



## CNGSN & ASSOCIATES

CHARTERED ACCOUNTANTS

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### INDEPENDENT AUDITOR'S REPORT

To the Shareholders of PVP Cinemas Private Limited, Chennai

#### Report on the Financial Statements

We have audited the accompanying financial statements of PVP Cinemas Private Limited (herein after referred to "the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements).

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosure in the financial statements. These procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

### **Basis for Qualified Opinion:**

*Attention is drawn to the Note 1.1 (iii) in financial statements, with regard to the preparation of financial statements on going concern. No operational income for the year, dependence on financial and administrative support from holding Company and other related factors indicate that existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.*

### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, *except for possible effects on the matters described in the Basis for Qualified Opinion paragraph*, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and their Loss, and its cash flows for the year ended on that date.



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ( the Order), issued by the Central Government of India, in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

a. We have sought and 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 those books.

c. the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.

d. *except for the possible effects of the matter described in Basis for Qualified Opinion Paragraph*, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended.

e. The going concern matter described in basis for qualified opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

f. on the basis of written representation received from the Directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors of the Company is disqualified as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of section 164(2) of the Act;

g. with respect to the adequacy of the internal financial controls over the financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure-B; and

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:




- i) The Company has disclosed the impact of pending litigations on its financial statements – Refer Note: 10.5 to the financial statements
- ii) The Company did not have long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for M/s CNGSN & ASSOCIATES LLP  
CHARTERED ACCOUNTANTS  
Firm Registration No: 004915S

Place : Chennai  
Date : 20<sup>th</sup> April, 2016



  
R. Thirumalmarugan  
Partner  
Membership No: 200102

## **Annexure-A to the Independent Auditors' Report**

(Referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements in our Independent Auditors' Report of even date)

In terms of the information and explanations sought by us and given by the Company 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 that:

1. There are no Fixed Assets as at the year end. Therefore, the provision of clause 3 (i) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
2. There are no Inventories as at the year end. Therefore, the provision of clause 3 (ii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
3. The company has not granted any loans, secured or unsecured to companies, firms, LLPs or other parties covered in the register maintained under section 189 of the Act and other the provision of clause 3 (iii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
4. The company has not given loans, investments, guarantees and security and therefore the provision of clause 3 (iv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
5. The Company has not accepted deposits from public during this year. Therefore the provision of clause 3 (v) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
6. The maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of Section 148 of the Act and hence provision of clause 3 (vi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit..
7. a. The Company is depositing undisputed statutory dues with appropriate authorities, like Provident Fund, Employee's State insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax, Cess, wherever applicable. There are no undisputed Statutory outstanding dues as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they become payable.



- b. There are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess which have not been deposited on account of any dispute, except the Income Tax demands for the AY 2010-11 amounting to Rs.1,35,97,670/- disputed before Commissioner of Income Tax (Appeals), Chennai.
8. The company has not obtained loans or borrowings from financial institutions, bank or government or debenture holders and hence the provision of clause 3 (viii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
  9. The Company has not raised moneys by way of initial public offer or further public offer and the provision of clause 3 (ix) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
  10. There are no fraud by the company or any fraud on the company by its officers or employees and hence the provision of clause 3 (x) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
  11. The company has not paid any managerial remuneration and hence the provision of clause 3 (xi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
  12. The company is not a Nidhi company and hence the provision of clause 3 (xii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
  13. The transactions with the related parties are in compliance with section 177 and 188 of the Act wherever applicable and the details of such transaction have been disclosed in the financial statements as required by the applicable accounting standards.
  14. The company has not made any preferential allotment of shares or private placement of shares or convertible debentures and hence the provision of clause 3 (xiv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
  15. The company is not entered into any non-cash transactions with directors or persons connected with them and hence the provision of clause 3 (xv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.




16. The company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934 and hence the provision of clause 3 (xvi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.

for M/s CNGSN & ASSOCIATES LLP  
CHARTERED ACCOUNTANTS  
Firm Registration No: 004915S

Place : Chennai  
Date : 20<sup>th</sup> April, 2016



  
R. Thirumalmarugan  
Partner  
Membership No: 200102

## **Annexure - B to the Auditors' Report**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") (Referred to in paragraph 2(g) of Report on Other Legal and Regulatory Requirements in our Independent Auditors' Report of even date)

We have audited the internal financial controls over financial reporting of PVP Cinemas Private Limited ("the Company") as on 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over





financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.




