

# GV Films Ltd.



## 24<sup>th</sup> Annual Report

**2012 - 2013**



# GV Films Ltd.

## 24th Annual Report 2012-13

### DIRECTORS

**Mr. M. V. Balagiri**

(Chairman & Managing Director)

**Mr. Mahadevan Ganesh**

**Mr. A Venkatramani**

**Mr. R. Gopalan**

**Mr. Nambirajan Ganpathy Yadav**

(Appointed on 04.01.2013)

**Mr. Vijay Kumar Jain**

(Appointed on 16.03.2013)

**Mr. Sudhakar Mallapa Shetty**

(Appointed on 13.08.2013)

### COMPANY SECRETARY

Ms. Swati Maheshwari

### AUDITORS

**R. Ravindran & Associates**

(Chartered Accountants)

### BANKERS

State Bank of India

ICICI Bank Ltd.

HDFC Bank Ltd.

The Cosmos Co-Operative Bank Ltd.

### REGD. OFFICE

No. 001, Damini Building,

Next to Dilkush School,

Opp. Hotel Ramada Palm Grove,

Juhu Tara Road, Juhu, Mumbai - 400 049.

### REGISTRAR & SHARE TRANSFER AGENT

M/s. Cameo Corporate Services Ltd.

"Subramanian Building" No. 1,

Club House Road, Chennai - 600 002.

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### ANNUAL GENERAL MEETING

**Time :** Monday, 30th September 2013 at 03.00 p.m.

**Venue :** MIG Cricket Club, Galaxy Hall, MIG Colony,  
Near Mhada, Bandra (E), Mumbai - 400 051.

## CHAIRMAN SPEECH

**Nothing is impossible. The word itself says I'm possible!**



“What is Cinema? We might as well ask “What is life?”, for film, like life, is made of moments; moments in time, held aloft for our perusal, imprinted on our soul, and then brought back to us from time to time as a memory by an event, a vision, a sound, an emotion. The separation becomes trivial cinema is life, and life cinema: around us, beside us, inside us. Created by light and celluloid, they live only in our minds and in our hearts, savored both during and after the fact. Projected onto the screen and into our consciousness, where they are replayed over and over continually re-discovered artifacts which are constantly changing us. What, then, can we say is truly real? A memory? An event? A celluloid image? The answer lies in the cinema. All is real. Nothing is impossible.”

### THE ROAD AHEAD

We believe that cinema is an art, a passion and an effective tool for social awakening. We would like to ride this vehicle as often as possible, with a prolific marriage between social objective and economic compulsions. Through Entertainment we will not only reach the heart but will also stir the soul.

The concept of GVSC is envisioned as a Miniplexes with food courts. Its key value proposition is to provide a rich leisure and entertainment experience at an affordable price in Tier 2, 3 and 4 cities and towns in Tamilnadu and Maharashtra. These Tier 2, 3 and 4 cities provide an untapped opportunity for Miniplexes because disposable incomes are high and current avenues for entertainment are limited in these locations. Reasonable prices, thereby improving the viability of miniplexes. Moreover, these cities provide access to real estate at a reasonable price.

GVFL has launched a Film Distribution Division with the name of ‘One Window’. This Division will focus on distribution of movies produced by other producers and looking for a banner to release the movie. GVFL envisages good opportunity under this division, wherein the risk element is zero.

GVFL is currently looking for equity investment for its journey towards becoming a world class and professionally managed miniplex chain of over 270 screen.

The time is ripe. Market conducive, the future belongs to INDIAN FILM INDUSTRY!!!

### Conclusion:

Finally, I convey my personal gratitude for the confidence that you have reposed in your company's Board of Directors. I sincerely hope that you will continue to extend your whole-hearted support to us so that we, along with the management team, and all employees will further accelerate the growth and progress of your company.

I would like to thank all our stakeholders - employees, shareholders, readers, advertisers, listeners, lenders, the Central and State Governments, bankers and society at large for helping us come this far. I would like to invite you to accompany us in our quest to create and share sustained value. I once again take the opportunity to thank all our stakeholders for their continued support.

*M. V. Balagiri*  
(Chairman and Managing Director)

## NOTICE

**NOTICE** is hereby given that the twenty-fourth Annual General Meeting of the members of GV Films Limited will be held on Monday, 30th September 2013 at 03.00 p.m. at MIG Cricket CLUB, Galaxy Hall, MIG Colony, Near Mhada, Bandra (E), Mumbai to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013, the Statement of Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mahadevan Ganesh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. R.Gopalan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors M/s. R.Ravindran & Associates, (Firm Registration No.003222S) Chartered Accountants, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting. and to fix their remuneration.

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

**“RESOLVED FURTHER THAT** the Board of the Directors of the company be and is hereby authorised to fix the remuneration and other terms and conditions for the appointment of Auditor.”

### SPECIAL BUSINESS

5. **Voluntary Delisting of equity shares of the Company from Madras Stock Exchange Limited**

To consider and if thought fit, to pass with or without modification(s) the following resolution as special resolutions:

**“RESOLVED THAT** pursuant to all applicable provisions of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter, provisions of the Memorandum of Association and Articles of Association of the Company, the Listing Agreement(s), the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, as may be amended from time to time or re-enactment thereof for the time being in force and such other applicable laws, rules and regulations and guidelines and subject to such approvals, permissions and sanctions, including those from the Stock Exchanges where the equity shares of the Company is listed, as may be necessary, approval of the Company be and is hereby accorded to the Board of Directors of the Company (the **“Board”**) which term shall include any Committee which the Board of Directors may have constituted or may hereafter constitute for the time being for exercising the powers conferred on the Board of Directors by this resolution to seek voluntary delisting of the equity shares of the Company from Madras Stock Exchange Limited, where the equity shares of the Company are listed, in terms of SEBI Delisting Regulations and other applicable provisions of law.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the voluntary delisting, the Board be and is hereby authorized to do all such acts, deeds, matters and things at in its sole and absolute discretion it may deem necessary or desirable to give effect to the aforesaid resolution, including making applications to the Stock Exchanges seeking their in-principle and final approval for the proposed voluntary delisting of the equity shares of the Company, and to execute all such deeds and documents and to settle all questions, difficulties and doubts that may arise in this regard, as it may consider necessary and expedient.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred upon it to any Committee of Directors or to any Director or Directors or any other officers / authorized representative of the Company to give effect to this resolution.”

6. **Appointment of Mr. Nambirajan Ganapathy Yadav as a Director of the Company**

To consider and, if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution:

**“RESOLVED THAT Mr. Nambirajan Ganapathy Yadav** who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 in the Board Meeting held on 04.01.2013 and who holds

office upto the date of the twenty-fourth Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received proposing **Mr. Nambirajan Ganapathy Yadav** as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

**7. Appointment of Mr. Vijay Kumar Jain as a Director of the Company**

To consider and, if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution:

“**RESOLVED THAT Mr. Vijay Kumar Jain** who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 in the Board Meeting held on 16.03.2013 and who holds office upto the date of the twenty-fourth Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received proposing **Mr. Vijay Kumar Jain** as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

**By Order of Board**

**Sd/-**

**M. V. Balagiri**

**Chairman & Managing Director**

**Place: Mumbai**

**Date: 04.09.2013**

**NOTES**

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIM AND SUCH PROXIES NEED NOT BE A MEMBER OF THE COMPANY Proxies, in order to be effective, must be received at the Company's Registered Office, not less than 48 hours before the commencement of the meeting.**
- b) The Register of Members of the Company will remain closed from **25.09.2013 to 30.09.2013 (Both days inclusive)** for determining the names of members eligible for dividend on equity shares, if declared.
- c) Members are requested to notify immediately any change in their address / Bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and in respect of their physical shares Folios to the Registrar and Share Transfer Agent of the Company M/s Cameo Corporate Services Ltd.
- d) **The members are requested to send queries, if any, on accounts which should reach the Registered Office of the Company at least seven days before the meeting.**
- e) Kindly quote your Ledger Folio Number / Client ID Number in all your future correspondence.
- f) Members are requested to bring their copies of the Annual Reports to the Annual General Meeting of the Company.
- g) The Members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.
- h) 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.
- i) Information required to be furnished under clause 49 IV (G) of the Listing Agreement is given in the Corporate Governance Report which forms part of this Annual Report.

**By Order of Board**

**Sd/-**

**M. V. Balagiri**

**Chairman & Managing Director**

**Place: Mumbai**

**Date: 04.09.2013**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2)  
OF THE COMPANIES ACT, 1956.**

**Item 5**

The promoters of the Company are of the view that the delisting proposal is in the interest of the public shareholders of the Company. There is no liquidity / tradability in the equity shares of the Company for last few years in Madras Stock Exchange Limited. This has put the public shareholders in lot of hardship and inconvenience. The promoters believe that the proposed voluntary delisting is in the best interests of the public shareholders. The Board of Directors of the Company believe that no particular benefit is available to the shareholders of the Company by continuing the listing of its equity shares on the Stock Exchange as no trade has been registered in the said Stock Exchanges for last few years.

Also the Company's shares are listed on Bombay Stock Exchange Limited (BSE), Madras Stock Exchange Limited (MSE) and Hyderabad Stock Exchange Limited (HSE). Bombay Stock Exchange Limited (BSE) provides a nation wide trading facility and unrestricted, unhindered access to the investors to trade in the shares of the Company. Further Hyderabad Stock Exchange Limited (HSE) was de-Recognised by SEBI.

Hence it is proposed that the Equity Shares of the Company be de-listed from Madras Stock Exchange Limited (MSE) to save the revenue of the company that is paid every year to the said Stock Exchange to avail trading facility for the shareholders

The shareholders are requested to accord their approval to the special resolutions for de-listing of Equity Shares from Madras Stock Exchange Limited.

None of the Directors of the Company are interested or concerned in the above resolution

**Item 6 & 7**

Mr. Nambirajan Ganapathy Yadav & Mr. Vijay Kumar Jain were appointed as Additional Directors of the Company with effect from 04.01.2013 & 16.03.03.2013 respectively. Pursuant to the provisions of the Companies Act, 1956, Mr. Nambirajan Ganapathy Yadav & Mr. Vijay Kumar Jain holds office as a Director of the Company only up to the date of the ensuing Annual General Meeting of the Company and the provisions of section 257 of the Companies Act, 1956 are complied with.

Except Mr. Nambirajan Ganapathy Yadav & Mr. Vijay Kumar Jain, none of the other Directors of the Company is, in any way, concerned or interested in this resolution.

<b>IMPORTANT COMMUNICATION TO MEMBERS</b>
<p>The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with the Company's Share Transfer Agent, <b>M/s Cameo Corporate Services Ltd.</b> <b>Email: <a href="mailto:cameo@cameoindia.com">cameo@cameoindia.com</a></b></p>

## DIRECTORS' REPORT

To The Members of  
**GV Films Limited**

Your Directors take pleasure in presenting 24th Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2013.

### 1. FINANCIAL RESULTS

Particulars	Year Ended 31.03.2013 Rs.	Year Ended 31.03.2012 Rs.
Turnover	<b>3 50 78 439</b>	5 50 86 168
Profit (Loss) before Depreciation & Tax	<b>(3 01 56 419)</b>	(3 79 13 788)
Less : Depreciation	<b>15 92 688</b>	32 72 109
<b>Profit before Exceptional and Extra-ordinary items &amp; tax</b>	<b>(3 17 49 107)</b>	(4 11 85 897)
<b>Exceptional &amp; Extra-ordinary items</b>	<b>(310 80 93 463)</b>	Nil
<b>Profit before Tax</b>	<b>(313 98 42 570)</b>	(4 11 85 897)
Less : Provision for Income Tax	<b>Nil</b>	Nil
Less : Provision for Deferred tax	<b>Nil</b>	Nil
<b>Profit after Tax</b>	<b>(313 98 42 570)</b>	(4 11 85 897)
Balance brought forward from Previous Year	<b>(100 86 86 953)</b>	(96 75 01 056)
<b>Balance available for Appropriation</b>	<b>(414 85 29 523)</b>	(100 86 86 953)
Balance carried to Balance Sheet	<b>(414 85 29 523)</b>	(100 86 86 953)

Management of the Company under the direction of your Board of Director continued to achieve the targets of cutting down the cost of operations and bettering the efficiency by using better alternated resources/means and methods of operation.

### 2. DIVIDEND

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

### 3. SUBSIDIARY COMPANY

The Company has GV Studio City Limited a Wholly owned subsidiary Company. GV Studio City Limited is into the business of providing the blends of miniplex and food court. The key value proposition is to provide leisure and entertainment experience at the affordable prices.

### 4. BUSINESS PERFORMANCE REVIEW, BUSINESS EXPANSION, DEVELOPMENTS & FUTURE OUTLOOK

During the year 2012-13 your Company's turnover has been significantly reduced from Rs. 550.86 lacs in 2011-12 to Rs.350.78 Lacs in 2012-13. During the year under review the business of the company affected due to various external factors (i.e. international market slowdown, political insecurity, increase in entertainment Tax etc.)

Also the company during the last half of the year under review, changed its registered office from Chennai to Mumbai as a result it requires a little time to settle its business in a new environment.

Further India has the potential to be one of the world's leading markets for the creative industries both India and overseas. The country produces the highest number of films in the world and boasts a



creative and diverse entertainment market and is continuously growing. Hence, there is a fair scope of expansion of the Company in this industry as your Company is in the field of production, distribution, exhibition. With constant technology improvements and introduction of more areas of exploitation in films, the Company's outlook includes keeping pace with the advancements in the industry and absorbing the same.

Your Company has launched a Film Distribution Division with the name of '**One Window**'. This Division will focus on distribution of movies produced by other producers and looking for a banner to release the movie. GVFL envisages good opportunity under this division, wherein the risk element is minimal

Company has also produced two Hindi movies, which are ready for release – "**White Land**" and "**Brides wanted**". These movies will be released under the 'One Window' distribution division of the Company.

