

**ANNEXURE 1**

**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Standalone Financial Results of PVP Ventures Limited**

Statement on Impact of Audit Qualification on Annual Audited Standalone Financial Results for the Financial Year ended 31st March 2021			
[See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]			
Sl No	Particulars	Audited Figures	Adjusted Figures
		(as reported before adjusting for qualifications)	(audited figures after adjusting for qualifications)
		(Rs. in lakhs)	(Rs. in lakhs)
1	Turnover/Total Income	1,805.18	1,805.18
2	Total Expenditure	3,280.56	3,280.56
3	Net Profit/(Loss)	-1,475.38	-1,475.38
4	Earnings per share (in Rs.)	-0.60	-0.60
5	Total Assets	90,220.96	90,220.96
6	Total Liabilities	31,897.11	31,897.11
7	Net Worth	58,323.85	58,323.85
8	Any other financial item(s) (as felt appropriate by the management)		

**Audit Qualification:**

S No	Details of Audit Qualification	Type of Qualification	Frequency of Qualification	For Audit Qualification(s) where impact is quantified by the Auditor, Management Views	For Audit Qualification(s) where impact is not quantified by the Auditor		
					Managements estimation on impact of audit qualification	If management is unable to estimate the impact, reasons for the same	Auditors Comments
1	1. Attention is invited to note no. 3 to the standalone financial results, in relation to investment in equity shares including deemed investment in three subsidiary companies, net off provision for diminution thereon viz. Rs 35,160.16 lakhs, wherever applicable in three subsidiary companies as at March 31,2021 amounting to Rs. 58,098.85 lakhs. The Board is of the view that considering the market value of the assets and expected cash flows in future from the business of these subsidiary companies the provision for diminution already made is adequate. However, considering erosion in the net worth of the subsidiary companies and their dependence on the holding company to continue as a going concern, absence of cash inflow, delay in commencement of projects and other related factors indicate the existence of material uncertainty in the ability of the company to make progress. Therefore, we are of the view that the carrying amounts of the investments as well as loans made (deemed investment) shall be adjusted for their realisability by making additional provision taking cognizance of erosion in the net worth of the investee/loanee companies and also taking into consideration their inability to continue as a going concern. However, it is difficult to measure the extent of further diminution and fair value. The provision short made on this score is not ascertainable.	Qualified	Sixth Time	-	NIL	The value of investments in subsidiaries and loans and advances to these companies net of provisions made are currently standing at Rs.25,008.90 Lakhs and Rs.33,006.61 Lakhs respectively. Considering the intrinsic value of the assets held by these companies and potential cash flows that may accrue on account of their business operations the management is of view that the carrying value of net investments and loans and advances does not warrant any adjustment in the long run.	No Further comments

2	<p>2. Attention is invited to note no. 4 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, 2021 including interest due is Rs 20012.67 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 is in negotiation with the said bank for one time settlement (OTS). 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 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</p> <p>The management asserts that no adjustment to the carrying value is required as it is confident that the payment obligation by the PVP Capital Limited will be met in due course. Whereas, in our view the carrying value of the relevant mortgaged assets is dependent on the repayment of the loan by the PVP Capital Limited. In this background, we are unable to express our view whether the company is justified in carrying the assets that have been mortgaged where the underlying loan have already been defaulted and similarly whether the company is justified in not taking cognizance of financial obligation that may devolve on the company towards corporate guarantee issued. Accordingly, to the extent of the carrying value of assets or the guarantees issued should be considered as obligation of the company. Accordingly, the loss for the year end is understated to this extent.</p>	Qualified	Second Time	-	NIL	<p>he Company has given a corporate guarantee to its step-down subsidiary company, PVP Capital Limited ('PVPCL'), 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) amounting to Rs.16,787.91 lakhs (including interest accrued) as per the books of accounts as on 31st March, 2020. 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 have become infructuous. Further, PVPCL has applied for One Time Settlement to the bank and confident to settle the same.</p>	No Further comments
3	<p>3. Attention is invited to note no. 1(d) 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, though the Board has obtained an extension from the debenture holder, we are of the opinion that such extension of redemption period (covering all the defaults happened up to March 31, 2021) with retrospective effect will not prevent disqualification of directors from section 164(2)(b) of the Companies Act, 2013.</p>	Qualified	Second Time	-	NIL	<p>Under the circumstances, the company defaulted the redemption of debentures which has fallen due in 30th September, 2018, 31st December, 2018 and 31st Mach, 2019 beyond the time permitted under section 164(2)(b) of the Companies Act, 2013. However, as per the legal advice, management is of the view that eventhough the repayment has not been made within the period contemplated in the above refer section, the default has been ratified by the debenture holder with retrospective effect by virtue of which the management contents that the disqualification of directors as per the above provisions has not been attracted.</p>	No Further comments

For PVP Ventures Limited

**Prasad V. Potluri**  
Chairman & Managing Director  
DIN: 00179175

**Place: Chennai**  
**Date: 22-06-2021**

Sd/-

**N S Kumar**  
Audit Committee Chairperson

Sd/-

**Karthikeyan Shanmugam**  
Chief Financial Officer

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

**Venkatasubramanian.S**  
Partner  
Membership no.: 219238