

# B. SUJEET & CO.

Chartered Accountants

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E-mail : sujitborundia@gmail.com

## Independent Auditor's Report

# F. No. 102, Surya Kiran Complex,  
S. D. Road, Secunderabad - 500 003.

To the Members of PVP Capital Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of PVP Capital Limited ('the Company'), which comprise the Balance sheet as at 31<sup>st</sup> March 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred as "financial statements").

### Management's Responsibility for the Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance cash flows and of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts



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

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

### Opinion

In our opinion, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018 and its Loss and its cash flows for the year ended on that date.

### Emphasis of Matter

1. We invite attention to Note No. 19.10 to the financial statements, regarding the adequacy of disclosure concerning the Company's ability to meet its financial obligations including loans, overdue loans, unpaid interest and ability to fund obligations pertaining to operations including unpaid creditors and payment of statutory dues for ensuring normal operations. During the year, the Company incurred a Net loss of Rs. 4,739.39 Lakhs, and has loans aggregating Rs. 12,992.61 lakhs falling due over next twelve months period which also includes unpaid dues of the Company as at March 31, 2018. However, the financial statements have been prepared under the assumption, considering the management assessment to recover the balance dues from borrowers. These submissions and assertions by the management envisage that the Company has the ability to garner the required cash flows, which have not been independently assessed by us. Relying on the above, no adjustments have been made in these financial statements towards any possible impact.
2. During the year, the provision on substandard assets have been made considering the management's assessment of assets being secured by way of lien on lab reports on the rights of the film which is underway. These submissions and assertions by the management envisage that the Company has the ability to recover the loan from the security in case of any untoward incident, which have not been independently assessed by us. Relying on the above, no adjustments have been made in these financial statements towards any possible impact.

Our opinion is not qualified in respect of this matters.





## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in 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 purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (g) With respect to the other matters to be included in the 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. There are no major pending litigations which has an impact on the financial position in its financial statements
    - ii. The Company did not have long term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. Sujeet & Co.

Chartered Accountants

Firm's Registration Number: 009308S

  
B. Sujeet Kumar

Proprietor

Membership Number: 209547



## Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March 2018, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) These Fixed Assets have been physically verified by the management at reasonable intervals, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, there no immovable properties requiring the verification of the title deeds of the immovable properties held in the name of the Company.
- (ii) There are no Inventories as at the year end. Therefore, the provisions of clause 3 (ii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
- (iii) In our opinion and according to the information and explanations given to us, the company has transferred to its Holding Company, a party covered in the register maintained under section 189 of the Act, Rs. 38,92,13,950/- being the loans extended by it; the same is outstanding as at year end.
- (iv) In our opinion and according to the information and explanations given to us, as the Company has complied with the provisions of section 185 and 186 of the Act, to the extent applicable to the Company being a Non-Banking Financial Company (NFBC).
- (v) The Company has not accepted any deposits from the public. Therefore the provisions of clause 3 (v) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company. Therefore the provisions of clause 3(vi) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
- (vii) (a) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.  
*The Income tax due of Rs. 9,12,52,015/- pertaining to earlier years is outstanding for a period of more than six months from the date it became payable, as at the last day of the financial year (Please refer Note 19.6) and there is an undisputed TDS liability of Rs. 43,42,578/- outstanding for a period for more than six months from the date it*





became payable.

Based on the information and explanations provided to us, there are no other undisputed statutory dues outstanding as at 31<sup>st</sup> March, 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no material dues of duty or taxes which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) *In our opinion and according to the information and explanations given to us, the Company has defaulted loans or borrowings from banks during the year.*
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Therefore the provisions of clause 3(ix) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit. Therefore the provisions of clause 3 (x) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company for the year under audit.
- (xi) According to the information and explanations given to us, and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration during the year in accordance with the requisite approvals mandated by the provisions of section 197 read with the Schedule V to the Act.
- (xii) 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.
- (xiii) According to the information and explanations given to us, and based on our examination of the records of the Company, 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 financial statements as required by the applicable accounting standards.
- (xiv) 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.
- (xv) 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 3 (xv) of the Companies (Auditor's Report) Order, 2016



are not applicable to the Company for the year under audit.