Further currently all electronic channels are looking for content for their telecast slots. There are around over One Lakh channels in India and abroad, who are looking for someone who can provide them continuous movies of various languages throughout the year. Dubbing of movies is one of the best ways to en-cash this golden opportunity. In this direction, the company is looking for a tie up Partner, having studio facility, who can do the dubbing of our films into various languages.

## **5. BOARD OF DIRECTORS**

In accordance with the provisions of the Companies Act, 1956, Mr. Mahadevan Ganesh & Mr. R. Gopalan Directors of the company retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

During the year Mr. Nambirajan Ganapathy Yadav & Mr. Vijay Kumar Jain has been inducted as Additional Directors on the Board who shall hold office up to the date of the ensuing Annual General Meeting and offer themselves for reappointment. Your Directors have recommended their reappointment as a Directors of the company retiring by rotation.

## **6. AUDITORS AND AUDITORS REPORT**

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

The Company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act. The Board of Directors recommends their re-appointment as Statutory Auditors.

The observations and comments given in the Auditors' Report read together with notes to accounts are self-explanatory and do not call for any further information and explanation under Section 217(3) of the Companies Act, 1956.

## **STATUTORY DISCLOSURES**

### **7. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings / outgo.**

The company does not have any activity relating to Conservation of energy and technology absorption. However company has taken necessary steps for conservation of energy in its day to day energy consumption.

The company does not have any foreign exchange inflow and USD 0.5 Million (i.e. Rs. 2,67,90,000) outgo during the year.

### **8. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors report that



- i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed and there are no material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year 31st March 2013 and of the profit of the Company for the year ended on that date.
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

**9. ENVIRONMENTAL PROTECTION & POLLUTION CONTROL**

Your Company regards preservation of the environment as one of its primary social responsibilities. Accordingly, the Company places great emphasis on compliance with pollution control norms.

**10. DEPOSITS**

During the year, the Company did not accept any deposits from the public within the meaning of section 58A of the Companies Act, 1956.

**11. PARTICULARS OF EMPLOYEES**

The Company has not paid any remuneration attracting the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. Hence no information is required to be appended to this report in this regard.

**12. HUMAN RESOURCE & INDUSTRIAL RELATIONS**

Industrial relations were harmonious throughout the year. The Board wishes to place on record their sincere appreciation to the co-operation extended by all employees in maintaining cordial relations and their commitment towards the growth of the Company.

**13. STATUTORY COMPLIANCES**

Your Company has complied with all the rules and regulations which are stipulated on the corporate sectors time to time by various Statutory Authorities.

**14. MANAGEMENT DISCUSSION AND ANALYSIS**

A separate report on Management Discussion and Analysis is appended herewith and forms a part of Directors' Report.

**15. CORPORATE GOVERNANCE REPORT**

The Company is committed to maintain the highest standards of corporate governance. The directors adhere to the requirements set out by the Securities Exchange Board of India's Corporate Governance Practice and have implemented all the stipulations prescribed.

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a separate section titled 'Report on Corporate Governance' has been included in this Annual Report along with the certificate on its compliance.

**16. SECRETARIAL AUDIT REPORT**

Keeping with the high standards of corporate governance adopted by the Company and also to ensure proper compliance with provisions of the various applicable corporate laws, regulations and guidelines

issued by the securities exchange Board of India and other statutory authorities your Company is taking care of all the statutory compliances and submit its Secretarial Audit Report for all the quarters to the Stock Exchange.

#### **17. INTERNAL CONTROL SYSTEMS**

The internal Control System is an essential element of the Corporate Governance and plays key role in identifying, minimizing and managing risks that are significant for the Company, contributing to the safeguarding of stakeholders investments and the Company's assets.

The Company has an adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly and applicable statutes, codes of conducts and corporate policies are duly complied with.

The Audit Committee reviews the reports submitted by the Internal Auditors and monitors follow-up and corrective action by Management.

#### **18. CONSOLIDATED FINANCIAL STATEMENT**

As per AS 21 the Consolidated Financial Statement along with the notes to accounts are enclosed with this report.

As per Section 212 of the Companies Act, 1956, the Company is required to attach the Directors' Report, Auditors' Report, Balance Sheet and Profit and Loss Account of its subsidiary company to its Annual Report. The Ministry of Corporate Affairs, Government of India, vide its general circular no. 2/2011 dated 8th February, 2011, has granted exemption to all companies for not attaching the above documents of subsidiary with Annual Report of the Company from financial year 2010-11 onwards. Accordingly, this Annual Report does not contain the report and other statement of the subsidiary company. The Company will make available the annual audited accounts and related detailed information of the subsidiary company upon request by any member of the Company or that of its subsidiary. These documents will also be available for inspection during business hours at the registered office of the Company and also at the registered offices of the subsidiary company. Financial information of the subsidiary companies, as required by the said general exemption circular of Ministry of Corporate Affairs, Government of India, is annexed to this report.

A statement of Holding Company's interest in subsidiaries is also furnished separately.

As required by Accounting Standard – 21 and Listing Agreement with stock exchanges, the audited consolidated financial statements of the Company and its subsidiaries are enclosed.

#### **19. ACKNOWLEDGEMENT**

Your Directors express their sincere gratitude for the continued support and guidance received by the Company from the various State and Central Government Authorities and other regulatory agencies.

Your Directors would like to acknowledge the continued support and co-operation extended by Financial Institution, Banks, Government Departments, Vendors, Contractors, Distributors, Dealers and valued customers and employees, who have contributed in the success of your Company.

**For and on Behalf of the Board**

**Sd/-**

**M.V.Balagiri**

**Chairman & Managing Director**

**Place : Mumbai**

**Date : 30.05.2013**

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company has set itself the objective of expanding its capacities and becoming globally competitive in its business. As a part of its growth strategy, the Company believes in adopting 'best practices' that are followed in the area of Corporate Governance across various geographies. The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interest of its stakeholders. The Board considers itself as a trustee of its Shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth. GV's Corporate Governance philosophy is based on ethical values including honesty, integrity, justice, transparency and responsiveness to stakeholders. Your Company recognizes that good Corporate Governance is a continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in overall interest of the Company and its stakeholders.

#### 1. BOARD OF DIRECTORS

The business of the Company is managed by the Board of Directors. The Board formulates the strategy, regularly reviews the performance of the Company and ensures that the previously agreed objectives are met on a consistent basis.

##### A) Composition of the Board

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The Non-Executive Directors with their diverse knowledge, experience and expertise bring in their independent judgment in the deliberations and decisions of the Board.

As on March 31st, 2013, Board of Directors of the Company consists of 6 Directors, with a combination of Executive and Non-executive Directors. The Board consists of 1 Executive Directors and 5 Non-Executive Directors. Out of the 5 Non-executive Directors 3 are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

Further, Independent Directors do not have any material pecuniary relationship or transactions with the Company, its promoters, its management or its associates, which in the judgment of the Board may affect independence of judgment of the Director, apart from the sitting fees and commission received by them for attending the meetings of the Board. Further, as mandated by Clause 49, none of the Directors are members of more than ten committees of Boards nor are they chairman of more than five committees in which they are members.

#### ATTENDANCE AND COMPOSITION OF THE BOARD

Sr. No.	Directors	No. of Board Meeting attended	Whether last AGM Attended	*No. of Outside Directorship Held	No. of Committee Membership held	No. of shares held in GV's Limited
1.	M V Balagiri	8	Yes	5	NIL	NIL
2.	Mahadevan Ganesh	4	No	2	1	NIL
3.	A.Venkatramani	8	No	2	NIL	NIL
4.	R.Gopalan	8	Yes	3	NIL	NIL
5.	Vijay Kumar Jain	1	Yes	1	NIL	NIL
6.	Nambhirajan Ganapathy	3	Yes	1	NIL	NIL

##### B) Board Procedure

Eight Board Meetings were held during the financial year 2012-13, and the gap between two meetings did not exceed four months. The Board of Directors met on the following dates:

Date of the Meeting	5.5.2012	15.5.2012	14.8.2012	14.11.2012	22.11.2012	4.01.2013	14.2.2013	16.03. 2013
No of Directors Present	4	4	4	3	4	4	4	5

The agenda and notes on agenda are circulated to the Directors, in advance. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is tabled

before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

### C) Directors seeking Appointment / Re-Appointment

Mr.Ganesh Mahadevan and Mr.R.Gopalan are Directors who shall retire by rotation in the ensuing Annual General Meeting and being eligible for re-appointment. Also Mr.Nambirajan Ganapathy Yadav and Mr.Vijay Kumar Jain were inducted as Additonal Director of the company and your directors recommmeding their appointment as director retire by rotaion.Brief particulars of these directors are as follows:

Particulars	Ganesh Mahadevan	R.Gopalan	Nambirajan Ganapathy Yadav	Vijay Kumar Jain
Father's Name	S.Mahadevan	V.Ramamurthy	Ganapthi Subbaiya	Santosh Chand Jian
Date of Birth	21 August 1957	15 December 1937	15 June 1958	28 October 1956
Date of Appointment	27-02-2004	28-12-2005	16-03.2013	04-01-2013
Address	The Manor, No.1, Cenotaph Road, Iind Lane, Alwarpet, Chennai-600018, Tamil Nadu, India	476, Beml Layout, 1st Floor, 8th Main, Basaveswar Nagar, 3rd Stage, 4th Block, Bangalore-560079, Karnataka, India	R: 503, F-5-W: 461D: A Wing, Parshvanath Gardens, Kings Circle, Bhau Daji Road, Matunga, 400019, Maharashtra, India	2/18 Floor, Arihant Mahaveer, Mont Blant, Dadi Seth, Hill Marg, August Karnti Road, Kamps Corner, Mumbai, 400036, Maharashtra, India
Designation	Promoter Director	Non-Executive Independent Director	Non-Executive Independent Director	Non-Executive Independent Director
Qualification & Experience	<b>Experience -</b> Ganesh Mahadevan is a promoter Director of the Company halls from a family who have been in the film business for nearly forty two years. 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.	<b>Experience -</b> 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.	<b>Experience -</b> Mr. Nambirajan Ganapathi Yadav had statrted his career as Film Distibutors 40 years back. He undertook the distribution of hit films such as Shivaji The Boss, Dasavatram and Yenthiran and proved himself as a sucessful distributors. He is very popular in social circle in Mid Mumbai.	<b>Experience -</b> Mr. Vijay Kumar Jian is Possessing the post graduation degree in the management studies. He has rich experience of almost 4 decades in the field of the diamonds business in India. He is basically a diamond manufacturer having the vast business contacts Basically a diamond. His expertise will help your Company in its operations.
Directorship in other Company*	a) Southside Hotels And Resort Limited	a) M/s. Kaashyap Technologies Limited	a) Sidhesh Corporation Limited	a) Sidhesh Corporation Limited
	b) Euro Asia Infra Development Corporation Limited	b) Space Computer and Systems Limited		
	c) Swajas Air Charters Limited	c) Gemmia Oiltech (India) Limited		
Membership of Committee of Board of Directors of the Company	a) Share transfer Committee b) Investor Grievance Committee	a) Share transfer Committee b) Investor Grievance Committee c) Audit Committee	NIL	NIL
Equity Shares held	NIL	NIL	NIL	NIL

\* Directorship in Public Limited Company only considered.

## BOARD COMMITTEES

Presently the Board has three Committees, Audit Committee, Investor Grievances Committee, and share transfer committee.

### A. Audit Committee

The Board has constituted the Audit Committee, which deals in all matters relating to financial reporting and internal controls. The minutes of the Audit Committee meeting are placed before the Board for information. During the year under review the Audit committee met four times on 15.05.2012, 14.08.2012, 14.11.2012 & 14.02.2013

The Composition of the Audit Committee is as under

Sr. No.	Name of the Members	Status at the committee	Nature of directorship	No. of Meeting attended
1.	Mr. R.Gopalan	Chairman	Independent	4
2.	Mr. A.Venkatramani	Member	Independent	4
3.	Mr. Mahadevan Ganesh	Member	Promoter	4

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's Internal Control and Financial Reporting Process. The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49 of the Listing Agreement.

## TERMS OF REFERENCE

- (a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (b) Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and fixation of audit fee.
- (c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (d) Reviewing with the management the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same
  - Major accounting entries involving estimates based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualifications in the draft audit report
- (e) Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.).
- (f) Reviewing, with the management, Statutory Auditor and Internal Auditor report, and adequacy of the internal control systems and recommending improvements to the Management.
- (g) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (h) Discussion with internal auditors any significant findings and follow up there on.
- (i) 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.

- (j) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- (l) To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- (m) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate
- (n) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The audit committee shall have powers, which should include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The meetings of the Audit Committee during the year were held as per Clause 49 of the Listing Agreement. The Audit Committee meetings were also attended by the representatives of the Statutory Auditors, Internal Auditors and the Managing Director of the Company. The Company Secretary acts as the Secretary to the Committee and attends the meeting.

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 20th April, 2013.

## **B. Shareholders' Grievance Committee**

The Shareholders' Grievance Committee of the Company comprised of three non-executive directors namely, Mr. Mahadevan Ganesh as the Chairman, Mr. R. Gopalan, Mr. A. Venkatramani as the members of the Committee. The Board has constituted the Shareholders Grievance committee as per the guidelines set out in Listing Agreements with the Stock Exchanges that inter alia include redressing investors' complaints regarding transfer of shares, non-receipt of any correspondence from the Company etc. The Committee also oversees the performance of the Registrar & Transfer Agents and recommends measures for the overall improvement of the quality of the investor services.

Company Secretary acts as the Secretary of the Committee.

