

**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



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.**

SI No.	Divisions	F.Y.2010-11 (Rs. Lacs)	Percentage	F.Y.2009-10 (Rs. Lacs)	Percentage
1	Turnover from Film Division	667.10	52.06	1136.28	88.64
2	Turnover from Theater Division	614.22	47.94	145.72	11.36
	<b>Total Income</b>	<b>1281.32</b>	<b>100.00</b>	<b>1281.90</b>	<b>100.00</b>

#### (iv) Outlook, risks and concerns

The Indian M&E industry grew from INR 587 billion in 2009 to INR 652 billion in 2010, registering an overall growth of 11 percent. Backed by positive industry sentiment and growing media Consumption, the industry is estimated to achieve growth of 13 percent in 2011 to touch INR 738 billion. As the industry braces for exciting times ahead, the sector is projected to grow at a CAGR of 14 percent to reach INR 1,275 billion by 2015. (FICCI-KPMG report.)

India is the third biggest Internet market, with over 100 million internet user base and the amount of time spent on the Internet for an average user in the country is 16 hours a week. According to Google estimates, 40 million users access Internet through mobile phones and download 30 million applications.

Media companies today have no choice but to provide more touch points to engage with audiences. With changing media consumption habits and preference for niche contents, there is a need to engage the evolving consumers across platforms and experiences, and therefore for integration and innovation across traditional and new media. Apart from the shifts in consumer preferences, company strategies and business models, one big change awaited for the next growth wave is the implementation of recently enacted and regulations on digitisation for cable, implementation of Phase III for Radio and the roll out of 4G. These shifts are expected to be game changers in terms of how business is being done currently and what could be the path going forward.

During the year, your Company has taken a conscious decision of keeping the business activities in film production and distribution on a low key in the light of global recession, which continues to hamper the world.

As the company has a large library of films for which it possesses internet rights, it stands to gain in this scenario in the years to come.

#### (v) Internal control systems and their adequacy

The company has regular internal audit system covering all key processes and has in place adequate internal control.

#### (vi) Financial performance Vs operational performance;

The top line and bottom line both have shown significant growth during the financial year ended 30th March 2011 compared to the previous year.

The details of the financial performance of the Company are appearing in the Balance Sheet, Profit & Loss Account and other financial statements appearing separately. However the highlights of the same appears in the Directors' Report.

**CORPORATE GOVERNANCE**

The Company submits its report on the matters mentioned in Clause 49 of the Listing Agreement with the Stock Exchanges as follows

**Company's Philosophy on Code of Governance**

G V Film's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its shareholders, employees, the government and lenders, film artists and other members of the film production, distribution and exhibition team.

The Company is committed to achieving the highest standards of corporate governance.

G V Films believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

The Company upholds its relationship with society and hence its social responsibility of environmental safety and human welfare.

**BOARD OF DIRECTORS**

During the year 2010-2011, Composition and category of Directors were as follows:

Category	Name of the Director
CHAIRMAN & MANAGING DIRECTOR (Executive Director)	Mr. M. V. BALAGIRI
Non Executive Director	Mr. A.VENKATRAMANI Mr. MAHADEVAN GANESH
Non-Executive and Independent Director	Mr. S.RAMANATHAN* Mr. R.GOPALAN Mr. PRAKASHCHANDRA HEGDE

\* Casual vacancy due to sudden demise on 28.09.2010

Attendance of each Director at the 5 Board Meetings, last Annual General Meeting and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various Companies :

Name of the Director	Attendance Particulars		Number of directorship and committee member/chairmanship of other company		
	Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
M.V.Balagiri	4	NO	5	-	-
Mahadevan Ganesh	4	NO	2	1	-
A.Venkatramani	5	YES	2	-	-
R.Gopalan	5	YES	2	3	2
S.Ramanathan	2	NO	-	-	-
Prakashchandra Hegde	5	YES	4	1	-

Number of Board Meetings held and the dates on which held.

Five Board Meetings were held during the year on the following dates: 30.04.2010, 13.08.2010, 29.09.2010, 12.11.2010 and 14.02.2011

**Profiles of Director retiring by rotation at the Annual General meeting.**

At the ensuing Annual General Meeting Mr. R. Gopalan and Mr. Mahadevan Ganesh retires by rotation and being eligible, offer themselves for re-appointment. Pursuant to Clause 49(IV)(G) of the Listing Agreements relating to Code of Corporate Governance, particulars of the aforesaid directors are given below:-

**I Name - 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 37 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 and systems Limited

Committee membership – Three

**II Name - MAHADEVAN GANESH**Date of birth - 21<sup>st</sup> 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 Nintees, he went to production films, successfully completing more that 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

**AUDIT COMMITTEE**

The Company has complied with the provisions of clause 49 of the Listing Agreement as to the composition of the Audit committee. The Company has an Audit Committee comprising of two independent Non-Executive Director, and one Non Executive Director as members. During the year under review the audit committee reconstituted on 29<sup>th</sup> September 2010 due to sad Demise of Mr. S. Ramanathan, an Independent Non Executive Director of the Company on 28<sup>th</sup> September, 2010. Mr. A. Prakashchandra Hegde was inducted as member of the audit committee, who is in the Board as an independent Non-Executive Director

The Audit Committee has met four times on 30.04.2010, 13.08.2010, 12.11.2010 and 14.02.2011 during the financial year under review.

The Committee is vested with following powers as per the terms of reference as prescribed under relevant provisions Section 292A of the Companies Act, 1956 and Listing agreements of Stock Exchanges

**Powers:**

The Audit Committee is empowered, pursuant to its terms of reference, to

- investigate any activity within its terms of reference.
- seek information from any employee.

- obtain outside legal and other professional information.
- secure attendance of outsiders with relevant expertise, if it consider necessary

#### **Terms of Reference:**

- a. Overview of the Company's financial reporting process and the disclosure of its financial information.
- b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgment by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e., transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of Company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit functions.
- f. Discussion with internal auditors any significant findings and follow up there on.
- g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h. Discussion with external auditors before the audit commences nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- i. Reviewing the company's financial and risk management policies.
- j. To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors.

#### **Shareholders'/Investors' Grievance Committee**

The Committee consists of Mr. Mahadevan Ganesh, Mr. R Gopalan and Mr.A.Venkatramani and Committee oversees and reviews all matters connected with the securities transfers.

During the year under review the Shareholders / Investors Grievance Committee reconstituted on 29<sup>th</sup> September 2010 due to sad Demise of Mr. S. Ramanathan Independent Non Executive Director of the Company on 28<sup>th</sup> September 2010. However Mr. A. Venkatramani a Non – Executive Director was inducted as member of the committee

The committee also looks into redressing of shareholders' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc. The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services. The Board of Directors has delegated the power of approving transfer of securities to the Share Transfer Committee.

The total number of complaints which were received and replied to the satisfaction of shareholders during the year under review were six. Outstanding complaints as on 31<sup>st</sup> March, 2011 were Nil and Nil request(s) for dematerialization were pending for approval as on 31<sup>st</sup> March, 2011.

**Remuneration of Directors****Details of Remuneration of the Directors for the financial year ended 31<sup>st</sup> March, 2011.**

Director.	Consolidate d Salary. (Rs.)	Perquisites and other Benefits.(Rs.)	Performance Bonus/Commissio n (Rs.)	Sitting Fees.(Rs.)	Total.(Rs.)
M.V.Balagiri	NIL	NIL	NIL	NIL	NIL
Mahadevan Ganesh	NIL	NIL	NIL	20000	20000
A.Venkatramani	NIL	NIL	NIL	25000	25000
S.Ramanathan*	NIL	NIL	NIL	10000	10000
R.Gopalan	NIL	NIL	NIL	25000	25000
A.Prakashchandra Hegde	NIL	NIL	NIL	25000	25000

\*Casual vacancy arised due to sad demise on 28.09.2010

**DISCLOSURES****CODE OF CONDUCT**

The Board of Directors has laid down code of conduct for Directors and Senior Management personnel. A copy of the Code of Conduct is available on the web site of the company [www.gvfilms.com](http://www.gvfilms.com). All the Board of Directors and Senior Management personnel have affirmed the compliance with the Code of Conduct

- The necessary disclosures regarding the transactions with Related Parties are given in the notes to the Accounts. None of these transactions have potential conflict with the interest of the Company in large.
- The company has followed the guidelines of Accounting standards laid down by the Institute of Chartered Accountant of India (ICAI) in preparations of its financial statements.
- The company has complied with the requirement of regulatory authorities on capital markets and no penalties/ strictures have been imposed against it in the last three years on any related to Capital Markets.
- The company does not have Whistle Blower policy. However no personnel have been denied access to the Audit Committee of the Company.
- The Company has adopted procedures for Risk Assessment & Minimization.
- The company has complied with all mandatory requirements of the Clause - 49 of the Listing Agreement and the Non – Mandatory requirements.

**MEANS OF COMMUNICATION**

The Half-Yearly and Quarterly results are published in the Trinity Mirror and Makkal Kural. The above results are also hosted on the company website [www.gvfilms.com](http://www.gvfilms.com). Management discussion and analysis has been made a part of the annual report

**SUBSIDIARY**

Your Company has one subsidiary named as M/s GV Studio City Limited in which Company holds 100% stake.

**GENERAL BODY MEETINGS**

Location and time for last Three Annual General Meetings.



Year	AGM	Location	Date	Time
2007-2008	AGM	NewWoodlands Hotel (P) Ltd,72-75, Dr. Radhakrishnan Salai, Mylapore, Chennai-600 004	25.09.2008	11.00A.M.
2008-2009	AGM	NewWoodlands Hotel (P) Ltd,72-75, Dr. Radhakrishnan Salai, Mylapore, Chennai-600 004	30.09.2009	11.00A.M.
2009-2010	AGM	NewWoodlands Hotel (P) Ltd,72-75, Dr. Radhakrishnan Salai, Mylapore, Chennai-600 004	24.09.2010	12.15 P.M.

**POSTAL BALLOT**

During the year ended March 31, 2011 there was no resolutions passed through Postal Ballot

**GENERAL SHAREHOLDERS INFORMATION**

Sl. No.	Particulars	Description
1	Financial Calendar	Year Ended March 31, 2011
2	Book Closure Date	12 <sup>th</sup> April, 2013 to 19 <sup>th</sup> April, 2013 (Both days inclusive)
3	Listed Stock Exchange	The Madras Stock Exchange Ltd, Chennai. Bombay Stock Exchange Ltd. Mumbai.
4	Registrar & Transfer Agents (share transfer and communication regarding share certificates and change of address)	<b>M/s. Cameo Corporate Services Ltd</b> Unit: <i>GV Films Ltd.</i> V Floor, Subramanian Building. No.1, Club House Road. Chennai-600002. Tel : (044) 28460390/391 Fax No. (044) 28460129 Email : <a href="mailto:cameo@cameoindia.com">cameo@cameoindia.com</a> Website : <a href="http://www.cameoindia.com">www.cameoindia.com</a>
5	Share Transfer System	Presently, the share transfers which are received in physical form are processed and the share certificates returned within a period of 21 days from the date of receipt, subject to the documents being valid and complete in all respects. In case the transferee does not wish to dematerialize the shares, the Company will dispatch the share Certificates.
6	Dividend Payment Date	No dividend is declared
7	Stock Code	Scrip Name : GVFL Scrip Code : 523277
8	Market Price data	Annexed



