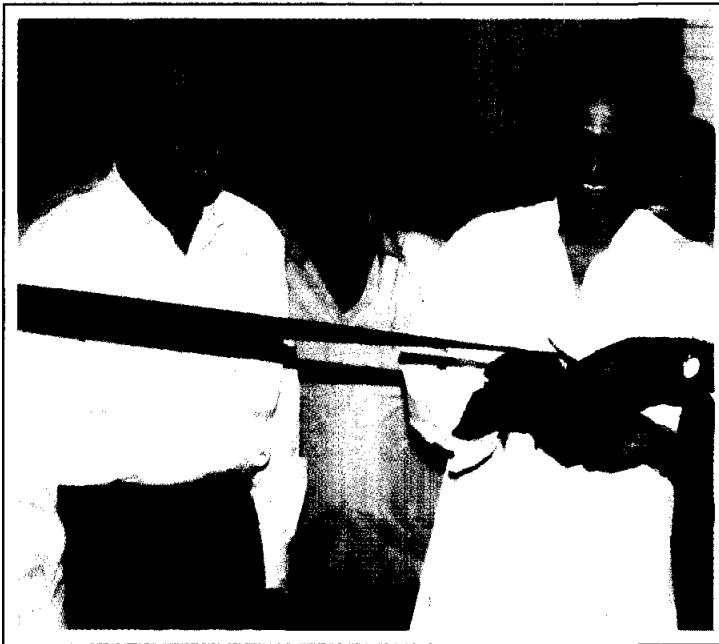
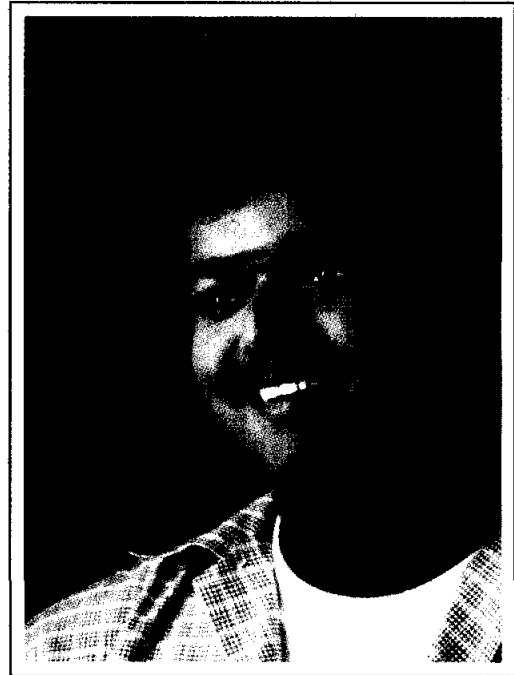


Annual Report **2000-01**



Rajinikanth inaugurating DTS facilities at Good-luck Preview Theatres, Chennai



A still from your forthcoming home production starring
Vijay and Miss Universe - Priyanka Chopra

GV
G V FILMS LIMITED



A still from Kamalhasan's "ALAVANDAN" distributed by your Company in parts of Tamil Nadu



Regd. Office: "Sujatha Centre", No.4, Seshadri Road, Alwarpet, Chennai – 600 018.

TWELFTH ANNUAL REPORT

BOARD OF DIRECTORS

Mr. G. VENKATESWARAN, B.Com., F.C.A.
(Chairman & Managing Director)
Prof. P. M. GOPALAKRISHNA, M.Com.
Mr. DE. RAMAKRISHNAN
Mr. C. L. NARASA REDDY, B.A.

COMPANY SECRETARY

Mr. K. RAMARATHNAM

REGISTERED OFFICE

"SUJATHA CENTRE", No.4, Seshadri Road
Alwarpet, Chennai – 600 018.

REGISTRARS & SHARE TRANSFER AGENTS

CAMEO CORPORATE SERVICES LIMITED
"SUBRAMANIAN BUILDING"
No.1, Club House Road, Chennai – 600 002.
Phone No.: 8460390 (6 lines)

AUDITORS

M/s. MAHADEV & CO.
M M Complex, No.57, Kodambakkam High Road
T.Nagar, Chennai – 600 017.

