

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2022 on Consolidated Financial Statement

S.No	Particulars	Audited Figures in lakhs (as reported before adjusting for qualifications)	Adjusted Figures in lakhs (audited figures after adjusting for qualifications)
1.	Turnover/Total Income	1,615.16	1,615.16
2.	Total Expenditure	5,284.20	5,284.20
3.	Net Profit/(Loss) after tax	-7,089.32	-7,089.32
4.	Earnings per share (in Rs.)	-13.57	-13.57
5.	Total Assets	7,606.46	7,606.46
6.	Total Liabilities	35,241.21	35,241.21
7.	Net Worth	-27,634.75	-27,634.75
8.	Any other financial item(s) (as felt appropriate by the management)	-	-

S.No	1
Details of Audit Qualification	Attention is invited to note no. 1 to the Statement, in relation to advances made for film production (including interest accrued of Rs. 509.94 lakhs) amounting to Rs. 1633.14 lakhs, whose realisability is significantly dependent on timely completion of production of films and the commercial viability of the films under production etc. The holding company's Board is of the view that advances can be realised at the time of release of the movies and accordingly, the company is confident of realizing the entire amount of loans with interest and does not foresee any erosion in carrying value. We are not provided with any documentary evidence as regards Board's assertion that the carrying amount of loans made have not suffered any erosion as on March 31, 2022. No evidence was adduced regarding the status of production of films. Nor was confirmation produced from the loan debtors. Consequently, we are unable to determine whether any impairment to the carrying amounts of advances were necessary and to this extent, loss for the year ended March 31, 2022 is understated.
Type of Qualification	Qualified Opinion
Frequency of Qualification	Fourth Time
For Audit Qualification(s) where impact is quantified by the Auditor, Management Views	NA
If management is unable to estimate the impact, reasons for the same	Realisability is significantly dependent on timely completion of production of films and the commercial viability of the films under production etc. Management is of the view that loans and advances can be realised at the time of release of

	the movies and accordingly, the company is confident of realizing the entire amount of loans with interest and does not foresee any erosion in carrying value. The management is confident of realising the value at which they are carried notwithstanding the period outstanding.
Auditors Comments	No further comments
S.No	2
Details of Audit Qualification	Attention is invited to note no. 2 to the Statement, in relation to inventory i.e., films production expenses amounting to Rs. 3,861.90 Lakhs, consists of advances granted to artists and co-producers. As represented by the Management the film production is under progress with respect to production of 3 movies costing Rs 1009.78 lakhs. In respect of the balance inventory of Rs 2852.12 lakhs the Board is confident of recovering the amount from the production houses. In the absence of documentary evidence as well as the confirmation of balance from the parties relating to the status of the inventory amounting to Rs 2852.12 lakhs, we are unable to agree with the views of the Board . We are of the opinion that realization of inventories is doubtful but we are also unable to decide the quantum of loss that may arise on account of write down of inventory.
Type of Qualification	Qualified Opinion
Frequency of Qualification	Fourth Time
For Audit Qualification(s) where impact is quantified by the Auditor, Management Views	NA
If management is unable to estimate the impact, reasons for the same	The films under production expenses mainly comprising payments to artists and co-producers the company is evaluating options for optimal utilization of these payments in production and release of films. The management does not foresee any erosion in carrying value.
Auditors Comments	No further comments
S.No	3
Details of Audit Qualification	Attention is invited to note no. 5 to the consolidated financial results, in relation to preparation of consolidated financial results on "Going Concern Basis". While the net worth has completely eroded and the Group incurring continuous losses from business operations, existence of adverse key financial ratios, non-payment of statutory dues and other related factors indicate that there exists material uncertainty that will cast significant doubt on the Group's ability to continue as a going concern. Therefore, we opine that Group may not be able to realize its assets and discharge its liabilities in the normal course of business. Notwithstanding this, the financial results have been prepared as that of going concern and consequently the fair value of

