


GV FILMS LIMITED

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20th Annual Report (2008 - 2009)



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(Stills from Movie Produced by the Company)

GV FILMS LIMITED

Twentieth Annual Report

Board of Directors

Mr. MAHADEVAN GANESH
Mr. A.VENKATRAMANI
Mr. S.RAMANATHAN
Mr. R.GOPALAN
Mr. M.V.BALAGIRI
Mr. P.RAGHURAMAN
Whole Time Director

Company Secretary

Mr. P.THIRUMALAI KUMAR

Registered Office

F-0, “Whispering Height”,
132, St. Mary’s Road, Alwarpet,
Chennai-600018

Auditors

G. Parthasarathy,
Chartered Accountant,
New No-1, Old No.3,
3rd Main Road, 4th Cross Street,
Jagannathapuram, Velachery,
Chennai -600042

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 Ltd.
HDFC Bank Ltd.

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*

*(De – Recognised by SEBI)

CONTENTS

Sl. No.	Particulars	Page No.
1	Notice	2
2	Report of the Directors & Management Discussion and Analysis	5
3	Report on Corporate Governance	8
4	Auditor's Report	15
5	Balance Sheet	18
6	Profit & Loss Account	19
7	Schedules	20
8	Cash Flow Statement	24
9	Notes to the Accounts	25
10	Balance Sheet Abstract	28

NOTICE

NOTICE is hereby given that the Twentieth 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 **Wednesday, the 30th September, 2009 at 11.00 A.M** to transact the following business:

ORDINARY BUSINESS

1. To consider, approve and adopt the Audited Balance Sheet as on 31st March 2009, the Audited Profit and Loss Account for the year ended on that date, together with the Reports of the Board of Directors and Auditor thereon.
2. To appoint a director in place of Mr. Mahadevan Ganesh, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. S. Ramanathan, who retires by rotation and being eligible offers himself for re-appointment
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration and to pass the following resolution thereof

“RESOLVED that Mr. G. Parthasarathy, Chartered Accountant, be and is hereby re-appointed as auditor of the company from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, at any such remuneration as may be determined by the Board of Directors in consultation with the Auditor.”

SPECIAL BUSINESS

5. APPOINTMENT OF WHOLE TIME DIRECTOR AND FIXING OF REMUNERATION

To consider and, if thought fit, to pass, with or without modification the following resolution as an ordinary resolution:

“RESOLVED THAT Mr. P. Raghuraman a Director of the Company, be and is hereby re-appointed as Whole - Time Director of the Company for a period of 5 years with effect from 10.06.2010.”

“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to fix the remuneration of Mr. P. Raghuraman, Whole - Time Director, subject to limits prescribed under section 198,309,310,311 and all other applicable provisions of Companies Act, 1956 read with Schedule XIII and the amendments made there in, 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.”

6. APPOINTMENT OF A DIRECTOR

To consider and, if thought fit, to pass, with or without modification the following resolution as an ordinary resolution:

“RESOLVED THAT Mr. M.V.Balagiri, be and is hereby appointed as a director of the company under section 257 of the Companies Act, 1956 and who will be liable to retire by rotation.”

By Order of the Board

P.RAGHURAMAN
Whole Time Director

Place : Chennai

Date : 31 -08-2009

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 (on or before 23rd September 2009) 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 as 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 25th September 2009 to 30th September 2009 (Both days inclusive).**
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 Director 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.Mahadevan Ganesh, Mr.S.Ramanathan(seeking re-appointment) and Mr.M.V.Balagiri (Seeking afresh appointment under section 257 of Companies Act, 1956) are detailed below:-

I. NAME- MAHADEVAN GANESH

DATE OF BIRTH - 21-08-1957

QUALIFICATION - Bachelor Degree in Commerce

EXPERIENCE-

Mr. Mahadevan Ganesh is a promoter director of the company, hails from a family who have been in the film business for nearly forty years. After finishing his Bachelor Degree in Commerce, he joined the family business helping in production and distribution of films. After a couple of years, he joined MPC Holdings of Malaysia which was the largest commodities dealer specializing in palm oil. Within a year, he was posted as Head of Operations in Hong Kong.

He moved to London in 1982 and started Pelle Studios, a designing company, which he had sold and started dealing in properties. In the early Nineties, he went into production of films, successfully completing more than 6 films, one of which won the National award for the best feature film for 1996.