**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

for M/s CNGSN & ASSOCIATES LLP  
CHARTERED ACCOUNTANTS  
Firm Registration No: 004915S

Place : Chennai  
Date : 20<sup>th</sup> April, 2016



  
R. Thirumalmarugan  
Partner  
Membership No: 200102

**PVP CINEMA PRIVATE LIMITED**  
**BALANCE SHEET AS AT 31st MARCH, 2016**

	Note No.	As at 31-03-2016		As at 31-03-2015	
		Rs.	Rs.	Rs.	Rs.
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Funds:</b>					
(a) Share Capital	2	3,00,000		3,00,000	
(b) Reserves and Surplus	3	(4,80,49,533)		(4,79,71,918)	
(c) Money Received against Share warrants		-	(4,77,49,533)	-	(4,76,71,918)
<b>(2) Share application money pending allotment</b>					
<b>(3) Non-current liabilities:</b>					
(a) Long-term borrowings	4	4,98,56,349		4,97,92,099	
(b) Deferred tax liabilities (Net)		-		-	
(c) Other Long-term liabilities		-		-	
(d) Long-term provisions		-	4,98,56,349	-	4,97,92,099
<b>(4) Current liabilities:</b>					
(a) Short-term borrowings		-		-	
(b) Trade payables	5	58,250		56,180	
(c) Other current liabilities	6	5,000		5,000	
(d) Short-term provisions		-	63,250	-	61,180
<b>Total</b>			<b>21,70,066</b>		<b>21,81,361</b>
<b>II. ASSETS:</b>					
<b>(1) Non-current assets</b>					
<b>(a) Fixed Assets</b>					
(i) Tangible assets		-		-	
(ii) Intangible assets		-		-	
(iii) Capital work-in-progress		-		-	
(iv) Intangible assets under development		-		-	
(b) Non-current investments		-		-	
(c) Deferred tax assets (Net)		-		-	
(d) Long-term loans and advances		-		-	
(e) Other non-current assets		-		-	
<b>(2) Current assets</b>					
(a) Current investments		-		-	
(b) Inventories		-		-	
(c) Trade receivables		-		-	
(d) Cash and cash equivalents	7	1,70,066		1,81,361	
(e) Short-term loans and advances		-		-	
(f) Other current assets	8	20,00,000	21,70,066	20,00,000	21,81,361
<b>Total</b>			<b>21,70,066</b>		<b>21,81,361</b>

See accompanying notes to the financial statements

As per our Report of even date  
For M/s CNGSN & ASSOCIATES LLP  
CHARTERED ACCOUNTANTS  
Firm.Reg.No. 0049155

For and on behalf of the Board of Directors

**R. THIRUMALMARUGAN**  
Partner  
Membership No. 200102



Place : Chennai  
Date : April 20, 2016

**ARASU V.R**  
Director

Place : Chennai  
Date : April 20, 2016

**RAJEEV KAMINENI**  
Director

**PVP CINEMA PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2016**

	Note No	For the year ended 31-03-2016 Rs.	For the year ended 31-03-2015 Rs.
I Revenue from operations		-	-
II Other income		-	-
III Total Revenue (I + II)		-	-
IV Expenses:			
a Cost of materials consumed		-	-
b Purchases of Stock-in-Trade		-	-
c Changes in inventories of finished goods work-in-progress and Stock-in-Trade		-	-
d Employee benefit expenses		-	-
e Finance costs		-	-
f Depreciation and amortization expenses		-	-
g Other expenses	9	77,615	1,52,968
Total expenses		77,615	1,52,968
V Profit/(Loss) before exceptional and extraordinary items and tax (III - IV)		(77,615)	(1,52,968)
VI Exceptional items		-	-
VII Profit/(Loss) before extraordinary items and tax (V - VI)		(77,615)	(1,52,968)
VIII Extraordinary items		-	-
IX Profit/(Loss) before tax (VII - VIII)		(77,615)	(1,52,968)
X Tax expenses			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI Profit / (loss) for the year from continuing operations (IX -X)		(77,615)	(1,52,968)
XII Profit / (loss) from discontinuing operations		-	-
XIII Tax expenses of discontinuing operations		-	-
XIV Profit / (loss) from discontinuing operations (after tax) ( XII - XIII)		-	-
XV Profit / (loss) for the year (XI + XIV)		(77,615)	(1,52,968)
XVI Earnings per share:			
Basic and Diluted		(2.59)	(5.10)
See accompanying notes to the financial statements			

