedule O: Significant Accounting Policies
and Notes on Accounts:**

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
- a] The Indian Generally Accepted Accounting Principles (GAAP)
 - b] The Accounting standards specified by the Institute of Chartered Accountants of India (ICAI), and
 - c] The provisions of the Companies Act, 1956
- 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) Going Concern:

The Company had no operations over the past few years and cash flows from operations are negative. This was on account of Company wanting to focus on another segment of entertainment industry, namely operation of multiplexes. The Company had therefore invested in its subsidiary company promoting theatre projects. However, the theatre property of the subsidiary had to be sold to meet debt obligations of the subsidiary. The subsidiary has invested these proceeds in some real estate projects in Hyderabad. The company's ability to continue as going concern depends on returns from these real estate projects.

D) Principles of Consolidation:

The Group's consolidated financial statements include Telephoto Entertainments Ltd and PVP Screens Private Limited (100% Subsidiary). All

significant inter company transactions and balances have been eliminated in the consolidated statements. Consequent to 100% provision for diminution in the value of investments made in the books of Telephoto Entertainments Limited for the investments made in Telephoto International Pte Ltd, Singapore and considering that there are no operations in this Company and the value of assets and liabilities are not material, the financials of Telephoto International Pte Ltd, Singapore have not been considered for consolidation with Telephoto Entertainments Limited.

2. Revenue Recognition

As a consistent practice, the Group recognizes revenues on an accrual basis.

3. Accounting of Expenditure

Expenses are accounted on an accrual basis. Provisions have been made for all known losses and liabilities as on the date of the financial statements.

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

There were no employees in the Group during the year.

6. Foreign Currency Transactions

There are no foreign currency transactions during the year.

7. Taxes

Provision for income taxes is made annually based on the liability computed after considering tax allowances and exemptions.

Deferred Tax Assets are recognized only if there is a reasonable certainty that they will be

realised and are reviewed for their appropriateness of their respective carrying value at each Balance Sheet date. When unabsorbed depreciation and carry forward losses are there, Deferred Tax Asset is recognized only if there exists virtual certainty of their realization. Deferred tax assets & liabilities are measured at the tax rates that have been enacted or substantially enacted on the Balance sheet date.

8. Leases

The Group enters into operating leases for hiring office premises. The rent paid to the landlords is debited to the Profit and Loss Account.

9. Investments

Investments are classified into current and long-term investments. Current investments are stated at the lower of cost and fair value. Long-term investments are carried at cost less provision made, if any, for the decline in the value of such investments.

10. Inventory Valuation

There are no inventories during the year.

11. Borrowing Cost

Expenditure on borrowing cost on the loans obtained for acquisition, construction or production of capital assets are capitalized as part of the cost of the assets.

12. Segment Reporting

There is no commercial activity in subsidiary Company PVP Screens Private Limited. The activities of Telephoto Entertainments Limited are in one segment namely entertainment.

13. 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.

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

TELEPHOTO ENTERTAINMENTS LIMITED

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.

NOTES TO THE ACCOUNTS

15. Contingent Liabilities:

The estimated amount of contracts remaining to be executed on capital account in the Subsidiary Company as at March 31, 2009 is Rs. Nil (Previous year Rs. 342.98 Lakhs)

16. Lease Rentals:

The lease rentals paid by the Holding Company during the year as on March, 31, 2009 are as follows:

(Rs. in Lakhs)

	2008-09	2007-08
Lease Rentals paid during the year	Nil	2.00

17. The Holding Company does not have a Managing Director or Wholetime Director as there are no operations in the Company at present. Necessary appointments will be done when operations start.

18. Related party transactions

Related Parties

Holding Company – PVP Ventures Limited (54.64%)

Non-Executive Directors

- Prasad V. Potluri
- R. Nagarajan
- N.S. Kumar
- Deepak Nagori

Summary of transactions with the above-related parties are as follows:

(Rs. in Lakhs)

Nature of transactions	Transactions for the year ended		Balance as at	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
Loans received from PVP Ventures Limited	Nil	758.06	Nil	Nil
Loans repaid to PVP Ventures Limited	592.53	1027.79	Nil	Nil
Sale of Land	Nil	1626.00	Nil	Nil
Balance of Loan received outstanding from PVP Ventures Limited	Nil	Nil	Nil	592.53
Sitting Fees to Director	1.10	1.59	Nil	Nil

TELEPHOTO ENTERTAINMENTS LIMITED

Other than the above, the subsidiary company has invested as share application money of Rs. 620 Lakhs in Arete Real Estate Developers Pvt. Ltd. and Hercules Real Estate Developers to explore opportunities in the real estate sector in Hyderabad. However, due to the downturn in real estate market, on a conservative basis, provision has been made for diminution in the value of these advances for investment.

