

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

S.No	Particulars	Audited Figures in lakhs (as reported before adjusting for qualifications)	Adjusted Figures in lakhs (audited figures after adjusting for qualifications)
1.	Turnover/Total Income	4,951.86	4,951.86
2.	Total Expenditure	11,054.13	11,054.13
3.	Net Profit/(Loss)	(9,522.55)	(9,522.55)
4.	Earnings per share (in Rs.)	(3.89)	(3.89)
5.	Total Assets	50,534.98	50,534.98
6.	Total Liabilities	68,495.69	68,495.69
7.	Net Worth	(17,960.71)	(17,960.71)
8.	Any other financial item(s) (as felt appropriate by the management)	-	-

S.No	1
Details of Audit Qualification	<p>Attention is invited to note no. 3 to the Consolidated financial results, the Company has mortgaged its land situated at Perambur, Chennai as a security and also furnished corporate guarantee to a bank for the borrowings made by PVP Capital Limited, Chennai (i.e. wholly owned step down subsidiary company) amounting to Rs. 10,000 lakhs. The outstanding amount as per the books of accounts as on March 31, 2022 including interest due is Rs 23856.85 lakhs. The loanee i.e. PVP Capital Limited has not adhered to repayment schedule of principal and interest dues to its bank, consequent to which the bank filed for recovery of its dues before the Debt Recovery Tribunal (DRT) and also initiated recovery proceedings against the company under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act, 2002). Further, the lender bank has taken possession of mortgaged lands and issued sale notice for e-auction of the property given by the ultimate holding company as corporate guarantee, but there were no bidders. We were informed by the Board that the subsidiary viz. PVP Capital Limited has negotiated with the lender bank for one time settlement (OTS) and the lender Bank has also agreed for OTS of Rs. 9500 lakhs as full and final settlement vide letter from the Bank dated March 15, 2022. PVP Capital Limited has to remit the said sum of Rs. 9500 lakhs on or before September 14, 2022. PVP Capital Limited had remitted a sum of Rs. 900 lakhs into the lender Bank. The Board of PVP Ventures Ltd also asserts that no provision is required to be made to the carrying value as it is confident that the payment obligation by the PVP Capital Limited will be met in due course. But, in our</p>

	<p>required to be made to the carrying value as it is confident that the payment obligation on PVP Capital Limited will be met on or before September 14, 2022 as stipulated by the lender Bank. However, in our view the carrying value of the relevant mortgaged assets is dependent on the repayment of the loan by the PVP Capital Limited. Under these circumstances, we are unable to express our view whether the company is justified in carrying the assets that have been mortgaged where the loanee has already defaulted and similarly whether the company is justified in not taking cognizance of financial obligation that may devolve on the company in case the corporate guarantee is invoked. Accordingly, the company should have considered reduced carrying value of the said asset and / or guarantee furnished as an obligation as per Ind AS 109 while preparing the financial statements.</p> <p>On the basis of above facts, the loss for the year ended March 31, 2022 is understated to this extent. However, it is difficult to measure the extent of understatement of loss in the circumstances obtaining</p>
Type of Qualification	Qualified Opinion
Frequency of Qualification	Third Time
For Audit Qualification(s) where impact is quantified by the Auditor, Management Views	NA
If management is unable to estimate the impact, reasons for the same	PVP Capital Limited had already paid Rs.9.00 crores upfront as per the One Time Settlement ("OTS") letter dated March 15, 2022 and it is mobilizing the funds to make the balance repayment. Thus there is no understatement of loss in the books of the holding company.
Auditors Comments	No further comments
S.No	2
Details of Audit Qualification	<p>Attention is invited to note no. 1(c). to the standalone financial results, which explains the management view point and understanding of the implications arising on account of defaults committed in redeeming the debentures as per the schedule of redemption. The Board has obtained an extension from the debenture holder vide letter dated May 24, 2022 to pay the outstanding by June 30, 2022 (covering all the defaults happened up to March 31, 2021) and is of the opinion that as extension of time has been obtained from the debenture holder, there is no delay as regards redemption of debenture and interest thereon. However we do not agree with the Board's view.</p>
Type of Qualification	Qualified Opinion
Frequency of Qualification	Third time
For Audit Qualification(s) where impact is quantified by the Auditor, Management Views	NA

