

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 for the Financial Year ended 31st March 2017 [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl No	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. In lakhs)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. In lakhs)
	1.	Turnover/Total Income	3,833.65	3,833.65
	2.	Total Expenditure	2,818.40	2,818.40
	3.	Net Profit/(Loss)	2,062.59	2,062.59
	4.	Earnings per share (in Rs.)	0.84	0.84
	5.	Total Assets	91,682.37	91,682.37
	6.	Total Liabilities	29,258.03	29,258.03
	7.	Net Worth	62,424.36	62,424.36
	8.	Any other financial item(s) (as felt appropriate by the management)	0	0
II.	Audit Qualification (each audit qualification separately):			
	<i>Attention is invited to Note no.5 to standalone Ind AS financial results, in relation to investment in few subsidiary companies net off provision amounting to Rs.56005.15 Lakhs. Considering the market value of the assets and expected cash flows from the business of these subsidiary companies management considers these investments as good and recoverable and the provision to the extent already made is adequate. However the erosion in the net worth of these subsidiary companies, their dependence on the holding company to continue as a going concern, absence of cash flows, delay in commencement of projects and other related factors indicate the existence of material uncertainty in recoverability of net carrying value of investments. Hence we are unable to determine whether any adjustments to these net carrying amounts are necessary and additional provision if any against the diminution in the carrying value of these investments, if any, to be made are</i>			

	<i>sufficient appropriate audit evidence, we are unable to comment upon the requirement of additional provision if any against the diminution of the carrying value of these investments and recoverability of the aforesaid dues and the consequential impact, if any, on the accompanying standalone financial results. Previous auditors had also modified their opinion in respect of this matter in their standalone financial results for the year ended March 31, 2016.</i>
	b. Type of Audit Qualification: Qualified Opinion
	c. Frequency of Qualification: Second time
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management Views: The auditor has not quantified the impact of their Audit Qualification.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) Management's estimation on the impact of audit qualification: Not Applicable
	(ii) If management is unable to estimate the impact, reasons for the same: The company has made investment in the subsidiary companies on a long term basis with an intention to expand its business vicinity through its subsidiary companies. Considering the business potential of these companies, expected future generation of revenues and cash flows, expected development of the projects and the market value of the assets of the subsidiaries, we are unable to estimate the impact of the aforesaid Audit Qualification.
	iii) Auditor's comments on (i) or (ii) above: The management of the view that considering the market value of the assets and expected cash flows from the business of the subsidiary companies the provision already made are adequate. However, considering the net worth of the subsidiary companies being negative dependence on parent company to continue as a going concern, absence of cash flows, delay in commencement of the projects and other related factors indicate that the existence of material uncertainty in carrying value of investments and loans & advances at cost less provision already made. Hence we are unable to determine whether any adjustment to these net carrying amounts is necessary and additional provision for diminution, if any, to be made or not quantifiable.

III.	<u>Signatories:</u>	
	<u>Chairman & Managing Director</u>	 Prasad V. Potluri Chairman & Managing Director
	<u>Chief Financial Officer</u>	 D. Krishnamoorthy Chief Financial Officer
	<u>Audit Committee Chairman</u>	 R. Nagarajan Audit Committee Chairperson
	<u>Statutory Auditor</u>	For Brahmayya & Co., Chartered Accountants Firm Reg No:0005115   K. Jitendra Kumar Partner Membership No: 201825

Place: Chennai

Date: 30th May 2017