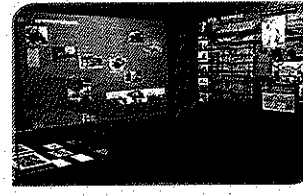
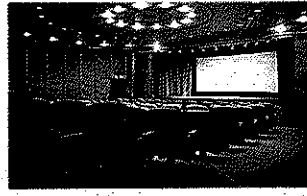
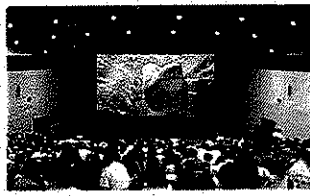
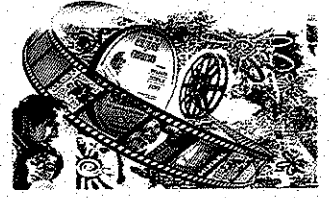
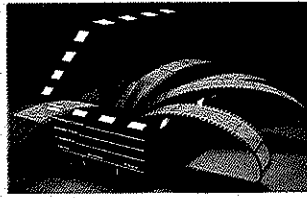
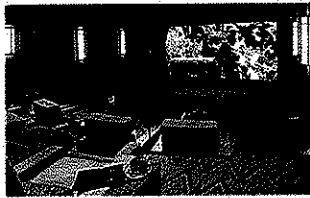




# Annual Report 2010 - 2011



Datuk K. Keetheeswaran  
Non- Executive Chairman

**REGISTERED OFFICE**

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

K. Murugavel  
Executive Director & COO

**STATUTORY AUDITORS**

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

R.Chandrasegaran  
Director

K. Ramadasan  
Director

Harakchand Kamal Nayan  
Director

S.Yuvaraj  
Director

**LEGAL ADVISOR**

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

P.Krishnaswamy  
Company Secretary

**BANKERS:**

Lakshmi Vilas Bank  
Nungambakkam , Chennai -34

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## **NOTICE TO THE SHAREHOLDERS**

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

### **ORDINARY BUSINESS :**

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

### **SPECIAL BUSINESS :**

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

Date : 5.12.2011

Place : Chennai

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

### **Registered Office:**

9<sup>th</sup> Floor, GEE GEE Emerald  
312, Valluvar Kottam High Road  
Nungambakkam  
Chennai 600 034.

**P KRISHNASWAMY**  
Company Secretary

**Notes :**

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

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

**P KRISHNASWAMY**  
Company Secretary

## **ANNEXTURE TO NOTICE**

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

### **Item No.4**

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

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

### **Item No.5**

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

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

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

## DIRECTOR'S REPORT

### TO ALL MEMBERS

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

### 1. FINANCIAL RESULTS

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

(Rs in lakhs)

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

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

### 3. DIVIDEND

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

### 4. DIRECTORS

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

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

### 5. PUBLIC DEPOSITS

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

### 6. FOREIGN EXCHANGE EARNINGS & OUTGO

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

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

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

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

**8. QUALITY MANAGEMENT SYSTEM**

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

**9. DIRECTOR'S RESPONSIBILITY STATEMENT**

The Directors confirm;

- A. That in the preparation of Annual Accounts, the applicable accounting standards have been followed and no material departures have been made.
- B. That they selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for the year under review.
- C. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud & other irregularities.
- D. The annual accounts have been prepared on a going concern basis.

**10. CORPORATE GOVERNANCE**

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

**11. AUDITORS**

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

**12. REPLY TO AUDITORS' QUALIFICATION/OBSERVATION**

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

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

**13. PERFORMANCE OF THE COMPANY**

During the year, the Company has taken theatres on lease in various parts of South India. During the year the company acquired rights, through authorized agent in India, for Film content, Distribution, and screening rights, for production of films at domestic and international levels. The company is in the process of tying-up more screens and during the interim period, the company has deployed those extra funds in copy right acquisition. The company is confident of realizing the money under copy right acquisition either by exploitation or by sale which will be re-deployed for the purpose of screening agreements. During Jan 2011 the Company made public issue of 85.71,429 equity shares of Rs.10 each for cash at a price of Rs.70 per share including a share premium of Rs.60 each aggregating to Rs.6000 Lakhs. The issue has been oversubscribed for 4 times and the shares have been listed on 27<sup>th</sup> January 2011, at Bombay Stock Exchange. In the media and Entertainment industry, the exhibition sector is undergoing tough face and the success rate of content is less to the ratio of content cost, the Company has incorporated, three subsidiary Companies viz., Midvalley Contents & Distribution Private Limited, Midvalley Hospitality Private Limited,

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

#### **14. ACKNOWLEDGEMENT**

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

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

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

Place : Chennai  
Date : 5.12.2011

**K Murugavel**  
Executive Director & COO

**S.Yuvaraj**  
Director



## MANAGEMENT DISCUSSION AND ANALYSIS:

### Industry Structure and Developments :

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

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

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

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

## **COMPANY OVERVIEW**

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

### **a) Exhibition Theatres :**

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

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

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

### **b) Distribution :**

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

### **Infrastructure :**

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

### **Operations :**

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

### **Financial at a Glance :**

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

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

## **ANALYSIS MEDIA & ENTERTAINMENT INDUSTRY**

### **STRENGTHS :**

1. Media and Entertainment is one of the most booming sectors in India due to its vast customer reach. The various segments of the Media and Entertainment industry like television and film industry have a large customer base.
2. The growing middle class with higher disposable income has become the strength of the Media and Entertainment industry.
3. Change in the lifestyle and spending patterns of the Indian masses on entertainment.
4. Technological innovations like online distribution channels, web-stores, multi and mega-plexes are complementing the ongoing revolution and the growth of the sector.
5. Indian film industry is second largest in the world and the largest in terms of the film produced and tickets sold.
6. The low cost of production and high revenues ensure a good return on investment for Indian Media and Entertainment industry.

### **WEAKNESSES:**

1. The Media & Entertainment sector in India is highly fragmented.
2. Lack of cohesive production & distribution infrastructure, especially in the case of music industry.
3. The lack of efforts for media penetration in lower socio-economic classes, where the media penetration is low.

### **OPPORTUNITIES:**

1. The concept of crossover movies has helped open up new doors to the crossover audience and offers immense potential for development.
2. The increasing interest of the global investors in the sector.
3. The media penetration is poor among the poorer sections of the society, offering opportunities for expansion in the area.
4. The nascent stage of the new distribution channels offers an opportunity for development.
5. Rapid de-regulation in the Industry.
6. Rise in the viewership and the advertising expenditure.
7. Technological innovations like animations, multiplexes, etc and new distribution channels like mobiles and internet have opened up the doors of new opportunities in the sector.

### **THREATS:**

1. Piracy, violation of intellectual property rights poses a major treat to the Media & Entertainment companies.

2. Lack of quality content has emerged as a major concern because of the 'Quick-buck' route being followed in the industry.
3. With technological innovations taking place so rapidly, the media sector is facing considerable uncertainty about success in the market place.

**INTERNAL CONTROLS AND THEIR ADEQUACY:**

The company has customized accounting packages and also has well established system in place at various levels to check and control expenses.

**FINANCIAL PERFORMANCE OF LAST THREE YEARS AT A GLANCE:**

Rs. in Lakhs

Particulars	2010 - 11	2009 - 10	2008 - 09
Turnover	1891.77	1294.74	2116.42
Profit Before Interest, Finance Charges and Depreciation and after Unrecoverable Bad debts	289.21	207.24	166.78
Interest and Finance Charges	30.57	1.14	1.31
Profit before Depreciation	258.64	206.10	165.47
Depreciation	216.24	189.80	70.85
Profit/(Loss) Before Tax	42.40	16.30	94.62
Provision for Income Tax	8.65	72.66	10.72
Deffered Tax	29.45	(60.19)	148.07
Profit / (Loss) after Tax	4.30	3.83	(64.17)
Extraordinary Items	-	-	-
Provision for Unrecoverable and Doubtful Debts	-	-	-
Net Profit/ (Loss)	4.30	3.83	(64.17)

**Human Resources:**

HR is a very important asset in a Media & Entertainment Company. Over the years the company has built up a strong human resource structure, which has enabled the company to progress rapidly. The company has a strong qualified and experienced team of professionals in Theatre Operations, Production, Marketing, Finance, HR & Administration etc. As on 30<sup>th</sup> April the company had 25 employees on its rolls.

## **REPORT ON COPORATE GOVERNANCE**

### **INTRODUCTION :**

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Corporate Governance is the mechanism by which the principles, values, philosophy and practices of a company manifest in the real world. The company has been complying with the mandatory requirements of the Code of Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) and incorporated in Clause 49 of the Listing Agreement in all material aspects.