19. Provision for taxation

Capital Gains Tax provision has been made for the theatre property sold during the year. The provisions of Section 115 JB of the Income Tax Act, 1961 are not applicable for the current year, as the company does not have any book profits as defined under that section. The Company has no employee ; the need for FBT does not arise. However, provision for FBT is towards prior year (AY 2006-07) demand. Deferred Tax assets are not recognized on a conservative basis.

20. Earnings per Share

		Year ended Mar 31,2009	Year ended Mar 31,2008
Profit after Tax (in Rs.)	A	(49263915)	(1027834)
Number of shares outstanding	B	61,36,611	61,36,611
Effect of dilutive issue of stock options	C	Nil	Nil
Number of shares outstanding including potential shares	D	61,36,611	61,36,611
Earnings per share-Basic (Rs.)	A/B	(8.03)	(0.17)
Earnings per share-Diluted (Rs.)	A/D	(8.03)	(0.17)

21. 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.

22. List of Subsidiaries & Proportion of Voting power held :

S. No.	Name of Subsidiary	Country of Incorporation / Residence	Proportion of Ownership interest / Proportion of Voting power held
1.	PVP Screens Private Limited (Formerly ,AGS Properties Development (India) Private Limited)	India	100 % (Wholly owned Subsidiary)
2.	Telephoto International Pte. Ltd.*	Singapore	100 % (Wholly owned Subsidiary)

*Refer Significant Policies point 1D

23. The Company has not undertaken any derivative transactions during the year.

24. Previous year's figures have been re-grouped wherever necessary to confirm to the current year's classification.

DIRECTORS' REPORT

The Directors place before you the Fifth Report of the Company, together with the Audited Accounts for the financial year ended March 31, 2009.

Business Review

During the financial year 2008-09, considering its non-core activity, the Company exited from the multiplex operations. Accordingly, the Company sold its multiplex property situated at Villivakkam, Chennai to AGS Entertainments Private Limited, by way of a public auction, on as-is-where-is basis and utilised the sale proceeds of Rs. 21.25 Crores to pay off its debts and honour other financial commitments. The Company earned Rs. 1.72 Crores as gain on sale of asset.

Dividend

No dividend is recommended for the financial year.

Deposits

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

Directors

As on date the Board of Directors comprises of Mr. Prasad V. Potturi, Mr. Arasu V.R and Mr. Deepak Nagori.

During the year, Mr. R. R. Aroonkumar resigned as a director effective from May 15, 2009 and Mr. Deepak Nagori was appointed as an additional director on the Board w. e. f. the same date. In terms of section 260 of the Companies Act, 1956, Mr. Nagori would vacate his office on the date of ensuing AGM. A notice under section 257 of the Companies Act, 1956, along with a deposit of Rs. 500/- has been received from a member of the Company signifying its intention to propose his candidature as a Director of the Company, liable for retirement by rotation. Necessary resolution for his appointment as Director is incorporated in the Notice calling the AGM.

Pursuant to the provisions of section 255 of the Act, Mr. Prasad V. Potturi, retires by rotation in the ensuing AGM and being eligible, offers himself for reappointment.

Investments

During the financial year, pursuant to the approval of the members received in the EGM under section 372A of the Companies Act, 1956 the Company

invested, by way of share application money, Rs. 3,70,00,000/- and Rs. 2,50,00,000/- in the M/s. Arete Real Estate Developers Private Limited and M/s. Hercules Real Estates and Projects Private Limited respectively.

Auditors

M/s. PKF Sridhar & Santhanam, Chartered Accountants, Chennai, the Auditors, vide their letter of June 01, 2009 had conveyed their resignation as the Auditors of the Company.

Accordingly, pursuant to the proviso to provisions of section 224(6)(a) of the Companies Act, 1956, the shareholders in the EGM held on June 05, 2009 had appointed M/s. S. Ramakrishnan Associates, Chartered Accountants, as the Statutory Auditors of the Company to hold office upto the conclusion of this AGM. Hence, M/s. S. Ramakrishnan Associates, Chartered Accountants, the Statutory Auditors, retire at the ensuing AGM and are eligible for the reappointment. Necessary resolution for their re-appointment is incorporated in the Notice calling the AGM.