BANKERS

- CENTRAL BANK OF INDIA
Nungambakkam, Chennai – 600 006.
- BANK OF INDIA
- STATE BANK OF INDIA
- THE SOUTH INDIAN BANK LTD.

THEATRE DIVISIONS

- GOODLUCK PREVIEW THEATRES, CHENNAI
- SHANTI-KAMALA THEATRES, THANJAVUR

COMMITTEES OF DIRECTORS

Share Transfer Committee

Mr. G. VENKATESWARAN - Chairman
Mr. P. M. GOPALAKRISHNA - Member

Shareholders'/Investors' Grievance Committee & Audit Committee

Mr. P. M. GOPALAKRISHNA - Chairman
Mr. DE. RAMAKRISHNAN - Member
Mr. C. L. NARASA REDDY - Member

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G V Films Limited

NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of the shareholders of the Company will be held at Kumararajah M.A.M. Muthiah Hall, "Chettinad Vidyashram", Thandavarayan Street, Raja Annamalai Puram, Chennai - 600 028 on Friday, the 28th September, 2001 at 10.15 A.M. to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt the accounts of the Company for the financial year ended 31st March, 2001, the Balance Sheet as at that date and the reports of the Directors and Auditors thereon.
2. To elect a Director in place of Mr. C. L. Narasa Reddy, who retires by rotation and, being eligible, offers himself for re-election.
3. To appoint Auditors and fix their remuneration (M/s. Mahadev & Co. are eligible to be re-appointed).

SPECIAL BUSINESS

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

"RESOLVED that in accordance with the provisions of Section 163 and other applicable provisions, if any, of the Companies Act, 1956 the Company be and is hereby authorised to keep the register of members, the index of members and other connected records at M/s. Cameo Corporate Services Limited, "Subramanian Building", No.1, Club House Road, Chennai - 600 002, the Registrars and Share Transfer Agents of the Company."

NOTES:

- (1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy and the proxy need not be a member of the Company. The proxy forms, in order to be effective, must be received by the Company not less than 48 hours before the time fixed for commencement of the meeting.
- (2) The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of Item No.4 is annexed hereto.
- (3) The register of members and the share transfer books of the Company will remain closed from 18.09.2001 to 28.09.2001 (both days inclusive).
- (4) Members are requested to notify immediately any change in their address to the Company's Share Department.
- (5) Pursuant to Section 205-A of the Companies Act, 1956, all unclaimed/ unpaid dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Those members who have so far not claimed their dividends for the said periods may claim the same by submitting an application in prescribed Form No.II to The Registrar of Companies, Tamilnadu, "Shastri Bhavan", No.26, Haddows Road, Chennai - 600 006.



G V Films Limited

- (6) Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109-A of the Companies Act, 1956, are requested to submit the prescribed Form-2B for this purpose to the Registered Office of the Company.
- (7) SEBI has notified that trading in the shares of your Company would be compulsorily in demat form with effect from 25th September, 2000. Members in their own interest are requested to open an account with their nearest depository participant for availing the demat facilities.

By Order of the Board,

Place : Chennai
Dated : 27th July, 2001

K. RAMARATHNAM
Company Secretary

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT TO ITEMS 2 AND 4 AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.2

Mr. C. L. Narasa Reddy, who is seeking re-election as Director, has been on the Board of the Company since 16.08.1989. He has more than two decades of experience in the film field, both as a Producer and Distributor. His presence on the Board will be of immense help for the developmental and expansion activities of the Company.

Except Mr. C. L. Narasa Reddy, no other Director is interested in this Resolution.

The Board of Directors of your Company recommends this resolution for your approval.

Item No.4

M/s. Cameo Corporate Services Limited, "Subramanian Building", No.1, Club House Road, Chennai – 600 002 were appointed as Registrars and Share Transfer Agents of the Company with effect from 16th October, 2000. To facilitate the smooth functioning of the share transfer and other related work, it is proposed to keep the register of members, the index of members and other connected records at the above address.

