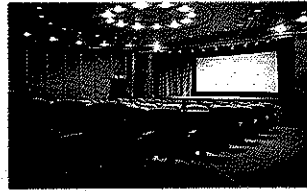
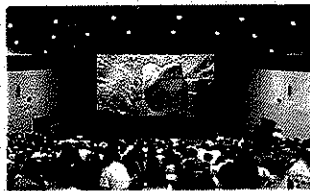
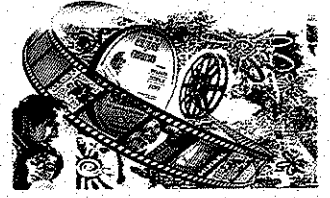
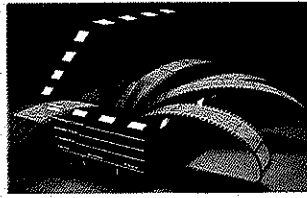
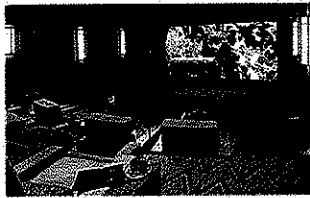




Annual Report 2010 - 2011



Datuk K. Keetheeswaran
Non- Executive Chairman

REGISTERED OFFICE

9th Floor, GEE GEE Emerald,
312, Valluvar Kottam High Road,
Nungambakkam, Chennai 600034.
Tel : +91-44-30632454/2455
Fax No : +91-44-30632453
Website : www.mvel.in

K. Murugavel
Executive Director & COO

STATUTORY AUDITORS

Venkatesh & Co
Chartered Accountant
' Sri Ranga'
151, Mambalam High Road
T.Nagar, Chennai-600017.
Tel : +91-44-28144763/64/65/66
Email: venkateshandco@gmail.com

R.Chandrasegaran
Director

K. Ramadasan
Director

Harakchand Kamal Nayan
Director

S.Yuvaraj
Director

LEGAL ADVISOR

K Ramasamy
Advocate
New No-337, Linghi Chetty Street,
Chennai 600 001.

P.Krishnaswamy
Company Secretary

BANKERS:

Lakshmi Vilas Bank
Nungambakkam , Chennai -34

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NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 22nd Annual General Meeting of the company will be held on Friday, the 30th December 2011 at 10.00 a.m at Andhra Social & Cultural Association, 22, Vijayaragava Road, T.Nagar, Chennai 600 017, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 30th April 2011, Profit & Loss Account for the year ended 30th April 2011, together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ramadasan who retires by rotation and being eligible, offers himself for re-election.
3. To appoint Auditors for the period from conclusion of the Annual General Meeting to conclusion of next Annual General Meeting and decide their remuneration. The retiring auditors M/s.Venkatesh & Co, Chartered Accountants are eligible for re-appointment.

SPECIAL BUSINESS :

4. To consider and if thought fit to pass with or without modification(s) the following resolution as ordinary resolution :
"RESOLVED THAT Mr. Harakchand Kamal Nayan who was appointed as an additional Director of the Company with effect from 1st July 2011 and who holds office till the date of the AGM in terms of sec.260, of the Companies Act, 1956, be and is hereby appointed as Director of the company, liable to retire by rotation"
5. To consider and if thought fit to pass with or without modification(s), the following resolution as ordinary resolution :
"RESOLVED THAT Mr.Yuvaraj who was appointed as an additional Director of the Company with effect from 7th September 2011 and who holds office till the date of the AGM in terms of sec.260 of the Companies Act 1956 be and is hereby appointed as Director of the Company, liable to retire by rotations".

Date : 5.12.2011
Place : Chennai

By Order of the Board of Directors
For **Midvalley Entertainment Limited**

Registered Office:

9th Floor, GEE GEE Emerald -
312, Valluvar Kottam High Road
Nungambakkam
Chennai 600 034.