As per our Report of even date  
For M/s CNGSN & ASSOCIATES LLP  
CHARTERED ACCOUNTANTS  
Firm.Reg.No. 004915S

For and on behalf of the Board of Directors

**R.THIRUMALMARUGAN**  
Partner  
Membership No. 200102



*(Signature)*  
**ARASU V.R**  
Director

*(Signature)*  
**RAJEEV KAMINENI**  
Director

Place : Chennai  
Date : April 20,2016

Place : Chennai  
Date : April 20,2016

**PVP CINEMA PRIVATE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016**

	Year Ended March 31, 2016 Rs.	Year Ended March 31, 2015 Rs.
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Profit/(Loss) before taxation	(77,615)	(1,52,968)
Adjustments for operating activities :		
Depreciation	-	-
Operating Profit before Working Capital Changes	(77,615)	(1,52,968)
Adjustments for :		
(Increase)/Decrease in Other Current Assets	-	-
(Increase)/Decrease in Loans and Advances	-	(19,92,235)
Increase/(Decrease) in Current Liabilities & Trade Payable	2,070	(28,090)
Cash generated from operations	(75,545)	(21,73,293)
Income taxes paid		
Net Cash from/ (used in) Operating Activities (A)	(75,545)	(21,73,293)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Net cash from/ (used in) investing activities (B)	-	-
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Long Term Borrowings	64,250	21,86,051
Net cash from financing activities (C)	64,250	21,86,051
Net Increase in Cash and Cash Equivalents (A+B+C)	(11,295)	12,758
Cash and cash equivalents at the beginning of the year	1,81,361	1,68,603
Cash and cash equivalents at the end of the year	1,70,066	1,81,361

As per our Report of even date  
For M/s CNGSN & ASSOCIATES LLP  
CHARTERED ACCOUNTANTS  
Firm.Reg.No. 004915S

For and on behalf of the Board of Directors

  
**R. THIRUMALMARUGAN**  
Partner  
Membership No. 200102



Place : Chennai  
Date : April 20, 2016

  
**ARASU V.R**  
Director

  
**RAJEEV KAMINENI**  
Director

Place : Chennai  
Date : April 20, 2016

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES**

**1.1. Basis of preparation of financial statements**

- (i) The financial statements of the company have been prepared under the historical cost convention in accordance with the Accounting standards specified by Companies (Accounting Standards) Rules, 2006 issued by the Central Government and the relevant provisions of the Companies Act, 2013 as amended up to the date and the Rules and Regulations made thereunder.
- (ii) All financial transactions have been recognized on accrual basis. The preparation of financial statements in conformity with the GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from those estimates.
- (iii) **Going Concern:** The Company is fully dependent upon the financial and administrative support of its holding company Picturehouse Media Limited. The Management consider that the financial statements shall be continued to be prepared on going concern basis.

**1.2. Revenue Recognition**

As a consistent practice, the Company recognizes revenue on an accrual basis.

**1.3. Use of Estimates**

In preparation of financial statements conforming to GAAP requirements certain estimates and assumptions are essentially required to be made with respect to items such as provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful life period of Fixed Assets. Due care and diligence have been exercised by the Management in arriving at such estimates and assumptions since they may directly affect the reported amounts of income and expenses during the year as well as the balances of Assets and Liabilities including those which are contingent in nature as at the date of reporting of the financial statements.