The Company believes that good corporate governance practices should be enshrined in all activities of the company. The company is committed to strong Corporate Governance ensures that the company is managed and monitored in a responsible manner geared to value creation. A good Corporate Governance system envisages application of best Corporate practices, adherence to ethical standards for effective management establishment of higher standard of disclosure transparency and performance and enhancement of wealth of all stakeholders. The company is in the continued pursuit of strengthening its governance practices and the company's compliance with the code is given below:

#### **1. Company's Philosophy on Corporate Governance**

The company truly believes in transparency, Professionalism and accountability, which are the basic principles of Corporate Governance and will constantly, endeavour to improve on these aspects. The company's philosophy on Corporate Governance envisages the attainment of a high degree of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders including shareholders, employees and the lenders. The company is committed to achieving the high standards of Corporate Governance and believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time.

#### **2. Board of Directors:**

The Board of Directors at present consists of 6 Directors, out of which 3 are non-executive and Independent directors. As the company has a Non Executive chairman Mr. Datuk K. Keetheeswaran, the Board has 50% as independent Directors comprising of Mr. Ramadasan, Mr. Harak Chand Kamal Nayan and Mr. S. Yuvaraj.

<b>Category</b>	<b>Name of the Directors</b>
Promoter/ Non- Executive Chairman	<b>(1) DATUK K. KEETHEESWARAN</b> (Non - Executive Chairman)
Executive Director	<b>(2) K. MURUGAVEL</b> (Executive Director & COO)
Independent & Non Executive Directors	<b>(3) K. RAMADASAN</b> <b>(4) HARAK CHAND KAMAL NAYAN</b> <b>(5) S. YUVARAJ</b>
Non Independent & Non Executive Director	<b>(6) R. CHANDRASEGARAN</b>

## **BRIEF PROFILE OF DIRECTORS**

### **❖ Mr. Datuk K Ketheeswaran**

Datuk K. Ketheeswaran, aged 49 years is the Non-Executive Chairman of our Company. A Malaysian National, Datuk K. Ketheeswaran guides our Company on crucial policy decisions. Datuk K. Ketheeswaran promoted various companies which have varied businesses viz., plantations, investments, entertainment related business etc. In the year 2006, Datuk K. Ketheeswaran, through his companies acquired the shares of Midvalley Entertainment Limited from the then existing promoters to focus on production, distribution and exhibition of movies business in India.

### **❖ Mr. R. Chandrasegaran**

Mr. R. Chandrasegaran, aged 50 years, is a graduate member of The Institute of Cooperative Auditors, Malaysia and has completed the Management Development Programme from Asian Institute of Management Manila in the year 1986. Mr. Chandrasegaran was subsequently in the year 2002 admitted as an associate member of The Institute of Cooperative Auditors, Malaysia.

Mr. R. Chandrasegaran has more than twenty five years of experience in Auditing, Consulting and Mergers & Acquisitions, with Alijeffri & Co., a Chartered Accountant firm from 1978 to 2003. He was earlier the Executive Director cum CFO of our company and his term as CFO ended on April 16, 2009 but he continues on our board as Non-Executive Non-Independent Director.

### **❖ Mr. K. Murugavel**

Mr. K. Murugavel aged 36 years, is a Graduate in Political Science, a post Graduate in Public Administration and a Post graduate in Management-Human Resources & Operations. After his post graduation in management from MCC Chennai, he first stepped into retail industry and gained rich experience and exposure in operational management and business operations. In 1999 he entered into software industry and served the areas of Strategic Enterprise Management, Business Development, Human Resources and Operations with top Multinationals like Electronic Data Systems, American International Group (AIG) and Total Systems Inc. etc. He was instrumental behind bringing big projects and operational efficiency to Total Systems Inc. He is also a seasoned HR professional having implemented human resource information system for many of his clients.

At Midvalley, Mr. K Murugavel is Executive Director & Chief Operating Officer of the Company (COO) and is in charge of overall management of day-to-day activities, including but not limited to managing finance, business development functionally reports to the Non-Executive Chairman and the Board of Directors.

### **❖ Mr. K Ramadasan**

Mr. K Ramadasan, aged 76 years is Bachelor of Arts and a Graduate in Law. He has more than 50 years of experience in various Civil as well as Criminal Laws, Corporate Laws and other allied Laws like Environment Law, Import/Export, Intellectual Property rights, International Trade Law, Labour Law etc. He has been an advocate in Madras and Bangalore High Courts for over 3 decades. He is currently working with a Law Firm based in Chennai called "Delta Legal Associates" and is also a member of the board of directors at U.V.Boards Limited, Chennai and is the Chairman of their Audit and Remuneration Committees.

❖ **Mr. Harakchand Kamal Nayan**

Mr. Harakchand Kamal Nayan aged 41 years, is basically a film producer and distributor and has wide experience in media and entertainment industry. He has so far distributed 29 films in Tamil and jointly with other production houses, produced films in Tamil.

❖ **Mr. S.Yuvaraj**

Mr. S.Yuvaraj aged 28 years, is basically a financial consultant and has wide experience in fund raising corporate restructuring, etc. He is a Commerce Graduate and has wide experience in Corporate Accounting and Financial Planning

**GENERAL INFORMATION :**

The company has achieved the following results during the past 3 years :

(Rs. In Lakhs)

	2008-09	2009-10	2010-11
Income	2116.42	1294.74	1891.77
Profit / (Loss) Before Tax	94.61	16.30	42.40
Profit / (Loss) After Tax	(64.17)	3.83	4.30

**BOARD MEETINGS, COMMITTEE MEETINGS AND PROCEDURES :**

- a) The company held four meetings during the year by giving one week notice to each of the Directors. These were on 9-6-2010, 28-10-2010, 20-01-2011 and 17-03-2011. Four meetings were held at the end of each quarter as required under Clause 41 of the Listing Agreement. The company has held at least one Meeting in every three months and the time gap between any two Meetings was not more than three months.
- b) The meetings were held at the Company's Registered office at 9<sup>th</sup> floor, GEE-GEE Emerald, 312 Valluvar Kottam High Road, Nungambakkam, Chennai 600 034.
- c) All divisions/ departments in the company are encouraged to plan their functions well in advance particularly with regard to matters requiring discussion/approval/decision in the Board/ Committee Meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for Board Meetings.
- d) The board is periodically appraised with regard to the Finance, Sales and Marketing and the major business segments and operations of the company, before taking on record the results of the company for the preceding financial quarter. The Board's annual agenda includes review of performance of the company for the year and whether to conserve funds for working capital in the light of the performance of the company or to recommend dividend, determining Directors who shall retire by rotation and recommending appointment of Directors/ Auditors, authentication of annual accounts and approving Directors' Report, formulation and approval of strategic business plan for the company and the principal issues that the company expects to face in the future. Board Meetings also note and review functions of Committees.

- e) The company Secretary records the Minutes of the proceedings of each Board and Committee Meetings. Draft Minutes are circulated to all the members of the Board for their comments. The minutes of the proceedings of a Meeting are entered in the Minutes Book within 30 days from the conclusion of the Meeting.
- f) The company Secretary while preparing the Agenda notes on Agenda, minutes etc of the Meeting(s), is responsible for ensuring adherence to the applicable provisions of law including the Companies Act 1956 and compliance with the provisions of the Listing Agreement.

**DIRECTORS' ATTENDANCE PARTICULARS AND DIRECTORSHIP HELD:**

Name of the Director	Attendance Board Meetings (4)	Particulars Last AGM	Directorships in other Public Limited Companies Incorporated in India (Companies other than Midvalley)	Committee Memberships (Companies other than Midvalley)	Committee Chairmanship
Datuk K. Keetheeswaran	2	Yes	-	-	-
R. Chandrasegaran	4	Yes	-	-	-
K. Murugavel	4	Yes	-	-	-
*Sudhirkumar Jena	4	Yes	-	-	-
**Vasan	1	Yes	-	-	-
*** Prashanth Burra	-	-	-	-	-
K. Ramadasan	4	Yes	-	1	1
S. Yuvaraj	-	-	-	-	-
Harak Chand Kamal Nayan	-	-	-	-	-

\* - Resigned from the Board w.e.f 1.4.2011

\*\* - Resigned from the Board w.e.f 1.4.2011

\*\*\* - Resigned from the Board w.e.f 1.9.2011



**a) Information Supplied to the Board**

Among others, this includes:

- Review of annual operating plans and Budgets and updates.
- Quarterly results of the company and its operating divisions or business segments.
- Minutes of meeting of Audit Committee and other Committees of the Board.
- Material important show cause, demand, prosecution and penalty notices.
- Fatal or serious accidents or dangerous occurrences.
- Any materially relevant default in financial obligations to and by the company or substantial non-payment in respect of sales made by the company.
- Any issue involves possible public claims of substantial nature.
- Transactions that involves substantial payments towards goodwill, brand equity or intellectual property.
- Sale of material nature, of investments, assets, which is not in the normal course of business.
- Non- compliance of any regulatory or statutory provisions or listing requirements as well as Shareholder services.

Minutes of every Board meeting are circulated to all Directors for their perusal prior to confirmation, to provide the Directors an opportunity to clarify or raise comments on the minutes prior to the confirmation of the minutes.

