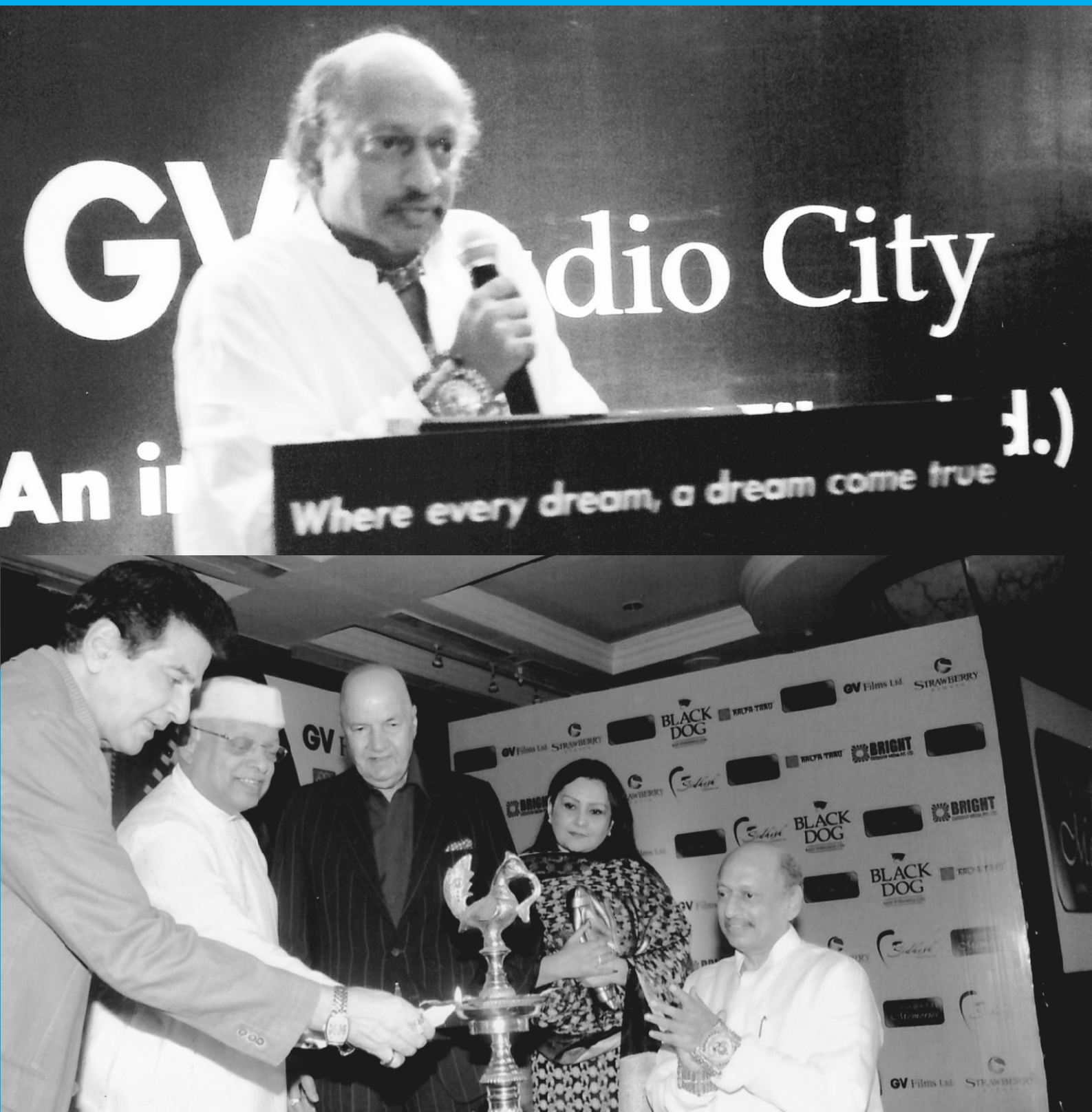


# GV FILMS LIMITED

Where every dream, a dream come true

**23<sup>rd</sup> Annual report 2011-2012**



# **GV FILMS LIMITED**

## ***Twenty Third 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**  
(Upto 25.05.2011)

### **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**

**Mahadevan Ganesh, Member**  
(Appointed on 30.05.2011)

### **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 Third 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, 19<sup>th</sup> April 2013 at 01.00 p.m. to transact the following business:

**ORDINARY BUSINESS**

1. To consider, approve and adopt the Audited Balance Sheet as on 31<sup>st</sup> March 2012, 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. A. Venkatramani who retires by rotation and being eligible offers himself for re-appointment.
3. To re-appoint the Auditors to hold the 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 resolution thereof

**“RESOLVED** that M/s R. Ravindran & Associates, Chartered Accountants, (FRN 003222S) be and is hereby re- appointed as the Statutory auditors of the company from the conclusion of the this Annual General Meeting until the conclusion of 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 The Directors

Sd/-

**M.V.Balagiri**

Chairman & Managing Director

Place: - Mumbai

Date: - 16<sup>th</sup> 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 11<sup>th</sup> 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 **12<sup>th</sup> April 2013 to 19<sup>th</sup> April 2013 (Both days inclusive)** to ascertain the list of members for 23<sup>rd</sup> 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. A. Venkatramani (seeking re-appointment) is detailed below:-

Name - **A. Venkatramani**

Date of Birth - 04<sup>th</sup> April 1958

Qualification - Bachelor Degree in commerce

Experience –

A. Venkatramani is a commerce graduate promoter of Kaashyap Technologies Limited. Marketing and People Management is his forte. Starting his carrier as a Sales Manager with Hindustan Lever Limited he moved to become the Executive Director of Shriram Chits Private Limited and then moved to setup the present Kaashyap Technologies Limited. He has also produced several teleserials and movies. He has been appointed as Non – Executive Director of the Company. His experience and acumen will help the Company to grow manifold. He is the Chairman & Managing Director of Kaashyap Technologies Limited.

Mr. A. Venkatamani having been the part of leading corporate, team building has been his main strength and has successfully put in a professional team in the company for its smooth functioning.

Other Directorship - M/s. Kaashyap Technologies Limited.

M/s Eyclight Events & Promotions (India) Private Limited.

Other committee membership – Nil

### **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. A. Venkatramani 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. A. Venkatramani to hold office of a Director.

Considering the Back ground, competency, wide experience of Mr. A. Venkatramani your Directors consider it, 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. A. Venkatramani himself.

#### **IMPORTANT COMMUNICATION TO MEMBERS:**

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 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 23<sup>rd</sup> annual report on the business and operations of your Company for the year ended on 31<sup>st</sup> March 2012.

<b>Particulars</b>	<b>Year ended 31.03.2012 (Rs. in Lakhs)</b>	<b>Year ended 31.03.2011 (Rs. in Lakhs)</b>
Turnover	335.23	1281.32
Profit (Loss) Before Depreciation & Tax	379.14	(44.86)
Less : Depreciation	32.72	85.41
Profit / (Loss) Before Tax	(411.86)	(130.27)
Less: Provisions for Tax	NIL	NIL
Less: Fringe Benefit Tax	NIL	NIL
Profit / (Loss) After Tax	(411.86)	(130.27)
Add: Surplus /(Deficit) from previous year	(9675.01)	(9544.74)
Loss carried over to Balance Sheet	(10086.87)	(9675.01)

**DIVIDEND**

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

**BUSINESS PERFORMANCE REVIEW:**

During the year 2011-12 your Company's turnover has been significantly reduced from Rs. 1281.32 lacs in 2010-11 to Rs. 335.23 lacs in 2011-12. 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 were kept at a minimum of Rs.130.27 Lacs against Rs. 364.65 Lacs in the previous year.

**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

**RECENT INITIATIVES AND FUTURE PROSPECTS:-**

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) .

The Management of the Company started discussing with electronic media for dubbing some of the films rights and also for the telecasting of dubbed movies.

### **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 OUTFLOW:**

<b>Earnings / outflow</b>	<b>2011-12</b>	<b>2010-11</b>
Foreign Exchange Earnings	NIL	NIL
Foreign Currency outflow	NIL	NIL
Interest on FCC Bonds	NIL	NIL

#### **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 2011-12 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 financial year, Mr. A. Prakashchandra Hegde (Director) resigned from the Board with effect from 25<sup>th</sup> May 2011 due to his pre occupation of office.

Mr. A. Venkatramani , a director of the Company, will retire in the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

#### **NON HOLDING OF ANNUAL GENERAL MEETING**

Due to financial restructuring of the Company, the Company has not able to conduct the Annual General Meeting within the stipulated period of time as per the section 166(1) of the Act.

#### **AUDITORS**

M/S R.Ravindran & Associates, Chartered Accountants, the Statutory Auditors of the Company shall vacate office at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment and your Board recommends their appointment.