P KRISHNASWAMY
Company Secretary

Notes :

- (1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notary certified copy of that power of authority should however be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting.
- (2) The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business as set out in the notice is annexed hereto.
- (3) The Register of Members and the Share Transfer books of the company will remain closed from 28th December 2011 to 30th December 2011 (both days inclusive).
- (4) Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing such representatives to attend and vote at the Annual General Meeting.
- (5) In the case of Joint holders attending the meeting, only such joint holder who is higher in order of names will be entitled to vote.
- (6) As a measure of economy copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copy of Annual Report to the Meeting.
- (7) Pursuant to the provisions of Section 109A of the Companies Act, shareholders are entitled to make nomination in respect of the shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B duly filled in and signed by them, to the Registrars and Transfer Agents M/s.Cameo Corporate Services Limited, Chennai-600 002 and to the Depository Participants in case the shares are held in electronic form.
- (8) All documents referred to it in the accompanying Notice are available for inspection by the members at the registered office of the company on all working days between 11.00 a.m. and 1.00 p.m. prior to the date of the Meeting.
- (9) Details of directors seeking appointment/ re-appointment at the Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement. At the ensuing Annual General Meeting, Mr. K.Ramadasan, retires by rotation and being eligible offers himself for reappointment. The information or details pertaining to the Director to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchange are furnished in the Report on Corporate Governance published in the Annual Report.

By Order of the Board of Directors
For **Midvalley Entertainment Limited**

P KRISHNASWAMY
Company Secretary

ANNEXTURE TO NOTICE

Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956,

Item No.4

Mr. Harakchand Kamal Nayan was appointed as additional Director of the Company at the Board Meeting held on the 7th Sep 2011. As per the provisions of Sec.260 of Companies Act 1956, Mr. Harakchand Kamal Nayan holds office up to the date of the following Annual General Meeting. The Company has received notice in writing under Sec.257 of the Companies Act 1956 along with a requisite deposit, proposing Mr. Harakchand Kamal Nayan for the office of the Director, liable to retire by rotation.

Mr. Harakchand Kamal Nayan aged 41 years, is basically a film producer and distributor and has wide experience in media and entertainment industry. He has so far distributed 29 films in Tamil and jointly with the other production houses, produced films in Tamil. The Board of Directors of your Company is of the opinion that his appointment would be beneficial to the Company and hence recommend the resolution for your approval. Save and except Mr. Harakchand Kamal Nayan, none of the directors is in anyway concerned or interested in the resolution.

Item No.5

Mr. S. Yuvaraj was appointed as an additional Director the Company at the Board Meeting held on the 7th Sep 2011. As per the provisions of Sec.260 of the Companies Act, 1956 Mr. S. Yuvaraj holds office up to the date of the forth coming Annual General Meeting. The Company has received notice in writing under Sec.257 of the Companies Act, 1956, along with a requisite deposit, proposing Mr. S. Yuvaraj for the office of the Director, liable to retire by rotation.

Mr. S. Yuvaraj aged 28 years, is basically a financial consultant and has wide experience in fund raising, corporate restructuring, etc. He is a commerce graduate and has vast experience in corporate accounting and financial planning. The Board of Directors of your Company is of the opinion that his appointment would be beneficial to the Company and hence recommend the resolution for your approval.

Save and except Mr. Yuvaraj none of the Directors of the Company is in any way, concerned or interested in the resolution.

DIRECTOR'S REPORT

TO ALL MEMBERS

Your Directors have pleasure in presenting the Twenty Second Annual Report of the Company along with the Audited statement of accounts for the year ended 30th April 2011.

1. FINANCIAL RESULTS

The highlights of the financial results of the Company for the year ended 30-4-2011 compared with the previous year are given below:-

(Rs in lakhs)

PARTICULARS	AS ON 30-04-2011	AS ON 30-04-2010
Total Income	1891.77	1294.74
Profit before Taxation	42.40	16.30
Less : Provision for Taxation	8.65	72.66
Add / (Less) : Provision for deferred taxation	29.45	(60.19)
Less : Income tax of earlier year	-	-
Net profit after tax	4.30	3.83
Add : Profit brought forward	1896.62	1892.79
Amount available for appropriation	-	-
Balance carried forward	1900.93	1896.62

The Profit before tax (PBT) for the year was Rs. 42.40 Lakhs as compared to the previous year figure of Rs.16.30 Lakhs. The net profit after tax for the year was Rs. 4.30 Lakhs compared to profit of 3.83 lakhs last year.