<b>9</b>	<b>Address for Correspondence</b>	F-0, 132, St. Mary's Road, Alwarpet, Chennai – 600018, Tamil Nadu Phone No. (044) 43099962/63 Fax No. (044) 42101785 Email: gvfilms@vsnl.com
<b>10.</b>	<b>ISIN</b>	INE395B01030
<b>11.</b>	<b>AGM</b>	22 <sup>nd</sup> Annual General Meeting
<b>12.</b>	<b>Quarterly Results (Tentative)</b> For Quarter ending 30 <sup>th</sup> June 2010 For Quarter ending 30 <sup>th</sup> September 2010 For Quarter ending 31 <sup>st</sup> December 2010 For Quarter ending 31 <sup>st</sup> March 2011	Second week of August 2010 Second week of November 2010 Second week of February 2011 Last week of May 2011
<b>13.</b>	<b>Dematerialization of Shares</b>	About 95.04% (i.e. 350358563 shares) of the outstanding shares have been dematerialized as on 31 <sup>st</sup> March 2011. Trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f 25 <sup>th</sup> September 2000 as per notification issued by the Securities and Exchange Board Of India.(SEBI).
<b>14.</b>	<b>Any query on Annual Report</b>	M/s G V Films Limited, Secretarial Department F-0, "Whispering Height", 132, St. Mary's Road, Alwarpet, Chennai- 600018, Tamil Nadu. Phone No.(044) 43099962/63. Fax No. (044) 42101785. Email : gvfilms@vsnl.com
<b>15.</b>	<b>For Investor Correspondence for</b>	<b>M/s. Cameo Corporate Services Ltd</b> Unit: <i>GV Films Ltd.</i> V Floor, Subramanian Building. No.1, Club House Road. Chennai-600002. Tel : (044) 28460390/391

#### V.CEO/CFO CERTIFICATION

A certificate from the Chairman and Managing Director / Chief Executive Officer on the financial statements of the Company was placed before the board

**Distribution of Shareholding as on 31<sup>st</sup> March 2011**

Shareholding Rs.	Shareholders		Share Amount	
	Nos.	% of Total	Amounts in Rs.	% of Total
10-5000	73140	53.0553	177983290	4.8282
5001-10000	26213	19.0147	240690950	6.5293
10001-20000	15480	11.2291	261573310	7.0958
20001-30000	6237	4.5242	166862060	4.5265
30001-40000	2925	2.1217	108655480	2.9475
40001-50000	4049	2.9371	197455600	5.3565
50001-100000	5160	3.743	404890390	10.9837
100001- And Above	4652	3.3745	2128167250	57.7321
<b>Total</b>	<b>137856</b>	<b>100.00</b>	<b>3686278330</b>	<b>100.00</b>

High & Low price in BSE from  
April 2010 to March 2011 (FV RS.10/-)

Months	Bombay Stock Exchange (BSE)	
	High(Rs.)	Low(Rs.)
<b>April 2010</b>	1.95	1.68
<b>May 2010</b>	2.00	1.55
<b>June 2010</b>	1.99	1.58
<b>July 2010</b>	1.89	1.58
<b>August 2010</b>	1.71	1.41
<b>September 2010</b>	1.86	1.42
<b>October 2010</b>	1.81	1.31
<b>November 2010</b>	1.70	1.26
<b>December 2010</b>	1.40	1.05
<b>January 2011</b>	1.36	1.04
<b>February 2011</b>	1.15	0.85
<b>March 2011</b>	0.94	0.81

**Dematerialization of shares and liquidity:-**

Equity shares of Rs.10/- each are under demat form constituting 95.04% of the paid up equity as on 31<sup>st</sup> March 2011. the shares are actively traded and liquid at Bombay Stock Exchange Limited.

Particulars	NSDL	CDSL	PHYSICAL	TOTAL
No. of Shares	2,22,166,323	1,28,192,240	1,82,69,270	368627833

**SHAREHOLDING PATTERN OF THE COMPANY AS ON 31.03.2011**

Sr. No	Category	No of shareholders	Total Equity shares	% to Equity
<b>1</b>	<b>PROMOTERS AND PROMOTERS GROUP</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2</b>	<b>FINANCIAL INSTITUTIONS / BANKS</b>	<b>6</b>	<b>704400</b>	<b>0.19</b>
<b>3</b>	<b>TRUSTS</b>	<b>2</b>	<b>1011</b>	<b>0.00</b>
<b>4</b>	<b>FOREIGN INSTITUTIONAL INVESTORS</b>	<b>1</b>	<b>16492833</b>	<b>4.4741</b>
<b>5</b>	<b>MUTUAL FUNDS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>6</b>	<b>BODY CORPORATES</b>	<b>1041</b>	<b>38875843</b>	<b>10.55</b>
<b>7</b>	<b>INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL UP TO RS. 1 LAKH(S)</b>	<b>130054</b>	<b>148811155</b>	<b>40.37</b>
<b>8</b>	<b>INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL IN EXCESS OF RS. 1 LAKH(S)</b>	<b>4120</b>	<b>147645051</b>	<b>40.05</b>
<b>9</b>	<b>CLEARING MEMBERS</b>	<b>43</b>	<b>382537</b>	<b>0.10</b>
<b>10</b>	<b>HUF</b>	<b>2268</b>	<b>11571658</b>	<b>3.14</b>
<b>10</b>	<b>NON RESIDENT INDIANS</b>	<b>314</b>	<b>4143343</b>	<b>1.12</b>
<b>11</b>	<b>OCB</b>	<b>2</b>	<b>1011</b>	<b>0.0002</b>
<b>12</b>	<b>SHARES HELD BY CUTODIANS AND AGAINST DEPOSITORY RECEIPTS HAVE BEEN ISSUED</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>TOTAL</b>	<b>137856</b>	<b>368627833</b>	<b>100.00</b>

**DECLARATION OF CODE OF CONDUCT**

To

The Members of M/s GV Films Limited

This is to confirm that the board has laid down a code of conduct for all Board members and senior management of the Company. The code of conduct has also been posted on the web site of the Company.

It is further confirmed that all the directors and senior management personnel of the Company have affirmed compliance with the code of conduct of the company for the year ended 31st March 2011, as envisaged in clause 49 of the Listing Agreement with Stock Exchange.

Sd/-

**M.V.Balagiri**

Place: - Chennai

Chairman &amp; Managing Director

Date: -30th May 2011

**CERTIFICATION BY MANAGING DIRECTOR OF M/s G.V. FILMS LIMITED**

I, M.V.Balagiri, Chairman & Managing Director of M/s G.V. FILMS LIMITED (the Company), to the best of my knowledge and belief certify that:-

1. I have reviewed the Balance Sheet and Profit and Loss Account and all its Schedules and Notes on Accounts, as well as the Cash Flow Statement and Director's Report.
  - a. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit any material fact or contain statements that might be misleading.
  - b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. I also certify, that based on my knowledge and the information provided to me, there are no transactions entered into by M/s G.V. Films Ltd., which are fraudulent, illegal or in violation of the Company's Code of Conduct.
3. I am responsible for establishing and maintaining internal controls and procedures for the Company pertaining to financial reporting, and have evaluated the effectiveness of these procedures in M/s G.V. Films Ltd. I have disclosed to the auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls, of which i am aware and the steps that I have taken or propose to take to rectify these deficiencies.
4. I have disclosed, based on my most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company's Board of Directors:-
  - a. Significant changes in internal controls during the year;
  - b. Significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the financial statements; and
  - c. Instances, if any, of significant fraud of which i have become aware and the Involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system.
5. I affirm that i have not denied any personnel, access to the Audit Committee of the Company (in respect of matters involving misconduct, if any).
6. I further declare that all the Board members and Senior Management have affirmed compliance with the Code of Conduct for the current year.

Sd/-

**M.V.Balagiri**

Place: - Chennai

Chairman &amp; Managing Director

Date: - 30th May 2011

**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members of M/s. GV Films Ltd,

Chennai

I have examined the compliance of the conditions of Corporate Governance by M/s. GV Films Ltd for the year ended 31st March 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsible of the management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In my opinion and to the best of my information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that generally no investor grievances are pending for a period of exceeding one month against the Company as per the records maintained by the Company.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company

For R. Ravindran & Associates

Chartered Accountants

Firm Registration No. 003222S

Sd/-

**R. Ravindran**

Proprietor

Place: Chennai

Date: 30th May 2011

**AUDITOR'S REPORT**

To

**The Members of GV FILMS LIMITED**

Chennai

1. We have audited the attached Balance Sheet of M/s. **GV FILMS LIMITED** as at 31st March 2011 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO 2003) issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we state that:  
**Subject to non recognition of impairment in Capital work in Progress of Rs 27,22,70,344 and intangible asset under development Rs.143,24,79,586/-**
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet and Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
  - d. In our opinion, the balance sheet, profit and loss account and the cash flow statement comply with the Accounting Standards referred to in Subsection (3C) of section 211 of the Companies Act, 1956
  - e. On the basis of written representations received from the Directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the director of the company is disqualified from being appointed as a director under clause (g) of sub-Sec. (1) of Sec. 274 of the Companies Act, 1956.
  - f. In our opinion and according to the best of our information, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principle generally accepted in India ;
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011
    - ii. in the case of the Profit and Loss Account of the Loss of the Company for the year ended on that date and
    - iii. in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For R. Ravindran & Associates  
Chartered Accountants  
Firm Registration No. 003222S

Sd/-  
**R. Ravindran**  
Proprietor  
M. No. 023829

Chennai, 30<sup>th</sup> May, 2011

**ANNEXURE REFERRED TO IN PARAGRAPH I OF THE REPORT OF EVEN DATE OF THE AUDITORS TO THE MEMBERS OF GV FILMS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011.**

1) Fixed Assets:

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- According to the information and explanations given to us, the fixed assets were physically verified by the management in accordance with the programme of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancy was noticed on such verification. The Company has not undertaken impairment study of the fixed assets.
- During the year the Company transferred one Theatre at Thanjavur and such transfer has not affected the Company as a going concern.

2) Inventory:

Inventories in the books represent picture rights and Internet film rights. The management has undertaken periodical physical verification of the inventory.

3) Loan to/from directors and interested parties

- In our opinion and according to the information and explanations given to us, the Company has granted loans during the year to Companies listed in the Register maintained under Section 301 of the Companies Act, 1956.
- In our opinion and according to the information and explanations given to us, the Company has taken interest free unsecured loan from a director and/or firms in which he was associated as a proprietor or partner, to the extent of Rs. 1,26,85,000/-. Apart from this loan, the company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

4) Internal Control

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and purchase and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

5) Transaction covered by section 301

- In our opinion and according to the information and explanations given to us, the transactions that need to be entered into register maintained under section 301 of the Companies Act, 1956 have been entered..
- In our opinion and according to the information and explanations given to us, Transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6) Deposit from Public

The Company has not accepted any deposit from the public and the provisions of 58A and 58AA of the Companies Act, 1956 are not applicable.

7) Internal Audit

In our opinion and according to the information and explanations given to us, the Company does not have an internal audit system commensurate with the size and nature of its business.

8) Cost Accounting Records

The Provision of section 209(1) (d) of the Companies Act, 1956 regarding maintenance of cost records is not applicable to the company.

9) Statutory Dues

According to the information and explanations given to me, the company has undisputed statutory dues amounting to Rs 2,03,115 towards income tax, Rs 7,86,318 towards fringe benefit tax and Rs 2,26,326 towards Tax deducted at source.

10) Cash Loss

As per Clause (x) of Paragraph 4 of CARO 2003, the Company has incurred a cash loss during the financial year and the cash losses as at the end of the financial year is less than Fifty per cent of the Net worth.



**11) Repayment of dues**

The company has overdue interest to the extent of Rs. 94,68,549/- as at the year end to FCCB holders and is subject to dispute.

**12) Defaults to financial Institutions**

The company has defaulted in paying the Interest of Rs 25,17,912/- as on 31<sup>st</sup> March, 2011 to State bank of India. The loan was settled after the Balance Sheet date.

**13) Loans and Advances on the basis of securities**

In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

**14) Applicability of provisions to Chit fund, Nidhi/mutual benefit fund/societies**

The company is not a chit fund or a nidhi/mutual benefit fund/society hence the clause (xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.

**15) Trading in shares, securities debentures and other investments**

In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.

**16) Guarantee given for others**

In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.

**17) End use of term loans**

During the year the company has not taken any new term loans.

**18) Short term Funds**

In our opinion and according to the information and explanations given to us, and on an overall examination of the balance sheet of the company, we report that funds raised on short term basis were not used for long term investment. Accordingly clause (xvii) of the CARO 2003 is not applicable.

**19) Preferential allotment of shares**

According to the information and explanations given to us, during the period covered by our audit report, the Company has not made any preferential allotment of equity shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

**20) Debentures**

The company has not issued any debenture during the period covered by our audit. Accordingly clause 4(xix) of the order is not applicable.

**21) End use of public issue proceeds**

During the year covered by our audit report, the Company has not raised any money by way of public issue.

