

Euro Ceramics Ltd.

CIN : L26914MH2002PLC135548



October 12, 2019

To,
The Manager - CRD
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort.
Mumbai – 400051

To,
The Manager - Listing Department
National Stock Exchange of India Limited,
“Exchange Plaza”, Bandra Kurla Complex,
Bandra (East),
Mumbai – 400 001

Scrip Code: **532823**

Symbol: **EUROCERA**

Dear Sir,

Sub: Statement of Audited Financial Results for the quarter and financial year ended March 31, 2019.

Further to our letter dated October 5, 2019, we hereby inform you that the Directors of the Company have, *inter alia*, considered and approved and the Resolution Professional has initialed and authenticated the Audited Financial Results (Standalone and Consolidated) for the quarter and financial year ended March 31, 2019 in their meeting held on 12th October 2019.

In terms of Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Listing Regulations), we enclose the following:

- Audited Financial Results (Standalone and Consolidated) for the quarter and year ended March 31, 2019.
- Auditors' Report on the Audited Standalone and Consolidated Financial Results.
- Statement showing impact of audit qualifications in specified format.

Such process of consideration and approval of results started at 6.30 PM and concluded at 7.00 PM.

We request you to inform your members accordingly.

Yours faithfully,

For Euro Ceramics Limited

CA Nirav Tarkas
(Resolution Professional)
Regn. No. IBBI/IPA-002/IP-N0076/2018-19/12375

Encl.: As above

(Euro Ceramics Limited is under Corporate Insolvency Resolution Process pursuant to the provisions of the Insolvency and Bankruptcy Code, 2016. Its affairs, business and assets are being managed by the Resolution Professional, CA Nirav Tarkas, appointed by Hon'ble National Company Law Tribunal, Mumbai Bench, Mumbai, vide order dated 7th May, 2019)

Regd. Office : 208, Sangam Arcade, Vallabhnbhai Road, Vile Parle (West), Mumbai - 400056. INDIA.

Tel.: +91-22-4019 4019 • Fax : +91-22-4019 4020 • Email : sales@eurocl.com • Web : www.eurocl.com

Plant : Survey No. 510, 511, 512, 517/1, Bhachau, Dudhai Road, Bhachau (Kutch), Gujarat, Pin : 370140.

Tel.: +91-2837-224751 / 224752 / 224753



EURO CERAMICS LTD.

Regd. Office : 208, Sangam Arcade, Vallabhkhair Road, Vile Parle (West), Mumbai 400 056
(CIN- L26914MH2002PLC135548)

Website - www.eurovitrified.com, email - sales@eurocl.com, Ph-022 40194019, Fax - 022 40194020

(Rs. in Lakhs except EPS)

Statement of Standalone and Consolidated Audited Financial Results for the Quarter and Year Ended March 31, 2019