- (xvi) The Company is registered under section 45-IA of the Reserve Bank of India Act 1934.

for B. Sujeet & Co.

*Chartered Accountants*

Firm's registration number: 009308S



**B. Sujeet Kumar**

*Proprietor*

Membership number: 209547



Chennai

24<sup>th</sup> May, 2018

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

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

We have audited the internal financial controls over financial reporting of PVP Capital Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered





Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation





of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at March 31, 2018:

- a) The Company needs to strength its documentation relating to loan disbursement. The Company should consider taking tangible immovable property as collateral security from the borrowers. Any life risk to the borrower would put the Company into a great risk of default from the borrower.
- b) The Company has only 1 employee during the year and all the operations are being carried out by him in conjunction with the employees of the Holding Company. Hence there is no internal control framework in place in the Company.
- c) The Company has been defaulting on its commitments to bankers, on corporate tax payments, sluggish on collecting receivables thus signaling a tight liquidity crunch.




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.

## Opinion

In our opinion, except of the effects/possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2018 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.

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 March 31, 2018 financial statements of the Company, and the material weakness does not affect our opinion on the financial statements of the Company.

For **B. Sujeet & Co.**  
Chartered Accountants  
Firm's Registration Number: 009308S

  
**B. Sujeet Kumar**  
Proprietor  
Membership Number: 209547



Chennai  
24<sup>th</sup> May, 2018




**PVP CAPITAL LIMITED**  
CIN : U65191TN1988PLC015481  
**BALANCE SHEET AS AT 31st MARCH, 2018**

	Note No.	As at 31-03-18		As at 31-03-17	
		Rs.	Rs.	Rs.	Rs.
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders' Funds:</b>					
(a) Share Capital	2	250,000,000		250,000,000	
(b) Reserves and Surplus	3	(221,482,646)		252,456,330	
			28,517,354		502,456,330
<b>(2) Share application money pending allotment</b>					
<b>(3) Non-current liabilities:</b>					
(a) Long-term borrowings	4	190,714,306		-	
(b) Deferred tax liabilities (Net)				-	
(c) Other Long-term liabilities				-	
(d) Long-term provisions	5	137,731	190,852,037	394,817	394,817
<b>(4) Current liabilities:</b>					
(a) Short-term borrowings	6	1,286,996,172		1,158,644,326	
(b) Trade payables	7	560,852		224,163	
(c) Other current liabilities	8	24,745,066		9,654,496	
(d) Short-term provisions	9	97,654,015	1,409,956,105	85,283,497	1,253,806,482
<b>Total</b>			1,629,325,495		1,756,657,629
<b>II. ASSETS:</b>					
<b>(1) Non-current assets</b>					
(a) Fixed Assets					
(i) Tangible assets	10	2,897		2,897	
(ii) Intangible assets		-		-	
(iii) Capital Advances		-		-	
(iv) Intangible assets under developemnt		-		-	
(b) Non-current investments		-		-	
(c) Deferred tax assets (Net)		-		-	
(d) Long-term loans and advances		-		-	
(e) Other non-current assets	11	200,000	202,897	2,447,264	2,450,161
<b>(2) Current assets</b>					
(a) Current investments		-		-	
(b) Inventories		-		-	
(c) Trade receivables		-		-	
(d) Cash and cash equivalents	12	122,039		42,248,794	
(e) Short-term loans and advances and other Current Assets.	13	1,629,000,559	1,629,122,598	1,711,958,674	1,754,207,468
<b>Total</b>			1,629,325,495		1,756,657,629

As per our Report of even date  
For M/s B. SUJEET & CO  
CHARTERED ACCOUNTANTS  
Firm Reg No: 009308S