**22) Reporting of Frauds**

To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For R. Ravindran & Associates  
Chartered Accountants  
Firm Registration No. 003222S  
Sd/-

**R. Ravindran**  
Proprietor  
M. No. 023829

Chennai, 30<sup>th</sup> May, 2011

**GV FILMS LIMITED**

Regd. Office: F-0, Whispering Heights, 132, St. Mary's Road, Alwarpet, Chennai - 600 018

**BALANCE SHEET AS AT 31st MARCH, 2011**

	Schedule	31st March 2011 Rs.	31st March 2010 Rs.
<b><u>SOURCES OF FUNDS</u></b>			
<b>SHAREHOLDERS' FUNDS:</b>			
Share Capital	1	3 68 62 78 330	3 68 62 78 330
Reserves & Surplus	2	93 29 22 166	93 29 22 166
		4 61 92 00 496	4 61 92 00 496
<b>LOAN FUNDS:</b>			
Secured Loans	3	2 49 54 051	2 99 54 051
Unsecured Loans	4	21 56 60 082	21 00 10 899
		4 85 98 14 629	4 85 91 65 446
<b><u>APPLICATIONS OF FUNDS</u></b>			
<b>FIXED ASSETS</b>			
Gross Block		1 78 95 14 367	1 90 50 12 277
Less: Depreciation		3 50 74 339	4 98 00 802
Net Block	5	1 75 44 40 027	1 85 52 11 474
<b>INVESTMENTS</b>			
	6	15 21 73 460	21 73 460
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	7	1 98 53 92 421	2 09 38 79 116
Sundry Debtors	8	1 66 85 445	7 75 81 331
Cash & Bank balances	9	11 10 339	47 61 657
Loans & Advances	10	5 47 10 792	5 63 31 216
		2 05 78 98 998	2 23 25 53 320
Less: Current Liabilities & Provisions	11	8 76 99 342	20 07 47 595
Net Current Assets		1 97 01 99 655	2 03 18 05 725
Deferred Tax Assets		11 64 657	11 64 657
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)			
Capital Issue and preliminary expenditure	12	1 43 35 772	1 43 35 772
Profit and loss account		96 75 01 056	95 44 74 357
		4 85 98 14 629	4 85 91 65 446

Notes to accounts

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For and on behalf of the Board

As per our report of even date  
For **R. Ravindran & Associates**  
Chartered Accountants  
Firm Registration No. 003222S

Sd/-  
**M. V. Balagiri**  
Managing Director

Sd/-  
**A. Venkatramani**  
Director

Sd/-  
**R. Gopalan**  
Director

Sd/-  
**R. Ravindran**  
Proprietor  
M. No.023829

Chennai, 30th May 2011

**GV FILMS LIMITED**

Regd. Office: F-0, Whispering Heights, 132, St. Mary's Road, Alwarpet, Chennai - 600 018

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011**

	<b>Schedule</b>	<b>31st March 2011 Rs.</b>	<b>31st March 2010 Rs.</b>
<b>INCOME</b>			
Operating Income	<b>13</b>	12 81 32 152	12 81 99 630
Other Income	<b>14</b>	5 80 11 538	29 62 152
		<b>18 61 43 690</b>	<b>13 11 61 782</b>
<b>EXPENDITURE</b>			
Operating Expenses	<b>15</b>	13 37 79 310	8 99 65 634
Administrative & Other Expenses	<b>16</b>	4 80 28 720	6 05 35 598
Finance Charges	<b>17</b>	88 21 344	77 45 392
Depreciation	<b>5</b>	85 41 016	92 09 567
		<b>19 91 70 390</b>	<b>16 74 56 191</b>
Operating Loss		(1 30 26 700)	(3 62 94 409)
Profit/(Loss) before Taxation		<b>(1 30 26 700)</b>	<b>( 3 62 94 409)</b>
Current tax			
Fringe Benefit Tax			
Deferred tax Liability			170285
Profit/(Loss) after Taxation		(1 30 26 700)	( 3 64 64 694)
Loss b/fd from Previous Year		(95 44 74 357)	(91 80 09 663)
Amount available for appropriation		(96 75 01 056)	(95 44 74 357)
Surplus/(Deficit) carried to Balance Sheet		<b>(96 75 01 056)</b>	<b>(95 44 74 357)</b>

Notes to accounts

18

For and on behalf of the Board

As per our report of even date  
**For R. Ravindran & Associates**  
Chartered Accountants  
Firm Registration No. 003222S

Sd/-  
**M. V. Balagiri**  
Managing Director

Sd/-  
**A. Venkatramani**  
Director

Sd/-  
**R. Gopalan**  
Director

Sd/-  
**R. Ravindran**  
Proprietor  
M. No.023829

Chennai, 30th May 2011

**GV FILMS LIMITED**

Regd. Office: F-0, Whispering Heights, 132, St. Mary's Road, Alwarpet, Chennai - 600 018

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS**

	31st March 2011 Rs.	31st March 2010 Rs.
<b>SCHEDULE 1: SHARE CAPITAL</b>		
<u>Authorised Share Capital:</u>		
2,00,00,00,000 Equity Shares of Rs. 10/- each	20 00 00 00 000	20 00 00 00 000
<u>Issued, Subscribed and Paid up Share Capital :</u>		
368 62 78 330 equity shares @ Rs. 10/- each	3 68 62 78 330	3 68 62 78 330
	<b>3 68 62 78 330</b>	<b>3 68 62 78 330</b>
<b>SCHEDULE 2: RESERVES &amp; SURPLUS</b>		
General Reserves	7 15 33 466	7 15 33 466
Share Premium	86 13 88 700	86 13 88 700
	<b>93 29 22 166</b>	<b>93 29 22 166</b>
<b>SCHEDULE 3: SECURED LOANS</b>		
Term Loan from Bank (Secured on Company's Gudiatham Theatre)	2 49 54 051	2 99 54 051
	<b>2 49 54 051</b>	<b>2 99 54 051</b>
<b>SCHEDULE 4: UNSECURED LOANS</b>		
Foreign currency Convertible Bonds	16 06 15 082	15 23 15 504
Other Loans	5 50 45 000	5 76 95 395
	<b>21 56 60 082</b>	<b>21 00 10 899</b>
<b>SCHEDULE 6: INVESTMENTS (AT COST)</b>		
<u>Investments in Quoted Securities</u>		
9,400 Equity Shares of Rs 10/- each in GSFC	1 88 000	1 88 000
792 Units -( US 64 ) of Rs 10/- each in UTI	8 496	8 496
<u>Investment in Subsidiary</u>		
1,50,50,000 Shares of Rs. 10/- each in GV Studio City Limited	15 05 00 000	5 00 000
Previous year 50,000 Shares of Rs. 10/- each in GV Studio City Limited		
<u>Investment in un-quoted equity shares</u>		
4,81,000 shares of Pixel Box office Pte. Ltd , Singapore	14 76 964	14 76 964
in Sing \$ of 1 each		
	<b>15 21 73 460</b>	<b>21 73 460</b>

**GV FILMS LIMITED**

Regd. Office: F-0, Whispering Heights, 132, St. Mary's Road, Alwarpet, Chennai - 600 018

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS**

	<b>31st March 2011</b> Rs.	<b>31st March 2010</b> Rs.
<b>SCHEDULE 7: INVENTORIES</b>		
Closing Stock of pictures & films	1 98 53 92 421	2 09 38 79 116
	<b>1 98 53 92 421</b>	<b>2 09 38 79 116</b>
<b>SCHEDULE 8: SUNDRY DEBTORS</b>		
(Unsecured, Considered Good )		
(a) Debts outstanding for a period exceeding 6 months	1 66 85 445	7 35 16 072
(b) Other Debts		40 65 259
	<b>1 66 85 445</b>	<b>7 75 81 331</b>
<b>SCHEDULE 9: CASH &amp; BANK BALANCES</b>		
Cash in hand	2 49 105	5 18 725
Balance with Banks		
- On Current Accounts	8 24 234	42 05 932
- On Deposit Accounts	37 000	37 000
	<b>11 10 339</b>	<b>47 61 657</b>
<b>SCHEDULE 10: LOANS &amp; ADVANCES</b>		
(Advances - Receivable in cash or in kind or for value to be received (considered good)		
Deposits	34 42 698	35 32 698
Loans & Advances	5 12 68 094	5 27 98 518
	<b>5 47 10 792</b>	<b>5 63 31 216</b>
<b>SCHEDULE 11: CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors	95 30 407	13 25 38 181
Other Liabilities & Advances	6 80 92 685	6 66 74 150
	<b>7 76 23 092</b>	<b>19 92 12 331</b>
<b>Provisions</b>		
Provision for FBT payable	6 07 701	6 07 701
Provision for Interest on FCCB Bonds	62 21 516	9 27 563
Provision for Interest on SBI	32 47 033	
	<b>1 00 76 250</b>	<b>15 35 264</b>
	<b>8 76 99 342</b>	<b>20 07 47 595</b>

**GV FILMS LIMITED**

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**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS**

	31st March 2011 Rs.	31st March 2010 Rs.
<b>SCHEDULE 12: MISCELLANEOUS EXPENDITURE</b>		
Rights Issue Expenditure	68 78 392	68 78 392
Other Preliminary Expenses	74 57 380	74 57 380
	<b>1 43 35 772</b>	<b>1 43 35 772</b>
<b>SCHEDULE 13: OPERATING INCOME</b>		
Realisation from Film Production & Distribution	6 67 10 000	11 36 27 500
Theatre Collections	6 14 22 152	1 45 72 130
	<b>12 81 32 152</b>	<b>12 81 99 630</b>
<b>SCHEDULE 14: OTHER INCOME</b>		
Interest earned	15 553	2 76 877
Exchange Fluctuation (Loss)/ Gain		
Film subsidy		
Miscellaneous Income	5 79 95 985	26 85 275
	<b>5 80 11 538</b>	<b>29 62 152</b>
<b>SCHEDULE 15: OPERATING EXPENSES</b>		
Opening Stock - Films	2 09 38 79 116	1 76 75 82 544
Cost of Films Produced / Distributed		41 00 11 134
Less: Closing Stock	1 98 53 92 421	2 09 38 79 116
Cost of Sales	10 84 86 695	8 37 14 562
Theatre Expenses	2 52 92 615	62 51 072
	<b>13 37 79 310</b>	<b>8 99 65 634</b>
<b>SCHEDULE 16: ADMINISTRATIVE EXPENSES</b>		
Advertisement & Publicity	3 57 261	2 04 239
Shareholders Meeting Expenses	4 02 940	6 83 645
Audit Fees	3 30 900	3 58 017
Bank Charges	2 65 959	1 00 185
Business Development Expenses	14 27 735	54 37 850
Electricity Charges	26 35 986	15 95 180
Legal & Professional Charges	38 95 337	2 46 37 523
Other Service Charges	5 35 232	5 42 972
Listing, Depository and ROC Fees	21 32 009	20 53 616
Other Expenses	25 70 879	17 10 718
Postage, Trunks & Telephones	7 94 353	9 82 980
Printing & Stationery	3 57 978	1 92 444
Rent, Rates & Taxes	33 84 887	31 35 489
Repairs & Maintenance	27 53 144	34 73 302
Staff Costs	1 55 57 565	1 12 03 406
Travelling & Conveyance	23 78 462	41 41 660
Exchange Loss	82 48 093	82 374
	<b>4 80 28 720</b>	<b>6 05 35 598</b>
<b>SCHEDULE 17: FINANCE CHARGES</b>		
Interest on loans	88 21 344	77 30 392
Processing Charges		15 000
	<b>88 21 344</b>	<b>77 45 392</b>