Sr. No.	Particulars	STANDALONE					CONSOLIDATED	
		Quarter Ended			Year Ended	Year Ended	Year Ended	Year Ended
		31-Mar-19	31-Dec-18	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	CONTINUING OPERATIONS	Audited	Unaudited	Audited	Audited	Audited	Audited	Audited
	Particulars							
I	Revenue From Operations	508.68	892.96	400.40	2,152.85	2,030.03	2,154.91	2,036.08
II	Other Income	(676.70)	64.44	110.57	391.99	142.06	392.49	164.18
III	Total Income (I+II)	(168.02)	957.40	510.97	2,544.84	2,172.09	2,547.40	2,200.26
IV	EXPENSES							
	Cost of materials consumed	657.14	751.09	1,090.09	2,352.76	2,066.65	2,352.76	2,066.65
	Purchases of Stock-in-Trade	42.50	12.72	22.21	382.10	168.15	359.24	168.35
	Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	253.05	269.07	34.58	742.37	33.13	765.49	71.62
	Excise Duty on Sale of Goods	-	-	-	-	94.59	-	94.59
	Employee benefits expense	67.37	79.71	77.48	307.33	351.60	307.33	351.60
	Finance costs	8.96	11.23	28.93	42.73	34.84	42.82	34.84
	Depreciation and amortization expense	479.45	489.79	488.74	1,943.15	1,971.89	1,943.15	1,972.17
	Other expenses	231.69	159.12	148.08	635.36	652.25	723.87	653.64
	Total expenses (IV)	1,740.15	1,772.74	1,890.11	6,405.80	5,373.10	6,494.66	5,413.46
V	Profit/(loss) before exceptional items and tax (I-IV)	(1,908.17)	(815.34)	(1,379.13)	(3,860.96)	(3,201.01)	(3,947.26)	(3,213.20)
VI	Exceptional Items (Gain/(Loss))	(38,168.03)	-	246.16	(37,576.05)	831.11	(40,099.83)	831.11
VII	Profit/(loss) before tax (V-VI)	(40,076.20)	(815.34)	(1,132.97)	(41,437.01)	(2,369.90)	(44,047.09)	(2,382.09)
VIII	Tax expense:							
	(1) Current tax	-	-	-	-	-	-	-
	(2) Deferred tax	-	-	-	-	-	-	-
	(3) Short/Excess Provision of tax of earlier year	14.11	-	-	14.11	-	14.11	3.42
	(3) Mat Credit Entitlement - Reversal	-	-	532.64	-	532.64	-	532.64
	Total Tax Expense (VIII)	14.11	-	532.64	14.11	532.64	14.11	536.06
IX	Profit (Loss) for the period from continuing operations (VII-VIII)	(40,090.31)	(815.34)	(1,665.61)	(41,451.12)	(2,902.54)	(44,061.20)	(2,918.15)
X	Profit/(loss) from discontinued operations	-	-	-	-	-	-	-
XI	Net Profit from Disposal of Assets of Discontinuing operations	-	-	-	-	-	-	-
XII	Tax expense of discontinued operations	-	-	-	-	-	-	-
XIII	Profit/(loss) from Discontinued operations (after tax) (X-XI)	-	-	-	-	-	-	-
XIV	Profit/(loss) for the period (IX+XII)	(40,090.31)	(815.34)	(1,665.61)	(41,451.12)	(2,902.54)	(44,061.20)	(2,918.15)
	Other Comprehensive Income (net of taxes)							
	A (i) Items that will not be reclassified to profit or loss	(0.77)	-	0.55	(0.77)	0.55	(0.77)	0.55
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-	-
	B (i) Items that will be reclassified to profit or loss	-	-	-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-	-
XVI	Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit (Loss) and Other Comprehensive Income for the period)	(40,091.08)	(815.34)	(1,665.06)	(41,451.89)	(2,901.99)	(44,061.97)	(2,917.60)
XVII	Details of Equity Share Capital							
	Paid-up equity share capital	3,373.77	3,373.77	3,373.77	3,373.77	3,373.77	3,373.77	3,373.77
	Face Value of equity share capital (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00	10.00
XVII	Earnings per equity share (for Continuing and Discontinuing Operations)							
	(1) Basic	(118.83)	(2.42)	(4.94)	(122.86)	(8.60)	(130.60)	(8.65)
	(2) Diluted	(118.83)	(2.42)	(4.94)	(122.86)	(8.60)	(130.60)	(8.65)



EURO CERAMICS LTD.

AUDITED STATEMENT OF ASSETS AND LIABILITIES AS ON MARCH 31, 2019

Particulars	STANDALONE		CONSOLIDATED	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
ASSETS				
Non-Current Assets				
(a) Property, Plant and Equipment	15,194.85	17,152.89	15,194.85	17,153.85
(b) Financial Assets				
(i) Investments	4.11	134.11	4.61	134.61
(ii) Loans	-	-	760.10	760.10
(iii) Others financial assets	6.54	6.54	6.54	6.54
(c) Other non-current assets	181.69	183.39	9,142.99	9,144.69
Current Assets				
(a) Inventories	540.38	2,363.63	553.56	2,399.93
(b) Financial Assets				
(i) Trade receivables	276.18	1,072.88	314.34	1,115.30
(ii) Cash and cash equivalents	87.37	14.53	99.58	24.85
(iii) Bank balances other than (ii) above	-	10.27	-	10.28
(iv) Loans	3.40	4,205.04	7.40	655.64
(v) Other financial assets	0.69	0.35	0.69	0.35
(c) Other current assets	79.29	656.60	248.79	254.03
Total Assets	16,374.50	25,800.23	26,333.45	31,660.16
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	3,373.77	3,373.77	3,373.77	3,373.77
(b) Other Equity	(52,726.22)	(11,274.33)	(57,854.08)	(13,792.12)
LIABILITIES				
Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	357.05	296.08	357.05	296.08
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	2,002.15	2,811.43	4,282.12	5,107.92
(ii) Trade payables	1,206.15	3,516.71	1,383.29	3,694.70
(iii) Other financial liabilities	61,873.80	25,778.14	66,576.68	27,957.25
(b) Other current liabilities	260.57	1,266.60	435.85	1,438.31
(c) Provisions	27.23	31.82	7,778.77	3,584.25
Total Equity and Liabilities	16,374.50	25,800.23	26,333.45	31,660.16



Segmentwise Revenue, Results, Assets and Liabilities

(Rs. In Lakhs)