*B. Sujeet Kumar*  
**B. SUJEET KUMAR**  
Proprietor  
Membership No. 209547



For and on behalf of the Board of Directors

*R. Nagarajan*  
**R. NAGARAJAN**  
Director  
DIN: 00443963

*R. Ramaswamy*  
**R. RAMASWAMY**  
Director  
DIN: 7737350

Place : Chennai  
Date : 24th May, 2018

*P. Bhanu Prakash*  
**P. BHANU PRAKASH**  
Chief Financial Officer

*Surabi Jain*  
**SURABI JAIN**  
Company Secretary

**PVP CAPITAL LIMITED**  
CIN : U65191TN1988PLC015481

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2018**

	Note No	For the Year ended 31-03-2018	For the Year ended 31-03-2017
		Rs.	Rs.
I Revenue from operations	14	81,644,531	212,526,055
II Other income		47,500	-
III Total Revenue (I + II)		81,692,031	212,526,055
IV Expenses:			
a Cost of materials consumed			-
b Purchases of Stock-in-Trade			-
c Changes in inventories of finished goods work-in-progress and Stock-in-Trade			-
d Employee benefit expenses	15	1,094,447	4,907,373
e Finance costs	16	237,742,332	197,585,811
f Depreciation and amortization expenses	10		8,952
g Other expenses	17	3,144,581	5,997,125
h Contingent Provision on Standard Assets / NPA / Bad Debts		309,946,652	-
Total expenses		551,928,012	208,499,260
V Profit/(Loss) before exceptional and extraordinary items and tax (III - IV)		(470,235,981)	4,026,795
VI Exceptional items	18	142,421	2,629,448
VII Profit/(Loss) before extraordinary items and tax (V - VI)		(470,093,560)	6,656,243
VIII Extraordinary items			
IX Profit/(Loss) before tax (VII - VIII)		(470,093,560)	6,656,243
X Tax expenses			
(1) Current tax			4,931,482
(2) Deferred tax			-
(3) Earlier Year Income Tax Paid/(Reversed)		3,845,417	-
XI Profit / (loss) for the year from continuing operations (IX -X)		(473,938,977)	1,724,761
XII Profit / (loss) from discontinuing operations			-
Tax expenses of discontinuing operations			-
XIII Profit / (loss) from discontinuing operations (after tax) (XII - XIII)			-
XIV Profit / (loss) for the year (XI + XIV)		(473,938,977)	1,724,761
XV Earnings per share:	19		
(1) Basic		(18.96)	0.07
(2) Diluted		(18.96)	0.07

As per our Report of even date

For M/s B. SUJEET & CO

**CHARTERED ACCOUNTANTS**

Firm Reg No: 009308S

*B. Sujeeet Kumar*  
**B.SUJEET KUMAR**  
Proprietor  
Membership No. 209547



For and on behalf of the Board of Directors

*R. Nagarajan*  
**R. NAGARAJAN**  
Director  
DIN: 00443963

*R. Ramaswamy*  
**R. RAMASWAMY**  
Director  
DIN: 7737350

Place : Chennai  
Date : 24th May, 2018

*P. Bhanu Prakash*  
**P. BHANU PRAKASH**  
Chief Financial Officer


*Surabi Jain*  
**SURABI JAIN**  
Company Secretary



**PVP CAPITAL LIMITED**  
CIN : U65191TN1988PLC015481  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018**

	Year Ended March 31, 2018	Year Ended March 31, 2017
	Rs.	Rs.
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Profit/(Loss) before taxation	(470,093,560)	6,656,243
Adjustments for operating activities :		
Depreciation	-	8,952
Contingent Provision on Standard Assets / NPA / Bad Debts	309,946,652	-
Baddebts Written off	-	1,084,315
Interest on Income Tax provided	19,087,368	-
<b>Operating Profit before Working Capital Changes</b>	<b>(141,059,540)</b>	<b>7,749,510</b>
Adjustments for :		
(Increase)/Decrease in Short Term Loans & Advances and Other Current Assets	(227,188,537)	335,314,001
Increase/(Decrease) in Long Term Provisions	(257,086)	(2,739,375)
Increase/(Decrease) in Short Term Provisions	114,666	109,927
Increase/(Decrease) in Current Liabilities & Trade Payables	15,427,258	1,709,688
<b>Cash generated from operations</b>	<b>(352,963,238)</b>	<b>342,143,751</b>
Income taxes paid	(8,229,669)	(5,381,729)
<b>Net Cash from/ (used in) Operating Activities (A)</b>	<b>(361,192,907)</b>	<b>336,762,022</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase/addition to Fixed Assets including capital advances	-	-
Interest received	-	-
Income from Current Investment	-	-
<b>Net cash from/ (used in) investing activities (B)</b>	<b>-</b>	<b>-</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from share capital	-	-
Proceeds from Long/Short Term Borrowings	319,066,152	(294,843,312)
Repayment of Long/Short Term Borrowings	-	-
<b>Net cash from financing activities (C)</b>	<b>319,066,152</b>	<b>(294,843,312)</b>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(42,126,755)</b>	<b>41,918,710</b>
Cash and cash equivalents at the beginning of the year	42,248,794	330,084
<b>Cash and cash equivalents at the end of the year</b>	<b>122,039</b>	<b>42,248,794</b>