**Code of Conduct for Board of Directors and Senior Management Personnel :**

The Company has adopted a code of conduct ("The Code") for Board of Directors and Senior Management Personnel. The code has been communicated to Directors and the members of the Senior Management. The code has also been displayed on the company's website; [www.mvel.in](http://www.mvel.in) Board members and Senior Management have confirmed compliance with the code for the year ended 30<sup>th</sup> April 2011. The Annual report contains a declaration to this effect signed by the Executive Director & COO.

**Board Committees**

To ensure the effective discharge of its fiduciary duties, the Board has delegated specific responsibilities to the following Board Committees. The Board Committees will deliberate to greater detail and examine the issues within their terms of reference as set out by the Board and make the necessary recommendations to the Board which retains full responsibility.

**A) Audit Committee**

A Qualified and Independent Audit Committee of the Board of the Company is functioning. It monitors and supervises the managements financial reporting. The terms of reference to the Audit Committee are as contained in Clause 49 of the listing agreement and Section 292A of the Companies Act 1956.

The responsibilities of the Audit committee include inter alia

- a) Overseeing of 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/reappointment/replacement and/or removal of Statutory Auditors and fixation of audit fees and payment for any other services rendered by them.

- c) Reviewing with the Management the annual and quarterly financial statements before submission to the Board for approval with particular reference to the matters specified in the listing Agreement.
- d) Reviewing of any related party transaction.
- e) Review with the Management on the performance of Statutory Auditors.
- f) Reviewing with the Management external auditors, the adequacy of internal control systems.
- g) Discussion with external auditors regarding audit plan as well as post audit discussion to ascertain any area of concern.
- h) Review of Management discussion and analysis of financial conditions and results of operations and other matters as specified under clause 49 of the Listing Agreement.
- i) Other matters as set out in the Listing Agreement.

The Committee comprised of three Directors- Mr. K Ramadasan, , Mr. S Yuvaraj and Mr. Harakchand Kamal Nayan, Mr. Sudhirkumar Jena, director, who was the Chairman of the Committee, resigned with effect from 1<sup>st</sup> April, 2011 and Mr. S.Yuvaraj is the Chairman of the Committee. All the members of the Audit Committee are Financially Literate, independent directors are eminent professionals equipped with sound knowledge in financial management and accounting, Minutes of each Audit Committee meeting are placed before, and discussed in the board meetings.

During the financial year the Audit Committee has met four ( 4 ) times on 9<sup>th</sup> June 2010, 28<sup>th</sup> October 2010, 20<sup>th</sup> January 2011 and 17<sup>th</sup> March 2011. The Statutory Auditors are invited to be present at the Audit committee Meetings.

#### **B) Shareholder/Investors Grievances Committee**

The Shareholders/Investors Grievance Committee specifically looks into redressing of Shareholders'/Investors' complaints like transfer of shares, non-receipt of Balance sheet etc. The Committee also oversees the performance of the Registrars and Transfer agents and recommends measures for over all improvement in the quality of investor for services.

This committee consists of Mr. Harakchand Kamal Nayan (Chairman), Mr. Chandrasekaran and Mr. Yuvaraj. During the year the committee has met once on 20<sup>th</sup> March 2011.

During the financial year only two grievances were received and redressed without delay. There was no investor complaint, pending for redressal on closure of the financial year.

#### **MANAGEMENT:**

##### **Disclosures by Management to the Board:**

All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board and interested directors neither participate in the discussion, nor do they vote on such matters.

#### **SHARE HOLDERS**

##### **a) Disclosure regarding appointment or re- appointment of Directors.**

According to the Articles of Association of Midvalley's not less than 2/3<sup>rd</sup> of the total Directors of the company shall be person whose period of office is liable to determination by retirement of Directors by rotation. All the Directors are eligible and are offering themselves for re-election as and when required.

##### **b) Communication to Shareholders**

Midvalley has it own website and all vital information relating to the company and its performance including quarterly results, official press releases and presentation to analysis are posted on the website. The company's website address is [www.mvel.in](http://www.mvel.in).

## **DIRECTOR'S REMUNERATION & SITTING FEES**

Mr. K. Murugavel, Executive Director & COO was paid Rs.11,25,000/- during the year as Director's remuneration. The non-executive directors are only entitled to be paid only sitting fees for Board/committee meetings attended by them at the rate of Rs.5000/- for Board Meetings, Rs.2000/- for Audit Committee Meetings. The sitting fees paid to the Non-executive Directors for 2010-11 as detailed below:

Name of the Director	Sitting Fees	Commission	Total
Mr. R. Chandrasegaran	20,000.00	-	20,000.00
Mr. S. Ramadasan	28,000.00	-	28,000.00
Mr. Sudhir Kumar Jena	28,000.00	-	28,000.00
Mr. C. Vasan	5,000.00	-	5,000.00

As for the Non-Whole time Directors, their appointment is for the benefit of their professional expertise in their individual capacity as independent business executives. Accordingly, the service contract, notice period and severance fees, if any of the company are not applicable to such Non- Whole time Directors.

### **c) Investors' Grievance :**

As Mentioned earlier in this chapter, the company has constituted Shareholders'/Inverstors'Grievance committee for redressing Shareholders' and investors' complaints. The status on complaints is reported to the Board of Directors regularly.

Sri P. Krishnasamy, Company Secretary is the compliance officer for complying with the requirements of listing agreement with the Stock exchanges.

The total number of complaints received and resolved to the satisfaction of the shareholders during the year under review was: 2. Outstanding complaints as on 30<sup>th</sup> April were: NIL

### **Share Transfer**

M/s.Cameo Corporate Services Limited Registrar, who is registered with SEBI as a category I Registrar, handles all share transfer. Share Transfers, demat requests and all other investor related activities are attended to and proceed at the office of our Registrar and Share Transfer Agent.

### **Shareholder's correspondence should be addressed to :**

#### **M/s. CAMEO CORPORATE SERVICES LIMITED**

"Subramanian Building"

V floor, 1, Club House Road,

Chennai- 600 002.

Ph. : (044) 28460390 (6 lines) / Fax: (044) 28460129

E-Mail- investor @cameoindia.com

### **General Body Meeting**

Details of last three Annual General Meeting are given below:

Financial Year Ended	Date	Time	Venue
30.4.2008	23.10.2008	10.00 AM	9th Floor, GEE GEE Emerald, No. 312, Valluvar Kottam High Road, Nungambakkam, Chennai - 600 034, India.
30.4.2009	24.10.2009	10.00 AM	
30.4.2010	30.10.2010	10.00 AM	

None of the subjects placed before the shareholders in this Annual general Meeting requires approval of the shareholders by postal ballot.

**Disclosures :**

i) Related Party Transactions

The Company related parties and transactions are listed below :

S.No.	Nature of Transactions	Amount (Rs.)
1.	Director Remuneration - K. Murugavel	11,25,000
1.	Common Director in Companies a) Global Motion Pictures Pvt. Ltd b) Kiara Enigma Sdn Bhd c) Unigold Pacific Ltd. } Datuk K. Keetheeswaran (Non Executive Chairman)	

ii) The company has complied with the requirements of the Stock Exchanges, SEBI and other statutory Authorities on all matters related to capital markets as and when applicable. s

**MEANS OF COMMUNICATION :**

The Financial results of the company are published in English & Tamil Newspapers. Results are posted in company's website [www.mvel.in](http://www.mvel.in) and also disbursed through BSE.

**GENERAL SHAREHOLDERS INFORMATION**

**AGM**

Date	Friday the 30th December 2011
Time	10,00 AM
Venue	Andhra Social & Cultural Association, T. Nagar, Chennai -17.
Date of Book Closure	28th December 2011 to 30th December 2011
Listing on Stock Exchange	Bombay Stock Exchange Limited
Listing Date	Listed on 27th January 2011 at Bombay Stock Exchange
Scrip Code	53310
Registrar and Share Transfer Agent	M/s. Cameo Corporate Service Limited, Subramanian Building, No. 1, Club House Road, Chennai - 600 002. Ph. : 044-28460390 Fax : 044-28460129 E-Mail : investor@cameoindia.com

## Financial Calendar (tentative) Adoption of the Quarterly Results for the Quarter Ending

31st July 2011	2nd Week of September 2011
31st October 2011	2nd Week of December 2011
31st January 2012	2nd Week of March 2012
30th April 2012	2nd Week of June 2012

### SHARE TRANSFER SYSTEM :

The company's shares are traded in the Stock Exchange compulsorily in demat mode. Shares in physical mode which are lodged for transfer either with the company or with the share transfer agent are processed and subject to exercise of option under compulsory transfer cum-demat procedure, share certificates are either dematted or returned within the time prescribed by the authorities.