	various assets and liabilities have not been re-determined, and we are therefore unable to express our view whether the preparation of consolidated financial results on a going concern assumption is appropriate or not.
Type of Qualification	Qualified Opinion
Frequency of Qualification	Fourth Time
For Audit Qualification(s) where impact is quantified by the Auditor, Management Views	NA
If management is unable to estimate the impact, reasons for the same	Even though, the company is incurring continuous losses, it succeeded in better EBITA Margins. This is entirely aligned with the Company's long range plan, which encompasses a continued development of the Company's revenue generating activities in order to absorb the losses carried forward and generate profit over a period of time. Further, the lenders have extended their confidence by advancing finance and extending the time period of repayment. There is no intention to liquidate and the Company has got future projects to keep improving. The Company has paid advance amounts to the artistes and technicians for the future movies productions which are shown under Inventory. The financial statements have been prepared on a going concern basis based on cumulative input of the available movie projects in pipe line and risk mitigating factors.
Auditors Comments	No further comments
S.No	4
Details of Audit Qualification	<p>The independent auditor of subsidiary company viz. PVP Capital Limited has drawn Qualified conclusion. The same is reproduced by us as under:</p> <p>a) Note No. 16.6 in the financial statements which indicates that the Company has not adhered to the repayment schedule for the principal and interest dues to the Bank, consequent to which the Bank has filed for recovery of its dues before the Debt Recovery Tribunal (DRT) and also initiated recovery proceedings under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFESI Act, 2002). Further the Bank has taken over symbolic possession of the immovable property and issued sale notice for e-auction of the property given by the ultimate holding company as corporate guarantee. The outstanding amount is Rs. 23856.86 lakhs as per the books of account as at March 31, 2022</p>

	<p>b) The company proposed to the bank for OTS and the same is accepted and agreed by the bank letter dated 15th March 2022 giving option for one time settlement (OTS) as full and final for Rs. 95.00 crore Out of which the company had already made payment Rs.9.00 crore and the balance OTS amount Rs.86.00 cr should be payable on or before 14th September 2022.</p> <p>c) Further the Company is currently pursuing the realization of dues to the Company and other than this the Company is not carrying any business activity. The regulatory authority may cancel the registration to carry the principal business activity as a Non-Banking Finance Company due to non-maintenance of minimum net owned fund of Rs. 2 crores as stated in the said note to the financial statement. The Company`s inability to meets its financial statements, non-payment of statutory dues and in absence of visual cash flows, doubts are cast on the ability of the Company to continue as a going concern to achieve its future business plans. Taking into consideration the pending legal outcomes of the legal proceedings as well as liquidity constraints, we are unable to express our view whether it is appropriate to treat the Company as a going concern. However based on the management`s assertions the Company`s financial statements have been prepared on the basis of going concern and the impact, if any, if it were to be treated as a going concern, is not ascertainable at this stage.</p>
Type of Qualification	Qualified Opinion
Frequency of Qualification	Fourth Time
For Audit Qualification(s) where impact is quantified by the Auditor, Management Views	NA
If management is unable to estimate the impact, reasons for the same	<p>PVPCL has applied for One Time Settlement (OTS) to the bank and the same was agreed by the bank vide letter dated March 15, 2022. The lender Bank has agreed for Rs.9500 lakhs as OTS. PVPCL has remitted Rs. 900 lakhs and the balance of Rs. 8600 lakhs would be remitted on or before September 14, 2022</p> <p>Management has evaluating the action plans to realize the dues to the company and settlement the existing vendors, further company can carry the</p>

	movie financing business after taking necessary approvals from the RBI. Hence management is of the view that the financial statements shall continue to be prepared on the assumption that the company is a going concern.
Auditors Comments	No further comments
S.No	5
Details of Audit Qualification	The independent auditor of both the subsidiaries has drawn a qualified conclusion with respect to internal financial control over financial reporting
Type of Qualification	Qualified Opinion
Frequency of Qualification	Second time
For Audit Qualification(s) where impact is quantified by the Auditor, Management Views	
If management is unable to estimate the impact, reasons for the same	The management is taking all necessary steps to strengthen the internal control frame work
Auditors Comments	No further comment

Prasad V. Potluri
Managing Director

A. Praveen Kumar
Chief Financial Officer

N S Kumar
Audit Committee Chairman

For Sundaram & Srinivasan
Chartered Accountants
Firm's Registration
Number: 004207S

Venkatasubramanian.S
Partner
Membership no.219238

Date : May 23, 2022
Place : Chennai