Auditors' Report

The Auditors' Report together with the Audited Accounts for the year ended March 31, 2009 is attached to this report. As regards to the observations of the Auditors in the Auditors' Report, the Board would like to comment as follows:

- (i) Board's comments on the para 4 (vi) of the Auditors' Report

During the year, the Company earned a profit of Rs. 1.72 crore on the sale of its multiplex property in Villivakkam, Chennai. However, it had to make a provision of Rs. 6.20 crore of investments made in real estate projects due to the general downturn in the industry. This resulted in the networth of the Company becoming negative. Now the Company is dependent upon the returns from these investments and support from its parent company.

- (ii) Board's comments on para 4(vii) of the Auditors' Report

In view of the negative networth of the Company, it would continue as a going concern upon regular support from its parent Company and the returns from the investment in the real

estate projects. The auditors have stated their inability to express an opinion on the provision for diminution in value of the investment of Rs. 6.20 crore since no valuation exercise has been carried out for these real estate investments.

Particulars of employees

The Company had no employees during the year.

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 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, 2009 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, Government Authorities 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)

Deepak Nagori
(Director)

Hyderabad, August 21, 2009

Auditor's Report

To
The Members of PVP Screens Private Limited

1. We have audited the attached Balance Sheet of PVP Screens Private Limited as at 31st March 2009 and the Profit and Loss account and Cash Flow Statement for the period ended on that date and 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These 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. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose 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:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit
 - (ii) 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 those books
 - (iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

- (iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (v) On the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on that date from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (vi) ***The Company has a negative networth of Rs.469.83 lacs impairing its ability to operate as a Going concern. Continued operation of the company would depend upon returns from investments/ advances for investments and support from its Holding Company.***
- (vii) In our opinion and to the best of our information and according to the explanations given to us, ***subject to our opinion on the ability of the company to operate as a going concern and subject to our inability to express an opinion on the provision made towards diminution in the value of investment for Rs.6.2 crores made during the year*** the said accounts 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:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009.
 - (b) In the case of Profit and loss account ,of the profit for the period ended on that date.
 - (c) In case of the Cash Flows Statement, of the cash flows of the Company for the period ended on that date.

For S. Ramakrishnan Associates

Chartered Accountants

S. Ramakrishnan

Partner

Membership No: 25936

Place: Chennai

Date: 30 June 2009

**Annexure to Auditors Report
(Referred to in paragraph 3 of our report
of even date)**

- (i) The company was in the process of building up a multiplex which has been sold off on as is where is basis in Dec 2008.
- (ii) The company does not have any physical inventory and hence this clause is not applicable.
- (iii) (a) In our opinion and according to the information and explanations given to us and to the extent of our verification of books of accounts, the Company has **given advance towards share application money to Arete and Hercules Real Estate Developers for Rs.6.2 crores. Since the amount is in the nature of investment the question of repayment of principal and interest and whether rate of interest is prejudicial does not arise.**
- (b) In our opinion and according to the information and explanations given to us and to the extent of our verification of books of accounts, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act except for an interest free loan of Rs. 452.11 Lakhs taken in the earlier years from Telephoto, its immediate holding company which has not been repaid. Terms of repayment of principal are not stipulated for these loans. It has paid off the entire term loan taken from its ultimate Holding company PVP Ventures Ltd which amounts to Rs.592.53 crores.
- (iv) 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 the purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weakness in internal control systems.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that
- the contracts or arrangements that need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been properly entered in the said register.
- (b) According to the information and explanations given to us, there are no transactions entered in the register maintained under Sec 301, exceeding Rs.5 Lakhs during the period and hence we are not commenting on the reasonableness of the same.
- (vi) In our opinion and according to the information and explanation given to us, the Company has not accepted any public deposits during the year.
- (vii) The company **does not have an internal audit system commensurate with its size and nature of its business.**
- (viii) 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.
- (ix) (a) According to the records provided to us, the Company has been generally regular in depositing undisputed statutory dues including Income Tax, Sales-tax, Cess and any other material statutory dues with the appropriate authorities except for few cases of delay in depositing the tax deducted at source. There are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.
- (b) There are no dues of Income Tax, Sales-tax and Cess that have not been deposited on account of any dispute.
- (x) The company has been registered for a period not less than five years, its accumulated losses at the end of the financial year are not less than fifty per cent of its net worth and it has not incurred cash losses during the financial year and in the immediately preceding financial year also.
- (xi) In our opinion and according to the information and explanation given to us, the Company had defaulted during the year in repayment of quarterly installment dues to

- Union Bank Of India .However the entire term loan is been repaid on sale of multiplex.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 - (xiii) As this Company is not a Nidhi/Mutual benefit fund/ Society, the provisions of special statute applicable to chit fund is not applicable to this Company.
 - (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
 - (xv) 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 bank or financial institutions.
 - (xvi) In our opinion and according to the information and explanations given to us, the Company has applied the Term loans for the purposes for which the loans were obtained.
 - (xvii) Based on the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we report that the funds raised on short-term basis have not been used for long term investment.