		STANDALONE					CONSOLIDATED		
Sr. No.	Particulars	Quarter Ended			Year Ended	Year Ended	Year Ended	Year Ended	
		31-Mar-19	31-Dec-18	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	
		Audited	Unaudited	Audited	Audited	Audited	Audited	Audited	
1	Segment Revenue								
	(a) Tiles	486.46	470.30	354.63	1,644.98	1,213.46	1,647.04	1,183.61	
	(b) Aluminium Sections	-	-	-	-	-	-	-	
	(c) Sanitaryware	22.22	15.46	45.77	100.67	816.57	100.67	757.88	
	(d) Realty	-	407.20	-	407.20	-	407.20	-	
	Total	508.68	892.96	400.40	2,152.85	2,030.03	2,154.91	1,941.49	
	Less: Inter-Segment Revenue	-	-	-	-	-	-	-	
	Net Sales	508.68	892.96	400.40	2,152.85	2,030.03	2,154.91	1,941.49	
	2	Segmental Results							
		(a) Tiles	(933.46)	(870.98)	(1,302.80)	(3,743.96)	(3,028.98)	(3,829.75)	(3,040.91)
(b) Aluminium Sections		-	-	-	-	(3.39)	-	(3.39)	
(c) Sanitaryware		(234.79)	(5.77)	22.29	(233.44)	371.71	(233.44)	371.71	
(d) Realty		-	112.46	-	112.46	-	112.79	-	
Total		(1,168.25)	(764.29)	(1,280.51)	(3,864.94)	(2,660.66)	(3,950.40)	(2,672.59)	
Less: (i) Interest		8.96	11.23	28.93	42.73	44.14	42.82	44.40	
(ii) Other Unallocable (Income)/ Expenditure (Net)		730.95	39.82	69.69	(46.71)	496.21	(45.96)	496.21	
(iii) Exceptional/ Extraordinary Items [(gain)/loss]		38,168.03	-	(246.16)	37,576.05	(831.11)	40,099.83	(831.11)	
Profit Before Tax		(40,076.19)	(815.34)	(1,132.97)	(41,437.01)	(2,369.90)	(44,047.09)	(2,382.09)	
3	Capital Employed								
	Segment Asset								
	(a) Tiles	13,594.48	14,508.93	17,185.38	13,594.48	17,185.38	13,825.58	17,516.25	
	(b) Aluminium Sections	-	-	-	-	-	-	-	
	(c) Sanitaryware	195.36	1,054.53	1,107.42	195.36	1,107.42	195.36	1,107.42	
	(d) Realty	-	4,198.80	4,198.80	-	4,198.80	9,727.85	9,727.85	
	(e) Unallocable	2,584.65	3,470.15	3,308.63	2,584.65	3,308.63	2,584.65	3,308.63	
	Total	16,374.49	23,232.41	25,800.23	16,374.49	25,800.23	26,333.44	31,660.15	
	Segment Liabilities								
	(a) Tiles	10,438.23	11,829.80	12,564.04	10,438.23	12,564.04	15,797.19	15,410.38	
(b) Aluminium Sections	-	2.77	12.23	-	12.23	-	12.23		
(c) Sanitaryware	85.86	162.03	209.73	85.86	209.73	85.86	209.73		
(d) Realty	-	-	-	-	-	9,727.85	5,531.38		
(e) Unallocable	55,202.85	20,499.18	20,914.78	55,202.85	20,914.78	55,202.85	20,914.78		
Total	65,726.94	32,493.78	33,700.78	65,726.94	33,700.78	80,813.75	42,078.50		
	Capital Employed								
	(a) Tiles	3,156.25	2,679.13	4,621.34	3,156.25	4,621.34	(1,971.61)	2,105.87	
	(b) Aluminium Sections	-	(2.77)	(12.23)	-	(12.23)	-	(12.23)	
	(c) Sanitaryware	109.50	892.50	897.69	109.50	897.69	109.50	897.69	
	(d) Realty	-	4,198.80	4,198.80	-	4,198.80	-	4,196.47	
	(e) Unallocable	(52,618.20)	(17,029.03)	(17,606.15)	(52,618.20)	(17,606.15)	(52,618.20)	(17,606.15)	
	Total Capital Employed	(49,352.45)	(9,261.37)	(7,900.55)	(49,352.45)	(7,900.55)	(54,480.31)	(10,418.35)	