### PUBLIC ISSUE :

During January 2011 the company made public issue of 84, 71,429 Equity shares of Rs.10 each for cash at a price of Rs.70 per share, including a share premium of Rs.60 per share, aggregating to Rs.6000 lacs and the shares were listed on 27.1.2011 at Bombay Stock Exchange limited.

### MARKET PRICE DATA :

The shares were listed in Bombay Stock Exchange Limited on 27.1.2011 and share price is given from January 2011 to November 2011

Month	Bombay Stock Exchange of India Ltd.,	
	High Price	Low Price
Jan-11	76.5	50.35
Feb-11	99.15	50.05
Mar - 11	126	78.05
Apr - 11	134.4	110.1
May - 11	133	103
Jun - 11	136.9	105.1
Jul- 11	153.4	118.2
Aug - 11	137.95	99
Sep - 11	128.3	100
Oct - 11	110.9	87.55
Nov - 11	114	85

### DISTRIBUTION OF SHAREHOLDING AS ON 30.4.2011

Category	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1-5000	1114	76.46	203020	2030200	0.59
5001 - 10000	86	5.9	70469	704690	0.21
10001 - 20000	44	3.02	75902	759020	0.22
20001 - 30000	31	2.13	82142	821420	0.24
30001 - 40000	4	0.27	13180	131800	0.04
40001 - 50000	22	1.51	108405	1084050	0.32
50001 - 100000	32	2.2	260014	2600140	0.76
100001 - And Above	124	8.51	33411437	334114370	97.62
Total	1457	100	34224569	342245690	100

### SHAREHOLDING PATTERN AS ON 30-04-2011

PARTICULARS	NO. OF SHARE HOLDERS	NO. OF SHARES	PERCENTAGE
PROMOTER - CORP BODY	6	12803807	37.41
CORP BODY (OCB)	1	2355000	6.88
CORP BODY (DR)	1	100000	0.29
CORPORATE BODY - OTHERS	138	12323404	36.01
NON-RESIDENT	13	320439	0.94
FII	4	1637180	4.78
RESIDENT INDIVIDUAL	1244	3789714	11.07
CLEARING MEMBER	48	95025	0.28
FOREIGN NATIONAL	2	800000	2.34
TOTAL	1457	34224569	100

2, 23, 75,193 shares have been dematerialized as on 30<sup>th</sup> April 2011 accounting for 65.38%.

The company has not issued any Global depository receipt/ American Depository Receipt/ warrant or any convertible instrument which is likely to have impact on the company's equity.

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

We have examined the compliance of conditions of Corporate Governance by M/s Midvalley Entertainment Limited for the year ended 30<sup>th</sup> April 2011 stipulated in Clause 49 of the listing Agreement of the said company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of the corporate Governance as stipulated in the said clause. 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 and based on the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

As required the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances were pending for a period exceeding one month against the company as per the records maintained by the Shareholders/ Investor's Grievance Committee.

We further state that such compliance is neither an assurance as the future viability of the company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the company.

For Venkatesh & Co  
Chartered Accountants

Place : Chennai  
Date : 5-12-2011

(Sd/-)  
**CA Dasarthy.V**  
Partner  
Memb. No. 26336

## **Declaration pursuant to Clause 49 of Listing Agreement regarding adherence to the Code of Conduct.**

To  
**The Shareholders of Midvalley Entertainment Limited**

I hereby declare that all members of the Board and the Senior Management personnel have affirmed compliance with the respective provisions of the Code of Conduct of the company formulated by the Board of Directors for the financial year ended 30<sup>th</sup> April 2011

Place : Chennai  
Date : 5-12-2011

**K. Murugavel**  
Executive Director & COO

**CHIEF EXECUTIVE OFFICER (CEO) CERTIFICATION :**

To,

**THE BOARD OF DIRECTORS,**  
Midvalley Entertainment Limited.

I, K. Murugavel, Executive Director & Chief Operating Officer of M/s. Midvalley Entertainment Limited

Certify that :

1. I have reviewed financial statements and the cash flow statement for the year ended 30th April 2011 and that to the best of my knowledge and belief :
  - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - b) These statements together present a true and fair view of the company's affairs and are in compliance with applicable accounting standards, laws and regulations.
2. There are, the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. I accept responsibility for establishing and maintaining internal controls for financial reporting. This is monitored by Internal Audit, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Auditors and Audit committee are appraised of any corrective action taken with regard to significant deficiencies and material weakness.
4. I indicate to the Auditors and the Audit committee :
  - a) Significant changes in internal control over financial reporting during the year.
  - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements ; and
  - c) Instances of significant fraud of which we 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 over financial reporting.

Place : Chennai  
Date : 5-12-2011

**K. Murugavel**  
Executive Director & COO



**REPORT OF THE AUDITORS TO THE MEMBERS OF**

**M/S.MID VALLEY ENTERTAINMENT LIMITED**

- (1) We have audited the attached Balance Sheet of M/s. Midvalley entertainment Limited as at 30<sup>th</sup> April 2011, and the Profit and Loss Account 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 misstatements. An audit includes, examining on a test basis, evidence to support the financial statement amounts and disclosures in the financial statement, assessing the accounting principles used in the preparation of financial statements, assessing significant estimates made by management in the preparation of financial statements and evaluating 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 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.

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 purpose of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
- c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
- d) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Subsection (3C) of Section 211 of the Companies Act, 1956. *Subject to non-provision for accrued gratuity liability, bonus and leave encashment in accordance with As-15 on Employee Benefits in the financial statements of the employer issued by the Institute Of Chartered Accountants Of India.*
- e) On the basis of written representation received from the directors, and taken on record by the Board of Directors, we report that none of the directors is



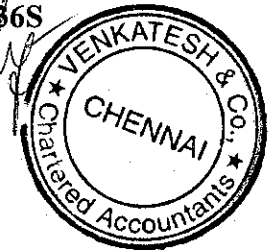
disqualified as on 30<sup>th</sup> April 2010 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

- f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statement read together with the schedules & notes there on, *subject to our comment in para (d) above and note no. f & j of Schedule - 17 on confirmation of parties balances and consequent effect on the accounts of the company, the profits, the value of the assets and liabilities of the company which is not determinable*, give the information required by the Companies Act 1956, in the manner so required & gives a true and fair view in conformity with the accounting principles accepted in India:
- (i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 30th April 2011 and
- (ii) in so far as it relates to the Profit and Loss Account of the Profit of the Company for the period ended on that date.
- (iii) In the case of the cash flow statement, of the cash flows for the year ended on the date.

**Place: Chennai  
Date:05/12/2011**

**Venkatesh & Co.,  
Chartered Accountants  
F.R.No.004636S**

*V. Dasaraty*  
**V. Dasaraty  
Partner  
M.No.26336**

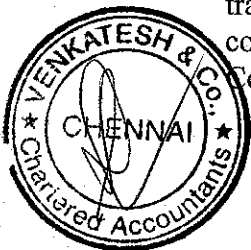


**ANNEXURE TO THE AUDITORS' REPORT**

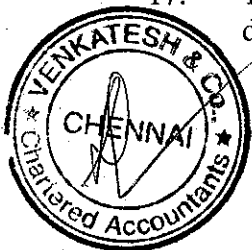
**(Referred to in paragraph 3 of our Report of even date)**

In terms of the information and explanation given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

1.
  - a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
  - b) The Management at reasonable intervals has physically verified the Fixed Assets of the Company. No material discrepancies were noticed on such verification.
  - c) No substantial part of fixed assets have been disposed off during the year.
2.
  - a) The stocks of Movies, Serials and Programmes have been physically verified at reasonable intervals by the management.
  - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) The company is maintaining proper records of inventory and no material discrepancies are noticed on such physical verification.
3.
  - a) The Company has not granted any loans to parties covered in the register maintained under section 301 of the companies Act, 1956.
  - b) The Company has not taken unsecured loans to parties covered in the register maintained under section 301 of the companies Act, 1956.
4. 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 Movies, Serials and Programmes including plant and machinery, equipment and other assets and with regard to the sale of Movies, Serials and Programmes. No instances of continuing failure to correct major weaknesses in Internal Control were noticed.
5.
  - a) The particulars of contracts referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
  - b) According to the information and explanations given to us, there were no transactions of purchase of Film Rights and Distribution Rights made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and aggregating Rs.5 Lacs or more during the year



6. The company has not accepted any deposits from the public. The provisions of sections 58 A & 58 AA of the companies Act, 1956, and the Rules framed there under is not applicable.
7. In our opinion, the company has no separate internal audit system. However the existing Internal Control measures are commensurate with its size and nature of its business.
8. The central government has not prescribed the maintenance of cost records u/s.209 (1) (d) of the Companies Act, 1956 to the company.
9. a) According to the records of the Company, the company is regular in depositing undisputed statutory dues including Income tax deducted at source, Sales tax, Customs duty, Cess and other statutory dues with the appropriate authorities. The company has to pay the income tax & Fringe Benefit tax for the years March'2006, March 2007, 2008, 2009 & 2010 amounting to Rs.36,42,653/-, Rs.5,75,40,364/-, Rs.3,51,17,320/- Rs.47,76,704/- and Rs.77,66,000/- & FBT Rs.1,65,000/- (excluding interest) & TDS of Rs.8,12,584/- respectively. According to the information and explanation given to us disputed Income Tax amounting to Rs.91.71 lacs/- is outstanding as at 30<sup>th</sup> April 2010 out of which company had paid Rs.30 lakhs under protest, in respect of which the company has made an appeal with the CIT (appeals).
10. The Company has no accumulated losses at the end of the financial year. The Company has not incurred cash losses in the financial year under report and in the financial year immediately preceeding such financial year.
11. The Company has not defaulted in repayment of dues to Banks during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company has not given any guarantee for loans taken by others from Bank or financial institutions.
14. The company has not obtained any term loans during the year.
15. As per the records of the company, no funds were raised on short term basis and used for long term investment and vice versa.
16. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
17. The Company has not issued any debentures, so creation of securities in respect of debentures does not arise.