G.V.FILMS LIMITED											
SCHEDULE 9 : Fixed Assets and Depreciation Schedule for the year ended 31.03.2011											
Particulars	Cost		Deletions		Total Cost		Dep upto		Deletion		WDV
	31.03.2010	Rs.	Rs.	Rs.	31.03.2011	Rs.	31.03.2010	Rs.	to Depn	Rs.	31.03.2011
											Rs.
Land	3 89 47 274		1 47 01 114		2 42 48 160						2 42 46 160
Building	6 43 54 805	4 37 618	5 25 47 141		1 22 45 282	1 10 77 527			99 64 011	28 98 607	93 46 674
Plant & Machinery	2 69 29 483	7 85 967	1 87 92 062		89 23 388	88 06 797			19 22 714	84 43 965	4 79 423
Furniture & Fixtures	1 59 61 236	1 15 080	35 07 516		1 25 68 800	63 14 072			5 96 568	72 31 622	53 37 178
Office equipment	4 30 91 688	43 000	2 73 31 742		1 58 02 946	1 62 71 628			1 07 84 185	82 27 717	75 75 229
Vehicles	1 09 77 861				1 09 77 861	73 30 779				82 72 429	27 05 432
Webcasting portal (Under construction)	143 24 79 586				143 24 79 586					143 24 79 586	143 24 79 586
Capital work in progress	27 22 70 344				27 22 70 344					27 22 70 344	27 22 70 344
<b>Total</b>	<b>190 50 12 277</b>	<b>13 81 665</b>	<b>11 68 79 575</b>		<b>178 95 14 367</b>	<b>4 98 00 802</b>			<b>2 32 67 479</b>	<b>3 50 74 339</b>	<b>175 44 40 027</b>
Previous Year	189 06 11 141	1 44 01 136			190 50 12 277	4 05 91 235			92 09 567	4 98 00 802	185 52 11 474

**G.V.FILMS LIMITED**

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**CASH FLOW STATEMENT**

	<b>31st March 2011</b>	<b>31st March 2010</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>A. Cash Flow From Operating Activities:</b>		
Net Profit before tax and extraordinary items	( 1 30 26 700)	( 3 62 94 409)
Adjustment for:		
Depreciation	85 41 016	92 09 567
Interest Paid (Net)	88 21 344	49 62 703
Profit / Loss on Sale of Assets	( 5 63 87 903)	15414152
Foreign Exchange Loss	82 48 093	
Operating Profit before Working Capital Changes	( 4 38 04 150)	( 67 07 987)
Adjustment for:		
Decrease/(Increase) in Inventories	10 84 86 695	( 32 62 96 572)
Decrease/(Increase) in Sundry Debtors	6 08 95 886	12 74 41 260
Decrease/(Increase) in Loans & Advances	16 20 424	8 18 15 965
Decrease/(Increase) in Current Liabilities	( 11 30 48 253)	10 43 64 017
Net Cash From Operating Activities	<b>1 41 50 602</b>	<b>( 1 93 83 317)</b>
<b>B. Cash Flow From Investing Activities:</b>		
(Acquisition)/Disposal of Assets - Net	( 13 81 665)	( 1 44 07 136)
Investments in securities		( 5 00 000)
Net Cash From Investing Activities	<b>( 13 81 665)</b>	<b>( 1 49 07 136)</b>
<b>C. Cash Flow From Financing Activities:</b>		
Proceeds from Borrowings	( 75 98 910)	39213617
Interest Paid (Net)	( 88 21 344)	( 49 62 703)
Net Cash From Financing Activities	<b>( 1 64 20 254)</b>	<b>3 42 50 914</b>
<b>Net Increase/(Decrease) in Cash And Cash Equivalents During The Year</b>	<b>( 36 51 317)</b>	<b>( 4 540)</b>
Cash And Cash Equivalents As At The Beginning Of The Year	47 61 657	47 66 196
Cash And Cash Equivalents As At The End Of The Year	11 10 339	47 61 657

For and on behalf of the Board

As per our report of even date  
**For R. Ravindran & Associates**  
Chartered Accountants  
Firm Registration No. 003222S

Sd/-  
**M. V. Balagiri**  
Managing Director

Sd/-  
**A.Venkatramani**  
Director

Sd/-  
**R. Gopalan**  
Director

Sd/-  
**R. Ravindran**  
Proprietor  
M. No.023829

Chennai, 30th May 2011

**GV FILMS LIMITED****Schedule 18**

Significant accounting policies & notes on accounts forming part of accounts for the year ended 31st March 2011

**A. SIGNIFICANT ACCOUNTING POLICIES****a) Basis of Accounting:**

- The Financial Statements are prepared under the historical cost convention, on accrual basis of accounting and in accordance with Generally Accepted Accounting Principles (GAAP) in India and in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 prescribed by the Central Government.
- The preparation of Financial Statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of income and expenses for the period, balance of Assets and Liabilities and disclosures relating contingent liabilities as of the date of the financial statements. Examples of such estimates include useful life of tangible fixed assets, income taxes and future obligations under the employee retirement benefit plans etc. Actual results could differ from those estimates and differences, if any, are recognized in the period in which results are known.

**b) Income recognition**

- Revenues from film sale and distribution are recognized in the year of execution of agreements for sale.
- Revenues from exhibition of films are recognized upon realization.
- Accrued interest on overdue deposits and inoperative accounts is recognized only upon realization.

**c) Fixed assets accounting:**

- Fixed Assets are stated at cost of acquisition less accumulated depreciation.
- Cost includes all expenses incurred to bring the Asset to its present location and condition.
- Web casting portal represents the cost of expenses incurred by the company in acquiring and developing web casting technology, web NTV launch expenses, acquired value of internet rights of Hollywood films / regional films and related overheads.
- Capital work in progress comprises advances for investments and recognized at cost.
- Depreciation has been provided on the assets which are put to use on written down value Method at the rates specified in Schedule XIV of the Companies Act, 1956.

**d) Employee Benefits**

- Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment and as required by law are recorded in accordance with Accounting Standard (AS) 15 "Employee Benefits" issued by the Institute of Chartered Accountants of India.

**Gratuity**

- Gratuity is a defined benefit plan, provided in respect of past services based on independent actuarial valuation and corresponding contribution to the fund is expensed in the year of such contribution.

**Provident Fund**

- Provident fund is a contribution to a Recognised Provident Fund with the Provident Fund Commissioner and the contribution made during the year as per the plan is expensed.

**Leave Encashment**

- Liability for leave is treated as a short-term liability and is accounted for as and when earned by the employee.

**e) Inventory valuation:**

- Inventories represent films under production and other film rights.
- Films under production are valued at cost.
- The film rights are valued, as at the year end, as per the current market potential of the pictures.

**f) Foreign Currency transactions**

- Transactions denominated In Foreign Currency are recorded at exchange rates prevailing at the time of such transactions.
- Exchange differences arising upon Exchange Realization is taken to the Exchange realization account and the overall profit made or loss sustained at the year end is taken to the debit or credit of Profit and Loss account as the case may be.

**g) Lease**

Operating lease payments are recognized as expenses in the profit and loss account as per the terms of the agreements which are representative of the time pattern of the users' benefit.

**h) Consolidated Financial Statements**

The company has acquired 100% shares in GV Studio City Ltd in FY 2009-10. The financial statements of the holding and subsidiary company as well as the consolidated financial statements are presented.

**i) Deferred tax**

- Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.
- Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of assets.

**j) Valuation of Investments**

- Quoted shares are, as a prudent measure are valued, at the lower of the cost or Market value.
- Un-quoted equity shares, held as short term investments, are valued at cost.

**k) Taxes on Income**

Current tax is the amount of tax payable on the taxable income for the year and determined in accordance with provisions of the Income Tax Act, 1961.

**l) Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

**m) Interest Expenditure**

Interest expenditure is recognized for bank loans and Foreign Currency Convertible Bonds (FCCBs) on accrual basis. Interest is not recognized on related party loans.

**n) Forex Gain/Loss**

The gain/loss arising out of exchange value of foreign currency balances are recognized as difference between the exchange value at the beginning and at the end of the year.

**B. NOTES ON ACCOUNTS**

**1. Accounting Period**

The period of accounts under review is from April 1, 2010 to March 31, 2011 for both GV Films Limited. & its wholly owned subsidiary GV Studio City Limited.

**2. Acquisition of Subsidiary**

The company has been allotted 1 50 00 000 shares of Rs.10/- each of GV Studio City Limited, a wholly owned subsidiary, in consideration for the transfer of theatre at Tanjore. This transfer of property from holding company to 100% subsidiary does not attract capital gain tax under the Income Tax Act.

**3. Miscellaneous Income**

Gains arising out of sale of Tanjore theatre (Shanthi-Kamala) is recognized under miscellaneous income.

#### 4. Additions to Fixed Assets

- Tanjore theatre and all movable assets therein costing Rs 11,68,79,575/- including Rs.13,81,665/- added this year, was transferred to subsidiary company for a consideration of Rs15,00,00,000/-.
- In the opinion of the management, the web portal and capital work in progress are capable of yielding revenue upon completion.

#### 5. Receivables & Payables

- Balance confirmation letters have been dispatched to various Sundry Debtors, confirmations are yet to be received.
- In the opinion of the management the loans and advances and receivable are realizable for their stated values.

#### 6. Taxation

- For the Financial Year 2010-11 income tax provision has not arisen due to losses.
- In the absence of virtual certainty of earning profits in future years the Company has not recognised the Deferred Tax Assets for the present year.

#### 7. Contingent Liability

Liability	31-03-2011 Rs	31-03-2010 Rs
Capital Commitments	NIL	NIL
Claims against the company not acknowledged as debts	5,00,00,000	5,00,00,000
<b>Total</b>	<b>5.00.00.000</b>	<b>5.00.00.000</b>

#### 8. Provision for Taxation

Provisions	2010-11 Rs	2009-10 Rs
Tax Under MAT	Nil	Nil
Tax Under FBT	Nil	607.701
<b>Total</b>	<b>Nil</b>	<b>607.701</b>

#### 9. Remuneration to Auditors

Fee	2010-11 Rs	2009-10 Rs
Statutory audit	2,40,000	2,40,000
Tax audit	50.000	50.000
Certification & taxes	40.900	68.017
<b>Total</b>	<b>3.30.900</b>	<b>3.58.017</b>

#### 10. Foreign Exchange earnings and outflow

Earnings / Outflow	2010-11 Rs	2009-10 Rs
Foreign Exchange earnings	NIL	NIL
Foreign Currency outflow	NIL	NIL



**11. Business Segments**

The company has three business segments as under

Segment	Capital Employed Rs	Sales / service / Other Income Rs	Profit / (Loss) Rs
Film Distribution	1 68.69.05.000	14.80.37.350	(1.60.83. 626)
Film Exhibition	17.96.84.000	3, 81, 06, 340	30,56,927
Web Castina	132.59.20.000	NIL	NIL
<b>Total</b>	<b>319.25.09.000</b>	<b>18.61.43.690</b>	<b>( 1.30.26.700)</b>

**12. Related Party Transactions:****Unsecured Loan**

Name of Related Party	Nature of Relationship	Opening Balance 31.03.2010	Payments	Receipts	Closing Balance 31.03.2011
M.V Balagiri	Key Management Personnel			20 50 000	20 50 000
M.V.Balagiri (Sidhesh Enterprises)	Key Management Personnel	2 87 81 392	72 81 391	52 00 000	2 67 00 001
M.V.Balagiri (Sidhesh Films)	Key Management Personnel	21 67 945	29 67 945	54 35 000	46 35 000
M.V.Balagiri (Strawberry Events)	Key Management Personnel	55 76 058	55 76 058		
<b>TOTAL</b>		<b>3 65 25 395</b>	<b>1 58 25 394</b>	<b>1 26 85 000</b>	<b>3 33 85 001</b>

**Advances (Liability)**

Name of Related Party	Nature of Relationship	Opening Balance 31.03.2010	Payments	Receipts	Closing Balance 31.03.2011
GV Studio City Limited (Mumbai Div)	Subsidiary		29 620	5 00 000	4 70 380
Mahadevan Ganesh	Key Management Personnel	1 07 59 129			1 07 59 129
Southside Hotels and Resorts Limited	*KMP interested as Director	1 22 45 185			1 22 45 185
Usha Venkatramani	Key Management Personnel	2 47 000			2 47 000
		<b>2 32 51 314</b>	<b>29 620</b>	<b>5 00 000</b>	<b>2 37 21 694</b>

**Investments**

Name of Related Party	Nature of Relationship	Opening Balance 31.03.2010	Payments	Receipts	Closing Balance 31.03.2011
GV Studio City Limited	Subsidiary	5 00 000	15 00 00 000		15 05 00 000
		<b>5 00 000</b>	<b>15 00 00 000</b>		<b>15 05 00 000</b>

### Loans Given

Name of Related Party	Nature of Relationship	Opening Balance 31.03.2010	Payments	Receipts	Closing Balance 31.03.2011
Euro Asia Infra Development Corporation	*KMP interested as Director		18 946		18 946
Eyelight Events and Promotions Private Limited	*KMP interested as Director	68 88 720			68 88 720
GV Studio City Limited	Subsidiary		16 15 000	8 50 000	7 65 000
Space Hospitals Limited	*KMP interested as Director	5 40 025	1 80 000	3 00 000	4 20 025
		<b>74 28 745</b>	<b>18 13 946</b>	<b>11 50 000</b>	<b>80 92 691</b>

### \* KMP – Key Management Personnel

#### 13 Remuneration calculation :

In the absence of profits, Managerial remuneration is computed with reference to schedule XIII of the Companies Act.

