

INDEPENDENT AUDITOR'S REPORT

To the Members of Picturehouse Media Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the standalone financial statements of **Picturehouse Media Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31st March, 2019, and its loss including other comprehensive income, its changes in equity and cash flows for the year ended on that date.

Basis for Qualified Opinion

- 1. Attention is invited to Note No.25.1 to the Standalone Financial Statements, in relation to loans and advances made for film production (including interest accrued) amounting to Rs.4,239.76 lakhs, whose 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. We were unable to obtain sufficient appropriate audit evidence about the carrying amounts of loans and advances as at 31st March, 2019 as the management was unable to provide us the current status of production films and confirmation of balances from the borrowers. Consequently, we were unable to determine whether any adjustments to the carrying amounts of loans and advances were necessary.*
- 2. Attention is invited to Note No.25.1 to the Standalone Financial Statements, in relation to inventory i.e films production expenses amounting to Rs. 5,066.31 lakhs, mainly consists of advances given to artists and co-producers. As the management has not commenced the production of films, the advances continued to be carried as inventory. However, management states that it is evaluating options for optimal utilization of these payments. In the absences of demonstrable approach towards commencement and completion of production of films and also in the absence of*

confirmation of balances from the parties, we are of the opinion that the realisability of the inventory is doubtful and in the absence of any provision in this regard, the loss for the year is understated.

3. *Attention is invited to Note no. 25.2 to the Standalone Financial Statements, in relation to investment in equity shares in PVP Capital Limited ('PVPCL' a Wholly Owned Subsidiary Company), amounting to Rs.2,521.74 lakhs. Considering erosion in the net worth of the subsidiary company and its dependence on the holding company to continue as a going concern, and in the absence of visible cash flows, defaults in repayment of its dues to bank, non-payment of statutory dues and other related factors indicates the existence of materiality uncertainty in carrying value of investments. Management asserts that no adjustment to the carrying value is required as it is confident that Investee Company has ability to garner the required cash flows. Whereas we were unable to assess the financial ability of the investee company particularly from the perspective of meetings its obligations. Hence we are of the opinion that the entire carrying value of investments need to be provided for and to this extent the loss for the year are understated.*
4. *Attention is invited to Note No.25.3 to the Standalone Financial Statements, in relation to preparation of financial statements on "Going Concern Basis, without carrying any major business activity, incurring continuous losses from operations, adverse key financial ratios, impact of our observations made in preceding paragraphs and other related factors indicates that there is an existence of material uncertainty that will cast significant doubt on the company's ability to continue as a going concern. Therefore company may not be able to realize its assets and discharge its liabilities in the normal course of business. Notwithstanding this, the financial statements have been prepared as that of going concern and consequently the terminal values of various assets and liabilities have not been determined, and we are therefore unable to express our opinion whether the preparation of financial statements on a going concern assumption is appropriate or not.*

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Qualified Opinion.

Emphasis of Matter

Attention is invited to Note no. 25.4 to the Standalone Financial Statements, Bombay Stock Exchange Limited (BSE), has imposed penalty on the company amounting to Rs. 7.59 lakhs as per regulation 17 and 19 of the SEBI (LODR) Regulations, 2015 for non compliance with the requirements pertaining to the composition of Board regarding failure to appoint Women Director and for non-compliance with

the constitution of Nomination and Remuneration Committee. The company has disputed the same and is in the process of filing an appeal before Securities Appellate Tribunal (SAT). Pending disposal of the appeal, the eventual obligation in this regard is unascertainable at this stage. Based on the management's assessment, that it has good case to succeed in dispute, no provision is made in the Standalone Financial Statements.

Our Opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our Report.

Contingent Liabilities in relation to Service Tax Litigations

Key Audit Matter	Auditor's Response
<p>The Company has received certain demand orders and notices relating to service tax matters. The company is contesting these demands (refer note no.25.10 (a) to the standalone financial statements).</p> <p>There is high level of judgment required in estimating the level of provisioning. The management's assessment is supported by the facts of matter, their own judgment and advices from legal and independent service tax consultants wherever considered necessary. Accordingly, unexpected adverse outcomes may significantly impact the management's reported loss and the Balance Sheet.</p> <p>We determined the above area as a Key Audit Matter in view of associated uncertainty relating to the outcome of these matters which requires application of judgment in interpretation of law. Accordingly, our audit was focused on analysing the facts of subject matter under consideration and judgements/interpretation of law involved.</p>	<p>Our audit procedures included the following:</p> <p>(i) Understanding the current status of the service tax litigations.</p> <p>(ii) Examining recent orders and/or communication received from various service tax authorities and follow up action thereon.</p> <p>(iii) Evaluating the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal advice; and</p> <p>(iv) Review and analysis of evaluation of the contentions of the management through discussions, collection of details of the subject matter under consideration, the likely outcome and consequent potential outflows on service tax issues.</p>

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the management discussion and analysis, Board's Report including annexures to Board's Report and Report on Corporate Governance but does not include the standalone financial statements and our auditor's report thereon. The above reports are expected to be made available to us after the date of the auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the above reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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**" statement on the matters specified in the paragraph 3 and 4 of the order.
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) *Except for the effects of the matter described in the Basis for Qualified Opinion Paragraph above*, 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 including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) *Except for the effects of the matter described in the Basis for Qualified Opinion Paragraph above*, in our opinion, aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014
 - e) The matter described in the 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 representations received from the directors as on 31st March 2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019, from being appointed as a director in terms of Section 164(2) of the Act.
- g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion Paragraph above.
- h) With respect to the adequacy of the Internal financial control over financial reporting of the company and operating effectiveness of such controls, refer to our separate report in “Annexure B”; and
- i) In accordance with the requirements of section 197(16) of the Companies Act, 2013, as amended, in our opinion and to the best of our information and according to the explanations given to us, during the year, the company has not paid remuneration to the directors in accordance with the provisions of section 197 of the Companies Act 2013. Therefore remuneration paid to the directors over and above the limits laid down under this section doesn't arise.
- j) With respect to the other matters to be included Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) 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 position in its Standalone Financial Statements. Refer Note No.25.10 to the Standalone Financial Statements.
- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses and
- iii. There are no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

Place : Chennai
Date : 30th May 2019

For Brahmayya & Co.,
Chartered Accountants
Firm Regn. No.000511S



[Signature]
K. Jitendra Kumar
Partner
Membership No.201825

Annexure - A to the Independent Auditors' Report

Referred to in Clause 1 of **"Report on Other Legal and Regulatory Requirements"** Paragraph of the Independent Auditors' Report of even date the members of **Picturehouse Media Limited** on the Standalone Financial Statements as of and for the year ended 31st March, 2019.

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties in its name and hence clause (c) of paragraph 3(i) of the Order is not applicable to the Company.
2. As explained to us by the management, the company is a service company, namely movie production. The movie production/ making of content require various types, qualities of content related consumable and inputs. Due to the multiplicity and complexity of the items, it is not practicable to maintain the quantitative records/ continuous stock register. All the purchases of content related consumable/consumables are treated as consumed. In view of this, the company does not maintain stock register and also does not carry out physical verification of stock. However, the management physically verifies the finished content copyrights of Programs/ Film rights with reference to title documents/agreements in hand at the end of the year.
3. According to the information and explanations given to us, the Company has not granted any loans secured or unsecured to Companies, Firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of clause (iii), (iii)(a), (iii)(b) and (iii)(c) of Paragraph 3 of the Order are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans given, investments made, guarantees given and securities given.
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 is not applicable to the company for the year under audit.
6. To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for the services of the Company.

7. (a) According to the information and explanations give to us and on the basis of our examination of the records, Undisputed statutory dues including Goods and Service Tax (GST), Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues, as applicable, have not been regularly deposited with the appropriate authorities and there have been significant delays.

Undisputed amounts payable in respect thereof, which were outstanding at the yearend for a period of more than six months from the date they became payable are as follows:

Statement of Arrears of Statutory Dues Outstanding dues More than Six Months

(Rs. in Lakhs)

Name of the Statue	Nature of Dues	Amount (Rs.)	Period to which relates	Due date	Date of payment
The Finance Act, 1994	Service Tax	4.69	RCM payable as on 31.03.2017	6 th of the following month	Yet to be remitted
The Income Tax Act, 1961	Tax Deducted at Source	276.16*	April 2016 to March, 2018	7 th of the following month	Yet to be remitted
The Income Tax Act, 1961	Interest on Tax Deducted at Source	51.77*	April 2016 to March, 2018	7 th of the following month	Yet to be remitted
The Income Tax Act, 1961	Tax Deducted at Source	9.68	April 2018 to August, 2018	7 th of the following month	Yet to be remitted
The Income Tax Act, 1961	Interest on Tax Deducted at Source	49.71	April 2018 to March, 2019	7 th of the following month	Yet to be remitted

*The company has requested the Assessing Officer to adjust the amount payable with the refund to be received amounting to Rs.346.05 lakhs.