**Venkatesh & Co.,**  
**Chartered Accountants**

"SRI RANGA"  
No.151, Mambalam High Road  
T.Nagar, Chennai - 600 017  
Ph:- 28144 763 /64 /65 /66  
E-Mail:- venkateshandco@gmail.com

18. The company has raised Rs.60 Crore by way of public issue during the period under consideration. The Proposed end use of funds as per Offer document and the actual money spent is as follows:-

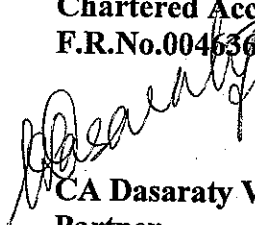
Sl No.	Description	Proposed	Paid
1.	Entering into Screening Agreements	1500.00	237.28
2.	Renovation & Up gradation of Cinema Infrastructure with Digital Projectors and Equipment's	2,595.00	2,668.10
3.	Acquisitions of Companies, Acquisition of Screening rights and objects of business.	1,200.00	2,063.65
4.	To Meet General Corporate Expenses	379.90	360.85
5.	Meeting the IPO Expenses	325.10	285.67

During the accounting period, the company has deployed funds in copy rights higher as proposed in offer document. Advances paid for digital projectors/equipment's is yet to be booked as fixed assets as the equipment have not been received.

19. According to the information and explanations furnished to us, no fraud has been noticed or reported during the year.

**Place: Chennai**  
**Date: 05/12/2011**

**Venkatesh & Co.,**  
**Chartered Accountants**  
**F.R.No.004636S**

  
**CA Dasaraty V**  
**Partner**  
**M.No.26336**



**MIDVALLEY ENTERTAINMENT LIMITED**  
No.9A Gee Gee Emerald, Nungambakkam High Road, Chennai-34

**BALANCE SHEET AS AT 30.04.11**

Particulars	Sch	As on 30-04-2011	As on 30-04-2010
<b>I Sources of Funds</b>			
<b>1. Share Holders Funds</b>			
a) Share Capital	1	342,245,690	256,531,400
b) Reserves and Surplus	2	801,693,967	286,977,912
		1,143,939,657	543,509,312
<b>2. Loan Fund</b>			
Secured Loans	3	-	439,396
<b>3. Deferred Tax Liability</b>			
		22,493,740	19,548,752
<b>Total</b>		<b>1,166,433,397</b>	<b>563,497,460</b>
<b>II Application of Funds</b>			
<b>1. Fixed Assets</b>			
a) Gross Block	4	555,953,218	237,310,394
b) Depreciation		85,164,782	64,368,711
c) Net Block		470,788,436	172,941,683
Capital WIP		281,809,617	-
<b>2. Current Assets and Loans &amp; Advances(A)</b>			
a) Inventories	5	87,686,301	115,438,921
b) Sundry Debtors	6	191,568,710	190,053,524
c) Cash and Bank balances	7	4,280,445	38,581
d) Loans and advances	8	336,951,331	194,305,656
		620,486,787	499,836,683
<b>Less: Current Liabilities and Provision(B)</b>			
a) Current Liabilities	9	129,854,433	10,495,086
b) Provisions		99,650,820	98,785,820
		229,505,253	109,280,906
<b>Net Current Assets(A-B)</b>		<b>390,981,534</b>	<b>390,555,777</b>
<b>3. Miscellaneous Expenditure</b>			
	10	22,853,810	-
<b>Total</b>		<b>1,166,433,397</b>	<b>563,497,460</b>

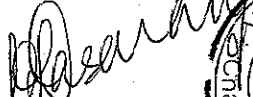
Schedules 1 to 11 form part of Balance Sheet

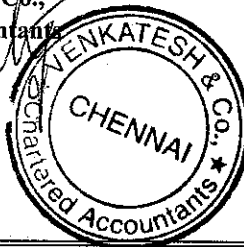
Notes on Accounts 17 (0) (0)


As per our report of even date attached

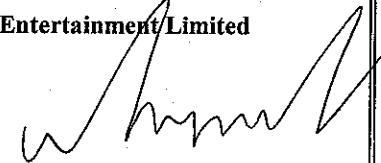
For Venkatesh & Co.,  
Chartered Accountants

For Mid Valley Entertainment Limited

  
CA Dasaraty V  
Partner  
M.No.26336



  
Company Secretary  
Place: Chennai  
Date:- 05/12/2011

  
Director

**MIDVALLEY ENTERTAINMENT LIMITED**

No.9A Gee Gee Emerald, Nungambakkam High Road, Chennai-34

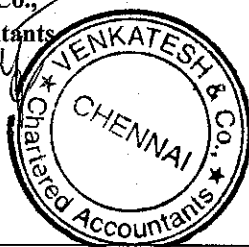
Profit and Loss Account for the Period Ended 30-04.2011				
Particulars	Sch	As on		
		30-04-2011	30-04-2010	
<b>A Income</b>				
Sales and Overseas Revenue	11	188,513,612		129,422,094
Other Income	12	663,552		51,700
			<b>189,177,164</b>	<b>129,473,794</b>
<b>B Expenditure</b>				
Cost of Production / Distribution / Purchase of Programmes/ Rights & Telecast Fees	13	114,848,264		65,252,003
Administrative Expenditure	14	12,429,287		5,796,838
Interest and Finance Charges	15	3,057,098		112,770
Depreciation & Amortisation		21,623,269		18,980,416
Amortisation of Distribution Rights	16	27,265,460		32,815,460
Preliminary Expenses written off		5,713,452		4,886,152
	<b>B</b>		<b>184,936,830</b>	<b>127,843,639</b>
<b>C. Profit before Taxation</b>	<b>A-B</b>		<b>4,240,334</b>	<b>1,630,155</b>
Less: Provision for Taxation			865,000	7,266,000
			<b>3,375,334</b>	<b>(5,635,845)</b>
Add / Less: deferred tax asset written off/ DTL			2,944,989	(6,018,548)
<b>D Profit After Taxation</b>			<b>430,345</b>	<b>382,703</b>
Add: Balance Brought forward from previous year			189,662,202	189,279,499
<b>Balance Carried over to Balance Sheet</b>			<b>190,092,547</b>	<b>189,662,202</b>
Earning Per Share			0.01	0.01

Schedules 12 to 17 form part of this Profit and Loss Account  
Notes on Accounts 17

As per our report of even date attached  
For Venkatesh & Co.,  
Chartered Accountants

For Mid Valley Entertainment Limited

CA Dasaraty V  
Partner  
M.No.26336



*P. K. V.*  
Company Secretary

*S. Jayaram*  
Director

*W. S. Srinivasan*  
Director

Place: Chennai  
Date: - 05/12/2011

**CASH FLOW STATEMENT**

Amount In Rupees

<b>Particulars</b>	<b>Year / Period Ended</b>	
	<b>As on 30-04-2011</b>	<b>30-Apr-2010</b>
<b>Cash Flows From Operating Activities</b>		
Net Profit Before Taxation	42,40,334	16,30,155
<b>Adjustments For:</b>		
Depreciation	2,16,23,269	1,89,80,416
Interest / Dividend Income	(3,07,508)	-
(Profit) / Loss on Sale of Asset	(3,41,681)	-
Preliminary expenses written off	57,13,452	48,86,152
Interest Paid	-	-
Amortisation of Dist Rights & Satellite Rights	2,72,65,460	3,28,15,460
Provision for diminution in the value of inventories	4,87,160	15,00,005
Surplus On OTS	-	-
Provision for Gratuity	-	-
<b>Operating Profit Before Working Capital changes</b>	<b>5,86,80,487</b>	<b>5,98,12,188</b>
Change in Trade and Other receivables	(15,15,186)	7,43,84,830
Change in Inventories	0	1,88,13,019
Change in other Current Assets	(16,99,11,135)	15,82,707
Change in other Current Liabilities	11,84,37,028	6,10,239
Income Taxes Paid	(8,65,000)	-
<b>Net Cash Flow From Operating Activities</b>	<b>48,26,194</b>	<b>15,52,02,984</b>
<b>Cash Flow from Investing Activities</b>		
Purchase/sale of Fixed Assets	(60,12,15,299)	(15,50,00,000)
Sale of Fixed Assets	7,62,858	-
Sale / (Purchase) of Investments	-	-
<b>Net Cash flow used in Investing Activities</b>	<b>(60,04,52,441)</b>	<b>(15,50,00,000)</b>
<b>Cash Flow from Financing Activities</b>		
Changes in Borrowings	(4,39,396)	(2,71,539)
Share Capital raised	8,57,14,290	-
Share Premium	51,42,85,710	-
Share Application Money	-	-
Miscellaneous Expenses Incurred	-	-
Interest Received	3,07,508	-
Interest Paid	-	-
Amount paid on OTS With Bank	-	-
Loan to Subsidiary	-	-
<b>Net Cash Flow From Financing Activities</b>	<b>59,98,68,112</b>	<b>(2,71,539)</b>
<b>Net Increase in Cash and Cash Equivalents</b>		
(Opening Balance)	38,581	1,07,136
Cash and Cash Equivalents		
(Closing Balance)	42,80,446	38,581

