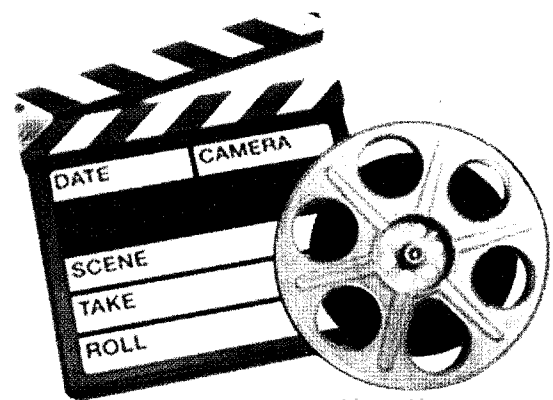
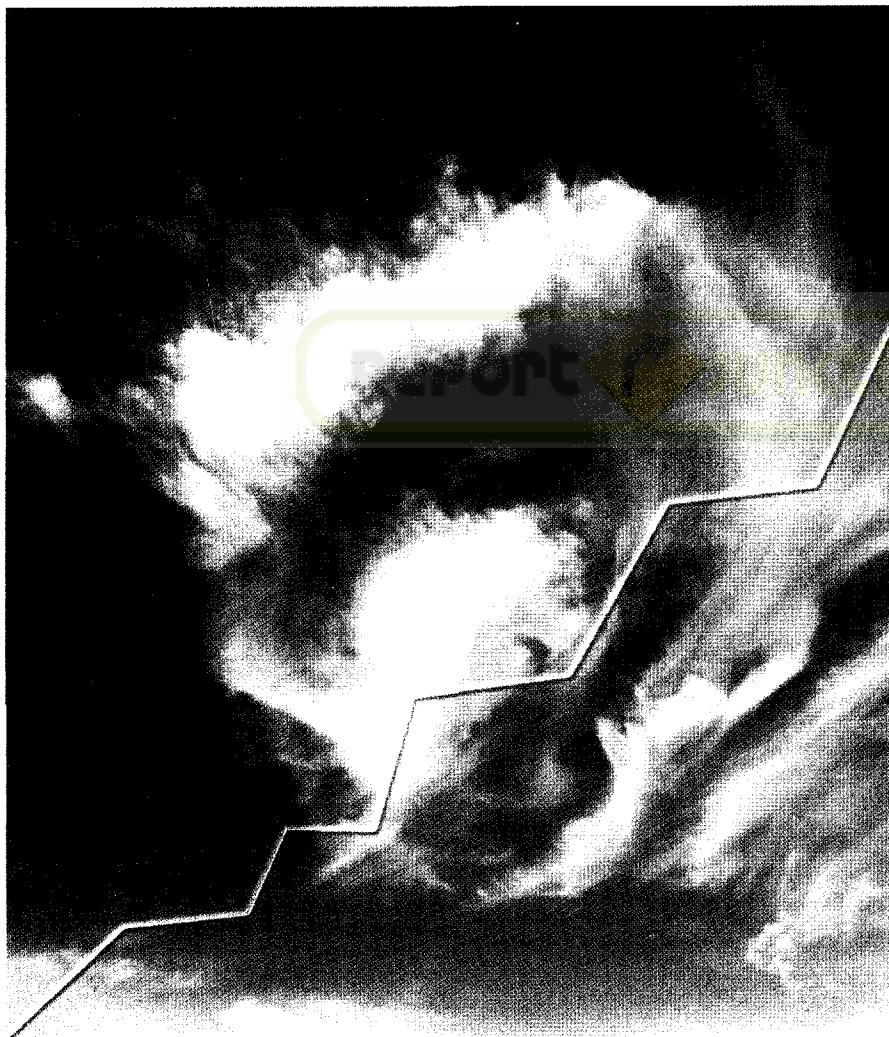


GV Films Ltd.

ACCOUNTS FOR
THE YEAR ENDING
31ST MARCH 2003



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Ph: 2499 0830, 2499 0840. Fax: 5210 1785
www.gvfilms.com

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AUDITORS REPORT**To the Shareholders**

We have audited the attached Balance Sheet of G.V.FILMS LIMITED as at 31st March 2005 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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 from material misstatement. An audit also includes examining, 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.