PVP Screens Private Limited

- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the period.
- (xix) The Company has not issued any debentures during the period.
- (xx) Being a private limited company, reporting on public issues during the year and its end use does not arise.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company noticed or reported during the year nor have we been informed of any such case by the management, that causes the financial statements to be materially misstated.

For S. Ramakrishnan Associates

Chartered Accountants

S. Ramakrishnan

Partner

Membership No: 25936

Place: Chennai

Date: 30 June 2009

PVP SCREENS PRIVATE LIMITED
Balance Sheet as at March 31, 2009

	Schedules	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	300,000	300,000
Reserves & Surplus	B	-	-
LOAN FUNDS			
Secured Loans	C	-	82,802,164
Unsecured Loans	D	45,211,000	104,464,22
		45,511,000	187,566,386
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	E	-	45,400,500
Less: Depreciation		-	-
Net Block		-	45,400,500
ADD: Capital WIP		-	114,491,221
		-	159,891,721
CURRENT ASSETS, LOANS AND ADVANCES			
Cash and Bank Balances	F	389,572	2,899,505
Loans and Advances	G	8,662	525,237
		398,234	3,424,742
Less: Current Liabilities and Provisions	H	106,343	11,370,966
Current Liabilities		2,064,189	1,832
Provisions		2,170,532	11,372,798
		(1,772,298)	(7,948,056)
NET CURRENT ASSETS			
MISCELLANEOUS EXPENDITURE			
Expenditure during Construction period	I	-	35,227,922
PROFIT AND LOSS ACCOUNT			
		47,283,298	394,799
		45,511,000	187,566,386
NOTES TO ACCOUNTS			
	M		

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 S. Ramakrishnan Associates
Chartered Accountants

For and on behalf of the Board of Directors

S. Ramakrishnan
Partner
M No : 25936

Deepak Nagori
Director

V.R.Arasu
Director

Place: Chennai
Date : June 30, 2009

PVP SCREENS PRIVATE LIMITED
Profit & Loss Account for the year ended March 31, 2009

	Schedules	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
INCOME			
Other Income	J	17,311,691	-
Total		17,311,691	-
EXPENDITURE			
Operating, Administration and Other Expenses	K	62,157,066	1,203,304
		62,157,066	1,203,304
Profit before Interest, Depreciation & Tax		(44,845,374)	(1,203,304)
Interest and Finance Charges	L	-	13,686,134
Preliminary Expenses		-	-
		(44,845,374)	(14,889,438)
Less: Expenditure during construction period		-	14,889,438
Profit before Tax		(44,845,374)	-
<u>Less: Provision for Tax :</u>			
-Income Taxes		2,043,125	-
Profit after tax		(46,888,499)	-
Profit /(Loss) brought forward from earlier year		(394,799)	(394,799)
Balance Carried to Balance Sheet		(47,283,298)	(394,799)
NOTES TO ACCOUNTS	M		
Earnings per Share (Refer Note 22 in Schedule M)			
Basic		(1,562.95)	-
Diluted		(1,562.95)	-
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 S. Ramakrishnan Associates
Chartered Accountants

S. Ramakrishnan
Partner
M No : 25936

For and on behalf of the Board of Directors

Deepak Nagori
Director

V.R.Arasu
Director

Place: Chennai
Date : June 30, 2009

PVP SCREENS PRIVATE LIMITED
Cash Flow Statement for the year ended March 31, 2009

	31.03.2009 Rs.	31.03.2008 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	(44,845,374)	-
Adjustments for:		
Gain on sale of Assets	17,242,566	-
Interest earned	667	-
Operating Profit Before Working Capital changes	(62,088,608)	-
Adjustments for:		
Other Current Assets	516,575	24,103
Trade payable & ULT Provision	(11,245,390)	2,811,894
Expenditure during construction period	35,227,921	5,293,851
Cash Generated from Operations	(37,589,501)	8,129,848
Direct Taxes paid	-	1,768
Net Cash from Operating Activities	(37,589,501)	8,128,080
B. CASH FROM INVESTING ACTIVITIES		
Interest earned	667	-
Sale of Land	222,146,556	162,600,084
Purchase/addition to Fixed Assets including capital advances	(45,012,270)	(33,341,965)
Net Cash used in Investing Activities	177,134,953	129,258,119
C. CASH FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings (Net)	(142,055,386)	(137,272,206)
Net Cash from Financing Activities	(142,055,386)	(137,272,206)
Net increase in cash and cash equivalents	(2,509,934)	113,993
Cash and cash equivalents at the beginning of the year	2,899,505	2,785,512
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	389,572	2,899,505