1. The cash flow statement has been prepared in accordance with the requirements of Accounting Standard - 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

2. Cash flows have been reported using the indirect method, whereby the net profit is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments, segregating between cash flows.

3. Significant cash and cash equivalent balances held by the enterprise are available for use by the company.



**MIDVALLEY ENTERTAINMENT LIMITED**  
No.9A Gee Gee Emerald, Nungambakkam High Road, Chennai-34

**SCHEDULES FORMING PART OF BALANCE SHEET**

**SCHEDULE - 1**

**SHARE CAPITAL:**

Particulars	As on 30-04-2011	As on 30-04-2010
<b>Share Capital</b>		
<b>1. Share Holders Funds</b>		
4,50,00,000 Equity shares of Rs.10/- Each	450,000,000	450,000,000
<b>Issued Subscribed and paid up share capital</b> (3,42,24,569 (2,56,53,140) Equity Shares of Rs. 10/- each)	342,245,690	256,531,400
<b>Total</b>	<b>342,245,690</b>	<b>256,531,400</b>

**SCHEDULE 2**

**RESERVES AND SURPLUS**

Particulars	As on 30-04-2011	As on 30-04-2010
(1) Share Premium Account	611,601,420	97,315,710
(2) Surplus (i.e., balance in P & L)	190,092,547	189,662,202
<b>Total</b>	<b>801,693,967</b>	<b>286,977,912</b>

**SCHEDULE 3**

**SECURED LOAN**

Particulars	As on 30-04-2011	As on 30-04-2010
<b>Secured Loan from Banks</b>		
(1) Loans & Advances From Banks	-	439,396
(2) other Loans & Advances	-	
<b>Total</b>	<b>-</b>	<b>439,396</b>



**SCHEDULE - 4**

**MIDVAILEY ENTERTAINMENT LIMITED**  
No.9A Gee Gee Emerald, Nungambakkam High Road, Chennai-34

**FIXED ASSETS:**

Particulars	Gross Block at cost					Depreciation			Net Block		
	As on 01-05-10	Additions	Deletions	As on 30.04.11	As on 01-05-10	For the Period	Amortisation	Withdrawal	As on 30.04.11	As on 30-04-10	
Rights	202,895,962	320,000,000	-	522,895,962	44,956,990	-	20,377,267	-	65,334,257	457,561,705	160,833,559
Buildings	11,644,252	-	-	11,644,252	2,119,919	476,217	-	-	2,596,136	9,048,116	9,524,333
Plant and Machinery	992,318	-	-	992,318	665,052	45,523	-	-	710,575	281,743	327,266
Lighting Equipments	8,644,433	-	-	8,644,433	6,209,878	338,647	-	-	6,548,525	2,095,908	2,434,555
Office Equipments	3,813,493	33,900	336,176	3,511,217	2,796,447	114,953	-	193,477	2,717,922	793,295	1,017,046
Furniture and Fixtures	6,117,006	-	-	6,117,006	4,972,094	207,229	-	-	5,179,325	937,681	1,144,912
Computers	2,148,030	-	-	2,148,030	2,031,383	46,659	-	-	2,078,042	69,988	116,647
Vehicles	1,054,900	-	1,054,900	-	616,948	16,775	-	633,723	-	-	437,952
<b>Total</b>	<b>237,310,394</b>	<b>320,033,900</b>	<b>1,391,076</b>	<b>555,953,218</b>	<b>64,368,711</b>	<b>1,246,001</b>	<b>20,377,267</b>	<b>827,200</b>	<b>85,164,782</b>	<b>470,788,436</b>	<b>175,836,270</b>
Previous year total	82,310,394	155,000,000	-	237,310,394	45,388,293	1,595,640	17,384,776	-	64,368,711	172,941,683	36,922,101



**SCHEDULES FORMING PART OF BALANCE SHEET**

**CURRENT ASSETS, LOANS AND ADVANCES**

**SCHEDULE - 5**

Particulars	As on 30-04-2011	As on 30-04-2010
<b><u>Inventories</u></b>		
Stock of Movies / Serials and Programmes - Rights / Stock of Audio / CD Cassettes	78,430,253	105,695,713
<b><u>Work in Progress</u></b>		
Feature Films	9,256,048	9,743,208
<b>Total</b>	<b>87,686,301</b>	<b>115,438,921</b>

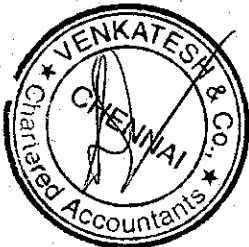
**SCHEDULE - 6**

Particulars	As on 30-04-2011	As on 30-04-2010
<b><u>Sundry Debtors</u></b>		
a) Debts outstanding for a period exceeding 6 months ( Unsecured and considered good )	191,568,710	190,053,524
b) Debts outstanding for a period less than 6 months (Unsecured and considered good)		-
<b>Total</b>	<b>191,568,710</b>	<b>190,053,524</b>

**SCHEDULE - 7**

**Cash and Bank Balances**

Particulars	As on 30-04-2011	As on 30-04-2010
Cash on Hand	221	2,081
<b>Balances with Schedule bank in</b>		
a) Current Account	4,280,224	36,500
b) Deposit account		
<b>Total</b>	<b>4,280,445</b>	<b>38,581</b>



**MIDVALLEY ENTERTAINMENT LIMITED**  
**No.9A Gee Gee Emerald, Nungambakkam High Road, Chennai-34**

**SCHEDULES FORMING PART OF BALANCE SHEET**

**SCHEDULE - 8**

**Loans and Advances**

Particulars	As on 30-04-2011	As on 30-04-2010
<b>Loans and Advances</b>		
( Unsecured and Considered Good)		
Advances Recoverable in Cash or in Kind or for values to be received.	336,378,187	193,763,263
Tax Deducted at Source	573,144	542,393
<b>Total</b>	<b>336,951,331</b>	<b>194,305,656</b>

**SCHEDULE - 9**

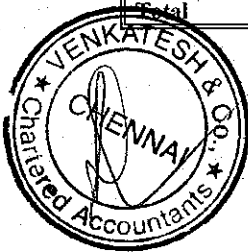
**CURRENT LIABILITIES AND PROVISIONS**

Particulars	As on 30-04-2011	As on 30-04-2010
<b><u>A. Current Liabilities</u></b>		
(1) Acceptances		
(2) sundry Creditors		
(I) Total o/s. dues to small scale Industrial undertaking(s) and		
(II) Total o/s. dues of Creditors other than small scale Industrial undertaking(s)	123,431,953	5,424,674
(3) Other Liabilities ( if any)	6,422,480	5,070,412
<b><u>B. Provisions</u></b>		
(1) Provision for Taxation	99,650,820	98,785,820
(2) Proposed Dividends		-
(3) Provision for Impairment Loss		-
<b>Total</b>	<b>229,505,253</b>	<b>109,280,906</b>

**SCHEDULE - 10**

**MISCELLANEOUS EXPENDITURE**

Particulars	As on 30-04-2011	As on 30-04-2010
Public Issue Expenses	28,567,262	4,886,152
Less: Written off during the year	5,713,452	4,886,152
<b>Total</b>	<b>22,853,810</b>	<b>-</b>



**MIDVALLEY ENTERTAINMENT LIMITED**  
No.9A Gee Gee Emerald, Nungambakkam High Road, Chennai-34

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

**SCHEDULE - 11**

**INCOME**

**Sales and Overseas Revenue**

Particulars	As on 30-04-2011	As on 30-04-2010
Sale of Films Rights	-	29,700,000
Distribution Income	64,197,407	25,000,000
Theatre Collection	124,316,205	74,722,094
<b>Total</b>	<b>188,513,612</b>	<b>129,422,094</b>