To comply with GAAP requirements relating to impairment of assets, if any, the Management periodically determines such impairment using external and internal resources for such assessment. Loss, if any, arising out of such impairment is expensed as stipulated under the GAAP requirements. Contingencies are recorded when a liability is likely to be incurred and the amount can be reasonably estimated. To this extent the results may differ from such estimates.

**1.4. Fixed Assets and Depreciation**

There are no Fixed Assets.

**1.5. Investments**

There are no Investments.



## PVP Cinema Private Limited

Notes forming part of the financial statements for the year ended March 31, 2016

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### 1.6. Foreign Currency Transactions

There were no foreign currency transactions undertaken during the year or foreign currency assets or liabilities outstanding as at the end of the year under review.

### 1.7. Leases

There were no assets taken on financial lease or operational lease during the year.

### 1.8. Retirement Benefits

There were no employees employed during the year.

### 1.9. Cash Flow Statement

The Cash flow statement is prepared under the indirect method as per Accounting Standard 3 "Cash Flow Statements".

### 1.10. Segment Reporting

There are no segment activities.

### 1.11. Borrowing Cost

Expenditure on borrowing cost on the loans obtained specifically for acquisition, construction or production of qualifying assets is capitalized as part of the cost of that asset. Other borrowing costs are charged to revenue over the tenure of the loan.

### 1.12. Taxes on Income

- (i) Provision for current tax is made for the amount of tax payable in respect of taxable income for the year under Income Tax Act, 1961.
- (ii) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

### 1.13. Earnings per Share

The earnings considered for ascertaining the Company's Earnings per Share comprises the net profit/ (loss) after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted EPS comprises the weighted average shares considered for deriving basic EPS, and also the weighted average number of equity shares that would be issued on the conversion of all dilutive potential equity shares.



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

Provisions are recognized when the Company has an obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.





**PVP CINEMA PRIVATE LIMITED**  
**NOTES TO THE ACCOUNTS AS AT 31st MARCH 2016**

	As at 31-03-2016 Rs.	As at 31-03-2015 Rs.
<b>Note: 2 (A) Authorised, Issued, Subscribed and Paid-up share capital and par value per share</b>		
Authorised Share Capital 50000 Equity Shares of Rs. 10/- each	5,00,000	5,00,000
Issued, Subscribed and Paid Up 30000 Equity Shares of Rs. 10/- each	3,00,000 3,00,000	3,00,000 3,00,000
<b>(B) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:</b>		
Number of equity shares outstanding as at the beginning of the year	30,000	30,000
Add: Number of Shares allotted during the year	-	-
Less: Number of Shares bought back	-	-
Number of equity shares outstanding as at the end of the year	30,000	30,000
<b>(C) Shareholding in the company of the holding company and ultimate holding company and their subsidiaries / associates</b>		
Picturehouse Media Limited (and its nominee)	30,000	30,000
<b>(D) Shares in the company held by each shareholder holding more than 5%:</b>		
Name of shareholder	No of shares at year end	
Picturehouse Media Limited (and its nominee)	30,000	30,000
	30,000	30,000
Name of shareholder	% as at year end	
Picturehouse Media Limited (and its nominee)	100	100
	100	100
<b>Note: 3 RESERVES AND SURPLUS</b>		
<b>a Surplus ( P&amp;L a/c ) as under:</b>		
Opening Balance	(4,79,71,918)	(4,78,18,950)
Profit / (Loss) for the period - From P & L	(77,615)	(1,52,968)
Less: Proposed dividends	-	-
Tax on distributed profits	-	-
Balance of Profit / Loss	(4,80,49,533)	(4,79,71,918)
Less: Transfer to General Reserve	-	-
	(4,80,49,533)	(4,79,71,918)
<b>Note-4 LONG-TERM BORROWINGS:</b>		
Loans and advances from related parties (Picturehouse Media Limited - Holding Company)	4,98,56,349	4,97,92,099
	4,98,56,349	4,97,92,099



