

GV FILMS LIMITED

Where every dream, a dream come true



(A still from Rajni starring "Sivaji" jointly distributed by G.V. - Abhirami)



(A scene from soon to be released 'Urchagam' produced by the Company)

18th ANNUAL REPORT
(2006-2007)



Front view of Shanti-Kamala theatres at Tanjavur town converted into GV Studio City (multiplex with 5 screens)



The Gudiyaatham Theatre Complex under G.V. Studio City Project (3 Screens)

– From Chairman's Desk

Dear fellow members,

It is indeed my privilege to share with you certain golden memories and events that marked the turn-around story of the company during 2006-07. You all may appreciate under what trying circumstances, we stepped in as new promoters in 2003-04 and I am happy that we could not only pilot the company to safety from brink of disaster, but also achieve a real turnaround in the last 2 years, thanks to your absolute trust and confidence in us and in our ability to deliver.



There is a saying that 'fortune favours the brave' and how true it is ! We took some bold decisions which fortunately proved to be right like soliciting your support for a rights issue in 2005 and again seeking funds thro GDR and FCCB by appealing to global investors and we are thankful for the overwhelming support, we received from all investors and this has been a catalyst in pepping up our performance levels.

Now let me explain the various initiatives undertaken in 2006-07 some of which will bear fruit in the years to come.

You all know that your company is substantially present in entire value chain in the movie industry from script to screening, concept to completion and broadly your company's activities were grouped in to 3 major divisions during last year as follows;

1. Production and distribution of films and tele-serials and content for television channels.
2. GV Studio city projects comprising multiplexes, themed hotels and shopping malls.
3. Webcasting division including film portals

During the year under review, your company has produced films in multi languages viz., Kai Vanda Kalai, Premichi Chudu (telugu), Matyacha Chuli (Marathi) and Thirudi. Your company also distributed in select parts of Tamil Nadu some super hit films like Vallavan, Vettaiyadu Vilayadu, Deepavali, Thamiraparani etc; there was good demand for our old films having residual rights. During the year under review. Your company has produced tele-serial 'Mayavi' aired in Jaya T.V. (Tamil) and Kairali T.V. (Malayalam) by successfully absorbing 3D technology first of its kind in India. Your company has promoted Tamil Box Office (TBO) in Singapore by joining hands with a local promoter and the channel is doing very well.

Your company has purchased a stand alone theatre with 3 screens in Gudiyatham, Vellore district having a seating capacity of 1200 and the theatre was opened for public viewing from 9th February 2007. Your company has taken initiative to implement our first GV Studio city project in Tanjore by converting our existing Shanti-Kamala complex into 5 screens. The renovation work is going on and renovated theatre is to likely be opened on 15th September 2007.

Your company has initiated a film portal under the name Filmsntv.com intended for Indian diaspora settled abroad and the portal is having excellent viewer response.

We have already signed up with popular star Mr. Madavan for 3 films to be produced in the current year.

Your company has tied up with Abhirami Theatres Ltd. to co-distribute mega films. Already our co-distribution of "Shivaji" is a run away success. Your company has signed up for films distribution like "Vel" starring Surya and Asin. We are producing animation film Om muruga a mythological theme and it will hit box office in April 2008.

Your company is in the process of freezing certain arrangements for telecast with Telugu channels like Gemini T.V. of mega serials having more than 250 episodes.

Your company is planning to execute 23 studio city projects in Tamilnadu \ Andhra in the next 5 years and the total investment planned is Rs.1000 crores.

Our web casting division will certainly generate huge revenues in the coming years as our investment in content creation over the years of 5500 films with internet rights and 8000 Hollywood films recently added to our library shall testify. Also we are in the process of identifying a strategic partner to anchor this division to great heights.

As can be seen from the above, we are in the rapid growth mode and it is an opportunity as well as a huge challenge before me and my board not only to sustain the achievements but also to exceed and excel by fixing all boosters to take G.V. Films to next orbit.

I always believe that 'Man is made by his belief, As he believes so he is' though it may sound a bit philosophical, but we need this sort of conviction, if we have to take company to greater heights.

Before I wind up I would like to say a few things on proposed de-merger. During the year under review, we have engaged Deloitte, Haskins & sells to study our company's performance, activities, business plan and strategies and give us a report on re-structuring plan that is in the best interests of stake holders.

They have given a detailed presentation for re-vamping and re-structuring the business. One of the key suggestion made by them is to go in for de-merger by transferring assets and liabilities of theatre division and webcasting division to two new resulting companies and to retain production and distribution with the de-merged or parent company. They have also suggested certain re-organisation of capital, and write off of assets impaired inline with Indian accounting standards. Deloitte have also suggested share entitlement ratio of one share of Re.1 each in the two resultant companies for every 3 share of Rs.10 each held in G.V. Films Ltd. The de-merger is intended to enhance value to the share holders and make business solutions more meaningful.

The process of de-merger has been initiated and I will communicate with you on the same at the appropriate time.

Looking forward to your continuous support in all our endeavors.

Regards,

Mahadevan Ganesh,
Chairman

Place : Chennai
Date : 16th August 2007

GV FILMS LIMITED

Regd. Office: *LVR Centre, III Floor, New No.7, Seshadri Road, Alwarpet, Chennai-600 018.*

Eighteenth Annual Report

Board of Directors

Mr. MAHADEVAN GANESH

Mr. A. VENKATRAMANI

Mr. S.RAMANATHAN

Mr. P. RAGHURAMAN

Director – Admin.

Mr. R.GOPALAN

Ms. MANISHA KOIRALA

Company Secretary

Mr. P.THIRUMALAI KUMAR

Registered Office

LVR Centre, III Floor,
New No.7, Seshadri Road,
Alwarpet, Chennai - 600 018.