#### Managerial Remuneration Calculation

Paid Up Share Capital	3 68 62 78 330
Share Premium	86 13 88 700
Reserves and Surplus	7 15 33 600
Long Term Loan	23 09 04 555
	<b>4 85 01 05 185</b>
Less	
Accumilated Loss not written off	99 04 01 613
Preliminary Loss not written off	1 43 35 772
	<b>1 00 47 37 385</b>
<b>Effective Capital</b>	<b>3 84 53 67 800</b>

The effective capital of the company is above Rs 100 Crores.

The permissible Managerial remuneration is Rs. 24,00,000/- or Rs. 2,00,000/- per month.

Managerial Remuneration charged is Rs.Nil

#### 14 Rounding off

Figures have been rounded off to the nearest rupee.

#### 15 Regrouping

Previous year's figures have been re-grouped wherever necessary.

For and on behalf of the Board

As per our report of even date  
For R. Ravindran & Associates  
Chartered Accountants  
Firm Registration No. 003222S

Sd/-

**R. Ravindran**

Proprietor

Membership No: 023829

Sd/-

**M. V. Balagiri**

Managing Director

Chennai, 30<sup>th</sup> May, 2011

Sd/-

**A.Venkatramani**

Director

Sd/-

**R. Gopalan**

Director

**AUDITOR'S REPORT**

To

The Shareholders of **GV STUDIO CITY LIMITED**

We have audited the attached Balance Sheet of **GV STUDIO CITY LIMITED** as at 31<sup>st</sup> March 2011 and Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- I. As required by the Companies (Auditor's Report) Order, 2003 (CARO, 2003) issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

***Subject to non amortization of goodwill as per Accounting standard -26***

II. Further to our comments in the Annexure referred to in paragraph I above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of my information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India subject to:
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2011;
  - b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date;

For R Ravindran & Associates  
Chartered Accountants  
Firm Registration No. 003222S

Sd/-  
**R. Ravindran**  
Proprietor

Chennai, 30<sup>th</sup> May, 2011

Membership No 23829

**THE ANNEXURE REFERRED TO IN PARA 3 OF THE AUDITORS' REPORT TO THE MEMBERS OF GV STUDIO CITY LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011.**

1. Maintenance of Fixed Assets Register

The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

2. Verification & Valuation of Inventory

The Company does not carry inventory, hence verification and valuation of inventory does not arise.

3. Giving / Accepting Loan to / from Companies u/s. 301

a. The Company has not granted any secured or unsecured loans during the year to Companies listed in the Register maintained under Section 301 of the Companies Act, 1956.

b. The Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

4. Internal Control Adequacy

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and purchase and sale of goods.

5. Entry in the Register u/s. 301

a) According to the information and explanations given to us, we are of the opinion that there were no transactions that are required to be entered in the Register maintained under section 301 of the Companies Act

b) In our opinion, clause 5(a) of CARO 2003 does not apply,

6. Deposits from Public

The Company has not accepted any deposits from the public under section 58A of the Companies Act.

7. Internal Audit

In our opinion, according to the information and explanation given to us, the company has an adequate internal audit system to commensurate with the size and nature of its business.

8. Maintenance of Cost Records

The Provision of Section 209(1)(d) of the companies Act, 1956 regarding maintenance of Cost Records is not applicable to the company.

9. Undisputed tax dues

There are no undisputed amounts payable in respect of Wealth Tax, Sales Tax, Customs Duty and Excise duty as on 31<sup>st</sup> March 2011 outstanding for a period of more than six months.

10. Net worth

The company has commenced business operations and the losses have not eroded the net worth of the company

11. Loans from Financial Institutions

The company has not borrowed funds from Banks or Financial institutions hence the question of repayment does not arise.

12. Advancing loans or securities

The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly clause (xii) is not applicable.

13. Chit or Nidhi Company

The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.

14. Trading in Shares

The Company has not dealt in trading in shares and other investments during the year under review.

15. Corporate Guarantees

According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly clause (xv) of the Order is not applicable.

16. Defaulting on Borrowals

The Company has not taken term loan during the year hence clause (Xvi) of the Order is not applicable.

17. Application of Short-term funds

According to the information and explanations given to us and on an overall examination of the balance sheet of the company, the company has not raised funds on short-term basis and applied for long term uses.

18. Preferential Allotment

The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.

19. Issue of Debenture

The company has not issued any debenture during the period covered by our audit. Accordingly clause 4(xix) of the order is not applicable.

20. Frauds

According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For R Ravindran & Associates  
Chartered Accountants  
Firm Registration No. 003222S

Chennai, 30<sup>th</sup> May 2011

Sd/-  
**R. Ravindran**  
Proprietor  
Membership No 23829



**GV STUDIO CITY LIMITED**

Regd. Office: F-0, Whispering Height, 132, St. Mary's Road, Alwarpet, Chennai - 600 018

**BALANCE SHEET AS AT 31ST MARCH 2011**

<b>SOURCE OF FUNDS</b>	<b>Schedule</b>	<b>31-Mar-11 (Rs.)</b>	<b>31-Mar-10 (Rs.)</b>
<b>Shareholders' Funds</b>			
Capital	1	15 05 00 000	5 00 000
		<b>15 05 00 000</b>	<b>5 00 000</b>
<b>Loan Funds :</b>			
Unsecured Loan	2	21 65 000	
Deferred Tax Liability		8 97 097	
		<b>15 35 62 097</b>	<b>5 00 000</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	3	15 31 19 142	
Less: Depreciation		10 34 385	
Net Balance		<b>15 20 84 757</b>	
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Cash & Bank Balances	4	11 64 401	4 47 433
Deposits, Loans & Advances	5	84 23 662	40 00 000
		<b>95 88 063</b>	<b>44 47 433</b>
Less: Current Liabilities & Provisions	6	1 17 28 972	40 39 973
Net Current Assets		<b>(21 40 909)</b>	<b>4 07 460</b>
Miscellaneous Expenditure (to the extent not written off or adjusted)	7	11 05 320	20 640
Profit and Loss a/c		25 12 929	71 900
		<b>15 35 62 097</b>	<b>5 00 000</b>
Notes to accounts	13		

The schedules referred to above and the notes form an integral part of the balance sheet

For and on behalf of the Board

Sd/-  
**P.Raghuraman**  
 Chennai Director  
 30th May 2011

Sd/-  
**A.H.Abdul Hameed**  
 Director

As Per Our Report Of Even  
 Date Attached  
**For R.Ravindran & Associates**  
 Chartered Accountants  
 Firm Registration No. 003222S

Sd/-  
**R.Ravindran**  
 Proprietor  
 M.No.023829

**GV STUDIO CITY LIMITED**

Regd. Office: F-0, Whispering Height, 132, St. Mary's Road, Alwarpet, Chennai - 600 018

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2011**

	<b>Schedule</b>	<b>31-Mar-11 (Rs.)</b>	<b>31-Mar-10 (Rs.)</b>
<b><u>INCOME</u></b>			
Income from Operations	<b>8</b>	1 40 92 761	NIL
Other Income	<b>9</b>	11 01 787	
		<b>1 51 94 548</b>	<b>NIL</b>
<b><u>EXPENDITURE</u></b>			
Operating Expenses	<b>10</b>	92 34 051	
Administrative Expenses	<b>11</b>	40 19 997	27 210
Employee Cost	<b>12</b>	24 50 047	
Depreciation	<b>3</b>	10 34 385	
		<b>1 67 38 480</b>	<b>27 210</b>
<b>PROFIT BEFORE TAX</b>		(15 43 932)	(27 210)
Provision for taxation			
Current Tax			
Deferred Tax		8 97 097	
<b>PROFIT AFTER TAX</b>			
Profit / (Loss) after tax		(24 41 029)	(27 210)
(Loss) B/f from previous year		(71 900)	(44 690)
		<b>(25 12 929)</b>	<b>(71 900)</b>
Notes to accounts	<b>14</b>		

The schedules referred to above and the notes form an integral part of the balance sheet

For and on behalf of the Board

As Per Our Report Of Even  
Date Attached  
**For R.Ravindran & Associates**  
Chartered Accountants  
Firm Registration No. 003222S

Chennai  
30th May 2011

Sd/-  
**P.Raghuraman**  
Director

Sd/-  
**A.H.Abdul Hameed**  
Director

Sd/-  
**R.Ravindran**  
Proprietor  
M.No.023829

**GV STUDIO CITY LIMITED**  
**SCHEDULES FORMING PART OF THE ACCOUNTS**

		31-Mar-11 (Rs.)	31-Mar-10 (Rs.)
<b>Schedule 1</b>	<b>Share Capital</b>		
	Authorised Share Capital		
	15 10 00 000 Equity Shares of Rs. 1/- each	15 10 00 000	10 00 000
	<i>Previous Year</i>		
	Issued and Subscribed and paid up Capital		
	5 00 000 Equity Shares of Rs. 1/- each	15 05 00 000	5 00 000
		<b>15 05 00 000</b>	<b>5 00 000</b>
<b>Schedule 2 :</b>	<b>Loans</b>		
	Unsecured Loans	21 65 000	
		<b>21 65 000</b>	
<b>Schedule 4</b>	<b>Cash and Bank Balances</b>		
	Cash in Hand	34 040	4 35 988
	Cash at Bank	11 30 361	11 445
		<b>11 64 401</b>	<b>4 47 433</b>
<b>Schedule 5</b>	<b>Deposits, Loans and Advances</b>		
	Deposits	90 000	
	Advances recoverable in cash or in Kind	83 33 662	40 00 000
		<b>84 23 662</b>	<b>40 00 000</b>
<b>Schedule 6</b>	<b>Current Liabilities</b>	<b>Rs.</b>	<b>Rs.</b>
	Sundry Creditors for Advances	20 46 538	40 15 000
	Other Liabilities	30 82 679	
	Loans for Advances	65 00 000	
	Provisions		
	Audit Fee Payable	74 452	24 973
	Current Tax		
	Deferred Tax		
	TDS Payable	25 303	
		<b>1 17 28 972</b>	<b>40 39 973</b>
<b>Schedule 7</b>	<b>Preliminary expenses</b>		
	(to the extent not written off or adjusted)		
	Preliminary expenses	11 15 640	30 960
	Less : written off	10 320	10 320
		<b>11 05 320</b>	<b>20 640</b>

<b>GV STUDIO CITY LIMITED</b>			
<b>Schedule 8</b>	<b>Income</b>		
	Income from Operations	1 40 92 761	NII
		<b>1 40 92 761</b>	<b>NII</b>
<b>Schedule 9</b>	<b>Other Income</b>		
	Advertisement Income	10 500	NII
	Miscellaneous Income	3 50 000	
	Rent	7 41 287	
		<b>11 01 787</b>	<b>NII</b>
<b>Schedule 10</b>	<b>Operating Expenses</b>		
	Dshare Paid	91 07 041	
	Entertainment Tax	76 085	
	Miscellaneous Expenses	50 925	
		<b>92 34 051</b>	
<b>Schedule 11</b>	<b>Administrative Expenses</b>		
	Audit Fee	84 972	8 273
	Advertisement & Publicity	21 212	
	Bank Charges	3 51 595	3 555
	Electricity Charges	8 21 254	
	Printing & Stationery	85 598	
	Insurance	1 49 307	
	Membership & Subscription	1 000	
	Miscellaneous Expenses	76 737	
	Postage , Courier & Telephone Exps	1 46 694	
	Rents, Rates & Taxes	40 932	5 062
	Repairs & Maintenance	9 10 989	
	Petrol Expenses	74 007	
	Travel & Conveyance	2 90 606	
	Service Charges	3 10 697	
	Preliminary Expenses w/o	10 320	10 320
	Legal Charges	5 77 900	
	Interest	66 177	
		<b>40 19 997</b>	<b>27 210</b>
<b>Schedule 12</b>	<b>Employee Cost</b>		
	Salary	22 76 833	
	Provident Fund	1 36 032	
	ESI	37 182	
		<b>24 50 047</b>	