As per our Report of even date  
For M/s B. SUJEET & CO  
CHARTERED ACCOUNTANTS  
Firm Reg No: 0093085


  
**B.SUJEET KUMAR**  
Proprietor  
Membership No. 209547





Place : Chennai  
Date : 24th May, 2018

For and on behalf of the Board of Directors

  
**R. NAGARAJAN**  
Director  
DIN: 00443963

  
**R. RAMASWAMY**  
Director  
DIN: 7737350

  
**P. BHANU PRAKASH**  
Chief Financial Officer

  
**SURABI JAIN**  
Company Secretary

**PVP Capital Limited**

Corporate Identification Number: U65191TN1988PLC015481

Notes forming part of the financial statements for the year ended March 31, 2018

**NOTE 1: COMPANY'S OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India. (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the notified accounting standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. Accounting Policies have been consistently applied except where a newly accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The financial statements have been prepared on an accrual basis of accounting and under the historical cost convention. The Company follows the directions prescribed by the Reserve Bank of India (RBI) for Non-Banking Financial Companies.

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated 30 March 2016. The said notification is applicable to accounting period commencing on or after the date of notification i.e. 1 April, 2016.

The classifications of assets and liabilities of the Company is done into current and non-current based on the operating cycle of the business of the Company. The operating cycle of the business of the Company is less than twelve months and therefore all current and non-current classifications are done based on the status of realisability and expected settlement of the respective asset and liability within a period of twelve months from the reporting date.





## **PVP Capital Limited**

Corporate Identification Number: U65191TN1988PLC015481

Notes forming part of the financial statements for the year ended March 31, 2018

### **1.2 REVENUE RECOGNITION:**

The Company recognizes income and expenditure on accrual basis except interest on loans which are classified as non-performing assets and are accounted for on realization basis. Interest Income on Loans is accrued over the maturity of the loan where the interest is serviced regularly as per the applicable prudential norms prescribed for NBFCs by RBI to the extent applicable to the Company.

### **1.3 CASH FLOW STATEMENTS**

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

### **1.4 FIXED ASSETS AND DEPRECIATION :**

Fixed Assets are stated at the cost of acquisition less accumulated depreciation. The cost of acquisition includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Depreciation is provided on straight-line method at the rates prescribed under Schedule II of the Companies Act, 2013, as amended.

### **1.5 BORROWING COST :**

Borrowing costs are expensed in the year in which it is incurred, except those attributable to acquisition of assets that takes a substantial period to get ready for its intended use, then the borrowing cost incurred on such assets are capitalized to its cost.

### **1.6 EMPLOYEE BENEFITS**

#### **a) Leave Encashment**

Leave encashment is paid for in accordance with the rules of the Company and provided based on an actuarial valuation as at the balance sheet date. Actuarial Gains/Losses are recognized immediately in Statement of Profit & Loss.



## **PVP Capital Limited**

Corporate Identification Number: U65191TN1988PLC015481

Notes forming part of the financial statements for the year ended March 31, 2018

### **b) Gratuity**

The liability as at the Balance Sheet date is provided for based on the actuarial valuation carried out in accordance with revised Accounting Standard 15 (Revised 2005) on "Employee Benefits" as at the end of the period. Actuarial Gains/Losses are recognized immediately in Statement of Profit & Loss.