- (b) According to the information and explanations given to us, the details of dues of Service Tax which is not deposited on account of dispute as on 31st March, 2019 is given below:

(Rs. in Lakhs)

Name of the Statue	Nature of Dues	Tax amount Disputed	Period to which relates	Forum where dispute is pending
The Finance Act, 1994	Service Tax	1,604.76 (includes penalty of Rs.802.43)	F.Y 2011-12 to F.Y 2014-15	Customs, Excise and Service Tax Appellate Tribunal

<i>Name of the Statue</i>	<i>Nature of Dues</i>	<i>Tax amount Disputed</i>	<i>Period to which relates</i>	<i>Forum where dispute is pending</i>
<i>The Finance Act, 1994</i>	<i>Service Tax</i>	<i>155.42 lakhs and penalty of Rs.15.64 lakhs</i>	<i>F.Y 2015-16 to FY 2017-18 (Till June, 2017)</i>	<i>Commissioner of CGST and Central Excise</i>

8. In our opinion and according to the information and explanations given to us, the company does not have loans or borrowings from Government or dues to debenture holders and the company has not default in repayment of loans to financial institution during the year. Accordingly paragraph 3(viii) of the order is not applicable.
9. The company has not raised monies by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Therefore, provisions of clause (ix) of Paragraph 3 of the Order are not applicable.
10. According to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, during the year company has not paid any managerial remuneration as per section 197 of the Companies Act 2013. Therefore the provisions of clause 3(xi) of the companies (Auditor's Report) Order, 2016 are not applicable to the company for the year under audit.
12. In our opinion and according to the information and explanations given to us, the company is not a nidhi company. Therefore the provisions of clause 3(xii) of the companies (Auditor's Report) Order, 2016 are not applicable to the company for the year under audit.
13. According to the information and explanations given to us and based on our examination of the records of the Company, the transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of the companies (Auditor's Report) Order, 2016 are not applicable to the company for the year under audit.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, the provisions of Clause (xv) of Paragraph 3 of the Order are not applicable.
16. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Chennai
Date: 30th May 2019



For Brahmayya & Co.,
Chartered Accountants
Firm Regn. No.000511S

K. Nitendra Kumar
Partner
Membership No.201825

Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Picturehouse Media Limited** ("the Company") as of 31st March 2019 in conjunction with our audit of the Standalone 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 judgement, including the assessment of the risks of material misstatement of the standalone 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 qualified 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 Standalone 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 Standalone 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 Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting with reference to the standalone financial statements, 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, subject to note 25.3 to these financial statements in relation to preparation of financial statements on "going concern", the 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.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following weaknesses have been identified in the operating effectiveness of the company's internal financial control over financial reporting with reference to the standalone financial statements as at 31st March, 2019:

"The company's internal financial control with regard to assessment of carrying value of investments, loans and advances and inventory as more fully explained in note 25.1 and 25.2 to these financial statements were not operating effectively and could potentially result in the not providing adjustments that may be required to be made to the carrying value of such assets and also company needs to strengthen its documentation relating to disbursement of loans".

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, *except for the possible effects of the material weakness described above* on the achievement of the objectives of the control criteria, the company has, maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as 31st March, 2019, based on internal control over financial reporting 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.

We have considered the material weakness identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the standalone financial statements of the company and we have issued a qualified opinion on the standalone financial statements.

For Brahmayya & Co.

Chartered Accountants

Firm Regn. No: 0000511S



K.Jitendra Kumar

Partner

Membership No.201825

Place: Chennai

Date : 30th May 2019

PICTUREHOUSE MEDIA LIMITED
BALANCE SHEET AS AT 31st MARCH 2019

(Rs. in Lakhs)

	Particulars	Note No.	As at 31st March, 2019	As at 31st March, 2018
I	ASSETS			
(1)	Non Current Assets			
	(a) Property, Plant and Equipment	5	59.71	82.18
	(b) Financial Assets			
	(i) Investments	6	2,526.18	2,576.68
	(ii) Loans	7	-	154.60
	(iii) Other financial assets	9	12.44	12.44
	Total Financial Asset		2,538.62	2,743.72
	(c) Deferred tax assets (net)		-	-
	(d) Other non current assets	12	453.06	406.06
	Total Non Current Assets		3,051.39	3,231.96
(2)	Current assets			
	(a) Inventories	11	5,066.31	4,520.27
	(b) Financial Assets			
	(i) Trade receivables	8	19.05	576.78
	(ii) Loans	7	3,071.57	2,450.21
	(iii) Cash and cash equivalents	10	6.68	54.44
	(iv) Other financial assets	9	1,434.44	1,710.91
	Total Financial Asset		4,531.74	4,792.35
	(c) Other current assets	12	95.68	49.12
	Total Current Assets		9,693.73	9,361.74
(3)	Non current assets classified as held for sale		-	-
	Total Assets		12,745.12	12,593.70
II	EQUITY AND LIABILITIES			
A	EQUITY			
	(a) Equity Share Capital	13	5,225.00	5,225.00
	(b) Other Equity		(3,371.13)	(2,309.86)
	Total Equity		1,853.87	2,915.14
B	LIABILITIES			
(1)	Non Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14	7,866.07	5,805.96
	Total Financial Liabilities		7,866.07	5,805.96
	(b) Provisions	17	11.85	14.14
	(c) Deferred tax liabilities (Net)		-	-
	Total Non Current Liabilities		7,877.92	5,820.10
(2)	Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14	50.00	50.00
	(ii) Trade payables			
	Total outstanding dues to micro, small and medium enterprises		-	-
	Total Outstanding dues to creditors other than micro, small and medium enterprises	15	41.95	407.51
	(iii) Other financial liabilities	16	2,370.33	2,820.22
	Total Financial Liabilities		2,462.28	3,277.73
	(b) Other current liabilities	18	537.06	565.91
	(c) Provisions	17	13.99	14.82
	Total Current Liabilities		3,013.33	3,858.46
(3)	Liabilities associated with non current assets held for sale		-	-
	Total Equity and Liabilities		12,745.12	12,593.70

Summary of Significant Accounting Policies

The accompanying notes and other explanatory information are an integral part of the Financial Statements.

As per our report of even date.

For BRAHMAYYA & CO

Chartered Accountants

Firm Reg No. 000511

K.JITENDRA KUMAR
Partner
Membership No. 201825



For and on behalf of the Board of Directors

PRASAD V. POTLURI
Managing Director

N.S.KUMAR
Director

A.PRAVEEN KUMAR
GM - Finance & Accounts

SURABI JAIN
Company Secretary

Place : Chennai
Date : 30th May, 2019

Place : Chennai
Date : 30th May, 2019

1/5

PICTUREHOUSE MEDIA LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2019

(Rs. in Lakhs)

	Particulars	Note No.	For the year ended 31st March, 2019	For the year ended 31st March, 2018
I.	Revenue from operations	19	627.64	2,352.50
II.	Other income	20	9.74	14.61
III.	Total Income (I + II)		637.38	2,367.11
IV.	Expenses:			
a.	Cost of film production expenses	21	2.41	1,674.85
b.	Purchases of Stock-in-Trade		-	-
c.	Changes in inventories of finished goods work-in-progress and Stock-in-Trade		-	-
d.	Employee benefit expenses	22	57.78	90.68
e.	Finance costs	23	867.53	898.36
f.	Depreciation and amortization expenses	5	22.72	39.80
g.	Other expenses	24	146.03	165.37
h.	Provision for Doubtful Advances & Debts		608.40	-
	Total expenses		1,704.87	2,869.06
V.	Profit/(Loss) before exceptional items and tax (III - IV)		(1,067.49)	(501.95)
VI.	Exceptional items		-	-
VII.	Profit/(Loss) before tax (V - VI)		(1,067.49)	(501.95)
VIII.	Tax Expenses			
(1)	Current tax		-	-
(2)	Deferred Tax (Asset) / Liability		-	-
(3)	Income tax for earlier years		-	0.76
	Total Tax Expenses		-	0.76
IX.	Profit/(Loss) for the year (VII - VIII)		(1,067.49)	(502.71)
X.	Other Comprehensive Income, net of tax			
	Items that will not be reclassified subsequently to profit and loss		-	-
	Remeasurement of defined benefit obligation		6.22	2.10
	Items that will be reclassified subsequently to profit and loss		-	-
	Other Comprehensive income, net of tax (X)		6.22	2.10
XI.	Total Comprehensive income for the year (IX + X)		(1,061.27)	(500.61)
XII.	Earnings per equity share of nominal value Rs. 10 each :			
(1)	Basic and diluted (not annualised)		(2.04)	(0.96)

Summary of Significant Accounting Policies

The accompanying notes and other explanatory information are an integral part of the Financial Statements.