## **C. Remuneration of Directors**

Details of Remuneration of the Directors for the Financial Year ended 31st March 2013

Director	Consolidated salary (Rs.)	Perquisites and other Benefits (Rs.)	Performance Bonus/ Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
M.V. Balagiri	NIL	NIL	NIL	NIL	NIL
Mahadevan Ganesh	NIL	NIL	NIL	15000	15000
A. Venkatramani	NIL	NIL	NIL	15000	15000
R. Gopalan	NIL	NIL	NIL	15000	15000
Nambirajan Ganapathy Yadav*	NIL	NIL	NIL	7500	7500
Vijay Kumar Jain**	NIL	NIL	NIL	2500	2500

\*Inducted into the Board on 04.01.2013, \*\*Inducted into the Board on 16.03.2013

**2. GENERAL BODY MEETINGS**

DETAILS OF ANNUAL GENERAL MEETINGS HELD DURING LAST THREE FINANCIAL YEARS:

Year	AGM	Location	Date	Time
2009-10	AGM	New Woodlands Hotel (P) Ltd,72-75, Dr. Radhakrishnan Salai, Mylapore, Chennai-600 004	24.09.2010	12.15 p.m.
2010-11	AGM	MIG Cricket Club, Galaxy Hall, MIG Colony ,Near Mhada, Bandra (E) Mumbai-400051	20.04.2012	11.30 a.m.
2011-12	AGM	MIG Cricket Club, Galaxy Hall, MIG Colony ,Near Mhada, Bandra (E) Mumbai-400051	20.04.2012	1.00 p.m.

**3. DISCLOSURES**

- a) There was no such materially significant related party transaction(s) with its promoters, the directors or the management their relatives etc. that may have the potential conflict with the interest of the Company at large. The other related party transactions are given in the notes of accounts annexed to and forming the part of Balance sheet and Profit and Loss Account of the Company.
- b) Your Company has followed all relevant Accounting Standards while preparing the financial statement.
- c) Your Company has a comprehensive risk management policy and the same is periodically reviewed by the Board of Directors.
- d) The Company was not subject to any non-compliance and no penalties or strictures have been imposed by Stock Exchanges, SEBI or any other Statutory Authority, on any matters relating to Capital Market during the last three years.

**4. SUBSIDIARY COMPANY**

The Company has one Wholly owned subsidiary Company viz. GV Studio City Limited.

**5. MEANS OF COMMUNICATION**

The quarterly, Half Yearly and Yearly results are published in English and Regional Newspapers. Upto 22nd November 2012 (i.e Regd. Office at Chennai) the quarterly, Half Yearly and Yearly results were published in Trinity Mirror and Makkal Kural. However after 22nd November 2013(i.e. Regd. Office at Mumbai) the quarterly, Half Yearly and Yearly results were published in Free Press Journal & Navshakti. The financial results and investor update are displayed on the website of the company [www.gvfirms.com](http://www.gvfirms.com) shortly after its submission to the Stock Exchange. Management Discussion and Analysis Report has been included in this Annual Report and forms the part of this Annual Report being sent to the shareholders of the Company.



**6. GENERAL SHAREHOLDER INFORMATION**

Sl. No.	Particulars	Description
1	<b>Financial Calendar</b>	Year Ended March 31, 2013
2	<b>Book Closure Date</b>	From 25.09.2013 to 30.09.2013 (Both days inclusive)
3	<b>Listed Stock Exchange</b>	The Bombay Stock Exchange Ltd, Mumbai. The Madras Stock Exchange Ltd, Chennai The Hyderabad Stock Exchange, Hyderabad (De- Recognized)
4	<b>Registrar &amp; Transfer Agents (share transfer and communication regarding share certificates and change of address)</b>	M/s. Cameo Corporate Services Ltd Unit: GV Films Ltd. V Floor, Subramanian Building. No.1, Club House Road, Chennai-600002. Tel : (044) 28460390/391 Fax No. (044) 28460129 Email : cameo@cameoindia.com Website : www.cameoindia.com
5	<b>Share Transfer System</b>	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	<b>Dividend Payment Date</b>	No dividend declared
7	<b>Stock Code</b>	Scrip Name : GVFL Scrip Code : 523277
8	<b>Market Price data</b>	Annexed
9	<b>Address for Correspondence</b>	001,Damini Apartment, Next to Dilkush School, Juhu Tara Road, Juhu Vile Parle (West), Mumbai -400049 Tel No: - 022 26135904 Fax No: - 022 26135907 Mail Id: - cs.gvfilms@gmail.com
10.	<b>ISIN</b>	INE395B01030
11.	<b>AGM</b>	24th Annual General Meeting
12.	<b>Quarterly Results (Tentative)</b> For the Quarter ending 30th June 2010 For the Quarter ending 30th September 2010 For the Quarter ending 31st December 2010 For the Quarter ending 31st March 2011	Second week of August 2012 Second week of November 2012 Second week of February 2012 Last week of May 2013
13.	<b>Dematerialization of Shares</b>	About (i.e. 95.05% shares) of the outstanding shares have been dematerialised as on 31st March 2013. Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f 25th September 2000 as per notification issued by the Securities and Exchange Board Of India.(SEBI).
14.	<b>Any query on Annual Report</b>	M/s G V Films Limited, Secretarial Department 001, Damini Apartment, Next to Dilkush School,Juhu Tara Road, Juhu Vile Parle west Mumbai -400049 Tel No: - 022 26135904 Fax No: - 022 26135907 Mail Id: - cs.gvfilms@gmail.com
15.	<b>For Investor Correspondence</b>	M/s. Cameo Corporate Services Ltd. Unit: GV Films Ltd. V Floor, Subramanian Building, No.1, Club House Road, Chennai-600002. Tel : (044) 28460390/391

**Registration with SEBI SCORE**

As per SEBI Circular No. CIR/OIAE/2/2011 dated June 3, 2011 the Company got registered with SEBI for redressing of Complaints of Shareholders by SEBI Complaints Redress System (SCORE).

**Distribution of Holding as on 31st March 2013**

Sr. No	Number of Shares	Number	% to Total	Share Amount (Rs.)	% to Total
1.	1-500	68512	53.0932	16493610	4.4743
2.	501 - 1000	24247	18.7901	22263528	6.0395
3.	1001 - 2000	14229	11.0267	24055122	6.5255
4.	2001 - 3000	5814	4.5055	15570024	4.2237
5.	3001 - 4000	2738	2.1218	10186728	2.7634
6.	4001 - 5000	3835	2.9719	18708404	5.0751
7.	5001 - 10000	4998	3.8731	39419824	10.6936
8.	10001 & Above	4668	3.6174	221930593	60.2045
	<b>Total</b>	129041	100.0000	368627833	100.0000

**Stock Market Data**

Month	BSE	
	High (Rs.)	Low (Rs.)
April 2012	0.59	0.48
May 2012	0.55	0.45
June 2012	0.52	0.47
July 2012	0.52	0.38
August 2012	0.49	0.36
September 2012	0.56	0.37
October 2012	0.60	0.48
November 2012	0.53	0.40
December 2012	0.52	0.44
January 2013	0.52	0.45
February 2013	0.50	0.43
March 2013	0.50	0.41

**Dematerialization of Shares and Liquidity**

Equity shares of Rs.10/ each are under demat form constituting 95.05% of the paid up equity capital of the company as on 31st March 2013. The shares are actively traded and liquid at Bombay Stock Exchange Limited (BSE).

Particulars	NSDL	CDSL	PHYSICAL	TOTAL
No of Shares	223051566 (60.51%)	127310897 (34.54%)	18265370 (4.95%)	368627833 (100.00%)

**Shareholding Pattern as on 31st March 2013**

Sr. No.	Category of Shareholders	No. of Shareholders	Total Shares	% of total Shareholding
1.	Promoters and Promoter Group	0	0	0
2.	Trusts	2	2	0
3.	Financial Institutions/Banks	5	702100	0.19
4.	Foreign Institutional Investors	1	16492833	4.47
5.	Mutual Funds	0	0	0
6.	Body Corporates	918	28127856	7.63
7.	Individual shareholders holding share capital upto Rs.1 Lakh	121415	140179577	38.03
8.	Individual shareholders holding share capital more than Rs.1 Lakh	4206	166887702	45.27
9.	Clearing Members	33	116055	0.03
10.	HUF	2182	12630824	3.43
11.	Non Residents	278	3490873	0.95
12.	OCB	1	11	0
13.	Shares held by Custodian and against Depository Receipts have been issued	0	0	0
	<b>TOTAL</b>	<b>129041</b>	<b>368627833</b>	<b>100.00</b>

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR OF  
M/S GV FILMS LIMITED**

**Mr. M.V.Balagiri**, Chairman & Managing Director has certified to the Board that:

- (a) I have reviewed financial statements and the cash flow statement for the year ended 31st March 2013 and that to the best of my knowledge and belief:
  - (i) These statement do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
  - (ii) 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.
- (b) There is, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or volatile of the Company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls and that I have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the auditors and the Audit committee.
  - b. Significant changes in internal control during the year, if any;
  - c. Significant changes in accounting policies during the year, if any and that the same have been disclosed in the notes to the financial statement; and
  - d. Instance 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.

Place: Mumbai  
Date: 30.05.2013

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

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**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of **M/s. GV Films Ltd.**

We have examined the compliance of conditions of corporate governance by GV Films Limited (The company), for the year ended 31.03.2013 as stipulated in clause 49 of the listing agreement of the said company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of corporate governance . It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that subject to the non compliance of the composition of the Audit committee the company has complied with the other conditions of corporate governance as stipulated in clause 49 of the listing agreements.

We further state that such compliance is neither an assurance as to the further viability of the company nor of 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  
M. No. 023829

Place: Mumbai  
Date: 30.05.2013

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**DECLARATION OF CODE OF CONDUCT**

The Board members & senior management personnel have affirmed compliance with the code of conduct for the directors & senior management for the year ended 31st March 2013.

For and on Behalf of the Board

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

Place : Mumbai  
Date: 30.05.2013

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### ECONOMIC OVERVIEW

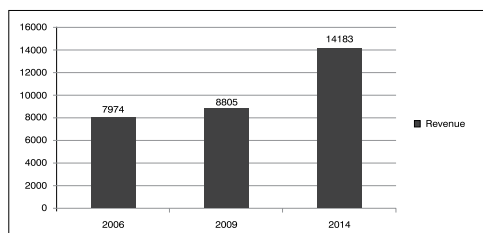
The year 2012-13 has been a mixed bag for the media and entertainment sector. There have been several changes that have led to the opening of opportunities for further growth. Digital technologies, growth in penetration of broadband and digital cinema, and increasingly sophisticated mobile devices are benefitting advertisers, media houses, and telcos immensely.

The Indian M&E industry grew from Rs 728 billion in 2011 to Rs 821 billion in 2012, registering an overall growth of 12.6 per cent. With some improvement also likely in the global economy in 2013, the prognosis for the Indian economy looks somewhat better. With the real GDP growth expected to be in the range of 6.1 per cent to 6.7 per cent in 2013, the outlook is optimistic. "Interestingly, India remains a growth market for traditional media, and the language markets remain key centres of growth. Hence, the regional growth story continues to be in a range of 12 per cent to 15 per cent."

The VFX industry, a rapidly evolving segment in India, is estimated at approximately Rs 7.7 billion and can be broadly classified into movies, TV shows and advertisements verticals. After several years of muted growth, 2012 was an exciting year for the Indian film industry with the audience returning to the theaters. With the growth in number of screens via multiplexes, increased ticket prices and delivery of robust content, India's domestic theatrical revenues grew by 23.8 per cent Year to Year; contributing 76 per cent to the Rs 112.4 billion film industry.

While 50-60 per cent of the outdoor budget was consumed by Mumbai and Delhi alone a few years ago, there appears to be a marked shift to the Tier II and III cities – the spends in the top 10-12 markets have reduced from 80 per cent to 60 per cent over the last few years. This trend is expected to continue.

While 2012 was a challenging year for the industry, with some improvement likely in the global economy in 2013 and GDP in the region of 6.1 per cent to 6.7 per cent, the prognosis for the industry looks much better going forward. Given the impetus introduced by digitization, continued growth of regional media, upcoming elections, continued strength in the film sector and fast increasing new media businesses, the industry is estimated to achieve a growth of 11.8 per cent in 2013 to touch Rs 917 billion. Going forward, the sector is projected to grow at a healthy CAGR of 15.2 per cent to reach Rs 1,661 billion by 2017, the report states.



Indian Film Industry Revenue (Rs in Crore)

### KEY TRENDS EMERGING IN THE FILM INDUSTRY

Bollywood is now looking at the alternative platforms. The DTH platform offers a new revenue stream for producers to monetize their film content. With changing lifestyles, there is an increase in media consumed out of home. Brands are also increasingly keen to connect with consumers via 'experiences' to ensure greater recall and amplification of brand values. Activations/events are now increasingly a key facet of radio and print media solutions. The out-of-home advertising sector has also seen higher rates of growth in transit advertising.

### REGULATORY AND POLICY SUPPORT

Regulatory interventions have been a key enabler of growth for the sector. Anticipated events in 2013, such as continued cable DAS rollout, Phase III licensing for radio and 4G rollout, will spur growth from the medium term. There is a need for measures to aid curtailment of piracy and encourage investments to support further growth.

Going forward, the sector is projected to grow at a healthy CAGR of 15.2 per cent to reach Rs 1,661 billion by 2017, the report forecasts.

