



WHERE YOU WANT TO BE<sup>®</sup>

To

November 30, 2021

**National Stock Exchange of India Limited**

Listing Department

Exchange Plaza, Bandra Kurla Complex,

Bandra (East)

**Mumbai – 400051.**

Symbol: PVP

Dear Sir/Madam,

**Sub:** Disclosure of the Impact of Audit Qualifications is not signed by the CFO of the company, contrary to what is required by SEBI, vide its circular dated May 27, 2016

**Ref:** Company's Intimation dated July 31, 2020

In connection to our intimation dated July 31, 2020 exchange has stated that the Impact of Audit Qualifications is not signed by the CFO of the company. Accordingly we herewith attach the Impact of Audit Qualifications duly signed by Mr.T N Madan, then CFO of the company

Thanking  
yours faithfully

For PVP Ventures Limited

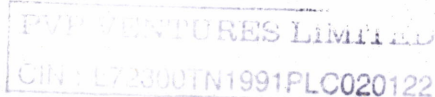
**Shanmugam Karthikeyan**  
Chief Financial Officer

**PVP Ventures Ltd.**

**Corp. Office:** Plot No. 83 & 84 4th Floor Punnaiah Plaza Road No. 2  
Banjara Hills Hyderabad - 500 034 T: +91 40 6730 9999  
F: +91 40 6730 9988

**Regd. Office:** KRM Centre 9th Floor No. 2 Harrington Road Chetpet  
Chennai - 600 031 T: +91 44 3028 5570 F: +91 44 3028 5571

info@pvpglobal.com | pvpglobal.com



**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 2020			
[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	2,928.50	2,928.50
2	Total Expenditure	3,839.81	3,839.81
3	Net Profit/(Loss)	-1,181.36	-1,181.36
4	Earnings per share (in Rs.)	-0.48	-0.48
5	Total Assets	90,837.51	90,837.51
6	Total Liabilities	31,042.66	31,042.66
7	Net Worth	59,794.85	59,794.85
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	In relation to investment in equity shares includes investments in three subsidiary companies net off provision made amounting to Rs.25,008.90 Lakhs and loans and advances to subsidiary companies of net off provision made amounting to Rs.33,006.61 Lakhs. The management is of the view that considering the market value of the assets and expected cash flows from the business of these subsidiary companies the provision 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, and in the absence of visible cash flows, delay in commencement of projects and other related factors indicate the existence of material uncertainty in the ability of the company to realize the values thus, the carrying value of investments and loans and advances (net of provision already made) is unascertain of recoverability. Therefore, we are of the view that the carrying amounts of the investments as well as loans shall be adjusted for their realisability by making additional provision taking cognizance of erosion in the network of the investee/loanee companies and also taking to consideration their inability to continue as a going concern. Accordingly, loss for the year end is understated to this extent	Qualified	Fifth 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>The Company has mortgaged its land situated at perambur as a security and also given corporate guarantee to a bank for the borrowings made by PVP Capital Limited (i.e. wholly owned step down subsidiary company) amounting to Rs.10,000 Lakhs. The outstanding amount is Rs.16,787.91 lakhs as per the books of accounts as on 31st March, 2020.</p> <p>PVP Capital Limited has not adhered to repayment schedule for 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 bank has taken symbolic possession of immovable property 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 that the PVP Capital Limited is in negotiation with the bank for one time settlement (OTS).</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>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	First 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 March, 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 even though 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

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

Sd/-

Prasad V. Potluri  
Chairman & Managing Director  
DIN: 00179175  
Place: Chennai  
Date: 31st July, 2020

Sd/-

N S Kumar  
Audit Committee Chairperson

T.N. Madan

T N Madan  
Chief Financial Officer

Sd/-

K.Jitendra Kumar  
Partner  
Membership No: 201825



**ANNEXURE 1**

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

Statement on Impact of Audit Qualification on Annual Audited Consolidation Financial Results for the Financial Year ended 31st March 2020			
[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	4,452.19	4,452.19
2	Total Expenditure	13,604.66	13,604.66
3	Net Profit/(Loss)	-9,335.48	-9,335.48
4	Earnings per share (in Rs.)	-3.83	-3.83
5	Total Assets	61,110.07	61,110.07
6	Total Liabilities	61,503.10	61,503.10
7	Net Worth	-393.03	-393.03
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	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 management obtained an extension from the debenture holder vide letter dated 05th February, 2020 till 31st May, 2020 and further extension vide letter dated 23rd June 2020 till 31st August, 2020, we are unable to express our opinion whether such extension of redemption period (covering all the defaults happened upto 31st March, 2019) with retrospective effect will exonerate the board of directors from the implications of section 164(2)(b) of the Companies Act, 2013	Qualified	First Time	-	NIL	Under the circumstances, the company defaulted the redemption of debentures which has fallen due in 30th September, 2018, 31st December, 2018 and 31st March, 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 even though 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.	No Further comments