### **1.7 PROVISIONS AND CONTINGENCIES :**

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made the fact is disclosed.

### **1.8 PROVISIONS FOR TAXATION :**

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





## **PVP Capital Limited**

Corporate Identification Number: U65191TN1988PLC015481

Notes forming part of the financial statements for the year ended March 31, 2018

### **1.9 EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend, if any and attributable taxes) by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as fraction of an equity share to the extent that they were entitled to participate in dividends related to a fully paid equity share during the reporting year.



**PVP CAPITAL LIMITED**  
CIN : U65191TN1988PLC015481  
**NOTES TO THE ACCOUNTS AS AT 31st MARCH, 2018**

		As at 31-03-2018	As at 31-03-2017
		Rs.	Rs.
<b>Note: 2</b>	<b>(A) Authorised, Issued, Subscribed and Paid-up share capital and par value per share</b>		
	<b>Authorised Share Capital</b>		
	5,00,00,000(PY 5,00,00,000 )Equity Shares of Rs. 10/- each	500,000,000	500,000,000
	<b>Issued, Subscribed and Paid Up</b>		
	2,50,00,000(PY 2,50,00,000) Equity Shares of Rs. 10/- each	250,000,000	250,000,000
		250,000,000	250,000,000
	<b>(B) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:</b>		
	Number of equity shares outstanding as at the beginning of the year	25,000,000	25,000,000
	Add: Number of Shares allotted during the year		
	Less: Number of Shares bought back		
	Number of equity shares outstanding	25,000,000	25,000,000
	<b>(C) Shares in the company held by each shareholder holding more than 5%:</b>		
		No of shares at 31.03.2018	No of shares at 31.03.2017
Name of shareholder			
% as at year end			
Picture House Media Limited and nominees		25,000,000	25,000,000
<b>Note: 3</b>	<b>RESERVES AND SURPLUS</b>		
	<b>a General Reserves</b>		
	Opening Balance	86,000	86,000
	Add: Additions during the Year		
	Less: Deductions during the year		
	Closing Balance	(a) 86,000	86,000
	<b>b Surplus ( P&amp;L a/c ) as under:</b>		
	Opening Balance	201,953,967	200,574,158
	Profit / (Loss) for the period - From P & L	(473,938,977)	1,724,761
	Less: Proposed dividends	0	-
	Tax on distributed profits	0	-
	Balance of Profit / Loss	(271,985,010)	202,298,919
	Less: Transfer to Statutory Reserves	-	344,952
	Closing Balance	(b) (271,985,010)	201,953,967
	<b>c Statutory Reserve *</b>		
	Opening Balance	50,416,363	50,071,411
	Add: Additions during the Year	0	344,952
	Less: Deductions during the year		-
	Closing Balance	(c) 50,416,363	50,416,363
	<b>d Total</b>	(a+b+c) (221,482,646)	252,456,330
	* - Transfer to Statutory Reserve made @ 20% of the profit after tax as per Section 45-IC of RBI Act, 1934		