For S. Ramakrishnan Associates
Chartered Accountants

For and on behalf of the Board of Directors

S. Ramakrishnan
Partner
M No : 25936

Deepak Nagori
Director

V.R.Arasu
Director

Place: Chennai
Date : June 30, 2009

PVP SCREENS PRIVATE LIMITED
Schedules to the Balance Sheet

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE - A		
SHARE CAPITAL		
AUTHORISED CAPITAL		
50000 Equity Shares of Rs.10/- each.	500,000	500,000
ISSUED, SUBSCRIBED & PAIDUP CAPITAL		
30,000 Equity Shares of Rs. 10 each fully paid-up (All the above shares are held by the holding company, PVP Ventures Limited and its nominee)	300,000	300,000
	300,000	300,000
SCHEDULE - B		
RESERVES & SURPLUS		
General Reserve	-	-
Profit & Loss Account	(47,283,298)	-
	(47,283,298)	-
SCHEDULE - C		
SECURED LOANS		
From Union Bank of India	-	82,802,164
	-	82,802,164
SCHEDULE - D		
UNSECURED LOANS		
Unsecured loan from Holding Company-PVP Ventures Ltd Telephoto Entertainments Limited	-	59,253,222
	45,211,000	45,211,000
	45,211,000	104,464,222
SCHEDULE - F		
CASH & BANK BALANCES		
Cash on Hand		
Balances with Banks	-	5,758
In Current Accounts	389,572	2,893,747
	389,572	2,899,505
SCHEDULE - G		
LOANS AND ADVANCES		
(Unsecured and considered good)		
Deposits	-	524,340
Advance recoverable in cash or kind	897	897
Advance for investment (Share Application monies)	62,000,000	-
Less: Provision for diminution in value	(62,000,000)	-
Pre-paid tax	7,765	-
	8,662	525,237

PVP SCREENS PRIVATE LIMITED
Schedules to the Balance Sheet and Profit and Loss Account

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE - H		
A) CURRENT LIABILITIES		
Sundry Creditors	48,546	10,767,161
Expenses Payable	55,150	215,205
Statutory Liabilities	2,648	388,600
Total (A)	106,344	11,370,966
B) PROVISIONS		
Provision for ULT	21,064	1,832
Provision for Corporate Tax	2,043,125	
Total (B)	2,064,189	1,832
Total (A+B)	2,170,533	11,372,798
SCHEDULE - I		
MISCELLANEOUS EXPENDITURE		
Expenditure during Construction period allocation		
Opening Balance	-	40,521,773
Add: Incurred during the year	-	14,889,441
Less: Withdrawn during the year	-	20,183,292
	-	35,227,922
SCHEDULE - J		
OTHER INCOME		
Interest earned on I.T & from Banks	667	-
Miscellaneous Income	68,458	
Gain on Sale of Asset	17,242,566	-
	17,311,691	--
SCHEDULE - K		
OPERATING, ADMINISTRATION & OTHER EXPENSES		
Power & Fuel	-	299,422
Legal & Consultancy Charges	11,003	35,066
Rate & Taxes	-	10,494
Communication Expenses	-	8,357
Insurance	-	65,796
Travelling & Conveyance	-	3,210
Provision for diminution in value of advance for investment	62,000,000	-
Audit Fees - Statutory Audit	55,150	112,360
- Tax Audit	-	56,180
Project Development Expenses	-	209,808
Other Expenses	17,448	402,611
Bad Debts	73,465	
	62,157,066	1,203,304
SCHEDULE - L		
INTEREST AND FINANCE CHARGES		
Interest & Finance Charges	-	13,686,134
	-	13,686,134

PVP SCREENS PRIVATE LIMITED
Schedules to Balance Sheet as at March 31, 2009

SCHEDULE - E

NET BLOCK

PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK				
	As at 01-04-2008	Additions/ (Deletions)	As at 31-03-2009	As at 01-04-2008	For the period	As at 31-03-2009	As at 31-03-2009	As at 31-3-2008
	Rs.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.
Land	45,400,500	(45,400,500)	-	-	-	-	-	45,400,500
TOTAL	45,400,500	(45,400,500)	-	-	-	-	-	45,400,500

ADD: Capital Work in Progress

- 114,491,221

- 159,891,721

Schedules forming part of the financial statements for the year ended March 31, 2009**Schedule M: Significant Accounting Policies and Notes on Accounts:****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
- a) The Indian Generally Accepted Accounting Principles (Indian GAAP)
 - b) The Accounting standards specified by the Institute of Chartered Accountants of India (ICAI), and
 - c) The provisions of the Companies Act, 1956
- 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 had no operations over the past 3 years. It was in the process of building a commercial multiplex called as Royal theatre. But due to non viability of the project and to meet the debt obligations of the company, the theatre was sold on an as-is-where-is basis this financial year. Now the company has made investment in Arete and Hercules Real Estate Developers. The ability of the company to continue as going concern depends on returns from these investments.