The above proposal requires the consent of the shareholders.

None of the Directors of your Company is interested in this Resolution.

The Board of Directors of your Company recommends this resolution for your approval.

By Order of the Board.

Place : Chennai
Dated : 27th July, 2001

K. RAMARATHNAM
Company Secretary



G V Films Limited

REPORT OF THE DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors submit their Report and Audited Accounts for the financial year ended 31st March, 2001.

FINANCIAL RESULTS

	For the year ended 31.03.2001	For the year ended 31.03.2000
Turnover	6,86,22,150	3,22,36,954
Net profit before depreciation and tax	3,65,44,692	1,32,29,270
Less: Depreciation	20,48,205	14,54,670
Profit before tax	3,44,96,487	1,17,74,600
Provision for taxation	32,91,069	13,59,966
Profit after tax	3,12,05,418	1,04,14,634
Proposed dividend	Nil	Nil

PERFORMANCE DURING 2000-2001

During the year under review, the turnover of the Company has increased by 213% and the net profit has increased by 300% compared to the figures for the year 1999-2000. However, with a view to conserve the resources for the on-going expansion programmes, your Directors have not recommended any dividend for the year ended 31st March, 2001.

FILM INDUSTRY

The current size of the film segment, in terms of costs, is estimated at Rs.21.5 billion, with the industry budget increasing at about 15% per annum over the last 5 years. The future growth of the segment will be driven by expansion in exhibition infrastructure and development of multiplexes, availability of finance from institutional sources, exports of films and animation software and emerging revenue sources such as web-casting, video-on-demand, pay-per-view, etc. On account of the above factors, the segment is estimated to grow at 25% per annum to a size about Rs.66 billion by the financial year 2005 (Courtesy: FICCI report on Indian Entertainment Industry, March 2001).

REVIEW OF OPERATIONS

Your Company has already taken major strides in the emerging fields of web-casting and pay-per-view by acquiring the internet rights of 2,000 South Indian movie titles as well as 4,000 Hindi movie titles, by virtue of which it is in an enviable position in this industry.

Exploitation of the above internet rights has commenced with the assignment of the internet rights of 2000 movie titles to M/s. Pentamedia Graphics Limited at a price of Rs.4 crores.

Talks are also at an advanced stage for the marketing of the remaining movie titles.



The management is very hopeful that this field will prove quite remunerative to the Company in the near future and pay rich dividend to its prosperity.

OUTLOOK

The outlook of the film industry is very bright, considering the Government's encouragement by way of recognising the film sector as an industry and making room for it to avail financial assistance from banks and other financial institutions at competitive rates.

Your Company is also planning to avail financial assistance from banks and other financial institutions for its production and other expansion programmes.

Plans are also on the anvil for production of English TV serials in collaboration with a USA based Company.

RISKS AND CONCERNS

The film industry is prone to the usual risks arising out of differences among the film fraternity consisting of producers, distributors, artists and other film crew. During the year under review, there was a stalemate in the Tamil film industry due to a rift between the producers and actors and actresses on the remuneration front. The producers view is that the abnormal remuneration demanded by the leading actors and actresses led to the already high cost of film production thereby creating a situation of shrinking margins/losses to the film producers. Due to this phenomenon, the number of movies produced during the year under review dwindled, as a result of which theatre owners/exhibitors found it difficult to screen movies in the theatres regularly.

Your Company has taken adequate measures to counter this threat by screening hit English movies as well as dubbed versions of other language movies at your Shanthi-Kamala Theatres at Thanjavur.

ADEQUACY OF INTERNAL CONTROLS

Your Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are authorised, recorded, and reported correctly.

An extensive programme of internal audits, reviews by management, and documented policies, guidelines and procedures supplement the internal control systems. The internal control systems are designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

SHARE CAPITAL

The authorised share capital of the Company stands increased to Rs.30 crores with effect from 30th August, 2000.