As per our report of even date.

For BRAHMAYYA & CO


Chartered Accountants


Firm Reg No. 0005118


K. JITENDRA KUMAR
Partner
Membership No. 201825



For and on behalf of the Board of Directors


PRASAD V. POTLURI
Managing Director


N.S. KUMAR
Director


A. PRAVEEN KUMAR
GM - Finance & Accounts


SURABI JAIN
Company Secretary

Place : Chennai

Date : 30th May, 2019

Place : Chennai

Date : 30th May, 2019

Particulars	As at Mar 31, 2019	As at Mar 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before Tax	(1,067.49)	(501.95)
Adjustments for:		
Depreciation and Amortization	22.72	39.80
(Profit) / Loss on Sale of PPE, Intangible Assets and Investment Property	(0.08)	6.11
Unrealised (Gain) / loss on Foreign Exchange Fluctuations (Net)	-	0.09
Fair Value of investments through Profit and Loss	(0.35)	(2.79)
Sundry creditors written off	(2.72)	(0.11)
Baddebts Written Off	17.50	-
Inventory Written Off	16.25	-
Provision for diminution in value of Investments	-	0.72
Provision for Doubtful Advances and Debts	608.40	-
Provision for Employee Benefits	3.10	8.39
Investment written off	2.45	0.14
Interest Income	(626.93)	(598.18)
Interest Expenses	816.06	898.36
Cash Generated Before Working Capital Changes	(211.08)	(149.42)
Movement In Working Capital		
Increase / (Decrease) in Trade Payables	(362.84)	(277.63)
Increase / (Decrease) in Other Financial Liabilities	(462.68)	(7.02)
Increase / (Decrease) in Other Liabilities	(28.85)	(769.86)
(Increase) / Decrease in Trade Receivables	9.69	1,062.31
(Increase) / Decrease in Loans	160.20	(3.29)
(Increase) / Decrease in Inventories	(562.29)	424.61
(Increase) / Decrease in Other Financial Assets	(61.94)	44.87
(Increase) / Decrease in Other Assets	(106.74)	(48.31)
Cash Generated From Operations	(1,626.53)	276.26
Direct Taxes Paid	(4.32)	(107.04)
Net Cash Flow From / (Used in) Operating Activities	(A) (1,630.85)	169.22
B. CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of PPE, Intangible Assets and Investment Property	(0.27)	-
Repayment/(Advances) made for Film Finance	(626.96)	(198.79)
Purchase of PPE, Intangible Assets and Investment Property	-	(12.49)
Proceeds from Sale of PPE, Intangible Assets and Investment Property	0.10	9.32
Investments in Subsidiaries	-	(0.72)
Sale / (Purchase) of Non Current Investments (Net)	46.93	-
Interest Income Received	906.45	260.53
Net Cash Flow From / (Used in) Investing Activities	(B) 326.25	57.85
C. CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		
Proceeds from/(to) Short - Term Borrowings (Net)	-	(1,550.00)
Proceeds from Long Term Borrowings	3,604.11	2,204.30
Repayment of Long Term Borrowings	(1,544.00)	-
Interest Paid	(803.27)	(854.09)
Net Cash Flow From / (Used in) Financing Activities	(C) 1,256.84	(199.79)
Net Increase / (Decrease) in Cash and Cash Equivalents	(A+B+C) (47.76)	27.28
Cash and Cash Equivalents at the beginning of the year	54.44	27.16
Cash and Cash Equivalents at the end of the year	6.68	54.44
Components of Cash and Cash Equivalents		
Cash in Hand	0.08	0.17
Balances with Banks		
-In Current Accounts	6.60	54.27
Cash and Cash Equivalents (Refer Note No.10)	6.68	54.44

Notes:

- 1 The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS - 7 on Cash Flow Statements. Reconciliation between the opening and closing balances in the balance sheet for financial liabilities arising from financing activities:

(Rs. in Lakhs)

Particulars	As at April 01, 2018	Net Cash Flows	Non- Cash Changes Book Adjustments	As at March 31, 2019
Long Term Borrowings *	5,805.96	2,060.11	-	7,866.07
Short term Borrowings *	50.00	-	-	50.00
Other Financial Liabilities	583.17	(803.27)	816.06	595.96
Total Financial Liabilities from Financing Activities	6,439.13	1,256.84	816.06	8,512.03

The accompanying notes and other explanatory information are an integral part of the Standalone Financial Statements.

As per our report of even date.

For BRAHMAYYA & CO

Chartered Accountants

Firm.Reg.No. 0005115

K.JITENDRA KUMAR

Partner

Membership No. 201825



For and on behalf of the Board of Directors

PRASAD V. POTLURI
Managing Director

APRAVEEN KUMAR
GM - Finance & Accounts

Place : Chennai
Date : 30th May, 2019

N.S.KUMAR
Director

SURABI JAIN
Company Secretary

Place : Chennai
Date : 30th May, 2019

3/5

Particulars	Equity Share Capital	Other Equity				Total Equity Attributable to Equity holders of the company
		Reserves & Surplus			OCI	
		Security Premium	Retained Earnings	Capital Reserve		
Balance as on 01st April 2017	5,225.00	182.50	(2,023.48)	22.88	8.86	(1,809.25)
Changes in equity for the year ended Mar 31, 2018	-	-	-	-	-	-
Transferred to General Reserve	-	-	-	-	2.10	2.10
Remeasurement of the net defined benefit liability/ asset, net of tax effect	-	-	(502.71)	-	-	(502.71)
Profit for the period	-	-	-	-	-	-
Balance as on 31st Mar 2018	5,225.00	182.50	(2,526.19)	22.88	10.96	(2,309.86)
Balance as on 01st April, 2018	5,225.00	182.50	(2,526.19)	22.88	10.96	(2,309.86)
Changes in equity for the period ended 31st March, 2019	-	-	-	-	-	-
Transferred to General Reserve	-	-	-	-	-	-
Remeasurement of the net defined benefit liability/ asset, net of tax effect	-	-	-	-	6.22	6.22
Profit for the period	-	-	(1,067.49)	-	-	(1,067.49)
Balance as on 31st March, 2019	5,225.00	182.50	(3,593.68)	22.88	17.18	(3,371.13)
The description of the nature and extent of the equity components of the company is as follows:						

The description of the nature and purpose of each reserve within equity is as follows:

1. Security Premium : This reserve represents the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013.
2. Retained Earnings : Retained Earnings represent the accumulated losses of the company.
3. Capital Reserve : Capital Reserve represents reserve recognised on amalgamations and arrangements.

Summary of Significant Accounting Policies

The accompanying notes and other explanatory information are an integral part of the Standalone Financial Statements.
As per our report of even date.

For BRAHMAYYA & CO
Chartered Accountants
Firm.Reg.No. 0005115



K.JITENDRA KUMAR
Partner
Membership No. 201825

Place : Chennai
Date : 30th May, 2019

For and on behalf of the Board of Directors

PRASAD V. POTLURI
Managing Director

N.S.KUMAR
Director

A.PRAVEEN KUMAR
GM - Finance & Accounts

SURABI JAIN
Company Secretary

Picturehouse Media Limited

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

1. Corporate Information

The Company was incorporated as Telephoto Entertainment Limited in the state of Tamilnadu in the year 2000. Subsequently the name was changed to Picturehouse Media Limited (PHML) in the year 2011. Picturehouse Media Limited ('the Company') is a public company domiciled in India. The Company shares are listed on the BSE Limited. The company is principally engaged in the business of Movie Production and related activities. The registered office of the Company is located at Door No: 2, 9th Floor, KRM Centre, Harrington Road, Chetpet, Chennai, Tamilnadu – 600031.

The Standalone Ind AS Financial Statements of the Company for the year ended 31st March 2019 were authorised for issue in accordance with resolution of the Board of Directors on 30th May 2019.