Significant Accounting Policies**2. Revenue Recognition:**

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

3. Accounting of Expenditure:

Expenses are accounted on an accrual basis. Provisions have been made for all

known losses and liabilities as on the date of the financial statements.

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:

There are no Employees in the Company during the year.

6. Foreign Currency Transactions:

There are no foreign currency transactions during the year.

7. Taxes

Provision for income tax is made annually based on the liability computed after and exemptions.

8. Investments:

There are no investments during the year.

9. Inventory Valuation:

There are no inventories during the year.

10. Segment Reporting:

The company has not yet commenced commercial operations and there is no segment reporting.

11. 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.

12. 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.

13. 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.

Notes to the Accounts

14. Secured Loans From Banks:

Secured loan from Union Bank of India was paid off during the year from the realization of the sale proceeds of the Company's Land and Building at Villivakkam, Chennai.

15. Contingent Liabilities:

There are no contingent liabilities as on the Balance Sheet date.

16. 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

17. Imports (Value on CIF basis) [on payment basis] – NIL

18. Particulars relating to Foreign Exchange (on receipt and payment basis) - NIL

19. Lease rentals:

The Lease rentals paid during the period as on March 31, 2009 as follows:

Lease rentals paid	2009	2008
Lease rentals paid during the period / year	NIL	NIL

20. Related party transactions:

The Company has the following related parties:

PVP Screens Private Limited

- Telephoto Entertainments Limited (Holding Company)
- PVP Ventures Limited (Ultimate Holding Company)

Summary of transactions with the above-related parties as follows:

(Rs. in Lakhs)

Nature of transactions	Transactions for the year ended		Balance as at	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
Loans taken from PVP Ventures Limited	(592.53)	(531.97)	Nil	592.53
Loans taken from Telephoto Entertainments Ltd	Nil	(2.94)	452.11	452.11

Other than the above, the company has given share application amounts of Rs. 6.20 cr to Arete Real Estate Developers Pvt. Ltd. and Hercules Real Estate Developers to explore opportunities in the real estate sector in Hyderabad. However, due to the down turn in the real estate market, on a conservative basis, provision has been made for diminution in the value of these advances for investment.

21. Provision for taxation:

Capital Gains tax provision has been made for the period as per the applicable provisions. The provisions of Section 115 JB of the Income Tax act, 1961 are not applicable for the current year, as the company does not have any book profits as defined under that Section. Provision for FBT has not been made as per Income Tax Act as the Company does not have any employees. On a conservative basis, the Deferred Tax Assets are not recognized as at 31st March, 2009.

22. Earnings per Share:

		Year ended Mar 31, 2009	Year ended Mar 31, 2008
Profit after Tax (in Rs.)	A	(46888499)	Nil
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 (Rs.)	A/B	(1562.95)	Nil
Earnings per share-Diluted (Rs.)	A/D	(1562.95)	Nil

23. The confirmations of balances from Sundry Creditors, Sundry Debtors, Loans and Advances and other Assets as at 31st March 2009 are received and reconciled. In the opinion of the Management, all the above current assets are realizable in the ordinary course of the business at the values stated.
24. Previous period's figures have been re-grouped wherever necessary to conform to the current period's classification.
25. 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.
26. The Company has not undertaken any derivative transactions during the year.

Balance Sheet Abstract And Company's General Business Profile

i. Registration Details

Registration No. : 054088 State Code : 18
 Balance Sheet Date : 31.03.2009

ii. Capital raised during the year (Amount in Rs. lacs)

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

iii. Position of Mobilisation and Deployment of Funds (Amount in Rs. Lacs)

Total Liabilities : 455.11 Total Assets : 455.11

Source of Funds

Paid-up Capital : 3.00 Reserves & Surplus : NIL
 Secured Loans : NIL Unsecured Loans : 452.11

Application of Funds

Net Fixed Assets : NIL Investments : NIL
 Net Current Asset : (17.72) Miscellaneous Expenditure : NIL
 Accumulated Losses : 472.83

iv. Performance of Company (Amount in Rs. Lacs)

Turnover/Income : 173.11 Total Expenditure : 621.57
 Profit/(Loss) Before Tax : (448.45) Profit/(Loss) After Tax : (468.88)
 Earnings per share in Rupees : (1562.95) Dividend Rate % : Nil

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

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

For and on behalf of the Board

Deepak Nagori Director
V.R. Arasu Director

Place: Chennai
 Date: June 30, 2009

DIRECTORS' REPORT

The Directors are pleased to present their report to the Members together with the audited financial statements of Telephoto International Pte. Ltd. for the financial year ended December 31, 2008.