OVERALL INDUSTRY SIZE (INR BILLION, FOR CALENDER YEARS)													
	2007	2008	2009	2010	2011	2012	Growth 2012 Vs 2011	2013P	2014P	2015P	2016P	2017P	CAGR (2012-17)
TV	211	241	257	297	329	370.1	12.50%	419.9	501.4	607.4	725	847.6	18%
Print	160	172	175.2	192.9	208.8	224.1	7.30%	241.1	261.4	265.6	311.2	340.2	8.70%
Films	92.7	104.4	89.3	83.3	92.9	112.4	21%	122.4	138.3	153.6	171.7	193.3	11.50%
Radio	7.4	8.4	8.3	10	11.5	12.7	10.40%	14	15.4	18.7	22.7	27.4	16.60%
Music	7.4	7.4	7.8	8.6	9	10.6	18.10%	11.6	13.1	15.3	18.3	22.5	16.20%
OOH	14	16.1	13.7	16.5	17.8	18.2	2.40%	19.3	21.1	23	25	27.3	8.40%
Animation & VFX	14	17.5	20.1	23.6	31	35.2	13.90%	40.6	46.9	54.2	63.1	73.5	15.80%
Gaming	4	7	8	10	13	15.3	17.70%	21.1	23.8	30.9	36.2	42.1	22.40%
Digital Advertising	4	6	8	10	15.4	21.7	40.90%	28.3	37.1	48.9	65.1	87.2	32.10%
<b>Total</b>	<b>5145</b>	<b>579.8</b>	<b>587.4</b>	<b>651.9</b>	<b>728.4</b>	<b>820.5</b>	<b>12.60%</b>	<b>917.4</b>	<b>1058.8</b>	<b>1237.5</b>	<b>1438.4</b>	<b>1661.1</b>	<b>15.20%</b>

The Indian entertainment Industry is expected to grow to **INR 137 billion** by 2014 from its present INR. 89 billion at a compounded growth of over 13 percent annually. If things work out, growth could be upwards of 20 percent annually.

The advent of multiplexes and digital theatres means films have a larger paying audience ticket prices although rising, are still among the lowest in the world. Finally rapid development digital convergence is unleashing new revenue streams - music and film downloads, ring tones, games. The cherry on the cake is the booming export market. There is an unprecedented interest in Indian entertainment worldwide. The foreign exchange earnings are growing at over 30 percent per annum. In over 130 countries from Australia to Canada, Morocco to Peru, Russia to USA, from China to Egypt, almost universally it is Indian films and music, which has become the single most identifiable symbol of India. There's no reason why we can't touch the heights that the Indian IT industry has reached.

### **GV HAS BEEN A PIONEER IN MANY AREAS:**

- India's first listed Public Limited Company from the media industry
- First to export Tamil films to Japan and later to the other non-traditional South East Asian markets like Korea
- With foresight, acquired Internet rights for over 6000 films way back in 1999-2000 for web casting that constitute valuable intellectual property rights.
- Currently own library of over 14000 films
- First to bring 3D television serials in India

Information technology is playing a pivotal role in today's global economic scenario. And it is fuelled the convergence of three key sectors i.e. information, communication and entertainment [ICE]. India being the largest producer of feature films enjoys a competitive advantage over foreign players, with its ability to give quality films at a much lesser cost. With the support of the now famous Indian software skills, the Entertainment industry is set for a boom. One advantage of Indian entertainment industry is that apart from the opening of hitherto unknown sectors in the global market it has a huge domestic market. According to FICCI the revenue from the film industry is expected to grow from Rs.89 billion in 2009 to Rs.137 billion by 2014.

### **FUTURE PROSPECTS AND PLANNING**

- GVFL has launched a Film Distribution Division with the name of '**One Window**'. This Division will focus on distribution of movies produced by other producers and looking for a banner to release the movie. GVFL envisages good opportunity under this division, wherein the risk element is zero. GVFL has taken a conscious decision not to produce any further movies in its banner and will only distribute movies produced by others under its 'One Window' distribution division.
- GVFL has also produced two Hindi movies, which are ready for release – "**White Land**" and "**Brides Wanted**". These movies will be released under the 'One Window' distribution division of the Company.
- Currently all electronic channels are looking for content for their telecast slots. There are around over One Lakh channels in India and abroad, who are looking for someone who can provide them continuous movies of various languages throughout the year. Dubbing of movies is one of the best ways to en-cash this golden opportunity. In this direction, GVFL is looking for a tie up with a Company, having studio facility, who can do the dubbing of our films into various languages.

### **HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS**

The key to the success of the Company lies in its people whose skills, expertise, and talent help the Company to achieve and sustain its market position. The Company believes that employees are the key to achieve targeted goals and are the primary source of competitive advantage thus we have recruited, nurtured and retained some of the best talents in the industry.

Your Company is giving equal importance to develop the intellectual infrastructure by employing the best HR practices such as performance management, succession planning, open work culture and effective employee communication. HR systems were improved, refined and upgraded to provide better services to business and functions. The Company has stable and experienced middle and senior level management team.

The industrial relations with the employees at all levels remained cordial during the year under review.

### **CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis Report contains words or phrases such as "will", "aim", "believe", "expect", "will continue", "plan", "project", "goal" and similar meaning expressions and variations that may be interpreted as "forward looking statements". Actual results could differ from those expressed or implied.

Important factors that could affect the Company's operations include economic conditions affecting demand and supply, changes in Government regulations and changes in political conditions and other statutes.

## INDEPENDENT AUDITORS' REPORT

To

The Members of **GV FILMS LIMITED**

1. We have audited the attached Balance Sheet of M/s. GV FILMS LIMITED as at 31st March 2013 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:
  - 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, 2013 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. And 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, 2013
    - 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**

**Place : Mumbai  
Date : 30.05.2013**

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**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 31ST MARCH 2013**

**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 undertaken impairment study of the fixed assets and accordingly, impaired webcasting portal development expenses of Rs.143,24,79,586/- .

**2) Inventory:**

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

The company revalued the inventory as at the year end to Rs.56,64,41,344/-. The resultant reduction in value of Rs. 1,41,91,31,077/- being substantial is an exceptional item.

**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 to the extent of Rs.6,42,219/- during the year to Companies listed in the Register maintained under Section 301 of the Companies Act, 1956.
- The company has taken loans, secured or unsecured, to the extent of Rs.313,71.239/- 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 does not have undisputed statutory dues as at the year end.



**10) Cash Loss**

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

**11) Repayment of dues**

As at the year end, the company does not owe moneys to banks or financial institutions.

**12) Defaults to financial Institutions**

As per information and records produced there are no loans from financial institutions as on 31st March 2013.

**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**

**Place : Mumbai  
Date : 30.05.2013**

**BALANCE SHEET AS AT 31ST MARCH, 2013**

Particulars	Notes	31st March 2013 Rs.	31st March 2012 Rs.
<b>EQUITY AND LIABILITIES</b>			
Shareholders' Funds			
(a) Share Capital	3	3 68 62 78 330	3 68 62 78 330
(b) Reserves & Surplus	4	(3 21 56 07 357)	( 7 57 64 787)
(c) Money Received Against Share Warrants		-	-
<b>Share Application money pending allotment</b>			
<b>Non-Current Liabilities</b>			
(a) Long term borrowings			
(b) Deferred Tax liabilities (net)			
(c) Other long term liabilities			
(d) Long term provisions	5	20 57 130	19 57 223
<b>Current Liabilities</b>			
(a) Short term borrowings	6	28 50 63 384	29 72 74 257
(b) Trade payables	7	13 17 59 668	13 18 23 803
(c) Other Current liabilities	8	17 18 00 064	23 12 81 138
(d) Short term provisions	9	61 64 293	31 74 067
		<b>1 06 75 15 512</b>	<b>4 27 60 24 030</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets	10		
(i) Tangible assets		55 68 293	4 64 43 468
(ii) Intangible Assets		-	-
(iii) Capital Work in Progress		-	-
(iv) Intangible assets held under development		-	1 43 24 79 586
(b) Non Current Investments	11	15 21 73 460	15 21 73 460
(c) Deferred Tax Assets (Net)	12	11 64 657	11 64 657
(d) Long term Loans & Advances	13	26 25 97 621	54 16 15 137
(e) Other Non-Current Assets			
<b>Current Assets</b>			
(a) Current investments		-	-
(b) Inventories	14	56 64 41 344	1 98 55 12 421
(c) Trade receivable	15	6 07 66 072	6 26 74 327
(d) Cash and Cash equivalent	16	67 55 802	44 32 905
(e) Short term Loans & Advances	17	89 27 887	3 39 59 401
(f) Other Current Assets	18	31 20 374	1 55 68 669
		<b>1 06 75 15 512</b>	<b>4 27 60 24 030</b>

See accompanying notes to the financial statements

As per our report of even date

For **R. Ravindran & Associates**

Chartered Accountants

Firm Registration No. 003222S

Sd/-

**R. Ravindran**

Proprietor

M. No.023829

Mumbai, 30th May, 2013

For and on behalf of the Board

Sd/-

**M. V. Balagiri**

Managing Director

Sd/-

**A.Venkatramani**

Director

Sd/-

**R. Gopalan**

Director

Sd/-

**Swati Maheshwari**

Company Secretary

## STATEMENT OF PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars		Notes	31st March 2013 Rs.	31st March 2012 Rs.
I.	Revenue from Operations	19	5 32 13 693	3 35 23 008
II.	Other Income	20	18 72 475	15 55 431
III.	<b>Total Revenue (I + II)</b>		<b>5 50 86 168</b>	<b>3 50 78 439</b>
IV.	Expenses:			
	Film Production expenses	21	60 000	1 20 000
	Change in inventories	22	( 60 000)	( 1 20 000)
	Employee Benefit Expense	23	1 91 58 474	69 94 363
	Finance Cost	24	38 64 482	85 53 349
	Depreciation & Amortization expense	10	15 92 688	32 72 109
	Other Expenses	25	6 22 19 631	5 74 44 515
	<b>Total expenses</b>		<b>8 68 35 275</b>	<b>7 62 64 336</b>
V.	Profit before exceptional and extraordinary items and tax (III-IV)		(3 17 49 107)	(4 11 85 897)
VI.	Exceptional Items	26	(141 91 31 077)	
VII.	Profit before extra-ordinary items (V-VI)		(145 08 80 184)	(4 11 85 897)
VIII.	Extra-ordinary items	27	(168 89 62 386)	-
IX.	Profit before tax (VII-VIII)		(313 98 42 570)	(4 11 85 897)
X.	Tax expense :			
	1. Current Tax		-	-
	2. Deferred Tax Liability		-	-
XI.	Profit (Loss) for the period from continuing operations (IX-X)		(313 98 42 570)	(4 11 85 897)
XII.	Profit (Loss) for the period from discontinuing operations		-	-
XIII.	Tax expense of discontinuing operations		-	-
XIV.	Profit (Loss) for the period from discontinuing operations (After Tax) (XII-XIII)		-	-
XV.	Profit (Loss) for the period (XI + XIV)		(313 98 42 570)	(4 11 85 897)
XVI.	Earning Per Equity Share :			
	(1) Basic		-	-
	(2) Diluted		-	-

See accompanying notes to the financial statements

As per our report of even date

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

Sd/-

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

Mumbai, 30th May, 2013

For and on behalf of the Board

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

Sd/-  
**R. Gopalan**  
Director

Sd/-  
**A.Venkatramani**  
Director

Sd/-  
**Swati Maheshwari**  
Company Secretary

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**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS  
FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**1.1 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.

**1.2 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.

**1.3 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 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.

**1.4 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.

**1.5 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.

**1.6 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.

**1.7 Leave Encashment**

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

**1.8 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.

**1.9 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.

**1.10 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.

**1.11 Subsidiary**

The company is 100% holding company of G.V.Studio City Limited. The financial statements of the holding and subsidiary company as well as the consolidated financial statements are presented.

**1.12 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.

Since there is no reasonable certainty of earning profits in future years the entity has not recognised the deferred tax Assets for the present year.

**1.13 Valuation of Investments**

Quoted shares are, 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.

**1.14 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 2012-13 income tax provision has not arisen due to losses.

**1.15 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.

**2. GENERAL NOTES ON ACCOUNTS****2.1 Accounting Period**

The period of accounts under review is from April 1, 2012 to March 31, 2013 for the company.

**2.2 Receivables & Payables**

Balance confirmation letters have been dispatched to various Sundry Debtors; confirmations are yet to be received.

**2.3 Contingent Liability**

<b>Liability</b>	<b>2012-13 Rs.</b>	<b>2011-12 Rs.</b>
Capital Commitments	<b>NIL</b>	NIL
Claims against the company not acknowledged as debts	<b>5 00 00 000</b>	5 00 00 000
Statutory dues under dispute		
- Service Tax	53 52 586	53 52 586

**2.4 Provision for Taxation**

	<b>2012-13 Rs.</b>	<b>2011-12 Rs.</b>
Tax under MAT	NIL	NIL

**2.5 Remuneration to Auditors**

<b>Fee</b>	<b>2012-13 Rs</b>	<b>2011-12 Rs</b>
Statutory audit	<b>3 00 000</b>	2 40 000
Tax audit	<b>1 00 000</b>	50 000
Certification	<b>10 000</b>	10 000
	<b>4 10 040</b>	3 00 000

**2.6 Foreign Exchange earnings and outflow**

<b>Earnings / Outflow</b>	<b>2012-13 Rs</b>	<b>2011-12 Rs</b>
Foreign Exchange earnings	<b>NIL</b>	NIL
Foreign Currency outflow	<b>NIL</b>	NIL
Interest on FCC Bonds	<b>NIL</b>	NIL
FCC Bonds (Principal)	<b>USD 0.5 million</b>	
	<b>(2,67,90,000)</b>	NIL

**2.7 Business Segments**

The company has two business segments as under.

<b>Segment</b>	<b>Capital Employed Rs</b>	<b>Sales/Service/ Other Income Rs</b>	<b>Profit / (Loss) Rs</b>
Film Distribution	168 69 05 000	95 14 431	(314 36 44 267)
Film Exhibition	7 96 84 000	4 55 71 737	38 01 697
<b>Total</b>	<b>176 65 89 000</b>	<b>5 50 86 168</b>	<b>(313 98 42 570)</b>

**2.8** The figures have been rounded off to the nearest rupee.

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

As per our report of even date

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

**Sd/-**  
**R. Ravindran**  
Proprietor  
M. No.023829  
Mumbai, 30th May, 2013

**For and on behalf of the Board**

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

**Sd/-**  
**R. Gopalan**  
Director

**Sd/-**  
**A.Venkatramani**  
Director

**Sd/-**  
**Swati Maheshwari**  
Company Secretary

**NOTES ATTACHED TO AND FORMING PART OF ACCOUNTS****NOTE - 3 SHARE CAPITAL**

Particulars	31st March, 2013	31st March 2012
	Value in Rs.	Value in Rs.
Authorised 200,00,00,000 Equity Shares of Rs 10/- each	20 00 00 00 000	20 00 00 00 000
Issued 36,86,27,833 Equity Shares of Rs 10/- each	3 68 62 78 330	3 68 62 78 330
Subscribed & Paid up 36,86,27,833 Equity Shares of Rs.10/- each	3 68 62 78 330	3 68 62 78 330
	3 68 62 78 330	3 68 62 78 330

The company has one class of equity share having a fare value of Rs.10 per share. Each shareholder of equity shares is entitled to one vote per share.