NOTES

1	The Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench, by an order dated February 25, 2019, admitted the Corporate Insolvency Resolution Process (CIRP) application filed against the Company in terms of Insolvency and Bankruptcy Code, 2016. Further NCLT, Mumbai vide its order dated May 7, 2019 has confirmed appointment of CA Nirav Tarkas as Resolution Professional pursuant to resolution of Committee of Creditors for his appointment, to conduct the Insolvency Resolution Process for the Company in place of Interim Resolution Professional. The present Board of Directors stands suspended and Company's affairs, business and assets are being managed by the Resolution Professional as per the Insolvency and Bankruptcy Code, 2016.
2	The above results, which have been audited by the Statutory Auditors of the Company, are published in accordance with Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, have been reviewed by the Audit Committee and Directors of the Company at their meeting held on October 12, 2019 and initialled and authenticated by the Resolution Professional CA Nirav Tarkas.
3	The Resolution Professional is in the process of receiving, collating and verifying the claims of creditors, employees and workmen and shall subsequently admit verified claims as per the Insolvency and Bankruptcy Code, 2016. Therefore, the impact of such claim, if any, which may arise subsequently, has not been considered in the preparation of Financial Results of the Company.
4	The financial results are prepared in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) (Amendment) rules, 2016 and other accounting principles generally accepted in India. The consolidated financial results of Euro Ceramics Limited have been prepared in accordance with Ind AS - 110 on 'Consolidated Financial Statements'. Financial results of the subsidiary entities Euro Merchandise (India) limited and Euro Realtors, have been consolidated with Euro Ceramics Limited during the preparation of the above consolidated financial statements.
5	The format for Audited financial results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with the requirements of SEBI's circular dated July 5, 2016, Ind AS and Schedule III (Division II) to the Companies Act, 2013, which are applicable to Companies that are required to comply with Ind AS.
6	The figures for the quarters ended March 31, 2019 and March 31, 2018 are the balancing figures between the audited figures in respect of the full financial years and the published year to date figures upto the third quarter of the respective financial years. Also, figures for quarter ended December 31, 2018 have only been subjected to limited review.
7	As per IND AS 108, the Company has four reportable segments namely Tiles, Aluminium Extruded Sections, Sanitaryware & Realty.
8	Other Income includes Royalty Income, Rental Income and Interest Income.



9	The Company has recorded significant adjustments pertaining to interest on outstanding dues payable to the secured lenders. The interest on loans which has been defaulted by the Company and has been turned into Non Performing Assets and called back by bank, was not provided by the Company since FY 2013-14 and the same has been provided in the current quarter of FY 2018-19 amounting to Rs. 36087.44 lakhs, including the interest for current year. The said interest of Rs.36087.44 lakhs has been included under exceptional items.
10	Exceptional items for the year ended March 31, 2019 also includes Profit on sale of land, creditors written back, liabilities no longer required and provision for diminishing in the value of investments and advances given.
11	The Company has contingent liability of Rs. 4016.74 lakhs, relating to penalties which has been claimed by its secured lenders as per the terms of agreement in their claim form, submitted to Resolution Professional.
12	The Company's current liabilities exceeds its current assets and net worth of the Company has been fully eroded.
13	The Deferred Tax provision as per IND AS 12 has not been made on account of losses and absence of probable certainty of earning future taxable income in the Company.
14	The Company has not provided for impairment on its assets as per Indian Accounting Standard (Ind AS) 36 as notified under section 133 to the Companies Act, 2013. The effect of such impairment has not been quantified by the management and hence the same is not ascertainable.
15	Cost of Material Consumed includes inventory of Rs. 852.83 lakh (Previous Year Rs. 745.42 lakhs) which has been written off during the FY 2018-19 as the same has been considered to be obsolete, expired, non-moveable and non realisable.
16	Previous Period/Year's figures have been regrouped / reclassified wherever necessary.

Place : Mumbai
Date : October 12, 2019

For Euro Ceramics Ltd.

Viral Nandu
Director
DIN : 01767620

CA Nirav Tarkas
Resolution Professional
Regn. No. IBB/IIP-002/IP-N00776/2018-2019/12375



Independent Auditor's Report On Standalone Financial Results of the Euro Ceramics Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**TO THE RESOLUTION PROFESSIONAL OF
EURO CERAMICS LIMITED
(A Company under Corporate Insolvency Resolution Process vide NCLT Order)
IP Registration No. IBBI/IPA-002/IP N00776/2018-19/12375**

