

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

S.No	Particulars	Audited Figures in lakhs (as reported before adjusting for qualifications)	Adjusted Figures in lakhs (audited figures after adjusting for qualifications)
1.	Turnover/Total Income	3,286.71	3,286.71
2.	Total Expenditure	3,670.32	3,670.32
3.	Net Profit/(Loss) after tax	(50,234.27)	(50,234.27)
4.	Earnings per share (in Rs.)	(20.50)	(20.50)
5.	Total Assets	41,059.08	41,059.08
6.	Total Liabilities	32,967.35	32,967.35
7.	Net Worth	8,091.73	8,091.73
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 standalone 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. 10000 lakhs. The outstanding amount as per the books of accounts as on March 31, 2022 including interest due is Rs 23,856.85 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 has deposited a sum of Rs. 900 lakhs in an earmarked bank account as on date. The Board of PVP Ventures Ltd also asserts that no provision is</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	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.
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	As per the legal advice, management is of the view that even though the repayment has not been made within the period contemplated, the delay has been ratified by the debenture holder with retrospective effect by virtue of which the management contents this would not come under the ambit of default as defined under explanation 2 to regulation 49 of the SEBI (LODR) Regulations, 2015
Auditors Comments	No further comments

Prasad
Veera
Potluri

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by Prasad Veera
Potluri
Date: 2022.05.25
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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

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

Date : May 25, 2022
Place : Chennai