**PVP CINEMA PRIVATE LIMITED**  
**NOTES TO THE ACCOUNTS AS AT 31st MARCH 2016**

		As at 31-03-2016 Rs.	As at 31-03-2015 Rs.
Note-5	TRADE PAYABLE Sundry Creditors for services	<u>58,250</u>	<u>56,180</u>
		<u>58,250</u>	<u>56,180</u>
Note-6	OTHER CURRENT LIABILITIES Other payables - TDS Payable	<u>5,000</u>	<u>5,000</u>
		<u>5,000</u>	<u>5,000</u>
Note-7	CASH AND CASH EQUIVALENTS Balance with banks Cash on hand	<u>1,70,066</u>	<u>1,81,361</u>
		<u>1,70,066</u>	<u>1,81,361</u>
Note-8	OTHER CURRENT ASSETS  Advance Income tax (Refer Note No. 10.5)	<u>20,00,000</u>	<u>20,00,000</u>
		<u>20,00,000</u>	<u>20,00,000</u>



PVP CINEMA PRIVATE LIMITED

NOTES TO THE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2016

	For the year ended 31-03-16 Rs.	For the year ended 31-03-15 Rs.
Note-9 OTHER EXPENSES		
Payment to statutory auditors as auditors	57,250	56,180
Legal, Professional and consultancy	16,450	88,523
Miscellaneous expenses	3,915	8,265
	<u>77,615</u>	<u>1,52,968</u>



**PVP Cinema Private Limited**

Notes forming part of the financial statements for the year ended March 31, 2016

**NOTE 10: OTHER ITEMS**

**10.1 Provision for taxation**

Since there is no taxable income, provision for taxation is not made for the year. In view of virtual certainty of set off not being there, the Company has not recognized deferred tax asset on carry forward losses on the grounds of prudence.

**10.2** The Company has not received any intimation from suppliers, regarding their status, under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure of any amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

**10.3 Earnings per Share:**

Particulars	Ref	Year ended March 31, 2016	Year ended March 31, 2015
Profit/ (Loss) after Tax (in Rs.)	A	(77,615)	(1,52,968)
Number of shares outstanding	B	30,000	30,000
Earnings per share - Basic & Diluted (Rs.)	A/B	(2.59)	(5.10)

**10.4 Related party Disclosures:**

List of related parties where control exists and related parties with whom transactions have taken place and relationships are as follows:

Names of the Related party	Relationship
Picturehouse Media Limited (PML)	Holding Company
PVP Ventures Limited (PVP)	Ultimate Holding Company w.e.f 14/08/2015.
Mr. Arasu V. R. Mr. Rajeev Kamineni	Key Managerial Personnel

Transactions with the above Related Parties are as follows:

(In Rs.)

Nature of transactions	Transactions for the year ended		Balance as at	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Loan taken/(repaid) from Picturehouse Media Limited	64,250	21,86,051	498,56,349	497,92,099

**10.5 Contingent Liabilities**

The Income tax assessment for the AY 2009-10 has been completed. The ITAT, Chennai has set aside the order of Assessing Officer (AO) to redo the Assessment which was completed by the AO on 25/03/2016 with the demand of Rs. 1,35,97,670/-. The said order has been disputed before CIT (A). The ITAT has directed to pay a sum of Rs. 20 lakhs pending dispute during the FY 2014-15, which was paid and shown under "Other Current Assets". Considering the chances of success, the Provision for Income Tax not provided for.

**10.6 Derivatives and foreign currency exposure**

The Company has not entered into any derivative contracts during the year under review and also does not have any foreign currency exposure as at March 31, 2016.



**PVP Cinema Private Limited**

Notes forming part of the financial statements for the year ended March 31, 2016

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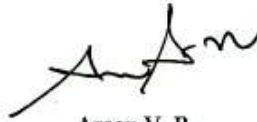
- 10.7 Previous year's figures have been re-grouped wherever necessary to conform to the current period's classification.

As per report of our even date  
For M/s. CNGSN & Associates LLP  
Chartered Accountants  
Firm Reg.No.0049155

For and on behalf of the Board of Directors

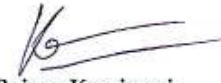


**R. Thirumalmarugan**  
(Partner)  
M. No : 200102  
Place: Chennai  
Date: April 20, 2016



**Arasu V. R.**  
(Director)

Place: Chennai  
Date: April 20, 2016



**Rajeev Kamineni**  
(Director)

Place: Chennai  
Date: April 20, 2016