2	<p>The holding company has mortgaged its land situated at perambur as a security and also given corporate guarantee to a bank for the borrowings made by PVP Capital Limited (i.e. wholly owned step down subsidiary company) amounting to Rs.10,000 Lakhs. The outstanding amount is Rs.16,787.91 lakhs as per the books of accounts as on 31st March, 2020.</p> <p>PVP Capital Limited has not adhered to repayment schedule for 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 bank has taken symbolic possession of immovable property 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 that the PVP Capital Limited is in negotiation with the bank for one time settlement (OTS).</p>	Qualified	Second Time	-	NIL	<p>The Holding 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
	<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>						
3	<p>In relation to loans and advances made for film production (including interest accrued) amounting to Rs.3,632.82 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 on 31st March, 2020 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 and to this extent, loss for the quarter and for the year is understated to this extent.</p>	Qualified	Second Time	-	NIL	<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>	No Further comments
4	<p>In relation to inventory i.e films production expenses amounting to Rs. 4,894.43 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 view that the realisability of the inventory is doubtful and in the absence of any provision in this regard, the loss for the quarter and for the year is understated to this extent.</p>	Qualified	Second Time	-	NIL	<p>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.</p>	No Further comments

	<p>PVP Capital Limited, company has not adhered to repayment schedule for 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 bank has taken symbolic possession of immovable property and issued sale notice for e-auction of the property given by the ultimate holding company as corporate guarantee but there were no bidders and consequently the e-auction sale proceedings has become infructuous. The outstanding amount is Rs.16,787.91 lakhs as per books of accounts as on 31st March, 2020.</p>					<p>The 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) 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>	
5	<p>Further, the company is currently pursuing the realization of dues to the company and settlement of existing lenders, other than this the company has not been carrying any business activity, the regulatory authorities 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.200 lakhs as stated in said note to the financial statements, the company's ability to meet its financial obligations, non payment of statutory dues and in the absence of visible cash flows, doubts are cast on its ability to continue as a going concern to achieve its future business plans. Taking into consideration, pending ultimate outcome of the legal proceedings as well as liquidity constraints, we are unable to express our view whether it would be appropriate to treat the company as going concern. However based on the management assertions the company's financial results have been prepared on the basis of going concern, the impact if any, if the company was to be treated as not a going concern is not ascertainable at this stage.</p>	Qualified	Second Time	-	NIL	<p>Further, The company has received communication letter from the Reserve Bank of India (RBI) letter dated 20th November, 2019, stating that the company has not maintained the mandatory amount of Net Owned Fund of Rs.200 Lakhs. Further, RBI has instructed to furnish an action plan to achieve the mandatory amount of Net Owned Fund of Rs.200 Lakhs on or before 31st March, 2020, failing which RBI would be constrained to initiate strict action including the cancellation of Certificate of Registration.</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>	No Further comments



6	PVP Capital Limited, in relation to loans for film production amounting to Rs.15,381.04 lakhs, whose realisability is significantly dependent on timely completion of production of films and the commercial viability of the films under production etc. Management has assessed the recoverability of the loan amount and accordingly made a provision amounting to Rs.12,397.87 lakhs as adequate, no additional provision is necessary in this regard. However, Management is not able to provide us the status of production of films and recoverability of the whole amount. Accordingly, we are unable to express our view, whether any adjustments to the carrying value, if any required, is not ascertainable at this stage.	Qualified	Second Time	-	NIL	The company has a loan book of Rs. 15,381.04 lakhs given to various film producers. Due to significant delay in completing the films, the Company's customers did not service the interest and loan repayment. Consequently, the company has made a cumulative provision of Rs. 12,397.87 lakhs for the expected credit loss. Management asserts that no adjustment to the carrying value is required as it is confident of recovery from the borrowers.	No Further comments
7	No impairment assessment of property, plant and equipment and intangible assets in carrying value amounting to Rs.1,003.32 lakhs as on 31st March, 2020 is made for the business of safe locker facility centre, despite low cash flows from cash generating unit (CGU).Therefore, we are unable to comment on consequential impairment, if any, that is required to be made in carrying value of property, plant and equipment and intangible assets.	Qualified	Second Time	-	NIL	Safetrunk Services Pvt Ltd (SSPL) is engaged in the business of providing private locker facility center. The company has 4294 lockers with high-end security facilities, which can be considered as a State of art infrastructure facility. The Company commenced its operation during the financial year 2018 and is in the process of consolidating the market. There is no intention to liquidate and the Company has got foreseeable future. Despite low cash flows from the cash generating unit (CGU), impairment of the carrying value of entire assets of the CGU of Rs.1,003.32 lakhs has not been provided for, due to which the Loss is lesser by this amount. Considering the gestation period for market capitalisation, the financial statements are prepared on Going Concern basis though the Company's income is far less than the operational expenditure and the management does not foresee any erosion in carrying value of Cash Generating Unit.	No Further comments
8	PVP Global Ventures Private Limited, The Company has given advances to body corporates of Rs. 13,755.54 lakhs for scouting of land for the proposed power projects. The long duration of outstanding of these advances and other factors like low probability of getting a big chunk of land for a power project indicate the existence of uncertainty on the eventual realisability of these advances. The financial impact if any due to non realisability is not ascertainable at this stage.	Qualified	First Time	-	NIL	PVP Global Ventures Private Limited has advanced a sum of Rs. 13,755.54 Lakhs towards acquisition of land and other rights for its proposed power project(s). In terms of the arrangements, these parties are required to facilitate acquisition of certain areas of land parcels within 48 months against which these advances are paid off, failing the completion of the land parcel, the group may demand payment of the advance and shall not be obliged to acquire the land parcel from these parties.	No Further comments

For PVP Ventures Limited

Sd/-

Prasad V. Potluri  
Chairman & Managing Director  
DIN: 00179175

Place: Chennai  
Date: 31st July, 2020

Sd/-

N S Kumar  
Audit Committee Chairperson

T.N. Madan

T N Madan  
Chief Financial Officer

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

Sd/-

K.Jitendra Kumar  
Partner  
Membership No: 201825