Corporate office

New No.4, Kasturirangan Road,
Alwarpet , Chennai - 600 018.

Auditors

G. PARTHASARATHY,
Chartered Accountant,
New No.1 (Old No. 3), 3rd Main Road,
4th Cross Street, Jagannathapuram,
Velachery, Chennai - 600 042.

Registrars & Share Transfer Agents

M/s. CAMEO CORPORATE SERVICES LTD,
“Subramanian Building”
No.1, Club House Road,
Chennai - 600 002.

Bankers

STATE BANK OF INDIA
ICICI Bank
HDFC Bank

COMMITTEES

Share Transfer Committee

S. RAMANATHAN, Chairman
R. GOPALAN, Member
A. VENKATRAMANI, Member

Shareholder / Investors Grievance Committee

MAHADEVAN GANESH, Chairman
R. GOPALAN, Member
S. RAMANATHAN, Member

Audit Committee

S. RAMANATHAN, Chairman
A. VENKATRAMANI, Member
R. GOPALAN, Member

Equity Shares Listed At

The Madras Stock Exchange Ltd, Chennai
The Bombay Stock Exchange Ltd, Mumbai
The Hyderabad Stock Exchange Ltd, Hyderabad

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NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the members of the Company will be held at **New Woodlands Hotel (P) Ltd, 72-75, Dr. Radhakrishnan Salai, Mylapore, Chennai-600 004** on **Monday, the 24th September 2007 at 11.00 a.m.** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as on 31st March 2007, the audited Profit and Loss Account for the year ended on that date, together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr.A.Venkatramani, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. P.Raghuraman, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and fix their remuneration. (Mr.G.Parthasarathy, present auditor of the company being eligible offers himself for re-appointment.)

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modifications as an Ordinary Resolution

“RESOLVED THAT pursuant to the applicable provisions of Companies Act,1956 read with Schedule XIII and the amendments made there in, the approval of the members of the Company be and is hereby accorded to the Board of Directors to revise the remuneration of Mr. P Raghuraman, Director -Admin from time to time including payment of minimum remuneration.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to execute all such agreements and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient and proper.”

For and on behalf of **THE BOARD OF THE DIRECTORS**

MAHADEVAN GANESH
DIRECTOR

Place : Chennai

Date : 16th August 2007

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 form to be valid must be deposited at the Company's Registered office not less than forty-eight hours before the time of the meeting.
2. Members desiring any information on the accounts are requested to write to the Company at least 7 days before the meeting so as to enable the Company to keep the information ready. The Members/Proxies are requested to bring the copies of the Annual Report to the Meeting and the same will not be distributed at the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed **from 19th September 2007 to 24th September 2007 (Both days inclusive)** to ascertain the list of members for 18th Annual General Meeting.
4. The Members are requested to notify immediately any change in their address to the Company's Registrar and Transfer Agents (M/s. Cameo Corporate Services Ltd)
5. Details of Directors seeking reappointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement.

As required under the Listing Agreement, the particulars of Directors, Mr. A. Venkatramani and Mr. P. Raghuraman (who are seeking re-appointment) are given below:-

I. NAME	- A.VENKATRAMANI
DATE OF BIRTH	- 7 th April 1958
QUALIFICATION	- Graduate in commerce
EXPERIENCE	- He is a promoter, Chairman & Managing Director of Kaashyap Technologies Ltd, Chennai. Marketing and People Management is his forte. Starting his carrier as a Sales Manager with Hindustan Lever Ltd, he moved to become the Executive Director of Shriram Chits Private Ltd and then moved to set up Kaashyap Technologies Ltd. He has also produced several teleserials and movies. He has been appointed as Non-Executive Director of the Company. His expertise and acumen will help the Company to grow manifold.
OTHER DIRECTORSHIP	- M/s. Kaashyap Technologies Limited
COMMITTEE MEMBERSHIP	- One
II. NAME	- P. RAGHURAMAN
DATE OF BIRTH	- 27 th November 1978
QUALIFICATION	- Graduate in commerce
EXPERIENCE	- Prior to joining he was the Director in Oneworld Media Network Infotainment Limited, Chennai. He has experience of over Eight years in handling administration, operation, HR and Finance.
OTHER DIRECTORSHIP	- M/s. Digipolis (India) Limited M/s. GV Corporation Limited M/s. Honeybee Securities Limited M/s. GV Studio City Limited
COMMITTEE MEMBERSHIP	- NIL
IN OTHER COMPANIES	

EXPLANATORY STATEMENT**Under Section 173(2) of the Companies Act, 1956.****Item No. 2 & 3**

As per the provisions of Section 256 of the Companies Act, 1956, Mr.A.Venkatramani and Mr.P.Raghuraman are retiring by rotation and being eligible offer themselves for reappointment at the ensuing Annual General Meeting.

Your directors recommend passing this resolution.

None of the Directors are concerned or interested in the said resolution except Mr.A.Venkatramani & Mr.P Raghuraman respectively.

Item No.5

Mr. P Raghuraman is the whole time director of the Company handling Administration and Human Resources. His remuneration was revised on 25th May 2006 by the Board (with effect from 1st April 2006) and approved by the members at the annual general meeting held on 11th July 2006. His remuneration is required to be revised and the Board is seeking approval of the Members to revise the same with in the provisions of Companies Act, 1956 subject to the report of Remuneration Committee. The necessary resolution mentioned in Item No.5 is required Member's consent.

Your directors recommend passing of this resolution.

None of the Directors are concerned or interested in the said resolution except Mr.P Raghuraman.