**3.1 Disclosure pursuant to Note No. 6(A) (a,b,c) of Part I of Schedule VI to the Companies Act, 1956**

Particulars	31st March 2013	
	Number	Value in Rs.
Authorised Equity Shares of Rs 10/- each	2 00 00 00 000	20 00 00 00 000
Issued Equity Shares of Rs 10/- each	36 86 27 833	3 68 62 78 330
Subscribed & Paid up Equity Shares of Rs.10 each fully paid	36 86 27 833	3 68 62 78 330
	36 86 27 833	3 68 62 78 330
	31st March 2012	
	Number	Value in Rs.
Authorised Equity Shares of Rs 10/- each	2 00 00 00 000	20 00 00 00 000
Issued Equity Shares of Rs 10/- each	36 86 27 833	3 68 62 78 330
Subscribed & Paid up Equity Shares of Rs.10 each fully paid	36 86 27 833	3 68 62 78 330
	36 86 27 833	3 68 62 78 330

**3.2 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period.**

Particulars	31st March 2013	
	Number	Value in Rs.
Shares outstanding at the beginning of the year	36 86 27 833	3 68 62 78 330
Shares issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	36 86 27 833	3 68 62 78 330



Particulars	31st March 2012	
	Number	Value in Rs.
Shares outstanding at the beginning of the year	36 86 27 833	3 68 62 78 330
Shares issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	36 86 27 833	3 68 62 78 330

3.3 No shareholder holds more than 5% of total paid-up share capital of the company.

#### NOTE - 4 RESERVES & SURPLUS

Particulars	31st March, 2013 Rs.	31st March, 2012 Rs.
<b>Securities Premium Account</b>		
Opening Balance	86 13 88 700	86 13 88 700
Add: Securities premium credited on Share issue	-	-
Less: Premium Utilised for various reasons	-	-
Premium on Redemption of Debentures	-	-
For Issuing Bonus Shares	-	-
Closing Balance	86 13 88 700	86 13 88 700
<b>Other Reserves</b>		
Opening Balance	7 15 33 466	7 15 33 466
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	7 15 33 466	7 15 33 466
<b>Surplus</b>		
Opening balance	(100 86 86 953)	(96 75 01 056)
(+) Net Profit/(Net Loss) For the current year	(313 98 42 570)	(4 11 85 897)
(+) Transfer from Reserves	-	-
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	-
Closing Balance	(414 85 29 523)	(100 86 86 953)
	(321 56 07 357)	(7 57 64 787)

#### NOTE-5 LONG TERM PROVISIONS

Particulars	31st March, 2013 Rs.	31st March, 2012 Rs.
<b>Provision for employee benefits</b>		
Gratuity (unfunded)	20 57 130	19 57 223
	20 57 130	19 57 223

**NOTE - 6 SHORT TERM BORROWINGS**

Particulars	31st March 2013 Rs.	31st March 2012 Rs.
<b>Unsecured</b>		
Loans and advances from related parties	26 87 18 539	27 78 68 653
Deposits	66 00 000	81 00 000
Other loans and advances	97 44 845	1 13 05 604
	<b>28 50 63 384</b>	<b>29 72 74 257</b>

**6.1 Loans and advances from related parties :**

Related Party	Relationship	Opening Balance	Fresh Loans	Repaid	Closing Balance
M.V.Balagiri	CMDirector		1 26 27 859		1 26 27 859
Mahadevan Ganesh	Director	1 08 09 129	1 50 000		1 09 59 129
Ram Kaashyap Investment Ltd.	Common Director - Mr. A.Venkat-ramani	30 216	10 69 784		11 00 000
Southside Hotels & Resorts Ltd.	Common Director - Mr. Mahadevan Ganesh	3 13 37 185		3 06 00 000	7 37 185
Sidhesh Corporation	Common Director - Mr. M.V.Balagiri		24 96 775		24 96 775
Sidhesh Enterprises	Firm of CMDirector	22 14 62 072		99 21 353	21 15 40 719
Sidhesh Films	Firm of CMDirector	46 35 000	1 18 11 500		1 64 46 500
Strawberry Events	Firm of CMDirector	93 48 051			93 48 051
Usha Venkatramani	Wife of Director	2 47 000			2 47 000
GV Studio City Ltd.	Subsidiary		32 15 321		32 15 321
		<b>27 78 68 653</b>	<b>3 13 71 239</b>	<b>4 05 21 353</b>	<b>26 87 18 539</b>

**6.2 Deposits**

Name	Nature of Deposit	Date of deposit/ Renewal	Amount (Rs.)	Term	Rate of interest
Sivakumar	Rent Advance	01.06.2012	60 00 000	June 12-May13	Nil
K.Karthikeyan	Rent Advance	01.10.2012	1 00 000	Oct.12-Sept.13	Nil
Sanjeev Kumar	Rent Advance	01.10.2012	4 00 000	Oct.12-Sept.13	Nil
Tirunavukkarasu	Rent Advance	Refundable	1 00 000	Expired	Nil
			<b>66 00 000</b>		

**NOTE - 7 TRADE PAYABLE**

Particulars	31st March 2013 Rs.	31st March 2012 Rs.
Trade payable	13 17 59 668	13 18 23 803
	13 17 59 668	13 18 23 803

The company has no dues to suppliers under Micro, Small and Medium Enterprises Development Act 2006 as at 31st March, 2013.

**NOTE - 8 OTHER CURRENT LIABILITIES**

<b>Particulars</b>	<b>31st March 2013</b>	<b>31st March 2012</b>
Interest accrued and due on borrowings	<b>1 42 43 060</b>	1 01 35 256
Capital advance	-	3 89 00 000
Other creditors payable	<b>15 75 57 004</b>	18 22 45 882
	<b>17 18 00 064</b>	23 12 81 138

8.1 Other creditor payable is FCC Bonds 2.9 million USD which have matured but not discharged Rs.15,75,57,004/- after considering part repayment of Rs. 2,67,90,000/- (USD 0.5 million) and exchange loss of Rs. 21,01,122/- during the current year.

8.2 Interest accrued and due is the provision from the Bond maturity due date till the end of reporting period at the rates already stipulated in the terms of bond issue after considering exchange loss for the current year.

**NOTE - 9 SHORT TERM PROVISIONS**

<b>Particulars</b>	<b>31st March 2013</b>	<b>31st March 2012</b>
Provision for employee benefits		
Salary & Reimbursements	<b>11 59 277</b>	7 40 777
Statutory dues		
Contribution to PF	<b>1 13 210</b>	1 19 073
ESI payable	<b>19 453</b>	20 071
Labour Welfare Fund	<b>567</b>	133
Professional Tax	<b>15 250</b>	17 105
Property Tax	<b>1 92 520</b>	2 93 696
Tax deducted at source	<b>25 78 084</b>	9 04 941
Provision for Tax		
Fringe Benefit Tax	<b>6 07 701</b>	6 07 701
Provision for expenses		
Staff Life Insurance Premium		
Electricity	<b>2 95 083</b>	1 72 760
Rent	<b>7 80 000</b>	
Audit fee	<b>4 03 148</b>	2 97 810
	<b>61 64 293</b>	31 74 067

**NOTE 10 : FIXED ASSETS****Fixed Assets and Depreciation for the period ended 31.03.2013**

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1 April 2012	Additions/ (Disposals)	Revaluations/ (Impairments)/ deletions	Balance as at 31st March, 2013	Balance as at 1 April 2012	Depreciation charged for the year	On disposals	Balance as at 31st March, 2013	Balance as at 1 April 2012	Balance as at 31st March, 2013
<b>Tangible Assets</b>										
Land (Freehold)	2 42 46 160	-	2 42 46 160	-	-	-	-	-	2 42 46 160	-
Building (Theatres)	1 22 45 282	5 20 000	1 27 65 282	-	33 65 941	68 055	34 33 996	-	88 79 341	-
Plant & Equipment	89 23 388	-	7 18 622	82 04 766	85 10 653	8 314	3 14 201	82 04 766	4 12 735	-
Furniture & Fixtures	1 25 68 800	-	46 210	1 25 22 590	81 97 652	7 85 900	26 546	89 57 006	43 71 148	35 65 584
Office equipment	1 58 28 426	-	1 31 56 505	26 71 921	92 99 338	2 12 743	73 55 549	21 56 532	65 29 088	5 15 389
Vehicles	1 09 77 861	-	-	1 09 77 861	89 72 865	5 17 675	-	94 90 540	20 04 996	14 87 321
<b>Sub total</b>	<b>8 47 89 917</b>	<b>5 20 000</b>	<b>5 09 32 779</b>	<b>3 43 77 138</b>	<b>3 83 46 449</b>	<b>15 92 688</b>	<b>1 11 30 292</b>	<b>2 88 08 845</b>	<b>4 64 43 468</b>	<b>55 68 293</b>
<b>Intangible Assets under Development</b>										
Webcasting portal (Under construction)	143 24 79 586	-	143 24 79 586	-	-	-	-	-	143 24 79 586	-
<b>Total</b>	<b>151 72 69 503</b>	<b>5 20 000</b>	<b>148 34 12 365</b>	<b>3 43 77 138</b>	<b>3 83 46 449</b>	<b>15 92 688</b>	<b>1 11 30 292</b>	<b>2 88 08 845</b>	<b>147 89 23 054</b>	<b>55 68 293</b>
<b>Previous Year</b>	151 72 44 023	25480	-	151 72 69 503	3 50 74 339	32 72 109	-	3 83 46 448	148 21 69 683	147 89 23 054

**NOTE -11 NON-CURRENT INVESTMENTS (VALUED AT COST)**

Particulars	Number	Value	Number	Value
<b>(a) investment in Equity Instruments:</b>				
Quoted				
GSFC	18 800	1 88 000	18 800	1 88 000
Unquoted				
Subsidiary Companies				
Extent of holding: 100%				
GV Studio City Limited	1 50 50 000	15 05 00 000	1 50 50 000	15 05 00 000
Others				
Pixel Box Office Pte. Ltd., Singapore(@Sing.\$ 1/each	4 81 000	14 76 964	4 81 000	14 76 964
<b>(b) investment in Debentures/Bonds</b>				
Quoted	(Units)		(Units)	
Unit Trust of India	792	8496	792	8496
		<b>15 21 73 460</b>		<b>15 21 73 460</b>

**NOTE - 12 DEFERRED TAX ASSET**

Particulars	31st March 2013 Rs.	31st March, 2012 Rs.
Deferred Tax Asset	11 64 657	11 64 657
	<b>11 64 657</b>	<b>11 64 657</b>

In the absence of virtual certainty, current provision for deferred tax asset is not recognised.

**NOTE -13 LONG TERM LOANS AND ADVANCES**

Particulars	31st March 2013 Rs.	31st March, 2012 Rs.
<b>a. Capital Advances</b>		
Unsecured, considered good		
Advance for capex	26 20 23 476	36 58 28 648
Advance for investments		17 52 70 344
	<b>26 20 23 476</b>	<b>54 10 98 992</b>
<b>b. Security Deposits</b>		
Unsecured, considered good	2 89 395	2 89 395
Unsecured, considered Doubtful	39 050	39 050
	<b>3 28 445</b>	<b>3 28 445</b>
<b>c. Other loans and advances</b>		
Unsecured, considered good	2 45 700	1 87 700
Unsecured, considered Doubtful	-	-
	<b>2 45 700</b>	<b>1 87 700</b>
	<b>26 25 97 621</b>	<b>54 16 15 137</b>

**NOTE -14 INVENTORIES**

Particulars	31st March 2013 Rs.	31st March, 2012 Rs.
a. Work-in-progress (Films under Production)	11 50 29 000	35 85 13 512
b. Stock-in-trade (Film Rights)	45 14 12 344	1 62 69 98 909
	<b>56 64 41 344</b>	1 98 55 12 421

14.1 Film rights are valued at the lower of cost or net realisable values. The net realisable values are market values estimated by the management on film by film basis, as at the end of the reporting period.