Operations

The Company did not carry any business during the year. The Company has filed an application for the striking off of its name from the records of the Accounting & Corporate Regulatory Authority, Singapore and the application is pending

Directors

As on this date, Mr. Arasu V. R. and Ms. Sridhar Nandini are the Directors..

Auditors

To comply with Indian GAPP requirements and requirements of section 212 of the Companies Act, 1956, the financial statements are audited by M/s. B.Sujeet & Co, Chartered Accountants, Hyderabad.

Directors responsibility statements

Your Directors hereby state that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the Directors had 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 year ended December 31, 2008 and of the loss of the Company for that period;
- c. 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 ;
- d. the Directors have prepared annual Accounts on the going concern basis.

For and on behalf of the Board of Directors

Arasu V. R.

(Director)

Chennai, August 20, 2009

Sridhar Nandini

(Director)

AUDITOR'S REPORT

The Members,

Telephoto International Pte Limited

1. We have audited the attached Balance Sheet of Telephoto International Pte. Ltd. as at December 31, 2008 and the Profit and Loss Account of the Company 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.
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 examination, on 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. 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 under report.
4. Subject to the Note No.1 on Going Concern we further state that
 - a. We have obtained all the information and explanation, which to the best of our knowledge and belief are necessary for the purpose of our audit.
 - b. In our opinion proper books of accounts, as required by law have been kept by the Company so far as appears from our examination of such books.

- c. The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of accounts.
- d. In our opinion, the Company's Balance Sheet and Profit and Loss account comply with the Accounting Standards referred to Section 211(3c) of the Companies Act, 1956.
- e. As explained to us and based on the written representation received from the directors, we report that none of the directors is disqualified as at December 31, 2008 from being appointed as a Director in terms of Clause (g) of Sub-section(1) of Section 274 of the Companies Act, 1956.
- f. In our opinion and to the best of our information and according to the explanations given to us the said accounts, 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 so far as it related to Balance Sheet, of the state of affairs of the Company as at December 31, 2008
 - (ii) in so far as it related to the Profit and Loss Account, of the Loss of the Company for the year ended on that date:

For **B. Sujeet & Co.,**
Chartered Accountants

B. Sujeet
(Proprietor)
Membership No. 209547

Hyderabad
August 21, 2009

Telephoto International Pte Ltd
(Incorporated in The Republic of Singapore)
Balance Sheet as at December 31, 2008

	Sched ules	As at 31.12.2008 Rs.	As at 31.12.2007 Rs.
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share Capital	1	266,500.00	266,500.00
Reserves and Surplus	2	21,193.00	21,193.00
		287,693.00	287,693.00
LOAN FUNDS			
Secured Loans		Nil	Nil
Unsecured Loans		Nil	Nil
		Nil	Nil
		287,693.00	287,693.00
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block		Nil	Nil
Less : Depreciation		Nil	Nil
		Nil	Nil
INVESTMENTS			
		Nil	Nil
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories		Nil	Nil
Sundry Debtors		Nil	Nil
Cash and Bank Balances		Nil	Nil
Other Current Assets		Nil	Nil
Loans and Advances		Nil	Nil
		Nil	Nil
Less : Current Liabilities and Provisions			
Current Liabilities		Nil	Nil
Provisions		Nil	Nil
		Nil	Nil
NET CURRENT ASSETS			
		Nil	Nil
Profit & Loss Account	3	287,693.00	287,693.00
		287,693.00	287,693.00

As per our report of even date
For **B.Sujeet & Co.**
Chartered Accountants
B. Sujeet Kumar
Proprietor
Membership No. 209547

Hyderabad
August 21, 2009

For and on behalf of the Board of Directors

Arasu V. R. **Sridhar Nandini**
Director Director

Chennai
August 20, 2009

Telephoto International Pte Ltd
(Incorporated in The Republic of Singapore)
Profit and Loss Account for the year ended December 31, 2008