**SCHEDULE 12**

Particulars	As on 30-04-2011	As on 30-04-2010
<b>Miscellaneous Income:</b>		
Stall Income	-	-
Profit on Sale of Asset	341,681	-
Interest on ICD	307,508	-
Miscellaneous Income	14,363	51,700
<b>Total</b>	<b>663,552</b>	<b>51,700</b>

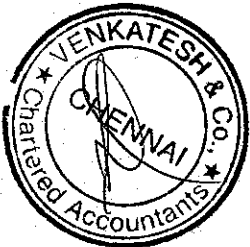
**EXPENDITURE**

**SCHEDULE 13**

**Cost of Production / Distribution / Purchase of Programmes/ Rights & Telecast Fees**

Particulars	As on 30-04-2011	As on 30-04-2010
Distribution Expenses	38,518,444	56,126
Theatre Expenses	-	-
Screening Charges - TN Theatre	-	-
Exhibitors Share - TN, Hyd & AP Theatre	2,618,242	1,605,723
Distributors Share - TN, Hyd & AP Theatre	73,711,578	44,833,261
Arasaktchi - Project Exp.	-	18,756,893
<b>Total</b>	<b>114,848,264</b>	<b>65,252,003</b>

<b>Miscellaneous Expenses:</b>		
	-	



**MIDVALLEY ENTERTAINMENT LIMITED**  
No.9A Gee Gee Emerald, Nungambakkam High Road, Chennai-34

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

**SCHEDULE 14**

**Administrative Expenses**

Particulars	As on 30-04-2011	As on 30-04-2010
Audit committee Fee	4,000	-
Audit Fees	430,150	562,530
Commission	500,000	-
Director's remuneration	1,125,000	75,000
Electricity Charges	262,769	83,573
Insurance	5,698	-
Internet charges & Subscriptions	15,631	-
Listing Fee - BSE	79,968	-
Loss on sale of Asset	131,200	-
Miscellaneous Expenses	342,512	44,811
Professional Fee	437,688	34,629
Provision for diminution in the value of Production inventory	487,160	1,500,005
Rent	1,840,203	2,183,232
Repairs and Maintenance	242,720	263,025
Salaries	3,699,888	563,510
Wages	187,333	17,930
Bonus	298,055	-
Conveyance Allowance	148,138	-
Provident Fund	118,186	33,312
Professional Tax	1,095	-
ESI Employer Contribution	16,447	-
Sitting Fees to Directors	81,000	24,000
Staff Welfare Expenses	110,161	83,497
Telephone charges	251,120	89,081
Travelling Expenditure	449,991	238,705
Website Design	57,576	-
Ex Gratia	820,000	-
Admin.Exp. - Content	76,000	-
Admin.Exp. - Inter National	209,598	-
<b>Total</b>	<b>12,429,287</b>	<b>5,796,838</b>

**SCHEDULE 15**

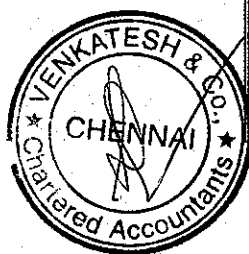
**Interest and Finance Charges**

Particulars	As on 30-04-2011	As on 30-04-2010
<b><u>Interest on</u></b>		
Interest on Car Loan	5,330	75,513
Interest on ICD (Loan)	2,989,315	-
Bank Charges	62,452	37,257
<b>Total</b>	<b>3,057,098</b>	<b>112,770</b>

**SCHEDULE 16**

**Distribution Rights Written Off**

Particulars	As on 30-04-2011	As on 30-04-2010
Rights Written During the Year	27,265,460	32,815,460
<b>Total</b>	<b>27,265,460</b>	<b>32,815,460</b>



**SCHEDULE – 17 :-**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES  
ON ACCOUNTS:-**

**I. SIGNIFICANT ACCOUNTING POLICIES:**

**a. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS:**

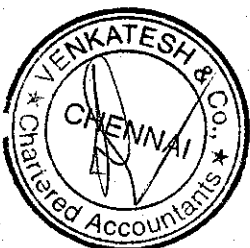
The financial statements are prepared under the historical cost convention on an accrual basis and comply with the accounting standards issued by the Institute of Chartered Accountants of India referred to in section 211 (3C) of the Companies Act, 1956

**b. FIXED ASSETS AND DEPRECIATION:**

- i. Fixed Assets are stated at Cost of Acquisition Less accumulated depreciation.
- ii. Depreciation is provided from the date on which the assets have been installed and put to use, under the written down value method at the rates and in the manner specified under schedule XIV of the Companies Act, 1956.
- iii. In respect of satellite rights of films, the cost of the asset is written off proportionately over a period of ten years.

**c. INVENTORIES**

1. Inventories are valued at cost or net realizable value whichever is lower. The Company Amortizes 60% of the cost of the rights acquired or produced by it, in the year of first theatrical release of the movie. Balance 40% is amortized over the balance license period or based on management estimate of future revenue potential, as the case may be.
2. Work in progress is stated at cost. Cost comprises of movie production expenses incurred including artiste and other salaries, shooting expenses etc.
3. Cost of production of movies Produced and not exploited are valued after considering a provision of 5% on the cost.



**d. TAXATION:**

Provision for Income tax has been made at the current tax rates based on the assessable income under the provisions of the Income Tax Act, 1961.

**e. DEFERRED TAXATION:-**

Deferred Tax Liability on timing differences of Book and IT depreciation and distribution rights is provided for.

**f. FOREIGN CURRENCY TRANSACTIONS:-**

Foreign currency transactions are recorded in the books by applying the exchange rate as on the transaction. Investments in foreign currency are reported using the exchange rate at the date of transaction. Our foreign currency transactions are converted at the exchange rate prevailing on the last working day of the accounting year. Fluctuations in the exchange rate transactions are charged to profit & loss account, wherever necessary. In respect of foreign currency transactions in fixed asset, the exchange gain or loss is adjusted in the carrying amount of fixed assets and accordingly depreciation is charged.

**g. Retirement Benefits**

Contribution to Provident Fund and Earned Leave Encashment are accounted on actual liability basis. The liability in respect of Gratuity is not provided for during the year.

**h. IMPAIRMENT OF FIXED ASSETS**

The company provides for impairment of assets in accordance with AS28 Issued by the ICAI. During the year, no provision for impairment is considered necessary after considering the amortization and depreciation provided for.

**i. REVENUE RECOGNITION:-**

**a) SALE OF FILM RIGHTS:**

Revenues arising from sale of Distribution rights of the feature films produced by the company are recognized on accrual basis, based on specific distribution contracts. Income is recognized only upon completion of the project and obtaining a valid film Censorship Certificate.





**b) DISTRIBUTION OF FILMS:**

Income from own distribution of films are to the extent of the collections received from the distribution areas.

**c) SALE OF SATELLITE RIGHTS:**

Incomes from sale of Satellite rights are recognized based on contract of sale and the amounts received.

**d) SALE OF PROGRAMMES :**

Incomes on sale of Programmes are recognized on accrual basis based on the Invoices raised.

**e) SALE OF AUDIO RIGHTS AND ROYALTIES:**

Income from sale of Audio rights is accounted on cash basis based on specific contracts. Income from Royalties is accounted on accrual basis based on the contract with the music companies. Audio Rights and Royalties are recognized only upon completion and released of the audio albums.

**f) EXPORT OF SERIALS AND FILMS:**

Income recognized on accrual based on export invoices/contracts with overseas companies.

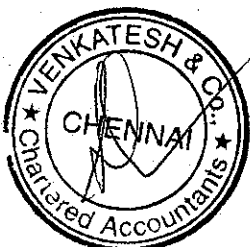
**g) THEATRE INCOME:**

Income recognized on receipt of Daily Collection report.

**j. MISCELLANEOUS EXPENDITURE :-**

Miscellaneous Expenditure represents expenses incurred in connection with the public issue which would be written off over five years.

