



GV Films Limited

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Annual

Report

2002-2003

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GV FILMS LIMITED

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

FOURTEENTH ANNUAL REPORT

BOARD OF DIRECTORS

MR.MAHADEVAN GANESH
MR.A.VENKATRAMANI
MR.P.R.RAMANAN
MR.V.P.MANI, Director (Operations)
MR.R.PALANISWAMI

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)

AUDITOR

Mr.G.Parthasarathy
Chartered Accountant
No.8, Iswar Apartments, No.5, East Coast Road
Thiruvanniyur, Chennai - 600 041.

Bankers

Central Bank Of India, Nungambakkam, Chennai – 600 006
Bank of India
State Bank of India
Indian Bank

THEATRE DIVISIONS

Goodluck Preview Theatres, Chennai
Shanti-Kamala Theatres, Thanjavur

COMMITTEES OF DIRECTORS

Share Transfer Committee

A.Venkatramani - Chairman
R.Palaniswami - Member
V.P.Mani - Member

Shareholders/Investors Grievance Committee

A.Venkatramani - Chairman
R.Palaniswami - Member
V.P.Mani - Member

Audit Committee

P.R.Ramanan - Chairman
A.Venkatramani - Member
Mahadevan Ganesh - Member



NOTICE

NOTICE is hereby given that the adjourned Fourteenth Annual General Meeting of the Shareholders of the Company will be held at "Swarnalayam", Vidyodaya Schools Auditorium (Opp. Valluvar Kottam), No.1, Thirumalai Pillai Road, T.Nagar, Chennai 600 017 on Wednesday, the 9th June, 2004 at 10.30 A.M. to transact the following business:

ORDINARY BUSINESS

To consider and adopt the accounts of the Company for the financial year ended 31st March, 2003, the Balance Sheet as at that date and the reports of the Directors and Auditor thereon

By order of the Board

Place : Chennai
Date : 29-03-04

Mahadevan Ganesh
Director

Notes:

1. A member entitled to attend and vote 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. Proxies already lodged for the Annual General Meeting held on 27th February, 2004 are valid for the adjourned meeting unless they are revoked.
3. After the sudden and sad demise of Mr.G.Venkateswaran, the erstwhile Chairman and Managing Director of the Company on 3rd May, 2003, the remaining directors of the Company resigned on 2nd June, 2003. The Auditors M/s Mahadev & Co., resigned on 29th May, 2003. The accounts of the Company for the year ended 31st March, 2003 could not be audited because of the above developments and placed before the shareholders on 27th February, 2004. Now, the accounts for the said period have been audited by the new auditor Mr.G.Parthasarathy, who was appointed as Auditor of the Company at the Fourteenth Annual General Meeting held on 27th February, 2004 and the same are placed at this adjourned Annual General Meeting of the shareholders of the Company for consideration and adoption.



REPORT OF THE DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors, who were appointed on the Board of the Company by the Shareholders at the Fourteenth Annual General Meeting held on 27th February, 2004, submit their report and Audited Accounts for the financial year ended 31st March, 2003.

The Fourteenth Annual General Meeting of the Shareholders of the Company could not be held on time because of the sudden and sad demise of the then Chairman and Managing Director of the Company on 3rd May, 2003 followed by the resignation of remaining directors and the auditor of the Company. Due to the above developments the accounts of the Company for the financial year ended on 31st March, 2003 could not be audited and placed for approval at the said meeting held on 27th February, 2004. Now, the accounts have been audited, by the newly appointed auditor, and are placed at this Adjourned Fourteenth Annual General Meeting of the shareholders of the Company.

FINANCIAL RESULTS

	For the year ended 31-03-2003 Rs.	For the year ended 31-03-2002 Rs.
Turnover	19,82,00,230	3,00,31,015
Net profit/(loss) before depreciation and tax	(4,84,075)	(39,54,510)
Less: Depreciation	13,50,524	18,02,205
Profit/(loss) before tax	(18,34,599)	(57,56,715)
Provision for taxation	NIL	NIL
Profit/(loss) after tax	(18,34,599)	(57,56,715)
Proposed dividend	NIL	NIL

PERFORMANCE DURING 2002-2003

As you are all already aware, the sudden and sad demise of the promoter and Chairman and Managing Director of the Company Mr.G.Venkateswaran on 3rd May, 2003 has cast a big shadow on the functioning of the Company. During the financial year 2002-2003 three Tamil movies produced by the Company viz., "Tamizhan", "Yai Nee Romba Azhaga Irukkey" and "Chokka Thangam" and released on 12th April, 2002, 13th July, 2002 and 15th January, 2003 did not do business as expected, resulting in a loss of Rs.18,34,599. The directors are therefore not in a position to recommend any dividend for the year ended 31st March, 2003.

FILM INDUSTRY

The Year 2002-2003 was not very encouraging as far as the Tamil Film industry is concerned. Out of 84 Tamil movies produced during the year 2002, four movies, viz., Thulluvatho Ilamai, Ramana, Run, Gemini hit the box office, while seven other movies had an average run recovering the cost of production for the producers and the rest 73 movies incurred losses.

REVIEW OF OPERATIONS

As already pointed out the three Tamil movies viz., "Tamizhan", "Yai Nee Romba Azhaga Irukkey" and "Chokka Thangam" produced by the company and released during the year did not do well at the box office. The prohibitive cost of production, with the artistes remuneration touching astronomical heights, has only added to the already existing woes of the feature film producers. In view of the above situation, it is understood, your company did not venture into any new production or distribution.

