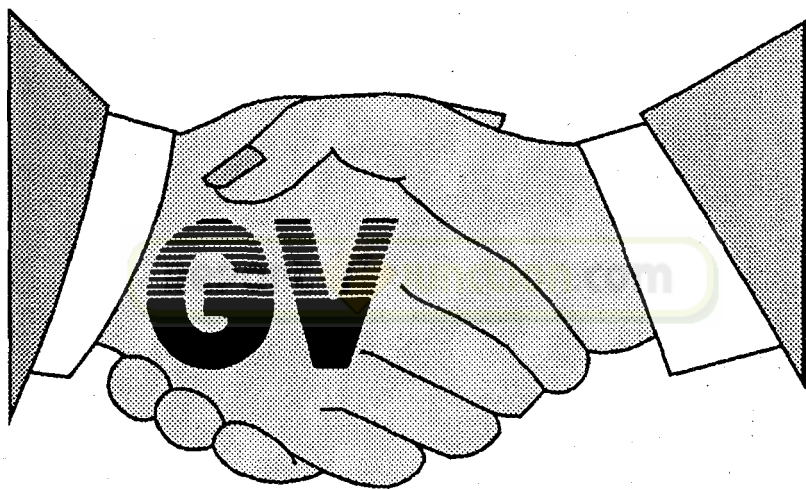


# GV Films Limited



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*Annual*

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*Report*

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*2003-2004*

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## GV FILMS LIMITED

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

### FIFTEENTH 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 hereby given that the Fifteenth 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 9<sup>th</sup> June, 2004 at 11.30 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the accounts of the Company for the financial year ended 31<sup>st</sup> March, 2004, the Balance Sheet as at that date and the report of the Directors and Auditor thereon.
2. To elect a director in place of Mr.P.R.Ramanan, who retires by rotation and being eligible offers himself for re-election.
3. To appoint Auditor and fix his remuneration  
(Mr.G.Parthasarathy, Auditor is eligible to be re-appointed)

### SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modification, the following resolutions :

#### 4. AS AN ORDINARY RESOLUTION

"RESOLVED THAT Mr.V.P.Mani be and is hereby appointed as Director of the Company"

#### 5. AS AN ORDINARY RESOLUTION

"RESOLVED THAT pursuant to Sections 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby given to the appointment of and terms of remuneration payable to Mr.V.P.Mani, as set out below, as a Whole-time Director for a period of two years with effect from 1<sup>st</sup> March, 2004

### SALARY

Basic Pay – Rs.15,000/-, House Rent Allowance – Rs.5,000/-

### PERQUISITES

Medical Reimbursement equivalent to one month's basic pay in a year and use of Company car and telephone at residence.

### RETIREMENT BENEFITS

Provident Fund and Gratuity as per the Company's policy and rules existing from time to time.

#### 6. AS AN ORDINARY RESOLUTION

RESOLVED THAT pursuant to Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 the Board of Directors of the Company (the Board) be and is hereby authorized to borrow from any scheduled Commercial Bank(s) and / or any Public Financial Institution (s) as defined under section 4 A of the Companies Act, 1956 and or any Foreign Financial Institution (s) and or any other entity / entities or authority /authorities and / or through suppliers credit securities instruments, such as Floating Rate Notes, Fixed Rate Bonds, Syndicated Loan, etc. and / or through credit from official agencies and / or by way of Commercial borrowings from the private sector window of Multilateral Finance Institutions, either in rupees or in such other foreign currency as may be permitted from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding Rs.500 Cores or equivalent thereof in foreign exchange (inclusive of such premium as may be fixed on the Securities) as may be required in future for the Company's future for the Company's expansion programmes and / or for general Corporate purposes including capital expenditure, working capital requirements, strategic investments, any mergers, amalgamation, acquisitions, reconstructions or rearrangements or any other reorganizations as the Board may deem fit for the purpose of business of the Company, notwithstanding that moneys so borrowed together with the moneys already borrowed by the Company, if any, (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital and its free reserves, that is to say, reserves not set apart for any specified purpose, but so that the total amount of the moneys to be so borrowed together with the moneys already borrowed (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business ) shall not exceed Rs.500 Cores outstanding at any one time.