**GV STUDIO CITY limited**

**SCHEDULE 3 - F A Register as on 31.03.2011**

Particulars	Cost 01.04.2010	Additions	Deletions	Total Cost 30.03.2011	Dep upto 31.03.2010	Current Depn	Deletion to Depn	Acc depn upto 31.03.2011	WDV 31.03.2010	WDV 31.03.2011
Land	-	5 11 58 090	-	5 11 58 090	-	-	-	-	-	5 11 58 090
Building	-	2 31 60 827	-	2 31 60 827	-	1 86 679	-	1 86 679	-	2 29 74 148
Plant & Machinery	-	1 89 52 240	-	1 89 52 240	-	3 91 723	-	3 91 723	-	1 85 60 517
Furniture & Fixtures	-	29 10 948	-	29 10 948	-	84 934	-	84 934	-	28 26 014
Office equipment	-	1 65 47 557	-	1 65 47 557	-	3 71 050	-	3 71 050	-	1 61 76 507
Goodwill	-	4 03 89 480	-	4 03 89 480	-	-	-	-	-	4 03 89 480
<b>TOTAL</b>		<b>15 31 19 142</b>		<b>15 31 19 142</b>		<b>10 34 385</b>		<b>10 34 385</b>		<b>15 20 84 757</b>
Previous Year		-		-		-		-		-

## GV STUDIO CITY LIMITED

Regd. Office: F-0, Whispering Heights, 132, St. Mary's Road, Alwarpet, Chennai - 600 018

## CASH FLOW STATEMENT

	31st March 2011	31st March 2010
<b>A. Cash Flow From Operating Activities:</b>	Rs.	Rs.
Net Profit before tax and extraordinary items	( 15 43 932)	( 27 210)
Adjustment for:		
Depreciation	10 34 385	-
Interest Paid (Net)	66 177	-
Preliminary Expenses written off	10 320	10 320
Operating Profit before Working Capital Changes	( 4 33 050)	( 16 890)
Adjustment for:		
Decrease/(Increase) in Inventories		
Decrease/(Increase) in Sundry Debtors		
Decrease/(Increase) in Loans & Advances	( 44 23 662)	( 40 00 000)
Decrease/(Increase) in Current Liabilities	76 88 999	40 23 273
Net Cash From Operating Activities	28 32 287	6 383
<b>B. Cash Flow From Investing Activities:</b>		
(Acquisition)/Disposal of Assets - Net	( 15 31 19 142)	
Investments in securities		
Net Cash From Investing Activities	( 15 31 19 142)	-
<b>C. Cash Flow From Financing Activities:</b>		
Proceeds from issue of shares	15 00 00 000	
Proceeds from Borrowings	21 65 000	
Capital Increase Expenditure	( 10 95 000)	
Interest paid	( 66 177)	-
Net Cash From Financing Activities	15 10 03 823	-
<b>Net Increase/(Decrease) In Cash And Cash Equivalents During The Year</b>	<b>716968</b>	<b>6383</b>
Cash And Cash Equivalents As At The Beginning Of The Year	4 47 433	4 41 050
Cash And Cash Equivalents As At The End Of The Year	11 64 401	4 47 433

For and on behalf of the Board

As per our report of even date  
**For R. Ravindran & Associates**  
Chartered Accountants  
Firm Registration No. 003222S

Sd/-  
**P.Raghuraman**  
Director

Sd/-  
**A.H.Abdul Hameed**  
Director

Sd/-  
**R. Ravindran**  
Proprietor  
M. No.023829

30th May 2011



**GV STUDIO CITY LIMITED**

Regd. Office: F-0, Whispering Height, 132, St. Mary's Road, Alwarpet, Chennai - 600 018

**Schedule 9**

Significant accounting policies & notes on accounts forming part of accounts for the year ended 31st March 2011

**A. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Accounting:**

- The Financial Statements are prepared under the historical cost convention, on accrual basis of accounting and in accordance with Generally Accepted Accounting Principles (GAAP) in India and in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 prescribed by the Central Government.
- The preparation of Financial Statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of income and expenses for the period, balance of Assets and Liabilities and disclosures relating contingent liabilities as of the date of the financial statements. Examples of such estimates include useful life of tangible fixed assets, income taxes and future obligations under the employee retirement benefit plans etc. Actual results could differ from those estimates and differences, if any, are recognized in the period in which results are known.

**2. Income recognition**

- The Revenue represents the collection earned by screening of the films in the theatre .
- Revenues from exhibition of films are recognized upon realization.

**3. Fixed assets accounting:**

- Fixed Assets are stated at cost of acquisition less accumulated depreciation.
- Cost includes all expenses incurred to bring the Asset to its present location and condition.
- Depreciation is charged on the pro rata basis on the period of usage.
- Depreciation has been provided on the assets which are put to use on written down value Method at the rates specified in Schedule XIV of the Companies Act, 1956.

**4. Employee Benefits****Gratuity / Provident Fund**

- The Statutory provisions of Gratuity / Provident Fund is not applicable to the company during the year under review as there were no employees in the rolls of the company.

**5. Deferred tax**

- Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.
- Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of assets.

Particulars	Amount
Timing Difference on account of Difference arising in depreciation as per Income tax act and companies act	29,61,389
Deferred Tax Liability	8.97.097

**6. Taxes on Income**

- Current tax is the amount of tax payable on the taxable income for the year and determined in accordance with provisions of the Income Tax Act, 1961. For the year 2010-11 income tax not been provision has not arisen due to losses.

**7. Provisions, Contingent Liabilities and Contingent Assets**

- Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

**B NOTES TO ACCOUNTS**

**1) Accounting Period**

The accounting period under preview is of 12 months.

**2) Fixed Assets Purchase**

During the Financial Year 2009-10 the company became a wholly owned subsidiary of GV Films Ltd. During the current year the company acquired a 5 screen Multiplex theatre at Thanjavur from GV Films Limited, at a total cost of Rs 15 crores.

In lieu of purchase consideration, 1,50,00,000 fully paid equity shares of Rs 10 each were allotted to the G.V. Films Limited.

**3) Goodwill**

The difference between the Book value of fixed assets purchased and the shares issued as a consideration for the acquisition of fixed assets is taken as good will. Amortization of goodwill is to be recognized as per Accounting standard 26 but since there were pending statutory compliances to be completed the amortization of goodwill was deferred to next year.

**4) Remuneration of Auditor**

<b>Auditor's Remuneration</b>	<b>2010-11</b>	<b>2009-10</b>
Statutory Audit Fees	75 000	7500
Service Tax	7725	773
<b>Total</b>	<b>82 725</b>	<b>8273</b>

**5) Related party transactions**

**Type – I Related Party - Holding Company – Exercising Control**

G.V. Films Limited	Rs..69,86,715 Dr.
--------------------	-------------------

**Type –II Related Party -Joint Venture/ Associate – Exercising Significant Influence**

Transactions During the Year - Nil

**Type –III Related Party - Directors during the Year – Exercising control / Significant Influence**

M.V Balagiri ( Part of the year )

Transactions During the Year - Nil

**Type –IV Related Party - Relative of Director, Key Management Personn**

Transactions During the Year - Nil

**Type –V Related Party Enterprises owned by Directors , Relatives of Directors and Key Management Personnel**

**Sidhesh Enterprises – Owned by Director**

Sidhesh Enterprises - Credit Rs 4,20,000

- Schedules referred therein form an integral part of the Balance sheet.
- Contingent Liability is NIL

For R.Ravindran & associates  
Chartered Accountants

Firm Registration No. 003222S

For and on behalf of the Board

Sd/-  
**P.Raghuraman**  
Director

Sd/-  
**A.H.Abdul Hameed**  
Director

Sd/-  
**R. Ravindran**  
Proprietor  
M. No 23829  
Chennai,

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GV FILMS LIMITED AND ITS SUBSIDIARY GV STUDIO CITY LIMITED**

1. We have audited the attached Consolidated Balance Sheet of **M/s. GV FILMS LIMITED** as at March 31, 2011 and also the Consolidated Profit and Loss Account and its subsidiary for the period ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Consolidated Financial Statements have been prepared by the management of the company in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India
4. Further to our comments in the Annexure referred to in paragraph 3 above, we state that:

**Subject to non recognition of impairment in advances for capex of Rs 27,22,70,344 and intangible asset under development Rs.143,24,79,586/-**

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet and Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the balance sheet, profit and loss account and the cash flow statement comply with the Accounting Standards referred to in Subsection (3C) of section 211 of the Companies Act, 1956
- e. On the basis of written representations received from the Directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the director of the company is disqualified from being appointed as a director under clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956.
- f. In our opinion and according to the best of our information, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principle generally accepted in India ;
  1. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiary as at March 31, 2011
  2. in the case of the Consolidated Profit and Loss Account of the Loss of the Company and its subsidiary for the year ended March 31, 2011.
  3. in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Company and its subsidiary for the year ended March 31, 2011.

For R. Ravindran & Associates  
Chartered Accountants  
Firm Registration No. 003222S

Sd/-  
**R. Ravindran**  
Proprietor  
M. No. 023829

Chennai, 30<sup>th</sup> May, 2011

**CONSOLIDATED BALANCESHEET OF GV FILMS LIMITED  
AND ITS SUBSIDIARY GV STUDIO CITY LIMITED AS AT 31ST MARCH 2011**  
Regd. Office: F-0, Whispering Heights, 132, St. Mary's Road, Alwarpet, Chennai - 600 018

	Schedule	31st March 2011 Rs.	31st March 2010 Rs.
<b><u>SOURCES OF FUNDS</u></b>			
<b>SHAREHOLDERS' FUNDS:</b>			
Share Capital	1	3 68 62 78 330	3 68 62 78 330
Reserves & Surplus	2	93 29 22 166	93 29 22 166
		4 61 92 00 496	4 61 92 00 496
<b>LOAN FUNDS:</b>			
Secured Loans	3	2 49 54 051	2 99 54 051
Unsecured Loans	4	21 70 60 082	21 00 10 899
		<b>4 86 12 14 629</b>	<b>4 85 91 65 446</b>
<b><u>APPLICATIONS OF FUNDS</u></b>			
<b>FIXED ASSETS</b>			
Gross Block		1 90 22 44 029	1 90 50 12 277
Less: Depreciation		3 61 08 724	4 98 00 802
Net Block	5	1 86 61 35 305	1 85 52 11 474
<b>INVESTMENTS</b>	6	16 73 460	16 73 460
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	7	1 98 53 92 421	2 09 38 79 116
Sundry Debtors	8	1 66 85 445	7 75 81 331
Cash & Bank balances	9	22 74 740	52 09 090
Loans & Advances	10	5 15 36 005	6 03 31 216
		2 05 58 88 611	2 23 70 00 753
Less: Current Liabilities & Provisions	11	8 85 94 865	20 47 87 568
Net Current Assets		1 96 72 93 746	2 03 22 13 185
Deferred Tax Assets		2 67 560	11 64 657
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)			
Capital Issue and preliminary expenditure	12	1 54 41 092	1 43 56 412
Profit and loss account		1 01 04 03 468	95 45 46 259
		<b>4 86 12 14 629</b>	<b>4 85 91 65 446</b>

Notes to accounts

18

For and on behalf of the Board

As per our report of even date  
**For R. Ravindran & Associates**  
Chartered Accountants  
Firm Registration No. 003222S

