

# GV FILMS LIMITED

Where every dream, a dream come true

**22<sup>nd</sup> Annual report  
2010-2011**



# **GV FILMS LIMITED**

## ***Twenty Second Annual Report***

### **Board of Directors**

**Mr. M.V.BALAGIRI**

(Chairman & Managing Director)

**MR. MAHADEVAN GANESH**

**MR. A. VENKATRAMANI**

**MR. R.GOPALAN**

**MR. A. PRAKASHCHANDRA HEGDE**

### **Regd. Office**

No.001, Damini Building,  
Next to Dilkush School,  
Opp-Hotel Ramada Palm Grove,  
Juhu Tara Road,  
Juhu Mumbai – 400049

### **Auditors**

**R.Ravindran & Associates**

(Chartered Accountants)  
14, Ashatalakshmi Street,  
Muthulakshmi Nagar  
Chitlapakkam, Chennai - 600064

### **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**

**R. Gopalan, Chairman**

**Mahadevan Ganesh, Member**

**A Venkatramani, Member**

### **Shareholder / Investors**

#### **Grievance Committee**

**Mahadevan Ganesh, Chairman**

**R. Gopalan, Member**

**A Venkatramani Member**

#### **Audit Committee**

**R. Gopalan, Chairman**

**A.Venkatramani, Member**

**Mr. A. Prakashchandra Hegde, Member**  
(Appointed on 29.09.2010)

### **Equity Shares Listed At**

**The Madras Stock Exchange Ltd, Chennai**

**The Bombay Stock Exchange Ltd, Mumbai**

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**NOTICE**

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of the Company will be held at MIG Cricket Club, Galaxy Hall, MIG Colony, Near Mhada, Bandra (E) Mumbai – 400051 on Friday, 19th April 2013 at 11.30 A.M. to transact the following business:

**ORDINARY BUSINESS**

1. To consider, approve and adopt the Audited Balance Sheet as on 31st March 2011, the Audited Profit and Loss Account for the financial year ended on that date, together with the Report of the Board of Directors and Auditor's thereon.
2. To appoint a Director in place of Mr. R. Gopalan, who retires by rotation and being eligible offers himself for re-appointment
3. To appoint a Director in place of Mr. Mahadevan Ganesh, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to ratify the re-appointment of M/s R. Ravindran & Associates, Chartered Accountants, Chennai for the financial year 2011-2012.

**“RESOLVED THAT** subject to the provisions of the Companies Act, 1956, M/s R. Ravindran & Associates, Chartered Accountants, Chennai (FRN 003222S), be and is hereby re-appointed as statutory auditors of the Company from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting.

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to fix the Remuneration and other terms and conditions for appointment of Auditor.”

For and on behalf of the Board of Directors

Sd/-

**M.V.Balagiri**

Chairman & Managing Director

Place: - Mumbai

Date: - 16th March, 2013

**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 11th April, 2013) 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 12th April 2013 to 19th April 2013 (Both days inclusive)** to ascertain the list of members for 22nd 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. As per the MCA circular No. 18/2011 dated 29.04.2011 The Ministry of Corporate Affairs has taken Green Initiative in Corporate Governance – by allowing paperless compliances by companies. As per the said circular, companies are permitted to send the annual reports to the members through electronic mode. Hence, members are requested to update their e-mail id and changes there in from time to time with the company and RTA.
6. **Details of Director seeking re-appointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 IV of the Listing Agreement)**

As required under the Listing Agreement, the particulars of Director, Mr. R. Gopalan and Mr. Mahadevan Ganesh (seeking re-appointment) are detailed below:-

**I Name – Mr. R. GOPALAN**

Date of birth – 15th December 1937

Qualification - Cost Accountant (AICWA)

**Experience –**

Mr. R. Gopalan is an associate member of the Institute of Cost and Works Accountant of India. He is having extensive experience of over 40 Years in all areas of Financial Management. He retired as Executive Director (Finance) of Bharat Earth Movers Limited. His expertise will help your Company in its operations.

Other Directorship -

M/s. Kaashyap Technologies Limited

M/s Space Computers & Systems Limited

Other committee membership – Three

**II Name - Mr. MAHADEVAN GANESH**

Date of Birth - 21st August 1957

Qualification – B.Com.

**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 B.COM, he joined the family business helping in production and distribution of films. After a couple of years, he joined MPC Holding of Malaysia which was the largest commodities dealer specializing in palmoil. Within a year he was posted as head of Operations in Hong Kong.