3. DIVIDEND

Considering your Company's expansion and the necessity to preserve funds for the future business plan of your Company, on a conservative basis, your directors have not recommended any dividend for the year.

4. DIRECTORS

Mr. K Ramadasan, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

During the year under review Mr. Sudhir Kumar Jena, Mr. C Vasan and Mr. Prashant Burra, Directors resigned from the office of Directorship, due to their pre commitments. Mr. Harakchand Kamal Nayan and Mr. S.Yuvaraj joined the Board as Additional Directors. The Board places on record its sincere thanks and appreciation for the untiring efforts put by the retiring Directors, besides welcoming the new Directors.

5. PUBLIC DEPOSITS

During the year your Company has not received any deposits nor renewed any deposit from the public.

6. FOREIGN EXCHANGE EARNINGS & OUTGO

During the year under review the Company has not booked overseas revenue or incurred any expenditure.

7. PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 OF THE COMPANIES ACT 1956

The particulars required to be given in terms of section 217(1)(e) of the companies Act, 1956 regarding conservation of energy, technology absorption are not applicable to your company.

None of the employees of your company fall under this section 217(2A).

8. QUALITY MANAGEMENT SYSTEM

The Company continues to lay emphasis on excellence in quality and services and is committed to total customer satisfaction.

9. DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors confirm;

- A. That in the preparation of Annual Accounts, the applicable accounting standards have been followed and no material departures have been made.
- B. That they selected such accounting policies and applied them consistently and made judgments and estimates that are 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.
- C. That they 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 your Company and for preventing and detecting fraud & other irregularities.
- D. The annual accounts have been prepared on a going concern basis.

10. CORPORATE GOVERNANCE

Your Company will always strive to incorporate appropriate standards for good corporate Governance.

11. AUDITORS

M/s. Venkatesh & Co, Chartered Accountants, Statutory auditors of the Company retire on the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

12. REPLY TO AUDITORS' QUALIFICATION/OBSERVATION

No provision has been made in the accounts for Gratuity since the payments are made on a cash basis and the necessary provision will be made as and when the liability arises.

No provision has been made for the Debtors, outstanding for more than 6 months, to the tune of Rs. 19.16 crores, which the management considers, that the debts are realizable.

13. PERFORMANCE OF THE COMPANY

During the year, the Company has taken theatres on lease in various parts of South India. During the year the company acquired rights, through authorized agent in India, for Film content, Distribution, and screening rights, for production of films at domestic and international levels. The company is in the process of tying-up more screens and during the interim period, the company has deployed those extra funds in copy right acquisition. The company is confident of realizing the money under copy right acquisition either by exploitation or by sale which will be re-deployed for the purpose of screening agreements. During Jan 2011 the Company made public issue of 85,71,429 equity shares of Rs.10 each for cash at a price of Rs.70 per share including a share premium of Rs.60 each aggregating to Rs.6000 Lakhs. The issue has been oversubscribed for 4 times and the shares have been listed on 27th January 2011, at Bombay Stock Exchange. In the media and Entertainment industry, the exhibition sector is undergoing tough face and the success rate of content is less to the ratio of content cost, the Company has incorporated, three subsidiary Companies viz., Midvalley Contents & Distribution Private Limited, Midvalley Hospitality Private Limited,

and Midvalley Entertainment International Private Limited. This was done to utilize the opportunities available in other areas of Media and Entertainment industry.

14. ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the contribution made by the employees at all levels enabling the Company to achieve the performance under review.

Your Directors also appreciate the valuable co-operation and continued support extended by the Company's Bankers, Distributors and various Government authorities for their trust and confidence in the Management of the Company. Finally your Directors are deeply grateful to the members for their continued confidence & faith in the management of the Company.