14.2 Work in Progress of films is stated at the accumulated costs.

**NOTE -15 TRADE RECEIVABLES**

Particulars	31st March 2013 Rs.	31st March 2012 Rs.
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	92 000	4 30 802
Unsecured, considered doubtful	-	1 83 749
	<b>92 000</b>	6 14 551
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	5 99 14 843	6 03 37 331
Unsecured, considered doubtful	7 59 230	17 22 446
	<b>6 06 74 072</b>	6 20 59 777
	<b>6 07 66 072</b>	6 26 74 327

**NOTE- 16 CASH AND CASH EQUIVALENTS**

Particulars	31st March 2013 Rs.	31st March 2012 Rs.
a. Balances with banks*	17 32 305	34 85 925
This includes:		
Bank deposits with more than 12 months maturity of Rs.37,000/-		
b. Cash on hand	50 23 497	9 46 980
	<b>67 55 802</b>	44 32 905

**NOTE -17 SHORT TERM LOANS AND ADVANCES**

Particulars	31st March 2013 Rs.	31st March 2012 Rs.
<b>a. Loans and advances to related parties</b>		
Unsecured, considered good	10 05 441	52 26 518
	-	-
	<b>10 05 441</b>	52 26 518
<b>b. Others</b>		
Unsecured, considered good	49 39 446	2 57 49 883
Doubtful	29 83 000	29 83 000
	<b>79 22 446</b>	2 87 32 883
	<b>89 27 887</b>	3 39 59 401

**17.1 Loans and advances to related parties:**

<b>Related Party</b>	<b>Relationship</b>	<b>Opening Balance</b>	<b>Fresh Loans</b>	<b>Repaid</b>	<b>Closing Balance</b>
Ardent Petroleum Pvt. Ltd.	Common Director Mr. Mahadevan Ganesh	4 350	4 700		9 050
Euro Asia Infra Development Corporation Ltd.	Common Director Mr. Mahadevan Ganesh	29 726	11 700		41 426
Ram Kaashyap Investment Ltd.	Common Director Mr. A.Venkat-ramani	48 500			48 500
Eyelight Events & Promotions (I) P.Ltd	Common Director Mr. A.Venkat-ramani	23 38 705		23 38 705	
GV Corporation Ltd.	Common Director Mr. Mahadevan Ganesh	35 646			35 646
G.V.Studio City Ltd.	Subsidiary Company	23 49 566		23 49 566	
Space Hospitals Ltd.	Relative of Key Management Personnel	4 20 025	6 25 819	1 75 025	8 70 819
		<b>52 26 518</b>	<b>6 42 219</b>	<b>48 63 296</b>	<b>10 05 441</b>

**17.2 Loans and advances-others**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Unsecured, considered good		
Trade advances	<b>44 29 884</b>	46 29 884
Advance to employees	<b>60 000</b>	93 000
Other advances	<b>4 49 562</b>	2 10 26 999
	<b>49 39 446</b>	2 57 49 883

**17.3 Loans and advances-others**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Unsecured, considered doubtful		
Trade advances	<b>29 83 000</b>	29 83 000
	<b>29 83 000</b>	29 83 000

**NOTE -18 OTHER CURRENT ASSETS**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Miscellaneous expenditure		
Preliminary expenses not written off	<b>1 43 35 772</b>	1 43 35 772
TDS Receivable	<b>20 68 054</b>	11 94 050
Input Service Tax	<b>10 52 320</b>	38 847
	<b>1 74 56 146</b>	1 55 68 669
Less: Preliminary expenses written off & shown under "Note 27 - Exceptional item"	<b>1 43 35 772</b>	
	<b>31 20 374</b>	1 55 68 669



**NOTE-19 REVENUE FROM OPERATIONS**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Income from Film Exhibition	<b>4 42 38 693</b>	3 20 00 508
Sale of Film Rights	<b>89 75 000</b>	15 22 500
	<b>5 32 13 693</b>	3 35 23 008

**NOTE-20 OTHER INCOME**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Interest earned	<b>2 40 041</b>	57 450
Rent & Maintenance charges	<b>13 28 044</b>	9 92 871
Miscellaneous Income	<b>3 04 390</b>	5 05 110
	<b>18 72 475</b>	15 55 431

**NOTE-21 FILM PRODUCTION EXPENSES**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Film Production		
Untitled film	<b>60 000</b>	20000
Untitled film		100000
	<b>60 000</b>	1 20 000

**NOTE-22 CHANGES IN INVENTORIES**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Opening Stock	<b>1 98 55 12 421</b>	1 98 53 92 421
Less Closing Stock	<b>56 64 41 344</b>	1 98 55 12 421
Less: Exceptional Items	<b>1 41 91 31 077</b>	
(Increase)/Decrease	<b>( 60 000)</b>	(1 20 000)
Closing Stock		
Film Rights	<b>45 14 12 344</b>	162 69 98 909
Film in progress	<b>11 50 29 000</b>	35 85 13 512

Since the effect of year end valuation of the inventory is substantial, the same is disclosed under Exceptional Items.

**NOTE -23 EMPLOYEE BENEFIT EXPENSE**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Salary & Wages	<b>1 72 39 395</b>	53 39 442
Staff Welfare	<b>7 82 208</b>	1 89 000
Contribution to Provident Fund	<b>4 62 319</b>	3 92 555
Contribution to Employee State Insurance	<b>1 24 589</b>	95 421
Contribution to Labour Welfare Fund	<b>196</b>	224
Ex-gratia & Bonus	<b>3 21 367</b>	2 58 781
Gratuity	<b>2 28 400</b>	7 18 940
	<b>1 91 58 474</b>	69 94 363

**NOTE -24 FINANCE COST**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Interest on loans	<b>38 64 482</b>	85 53 349
	<b>38 64 482</b>	85 53 349

**Interest**

<b>Payee</b>	<b>Loan outstanding (Rs)</b>	<b>Period of interest</b>	<b>Secured/ Unsecured</b>	<b>Interest (Rs.)</b>	<b>Remarks</b>
BFS Asia Research Ltd. (Hong Kong)	15 54 55 882 (US\$ 2.9 million)	01.04.12 to 31.03.13	Unsecured	38 64 482	Foreign Currency Convertible Bonds holder. Interest @ 2.25%
	<b>15 54 55 882</b>			<b>38 64 482</b>	

**NOTE-25 OTHER EXPENSES**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Advertisement & Publicity	<b>1 55 795</b>	68 732
Meeting Expenses	-	-
Bank Charges	<b>78 226</b>	30 036
Distributors' share	<b>2 11 21 505</b>	1 65 80 105
Payment to Auditors	<b>4 49 440</b>	3 00 000
Legal & Professional Charges	<b>29 73 510</b>	27 35 410
Service Charges	<b>4 55 688</b>	3 50 931
Business Development Expenses	-	-
Power & Fuel	<b>39 97 187</b>	18 09 637
Rent	<b>1 29 21 214</b>	30 36 000
Repairs to machinery	<b>19 33 422</b>	7 17 479
Insurance	<b>55 144</b>	54 183
Rates & Taxes	<b>49 43 607</b>	68 63 416
Bad debts written off	<b>19 61 579</b>	5 62 072
Postage, Trunks & Telephones	<b>6 25 801</b>	4 00 970
Printing & Stationery	<b>2 81 055</b>	1 33 797
Travelling & Conveyance	<b>43 59 016</b>	5 94 126
Exchange Fluctuation Loss	<b>23 44 444</b>	2 17 56 337
Other expenses	<b>35 62 998</b>	14 51 285
	<b>6 22 19 631</b>	5 74 44 515

**NOTE-26 EXCEPTIONAL ITEMS**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs,</b>
Change in inventories	<b>1 41 91 31 077</b>	Nil
	<b>1 41 91 31 077</b>	Nil

Substantial change in the values of inventories are represented as Exceptional Items.

**NOTE-27 EXTRA-ORDINARY ITEMS**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs,</b>
Impairment of Webcasting Portal	<b>(143 24 79 586)</b>	Nil
Advances	<b>(27 22 70 344)</b>	Nil
Miscellaneous expenditure	<b>(1 43 35 772)</b>	Nil
Profit on sale of Asset	<b>3 01 23 317</b>	Nil
	<b>(168 89 62 386)</b>	Nil

As per our report of even date

For **R. Ravindran & Associates**

Chartered Accountants

Firm Registration No. 003222S

Sd/-

**R. Ravindran**

Proprietor

M. No.023829

Mumbai, 30th May, 2013

**For and on behalf of the Board**

Sd/-

**M. V. Balagiri**

Managing Director

Sd/-

**A.Venkatramani**

Director

Sd/-

**R. Gopalan**

Director

Sd/-

**Swati Maheshwari**

Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

Particulars		31st March 2013	31st March 2012
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax from continuing operations		(313 98 42 570)	(4 11 85 897)
Profit before tax from discontinuing operations		-	-
Profit before tax		(313 98 42 570)	(4 11 85 897)
Non-cash adjustment to reconcile profit before tax to net cash flows			
Depreciation/ Amortisation		15 92 688	32 72 109
Interest Expense		38 64 482	85 53 349
Interest received		( 2 40 041)	( 57 450)
Bad debts written off		19 61 579	-
Loss/Gain on Sale of Assets		-	-
Exchange Fluctuation Loss		23 44 444	2 17 56 337
Extra-ordinary items		168 89 62 386	-
Operating Profit before working capital changes		(144 13 57 032)	( 76 61 552)
Movements in working capital:			
Increase/ (Decrease) in Trade Payables		( 64 135)	11 37 49 440
Increase/ (Decrease) in Long Term Provisions		99 907	5 99 185
Increase/ (Decrease) in Short Term Provisions		29 90 226	1 33 477
Increase/ (Decrease) in Other Current Liabilities		(9 11 05 899)	6 11 97 507
Increase/ (Decrease) in Other Long term Liabilities			
Decrease/ (Increase) in Trade Receivables		19 08 255	(4 59 88 882)
Decrease/ (Increase) in Inventories		1 41 90 71 077	( 1 20 000)
Decrease/ (Increase) in Long Term Loans & Advances		67 47 172	(26 87 31 110)
Decrease/ (Increase) in Short Term Loans & Advances		2 50 31 514	1 89 49 405
Decrease/ (Increase) in Other Current Assets		1 24 48 295	( 44 593)
Decrease/ (Increase) in Other non-Current Assets		-	-
<b>Net Cash Flow From/ (Used in) operating Activities</b>	<b>(A)</b>	<b>(6 42 30 620)</b>	<b>(12 79 17 123)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Sale / Purchase of Fixed Assets including intangible assets, CWIP		7 25 00 000	( 25 480)
Purchase of Investment		-	-
Proceeds from sale of fixed assets		-	-
Margin Money Deposit		-	-
Interest Received		2 40 041	57 450
<b>Net Cash Flow From/ (Used in) Investing Activities</b>	<b>(B)</b>	<b>7 27 40 041</b>	<b>31 970</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase In Share Capital		-	-
Increase In Share Application Money		-	-
Proceeds/ (Repayments) from Long-term borrowings		-	-
Proceeds/ (Repayments) from short-term borrowings		( 23 22 042)	13 97 61 067
Interest Paid		( 38 64 482)	( 85 53 349)
Dividends Paid		-	-
<b>Net Cash Flow From/ (Used in) Financing Activities</b>	<b>(C)</b>	<b>( 61 86 524)</b>	<b>13 12 07 718</b>
<b>Net Increase/ (decrease) in cash and cash equivalents (A+B+C)</b>		<b>23 22 896</b>	<b>33 22 567</b>
Cash and Cash equivalents at the beginning of the year		44 32 905	11 10 339
<b>Cash and Cash equivalents at the end of the year</b>		<b>67 55 802</b>	<b>44 32 905</b>

As per our report of even date

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

Sd/-

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

Mumbai, 30th May, 2013

For and on behalf of the Board

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

Sd/-  
**A.Venkatramani**  
Director

Sd/-  
**R. Gopalan**  
Director

Sd/-  
**Swati Maheshwari**  
Company Secretary

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED  
FINANCIAL STATEMENTS OF GV FILMS LIMITED AND ITS SUBSIDIARY GV STUDIO  
CITY LIMITED FOR THE YEAR ENDED 31ST MARCH, 2013**

1. We have audited the attached Consolidated Balance Sheet of **M/s. GV FILMS LIMITED** as at March 31, 2013 and also the Consolidated Profit and Loss Account and its subsidiary **GV STUDIO CITY LIMITED** 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:
  - 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, 2013 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. And 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, 2013.
    2. in the case of the Consolidated Profit and Loss Account of the Loss of the Company for the whole ended and its subsidiary for the year ended March 31, 2013.
    3. in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Company for the year ended March 31, 2013.

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

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

**Place : Mumbai**  
**Date : 30.05.2013**

**CONSOLIDATED BALANCESHEET OF GV FILMS LIMITED  
AND ITS SUBSIDIARY GV STUDIO CITY LIMITED AS AT 31ST MARCH, 2013**

Particulars	Notes	31st March 2013 Rs.	31st March 2012 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	3	3 68 62 78 330	3 68 62 78 330
(b) Reserves & Surplus	4	(3 26 32 36 892)	( 12 41 21 207)
(c) Money Received Against Share Warrants		-	-
<b>Non-Current Liabilities</b>			
(a) Long term borrowings		-	-
(b) Deferred Tax liabilities (net)		-	-
(c) Other long term liabilities		-	-
(d) Long term provisions	5	20 57 130	19 57 223
<b>Current Liabilities</b>			
(a) Short term borrowings	6	28 22 68 063	29 76 94 257
(b) Trade payables	7	13 20 72 859	13 26 47 431
(c) Other Current liabilities	8	17 18 00 064	23 12 81 138
(d) Short term provisions	9	55 95 950	35 79 286
		<b>1 01 68 35 504</b>	<b>4 22 93 16 458</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible assets	10	10 51 38 017	15 16 84 896
(ii) Intangible Assets		-	-
(iii) Capital Work in Progress		-	-
(iv) Intangible assets held under development		-	1 43 24 79 586
(b) Non Current investments	11	16 73 460	16 73 460
(c) Deferred Tax Assets	12	( 17 438)	( 17 438)
(d) Long term loans & advances	13	26 26 87 621	54 17 05 137
(e) Other non-current assets		-	-
<b>Current Assets</b>			
(a) Current investments		-	-
(b) Inventories	14	56 64 41 344	1 98 55 12 421
(c) Trade receivable	15	6 08 59 073	6 27 67 328
(d) Cash and bank balances	16	69 14 662	50 57 565
(e) Short term loans & advances	17	91 42 391	3 17 89 835
(f) Other current assets	18	39 96 374	1 66 63 669
		<b>1 01 68 35 504</b>	<b>4 22 93 16 458</b>

See accompanying notes to the financial statements

As per our report of even date

For **R. Ravindran & Associates**

Chartered Accountants

Firm Registration No. 003222S

Sd/-

**R. Ravindran**

Proprietor

M. No.023829

Mumbai, 30th May, 2013

For and on behalf of the Board

Sd/-

**M. V. Balagiri**

Managing Director

Sd/-

**A.Venkatramani**

Director

Sd/-

**R. Gopalan**

Director

Sd/-

**Swati Maheshwari**

Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT OF GV FILMS AND ITS SUBSIDIARY GV STUDIO CITY LIMITED FOR THE YEAR ENDED 31ST MARCH, 2013**