	Sched ules	As at 31.12.2008 Rs.	As at 31.12.2007 Rs.
INCOME			
Operating Income		Nil	Nil
		Nil	Nil
EXPENDITURE			
Finance Cost		Nil	Nil
		Nil	Nil
Profit Before Tax		Nil	Nil
Provision for Tax		Nil	Nil
Profit After Tax		Nil	Nil
Significant accounting policies and notes on accounts	4		

As per our report of even date
For **B.Sujeet & Co.**
Chartered Accountants
B. Sujeet Kumar
Proprietor
Membership No. 209547

Hyderabad
August 21, 2009

For and on behalf of the Board of Directors

Arasu V. R. **Sridhar Nandini**
Director Director

Chennai
August 20, 2009

Telephoto International Pte. Ltd.

Telephoto International Pte Ltd
(Incorporated in The Republic of Singapore)
Schedules to the Balance Sheet and Profit and Loss Account
for the year ended December 31, 2008

	Year ended 31.12.2008 Rs.	Year ended 31.12.2007 Rs.
1 SHARE CAPITAL		
AUTHORISED		
10,000 Ordinary Shares of S \$ 1/- each		
Issued and Fully Paid up 10,000 Ordinary Shares of S \$ 1/- each	266,500.00	266,500.00
	266,500.00	266,500.00
2 RESERVES AND SURPLUS		
Translation Reserve	21,193.00	21,193.00
	21,193.00	21,193.00
3 PROFIT AND LOSS ACCOUNT		
Profit & Loss Account	287,693.00	287,693.00
	287,693.00	287,693.00

Schedules to the Financial Statement for the year ended December 31, 2008

Schedule 4-Accounting Policies and Notes on the Accounts

These notes form an integral part of and should be read in conjunction with the accompanying accounts.

1. Accounting policies

Accounts are maintained on accrual basis. The transactions are in local currency which have been converted for reporting in Indian currency on the basis specified in para 1.2 below.

2. Conversion into Indian Rupees

For the purpose of the accounts, all assets and liabilities are translated at the closing rate as on the Balance Sheet date. The exchange difference arising out of the year end conversion is being debited or credited to Translation Reserve.

The Equity Share Capital is carried forward at the rate of exchange prevailing on the Transaction date. The resulting exchange difference on account of translation at the year-end are transferred to Translation Reserve account and the said account is being treated as "Reserves and Surplus".

Notes on accounts

1. The accounts have been prepared on a going concern basis. However, in June 2009, the Company applied for the striking off of its name

from the records of the Accounting & Corporate Regulatory Authority, Singapore and the application is pending for approval

2. The company is 100 % subsidiary of Telephoto Entertainments Limited. The accounts have been prepared in accordance with the Indian Generally Accepted Accounting Principles (GAAP) and audited for the purpose of attachment to the accounts of the holding company to comply with the provisions of the Indian Companies Act 1956.

3. For the purpose of conversion of the local currency (SGD) into Indian Currency (Indian Rupees) the exchange rate applied is as per para 2 of the accounting policies

4. Related party transactions

The Holding Company: M/s. Telephoto Entertainments Limited, Chennai, India. There is no related party transaction during the period under review.

5. Earnings per Share in Indian Rupees:

For the year ended 31.12.2008 : NIL
 For the year ended 31.12.2007 : NIL

6. The previous year's figures have been recast/ restated, wherever necessary, to conform to the current year's classification.

TELEPHOTO ENTERTAINMENTS LTD.

Regd. Office : KRM Centre, 9th Floor, Door No. 2, Harrington Road, Chetpet, Chennai-600031

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 at the 10th Annual General Meeting of Telephoto Entertainments Limited held on Wednesday, September 30, 2009 at 12:00 Noon at "Kamaraj Arangam", No. 492 (Old No.574-A), Anna Salai, Chennai-600 006.

Signature of the Shareholder/Proxy.....



TELEPHOTO ENTERTAINMENTS LTD.

Regd. Office : KRM Centre, 9th Floor, Door No. 2, Harrington Road, Chetpet, Chennai-600031

PROXY FORM

DP ID	
-------	--

REG. FOLIO NO.	
----------------	--

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

NO. OF SHARE(S) HELD	
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I/We..... of

.....being a Member of Telephoto Entertainments 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 18th Annual General Meeting of Telephoto Entertainments Limited held on Wednesday, September 30, 2009 at 12:00 Noon at "Kamaraj Arangam", No. 492 (Old No.574-A), Anna Salai, Chennai-600 006 or at any adjournment thereof.

Signed this day of2009



Signature of the Share Holder.....

Note: The 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.

BOOK - POST

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