**PVP CAPITAL LIMITED**  
CIN : U65191TN1988PLC015481  
**NOTES TO THE ACCOUNTS AS AT 31st MARCH, 2018**

		As at 31-03-2018	As at 31-03-2017
<b>Note-4</b>	<b>LONG TERM BORROWING</b>		
	<u>Secured</u>		
	Loan from others *	190,714,306	-
	(Inculding Interest accrued and Due)		
		<b>190,714,306</b>	-
	The Loan is secured by a charge on the immovable property owned by Mr. Prasad V Potluri		
<b>Note-5</b>	<b>LONG TERM PROVISIONS</b>		
	Employee Benefits	137,731	394,817
		<b>137,731</b>	<b>394,817</b>
<b>Note-6</b>	<b>SHORT TERM BORROWING</b>		
	<u>Secured</u>		
	Loan from Bank**	1,191,115,126	1,012,006,299
	(Inculding Interest accrued and Due)		
	Loan from others *	95,881,046	146,638,027
	(Inculding Interest accrued and Due)		
		<b>1,286,996,172</b>	<b>1,158,644,326</b>
	**The above Loan is secured by a charge on the Loans made to film finance and other related activities ,apart from the Collateral securities on the properties belonging to Group Companies and personal gurantee of Mr Prasad V Potluri and Smt Jhansi Sureddi.		
	* The above Loan is secured by a second charge on the Loans made to film finance and other related activities, and personally guranteed by a Director of the company.		
<b>Note-7</b>	<b>TRADE PAYABLE</b>		
	Sundry Creditors for Expenses	560,852	224,163
		<b>560,852</b>	<b>224,163</b>
<b>Note-8</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Current Maturities of Long Term Debt	12,264,654	-
	TDS Payable	6,385,081	5,221,875
	GST Payable	9,000	-
	Salary Payable	97,236	137,401
	CSR expenditure payable	5,989,095	4,295,220
		<b>24,745,066</b>	<b>9,654,496</b>
<b>Note-9</b>	<b>SHORT TERM PROVISIONS</b>		
	Provision for Income Tax ( Net of TDS / Advance Tax : 2,01,60,853 ; PY: 1,51,60,853 )	91,252,015	78,996,163
	Employee Benefits	264,396	149,730
	Contingent Provision against Standard Assets	6,137,604	6,137,604
	(made at 0.36% of the outstanding loans ; Previous year 0.30%)		
		<b>97,654,015</b>	<b>85,283,497</b>
<b>Note-11</b>	<b>OTHER NON CURRENT ASSETS</b>		
	Income Tax Refundable	-	2,447,264
	(Net of provisions of Rs. 49,31,482)		
	Loans & Advances - Others	200,000	-
	GST Input Tax Credit	-	-
		<b>200,000</b>	<b>2,447,264</b>



**PVP CAPITAL LIMITED**  
**CIN : U65191TN1988PLC015481**  
**NOTES TO THE ACCOUNTS AS AT 31st MARCH, 2018**

		As at 31-03-2018	As at 31-03-2017
Note-12	<b>CASH AND CASH EQUIVALENTS</b>		
	Balance with banks	118,038	42,248,375
	Cash on hand	4,001	419
	(As Certified by the Management)		
		<b>122,039</b>	<b>42,248,794</b>
Note 13	<b>SHORT TERM LOANS AND ADVANCE</b>		
	<b>Loans - Film Finance</b>		
	Secured - Considered Good	-	1,489,828,004
	Secured - Considered Doubtful	1,510,038,464	-
	<b>Unsecured - Considered Good</b>		
	Advances to Related Party	389,213,950	222,130,670
	Loans and advances to employees		-
	<b>Unsecured - Considered Doubtful</b>		
	Loans and advances to Others	1,208,940	1,208,940
	Less: Provision for Doubtful advances	(271,460,795)	(1,208,940)
		<b>1,629,000,559</b>	<b>1,711,958,674</b>





PVP CAPITAL LIMITED										
CIN : U65191TN1988PLC015481										
FIXED ASSETS SCHEDULE AS AT 31st MARCH, 2018										
Note-10 :FIXED ASSETS - TANGIBLE										
Description	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount	
	As at 1st April 2017	Addition	Deletion	As at 31st March 2018	As at 1st April 2017	Addition	Deletion	As at 31st March 2018	As at 31st March 2018	As at 31st March 2017
Computers & Related Assets	Rs. 36,990	Rs. -	Rs. -	Rs. 36,990	Rs. 35,140	Rs. -	Rs. -	Rs. 35,140	Rs. 1,850	Rs. 1,850
Office Equipments	20,949	-	-	20,949	19,902	-	-	19,902	1,047	1,047
	57,939	-	-	57,939	55,042	-	-	55,042	2,897	2,897
Previous year	57,939	-	-	57,939	46,090	8,952	-	55,042	2,897	11,849