Consequent to the allotment of 1,25,00,000 equity shares of the Company of Rs.10/- each at a premium of Rs.60/- in terms of the approvals given by the shareholders at the 11th Annual General Meeting held on 30th August, 2000 and in accordance with the SEBI guidelines for preferential issues to the following allottees, the paid-up capital of the Company has increased from Rs.6.75 crores to Rs.19.25 crores.



G V Films Ltd

Name of the allottee	No. of Shares Allotted
Ms. Laxmi Gordhandas Jhaveri	99,90,000
Dr. Murali Manohar J	10,00,000
Mr. Mahadevan Ganesh	7,50,000
Mr. R. V. Gurupadam	7,60,000

THEATRE DIVISIONS

During the year under review, we had exhibited some good hit Tamil movies at Shanthi-Kamala Theatres, Thanjavur viz., Kushi, Alaipayuthey, Appu, Vetrikodi Kattu, Penin Manathai Thottu, Rhythm, Friends, Minnale and Parthen Rasithen.

The collection through sale of tickets in these two theatres for the first quarter ended 30th June, 2001 amounted to Rs.48,89,259/-.

DEPOSITS

No fixed deposits were accepted by the Company during the year.

DIRECTORS

In accordance with the Articles of Association of the Company, Mr. C. L. Narasa Reddy retires by rotation and being eligible, offers himself for re-election.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (1) that in the preparation of the accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (2) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (3) that 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;
- (4) that the Directors have prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.



G V Films Limited

CORPORATE GOVERNANCE

Your Company has now complied with the requirements regarding corporate governance as required under Clause 49 of the Listing Agreement of the Stock Exchanges where its shares are listed. A certificate from the Auditors of the Company regarding compliance of conditions of corporate governance is attached to this report.

DECLARATION UNDER SECTION 217 OF THE COMPANIES ACT, 1956

There were no employees drawing a remuneration of Rs.6,00,000 per annum or Rs.50,000 per month either on full time or on part time basis during the year under review.

The nature of business of the Company is such that it is not necessary to report about the technological absorption and conservation of energy.

During the year under review, the foreign exchange earnings amounted to Rs.1,34,581/- and the foreign exchange outgo amounted to Rs.1,88,985/-.

AUDITORS

M/s. Mahadev & Co., retire at the close of the 12th Annual General Meeting and are eligible to be re-appointed. Your Directors recommend that they be re-appointed to hold office till the end of the 13th Annual General Meeting.

EMPLOYEE RELATIONS

During the year under review, on an average, 55 employees were working in the Company and the relationship between the management and the employees of the Company was very cordial. Your Directors wish to place on record their appreciation of the sincere services rendered by the employees.

ACKNOWLEDGEMENT

Your Directors wish to place on record their deep sense of gratitude to our bankers, distributors, exhibitors, customers and shareholders for their active co-operation during the year under review.

Place : Chennai
Dated : 27th July, 2001

For and on behalf of
the Board of Directors,

G. VENKATESWARAN
Chairman & Managing Director



G V Films Limited

ADDENDUM

With reference to the Auditors' remarks on Item Nos.13 and 14, your Directors wish to report as follows:

- (1) The contributions towards Provident Fund upto the period ended 31st March, 2001 have already been remitted and there is no arrear pending payment in this regard.
- (2) Necessary steps are being taken to discharge the tax liability of Rs.13,59,966/- in due course.

For and on behalf of
the Board of Directors,

Place : Chennai
Dated : 27th July, 2001

G. VENKATESWARAN
Chairman & Managing Director

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE CERTIFICATE TO THE MEMBERS OF G V FILMS LIMITED

We have examined the compliance of conditions of Corporate Governance by G V Films Limited for the year ended on 31st March, 2001, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investors' grievances received during the year ended 31st March, 2001, no investors' grievances are pending against the Company as per the records maintained by the Company and presented to the Investor Services Committee.

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.

For **MAHADEV & CO.,**
Chartered Accountants

Place : Chennai
Dated : 27th July 2001

C. NARAYANAN
Partner