OTHER DIRECTORSHIP

1. Euro Asia Infra Development Corporation Limited,
2. GV Corporation Limited,
3. Southside Hotels and Resorts Limited,
4. Southside Aviation Limited,
5. Swajas Air Charters Limited

COMMITTEE MEMBERSHIP - One

II. NAME- S. RAMANATHAN

DATE OF BIRTH - 26-12-1939

QUALIFICATION - Cost Accountant (FICWA)

EXPERIENCE-

Mr.S.Ramanathan, FICWA, is a Fellow member of the Institute of Cost And Works Accountant of India. He is an ex-President of the Institute of Cost and Works Accountants of India and was part of various committee constituted by the Government of India relating to costing and accounting matters. He has got more than 47 years of experience and was on the Board of many reputed companies.

OTHER DIRECTORSHIP -

1. GV New Media Technologies Limited
2. Euro Asia Infra Development Corporation Limited

COMMITTEE MEMBERSHIP - Three

III. NAME- M. V. BALAGIRI

DATE OF BIRTH - 01-08-1955

EXPERIENCE

Mr. M.V.Balagiri, is well known personality in South Indian and Bollywood Film Industry having experience of more than 30years. He has produced a few successful films in Hindi.

OTHER DIRECTORSHIP: Siddhesh Films Private Limited

COMMITTEE MEMBERSHIP: Nil

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. Mahadevan Ganesh and Mr. S. Ramanathan 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. Mahadevan Ganesh and Mr.S.Ramanathan

Item No-5:-

Mr. P Raghuraman is the whole time director of the Company. His tenure as a Whole Time Director will be expiring on 09-06-2010. His re appointment requires approval of the members in the ensuing Annual General Meeting. Also 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 recommendations of the Remuneration Committee. The necessary resolution mentioned in Item No.5 requires Member's approval.

Your directors recommend passing of this resolution.

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

Item No - 6

Mr. M.V.Balagiri was appointed by the Board of Directors of your company in their meeting held on 29.06.2009 as an Additional Director under section 260 of the Companies Act, 1956. He is vacating office at the ensuing Annual General Meeting.

Your company has received a notice under section 257 of the Companies Act, 1956 from a member, signifying his intention to propose the name of Mr. M.V.Balagiri for appointment as a Director of your company.

Mr. M.V.Balagiri, is well known in the Bollywood Film Industry and has produced a few Hindi feature films. His knowledge and expertise, will be beneficial to the Company and it is in the interests of the company that Mr. M.V.Balagiri be appointed as a Director, subject to retirement by rotation

Your Directors recommend his appointment.

None of the Directors other than Mr. M.V.Balagiri is interested in this resolution.

DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present the 20th annual report on the business and operations of your Company for the year ended on 31st March 2009.

Financial Results

Particulars	Year ended 31.03.2009 (Rs. In Lakhs)	Year ended 31.03.2008 (Rs. In Lakhs)
Turnover	940.30	4170.30
Profit(Loss) Before Depreciation & Tax	(11860.31)	263.10
Less: Depreciation	93.49	115.58
Profit (Loss) Before Tax	(11953.80)	147.52
Less: Provisions for tax	-	16.71
Less: Fringe Benefit Tax	6.07	8.89
Profit (Loss) After Tax	(11959.87)	121.92
Add: Surplus from previous year	2779.78	2639.44
Loss carried over to Balance Sheet	(9180.09)	2779.78

Dividend

Your Board has not recommended any dividend in view of the loss reported by the company.

Business Performance Review:

The turnover of the company has dropped substantially during the year 2008-09. Substantial portion of the loss arose due to impairment of assets in compliance with the prescribed accounting standards.

The reasons for the dismal performance of the company are manifold. The global recession and its impact in India across all industries have contributed in no small measure for the poor performance. There are also other contributory factors like company's inability to exploit gainfully the "Content Bank" which is its core strength. The unforeseen delay in receipt of approvals for re opening of Shanti, Kamala theaters at Tanjore which is still not operational also added to the financial strain of the company. Some of the films produced and released by the Company did not meet the expectation in the Box Office. Also during the year under review quality films available for distribution was far and few and many films failed miserably in the box office. The television serials planned by the Company did not evoke enthusiastic response from the channels and your Company has abandoned new projects.

With the proposed implementation of International Accounting Standards by all listed Companies by the year 2011, your Directors, as an act of prudent measure, have taken a conscious decision to write-off impaired assets to ensure compliance of accounting standards.

The demerger scheme proposed by the company and approved by the shareholders was rejected by the Hon'ble High Court of Madras Judicature and the Company has preferred an appeal to the Divisional Bench of the Madras High Court where it is pending for disposal.

Recent initiatives and future prospects:-

The Company has identified webcasting as its growth area. Setting up of multiplexes and miniplexes will also contribute to the development and will help in improving the performance of the Company. These efforts, coupled with the de merger and impairment of assets will help the Company in the years to come.

Statutory Disclosures.**Conservation of Energy and Technology Absorption:**

The Company is not engaged in any manufacturing activities and is not a consumer of energy requiring disclosures relating to conservation of energy and technology absorption. The company makes every efforts to conserve energy as far as possible in its theatre division production floor, offices etc.