Particulars	Notes	31st March 2013 Rs.	31st March 2012 Rs.
I. Revenue from Operations	19	5 32 13 693	5 30 82 948
II. Other Income	20	18 72 475	23 60 092
III. <b>Total Revenue (I + II)</b>		<b>5 50 86 168</b>	5 54 43 040
IV. Expenses:			
Project in progress	21	60 000	1 20 000
Change in inventories	22	( 60 000)	( 1 20 000)
Employee Benefit Expense	23	1 91 58 474	97 23 114
Finance Cost	24	38 64 482	77 00 474
Depreciation & Amortization expense	10	72 64 393	97 68 957
Other Expenses	25	5 58 21 041	7 46 05 404
<b>Total expenses</b>		<b>8 61 08 390</b>	10 17 97 950
V. Profit before exceptional and extraordinary items and tax (III-IV)		(3 10 22 222)	(4 63 54 909)
VI. Exceptional Items	26	(141 91 31 077)	
VII. Profit before extra-ordinary items (V-VII)		(145 01 53 299)	(4 63 54 909)
VIII. Extra-ordinary items	27	(168 89 62 386)	
IX. Profit before tax (VII-VIII)		(313 91 15 685)	(4 63 54 909)
X. Tax expense :			
1. Current Tax		-	-
2. Deferred Tax Liability		-	2 84 998
			2 84 998
XI. Profit (Loss) for the period from continuing operations (IX-X)		(313 91 15 685)	(4 66 39 908)
XII. Profit (Loss) for the period from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit (Loss) for the period from discontinuing operations (After Tax) (XII-XIII)		-	-
XV. Profit (Loss) for the period (XI + XIV)		(313 91 15 685)	(4 66 39 908)
XVI. Earning Per Equity Share :			
(1) Basic		-	-
(2) Diluted		-	-

See accompanying notes to the financial statements

As per our report of even date

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

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

Mumbai, 30th May, 2013

**For and on behalf of the Board**

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

Sd/-  
**R. Gopalan**  
Director

Sd/-  
**A.Venkatramani**  
Director

Sd/-  
**Swati Maheshwari**  
Company Secretary

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**NOTES ON ACCOUNTS FORMING PART OF CONSOLIDATED FINANCIAL  
STATEMENTS OF G.V.FILMS LIMITED AND ITS SUBSIDIARY  
GV STUDIO CITY LIMITED FOR THE YEAR ENDED 31ST MARCH 2013**

**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. The consolidated financial statements of both companies are presented here.

**1. SIGNIFICANT ACCOUNTING POLICIES****1.1 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.

**1.2 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.

**1.3 Principles of Consolidation**

The consolidated financial statements relate to 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 financial statements are prepared using uniform Accounting policies like transactions and other events in similar circumstances and are presented in the same manner as the stand alone financial statement of the company.

**1.4 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.



**1.5 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.

**1.6 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.

**1.7 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.

**1.8 Leave Encashment**

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

**1.9 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.

**1.10 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.

**1.11 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.

Since there is no reasonable certainty of earning profits in future years the entity has not recognised the deferred tax Assets for the present year.

**1.12 Valuation of Investments**

Quoted shares are, 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.

**1.13 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 2012-13 income tax provision has not arisen due to losses.

**1.14 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.

## 2. GENERAL NOTES ON ACCOUNTS

### 2.1 Accounting Period

The period of accounts under review is from April 1, 2012 to March 31, 2013 for GV Films Limited and its wholly owned subsidiary.

### 2.2 Receivables & Payables

Balance confirmation letters have been dispatched to various Sundry Debtors, confirmations are yet to be received.

### 2.3 Contingent Liability

Liability	2012-13 Rs.	2011-12 Rs.
Capital Commitments	NIL	NIL
Claims against the company not acknowledged as debts	5 00 00 000	5 00 00 000
Statutory dues under dispute - Service Tax	53 52 586	53 52 586

### 2.4 Provision for Taxation

	2012-13 Rs.	2011-12 Rs.
Tax under MAT	NIL	NIL

### 2.5 Foreign Exchange earnings and outflow

Earnings / Outflow	2012-13 Rs.	2011-12 Rs.
Foreign Exchange earnings	NIL	NIL
Foreign Currency outflow	NIL	NIL
Interest on FCC Bonds	NIL	NIL
FCC Bonds (Principal)	USD 0.5 mn. (Rs. 267 90 000)	NIL

### 2.6 Business Segments

The company has two business segments as under

Segment	Capital Employed Rs	Sales / service / Other Income Rs	Profit / (Loss) Rs
Film Distribution	168 69 05 000	95 14 431	(3 13 30 20 065)
Film Exhibition	7 96 84 000	4 55 71 737	(60 95 620 )
<b>Total</b>	<b>176 65 89 000</b>	<b>5 50 86 168</b>	<b>(3 13 91 15 685)</b>

2.7 The figures have been rounded off to the nearest rupee.

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

As per our report of even date

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

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

Mumbai, 30th May, 2013

For and on behalf of the Board

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

Sd/-  
**R. Gopalan**  
Director

Sd/-  
**A.Venkatramani**  
Director

Sd/-  
**Swati Maheshwari**  
Company Secretary

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

**NOTE-3 SHARE CAPITAL**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Authorised 2,00,00,00,000 Equity Shares of Rs.10/- each	<b>20 00 00 00 000</b>	20 00 00 00 000
Issued 36 86 27 833 equity shares @ Rs. 10/- each	<b>3 68 62 78 330</b>	3 68 62 78 330
Subscribed and Paid up Share Capital : 36 86 27 833 equity shares @ Rs. 10/- each	<b>3 68 62 78 330</b>	3 68 62 78 330
	<b>3 68 62 78 330</b>	3 68 62 78 330

The company has one class of equity share having a fare value of Rs.10 per share. Each shareholder of equity shares is entitled to one vote per share.

**NOTE-4 RESERVES & SURPLUS**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
<b>Securities Premium Account</b>		
Opening Balance	<b>86 13 88 700</b>	86 13 88 700
Add : Securities premium credited on Share issue	-	-
Less : Premium Utilised for various reasons	-	-
Premium on Redemption of Debentures	-	-
For Issuing Bonus Shares	-	-
Closing Balance	<b>86 13 88 700</b>	86 13 88 700
<b>Other Reserves</b>		
Opening balance	<b>7 15 33 466</b>	7 15 33 466
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	<b>7 15 33 466</b>	7 15 33 466
Surplus		
Opening balance	<b>(102 47 31 788)</b>	(97 00 13 985)
(+) Net Profit/(Net Loss) For the current year	<b>(313 91 15 686)</b>	(4 66 39 908)
(+) Transfer from Reserves	-	-
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	-
Closing Balance	<b>(416 38 47 474)</b>	(101 66 53 893)
Adjustment for Goodwill on consolidation	<b>(3 23 11 584)</b>	(4 03 89 480)
	<b>(326 32 36 892)</b>	(12 41 21 207)

**NOTE - 5 LONG TERM PROVISIONS**

<b>Particulars</b>	<b>31st March, 2013 Rs.</b>	<b>31st March, 2012 Rs.</b>
<b>Provision for employee benefits</b>		
Gratuity (unfunded)	<b>20 57 130</b>	19 57 223
	<b>20 57 130</b>	19 57 223

**NOTE-6 SHORT TERM BORROWINGS**

Particulars	31st March 2013 Rs.	31st March 2012 Rs.
<b>Secured</b>		
Loan repayable on demand	-	-
Term Loan from Banks	-	-
Loans from related parties	26 55 03 218	27 78 68 653
Other Loans & Advances	1 01 64 845	1 17 25 604
Deposits	66 00 000	81 00 000
	<b>28 22 68 063</b>	<b>29 76 94 257</b>

**NOTE-7 TRADE PAYABLES**

Particulars	31st March 2013 Rs.	31st March 2012 Rs.
Trade payable-others	13 20 72 859	13 26 47 431
	<b>13 20 72 859</b>	<b>13 26 47 431</b>

The company has no dues to suppliers under Micro, Small and Medium Enterprises Development Act 2006 as at 31st March, 2013

**NOTE-8 OTHER CURRENT LIABILITIES**

Particulars	31st March 2013 Rs.	31st March 2012 Rs.
Other creditors payable	15 75 57 004	18 22 45 882
Interest Accrued and due on Borrowings	1 42 43 060	1 01 35 256
Capital Advance	-	3 89 00 000
	<b>17 18 00 064</b>	<b>23 12 81 138</b>

8.1 Other creditors payable is FCC Bonds 2.9 million USD which have matured but not discharged Rs. 15,75,57,004/- after considering part repayment of Rs.2,67,90,000/- (USD 0.5 million) and exchange loss of Rs. 21,01,122/- during the current year.

8.2 Interest accrued and due is the provision from bond maturity due date till the end of reporting period at the rates already stipulated in the terms of bond issue after considering exchange loss for the current year.

**NOTE -9 SHORT TERM PROVISIONS**

Particulars	31st March 2013 Rs.	31st March 2012 Rs.
Provision for Employee Benefits		
Salary and Reimbursements	11 59 277	9 66 926
Statutory dues		
Contribution to P.F.	1 13 210	1 19 073
ESI payable	19 453	20 071
Labour Welfare Fund	567	133
Profesiional Tax	15 250	17 105
Property Tax	1 92 520	2 93 696
Tax deducted at source	19 07 072	9 35 107
Provision for Tax	-	-
Fringe Benefit Tax	6 07 701	6 07 701
Provision for expenses	-	-
Staff Life Insurance Premium	-	-
Electricity	2 95 083	1 72 760
Rent	7 80 000	-
Audit fee	5 05 817	4 46 714
	<b>55 95 950</b>	<b>35 79 286</b>

**NOTE-10 FIXED ASSETS****Consolidated Fixed Assets and Depreciation for the year ended 31.03.2013**

Fixed Assets	Gross Block				Accumulated Depreciation			Net Block	
	Balance as at 1 April 2012 Rs.	Additions/ (Disposals) Rs.	Revaluations/ (Impairments) Rs.	Balance as at 31 March 2013 Rs.	Balance as at 1 April 2012 Rs.	Depreciation charged for the year Rs.	On disposals Rs.	Balance as at 1 April 2012 Rs.	Balance as at 31 March 2013 Rs.
<b>Tangible Assets</b>									
Land (Freehold)	7 54 04 250	-	2 42 46 160	5 11 58 090	-	-	-	7 54 04 250	5 11 58 090
Building (Theatres)	3 54 06 109	5 20 000	1 27 65 282	2 31 60 827	47 01 327	11 56 345	34 33 996	3 07 04 782	2 07 37 151
Plant & Equipment	2 78 75 628	-	7 18 622	2 71 57 006	1 14 84 144	22 24 885	3 14 201	1 63 91 484	1 37 62 178
Vehicles	1 09 77 861	-	-	1 09 77 861	89 72 865	5 17 675	-	20 04 996	14 87 321
Office equipment	3 24 18 983	-	1 31 56 505	1 92 62 478	1 19 25 252	21 61 806	73 55 549	2 04 93 731	1 25 30 969
Furniture & Fixtures	1 54 79 748	-	46 210	1 54 33 538	87 94 095	12 03 681	26 546	66 85 653	54 62 308
<b>Sub total</b>	<b>19 75 62 579</b>	<b>5 20 000</b>	<b>5 09 32 779</b>	<b>14 71 49 800</b>	<b>4 58 77 683</b>	<b>72 64 392</b>	<b>1 11 30 292</b>	<b>15 16 84 896</b>	<b>10 51 38 017</b>
<b>Intangible Assets under Development</b>									
Webcasting portal (Under construction)	143 24 79 586	-	143 24 79 586	-	-	-	-	143 24 79 586	-
Goodwill	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>163 00 42 165</b>	<b>5 20 000</b>	<b>148 34 12 365</b>	<b>14 71 49 800</b>	<b>4 58 77 683</b>	<b>72 64 392</b>	<b>1 11 30 292</b>	<b>158 41 64 482</b>	<b>10 51 38 017</b>
<b>Previous Year</b>	<b>162 99 73 685</b>	<b>68 480</b>	<b>-</b>	<b>163 00 42 165</b>	<b>3 61 08 725</b>	<b>97 68 957</b>	<b>-</b>	<b>159 38 64 960</b>	<b>158 41 64 482</b>

**NOTE-11 NON-CURRENT INVESTMENTS (VALUED AT COST)**

Particulars	31st March 2013 Rs.	31st March 2012 Rs.
<b>Investment in Equity Instruments</b>		
<b>Quoted</b>		
9,400 Equity Shares of Rs 10/- each in GSFC	1 88 000	1 88 000
<b>Investment in Debentures/Bonds</b>		
792 Units -( US 64 ) of Rs 10/- each in UTI	8 496	8 496
<b>Unquoted</b>		
4,81,000 shares of Pixel Box office Pte. Ltd, Singapore in Sing \$ of 1 each	14 76 964	14 76 964
Subsidiary		
1,50,50,000 Equity shares of Rs.10/- each in GV Studio City Ltd.		
	<b>16 73 460</b>	<b>16 73 460</b>

**NOTE-12 DEFERRED TAX (ASSET)**

Particulars	31st March 2013 Rs.	31st March -2012 Rs.
Deferred Tax (Asset)	(17 438)	(17 438)
	<b>(17 438)</b>	<b>(17 438)</b>

**NOTE -13 LONG TERM LOANS & ADVANCES**

Particulars	31st March 2013 Rs.	31st March 2012 Rs.
Security Deposits	3 79 395	3 79 395
Unsecured considered good		
Security Deposits	39 050	39 050
Unsecured considered doubtful		
Other Loans and Advances	2 45 700	1 87 700
Unsecured considered good		
Capex advances	26 20 23 476	54 10 98 992
Unsecured considered good		
Capex advances		
Unsecured considered doubtful		
	<b>26 26 87 621</b>	<b>54 17 05 137</b>

**NOTE-14 INVENTORIES**

Particulars	31st March 2013 Rs.	31st March 2012 Rs.
a. Work-in-progress (Film Production)	11 50 29 000	35 85 13 512
b. Stock-in-trade (Film Rights)	45 14 12 344	1 62 69 98 909
	<b>56 64 41 344</b>	<b>1 98 55 12 421</b>

14.1 Film rights are valued at the lower of cost or net realisable values. The net realisable values are market values estimated by the management on film by film basis as at the end of the reporting period.