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

Other Directorship

1. Southside Hotels and Resorts Limited

2. Euro Asia Infra Development Corporation Limited

Other Committee Membership – One

**EXPLANATORY STATEMENT**

Under Section 173(2) of the Companies Act, 1956.

**Item No.2:-**

As per the provisions of Section 256 of the Companies Act, 1956, Mr. R.Gopalan is retiring by rotation and being eligible offer himself for re-appointment at the Annual General Meeting.

A notice has been received from a member as required under section-257 of the Companies Act, 1956 signifying his intention to propose the Candidature of Mr. R. Gopalan to hold office of a Director.

Considering the Back ground, competency, wide experience of Mr. R. Gopalan your Directors consider it to, in the best interest of the Company to appoint him as a Director, liable to retire by Rotation as per the provisions of the Companies Act, 1956.

None of the Directors are concerned or interested in the said resolution except Mr. R.Gopalan himself.

**Item No.3:-**

As per the provisions of Section 256 of the Companies Act, 1956, Mr. Mahadevan Ganesh is retiring by rotation and being eligible offer himself for re-appointment at the ensuing Annual General Meeting.

A notice has been received from a member as required under section-257 of the Companies Act, 1956 signifying his intention to propose the Candidature of Mr. Mahadevan Ganesh to hold office of a Director.

Considering the Back ground, competency, wide experience of Mr. Mahadevan Ganesh your Directors consider it to in the best interest of the Company to appoint him as a Director, liable to retire by Rotation as per the provisions of the Companies Act, 1956.

None of the Directors are concerned or interested in the said resolution except Mahadevan Ganesh himself.

**IMPORTANT COMMUNICATION TO MEMBER:**

The Ministry of Corporate Affairs has taken a 'Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued circulars stating that serving the Notice / documents including Annual Report can be send by e-mail to its members. To support this green initiative of the Government in full measures, members who have not registered their e-mail addresses so far are required to register their e-mail addresses, in respect of electronic holding with the Depository through their concerned Depository Participants. Members who hold shares in Physical form are required to register the same with the Company's Share Transfer Agent, Cameo Corporation Services Limited Email: [cameo@cameoindia.com](mailto:cameo@cameoindia.com)



**DIRECTORS' REPORT**

To  
The Members,  
Your Directors are pleased to present the 22nd annual report on the business and operations of your Company for the year ended on 31st March 2011.

**FINANCIAL RESULTS:**

<b>Particulars</b>	<b>Year ended 31.03.2011 (Rs. in Lakhs)</b>	<b>Year ended 31.03.2010 (Rs. in Lakhs)</b>
Operating Income	1281.32	1281.99
Other Income	580.12	29.62
Income	1861.44	1311.62
Profit (Loss) Before Depreciation & Tax	(44.86)	(270.85)
Less : Depreciation	85.41	92.09
Profit / (Loss) Before Tax	(130.27)	(362.94)
Less: Provisions for Tax	NIL	1.70
Less: Fringe Benefit Tax	NIL	-
Profit / (Loss) After Tax	(130.27)	(364.65)
Add: Surplus /(Deficit) from previous year	(9544.74)	(9180.09)
Loss carried over to Balance Sheet	(9675.01)	(9544.74)

**DIVIDEND**

Your Board has not recommended any dividend in view of the loss incurred by the company during the year under review.

**BUSINESS PERFORMANCE REVIEW:**

During the year 2010-11, the turnover of your company is Rs.1281.32 Lacs against Rs. 1281.99 lacs in 2009-10. During the year, your Company has taken a conscious decision of keeping the business activities of film production and distribution on a low key in the light of global recession, which continues to hamper the world even though impact on our economy is not significant.

As a result of lower volume of business your Company has not made profits even though losses was kept at a minimum of Rs. 130.27 Lacs against Rs. 364.65 Lacs in the previous year ,this is mainly on account of significant increase in other income of your company from Rs. 29.62 lacs in 2009-10 to 580.12 lacs.

**RECENT INITIATIVES AND FUTURE PROSPECTS:-**

The fact that the Tanjore Multiplex is now fully operational augurs well for the future as theatre complex since transferred to the subsidiary company, GV Studio City Limited is likely to report larger revenue and earnings in the current year.