Foreign Exchange Earnings and Outgoings:

During the year under review, there were no foreign exchange earnings and the foreign exchange outgo amounted to Rs.84,88,800 in equivalent Indian Currency.

Particulars of Employee's Remuneration and Industrial Relations.

There were no employees whose particulars are to be disclosed pursuant to Section 217(2A) of The Companies Act 1956, read with Companies (Particulars of Employees) Rules 1975. Industrial relations in the company were very cordial and stable.

Public Deposits

Your Company has not accepted any deposit from the public during the year under review.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Mahadevan Ganesh and Mr. S. Ramanathan will retire by rotation and being eligible offers themselves for re-appointment.

Mr.M.V.Balagiri was appointed as an Additional Director on 29th June 2009 and he is vacating office in the ensuing Annual General Meeting. Being eligible he is seeking appointment under section 257 of the companies Act,1956.

AUDITORS

Mr. G. Parthasarathy, Chartered Accountant, Auditor of the Company retires at the ensuing Annual General Meeting and has confirmed his eligibility and willingness to accept the office for re-appointment.

Corporate Governance.

We continue in benchmarking our corporate governance policies with the best in the industry. Our efforts are widely recognized by investors both in India and abroad.

We have complied with the recommendations of the Corporate Governance Committee constituted by the Securities and Exchange Board of India (SEBI). For the year under review, the compliance report is provided in the Corporate Governance Report section of this Annual Report. The Auditors' certificate on compliance with the mandatory recommendations of the committee is annexed to this report.

We have documented our internal policies on corporate governance. In line with the committee's recommendations, the management's discussions and analysis of the financial position of the company is provided in this annual report and is incorporated here by reference.

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, 2009 the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (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 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, 2009 on a 'going concern' basis.

Acknowledgement :

Your Directors wish to place on record their deep sense of gratitude to the employees, our Bankers, Distributors, Exhibitors, Customers and Shareholders for their active co-operation during the year under review.

Place: - Chennai
Date: - 29-06-2009

By Order of the Board
P.RAGHURAMAN
Whole Time Director

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Clause 49 of Listing Agreement, the Management Discussion and Analysis Report is as under:

(i) Industrial Structure and development

The Entertainment industry has witnessed large number of new comers in all segments of business. This has led to a healthy competition in the Industry. Your Company has increased its scope of activities to the most important areas of Film Industry viz., film production, distribution, exhibition, web-casting, animation and graphics.

The film exhibition business has also undergone changes with technology upgradation viz; multiplexes, DTS and Digital etc. With its focus on the main part of the entertainment industry and with the new wave technology of webcasting, besides the conventional film making and exhibition, the Company plans to secure a premier place in the Industry.

Strengths

GV is one of the first to enter entertainment business as a corporate house and public participation by issue of equity shares in the hitherto private film production industry.

- GV Films Limited has built a strong brand over the years and one of the reputed production houses in Tamil Nadu, with strong industry standing and relationship with artistes.
- Internet rights of about 5500 films of different Indian languages in addition to 8000 Hollywood films recently added to the library. The Content Creation is the company's forte.
- Apart from the experience in areas of exhibition, the Company has several years of experience in film production and distribution and further perfected the technology of Film Making by using 3D technology.
- The Promoters have fair knowledge and rich experience in the industry and the company is managed by professionals having hands on experience.
- The company has its presence in all segments of the entertainment chain like production, distribution, tele-serials, animation and graphics, Web-casting and entertainment Portal and screening through multiplex theatres.

Weaknesses

- Being a corporate structure with set values and governance, at times it is difficult to compete with the industry practices as it is still lying on un-organized sector of the Industry.
- The web casting business require substantial investment in infrastructures and require fair amount of gestation period before results in terms of revenue generation could be expected.
- Screening business i.e. construction of Multiplex theatres, hotels and shopping malls under GV Studio City projects also entail huge capital out lay and gestation period.
- The risk and reward of each type of business under taken by the company is different. The business of production and distribution is very risky and rewards are also very high.
- The entertainment business is highly competitive with too many new players entering the market.

(ii) Opportunities and Threats

Opportunities

- GV Studio City Projects consisting of Multiplex, shopping mall and hotels have excellent demand and potential for growth and the focus being on Tier II and Tier III cities.
- The portal business of downloading films (Webcasting) has a trillion dollar market and has excellent revenue generation potential in near future.
- With the country's economy reviving, entertainment industry is also growing and the technological innovations like Digital, DTS, state of art multiplex theatres offer more choice to the screens and is bringing back masses to the theatres.

Threats

- The conventional way of doing business by the un-organized sectors is a major issue to be addressed.