2. Significant Accounting Policies

Basis of Preparation of Financial Statements

These financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the companies act, 2013, ('Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The amounts disclosed in the financial statements and notes have been rounded off to nearest lakhs as per the requirement of schedule III, unless otherwise stated.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The amounts disclosed in the financial statements and notes have been rounded off to nearest lakhs as per the requirement of schedule III, unless otherwise stated.

The financial statements are presented in Indian currency (INR), being the functional and presentation currency. Being the currency of the primary economic environment in which the company operates.

All assets and liabilities have been classified as current or non-current in accordance with the operating cycle criteria set out in **Ind AS 1 Presentation of Financial Statements** and **Schedule III to the Companies Act, 2013**.

Current/ Non Current Classification

An asset is classified as current when

- 1) It is expected to be realized or consumed in the Company's normal operating cycle;
- 2) It is held primarily for the purpose of trading;
- 3) It is expected to be realized within twelve months after the reporting period; or
- 4) If it is cash or cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

Any asset not conforming to the above is classified as non-current.



Picturehouse Media Limited

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

A liability is classified as current when

- 1) It is expected to be settled in the normal operating cycle of the Company;
- 2) It is held primarily for the purpose of trading;
- 3) It is expected to be settled within twelve months after the reporting period; or
- 4) The Company has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Any liability not conforming to the above is classified as noncurrent.

Applicability of New Accounting Pronouncements

The company has applied the following Ind AS pronouncements pursuant to issuance of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The effect is described below:

- a. The company has adopted Ind AS 115, Revenue from Contract with Customers with effect from 01st April, 2018 and it is detailed in note h.
- b. The company has elected to recognize cumulative effect of initially applying Ind AS 115 retrospectively as an adjustment to opening balance sheet as at 01st April, 2018 on the contracts that are not completed contract as at that date. There was no impact of above on the opening balance sheet as at 01st April, 2018 and on the Statement of Profit and Loss for the year ended 31st March, 2019.
- c. The company has adopted Appendix B to Ind AS 21, Foreign currency transactions and advance consideration with effect from 01st April, 2018 prospectively to all assets, expenses and income initially recognised on or after 01st April, 2018 and the impact on implementation of the Appendix is immaterial.

a) Property, Plant and Equipment:

Property, Plant and Equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes all direct costs relating to acquisition and installation of Property, Plant and Equipment and borrowing cost relating to qualifying assets. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is charged to profit or loss so as to write off the cost of assets less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the Balance Sheet date, with the effect of any changes in estimate accounted for on a prospective basis.



Picturehouse Media Limited

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

The estimated useful lives of the depreciable assets are as follows:

<u>Class of Assets</u>	<u>Estimated Useful Life</u>
Plant and Equipment	5 years
Furniture and Fixtures	10 years
Vehicles	8 years
Computers and related Assets	3 years
Office Equipment	3 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

b) Impairment of Property, Plant & Equipment:

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

c) Inventory

Inventory consists of investments in films and associated rights, including acquired rights and advances to talent associated with film production, are stated at lower of cost / unamortised cost or realisable value. Costs include production costs, overhead and capitalized interest costs net of any amounts received from third party investors.

A charge is made to write down the cost once the film is theatrically exhibited commercially. Charge is recognized in the income statement within cost of production.



Picturehouse Media Limited

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

d) Foreign Currency Translation:

Initial Recognition

On initial recognition, transactions in foreign currencies entered into by the company are recorded in the functional currency (i.e India Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss.

Measurement of foreign currency items on reporting date

Foreign currency monetary items of the company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is measured. Exchange differences arising out of these translations are recognised in the Statement of Profit and Loss.

Effective 01st April, 2018, the Company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

e) Assets taken on lease:

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All the other leases are classified as operating leases.

Operating lease payments are recognized as expenditure in the Statement of Profit and Loss on a straight-line basis, unless another basis is more representative of the time pattern of benefits received from the use of the assets taken on lease or the payments of lease rentals are in line with the expected general inflation compensating the lessor for expected inflationary cost. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Assets held under finance lease are capitalised at the inception of the lease, with corresponding liability being recognised for the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the statement of Profit or Loss so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

f) Financial Instruments

1) Initial Recognition

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.



2) Subsequent Measurement

i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

iii) Financial Assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in statement of profit or loss.

iv) Investment in Subsidiaries

Investments in subsidiaries are carried at cost in accordance with Ind AS 27 Separate Financial Statements.

v) Financial Liability

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to short maturity of these instruments.

3) Derecognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or its transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.



4) Impairment of Assets

Financial Assets (other than at fair value):

The company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The company recognises lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

5) Fair value of Financial Instruments

In determining the fair value of its financial instruments, the company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

g) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

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. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. Contingent assets are not recognized in the financial statements.



Summary of significant accounting policies and other explanatory information to the
Standalone Financial Statements for the year ended 31st March 2019

h) Revenue Recognition

Effective 01st April, 2018, the company has applied Ind AS 115, Revenue from Contracts with Customers, which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e 01st April, 2018). The comparative information in the statement of profit and loss is not restated – i.e the comparative information continues to be reported under Ind AS 18. The impact of the adoption of the standard on the financial statements of the company is insignificant.

- 1) Revenue is recognized, net of sales related taxes, when the agreement exists, the fees are fixed or determinable, the product is delivered or services have been rendered and collectability is reasonably assured. The company considers the terms of each arrangement to determine the appropriate accounting treatment.

The following additional criteria apply in respect of various revenue streams within filmed entertainment:

Theatrical — Contracted minimum guarantees are recognized on the theatrical release date. The company's share of box office receipts in excess of the minimum guarantee is recognized at the point they are notified to the company.

Other rights - other rights such as satellite rights, overseas rights, music rights, video rights, etc. is recognized on the date when the rights are made available to the assignee for exploitation.

- 2) Interest income is accrued on time basis, by reference to the principle outstanding and at the effective interest rate applicable.
- 3) Dividend from investments is accounted for as income when the right to receive dividend is established.

i) Employee Benefits

Gratuity

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on projected unit credit method as at balance sheet date. The company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognised in other comprehensive income are not to be subsequently reclassified to profit or loss. As required under Ind AS complaint schedule III, the company transfers it immediately to retained earnings.



Picturehouse Media Limited

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

Compensated Absences

The company has a policy on compensated absences which are both accumulating and non accumulating in nature. The expected cost of accumulating absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

Other Benefit Plans

Contributions paid/payable under defined contributions plans are recognised in the statement of Profit or Loss in each year. Contribution plans primarily consist of Provident Fund administered and managed by the Government of India. The company makes monthly contributions and has no further obligations under the plan beyond its contributions.

j) Taxes on Income

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

i) Current Income Tax

Current Income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

ii) Deferred Income Tax

Deferred Income tax is recognised using balance sheet approach. Deferred tax is recognised on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred Income tax assets are recognised for all deducted temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.



Picturehouse Media Limited

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

Deferred Income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

k) Borrowing Costs

Borrowing Costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

l) Earnings per Share

Basic earnings per share is computed by dividing the net profit attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed by dividing the net profit attributable to the equity shareholders for the period by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e the average market value of the outstanding equity shares).

Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

m) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

n) Exceptional Items

When items of income and expenses within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such material items are disclosed separately as exceptional items.



Summary of significant accounting policies and other explanatory information to the
Standalone Financial Statements for the year ended 31st March 2019

o) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitors and reviews the operating result of the whole Company as one segment of "Movie and Related Activities". Thus, as defined in Ind AS 108 "Operating Segments", the Company's entire business falls under this one operational segment and hence the necessary information has already been disclosed in the Balance Sheet and the Statement of Profit and Loss.

3. Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements pertain to:

- Accounting for the film content requires management's judgment as it relates to total revenues to be received and costs to be incurred for each film. The Company is required to identify and assess and determine income generated from commercial exhibition of films. Judgment is also required in determining the charge to profit and loss account. As well as considering the recoverability or conversion of advances made in respect of securing film content or the services of talent associated with film production.
- **Income Taxes:** Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and their tax charge in the statement of profit or loss.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit or loss.

- **Useful lives of property, plant and equipment and intangible assets:** The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the carrying amount of property, plant and equipment at the Balance Sheet date. This reassessment may result in change in depreciation expense in future periods.



Picturehouse Media Limited

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

- **Impairment testing:** Property, plant and equipment are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.
- **Defined benefit plans:** The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, etc. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

4. Standards issued but not yet effective:

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from April 1, 2019:

Ind AS 116 – Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The amendment is effective for annual periods beginning on or after 01st April 19. The Company is in the process of evaluating the impact of this amendment on the financial statements.

Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority



Picturehouse Media Limited

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long term interests in associates and joint ventures and hence does not expect any impact from this amendment.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company does not have control/joint control /joint control of a business that is a joint operation and hence does not expect any impact from this amendment.



PICTUREHOUSE MEDIA LIMITED

Notes to Standalone Financial Statements for the Year Ended 31st March 2019

Note No 5 : Property, Plant and Equipment

Particulars	Plant & Machinery	Computers & Related Assets	Furniture & Fixtures	Vehicles	Office Equipments	Total
Gross Block						
Gross Carrying Value as on 31st March, 2017	1.22	16.49	18.35	124.08	70.04	230.18
Additions	-	0.46	-	12.03	-	12.49
Deletions	-	-	-	(36.76)	-	(36.76)
Gross Carrying value as on 31st March, 2018	1.22	16.95	18.35	99.35	70.04	205.91
Additions	-	-	-	-	0.27	0.27
Deletions	-	(0.47)	-	-	-	(0.47)
Gross Carrying value as on 31st Mar, 2019	1.22	16.48	18.35	99.35	70.31	205.71
Accumulated Depreciation						
Accumulated Depreciation as on 31st March, 2017	0.76	13.16	6.83	40.34	44.17	105.26
For the period 2017-18						
Depreciation	0.38	1.01	2.02	17.62	18.77	39.80
Accumulated depreciation on deletions	-	-	-	(21.33)	-	(21.33)
Accumulated Depreciation as on 31st March, 2018	1.14	14.17	8.85	36.63	62.94	123.73
For the period 2018-19						
Depreciation	-	0.29	1.78	18.76	1.89	22.72
Accumulated depreciation on deletions	-	(0.45)	-	-	-	(0.45)
Accumulated Depreciation as on 31st Mar, 2019	1.14	14.01	10.63	55.39	64.83	146.00
Net Block						
Carrying Value as on 31st March, 2018	0.08	2.78	9.50	62.72	7.10	82.18
Carrying Value as on 31st Mar, 2019	0.08	2.47	7.72	43.96	5.48	59.71

Note: Gross Block as on 01.04.2015 represents deemed cost (Gross Block Rs.339.73 Lakhs - Accumulated Depreciation Rs. 113.61 Lakhs).



PICTUREHOUSE MEDIA LIMITED			
Notes to Standalone Financial Statements for the Year Ended 31 st March 2019			
(Rs. in Lakhs)			
Note No	Particulars	As at 31st March 2019	As at 31st March 2018
Note - 6	Financial Assets		
	Investments		
	Non Current Investments		
	Investment carried at deemed cost, fully paid up		
	a) Investment in equity instruments, Subsidiaries- Unquoted		
	PVP Cinema Private Limited - 30,000 equity shares of Rs.10/- each.	504.62	503.15
	Less: Provision for Diminution in the value of Investment	(504.62)	(503.15)
	PVP Capital Limited - 2,50,00,000 equity shares of Rs.10/- each.	2,521.74	2,521.74
	Picturehouse Media Private Limited in Singapore, 5,000 ordinary shares paid 1 share @ 1\$ each	-	2.45
	(A)	2,521.74	2,524.19
	Investments carried at Fair value through Profit or Loss		
	b) Investment in Mutual Fund		
	Investment in Canara Robeco Mutual Funds - (NAV Rs. 4,43,643)	4.44	52.49
	(B)	4.44	52.49
	(A+B)	2,526.18	2,576.68
III. Movement in investments as at 31st March 2019		Investment as at 31st March 2018	Fair value of Interest free loan
			Investment as at 31st March, 2019
PVP Cinema Private Limited		3.00	501.62
Total		3.00	501.62
Aggregate of Non Current Investments			
Aggregate amount of quoted investments (Market value Rs.4,43,643)			4.44
Aggregate amount of unquoted investments			3,026.36
Aggregate amount of impairment in value of investments			(504.62)
			2,526.18
Note - 7	Loans		
	Non - Current		
	Unsecured - Considered Good		
	Loans to related parties - Subsidiary Company	-	154.60
	Current		
	Secured - Considered Good		
	Advances for Film Finance (refer note no.25.1)	2,933.38	2,306.42
	Unsecured - Considered Good		
	Other Loans		
	Advances for Staff	138.19	143.79
Note - 8	Loans Receivables which have significant increase in credit risk	-	-
	Loans Receivables - Credit Impaired	-	-
		3,071.57	2,450.21
	Total Loans	3,071.57	2,604.81
	Trade Receivables		
	Current		
	Considered Good, Secured	-	-
	Considered Good, Unsecured	19.05	576.78
	Significant increase in credit risk	-	-
	Credit Impaired	548.04	-
Note - 9	Less: Provision for Doubtful Debtors	(548.04)	-
	Total Trade Receivables	19.05	576.78
	Other Financial Assets		
	Non Current		
	Security Deposits - Considered Good	12.44	12.44
		12.44	12.44
	Current		
	Interest Accrued on Staff loans	63.48	63.48
	Interest Accrued on Movie Finance	1,306.38	1,585.90
	Advances for Others	123.47	61.53
Note - 10	Provision for Advances	(58.89)	-
		1,434.44	1,710.91
	Total Other Financial Assets	1,446.88	1,723.35
	Cash & Cash Equivalents		
	Balance with banks		
	In Current Accounts	6.60	54.27
	Cash on hand	0.08	0.17
		6.68	54.44
	Inventories		
	Film Production Expenses (refer note no.25.1)	5,066.31	4,520.27
Note - 11	(Valued at lower of cost or net realisable value - as certified by management)		
		5,066.31	4,520.27
	Other Assets		
	Non Current		
	Others		
	Tax Deducted at Source(TDS) Receivable and Tax Collected at Source (TCS) Receivable	392.88	406.06
	Taxes paid under protection (refer Note no. 25.10)	60.18	-
		453.06	406.06
	Current		
	Others		
Note - 12	Goods and Service Tax (GST) Input tax Credit	95.11	48.54
	Prepaid Expenses	0.57	0.58
		95.68	49.12
	Total Other Assets	548.74	455.18



PICTUREHOUSE MEDIA LIMITED

Notes to the Standalone Financial Statements for the Year Ended 31st March, 2019

Note - 13: Equity Share Capital

(a) Authorised, Issued, Subscribed and Paid-up share capital and par value per share

(Rs. in Lakhs)

Particulars	As at 31st March, 2019	As at 31st March 2018
Authorised Share Capital		
8,00,00,000 Equity Shares of Rs. 10/- each	8,000.00	8,000.00
Issued, Subscribed and Paid Up		
5,22,50,000 equity shares of Rs. 10 each	5,225.00	5,225.00
	5,225.00	5,225.00

(b) Shares held by Holding Company and its Subsidiaries

* PVP Ventures Limited along with its Subsidiaries holds 2,58,89,405 equity shares (as at 31st March 2018 - 2,68,89,405 equity shares) in the Company.

(c) Equity Shares in the company held by each shareholder holding more than 5%:

Name of shareholder	As at 31st March 2019		As at 31st March 2018	
	No. of Shares	% held	No. of Shares	% held
PVP Ventures Limited *	2,353,114	4.50%	3,353,114	6.42%
Jhansi Sureddi	11,757,249	22.50%	11,757,249	22.50%
Rayudu Media Projects Private Limited	4,506,490	8.62%	4,506,490	8.62%
PVP Global Ventures Private Limited	11,236,641	21.51%	11,236,641	21.50%
PVP Media Ventures Private Limited	12,299,650	23.54%	12,299,650	23.54%
Total	42,153,144	80.68%	43,153,144	82.58%

* During the Financial Year 2018-19, UCO Bank Limited invoked the 10 Lakhs pledged shares of Picturehouse Media Limited held by PVP Ventures Limited (out of which 9,234 shares sold by the Bank). Consequently, total investment of 51.46% in Picturehouse Media Limited held by PVP Ventures Limited along with its subsidiaries has reduced to 49.55%.

(d) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:

Particulars	As at 31st March 2019		As at 31st March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Number of equity shares outstanding at the beginning of the year	52,250,000	522,500,000	52,250,000	522,500,000
Add: Number of Shares allotted during the year	-	-	-	-
Less: Number of Shares bought back	-	-	-	-
Number of equity shares outstanding at the end of the year	52,250,000	522,500,000	52,250,000	522,500,000

(e) Terms / Rights attached to Equity Shares (eg. Dividend rights, Voting Rights)

The company has only one class of equity shares having a par value of Rs 10/- Per share. Each Holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in the proportion to the number of equity shares held by the shareholders.