1. We have audited the accompanying statement of quarterly standalone financial results of **Euro Ceramics Limited** (the "Company") for the year ended March 31, 2019, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Attention is drawn to Note 6 to the standalone financial results regarding the figures for the quarter ended March 31, 2019 as reported in the standalone financial results, which are the balancing figures between the standalone figures in respect of the full financial year and the published standalone year to date figures up to the end of the third quarter of the financial year. Also, the figures up to the end of the third quarter had only been reviewed and not subjected to audit. These standalone financial results are based on the standalone financial statements for the year ended March 31, 2019 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and published standalone year to date figures up to the end of third quarter of the financial year prepared in accordance with the recognition and measurement principles as laid down in Ind AS 34, Interim Financial reporting, specified under Section 133 of the Companies Act, 2013, and SEBI Circular No. CIR/CFD/CMD/15/2015 dated November 30, 2015 and CIR/CFD/FAC/62/2016 dated July 5, 2016, which are the responsibility of the Company's management and approved by Resolution Professional of the Company. Our responsibility is to express an opinion on these financial results based on our audit of such annual financial statements for the year ended March 31, 2019 and our review of standalone financial results for the nine months period ended December 31, 2018.
2. We conducted our audit in accordance with the standards generally accepted in India. Those standards require that we plan and perform the review to obtain reasonable assurance as to whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that the audit evidence we have obtained, except with regard to matter set out below, is sufficient and appropriate to provide a basis for our qualified audit opinion.
3. In our opinion and to the best of our information and according to the explanations given to us these standalone financial results:
 - (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/CMD/15/2015 dated November 30, 2015 and CIR/CFD/FAC/62/2016 dated July 5, 2016 in this regard; and
 - (ii) give a true and fair view of the standalone loss (including other comprehensive income) and other financial information in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act for the year ended March 31, 2019,



SUBJECT TO THE FOLLOWING:

- a) The Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench, by an order dated February 25, 2019, admitted the Corporate Insolvency Resolution Process (CIRP) application filed against the Company and appointed Mr. Arun Kapoor as Interim Resolution Professional in terms of Insolvency and Bankruptcy Code, 2016 to manage the affairs of the Company as per the provisions of the Code. Further NCLT vide its order dated May 7, 2019 has confirmed appointment of CA Nirav Tarkas as Resolution Professional to conduct the Insolvency Resolution Process for the Company in place of Mr. Arun Kapoor, Interim Resolution Professional. In view of ongoing CIRP and suspension of powers of Board of Directors and as explained to us, the responsibility of adoption of this standalone financial results vest with Directors along with the Resolution Professional under the provision of Insolvency and Bankruptcy Code 2016.

As per Section 134 of the Companies Act, 2013, the financial statements of the Company are required to be approved by the Board of Directors before they are signed on behalf of the Board at least by the chairperson of the Company where he is authorised by the Board or by two directors out of which one shall be managing director and the Chief Executive Officer, if he is a director in the Company, the Chief Financial Officer and the company secretary of the company, wherever they are appointed. However, in terms of Section 17(1) of Insolvency and Bankruptcy Code, 2016, from the date of appointment of Resolution Professional the powers of the Board of Directors of the corporate debtor, shall stand suspended and be exercised by the Resolution Professional. Therefore the financial results have been prepared by the Company and approved by CA Nirav Tarkas, the Resolution Professional.

- b) The Company's current liabilities exceeds its current assets and net worth of the Company has been fully eroded. The Company has been unable to pay the debts of its secured lenders. Also, National Company Law Tribunal (NCLT), Mumbai Bench has admitted Corporate Insolvency Resolution Process (CIRP) application and appointed CA Nirav Tarkas as Resolution Professional.

These events indicate a material uncertainty that casts a significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial results do not disclose the fact that the fundamental accounting assumption of going concern has not been followed.

- c) We draw attention towards the fact that the Company's financial facilities/arrangements including Term Loans, Working Capital Facilities and Non Fund Based Credit Facilities with the Banks have turned into Non Performing Assets and the same have been called back.

The Company has recorded significant adjustments pertaining to interest on outstanding dues payable to the secured lenders. The interest on loans which has been defaulted by the Company and has been turned into Non Performing Assets and called back by the bank, was not provided by the Company and the same has been provided in the year 2018-19 which amounted to Rs. 36087.45 lakhs, including interest for the current year.

Prior period's interest which has been debited in the current quarter would result into increase in loss by Rs. 36087.45 lakhs and therefore making the financial results of current quarter and of the year non-comparable with the previous periods.

Further, the impact of prior period has not been restated retrospectively in the financial result as required under Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

- d) The Company has disclosed contingent liability in Note 11 amounting to Rs. 4016.74 lakhs. The same relates to penalty which has been claimed by its secured lenders as per the terms of agreement. However, no disclosure has been made regarding the claims from other lenders and therefore the



overall impact of such claims which has not been acknowledged as debt by the Company is not ascertainable.

- e) Attention is also drawn to the fact that the Company has not provided for impairment or diminishing value of its assets/investment as per 'Ind AS 36 -Impairment of Assets' as notified under Section 133 of the Companies Act, 2013.
- f) The Company's non-current investments as at March 31, 2019 include investments aggregating Rs. 143 lakhs in two of its subsidiaries.

The Company's investment in its fully own subsidiary, Euro Merchandise (India) Limited is Rs. 142.50 lakhs which has been fully provided. Euro Realtors which is a partnership concern where Company is partner, loan aggregating Rs. 7608.78 lakhs have been granted. The Company expects the same to be non-realizable and has therefore provided the same. The Company has also given guarantee for loans taken by Subsidiary Company from bank and the impact of the same on the financial results could not be quantified.