RESOLVED FURTHER THAT consent and authority be and are hereby given to the Board to do such act, deeds, things as it may at its discretion deem fit and proper in the aforementioned premises including, if and where necessary, creation of such mortgage(s) and or charge(s) in respect of the Securities on the whole or substantially the whole of all or any of the undertaking (s), present or future, of the Company as contemplated under section 293 (1) (a) of the Companies Act, 1956 in connection therewith and to perfect and execute all requisite documents or writings for giving effect to this Resolution."

## 7. AS A SPECIAL RESOLUTION

### ISSUE OF EQUITY SHARES OF THE COMPANY ON A PREFERENTIAL BASIS

RESOLVED THAT pursuant to Section 81 (1-A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such guidelines as may be issued by the Securities and Exchange Board of India with regard to preferential issue of shares and such other consents and / or approvals as may be necessary from such government authorities, Reserve Bank of India etc., and also subject to such conditions or modifications as may be deemed necessary by the Board of Directors of the Company (hereinafter called 'the Board'), the consent of the Company be and is hereby accorded to the Board to issue on a preferential basis :

**Issue of 1,50,00,000 Equity Shares of Rs.10/- each of the Company (i.e., NEW SHARES) on a preferential basis to M/s.Thiruvengadam Investments Private Limited, ( hereinafter referred to as "TIPL", which expression shall include its successors and assigns), a Company incorporated under the Companies Act, 1956 and having its registered office at 624, Anna Salai, Chennai 600 006 in consideration of "TIPL" transferring all its rights on the motion picture (which expression shall include the rights in the motion picture under production in Telugu and English with Mr.Chiranjeevi as the principal cast titled "Return of Thief of Baghdad" in English and "Abu Gajathunga" in Telugu).**

RESOLVED FURTHER THAT the new equity shares so issued shall be subject to the Memorandum and Articles of Association of the Company and will rank pari-passu with the existing equity shares of the Company except that in respect of any dividend that will be declared for the financial year commencing from 1<sup>st</sup> April, 2004 they will rank for dividend only from the date of allotment or from such date as may be determined / decided by the Directors of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to all or any of the foregoing, the Directors be and are hereby authorized to take all such steps in the matters relating to issue of shares on a preferential basis or give such directions as may be necessary or desirable and to settle any question or difficulty that may arise in regard to the issue and allotment of the new equity shares.

## 8. AS A SPECIAL RESOLUTION

### TO INCREASE THE AUTHORISED SHARE CAPITAL OF THE COMPANY

RESOLVED THAT the existing Clause V relating to share capital in the Memorandum of Association of the Company be amended by substituting the following in place of the existing clause.

"The share capital of the Company is Rs.100 Crores (Rupees One hundred Crores only) divided into 10,00,00,000 (Ten crores) equity shares of Rs.10/- each with power to increase or reduce the capital and to divide the share for the time being into several classes and attach thereto respectively such preferential, qualified or special rights, and privileges as may be determined in accordance with the provisions of the Companies Act, 1956, and any amendments made thereto to the Act.

By order of the Board

**Mahadevan Ganesh**

Director

Place : Chennai

Date : 26-04-2004

## NOTES

1. A member entitled to attend and vote is also entitled to appoint a proxy and the proxy need not be a member of the Company. The proxy forms in order to be valid must be deposited with the Company not less than 48 hours before the time fixed for the meeting.
2. The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is enclosed herewith.