Sd/-  
**M. V. Balagiri**  
Managing Director

Sd/-  
**A. Venkatramani**  
Director

Sd/-  
**R. Gopalan**  
Director

Sd/-  
**R. Ravindran**  
Proprietor  
M. No. 023829

Chennai, 30th May 2011

**CONSOLIDATED PROFIT NAD LOSS ACCOUNT OF GV FILMS  
AND ITS SUBSIDIARY GV STUDIO CITY LIMITED FOR THE YEAR ENDED 31ST MARCH, 2011**

Regd. Office: F-0, Whispering Heights, 132, St. Mary's Road, Alwarpet, Chennai - 600 018

	Schedule	31st March 2011 Rs.	31st March 2010 Rs.
<b>INCOME</b>			
Operating Income	13	10 18 35 433	12 81 99 630
Other Income	14	5 91 13 325	29 62 152
		<b>16 09 48 758</b>	<b>13 11 61 782</b>
<b>EXPENDITURE</b>			
Operating Expenses	15	14 30 13 361	8 99 65 634
Administrative & Other Expenses	16	5 44 32 587	6 05 58 947
Finance Charges	17	88 87 521	77 45 392
Depreciation	5	95 75 401	92 09 567
		<b>21 59 08 870</b>	<b>16 74 79 539</b>
Operating Loss		(5 49 60 112)	(3 63 17 759)
Profit/(Loss) before Taxation		<b>(5 49 60 112)</b>	<b>(3 63 17 759)</b>
Current tax			
Fringe Benefit Tax			
Deffered tax Liability		8 97 097	1 70 285
Profit/(Loss) after Taxation		(5 58 57 209)	(3 64 88 044)
Loss b/fd from Previous Year		(95 45 46 259)	(91 80 58 215)
Amount available for appropriation		(101 04 03 468)	(95 45 46 259)
Surplus/(Deficit) carried to Balance Sheet		<b>(101 04 03 468)</b>	<b>(95 45 46 259)</b>

Notes to accounts

18

For and on behalf of the Board

As per our report of even date  
**For R. Ravindran & Associates**  
Chartered Accountants  
Firm Registration No. 003222S

Sd/-  
**M. V. Balagiri**  
Managing Director

Sd/-  
**A.Venkatramani**  
Director

Sd/-  
**R. Gopalan**  
Director

Sd/-  
**R. Ravindran**  
Proprietor  
M. No.023829

Chennai, 30th May 2011

**SCHEDULES FORMING PART OF CONSOLIDATED  
ACCOUNTS FOR GV FILMS LIMITED  
AND ITS SUBSIDIARY GV STUDIO CITY LIMITED**

	31st March 2011 Rs.	31st March 2010 Rs.
<b>SCHEDULE 1: SHARE CAPITAL</b>		
<u>Authorised Share Capital:</u>		
2,00,00,00,000 Equity Shares of Rs.10/- each	20 00 00 00 000	20 00 00 00 000
 <u>Issued, Subscribed and Paid up Share Capital :</u>		
368 62 78 330 equity shares @ Rs. 10/- each	3 68 62 78 330	3 68 62 78 330
	<b>3 68 62 78 330</b>	<b>3 68 62 78 330</b>
 <b>SCHEDULE 2: RESERVES &amp; SURPLUS</b>		
General Reserves	7 15 33 466	7 15 33 466
Share Premium	86 13 88 700	86 13 88 700
	<b>93 29 22 166</b>	<b>93 29 22 166</b>
 <b>SCHEDULE 3: SECURED LOANS</b>		
Term Loan from Bank	2 49 54 051	2 99 54 051
(Secured on Company's Gudiatham Theatre)		
	<b>2 49 54 051</b>	<b>2 99 54 051</b>
 <b>SCHEDULE 4: UNSECURED LOANS</b>		
Foreign currency Convertible Bonds	16 06 15 082	15 23 15 504
Other Loans	5 64 45 000	5 76 95 395
	<b>21 70 60 082</b>	<b>21 00 10 899</b>
 <b>SCHEDULE 6: INVESTMENTS (AT COST)</b>		
<u>Investments in Quoted Securities</u>		
9,400 Equity Shares of Rs 10/- each in GSFC	1 88 000	1 88 000
792 Units -( US 64 ) of Rs 10/- each in UTI	8 496	8 496
 <u>Investment in un-quoted equity shares</u>		
4,81,000 shares of Pixel Box office Pte. Ltd , Singapore	14 76 964	14 76 964
in Sing \$ of 1 each	<b>16 73 460</b>	<b>16 73 460</b>



**SCHEDULES FORMING PART OF CONSOLIDATED  
ACCOUNTS FOR GV FILMS LIMITED  
AND ITS SUBSIDIARY GV STUDIO CITY LIMITED**

	31st March 2011 Rs.	31st March 2010 Rs.
<b>SCHEDULE 7: INVENTORIES</b>		
Closing Stock of pictures & films	1 98 53 92 421	2 09 38 79 116
	<b>1 98 53 92 421</b>	<b>2 09 38 79 116</b>
<b>SCHEDULE 8: SUNDRY DEBTORS</b>		
(Unsecured, Considered Good )		
(a) Debts outstanding for a period exceeding 6 months	1 66 85 445	7 35 16 072
(b) Other Debts		40 65 259
	<b>1 66 85 445</b>	<b>7 75 81 331</b>
<b>SCHEDULE 9: CASH &amp; BANK BALANCES</b>		
Cash in hand	2 83 145	5 18 725
Balance with Banks		
- On Current Accounts	19 54 595	46 53 365
- On Deposit Accounts	37 000	37 000
	<b>22 74 740</b>	<b>52 09 090</b>
<b>SCHEDULE 10: LOANS &amp; ADVANCES</b>		
(Advances - Receivable in cash or in kind or for value to be received (considered good)		
Deposits	35 32 698	35 32 698
Loans & Advances	4 80 03 307	5 67 98 518
	<b>5 15 36 005</b>	<b>6 03 31 216</b>
<b>SCHEDULE 11: CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors	1 15 76 945	13 25 38 181
Other Liabilities & Advances	6 68 41 915	7 07 14 123
	<b>7 84 18 860</b>	<b>20 32 52 304</b>
<b>Provisions</b>		
Provision for FBT payable	6 07 701	6 07 701
Provision for Interest on FCCB Bonds	62 21 516	9 27 563
Provision for Interest on SBI	32 47 033	
Other Provisions	99 755	
	<b>1 01 76 005</b>	<b>15 35 264</b>
	<b>8 85 94 865</b>	<b>20 47 87 568</b>

**SCHEDULES FORMING PART OF CONSOLIDATED  
ACCOUNTS FOR GV FILMS LIMITED  
AND ITS SUBSIDIARY GV STUDIO CITY LIMITED**

	31st March 2011 Rs.	31st March 2010 Rs.
<b>SCHEDULE 12: MISCELLANEOUS EXPENDITURE</b>		
Rights Issue Expenditure	68 78 392	68 78 392
Other Preliminary Expenses	85 62 700	74 78 020
	<b>1 54 41 092</b>	<b>1 43 56 412</b>
<b>SCHEDULE 13: OPERATING INCOME</b>		
Realisation from Film Production & Distribution	6 67 10 000	11 36 27 500
GV Studio City (Theatre) Division	7 55 14 913	1 45 72 130
	<b>14 22 24 913</b>	<b>12 81 99 630</b>
<b>SCHEDULE 14: OTHER INCOME</b>		
Interest earned	15 553	2 76 877
Film subsidy		
Miscellaneous Income	5 90 97 772	26 85 275
	<b>5 91 13 325</b>	<b>29 62 152</b>
<b>SCHEDULE 15: OPERATING EXPENSES</b>		
Opening Stock - Films	2 09 38 79 116	1 76 75 82 544
Cost of Films Produced / Distributed		41 00 11 134
Less: Closing Stock	1 98 53 92 421	2 09 38 79 116
Cost of Sales	10 84 86 695	8 37 14 562
Theatre division Expenses	3 45 26 666	62 51 072
	<b>14 30 13 361</b>	<b>8 99 65 634</b>
<b>SCHEDULE 16: ADMINISTRATIVE EXPENSES</b>		
Advertisement & Publicity	3 78 473	2 04 239
Shareholders Meeting Expenses	4 02 940	6 83 645
Audit Fees	4 15 872	3 66 290
Bank Charges	6 17 554	1 03 740
Business Development Expenses	14 27 735	54 37 850
Electricity Charges	34 57 240	15 95 180
Legal & Professional Charges	44 73 237	2 46 37 523
Other Service Charges	8 45 929	5 42 972
Listing, Depositary and ROC Fees	21 32 009	20 53 616
Other Expenses	28 08 243	17 21 038
Postage, Trunks & Telephones	9 41 047	9 82 980
Printing & Stationery	4 43 576	1 92 444
Rent, Rates & Taxes	34 25 819	31 36 689
Repairs & Maintenance	36 64 133	34 73 302
Staff Costs	1 80 07 612	1 12 03 406
Travelling & Conveyance	27 43 075	41 41 660
Exchange Loss	82 48 093	82 374
	<b>5 44 32 587</b>	<b>6 05 58 947</b>
<b>SCHEDULE 17: FINANCE CHARGES</b>		
Interest on loans	88 87 521	77 30 392
Processing Charges		15 000
	<b>88 87 521</b>	<b>77 45 392</b>

SCHEDULE 9 : Consolidated Fixed Assets and Depreciation Schedule for the year ended 31.03.2011										
Particulars	Cost 31.03.2010 Rs.	Additions Rs.	Deletions Rs.	Total Cost 31.03.2011 Rs.	Dep upto 31.03.2010 Rs.	Current Depn Rs.	Deletion to Depn Rs.	Acc depn upto 31.03.2011 Rs.	WDV 31.03.2010 Rs.	WDV 31.03.2011 Rs.
Land	3 89 47 274	5 11 58 090	1 47 01 114	7 54 04 250					3 89 47 274	7 54 04 250
Building	6 43 54 805	2 35 98 445	5 25 47 141	3 54 06 109	1 10 77 527	19 71 771	99 64 011	30 85 286	5 32 77 278	3 23 20 822
Plant & Machinery	2 69 29 483	1 97 38 207	1 87 92 062	2 78 75 628	88 06 797	19 51 604	19 22 714	88 35 687	1 81 22 686	1 90 39 941
Furniture & Fixtures	1 59 61 236	30 26 028	35 07 516	1 54 79 748	63 14 072	15 99 052	5 96 568	73 16 556	96 47 164	81 63 192
Office equipment	4 30 91 688	1 65 90 557	2 73 31 742	3 23 50 503	1 62 71 628	31 11 324	1 07 84 185	85 98 767	2 68 20 060	2 37 51 736
Vehicles	1 09 77 861			1 09 77 861	73 30 779	9 41 650		82 72 429	36 47 082	27 05 432
Webcasting portal (Under construction)	143 24 79 586			143 24 79 586					143 24 79 586	143 24 79 586
Capital work in progress	27 22 70 344			27 22 70 344					27 22 70 344	27 22 70 344
<b>TOTAL</b>	<b>190 50 12 277</b>	<b>11 41 11 327</b>	<b>11 68 79 575</b>	<b>190 22 44 029</b>	<b>4 98 00 802</b>	<b>95 75 401</b>	<b>2 32 67 479</b>	<b>3 61 08 725</b>	<b>185 52 11 474</b>	<b>186 61 35 306</b>
Previous Year	189 06 11 141	1 44 01 136		190 50 12 277	4 05 91 235	92 08 567		4 98 00 802	185 00 19 906	185 52 11 474