For and on behalf of the Board
For **Midvalley Entertainment Limited**

Place : Chennai
Date : 5.12.2011

K Murugavel
Executive Director & COO

S.Yuvaraj
Director

MANAGEMENT DISCUSSION AND ANALYSIS:

Industry Structure and Developments :

The Entertainment industry is one of the fastest growing sectors in the County at an 18% compound annual growth over the past decade. The Media and entertainment industry offers secular growth from revenue opportunities in several areas such as advertising, subscription, TV Content providers, movie and music. Spending on entertainment is one of the largest components of discretionary household expenditure in most developed markets.

The Entertainment industry has always been successful in drawing masses from the days of Roman Gladiators to present day movies. Given the inevitable convergence between entertainment and telecommunication, the potential of the industry is unlimited. From the capital market to the corridors of power there is a buzz about entertainment. Entertainment has perhaps come to be regarded as the fourth basic need of mankind after food, clothing and shelter.

The industry is projected to grow at a Compounded Annual Growth Rate (CAGR) at 14 percent to reach INR 1,275 billion by 2015 as tabulated below says the FICCI KPMG report

Overall Industry size (INR Bn)	2007	2008	2009	2010	CAGR (2007-10)	2011P	2012P	2013P	2014P	2015P	CAGR (2010-15)
Television	211	241	257	297	12%	341	399	455	533	630	16%
Print	160	172	175	193	6%	211	231	254	280	310	10%
Film	93	104	89	83	-3%	91	98	109	120	132	10%
Radio	7	8	8	10	11%	12	15	18	21	25	20%
Music	7	7	8	9	5%	9	11	13	16	19	17%
Out of Home	14	16	14	17	6%	19	22	24	27	30	12%
Animation and,VFX	14	17	20	24	18%	28	33	40	47	56	19%
Gaming	4	7	8	10	32%	13	17	23	31	38	31%
Digital Advertising	4	6	8	10	39%	13	18	22	28	36	28%

COMPANY OVERVIEW

The company has taken on lease, various theatres in south India. It has tied up with Indian agent for acquiring content and screening rights for films at Domestic & International levels

a) Exhibition Theatres :

We are operating Theatres in South Indian Region (Tamilnadu, Andhra & Karnataka). During the period under the consideration there were commercial movies in Tamil 142, Telugu 108, Kannada 150 released. But the success rate is only 10%.

We strived our best and with the experience and also systematic selection of content for our theatres, we are able to screen good content to our theatres to maximize the revenue.

The average occupancy rate is around 20% in the industry and it is our endeavor to increase it to 28 - 30% by selecting top content and also cooperating with the theatre owners for the upkeep, maintenance and ambience of the theatres, so that the crowd is attracted towards our theatres and this will increase the average occupancy to the extent of 28 - 30% and make the theatres under our chain more profitable. We are doing our best to achieve the target.

b) Distribution :

In the distribution sector we are trying to lookout for the best content for Distribution at our theatres. We have accumulated to our library a good number of content which will be useful and handy for us when there is any shortage of content in the local market and also whenever there is need of gap program at our theatres these libraries will come in hand to fill up that gap.

Infrastructure :

Your company appoints various supervisors to supervise the theatres which are taken on lease. The company has necessary personnel to produce and distribute films.

Operations :

Your company's turnover during the year was Rs.1891.77 Lakhs as against Rs.1294.74 lakhs in the previous year. The company made a profit of Rs.4.30 lakhs as against Rs.3.83 lakhs in the previous year.

Financial at a Glance :

During the year, the company made a public issue of 85,71,429 equity shares of Rs.10 each, for cash at a price of Rs.70 Per share including a share premium of Rs.60 each aggregating to Rs.6000 lakhs. The issue has been over subscribed for 4 times and the shares have been listed on 27.1.2011 at Bombay Stock Exchange Limited. The paid up capital of the company is Rs.3422.46 lakhs and the reserves & Surplus amount to Rs.8016.94 lakhs.

Profit before taxation for the year amounted to Rs.42.40 lakhs compared to Rs.16.30 lakhs last year. Profit after taxation for the year was Rs.4.30 lakhs compared to Rs.3.83 lakhs, last year.