Auditors Comments	No further comments
S.No	3
Details of Audit Qualification	<p>Attention is invited to note no. 5 to the Statement, in relation to advances made for film production (including interest accrued of Rs. 509.94 lakhs) amounting to Rs. 1633.14 lakhs, whose realisability is significantly dependent on timely completion of production of films and the commercial viability of the films under production etc. The holding company's Board is of the view that advances can be realised at the time of release of the movies and accordingly, the company is confident of realizing the entire amount of loans with interest and does not foresee any erosion in carrying value.</p> <p>We are not provided with any documentary evidence as regards Board's assertion that the carrying amount of loans made have not suffered any erosion as on March 31, 2022. No evidence was adduced regarding the status of production of films. Nor was confirmation produced from the loan debtors. Consequently, we are unable to determine whether any impairment to the carrying amounts of advances were necessary and to this extent, loss for the year ended March 31, 2022 is understated.</p>
Type of Qualification	Qualified Opinion
Frequency of Qualification	Fourth Time
For Audit Qualification(s) where impact is quantified by the Auditor, Management Views	NA
If management is unable to estimate the impact, reasons for the same	<p>Realisability is significantly dependent on timely completion of production of films and the commercial viability of the films under production etc. Management is of the view that loans and advances can be realised at the time of release of the movies and accordingly, the company is confident of realizing the entire amount of loans with interest and does not foresee any erosion in carrying value. The management is confident of realising the value at which they are carried notwithstanding the period outstanding.</p>
Auditors Comments	No further comments
S.No	4
Details of Audit Qualification	<p>Attention is invited to note no. 6 to the Statement, in relation to inventory i.e. films production expenses amounting to Rs. 3861.90 lakhs, mainly consists of advances granted to artists and co-producers. As represented by the Management the film production is under progress with respect to production of 3 movies costing Rs. 1,009.78 lakhs. In respect of the balance inventory of Rs. 2,852.12 lakhs the Board of the holding company is confident of recovering the amount from the production houses. In the absence of documentary evidence as well as the confirmation of balance from the parties relating to the status of the inventory amounting to Rs 2852.12 lakhs, we are unable to agree with the views of the Board.</p>



Type of Qualification	Qualified Opinion
Frequency of Qualification	Fourth Time
For Audit Qualification(s) where impact is quantified by the Auditor, Management Views	NA
If management is unable to estimate the impact, reasons for the same	The films under production expenses mainly comprising payments to artists and co-producers the company is evaluating options for optimal utilization of these payments in production and release of films. The management does not foresee any erosion in carrying value.
Auditors Comments	No further comments
S.No	5
Details of Audit Qualification	<p>The independent auditor of subsidiary company viz. PVP Capital Limited has drawn Qualified conclusion. The same is reproduced by us as under:</p> <ol style="list-style-type: none"> <li>Note No. 16.6 in the financial statements which indicates that the Company has not adhered to the repayment schedule for the principal and interest dues to the Bank, consequent to which the Bank has filed for recovery of its dues before the Debt Recovery Tribunal (DRT) and also initiated recovery proceedings under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFESI Act, 2002). Further the Bank has taken over symbolic possession of the immovable property and issued sale notice for e-auction of the property given by the ultimate holding company as corporate guarantee. The outstanding amount is Rs. 23856.86 lakhs as per the books of account as at March 31, 2022</li> <li>The company proposed to the bank for OTS and the same is accepted and agreed by the bank letter dated 15th March 2022 giving option for one time settlement (OTS) as full and final for Rs. 95.00 crore Out of which the company had already made payment Rs.9.00 crore and the balance OTS amount Rs.86.00 cr should be payable on or before 14th September 2022.</li> <li>Further the Company is currently pursuing the realization of dues to the Company and other than this the Company is not carrying any business activity. The regulatory authority may cancel the registration to carry the principal business activity as a Non-Banking Finance Company due to non-maintenance of minimum net owned fund of Rs. 2 crores as stated in the said note to the financial statement. The Company's inability to meets its financial statements, non-payment of statutory dues and in absence of visual cash</li> </ol>

