

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2022 on Standalone 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	815.16	815.16
2.	Total Expenditure	544.51	544.51
3.	Net Profit/(Loss)	-3149.43	-3149.43
4.	Earnings per share (in Rs.)	-6.03	-6.03
5.	Total Assets	8,287.74	8,287.74
6.	Total Liabilities	10,320.70	10,320.70
7.	Net Worth	-20,32.96	-20,32.96
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. 3 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 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. 4 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 1,009.78 lakhs. In respect of the balance inventory of Rs 2,852.12 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 2,852.12 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	Investment in wholly owned subsidiary viz. PVP Capital Limited, Chennai (PVPCL) (note no. 5 to the Statement) The subsidiary's networth stands at Rs. 23,060.73 lakhs (negative) as at 31.03.2022. The possibility of liberal cash flow is dim. The company has also defaulted in repayment of loans from banks. Even statutory dues are not remitted into the Government. PVPCL has not maintained minimum net owned funds as per RBI Regulations. Under these circumstances, regulatory authorities may cancel its registration as non-banking finance company. However, the Board of the Picturehouse Media Limited considers there is no need to provide for impairment in investment made. We do not agree with that view. But it is difficult to assess

	correctly the extent of erosion and the loss arising therefrom.
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	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. However, the Board of the Picturehouse Media Limited considers there is no need to provide for impairment in investment write down considering its future cash flows and possibility of recovering its dues from its borrowers
Auditors Comments	No further comments
S.No	4
Details of Audit Qualification	Attention is invited to note no. 6 to the Statement, in relation to preparation of financial results on "Going Concern Basis". Though the company is advancing for production of movies, it is still incurring losses from operations (negative networth Rs. 2,032.96 lakhs). Adverse key financial ratios, non-payment of statutory dues, impact of our observations made in preceding paragraphs, and other related factors indicate that there is an existence of material uncertainty that will cast significant doubt on the company's ability to continue as a going concern. Notwithstanding this, the financial results have been prepared as that of going concern and consequently the terminal values of various assets and liabilities have not been re-determined. We are, however, unable to express our view whether the preparation of financial results on a going concern basis is correct 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

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