(f) The company does not have any Bonus Shares Issued, Share issued for consideration other than Cash and Shares bought back during the period of five years immediately preceding the reporting date (31st March 2019).

(g) The Company does not issued any shares under options.



PICTUREHOUSE MEDIA LIMITED

Notes to Standalone Financial Statements for the Year Ended 31st March 2019

Note No	Particulars	As at 31st March 2019	As at 31st March 2018
Note-14	Financial Liabilities		
	Borrowings		
	Non Current		
	UnSecured		
	From a company	7,866.07	4,261.96
	Loan from Subsidiary Company	-	1,544.00
		7,866.07	5,805.96
	Current		
	Unsecured		
	From Companies	50.00	50.00
		50.00	50.00
	Total Borrowings	7,916.07	5,855.96
Note-15	Details of loans and terms of repayment		
	a) Non Current Borrowings		
	The company has availed Indian rupee loan from a company which is repayable based on the availability of funds and interest rate charged at 12% on daily average balances.		
	b) Current Borrowings		
	The company has availed a loan from company which is repayable on demand and interest rate charged is 18%.		
	Trade Payables		
	Current		
	Sundry Creditors for services (refer note 25.9)	41.95	407.51
		41.95	407.51
Note-16	Other Financial Liabilities		
	Current		
	Interest Accrued and due on borrowings	595.96	99.93
	Interest Accrued but not due on borrowings	-	483.24
	Employee related payables	1.51	7.34
	Other payables to subsidiary company *	1,761.75	2,217.73
	Provision for outstanding expenses	11.11	11.98
	Total Other Financial Liabilities	2,370.33	2,820.22
	* The subsidiary company has assigned the debts to the company, which is repayable on demand.		
Note-17	Provisions		
	Non Current		
	Provision For Employee Benefits		
	Gratuity	11.85	14.14
		11.85	14.14
	Current		
	Provision for employee benefits		
	Gratuity	3.54	3.42
	Compensated absences	10.45	11.40
		13.99	14.82
	Total Provisions	25.84	28.96
Note- 18	Other Liabilities		
	Current		
	Revenue received in advance		
	Advances received from Theatrical Exhibitors	55.30	117.00
	Others		
	Statutory Dues Payable	481.76	448.91
		537.06	565.91



PICTUREHOUSE MEDIA LIMITED

Notes to Standalone Financial Statements for the Year Ended 31st March 2019

(Rs. in Lakhs)

Note No	Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Note-19	Revenue from Operations		
	Revenue from distribution and exhibition of film and other rights	0.71	1,751.61
	Other Operating Income		
	Income from Movie finance	626.93	598.18
	Commission Income	-	2.71
		627.64	2,352.50
Note-20	Other Income		
	Interest Income on Income Tax Refund	-	10.86
	Profit on Sale of Asset	0.08	-
	Sundry Creditors written off	2.72	0.11
	Excess provision on Employee Benefits Written back	0.50	-
	Fair value through profit and loss	0.35	2.79
	Miscellaneous Income	6.09	0.85
		9.74	14.61
Note-21	Cost of Film Production Expenses		
	Opening Film Production Expenses	4,520.27	4,944.88
	Add: Current year Film Production Expenses	548.45	1,250.24
		5,068.72	6,195.12
	Less: Closing Film Production Expenses	5,066.31	4,520.27
		2.41	1,674.85
Note-22	Employee Benefit Expenses		
	Salaries and wages	56.25	87.51
	Contribution to provident fund	1.11	1.93
	Staff welfare expenses	0.42	1.24
		57.78	90.68
Note-23	Finance Cost		
	Interest on Borrowings	816.06	810.40
	Interest on finance lease charges	-	0.03
	Interest others	51.47	87.93
		867.53	898.36
Note-24	Other Expenses		
	Rent	27.69	27.72
	Insurance	1.47	2.28
	Power and Fuel	3.84	6.98
	Printing and Stationery	1.90	2.16
	Communication Expenses	2.64	3.59
	Repairs and Maintenance	2.64	3.61
	Registration Charges	0.11	0.06
	Security Charges	-	1.43
	Rates and taxes	1.34	1.82
	Payments to auditors		
	for statutory auditor	9.50	9.50
	for tax audit	2.50	2.50
	for certification charges	3.00	3.00
	Directors Sitting Fees	3.10	2.49
	Legal, Professional and consultancy	29.80	15.61
	Membership Fee	0.02	-
	Office Maintenance	3.19	6.37
	Advertisement, publicity and sales promotion	3.20	2.70
	Bank Charges	0.20	0.26
	Foreign Exchange Fluctuations	-	0.09
	Investor related expenses including Listing Fees	4.37	5.95
	Travelling Expenses including Conveyance	9.32	60.42
	Provision for Doubtful Advances and Debts	-	0.72
	Loss on Sale of Asset	-	6.11
	Baddebts Written Off	17.50	-
	Inventory Written Off	16.25	-
	Investments Written Off	2.45	-
		146.03	165.37



Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

25. Notes to Accounts

25.1 The current assets of the company includes loans and advances amounting to Rs.4,239.76 lakhs and 'expenditure on films under production' amounting to Rs. 5,066.31 lakhs. As regards the loans & advances, the management is confident of realising the value at which they are carried notwithstanding the period of outstanding. As regards 'films under production expenses' mainly comprising payments to artistes and co-producers the company is evaluating options for optimal utilization of these payments in production and release of films. Accordingly the company is confident of realising the entire value of 'expenditure on films under production'. The management does not foresee any erosion in carrying value.

25.2 PVP Capital Limited ('PVPCL') a Wholly Owned Subsidiary Company, has not adhered to repayment schedule of principal and interest due to a bank consequent to which the bank has filed a case for recovery of the dues before the Debt Recovery Tribunal (DRT). Further, the bank has taken symbolic possession of secured, immovable property of the Group Company under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) and issued an e-auction sale notice. There were no bidders for the aforesaid sale notice and consequently the e-auction sale proceedings has become infructuous. Further, PVPCL has applied for One Time Settlement to the bank and confident to settle the same. As per Bank statement, outstanding loan as on 31st March 2019 is Rs. 14,076.05 lakhs (Rs.11,911.15 lakhs as of 31st March 2018). Management asserts that no adjustment to the carrying value on investments of Rs.2,521.74 lakhs is required as it is confident, that, by considering the aspects like recovery from the borrowers and other resources to bring in additional cash flows will meet its obligations.

25.3 As on 31st March, 2019 the company has a net worth of Rs. 1,853.87 Lakhs. The Company incurred loss of Rs. 1,067.49 lakhs during the current year, Rs. 502.71 Lakhs during Financial Year 2017-18 and Rs.1,199.01 Lakhs during Financial Year 2016-17 and there are few statutory liabilities pending. Even though, the company has losses carried forward, 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. There is a substantial reduction in Creditors from Rs. 407.51 lakhs as on 31st March, 2018 to Rs. 41.95 lakhs as on 31st March, 2019 indicating that the company has paid the creditor dues during the current financial year. 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. Further, during the course of period, the company intends to strategically merge with its holding company which will create positive synergy in future. The financial statements have been prepared on going concern basis based on cumulative input of the available movie projects in pipe line and risk mitigating factors.

25.4 The shares of the company are listed in BSE. The Board had a Woman director till March, 2017 and subsequent to the resignation, a new Woman Director was appointed in December, 2018. SEBI issued a Circular in May 2018, that non-appointment will attract fine. So the stock exchange has imposed a penalty under regulation 17 & 19 for the quarter ended 30th September, 2018 amounting to Rs.7.59 lakhs. The company is in the process of applying appeal with Securities Appellate Tribunal (SAT) for the same.

25.5 Lease Rental

The company has entered into operating lease agreements for office premises and an amount of Rs. 27.69 Lakhs (2018: Rs. 27.72 Lakhs) paid under such agreement have been charged to statement of Profit & Loss.



Picturehouse Media Limited

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

The details with regard to operating lease obligations with respect to office premises are as under.

Particulars	(Rs. in Lakhs)	
	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Due within 1 year from the Balance Sheet date	29.40	25.89
Due between 1 and 5 years	4.90	34.30
Due after 5 years	Nil	Nil

25.6 Picturehouse Media Private Ltd, a Wholly-Owned Subsidiary of the Company incorporated in Singapore had submitted an application to the Accounting and Corporate Regulatory Authority of Singapore ("ACRA") to strike off from the register of companies. Picturehouse Media Private Ltd has been officially struck off and dissolved with effect from 05th November, 2018. The Voluntary Strike off of the above dormant subsidiary does not have any material impact on the company. Consequently, the investment in the shares carrying the book value of Rs. 2.45 lakhs is written off.