PVP CAPITAL LIMITED CIN : U65191TN1988PLC015481 NOTES TO THE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2018		
	For the year ended 31-03-18 Rs.	For the year ended 31-03-17 Rs.
<b>Note-14 REVENUE FROM OPERATIONS</b>		
Interest Income from Film Financing Activity	81,644,531	212,526,055
	81,644,531	212,526,055
<b>Note-15 EMPLOYEE COST</b>		
Salaries and allowance	1,065,691	4,907,373
Staff welfare	28,756	-
Other Allowance	-	-
	1,094,447	4,907,373
<b>Note -16 FINANCE COST</b>		
Interest Expenses	211,824,416	188,918,880
Bank Charges	6,610,953	1,357,190
Interest On Income tax	19,087,368	6,997,017
Interest on GST/ST	690	11,101
Interest on TDS	218,905	301,623
	237,742,332	197,585,811
<b>Note-17 OTHER EXPENSES</b>		
Legal, Professional and consultancy	701,121	643,133
ROC Fees	22,800	7,200
Audit Fees	130,000	149,500
CSR Expenditure	1,693,875	2,375,220
Rates & Taxes	4,190	5,629
Travelling & Conveyance	165,662	150,000
Bad Debts	-	1,084,315
Provision for Doubtful advances	-	1,208,940
Other Expenses	426,933	373,189
	3,144,581	5,997,125
<b>Note-18 EXECEPTIONAL ITEMS</b>		
Excess provisions on Employee benefit written back	142,421	2,629,448
	142,421	2,629,448





**PVP Capital Limited**

Corporate Identification Number: U65191TN1988PLC015481

Notes forming part of the financial statements for the year ended March 31, 2018

**NOTE NO.19: OTHER ITEMS**

- 19.1 The Company has been under the Non deposit (ND) category consequent to the redefining of "systematic significance" for NBFC's ND with asset size less than Rs. 500 crores. The Company is regular in filing of the prescribed returns applicable to NBFC ND Category. Consequent to the redefining of 'systematic significance', the NBFC-ND with asset size of less than Rs. 500 crore, are exempted from the requirement of maintaining CRAR and complying with Credit Concentration Norms .
- 19.2 The leverage ratio of the Company is 52.71 (P.Y. 3.02) as on 31<sup>st</sup> March, 2018 as against the prescribed maximum of 7 times.
- 19.3 Prudential Norms prescribed duly followed both for Income Recognition and Asset Classification.
- 19.4 There are no exposures to Real Estate, direct or indirect.
- 19.5 The maturity pattern of Assets and Liabilities is given below
- All the Assets represented by Film Financing are repayable within 1 year and extensions are considered and granted on a case to case basis at the discretion of the management on a need basis after reviewing the progress.
  - The Liabilities represented by Bank Over- draft and from other parties are repayable within one year.
- 19.6 The "Provision for Income Tax (Net of TDS / Advance Tax)" Grouped under "Short Term Provisions" includes a sum of 9,12,52,015 (PY:Rs. 7,89,96,163/-) the Income tax due for the earlier years, which remains unpaid till 31<sup>st</sup> March, 2018.
- 19.7 The "Advance to Related party" Grouped under "Short Term Loans and Advances" amounting to Rs. 22,17,82,180/- (P.Y Rs. 22,21,30,670/-) represents the advances taken



**PVP Capital Limited**

Corporate Identification Number: U65191TN1988PLC015481

Notes forming part of the financial statements for the year ended March 31, 2018

over by the Holding Company to facilitate recovery by way of availing services from the parties.

19.8 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 year-end together with interest paid/ payable as required under the said Act have not been given.

19.9 Loans – Film finance' are advanced for financing film production and it is secured against lien on film negative, assignment of rights, personal guarantee of the producers, hypothecation of assets.

19.10 As on March 31, 2018, the Company has loans aggregating Rs. 14,899.75 (March 31, 2017 Rs.11,586.44 ) Lakhs and falling due over next twelve months period of Rs. 12992.61 lakhs (PY: 11,586.44 lakhs). These matters require the Company to garner such additional cash flows to fund the operations. Due to the market condition in film industry, the borrowers could not meet their payment obligations. The loans are classified as substandard and required provision is made as per Reserve Bank of India regulations. The management is actively considering the aspects like recovery from the borrowers and other resources to bring in additional cash flows to meet its obligations.