Your Company is planning to expand its theatre division in a big way by investing in cineplexes /multiplexes. A chain of cineplexes is planned throughout the country especially in Maharashtra and Tamil Nadu to start with. The Company shall continue to focus on its core activities of film production and distribution and expand

the business further to make it more viable and profitable. The Company shall explore every possible opportunity to leverage the film rights bank (14000 film rights).

### **REPLY TO AUDITORS QUALIFICATION**

The Company is continuing the efforts to revive the web portal. The challenges by the way of appropriate development of the technology could be overcome in immediate future. Your Board of Director will undertake impairment study after exhausting all avenues of matching technology.

The Company is negotiating with intermediaries for recovery of investments made in media companies

### **STATUTORY DISCLOSURES.**

#### **Conservation of Energy and Technology Absorption:**

The Company is not engaged in any manufacturing activities, and as such the Particulars relating to conservation of energy and technology absorption is not applicable. The company makes every efforts to conserve energy as far as possible in its Theatre division production floor, offices etc.

#### **Foreign Exchange Earnings and Outgo:**

During the financial year under review the Company does not have any foreign exchange earnings and outgo.

#### **Non- Payment of Interest due on FCCBs:**

Your Directors wish to report that there is a non payment of interest due for all quarters in 2010-11 on FCCBs due to dispute with FCCBs holders and your management is taking steps to settle the issue amicably through ongoing negotiations with the bond holders.

#### **Particulars of Employee's Remuneration and Industrial Relations.**

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

### **PUBLIC DEPOSITS**

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

### **DIRECTORS**

During the year due to sudden demise of Mr.S. Ramanathan on 28.10.2010 there was a casual vacancy in the board of directors

Mr. R.Gopalan, and Mr.Mahadevan Ganesh directors of the Company, will retire in the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

### **EXTENSION OF ANNUAL GENERAL MEETING**

Due to financial restructuring of the Company, the Annual General Meeting for the financial year ended 31st March, 2011 was not been conducted within the stipulated period of time as per the provisions of the section 166(1) of the Act.

### **AUDITORS**

Mr. R.Ravindran & Associates, Chartered Accountants, the Statutory Auditor of the Company shall vacate office at the ensuing Annual General Meeting and being eligible to offers themselves for re-appointment and your Board recommends their 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 year 2011, 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, 2011 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 profit 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, 2011 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.

For and on behalf of the Board of Directors

Sd/-

**M.V.Balagiri**

Place: - Chennai

Chairman & Managing Director

Date: - 30th May 2011

## **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 year 2010 saw the global economy begin to recover from a steep decline which in turn saw a rebound in consumer spend, and most importantly Entertainment & Media spend worldwide. The world in general continued its shift towards 'digital' though the magnitude of change was different in many markets.

Worldwide, 2010 saw the global economy begin to recover from a steep decline in 2009. Improved economic conditions in 2010 played a major role in a rebound in consumer spend, and most importantly in the E&M spend. While India and China were not critically impacted by the downturn in 2008 and 2009, they demonstrated one of the highest growth rates this year and continued to outperform their global peers.

The negative growth in the film segment for a second year in a row was largely due to the lack of quality content and the closing-down of single-screen theatres.

India recorded one of the highest growth rates in the world at 11.2% in 2010. Yet, this was lower than projected, largely due to the negative growth in the film segment, with all the other segments growing as projected. Entertainment & Media revenues in India continue to be largely non-digital with TV, print and film constituting almost 90% of the sector.

The E&M industry continues to be dominated by TV, print and film. Significant revenues continue to be from the non-digital segment though there continues to be good growth in digital spending too. Infrastructure is the biggest challenge in the growth of digital spends.

The growth momentum is expected to carry over into 2012. The films sector expect to achieve better performance with some big movies expected over the coming year. Overall, India's media and entertainment industry grew by 12 % to reach \$ 14.6bn.

### **Strengths**

GV is one of the first to enter entertainment business as a corporate house and first public limited company who invited public participation 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 film rights of about around 5500 films of different Indian languages in addition to around 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 hard core 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, entertainment Portal and screening through multiplex theaters.
- Owns 8 screens in Tamil Nadu and plans to open more in Tamil Nadu and Maharashtra.

### **Weaknesses**

- Being a corporate structure with set values and governance, at times it is difficult to compete with the industry practices as it is lying on un-organized sector of the Industry.
- Screening business i.e. construction of Multiplex theaters, 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 & cineplexes shopping malls and food courts have