	flows, doubts are cast on the ability of the Company to continue as a going concern to achieve its future business plans. Taking into consideration the pending legal outcomes of the legal proceedings as well as liquidity constraints, we are unable to express our view whether it is appropriate to treat the Company as a going concern. However based on the management's assertions the Company's financial statements have been prepared on the basis of going concern and the impact, if any, if it were to be treated as a going concern, is not ascertainable at this stage.
Type of Qualification	Qualified Opinion
Frequency of Qualification	Fourth Time
For Audit Qualification(s) where impact is quantified by the Auditor, Management Views	NA
If management is unable to estimate the impact, reasons for the same	<p>PVPCL has applied for One Time Settlement (OTS) to the bank and the same was agreed by the bank vide letter dated March 15, 2022. The lender Bank has agreed for Rs.9500 lakhs as OTS. PVPCL has remitted Rs. 900 lakhs and the balance of Rs. 8600 lakhs would be remitted on or before September 14, 2022</p> <p>Management has evaluating the action plans to realize the dues to the company and settlement the existing vendors, further company can carry the movie financing business after taking necessary approvals from the RBI. Hence management is of the view that the financial statements shall continue to be prepared on the assumption that the company is a going concern.</p>
Auditors Comments	No further comments
S.No	6
Details of Audit Qualification	<p>1. The independent auditor of subsidiary company viz. PVP Global Ventures Private Limited has drawn Qualified conclusion. The same is reproduced by us as under:</p> <p>We invite attention to Note No. 11.2 regarding advance of Rs. 10366.39 lakhs (PY: Rs. 10366.39 lakhs) given for acquisition of land. The long duration of outstanding of these advance and other factors like low probability of availability of a big chunk of land indicate the existence of uncertainty on the eventual realisability of these advance.</p>
Type of Qualification	Qualified Opinion
Frequency of Qualification	Third Time
For Audit Qualification(s) where impact is quantified by the Auditor, Management Views	NA

If management is unable to estimate the impact, reasons for the same	The Company internally evaluating and providing in the books for any possible financial loss. Also various option is being pursued for exiting the investment to other suitors or recovering from the parties who took advances
Auditors Comments	No further comments
S.No	7
Details of Audit Qualification	<p>2. The independent auditor of the following subsidiary has drawn a qualified conclusion with respect to internal financial control over financial reporting.</p> <p>(i) PVP Capital Limited, Chennai</p> <p>(ii) PVP Global Ventures Private Limited, Chennai</p> <p>(iii) Adobe Realtors Private Limited, Chennai</p> <p>(iv) Arete Real Estate Developers Private Limited, Chennai</p> <p>(v) Expression Real Estates Private Limited, Chennai</p> <p>(vi) New Cyberabad City Projects Private Limited, Chennai</p> <p>(vii) PVP Corporate Private Limited, Chennai</p> <p>(viii) PVP Media Ventures Private Limited, Chennai</p> <p>(ix) Safetrunk Services Private Limited, Chennai</p>
Type of Qualification	Qualified Opinion
Frequency of Qualification	Second Time
For Audit Qualification(s) where impact is quantified by the Auditor, Management Views	NA
If management is unable to estimate the impact, reasons for the same	The qualification under internal control is mainly w.r.t number of employees. The subsidiaries company are in the face of post COVID. Thus it has reduced the employees. There is slow recovery and the management is taking all necessary steps to strengthen the internal control frame work
Auditors Comments	No further comments

Prasad Veera  
Potluri

Prasad V. Potluri  
Chairman & Managing  
Director

*S. Karthikeyan*  
Karthikeyan Shanmugam  
Chief Financial Officer

*N S Kumar*  
N S Kumar  
Audit Committee Chairman

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

*V. Venkatasubramanian*  
25/05/2022  
Venkatasubramanian.S  
Partner  
Membership no.219238

Date : May 25, 2022  
Place : Chennai