25.7 The Company has applied with stock exchanges for merger with its holding company by way of a Scheme of Amalgamation cum Arrangement. The company could not continue with the merger process and the aforesaid application was closed.

25.8 During the year, the company has accounted provision for doubtful debts amounting to Rs.548.04 lakhs against debtors and Rs.60.36 lakhs against advances given to parties out of which Rs. 1.47 lakhs pertains to a subsidiary company.

25.9 Micro, Small and Medium Enterprises (MSME)

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

25.10 Contingent Liabilities:

a) The Principal Commissioner of CGST and Central Excise has passed an order in 2017 for the Financial Years 2011-12 to 2014-15 with regard to the Service Tax on the perpetual sale of various copyrights, demanding a sum of Rs.802.33 lakhs and penalty of Rs.802.43 lakhs. This is a Film Industry's issue and most of the producers have gone for appeal. Aggrieved by the order, the company has disputed the demand with Honourable Customs, Excise and Service Tax Appellate Tribunal (CESTAT) by paying the required Deposit of Rs.60.18 lakhs, which is shown under Non-Current Assets.

In continuation of above Show Cause Notice, during the year Additional Commissioner of CGST and Central Excise passed another order for the Financial year 2015-16, 2016-17 and 2017-18 (Till June 2017) on the same grounds demanding a sum of Rs. 155.42 lakhs and penalty of Rs. 15.64 lakhs and further passed an order demanding a sum of Rs. 117.59 lakhs for the Financial year 2015-16 without allowing CENVAT credit. Aggrieved by the orders, the company has disputed all the demands with Learned Commissioner of CGST and Central Excise. The management believes that it is a good case and accordingly no provision has been made in the books of accounts.

b) PVP Capital Limited ('PVPCL' a Wholly Owned Subsidiary Company), has not adhered to repayment schedule of principal and interest dues to banks consequent to which the banks have filed a case for recovery of the dues before the Debt Recovery Tribunal (DRT). The Bank has issued E-auction sale notice for sale of immovable property of the Group Company under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI). There were no bidders for the aforesaid sale notice and consequently the e-auction sale proceedings has become infructuous. Further, PVPCL has applied for One Time Settlement with the bank, which is under process.



Picturehouse Media Limited

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

Management asserts that no adjustment to the carrying value is required as it is confident by considering the aspects like recovery from the borrowers and other resources to bring in additional cash flows to meet its obligations. The subsidiary company has outstanding loan of Rs. 14,076.05 lakhs as of 31st March 2019. (Rs.11,911.15 lakhs as of 31st March 2018).

c) Company is a co-applicant for the loan Rs.2,000 lakhs taken by subsidiary company i.e PVP Capital Limited from NBFC. During the financial year 2018-19 the company has repaid the loan. The amount of Loan outstanding is Rs. Nil as on 31st March 2019. (2,029.79 as on 31st March 2018).

25.11 Corporate Social Responsibility (CSR):

(Rs. in Lakhs)

Sl No	Particulars	For the year ended 31 st March 2019	For the year ended 31 st March 2018
1.	Average Net Profits of the Company for last three financial years	(1,119.48)	(1,143.24)
2.	Prescribed CSR Expenditure (@2% on Avg Net profit of last 3 F.Y's)	-	-
3.	Unspent Amount of the Previous year	8.22	8.22
4.	Total Amount to be spent for the current financial year	-	-
5.	Amount Spent During the Year	-	-
6.	Amount Unspent (3+ 4- 5)	8.22	8.22

Average Net Profits of the Company for the last three financial years is negative. Hence the company is not required to incur Corporate Social Responsibility expenditure during the year. However, the company is required to spend Rs.8.22 Lakhs for the financial year 2015-16 and the same will be expended in future years.

25.12 Earnings per Share

Particulars	Refer	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Profit after Tax (Rs. in Lakhs)	A	(1,067.49)	(502.71)
Number of Equity shares outstanding	B	5,22,50,000	5,22,50,000
Weighted average number of equity shares outstanding	C	5,22,50,000	5,22,50,000
Earnings per share – Basic & Diluted (in Rs.)	A/C	(2.04)	(0.96)

25.13 Disclosure in Accordance with Ind As -24 Related Party Transactions

a) List of Related parties where control exists:

Name of the Related Party	Nature of Relationship
PVP Ventures Limited (PVP)	Holding Company
PVP Cinema Private Limited (PCPL)	Subsidiary Companies
PVP Capital Limited (PCL)	
Picturehouse Media Private Limited (Singapore) (PHMPL)*	

*Strike off with effect from 05th November, 2018



Picturehouse Media Limited

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

a) List of other related parties

Name of the person/ company	Nature of Relationship
Mr. Prasad V.Potluri, Managing Director	Key Managerial Persons
Mr. N S Kumar, Independent Director	
Mr. R Nagarajan, Independent Director*	
Mr. Sohrab Chinoy Kersasp, Independent Director**	
Mrs. P J Bhavani, Non-Executive Director***	Relative of Key Managerial Persons
Mrs. Jhansi Sureddi	

*Resigned with effect from 31st March, 2019, ** Appointed with effect from 22nd March, 2019

***Appointed with effect from 05th December, 2018

b) Summary of transactions with the related parties during the year ended 31st March, 2019

(Rs. in lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Interest Expenses		
PVP Capital Limited	176.61	191.94
Provision for Doubtful advances debited to P&L		
PVP Cinema Private Limited	1.47	0.72
Sitting Fees paid to Directors		
Mr. N S Kumar	1.50	1.24
Mr. R Nagarajan	1.50	1.24
Mrs. P J Bhavani	0.10	-
Loans and advances given/(received)		
PVP Cinema Private Limited	1.47	0.72
PVP Capital Limited	1,544.00	(1,544.00)
Co-Applicant for Loan taken:		
PVP Capital Limited	(2,000.00)	2,000.00

c) Summary of Outstanding balances with the related parties as on 31st March, 2019

(Rs. in lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Investments in subsidiaries		
PVP Capital Limited	2,521.74	2,521.74
PVP Cinema Private Limited	3.00	3.00
Picturehouse Media Private Limited, Singapore	-	2.45
Provision for investment in subsidiaries		
PVP Cinema Private Limited	3.00	3.00
Loans and advances given to subsidiary		
PVP Cinema Private Limited	501.62	500.15
Picturehouse Media Private Limited, Singapore	-	154.60
Provision for advances given to subsidiary		
PVP Cinema Private Limited	501.62	500.15
Loans and advances received from subsidiary		
PVP Capital Limited	-	1,544.00
Other payables to subsidiary		



Picturehouse Media Limited

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

PVP Capital Limited	1761.75	2,217.73
Interest Payable to Subsidiary		
PVP Capital Limited	-	130.40
Trade Payables to Subsidiary		
Picturehouse Media Private Limited, Singapore	-	157.32
Co-Applicant for Loan taken:		
PVP Capital Limited	-	2000.00
Corporate Guarantees given/(received)		
PVP Capital Limited	10,000.00	10,000.00

25.14 Deferred Tax

Deferred Tax asset has not been recognised in respect of the following items :

(Rs. in Lakhs)

Particulars	31 st March, 2019		31 st March, 2018	
	Gross Amount	Unrecognised tax effect	Gross Amount	Unrecognised tax effect
Deductible temporary differences	2,306.72	599.75	967.98	251.67
Tax losses	2,453.22	637.87	2,758.55	717.22
Effect of expenses not allowed for tax in the previous year	(1.99)	(0.52)		
Total	4,759.95	1,237.10	3,726.53	968.89

Considering the principles of prudence, the above deferred tax asset has not been recognised as at 31st March, 2019.