3. The register of members and the share transfer books of the Company will remain closed from 26-05-2004 to 09-06-2004 (both days inclusive).
4. The members are requested to notify immediately any change in their address to the Company's registered office.
5. Pursuant to Section 205-A of the Companies Act, 1956 all unclaimed dividends upto the financial year ended 31<sup>st</sup> March, 1995 (No dividend has been declared by the Company after the financial year ended 31<sup>st</sup> 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.1 to the Registrar of Companies, Tamil Nadu, "Shastri Bhavan" No. 26, Haddows Road, Chennai 600 006.

### **Information relating to Director seeking re-election**

Mr.P.R.Ramanan aged about 50 years is a versatile Chartered Accountant with more than 26 years of post qualification experience, having worked with M/S. Ferguson & Co., Chartered Accountants, Mumbai, M/s. Peat Marwick Mitchell & Co., (KPMG), Chartered Accountants, Lusaka, Zambia and other companies and is presently the Group and other Companies and is presently Group Financial Controller of M/s. Southern Gardens Pvt. Ltd.

Details of other directorships: Nil.

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

#### **Item Nos.4 and 5**

MR.V.P.MANI who was working as Manager (Exports) was co-opted on the Board of the Company on 27-02-2004 and holds office upto the forthcoming Annual General Meeting. Notice under section 257 of the Companies Act, 1956 along with necessary deposit has been received for his appointment as director of the Company. Considering his vast experience in the film field for more than two decades in the areas of production, distribution, exhibition and export of movies to foreign markets, the Board of Directors of the Company appointed him as whole time director of the Company with effect from 1<sup>st</sup> March, 2004 and designated DIRECTOR (OPERATIONS) on the terms and conditions as mentioned in the resolution at Item no. 5 of the Notice.

These resolutions require the approval of the shareholders.

Your directors commend these resolutions and except Mr.V.P.Mani no other director is interested in these resolutions.

#### **Item No.6**

The Company at present has borrowing powers to the tune of Rs.25,00,00,000/- (Rupee twenty five crores only ) in terms of the resolution passed at the adjourned fourth annual general meeting of the company held on 21<sup>st</sup> March, 1994.

Your Board of Directors have major expansion plans, which, inter- alia, include plans to construct cineplexes / multiplexes, initially in all the districts of Tamil Nadu and in the next phase in all the cities of Southern India, to strengthen the distribution network of the Company, which they feel will provide an enduring revenue to the company. Plans are also afoot to convert the Shanti / Kamala Theatre Complex at Thanjavur into Cineplex/multiplex to augment the revenue of the Company. With the above objective, your Company would be creating tangible assets for the Company, which will enhance the shareholders value. This will also ensure the long term sustenance of the Company and will hedge the Company from business risks and act as an insurance to present and the future management. To achieve the above objectives, the company has to raise funds from various sources your management have already approached the National and International Funding Agencies and they have also evinced keen interest in approving such projects and hence the need to raise the borrowing power of the Company to Rs.500 Crores, which requires the shareholders approval.

Similarly your company has powers in terms of the resolution passed at the Thirteenth Annual General Meeting held on 27<sup>th</sup> September, 2002 for mortgaging and or charging the whole or substantially the whole of the undertaking, including present and future properties of the Company to the tune of Rs.25 Crores for raising loans. Now, in view of the contemplated expansion plans, this power under Section 293 (1) (a) of the Companies Act, 1956 has to be raised to the tune of Rs.500 Crores, which requires the shareholders approval.

It is in the above circumstances that the resolution as in this item of the Notice is commented for your acceptance. None of the directors is interested in the resolution.


**Item No.7**

Your Company has entered into a Memorandum Of Understanding on 2<sup>nd</sup> April, 2004 with M/s. Tiruvengadam Investments Private Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at 624, Anna Salai, Chennai 600 006 and represented by its Director Mr.Srinivasan K Swamy, hereinafter referred to as "TIPL", which reference includes successors and assigns.