1. As required by the Companies (Auditor's Report) Order, 2003 (Caro 2003) issued by the Company Law Board in terms of Section 227(4A) 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.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
 - a) 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.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.
 - d) In our opinion, the profit and loss account and the balance sheet comply with the Accounting Standards referred to in Subsection (3C) of section 211 of the Companies Act, 1956.
 - e) As per the information and explanations given to us, none of the directors of the company are disqualified from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and according to the explanations given to us, the said Balance Sheet and the Profit & Loss Account read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view subject to note nos. 1(c), 3, 4 and 5 in the notes on accounts:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005 and
 - ii) in the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date.

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE REPORT OF
EVEN DATE OF THE AUDITORS TO THE MEMBERS OF GV FILMS LIMITED
ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2005.**

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. All the fixed assets have been physically verified by the management once during the year, which is in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancy was noticed on verification.
2. The Company is principally engaged in production, distribution and exhibition of motion pictures. As such, the Company does not carry any finished goods, raw materials and spare parts and hence, the question of physical verification of the same does not arise. Inventories in the books represent picture rights and internet film rights.
3. The Company has neither taken nor granted any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with the regard to the purchases of inventory and fixed assets and with regard to the sale of film rights.
5. According to the information and explanations given to us, the Company has entered into a transaction with a company which is entered in the register maintained under Section 301 of the Companies Act, 1956. The transaction is prima-facie not prejudicial to the interests of the company.
6. The Company has not accepted any deposits from public.
7. The company has an internal audit system, commensurate with its size and nature of its business.
8. The Provision of Section 209(1)(d) of the Companies Act, 1956 regarding maintenance of Cost Records is not applicable to the company.
9. According to the records of the company, Provident Fund and Employees State Insurance dues have been generally been regularly deposited with the appropriate authorities. The company has arrears of Income Tax aggregating to Rs.31.50 lacs at the year end date, which are outstanding for more than six months from the date they became payable. Amount involved in appeal in respect of Sales Tax - Rs.11.86 lacs (before Appellate Assistant Commissioner)

G. PARTHASARATHY
Chartered Accountant

Chennai
Date : 11th April 2005

BALANCE SHEET AS AT MARCH 31, 2005

PARTICULARS	Sch.	As at 31.03.2005		As at 31.03.2004	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	577,500,000		577,500,000	
Reserves and Surplus	2	899,227,225	1,476,727,225	895,735,169	1,473,235,169
Deferred Tax			505,814		505,814
Loan Funds					
Secured Loans	3		6,340,000		6,340,000
Unsecured Loans	4		5,739,500		5,739,500
Total			1,489,312,539		1,485,820,483
APPLICATION OF FUNDS					
FIXED ASSETS	5	340,179,491		340,387,027	
Less: Depreciation		13,922,948		13,179,280	
Net Block			326,256,543		327,207,747
INVESTMENTS	6		196,496		196,496
CURRENT ASSETS, LOANS AND ADVANCES					
Current Assets					
(a) Inventories	7	1,153,292,421		1,150,448,946	
(b) Sundry Debtors	8	46,478,319		37,375,924	
(c) Cash and Bank Balance	9	7,089,397		8,156,347	
		1,206,860,138		1,195,981,217	
Loans & Advances	10	27,015,551		18,993,763	
		1,233,875,688		1,214,974,980	
Less: CURRENT LIABILITIES AND PROVISIONS	11	72,990,067		57,132,621	
Net Current Assets			1,160,885,621		1,157,842,359
Miscellaneous Expenditure to the extent written off or adjusted					
Preliminary Expenses			1,973,880		573,880
Total			1,489,312,539		1,485,820,483

As per our report of even date

Mahadevan Ganesh
ChairmanA. Venkataramani
DirectorV.P. Mani
Wholesale DirectorG. Parthasarathy
Chartered AccountantChennai
Date: 11-04-2005