**CONSOLIDATED CASH FLOW STATEMENT OF GV FILMS LIMITED AND ITS SUBSIDIARY FOR  
THE YEAR ENDED 31ST MARCH, 2011**

	31st March 2011 Rs.	31st March 2010 Rs.
<b>A. Cash Flow From Operating Activities:</b>		
Net Profit before tax and extraordinary items	( 5 49 60 112)	( 3 63 17 759)
Adjustment for:		
Depreciation	95 75 401	92 09 567
Interest Paid (Net)	88 87 521	49 62 703
Profit / Loss on Sale of Assets		
Other write backs	( 1 59 98 423)	1 54 14 152
Preliminary expenses w/off	10 320	10 320
Exchange Fluctuation Loss	82 48 093	
Operating Profit before Working Capital Changes	( 4 42 37 200)	( 67 21 018)
Adjustment for:		
Decrease/(Increase) in Inventories	10 84 86 695	( 32 62 96 572)
Decrease/(Increase) in Sundry Debtors	6 08 95 886	12 74 41 260
Decrease/(Increase) in Loans & Advances	( 28 03 238)	7 78 50 965
Decrease/(Increase) in Current Liabilities	( 10 53 59 254)	10 78 87 290
Net Cash From Operating Activities	<b>1 69 82 889</b>	<b>( 1 98 38 076)</b>
<b>B. Cash Flow From Investing Activities:</b>		
(Acquisition)/Disposal of Assets - Net Investments in securities	( 15 45 00 807)	( 1 44 07 136)
Net Cash From Investing Activities	<b>( 15 45 00 807)</b>	<b>( 1 44 07 136)</b>
<b>C. Cash Flow From Financing Activities:</b>		
Proceeds from issue of shares	15 00 00 000	
Proceeds from Borrowings	( 54 33 910)	3 92 13 617
Interest Paid (Net)	( 88 87 521)	( 49 62 703)
Capital increase expenditure	( 10 95 000)	
Net Cash From Financing Activities	<b>13 45 83 569</b>	<b>3 42 50 914</b>
<b>Net Increase/(Decrease) In Cash And Cash Equivalents During The Year</b>	<b>( 29 34 349)</b>	<b>5 705</b>
Cash And Cash Equivalents As At The Beginning Of The Year	52 09 090	52 03 384
Cash And Cash Equivalents As At The End Of The Year	22 74 740	52 09 090

For and on behalf of the Board

As per our report of even date  
For **R. Ravindran & Associates**  
Chartered Accountants  
Firm Registration No. 003222S

Sd/-  
**M. V. Balagiri**  
Managing Director

Sd/-  
**A. Venkatramani**  
Director

Sd/-  
**R. Gopalan**  
Director

Sd/-  
**R. Ravindran**  
Proprietor  
M. No.023829

Chennai, May 30, 2011

**Schedule 18****Significant accounting policies & Notes on accounts forming part of Consolidated Financial Statements of GV Films Limited and its Subsidiary GV Studio City Limited for the year ended 31<sup>st</sup> March 2011****Overview:**

GV Films Limited is a public limited company dealing in production, distribution and exhibition of films. The shares of GV Films Limited are listed in Bombay Stock Exchange Ltd. GV Studio City Limited is a wholly owned subsidiary company of GV Films Limited which deals in exhibition of films. Both companies are incorporated in Tamil Nadu, India. The consolidated financial statements of both companies are presented here.

**A. SIGNIFICANT ACCOUNTING POLICIES****a) Basis of Accounting:**

- The Financial Statements are prepared under the historical cost convention, on accrual basis of accounting and in accordance with Generally Accepted Accounting Principles (GAAP) in India and in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 prescribed by the Central Government.
- The preparation of Financial Statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of income and expenses for the period, balance of Assets and Liabilities and disclosures relating contingent liabilities as of the date of the financial statements. Examples of such estimates include useful life of tangible fixed assets, income taxes and future obligations under the employee retirement benefit plans etc. Actual results could differ from those estimates and differences, if any, are recognized in the period in which results are known.

**b) Income recognition**

- Revenues from film sale and distribution are recognized in the year of execution of agreements for sale.
- Revenues from exhibition of films are recognized upon realization.

**c) Principles of Consolidation**

The consolidated financial statements relate the company (GV Films Limited) and its Subsidiary (GV Studio City Limited). The consolidated financial statements have been prepared on the following basis:

- The Financial statements of the Company and its subsidiary is combined on a line by line basis, by adding the like items of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions resulting in unrealized profit or losses in accordance with the Accounting standard (AS – 21) "Consolidated Financial Statements"
- The Company does not have minority shareholders therefore there is no need to disclose the adjustment of minority interest share of net profit or loss against income of the company and also the share of net assets as a separate item from liabilities in the consolidated Balance Sheet.
- The Consolidated Financials statements are prepared using uniform Accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the stand alone financial statement of the Company

**d) Fixed assets accounting:**

- Fixed Assets are stated at cost of acquisition less accumulated depreciation.
- Cost includes all expenses incurred to bring the Asset to its present location and condition.
- Web casting portal represents the cost of expenses incurred by the company in acquiring and developing web casting technology, web NTV launch expenses, acquired value of internet rights of Hollywood films/ regional films and related overheads.

- Depreciation has been provided on the assets which are put to use on written down value Method at the rates specified in Schedule XIV of the Companies Act, 1956.

**e) Employee Benefits**

- Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment and as required by law are recorded in accordance with Accounting Standard (AS) 15 "Employee Benefits" issued by the Institute of Chartered Accountants of India.

**Gratuity**

- Gratuity is a defined benefit plan, provided in respect of past services based on independent actuarial valuation and corresponding contribution to the fund is expensed in the year of such contribution.

**Provident Fund**

- Provident fund is a contribution to a Recognised Provident Fund with the Provident Fund Commissioner and the contribution made during the year as per the plan is expensed.

**Leave Encashment**

- Liability for leave is treated as a short-term liability and is accounted for as and when earned by the employee.

**f) Inventory valuation:**

- Inventories represent films under production and other film rights.
- Films under production are valued at cost. In the opinion of the management the films under production
- The film rights are valued, as at the year end, as per the current market potential of the pictures.

**g) Foreign Currency transactions**

- Transactions denominated In Foreign Currency are recorded at exchange rates prevailing at the time of such transactions.
- Exchange differences arising upon Exchange Realization is taken to the Exchange realization account and the overall profit made or loss sustained at the year end is taken to the debit or credit of Profit and Loss account as the case may be.

**h) Lease**

- Operating lease payments are recognized as expenses in the profit and loss account as per the terms of the agreements which are representative of the time pattern of the users' benefit.

**i) Deferred tax**

- Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.
- Deferred tax assets is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of assets.

**j) Valuation of Investments**

- Quoted shares are valued as a prudent measure is valued, at the lower of the cost or Market value.
- Un-quoted equity shares, held as short term investments, are valued at cost.



**k) Taxes on Income**

- Current tax is the amount of tax payable on the taxable income for the year and determined in accordance with provisions of the Income Tax Act, 1961. However, for the year no income tax has been provided in the Accounts, as the Company has incurred Loss for the current year.

**l) Provisions, Contingent Liabilities and Contingent Assets**

- Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

**B. NOTES ON ACCOUNTS****1. Accounting Period**

- The period of accounts under review is from April 1, 2010 to March 31, 2011.

**2. Receivables & Payables**

- Balance confirmation letters have been dispatched to various Sundry Debtors, Sundry Creditors and such others. Confirmations have been received from some parties and reconciliation work is in progress in respect of those confirmations.

**3. Taxation**

In view of losses sustained during the year, tax provision is not required to be made.

**4. Contingent Liability**

Liability	31-03-2011 Rs	31-03-2010 Rs
Capital Commitments	NIL	NIL
Claims against the company not acknowledged as debts	5 00 00 000	5 00 00 000

**5. Provision for Taxation**

Tax under MAT

NIL

NIL

**6. Remuneration to Auditors**

Fee	Service	2010-11 Rs	2009-10 Rs
GV Films Limited (Holding Company)	Statutory Audit, Tax Audit and Service tax & Certification	3 30 900	3 58 017
GV Studio City Limited (Subsidiary Company)	Statutory Audit, Tax Audit & Service tax	84 972	8 273

**7. Foreign Exchange earnings and outflow**

Earnings / Outflow	2009-11 Rs	2009-10 Rs
Foreign Exchange earnings	NIL	NIL
Foreign Currency outflow		
Hollywood Films Purchases	NIL	NIL
Interest on FCC Bonds	NIL	NIL

**8. Business Segments**

The company has three business segments as under

Segment	Capital Employed Rs	Sales / service / Other Income Rs	Profit / (Loss) Rs
Film Distribution	1 68 69 05 000	18 61 43 690	(1 30 26 700)
Film Exhibition	17 96 84 000	1 51 94 548	(15 43 932)
Web Castina	132 59 20 000	NIL	NIL
<b>Total</b>	<b>319 25 09 000</b>	<b>20 13 38 238</b>	<b>(145 0 632)</b>

**9. Share Premium Account**

Balance as on 01.04.2010 Rs. 86 13 88 700

Premium on conversion of FCCB Bonds Rs. NIL

Balance as at 31.03.2011 Rs. 86 13 88 700

**10. Related Party Transactions**

As per the Accounting standards (AS 18) "Related Party Disclosure" as referred to in Accounting standard rules, the disclosure of transactions with the related parties as defined therein are given below:

**11. Rounding off**

S.No	Name of the Related Party	Op. Balance	Payments	Receipts	Cl.Balance
<b>1</b>	<b>UNSECURED LOANS</b>		<b>Transaction Balance during the Period</b>		
	M.V Balagiri			20 50 000	20 50 000
	Sidhesh Enterprises	287 81 392	72 81 391	52 00 000	267 00 001
	Sidhesh Films	21 67 945	29 67 945	54 35 000	4 6 35 000
	Strawberry Events	55 76 058	55 76 058		
		<b>365 25 395</b>	<b>158 25 394</b>	<b>126 85 000</b>	<b>3 33 85 001</b>
<b>2</b>	<b>ADVANCES(LIABILITY)</b>				
	Mahadevan Ganesh, Director	107 59 129			107 59 129
	Southside Hotels and Resorts Ltd.	122 45 185			122 45 185
	Usha Venkatramani	2 47 000			2 47 000
		<b>232 51 314</b>			<b>232 51 314</b>
<b>3</b>	<b>Loans given</b>				
	Euro Asia Infra Development Corpn Ltd.		1 8 946		1 8 946
	Eyelight Events and Promotions P.Limited	68 88 720			68 88 720
	Space Hospitals Ltd.	5 40 025	1 80 000	3 00 000	4 20 025
		<b>74 28 745</b>	<b>1 98 946</b>	<b>3 00 000</b>	<b>73 27 691</b>

Figures have been rounded off to the nearest rupee.

For and on behalf of the Board

Sd/-

**M. V. Balagiri**

Managing Director

Sd/-

**A.Venkatramani**

Director

Sd/-

**R.Gopalan**

Director

Sd/-

**R. Ravindran**

Proprietor

As per our report of even date  
For R. Ravindran & Associates  
Chartered Accountants  
Firm Registration No. 003222S

Membership No: 023829

Chennai, 30<sup>th</sup> May 2011

## GV Films Limited

Regd. Office : 001, Damini Building, Next to Dilkush School, Opp-Hotel Ramada Palm Grove, Juhu Tara Road, Juhu Mumbai – 400049

## ATTENDANCE SLIP

NAME AND ADDRESS OF THE MEMBER

FOLIO NUMBER :

NO. OF SHARES :

DP ID. NO./Client ID. No. :

NAME OF PROXY (if applicable)

I hereby record my presence at the Annual General Meeting of the Company

Notes :

1. This slip may please be handed over at the entrance of the meeting hall.
2. Only Shareholders / Proxies will be allowed to attend the meeting.

## ANNUAL GENERAL MEETING

### TIME

Friday, 19<sup>th</sup> April 2013 at 11.30 a.m.

### VENUE

**MIG Cricket Club, Galaxy Hall, MIG Colony,  
Near Mhada, Bandra (E) Mumbai – 400051**

**Signature of Member/Proxy**

## GV Films Limited

Regd. Office : 001, Damini Building, Next to Dilkush School, Opp-Hotel Ramada Palm Grove, Juhu Tara Road, Juhu Mumbai – 400049

## PROXY FORM

I / We \_\_\_\_\_ of

\_\_\_\_\_ being the Member(s) of G.V. Films Limited hereby appoint

\_\_\_\_\_ of \_\_\_\_\_

failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on **Friday, The 19<sup>th</sup> April 2013 at 11.30 a.m.** and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Folio No.

No. of Shares Held

DP ID No./Client ID No.

**Signature of Member**

**Signature of Member**

Note : Form of proxy duly completed should be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.

## BOOK-POST

*If undelivered, please return to:*

**GV Films Limited**

No.001, Damini Building,

Next to Dilkush School,

Opp-Hotel Ramada Palm Grove,

Juhu Tara Road,

Juhu Mumbai – 400049