**19.11 Corporate Social Responsibility (CSR) Expenditure.**

Sl. No.	Particulars	31.03.2018 (In Rs.)	31.03.2017 (In Rs.)
1.	Average Net profits of the Company for last three financial years	8,46,93,750	11, 87, 61,057
2.	CSR Expenditure to be incurred for the current year	16,93,875	23,75,200
3.	Unspent amount of the Previous year	42,95,220	19,20,000



**PVP Capital Limited**

Corporate Identification Number: U65191TN1988PLC015481

Notes forming part of the financial statements for the year ended March 31, 2018

4.	Total amount to be spent for the current financial year	59,89,095	42,95,220
5.	Amount spent during the year	-	-
6.	Amount unspent (4-5)	59,89,095	42,95,220

**19.12 Earnings per Share**

Particulars	Ref	Year ended March 31, 2018	Year ended March 31, 2017
Profit/ (Loss) before Exceptional Items (in Rs.)	A	(47,40,81,398)	(904,687)
Profit/ (Loss) after Exceptional Items (in Rs.)	B	(47,39,38,977)	17,24,761
Number of shares outstanding	C	2,50,00,000	2,50,00,000
Earnings per share before Exceptional Items - Basic and Diluted	A/C	(18.96)	(0.04)
Earnings per share after Exceptional Items - Basic and Diluted	B/C	(18.96)	0.07

**19.13 Related Party Transactions**

Name of the Related Parties	Description of relationship
Picturehouse Media Limited	Holding Company
PVP Ventures Limited	Ultimate Holding Company
Mr. Vinay Chilakapati	Key Management Personnel resigned w.e.f 30 <sup>th</sup> March 2017
Mr. P.Bhanu Prakash	Key Management Personnel
Mr. R. Ramaswamy	Director
Mr. N.S. Kumar	Director
Mr. R. Nagarajan	Director





**PVP Capital Limited**

Corporate Identification Number: U65191TN1988PLC015481

Notes forming part of the financial statements for the year ended March 31, 2018

Summary of transactions with the related parties, during the year ended March 31, 2018 and balances as at the March 31, 2018.

Nature of transactions	Transactions for the Year Ended (Rs.)		Balance outstanding as at (Rs.)	
	Mar 31, 2018	Mar 31, 2017	Mar 31, 2018	Mar 31, 2017
<b>Unsecured Loans Advanced (Net)</b>				
Picturehouse Media Limited	16,70,83,280	(50,12,888)	38,92,13,950	22,21,30,670
<b>Remuneration paid to KMP</b>				
Mr. Vinay Chilakapatti	NIL	27,00,005	NIL	NIL
Mr. P. BhanuPrakash	12,25,002	11,50,001	97,236	1,19,901
<b>Sitting Fees paid</b>				
Mr. N S Kumar	40,000	40,000	NIL	NIL
Mr. R. Nagarajan	40,000	40,000	NIL	NIL
<b>Corporate Guarantees given by</b>				
Picturehouse Media Limited	NIL	NIL	100,00,00,000	100,00,00,000
PVP Ventures Limited	NIL	NIL	100,00,00,000	100,00,00,000



**PVP Capital Limited**

Corporate Identification Number: U65191TN1988PLC015481

Notes forming part of the financial statements for the year ended March 31, 2018

19.14 Explanatory notes 1 to 19 form an integral part of the Balance Sheet and Statement of Profit and Loss and are duly authenticated.

As per our Report of even date.

For M/s B. SUJEET & CO

**CHARTERED ACCOUNTANTS**


Firm Reg. No.: 009308S


  
**B. SUJEET KUMAR**  
(Proprietor)  
Membership No. 209547



**For and on behalf of the Board of Directors**

  
**R. NAGARAJAN**  
Director  
DIN: 00443963

  
**R. RAMASWAMY**  
Director  
DIN: 7737350

  
**P BHANU PRAKASH**  
Chief Financial Officer

  
**SURABI JAIN**  
Company Secretary

Place : Chennai

Date : 24th May, 2018