This MOU, inter alia, provides for issue and allotment of 1,50,00,000 Equity shares of Rs.10/- each of the Company to TIPL in consideration of TIPL transferring all their rights and interest on the motion picture along with all assets and liabilities (could be in the region of Rs.8 million) relating to the motion picture for which a specific Rights Transfer Agreement would be entered into TIPL AND GVFL, after approval to the proposal by the members of GVFL and before issue of equity shares in consideration herein.

By signing this MOU, Your Board of Directors have taken steps to fulfill the vision and the trust of the shareholders in making GV FILMS LIMITED, a company with international thinking and bring the company to the focus of the international markets. This motion picture "Return of Thief of Baghdad" in English with music by the international ace music director Mr.A.R. RAHAMAN and starring Mr.Chiranjeevi is sure to generate lot of hype in the international markets and thus contribute to the profitability of the Company in a big way.

Section 81 (1-A) of the Companies Act, 1956 provides, inter-alia, that whenever it is proposed to increase the subscribed capital of the Company by the allotment of further shares, such further shares shall be offered to the persons who on the date of offer are holders of the ordinary shares of the Company in proportion to the capital paid-up on the date unless the shareholders in General Meeting decide otherwise. The consent of the shareholders is, therefore, sought to authorize the Board of Directors to issue **1,50,00,000 ( one crore fifty lakhs only )** ordinary fully paid up equity shares of Rs.10/- each of the Company (i.e., New Shares) to M/s.Tiruvengadam Investments Private Limited, Chennai 600 006.

After the proposed allotment of 1,50,00,000 equity shares of Rs.10/- each of the Company to M/s.Tiruvengadam Investments Private Limited, Chennai 600 006

The voting rights and shareholding pattern will change as under. (as a percentage to total shareholding)\*

	<b>Existing</b>	<b>After allotment</b>
1. Mr.Mahadevan Ganesh	33.47	26.46
2. Mrs.Usha Venkatramani	33.47	26.46
3. G.Venkateswaran's sister concerns	1.99	1.25
4. Others	31.07	45.83

\* after merger of M/s.Oneworld Media Network Infotainment Limited with G V Films Limited.

The Board of Directors of the Company commend this resolution.

No director of the Company is interested in this resolution.

A copy of the MOU is available for inspection during working hours at the Registered Office of the Company.

**Item No.8**

The present authorized capital of the Company will be Rs.57,75,00,000/- divided into 5,77,50,000 Equity shares of Rs.10/- each, i.e., after the amalgamation of M/s. Oneworld Media Network Infotainment Limited with Your Company on the effective date.

Now, in view of the proposed Preferential issue of shares, there is a need to increase the authorized capital of the company from the present level to Rs.100 Crores by amending Clause V of the Memorandum of Association of the Company, which requires the consent of the shareholders at the general body meeting.

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

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

By order of the Board  
**Mahadevan Ganesh**  
 Director

Place : Chennai  
 Date : 26-04-2004



## REPORT OF THE DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors submit their report and Audited Accounts for the financial year ended 31<sup>st</sup> March, 2004..

### FINANCIAL RESULTS

	For the year ended 31-03-2004 Rs.	For the year ended 31-03-2003 Rs.
Turnover	2,58,49,442	19,82,00,230
Net profit/(loss) before depreciation and tax	(17,24,343)	(4,84,075)
Less: Depreciation	10,71,605	13,50,524
Profit/(loss) before tax	(27,95,948)	(18,34,599)
Provision for taxation	NIL	NIL
Profit/(loss) after tax	(27,95,948)	(18,34,599)
Proposed dividend	NIL	NIL

### PERFORMANCE DURING 2003-2004

During the year under review, after the demise of Mr.G.Venkateswaran, except for the running of the theatres Viz., Shanti / Kamala Theatres at Thanjavur and the Good Luck Preview Theatres at Chennai there was no other activity on the production or the distribution front. The Company has met with a loss of Rs.27,95,948/- and the same has arisen due to interest cost. Hence your directors are not in a position to declare any dividend for the year 2003-2004.