**k. Previous years figures have been regrouped / recast wherever necessary.**



## II. NOTES ON ACCOUNTS:

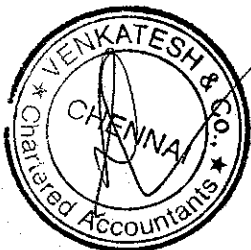
### a. DEFERRED TAX:

	April 30,2011	Current Year	April 30,2010
Deferred Tax Liability			
WDV as per Companies Act	47,07,88,436		
WDV as per Income tax Act	44,53,06,832		
Timing difference	2,54,81,604		
DTA Income tax rate 33.99%	86,61,197		
Distribution Rights	4,06,95,920		
Income tax rate 33.99%	1,38,32,543	29,44,989	
Reversal of DTL on Rights for earlier years			
<b>Total DTL for Balance sheet</b>	<b>2,24,93,740</b>		<b>1,95,48,752</b>

### b. RELATED PARTY DISCLOSURE

#### Relationship Chart - May 1, 2010 to April 30, 2011

Name of the Related Party	Relationship
Unigold Pacific Limited	Company with common Director
Kiara Enigma Sdn Bhd	Company with common Director
Global Motion Pictures and Ventures Pte Ltd	Company with common Director
Datuk K. Keetheswaran	Non Executive Chairman
Murugavel	Director



**Related Party transactions for the period May 1, 2010 to April 30, 2011**

**Related Party transactions for the year ended 30<sup>th</sup> April, 2011**

Nature of Transaction	Company with Common Director - Global Motion Pictures Pvt. Ltd	Company with Common Director - Kiara Enigma Sdn Bhd	Company with Common Director - Unigold Pacific Ltd	Datuk K. Keetheswaran	Murugavel
Managerial Remuneration	-	-	-	-	11,25,000

**c. SEGMENT REPORTING**

The company operates in four Business Segments:

1. Midvalley Entertainment Ltd
2. Contents & Distribution
3. Hospitality and
4. International

(Rs. In Lacs)			
Sl.No	Particulars	Year Ended 30.04.2011	Year Ended 30.04.2010
1.	Segment Revenue		
	a) Midvalley Entertainment Ltd	1891.77	1294.74
	b) Contents & Distribution	----	----
	c) Hospitality	----	----
	d) International	----	----
	<b>Total</b>	<b>1891.77</b>	<b>1294.74</b>
	Net Sales / Income from Operations		
2.	Segment Results		
	Profit / (Loss)– Before Tax & Extra Ordinary Items from each segments		
	a) Midvalley Entertainment Ltd	45.27	16.31
	b) Contents & Distribution	(0.76)	----
	c) Hospitality	----	----
	d) International	(2.10)	----
	Total Profit / {Loss} before Tax & extra ordinary items	<b>42.41</b>	<b>16.31</b>
	<b>TOTAL</b>	<b>42.41</b>	<b>16.31</b>



**d. MICRO, SMALL AND MEDIUM ENTERPRISES:**

Sundry Creditors includes amount due to SSI as on 30.04.11: **Rs.NIL** (NIL) with available information from Micro, Small and Medium Enterprises regarding their registration with Central/State Government authorities the disclosure as per Sec 23 of The Micro Small Medium Enterprises Development Act 2006 is made.

**e. FOREIGN EXCHANGE INFLOW AND OUTFLOW:-**

	<u>April 30, 2011</u> (in Rs.)
CIF Value of Imports	NIL

	<u>April 30, 2011</u> (in Rs.)
Earnings In Foreign Exchange	NIL
<b>Foreign Exchange Outgo</b>	
	<u>April 30, 2011</u> (in Rs.)
Foreign Exchange Outflow	NIL

**f. SUNDRY DEBTORS, LOANS AND ADVANCES:**

- a. Sundry Debtors, Loans and Advances and Deposits are subject to confirmation and reconciliation. However in the opinion of the management, these Current Assets are realizable in the ordinary course of the business at the values as stated in the accounts.
- b. No provision has been considered in respect of debtors outstanding for a period of 6 months amounting to Rs.19.16 crores. The management is of the opinion that no provision is necessary and that all debts are realizable. Some of the debtors have disputed their dues to the company.



**g. DIRECTOR'S REMUNERATION**

**(i) Whole Time directors**

	<b>30.04.2011</b>	<b>30.04.2010</b>
Director's Remuneration	Rs.11,25,000	Rs.20,40,000

**(ii) Non- Whole Time directors**

	<b>30.04.2011</b>	<b>30.04.2010</b>
Sitting fees	Rs.81,000	Rs.24,000

**h. REMUNERATION TO AUDITORS**

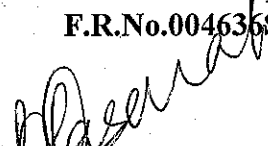
	<b>30.04.2011</b>	<b>30.04.2010</b>
For Audit	Rs.3,70,150	Rs. 5,50,000
For Tax Audit	Rs. 50,000	Rs. 50,000

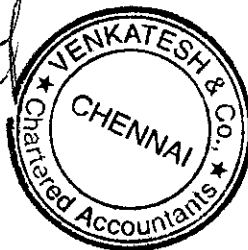
**i. CONTINGENT LIABILITES:**

	<b>Rs. in Lakhs</b>
a) Disputed Income tax Demand for the Year 2001-2002 (out of which Rs.30 lakhs paid under protest)	91.71

**j.** Some of the bank accounts of the company and receivables from debtors have been attached during the year 2008 for recovery of tax dues by the Income tax department. The company has submitted a monthly scheme of settlement of tax dues which is under consideration by the income tax department.

For Venkatesh & Co.,  
Chartered Accountants  
F.R.No.004636S

  
CA Dasaraty V  
Partner  
M.No.26336



  
Director

  
Director

PLACE: CHENNAI  
DATE: 05/12/2011

  
Company Secretary

**MIDVALLEY ENTERTAINMENT LIMITED**  
**No.9A Gee Gee Emerald, Nungambakkam High Road, Chennai-34**  
**BALANCE SHEET ABSTRACT AND COMPANY'S**  
**GENERAL BUSINESS PROFILE**

As per Part IV to Schedule VI to the Companies Act, 1956.

**I. REGISTRATION DETAILS**

Registration No. U85110TN1989PLC062297 STATE CODE 1 8

Balance Sheet Date 3 0 0 4 2 0 1 1

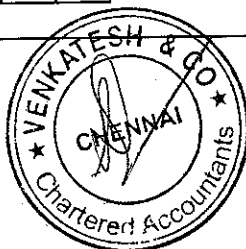
Date                      Month                      Year

**II. CAPITAL RAISED DURING THE YEAR (Amount in 000's)**

PUBLIC ISSUE <span style="border: 1px solid black; padding: 2px;">85,714</span>	RIGHTS ISSUE <span style="border: 1px solid black; padding: 2px;">N</span> <span style="border: 1px solid black; padding: 2px;">I</span> <span style="border: 1px solid black; padding: 2px;">L</span> <span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;"></span>
BONUS ISSUE <span style="border: 1px solid black; padding: 2px;">N</span> <span style="border: 1px solid black; padding: 2px;">I</span> <span style="border: 1px solid black; padding: 2px;">L</span> <span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;"></span>	PRIVATE PLACEMENT <span style="border: 1px solid black; padding: 2px;">N</span> <span style="border: 1px solid black; padding: 2px;">I</span> <span style="border: 1px solid black; padding: 2px;">L</span> <span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;"></span>

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**

TOTAL LIABILITIES <span style="border: 1px solid black; padding: 2px;">11,66,433</span>	TOTAL ASSETS <span style="border: 1px solid black; padding: 2px;">11,66,433</span>
<b>SOURCE OF FUNDS</b>	
PAID UP CAPITAL <span style="border: 1px solid black; padding: 2px;">3,42,246</span>	PENDING ALLOTMENT <span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;">N</span> <span style="border: 1px solid black; padding: 2px;">I</span> <span style="border: 1px solid black; padding: 2px;">L</span> <span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;"></span>
SECURED LOANS <span style="border: 1px solid black; padding: 2px;">-</span>	RESERVE & SURPLUS <span style="border: 1px solid black; padding: 2px;">8,01,694</span>
DEFERRED TAX LIABILITIES <span style="border: 1px solid black; padding: 2px;">22,494</span>	UN SECURED LOANS <span style="border: 1px solid black; padding: 2px;">-</span>
<b>APPLICATION OF FUNDS</b>	
NET FIXED ASSETS <span style="border: 1px solid black; padding: 2px;">7,52,598</span>	INVESTMENTS <span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;">N</span> <span style="border: 1px solid black; padding: 2px;">I</span> <span style="border: 1px solid black; padding: 2px;">L</span> <span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;"></span>
NET CURRENT ASSETS <span style="border: 1px solid black; padding: 2px;">3,90,982</span>	
ACCUMULATED LOSSES <span style="border: 1px solid black; padding: 2px;">N</span> <span style="border: 1px solid black; padding: 2px;">I</span> <span style="border: 1px solid black; padding: 2px;">L</span> <span style="border: 1px solid black; padding: 2px;"></span> <span style="border: 1px solid black; padding: 2px;"></span>	MISC. EXPENDITURE <span style="border: 1px solid black; padding: 2px;">22,854</span>



**IV. PERFORMANCE OF THE COMPANY**

TURNOVER

1,89,177

TOTAL EXPENDITURE

1,84,937

+

+

PROFIT BEFORE TAX

4,240

+

+

PROFIT AFTER TAX

430

EARNINGS PER SHARE (ANNUALISED) IN RS.

0.01

DIVIDEND RATE

N I L

**V. GENERIC NAMES OF THE THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY**

A) ITEM CODE NO. (ITC CODE)

PRODUCT DESCRIPTION

Production, Distribution &amp; Exhibition

B) ITEM CODE NO. (ITC CODE)

N A

PRODUCT DESCRIPTION

N A

Company Secretary

Director

Director