These subsidiaries have accumulated losses and their consolidated net worth is fully eroded or have no transactions and operations. Further, these subsidiaries are facing liquidity constraints due to which they may not be able to realize projections made as per their business plans.

Also, the Company has investment in Euro Glass Private Limited amounting to Rs. 130 lakhs and the same has been fully provided during the current year, as the Net-Worth of Euro Glass Private Limited has been fully eroded. The Company expects the same to be non-realizable and has therefore provided the same.

The Company has an investment in shares of Cosmos Co-Operative Bank Ltd. amounting to Rs. 3.50 lakhs. However, we were unable to verify share certificate for the same.

- g) During the year, Company has written off stock of Raw Materials and Consumables amounting to Rs. 852.83 lakhs and Stores and Spares amounting to Rs. 168.24 lakhs. Also, the Company has devalued finished goods at net realizable value. The inventory in the books as valued and certified by the Company amounted to Rs.540.38 lakhs. We are unable to comment over the realisability of the inventories and are relying upon the assessment done by the Company.
- h) We also draw your attention towards overdue receivables aggregating to Rs. 142.05 lakhs as on March 31, 2019, towards purchase of goods included under "Trade Receivables" owed to the Company by its Foreign Customers due for more than 6 months as on March 31, 2019. These balances have not been settled till March 31, 2019. Any penalties that may be levied by RBI / FEMA are presently not known and potential impact of the same on the financial results could not be ascertained.

Also, of the total amount receivable, as disclosed in the financial results, amounting to Rs. 980.01 lakhs, provisions for doubtful debts have been created at Rs. 703.82 lakhs. The allowance for bad and doubtful debts have been made based on the estimates and best possible judgement of the Company.

The Expected Credit Loss Method as required under Ind AS 109, has not been followed while making provision for doubtful debts. Based on the above, we are unable to comment over the realisability of trade receivables, provisioning and its overall impact on the financial results.

- i) The Company has written back balances aggregating to Rs. 2291.19 lakhs during the year. The aforesaid amount written back (net) has been included under "Exceptional Items" in the financial results.



Such amounts written back include amounts payable to foreign creditors amounting to Rs. 663.45 lakhs, pertaining to purchase of raw materials, spares and consumables from entities outside India, which the Company assumes to be not payable and have been therefore written back. Also, Company had received advances from foreign customers amounting to Rs. 9.92 lakhs, which has been written back, considering, no outflow of resources – either goods or repayment by the Company. Total amount from foreign parties which has been written back aggregating to Rs. 673.37 lakhs, for which Company has not obtained prior approval as required pursuant to guidelines under FEMA/ RBI. Any penalties that may be levied by the Reserve Bank of India and its impact in the financial results are not presently ascertainable.

For the balance amount written back amounting to Rs. 1627.74 lakhs, we have been informed that such amounts has been written back based on the decision of Company.

The impact of such write-back have resulted to increase in profit for the Company, however, we cannot comment over the consequential impact of the same.

- j) There were no documented system of Internal Financial Controls over financial reporting with regard to the Company to enable us to determine if the Company has established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively.
- k) We draw attention towards amounts aggregating to Rs. 363.08 lakhs disclosed under Trade Payables, in respect of purchase of raw materials, spares and consumables from entities outside India, which are outstanding for more than 6 months, which is not in compliance with the Regulations / Guidelines of the Foreign Exchange Management Act, 1999. Any penalties that may be levied by the Reserve Bank of India and/or any changes to the disclosure of the amounts in the financial results in this regard are not presently ascertainable.
- l) We draw attention to the fact that financial results are subject to receipt of confirmation of balances from many of the debtors, loans & advances, investments, banks or financial institutions, sundry creditors and other liabilities. In view of non-receipt of confirmation of these balances and consequential reconciliations / adjustments, if any, the resultant impact on the financial results is not ascertainable.
- m) The Company had imported various Capital Goods and Spares and Consumables for the Capital Goods under the Export Promotion Capital Goods Scheme (EPCG), of the Government of India, through various licenses, at concessional rates of Custom Duty on an undertaking to fulfil quantified exports within a period of eight years from the date of respective licenses. The Custom Duties saved amounted to Rs.3076.45 lakhs and the corresponding export obligations to be fulfilled amounted to Rs.24611.63 lakhs, however as on 31st March 2019, the export obligations yet to be fulfilled amounted to Rs.16919.04 lakhs. The stipulated period of 8 years to fulfill Export obligation has already expired and the company is required to pay the said saved Custom Duty together with interest @ 15% p.a. however, the same has not been provided in books of accounts by the Company and the exact quantum of liability is presently unascertainable.
- n) Attention is drawn to the fact that, as required under Section 203 of the Companies Act, 2013, the company is yet to appoint a Company Secretary and the company has not complied with Regulation 6 of LODR which requires Company Secretary to be appointed as Compliance Officer.
- o) We also draw attention towards the fact that, in respect of deposits accepted by the company before the commencement of the Act, within the meaning of section 74 & 75 of the Companies Act, 2013 and the Rules framed there under, the principal amount of such deposits and interest due thereon remained unpaid even after expiry of one year from such commencement and the Company has not filed a