### FILM INDUSTRY

The year 2003-04 has opened on a promising note compared to the previous year. During the year 2003, 100 Tamil movies were produced compared to 84 movies produced in the previous year. Out of these 100 movies, 12 movies had good run, Viz., Kakkha Kakkha, Kadhal Kondein, Samy, Thiruda Thirudi, Thirumalai, Dhool, Jeyam, Pithamagan, Jay Jay, Parthiban Kanavu, etc.

### REVIEW OF OPERATIONS

As already pointed out, during the year under review, the income for the company was through exhibition of movies at the Shanti-Kamala Theatres at Thanjavur and rental income from Good Luck Theatres at Chennai.

Your new Board of Directors have taken up review of the internet rights held by the Company and have handed over the task of valuation of the said rights to experts, whose report is awaited.

### OUTLOOK

The film industry is again in the lime light with movies getting prominence over the Programmes telecast on television and the movie going public coming out in large numbers to watch movies on the big screen. With the small budget movie "Autograph" produced and directed by Mr.Cheran hitting the bulls-eye, the cinema industry seems to have got a new lease of life by collecting nearly almost Ten times the production cost. The lesson to the industry is that movies with innovative script and screen-play touching the sentiments of the cinema going public are sure to generate interest and contribute to their success in a great way.

Your company is now concentrating on strengthening the production and distribution activities by suitable planning. This involves production of small budget movies with good story content and script, increasing the theatre network for exhibition of movies by taking theatres in various districts on lease.





Your company has also plans to convert the Shanti / Kamala Theatres Complex at Thanjavur into a multiplex by adding two more mini theatres with in-built shopping complex to attract more crowds and thereby increase the gate collections.

## **AMALGAMATION OF M/S ONEWORLD MEDIA NETWORK INFOTAINMENT LIMITED WITH YOUR COMPANY**

You all are already aware that the Scheme of Amalgamation of M/s One World Media Network Infotainment Limited with your Company was approved by the shareholders of the Company at the 14<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> February, 2004. Necessary petitions under Sections 391 and 394 of the Companies Act, 1956 have been made by both, the transferor and transferee companies, before the Honourable Highcourt of Judicature at Madras for sanction of the Scheme and the Court's sanction is awaited.

## **RISKS AND CONCERNS**

The risks and concerns associated with the film industry, viz., video and audio piracy, high cost of production due to astronomical artistes remuneration coupled with the high rates of interest for financing the projects continue to plague the industry. This trend can be bucked only with the active co-operation of the Government in curbing the piracy with a iron hand.

## **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 share capital of the company is Rs.19.25 Crores comprising of 1,92,50,000 equity shares of Rs.10/- each.

## **THEATRE DIVISIONS**

During the year under review, we had exhibited some good hit Tamil movies @ Shanthi/Kamala Theatres, Thanjavur viz., Kakkha Kakkha, Kadhal Kondein, Chokka Thangam, Dhum, Thiruda Thirudi, Parthiban Kanavu, Pithamagan, Vasigara, Jay Jay, Anbe Sivam. The collection through sale of tickets in these two theatres for the Year ended 31<sup>st</sup> March, 2004 amounted to approx.Rs.2, 26, 23, 460/-

## **DEPOSITS**

No Fixed Deposits were accepted by the Company during the year.

## **DIRECTORS**

During the year under review, after the demise of Mr. G. Venkateswaran on 3<sup>rd</sup> May, 2003, the remaining directors of the Company viz., Mr.P.M.Gopalakrishnan, Mr.C.L.Narasa Reddy, and Mr.DE.Ramakrishnan resigned from the Board on 2<sup>nd</sup> June 2003. At the 14<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> February, 2004 three new directors were appointed on the Board of the Company viz., Mr.Mahadevan Ganesh, Mr.A.Venkatramani and Mr.P.R.Ramanan. Mr.V.P.Mani, Manager (Exports) who has been working with the Company for the past 10 years and has immense experience in the areas of production, distribution, and export of movies was co-opted on the Board of the company