#### **CORPORATE GOVERNANCE.**

For year 2012, the compliance report is provided in the Corporate Governance Report section of this Annual Report. The company has not complied with the provisions as to the composition of the Audit committee. Other conditions of the corporate Governance as stipulated in clause 49 of the listing Agreement are complied with. 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 31<sup>st</sup> March, 2012 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 31<sup>st</sup> March, 2012 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: - 14<sup>th</sup> August 2012



## **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*

After two consecutive years of de-growth, when industry faced some of its most challenging and difficult times, 2011 brought back audiences to the cinema screens and cheers to the films industry. Despite the economy rebounding only slightly, increasing digitisation, growth in multiplexes, films with differentiated content and revival of the TV syndication market led to growth of Indian films industry.

Even though India is the largest in terms of the number of films produced and the number of admissions it is only eighth largest when it comes to Box Office collection. This indicates the industry's continued inability to monetize its films better even though the film industry is coming of age with increased acceptance in overseas market.

The Last year and half has witnessed strong performance by films that have relied on strong and differentiated content. While Indian cinema is synonymous with Bollywood the regional film industry has continued to grow strong. The Indian film industry is witnessing rapid digitization of the cinema screens in the country and is enabling film producers to simultaneously release their films across the geography in the first week itself. As per our industry discussion about 70% of the screens currently operational in the country are already digitized and the industry expects remaining to be digitized by the end of 2013.

Social media has increasingly becoming an important tool for film production and marketers to promote films and gauge audience reaction before the release of the film. Apart from using social media, film producers are increasingly looking at innovative forms and media to market their films.

The home video segments its declining trend in 2011 and the first half of 2012 primarily due to piracy and the challenges in monetizing home video on digital platform. Revenues from the sales of film CDs and DVDs are shrinking due to people shifting to substitute particularly new age media platform. There is an increasing trend of films being viewed on personal devices (mobile phones and tablets), internet platform such as YouTube and DTH PPV model. The Year 2011 saw an increase in the viewership of both Hindi and English film channels. This has led to positive response from film broadcasters and advertisers. An increasing number of films with bankable stars are able to sell broadcasting right even before their release.

New multiplexes and growth in 3D screens will stimulate the box office market although the incremental impact of 3D is diminishing in some countries. 3D films in India are on a rise with a number of upcoming Bollywood releases set to be released in 3D. Multiplexes audiences are willing to pay 50 or 100 INR more for a good quality 3D film in India. However, given the quality of local 3D production and the fact that a three hour film with 3D glasses can be quite uncomfortable this trend may reverse in the near future.

Favorable demographic and an expanding box office market will boost cinema advertisement as well as the migrations to digital cinema by reducing the costs and complexities of screening advertisement. Cinema advertising is appealing because the audience is not distracted by electronic media and is focused on screen. Films also allow for longer ads than the 30 second or 60 second as seen on television. With most screens now digital, it is easier and less expensive for advertisers that may participate. While digital cinema in India is showing considerable growth, cinema advertising remains at a nascent stage. Advertiser is yet to assess the full potential of cinema advertising and the lack of any measurement mechanism or study to highlight its benefits has not helped the matter.

### **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, 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 excellent demand and potential for growth and the focus being on Tier II and tier III cities of India, the complex will be the landmark building in the town.
- with the country's economy booming, entertainment industry is also growing and the technological innovations like Digital, DTS, state of art multiplex theaters offer more choice to the screens and is bringing back masses to the theaters. Television serials is another big opportunity as the Company has proved its expertise in that field and have been nominated for international awards

#### **Threats**

- The conventional way of doing business by the un-organized sectors and still a part of the business being done by them in cash is a major issue to be addressed.

### *(iii) Segment-wise or product-wise performance*

#### **Statement of Segment-wise performance contribution of the divisions to the total income of the company in last two years.**

<b>SR. No</b>	<b>Divisions</b>	<b>F.Y.2011-12 (Rs. Lacs)</b>	<b>Percentage</b>	<b>F.Y.2010-11 (Rs. Lacs)</b>	<b>Percentage</b>
1	Turnover from Film Division	15.22	4.53	667.10	52.06
2	Turnover from Theater Division	320.00	95.47	614.22	47.94
	<b>Total Income</b>	<b>335.22</b>	<b>100.00</b>	<b>1281.32</b>	<b>100.00</b>