The Company repaid about a sum of Rs.3.61 Crores (Rupees three crores sixty one lakhs) to the Central Bank of India, Nungambakkam Branch by the sale of an immovable property belonging to the sister concern of



Mr.G.Venkateswaran, which was held by the bank as a collateral security for the loan availed by your Company. This was in part settlement of Rs.10 Crores (Rupees Ten Crores only) agreed to be repaid under the terms of the One Time Settlement Scheme entered into between the Company and the said bank.

OUTLOOK

The film industry is characterized by unforeseen successes and failures. There is no such thing as a SURE SHOT or a SURE SUCCESS and the success formula has always been elusive, barring a few exceptions. Compared to the year 2002-03, the year 2003-2004 has started on a promising note for the Tamil Film industry with most of the movies released during Deepavali becoming box-office hits followed by moderate success of movies released during the Pongal festival season. With the cinema going public returning to the theatres in large numbers, it is hoped that this trend will continue for the benefit of the film industry as a whole.

The up-country market for the Tamil film industry is also becoming lucrative what with the non-resident Indian population patronizing our films in a big way. Some of the movies which have miserably failed in the domestic market, have done good business overseas thereby neutralizing the losses suffered by the producers here.

RISKS AND CONCERNS

The cinema industry by its nature is highly risky. The ever-increasing production costs coupled with the steep increase in the artistes remuneration is causing serious concern among the producers and distributors. At present no distributor is willing to take the risk of releasing a movie on a Minimum Guarantee basis or on outright purchase basis, which in turn affects the producer of the movie very badly. The producer on the one hand is handicapped by the high cost of financing his movies and on the other hand by the distributors coming back to him for refund of his money when the movie fails to collect the required gate collections from the areas distributed by them..

As already discussed the threat of piracy continues to plague the cinema industry and the revenue loss due to this menace remains unprecedented. The only way to curb this menace seems to lie in legally assigning video, cable and satellite rights simultaneously with the theatrical rights. Even though the offences under the Copy Rights Act, 1958 have been made cognizable, from a practical point of view, even this step does not seem to have helped in any measure to curb piracy. Be that as it may, the glitter, the charm, the fame and the money, long associated with this industry, is still attracting lots of new producers to this field which in turn is a boon to the umpteen categories of technicians involved in the film production.

ADEQUACY OF INTERNAL CONTROLS

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

An extensive programme of internal audits, reviews by management and documented policies, guidelines supplement these 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 share capital of the Company is Rs.19.25 Crores comprising of 1,92,50,000 equity shares of Rs.10/-each.

THEATRES DIVISION

During the year under review some good tamil movies were exhibited in your Shanti/Kamala Theatres at Thanjavur Viz., April Mathathil, Ezhumalai, Thamizhan, Thamizh, Pancha Thanthiram, Baba, Youth Villain, Red, Chokka Thangam, and Dhool.

The collection through sale of tickets in these two theatres for the nine months period ended 31st December, 2003 amounted approximately to Rs.1,76,28,405/-.



DEPOSITS

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

DIRECTORS

The sudden and sad demise of Mr.G.Venkateswaran, Chairman and Managing Director of the Company on 3rd May, 2003 plunged the company into a deep crisis. The remaining directors of the Company Mr.P.M.Gopalakrishnan, Mr.DE.Ramakrishnan and Mr.C.L.Narasa Reddy resigned from the directorship of the company on 2nd June, 2003 charging Mr.V.P.Mani, Manager (Exports) under the provisions of the Companies Act, 1956 and filing necessary Form 1 AA and Form 1AB with the Registrar Of Companies, Tamil Nadu, Chennai.

Mr.Mahadevan Ganesh, Mr.A.Venkatramani and Mr.P.R.Ramanan were appointed as Directors of the Company in the Fourteenth Annual General Meeting held on 27th February, 2004 as per the directions of the Company Law Board, Southern Regional Bench at Chennai and the Honourable High Court of Judicature at Chennai.

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 the preparation of the accounts for the financial year ended 31st March, 2003 the applicable accounting standards have been followed along with proper explanations relating to material departure.
- (2) That the directors have selected such accounting policies and applied them consistently and made judgments 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, 2003 on a 'going concern' basis.

CORPORATE GOVERNANCE

Your Company has 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 a Practicing Company Secretary 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.24,00,000/- per annum or Rs.2,00,000/- per month, either on full time or on part time basis during the year under review.

The nature of the 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.Nil and the foreign exchange outgo amounted to Rs.Nil.

AUDITORS

Mr.Mahadev & Co., Auditors of the Company resigned on 29th May, 2003 and as a result the accounts of the Company could not be audited and submitted to the shareholders at the Fourteenth Annual General Meeting held on 27th February, 2004.



Mr.G.Parthasarathy, Chartered Accountant, No.8, Eswar Apartments, No.5, East Coast Road, Thiruvanimiyur, Chennai 600 041 has been appointed as Auditor of the company at the Fourteenth Annual General Meeting of the shareholders of the Company held on 27th February, 2004 to hold office till the conclusion of the Fifteenth Annual General Meeting.

EMPLOYEE RELATIONS

During the year under review on an average, 62 employees were working in the Company and the relationship between the management and the employees was very cordial.

ACKNOWLEDGMENT

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.

For and on behalf of the Board of Directors

Place : Chennai
Date : 29-03-04

Mahadevan Ganesh
Director

ADDENDUM

With reference to the Auditor's remarks at item nos.1(c), 1(d), 2 & 3 in the notes on accounts, your directors wish to state that the same are self-explanatory.

With reference to the auditor's remarks at Para 9 of the annexure to the report, your directors wish to state that steps are being taken to remit the Income tax arrears.

For and on behalf of the Board of Directors

Place : Chennai
Date : 29-03-04

Mahadevan Ganesh
Director