25.15 Income tax expenses

Income tax expense in the statement of profit and loss comprises:

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Current tax	-	-
Income tax related to earlier years	-	0.76
Total Current tax expenses	-	0.76
Deferred tax		
Income tax expenses	-	0.76

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Profit /(loss) from the operation before income tax expenditure	(1,067.49)	(501.95)
Indian tax rate is 26%	26.00%	26.00%
Tax at statutory Income Tax Rate	(277.55)	(130.51)
Adjustments :		
Effect of expenses not allowed for tax purposes	9.34	23.05
Others – tax for earlier years	-	0.76
Effect of unrecognised deferred tax assets	268.21	107.46
Net tax expenses recognised in Profit and Loss account	-	0.76



Picturehouse Media Limited

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

25.16 Employee Benefits

a) Defined Benefit Plan

Gratuity	(Rs. in lakhs)	
Gratuity Plan:	31 st March 2019	31 st March 2018
Defined benefit obligation (DBO)	(15.39)	(17.56)
Fair value of plan assets (FVA)	-	-
Net defined benefit asset/(liability)	(15.39)	(17.56)

The following table summarizes the components of net benefit expense recognised in the statement of profit or loss/Other Comprehensive Income and amounts recognised in the balance sheet for defined benefit plans/obligations:

Net employee benefit expense (recognized in Employee Cost) for the year ended 31st March, 2019

Particulars	(Rs. in Lakhs)	
	Financial Year 2018-19	Financial Year 2017-18
Current Service Cost	2.69	2.92
Net Interest Cost	1.36	1.13
Total	4.05	4.05

Amount recognized in Other Comprehensive Income for the year ended 31st March, 2019

Particulars	(Rs. in Lakhs)	
	Financial Year 2018-19	Financial Year 2017-18
Actuarial (gain)/ loss on obligations	(6.22)	(1.52)

Changes in the present value of the defined benefit obligation for the year ended 31st March, 2019 are as follows:

Particulars	(Rs. in Lakhs)	
	Financial Year 2018-19	Financial Year 2017-18
Opening defined obligation	17.56	15.03
Current service cost	2.69	2.92
Interest cost on the Defined Benefit Obligation	1.36	1.13
Actuarial (gain)/ loss – experience	-	-
Actuarial (gain)/ loss - Financial assumptions	(6.22)	(1.52)
Actuarial (gain)/ loss - demographic assumptions	-	-
Benefits paid	-	-
Actuarial (gain)/ loss on obligations	-	-
Defined benefit obligation	15.39	17.56

The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:

Particulars	31 st March, 2019	31 st March, 2018
Discount rate (in %)	7.65%	7.73%
Salary Escalation (in %)	7.50%	7.50%



Picturehouse Media Limited

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

(Rs. in lakhs)

Particulars	31 st March, 2019		31 st March, 2018	
Defined Benefit Obligation (Base)	15.39		17.56	
(% change compared to base due to sensitivity)	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	16.51	14.41	18.90	16.40
Salary Growth Rate (- / + 1%)	13.18	18.06	14.73	21.04
Attrition Rate (- / + 1%)	14.43	16.26	16.31	18.69
Mortality Rate (- / + 1%)	15.36	15.41	17.53	17.59

The following payments are expected contributions to the defined benefit plan in future years:

(Rs. in Lakhs)

Particulars	31 st March 2019	31 st March 2018
Within the next 12 months (next annual reporting period)	2.47	3.79

Compensated Absences

The employees of the Company are entitled to compensate absence. The employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date based on the Actuarial certificate.

b) Defined Contribution Plan

Eligible employees receive benefits under the provident fund which is a defined contribution plan. These contributions are made to the funds administered and managed by the Government of India. The company recognised Rs. 1.11 Lakhs (Previous Year Rs.1.93 Lakhs) for provident fund contribution in the statement of profit or loss account.

25.17 Financial Instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset and financial liability are disclosed in Note No.2(f).



Picturehouse Media Limited

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

Financial Assets and Liabilities

The carrying value and fair value of financial instruments by categories as at 31st March 2019 were as follows:

(Rs. in lakhs)

Particulars	Amount as on 31 st March, 2019	Amount as on 31 st March, 2018
Financial assets:		
Fair through Profit or Loss		
- Investments in Mutual Funds	4.44	52.49
Amortised Cost		
- Bank balances other than cash and cash equivalents	6.60	54.27
- Trade Receivables	19.05	576.78
- Loans	3,071.57	2,604.81
- Other Financial Assets	1,446.88	1,723.35
Financial liabilities:		
Amortised Cost		
- Borrowings	7,916.07	5,855.96
- Trade Payables	41.95	407.51
- Other Financial Liabilities	2,370.33	2,820.22

Investment in Equity Instruments are carried at cost and hence not considered.

The carrying value of the company's financial assets and liabilities is considered approximate to their fair value at each reporting date.

25.18 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets comprise investments, cash and bank balance, trade and other receivables.

The Company is exposed to various financial risks such as market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. The financial instruments affected by market risk includes investment, has been discussed below.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with fixed interest rates.

Long term Borrowings of the company bear fixed interest rate, thus interest rate risk is limited for the company.



Picturehouse Media Limited

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's transactions denominated in foreign currency including loans to overseas subsidiaries and trade payables is expected to be insignificant.

c) Equity price risk

The company's listed and non-listed equity securities are not susceptible to market price risk arising from uncertainties about future values of the investment securities. Hence the company does not bear significant exposure to Equity price risk in investment in subsidiaries.

ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily for trade receivables, loans and other financial assets).

Credit risk related to Financial Loans:

The company has a comprehensive framework for monitoring credit quality of its film production based on the status of the film production. Repayment by film producers and portfolio is tracked regularly and required steps for recovery is taken through follow ups and legal recourse.

The company is exposed to credit risk in respect of these balances such that, if one or more customers encounter financial difficulties, this could materially and adversely affect the company's financial results. The company attempts to mitigate credit risk by assessing the creditworthiness of customers and closely monitoring payment history.

Trade receivables:

The company from time to time will have significant concentration of credit risk in relation to individual theatrical releases and digital rights. The risk is mitigated by contractual terms which seek to stagger receipts and/or the release or airing of content.

As on 31st March, 2019, outstanding receivables amounting to Rs.19.05 Lakhs (previous year – Rs. 576.78 lakhs).

During the year, the company has accounted provision for doubtful debts amounting to Rs.548.04 lakhs against debtors.

Credit risk on cash and cash equivalents is considered to be minimal as the counterparties are all substantial banks with high credit ratings.

iii) Liquidity risk

Liquidity risk is the risk that the company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The company's management is responsible for liquidity, funding as well as settlement management. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.



Picturehouse Media Limited

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

The table below provides details regarding the contractual maturities of Financial Liabilities:

(Rs. in lakhs)				
Particulars	On demand	< 1 year	1-5 years	Total
As at 31st March 2019				
Borrowings	50.00	-	7,866.07	7,916.07
Trade payables	-	41.95	-	41.95
Interest accrued	-	595.96	-	595.96
Other Financial Liabilities	1,761.75	12.62	-	1,774.37
Total	1,811.75	650.53	7,866.07	10,328.35

(Rs. in lakhs)				
Particulars	On demand	< 1 Year	1-5 years	Total
As at 31st March 2018				
Borrowings	50.00	-	5,805.96	5,855.96
Trade payables	-	407.51	-	407.51
Interest accrued	-	583.17	-	583.17
Other Financial Liabilities	2,217.73	19.32	-	2,237.05
Total	2,267.73	1,010.00	5,805.96	9,083.69

25.19 Capital Management

For the purpose of the company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the company. The company strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The aim is to maintain an optimal capital structure and minimise cost of capital.

The Company monitors capital using the debt-equity ratio, which is net debt divided by total equity. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents, Bank balance other than cash and cash equivalents.

(Rs. in Lakhs)		
Particulars	As at 31 st March 2019	As at 31 st March 2018
Long Term Borrowings	7,866.07	5,805.96
Cash & Cash Equivalents	(0.08)	(0.17)
Bank Balances other than Cash & Cash Equivalents	(6.60)	(54.27)
Net Debt	7,859.39	5,751.52
Equity Share Capital	5,225.00	5,225.00
Other Equity	(3,371.13)	(2,309.86)
Total Equity	1,853.87	2,915.14
Debt Equity Ratio	4.24	1.97

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2019 and 31st March 2018.



Picturehouse Media Limited

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31st March 2019

25.20 Estimated amounts of contracts remaining to be executed on capital account and not provided for Rs. Nil (Previous Year 2017-18).

As per our report of even date.

For Brahmayya & Co
Chartered Accountants
Firm Reg.No. 000511S




K. JITENDRA KUMAR
Partner
Membership No. 201825

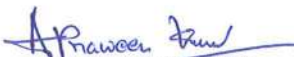
For and on behalf of the Board of Directors



PRASAD V. POTLURI
Managing Director



N.S.KUMAR
Director



A.PRAVEEN KUMAR
GM- Finance & Accounts



SURABI JAIN
Company Secretary

Place: Chennai
Date: 30th May 2019

Place: Chennai
Date: 30th May 2019

5/5