14.2 Work in Progress of films is stated at the accumulated costs.

**NOTE-15 TRADE RECEIVABLE**

Particulars	31st March 2013 Rs.	31st March 2012 Rs.
<b>Outstanding for More than 6 months from the due date</b>		
Unsecured, considered good	6 00 07 843	6 04 30 331
Unsecured, considered doubtful	7 59 230	17 22 446
<b>Outstanding for less than 6 months from the due date</b>		
Unsecured, considered good	92 000	4 30 802
Unsecured, considered doubtful	-	1 83 749
	<b>6 08 59 073</b>	<b>6 27 67 328</b>

**NOTE-16 CASH & CASH EQUIVALENT**

Particulars	31st March 2013 Rs.	31st March 2012 Rs.
Cash in hand	50 26 548	9 50 031
Balance with Banks		
- On Current Accounts	18 51 114	33 43 954
- On Deposit Accounts	37 000	7 63 580
	<b>69 14 662</b>	<b>50 57 565</b>

**NOTE-17 SHORT TERM LOANS & ADVANCES**

Particulars	31st March 2013 Rs.	31st March 2012 Rs.
Loans & Advances to related parties	1105441	29 76 952
Unsecured, considered good		
Other Loans & Advances		
Unsecured, considered good		
Trade Advances	50 53 950	2 58 29 883
	<b>61 59 391</b>	<b>2 88 06 835</b>
Other Loans & Advances	29 83 000	29 83 000
Unsecured, doubtful		
	<b>29 83 000</b>	<b>29 83 000</b>
	<b>91 42 391</b>	<b>3 17 89 835</b>

**NOTE-18 OTHER CURRENT ASSETS**

Particulars	31st March 2013 Rs.	31st March 2012 Rs.
Miscellaneous expenditure		
Preliminary expenses	1 43 35 772	1 43 35 772
Less: Written off & shown as "Extra-ordinary Item" under Note 27	1 43 35 772	-
	-	1 43 35 772
Capital increase fee	10 95 000	10 95 000
Less: Written off to P&L A/c	2 19 000	-
	<b>8 76 000</b>	<b>1 54 30 772</b>
TDS on receipts	20 68 054	11 94 050
Service Tax (Input)	10 52 320	38 847
	<b>39 96 374</b>	<b>1 66 63 669</b>

**NOTE-19 REVENUE FROM OPERATIONS**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Income from Exhibition	<b>4 42 38 693</b>	5 15 60 448
Sale of Film Rights	<b>89 75 000</b>	15 22 500
	<b>5 32 13 693</b>	5 30 82 948

**NOTE-20 OTHER INCOME**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Interest earned	<b>2 40 041</b>	57 450
Rent & Maintenance	<b>13 28 044</b>	17 92 105
Miscellaneous Income	<b>3 04 390</b>	5 10 537
	<b>18 72 475</b>	23 60 092

**NOTE-21 FILM PRODUCTION EXPENSES**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Film Production		
Untitled film (by Manohar)	<b>60 000</b>	20 000
Untitled film (by Bose Venkat)	<b>-</b>	1 00 000
	<b>60 000</b>	1 20 000

**NOTE-22 CHANGES IN INVENTORIES**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Film Rights		
Opening Stock	<b>1 98 55 12 421</b>	1 98 53 92 421
Less : Closing Stock	<b>56 64 41 344</b>	1 98 55 12 421
Less: Exceptional Items	<b>1 41 91 31 077</b>	-
(Increase)/Decrease	<b>( 60 000)</b>	( 1 20 000)
Closing Stock		
Film Rights	<b>45 14 12 344</b>	1 62 69 98 909
Film in progress	<b>11 50 29 000</b>	35 85 13 512

Since the effect of year end valuation of the inventory is substantial, the same is disclosed under Exceptional Items.



**NOTE-23 EMPLOYEE BENEFIT EXPENSES**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Salary & Wages	1 72 39 395	78 92 081
Staff Welfare	7 82 208	2 08 204
Provident Fund	4 62 319	5 15 686
ESI	1 24 589	1 29 198
Labour Welfare Fund	196	224
Leave encashment	-	-
Ex-gratia & Bonus	3 21 367	2 58 781
Gratuity	2 28 400	7 18 940
	<b>1 91 58 474</b>	<b>97 23 114</b>

**NOTE-24 FINANCIAL CHARGES**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Interest on loans	38 64 482	77 00 474
	<b>38 64 482</b>	<b>77 00 474</b>

**NOTE- 25 OTHER EXPENSES**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Advertisement & Publicity	1 55 795	1 15 041
Meeting Expenses	-	-
Bank Charges	78 981	32 590
Less: Distributors' share	2 11 21 505	2 91 71 972
Payment to auditor as auditor	5 61 800	3 82 725
Legal & Professional Charges	29 73 510	30 67 308
Service Charges	4 57 788	4 80 863
Business Development Expenses		
Power and fuel	39 97 187	39 25 856
Rent	60 98 710	-
Repair to machinery	19 33 422	20 37 590
Insurance	55 144	2 03 257
Rates & Taxes	50 31 107	87 99 221
Bad debts written off	19 61 579	10 32 452
Maintenance - Theatre	-	4 93 757
Membership & Subscription	-	6 000
Postage, Trunks & Telephones	6 25 801	5 07 890
Miscellaneous Expenses W/o	2 19 000	10 320
Printing & Stationery	2 81 055	3 15 267
Travelling & Conveyance	43 59 016	7 86 837
Exchange Fluctuation Loss	23 44 444	2 17 56 337
Other expenses	35 65 197	14 80 122
	<b>5 58 21 041</b>	<b>7 46 05 404</b>

**NOTE- 26 EXCEPTIONAL ITEMS**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Change in inventories	<b>1 41 91 31 077</b>	-
	<b>1 41 91 31 077</b>	Nil

Substantial change in the values of inventories are represented as Exceptional Items.

**NOTE- 27 EXTRA-ORDINARY ITEMS**

<b>Particulars</b>	<b>31st March 2013 Rs.</b>	<b>31st March 2012 Rs.</b>
Impairment Loss of		
Webcasting Portal	<b>(143 24 79 586)</b>	-
Advances	<b>(27 22 70 344)</b>	-
Miscellaneous expenditure	<b>(1 43 35 772)</b>	-
Profit on sale of Asset	<b>3 01 23 317</b>	-
	<b>(168 89 62 386)</b>	Nil

As per our report of even date

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

**Sd/-**

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

Mumbai, 30th May, 2013

**For and on behalf of the Board**

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

Sd/-  
**R. Gopalan**  
Director

Sd/-  
**A.Venkatramani**  
Director

Sd/-  
**Swati Maheshwari**  
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT OF GV FILMS LIMITED AND  
ITS SUBSIDIARY G.V.STUDIO CITY LTD FOR THE YEAR ENDED MARCH 31, 2013**

Particulars		31st March 2013	31st March 2012
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax from continuing operations		(313 91 15 686)	(4 63 54 909)
Profit before tax from discontinuing operations		-	-
Profit before tax		(313 91 15 686)	(4 63 54 909)
Non-cash adjustment to reconcile profit before tax to net cash flows			
Depreciation/ Amortisation		72 64 394	97 68 957
Interest Expense		38 64 482	77 00 474
Interest received		( 2 40 041)	( 57 450)
Bad debts		19 61 579	-
Extra-ordinary items		1 68 89 62 386	-
Exchange Fluctuation Loss		23 44 444	-
Operating Profit before working capital changes		(143 49 58 442)	(2 89 42 927)
Movements in working capital:			
Increase/ (Decrease) in Trade Payables		( 5 74 572)	11 29 46 530
Increase/ (Decrease) in Long Term Provisions		99 907	5 99 185
Increase/ (Decrease) in Short Term Provisions		26 98 912	7 996
Increase/ (Decrease) in Other Current Liabilities		(9 11 05 899)	6 11 97 507
Increase/ (Decrease) in Other Long term Liabilities		-	-
Decrease/ (Increase) in Trade Receivables		19 08 255	(4 60 81 882)
Decrease/ (Increase) in Inventories		1 41 90 71 077	( 1 20 000)
Decrease/ (Increase) in Long Term Loans & Advances		67 47 172	(26 87 31 111)
Decrease/ (Increase) in Short Term Loans & Advances		1 70 82 557	1 62 66 316
Decrease/ (Increase) in Other Current Assets		1 19 85 047	( 34 273)
Decrease/ (Increase) in Other non-Current Assets		-	-
<b>Net Cash Flow From/ (Used in) operating Activities</b>	<b>(A)</b>	<b>(6 70 45 986)</b>	<b>(15 28 92 659)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets including intangible assets, CWIP		7 25 00 000	( 68 480)
Purchase of Investment		-	-
Proceeds from sale of fixed assets		-	-
Margin Money Deposit		-	-
Interest Received		2 40 041	57 450
<b>Net Cash Flow From/ (Used in) Investing Activities</b>	<b>(B)</b>	<b>7 27 40 041</b>	<b>( 11 030)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase In Share Capital		-	-
Increase In Share Application Money		-	-
Proceeds/ (Repayments) from Long-term borrowings		-	-
Proceeds/ (Repayments) from short-term borrowings		27 524	16 33 86 988
Interest Paid		( 38 64 482)	( 77 00 474)
Capital expenditure		-	-
Dividends Paid		-	-
<b>Net Cash Flow From/ (Used in) Financing Activities</b>	<b>(C)</b>	<b>( 38 36 958)</b>	<b>15 56 86 514</b>
<b>Net Increase/ (decrease) in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>18 57 097</b>	<b>27 82 825</b>
Cash and Cash equivalents at the beginning of the year		50 57 565	22 74 740
Cash and Cash equivalents at the end of the year		69 14 662	50 57 565

As per our report of even date

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

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

Mumbai: 30th May, 2013

For and on behalf of the Board

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

Sd/-  
**R. Gopalan**  
Director

Sd/-  
**A.Venkatramani**  
Director

Sd/-  
**Swati Maheshwari**  
Company Secretary

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,  
RELATING TO SUBSIDIARY COMPANIES**

<b>Name of The Subsidiary Company</b>		<b>GV Studio City Limited</b>
	Financial Year of the Subsidiary Company	31.03.2013
1.	Holding Company's Interest Equity Share Capital	100% 150,50,000 Equity Shares of Rs.10/- each
2.	Net aggregate amounts of the Profits /(Losses) of the Subsidiary so far as it concerns the members of the holding company and is not dealt with in accounts of holding company  - For the financial year of the subsidiary  - For the previous financial year of the  Subsidiary since it became its subsidiary	  (Rs. 73,51,012)   (Rs.135,31,906)
3.	Net aggregate amounts of the Profits /(Losses) of the Subsidiary so far as it concerns the members of the holding company and is dealt with in accounts of holding company  - For the financial year of the subsidiary  - For the previous financial year of the  Subsidiary since it became its subsidiary	  Nil   Nil
4.	Capital	Rs.15,05,00,000/-
5.	Reserves	(Rs.233,95,847/-)
6.	Total Assets	Rs.13,96,35,672 /-
7.	Total Liabilities	Rs.20,29,191/-
8.	Details of Investments (except Investment in Subsidiary)	Nil
9.	Turnover	Rs.68,22,504/-
10.	Profit before Taxation	(Rs.73,51,012/-)
11.	Provision for Taxation	Nil
12.	Profit after Taxation	(Rs.73,51,012/-)
13.	Proposed Dividend	Nil

As per our report of even date

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

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

Mumbai: 30th May, 2013

**For and on behalf of the Board**

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

**Sd/-**  
**R. Gopalan**  
Director

**Sd/-**  
**A.Venkatramani**  
Director

**Sd/-**  
**Swati Maheshwari**  
Company Secretary

# GV Films Ltd.

**Registered Office :** No. 001, Damini Building, Next to Dilkush School  
Opp. Hotel Ramada Palm Grove, Juhu Tara Road, Juhu, Mumbai - 400 049.

## ATTENDANCE SLIP

To be handed over at the entrance of the Meeting venue

	Member's Folio No.
	Name of the Member attending Meeting

In case of Proxy, Name of Proxy

I hereby record my presence at the **24th ANNUAL GENERAL MEETING** at MIG Cricket Club, Galaxy Hall, MIG Colony, Near Mhada, Bandra (E), Mumbai - 400 051 on Monday, 30th September 2013 at 03.00 p.m.

\_\_\_\_\_  
Member's/Proxy's Signature

**Note :**

1. Please sign this attendance slip and hand it over at the Attendance verification Counter at the Entrance of the Meeting Hall.
2. No Gifts/Company Products shall be given at the Meeting.
3. The Shareholding stated above is subject to change for transfers upto book closure.

# GV Films Ltd.

## PROXY FORM

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a Member/Members of GV Films Ltd. hereby appoint \_\_\_\_\_  
\_\_\_\_\_  
of \_\_\_\_\_  
or failing him \_\_\_\_\_  
of \_\_\_\_\_  
or failing him \_\_\_\_\_  
of \_\_\_\_\_

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 24th Annual General Meeting of the Company to be held at Mumbai on Monday, 30th September 2013 at 03.00 p.m. and at any adjournment thereof

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

Signed by the said.....  
of \_\_\_\_\_

Affix  
Rs. 1  
Revenue  
Stamp

**Note :** If a Member is unable to attend the Meeting, he may sign this form and send it to the Company's Registered Office so as to reach not less than 48 hours before 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