statement within a period of three months from such commencement or from the date on which such payments, are due, with the Registrar details as prescribed u/s.74(1)(a).

- p) The Company has borrowings, which are repayable on demand, classified under Non-Current Financial Liabilities and Current Financial Liabilities, which are borrowed from various related parties and other lenders, the repayment terms of which have not been agreed between the Company and the lenders. The Company has considered the amount borrowed to be the fair value and disclosed the same in the financial results. However, in the absence of any repayment terms and interest rate, the amount disclosed may not be the fair value, in accordance with the provisions of 'Ind AS - 109 - Financial Instruments'. The effect of such treatment has not been quantified by the management and therefore, we are unable to ascertain the impact of such borrowings on the financial results.
- q) We draw attention to the facts, that in absence of complete particulars of amount dues to Micro, Small and Medium enterprises, if any under MSMED Act, 2006, and provisions towards interest, if any, could not be ascertained at this stage which is not in conformity with 'Ind AS 37-Provision, Contingent Liabilities and Contingent Assets'.
- r) The Company has TDS demand outstanding amounting to Rs.5.24 lakhs excluding interest and penalties, pertaining to the previous financial years. The Company is in the process of ascertaining the liabilities and rectifying such returns, wherever required. The impact of such unrecorded liability is unascertainable on the financial results.

4. Emphasis of Matters

- a) As per the Insolvency and Bankruptcy Code, 2016, the Resolution Professional has to receive, collect and admit all the claims submitted by the operational and financial creditors, employee and workmen of the Company. Such claim can be submitted to the Resolution Professional during the CIRP, till the approval of resolution plan by Committee of Creditors. The Resolution Professional is in the process of receiving, collating and verifying such claims and shall subsequently admit verified claims as per the Insolvency and Bankruptcy Code, 2016. Therefore, the impact of such claim, if any, which may arise subsequently, has not been considered in the preparation of standalone financial results of the Company.

5. Attention is drawn to Note 6 to the standalone financial results regarding the figures for the quarter ended March 31, 2019 as reported in these standalone financial results in respect of the full financial year and the published year to date figures up to the end of the third quarter of the financial year. Also the figures up to the end of third quarter had only been reviewed and not subject to audit.

For Rasesh Shah & Associates
Firm Registration Number: 108671W
Chartered Accountants



Mumbai
October 12, 2019

Rasesh Shah
Partner

Membership Number: 34217

UDIN:- 19034217AAAAAT8876



Auditor's Report on Consolidated Financial Results of the Euro Ceramics Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**TO THE RESOLUTION PROFESSIONAL OF
EURO CERAMICS LIMITED
(A Company under Corporate Insolvency Resolution Process vide NCLT Order)
IP Registration No. IBBI/IPA-002/IP N00776/2018-19/12375**

1. We have audited the accompanying statement of Consolidated Financial Results of **Euro Ceramics Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), for the year ended March 31, 2019, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended March 31, 2019, as reported in these financial results, which are the balancing figures between the audited consolidated figures in respect of the full financial year and the published consolidated year to date figures up to the end of the third quarter of the financial year. Also, the figures up to the end of third quarter had only been reviewed and not subject to audit. These consolidated financial results are based on the consolidated financial statements for the year ended March 31, 2019 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued there under, which are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of such consolidated financial statements for the year ended March 31, 2019.

2. We conducted our audit in accordance with the standards on auditing specified under Section 143(10) of the Companies Act, 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the Parent's internal financial control with reference to the Statement. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in Paragraph 5 and 6 below, is sufficient and appropriate to provide a basis for our audit opinion.

3. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditors on separate financial statements and on other financial information of the subsidiaries, the consolidated financial results:



- (i) include the financial results for the year ended March 31, 2019 of the following entities -
- | | | |
|-----------------------------------|---|--------------------|
| a. Euro Ceramics Limited | - | Holding Company |
| b. Euro Merchandise India Limited | - | Subsidiary Company |
| c. Euro Realtors | - | Subsidiary Entity |
- (ii) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/CMD/15/2015 dated November 30, 2015 and CIR/CFD/FAC/62/2016 dated July 5, 2016 in this regard; and
- (iii) give a true and fair view of the consolidated loss (including other comprehensive loss) and other financial information in conformity with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act for the year ended March 31, 2019, subject to the following:

- a) *The Group's current liabilities exceeds its current assets and net worth of the Group has been fully eroded. The Group has been unable to pay the debts of its secured lenders. Also, National Company Law Tribunal (NCLT), Mumbai Bench has admitted Corporate Insolvency Resolution Process (CIRP) application and appointed CA Nirav Tarkas as Resolution Professional of the Holding Company.*

These events indicate a material uncertainty that casts a significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial results do not disclose the fact that the fundamental accounting assumption of going concern has not been followed.

- b) *We draw attention towards the fact that the Group's financial facilities/arrangements including Term Loans, Working Capital Facilities and Non Fund Based Credit Facilities with the Banks have turned into Non Performing Assets and the same have been called back.*

The Group has recorded significant adjustments pertaining to interest on outstanding dues payable to the secured lenders. The interest on loans which has been defaulted by the Group and has been turned into Non Performing Assets and called back by the bank, was not provided by the Group and the same has been provided in the quarter ended March 2019 which amounted to Rs. 38611.23 lakhs, including interest for the current year.

Prior period's interest which has been debited in the financial results for the quarter ended March 2019, would result into increase in loss by Rs. 38,611.23 lakhs and therefore making the financial results non comparable with the previous periods.

Further, the impact of prior period have not been restated retrospectively in the financial results as required under Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

- c) *The Group has disclosed 'claims not acknowledged as debts', amounting to Rs. 4016.74 lakhs. The same relates to penalty which has been claimed by its secured lenders as per the terms of agreement. However, no disclosure has been made regarding the claims from other lenders and therefore the overall impact of such claims which has not been acknowledged as debt by the Group is not ascertainable.*



d) Attention is also drawn to the fact that the Group has not provided for impairment or diminishing value of its assets/investment as per 'Ind AS 36 - Impairment of Assets' as notified under Section 133 of the Companies Act, 2013.

e) The Holding Company's financial results as at March 31, 2019 include investments and loans aggregating to Rs. 143 lakhs and Rs.7608.78 lakhs respectively in its subsidiaries.

The Holding Company's investment in its fully own subsidiary, Euro Merchandise (India) Limited is Rs. 142.50 lakhs which has been fully provided. Euro Realtors which is a partnership concern where Holding Company is partner, loan aggregating Rs. 7608.78 lakhs have been granted. The management of Holding Company expects the same to be non-realizable and has therefore provided the same. The Holding Company has also given guarantee for loans taken by Subsidiary Company from bank and the impact of the same on the financial results could not be quantified.

These subsidiaries have accumulated losses and their consolidated net worth is fully eroded or have no transactions and operations. Further, these subsidiaries are facing liquidity constraints due to which they may not be able to realize its assets.

The Group has an investment in shares of Cosmos Co-Operative Bank Ltd. amounting to Rs. 4.50 lakhs. However, we were unable to verify share certificate for the same.

f) The Subsidiary Company has given loan to Euro Natural Resources Private Limited amounting to Rs. 71.74 lakhs, on which no interest is charged and repayment terms have not been defined. The Subsidiary Company is unable to realize the same. As noted by the auditors of Subsidiary company, it had been known that Euro Natural Resources Private Limited is under liquidation. Therefore, this casts significant doubt on the Group to realize the sums advanced and hence, the Group has provided the same in the consolidated financial results.

Also, the Subsidiary Company has given Rs. 4 lakhs to Euro Glass Private Limited. Net worth of Euro Glass Private Limited has completely eroded and therefore, this casts significant doubt as over realisability of the same. No effect has been given to such loan advanced while preparing the consolidated financial results.

g) During the year, Group has written off stock of Raw Materials and Consumables amounting to Rs. 852.83 lakhs and Stores and Spares amounting to Rs. 168.24 lakhs. Also, the Group has devalued finished goods at net realizable value. The inventory in the books as valued by the Group and certified in the consolidated financial results amounted to Rs. 553.56 lakhs.

h) We also draw your attention towards overdue receivables aggregating to Rs. 177.78 lakhs as on March 31, 2019, towards purchase of goods included under "Trade Receivables" owed to the Group by its Foreign Customers due for more than 6 months as on March 31, 2019. These balances have not been settled till March 31, 2019. Any penalties that may be levied by RBI / FEMA are presently not known and potential impact of the same on the consolidated financial results could not be ascertained.

Also, of the total amount receivable, as disclosed in the financial results, amounting to Rs. 1035.01 lakhs, provisions for doubtful debts have been created at Rs. 720.66 lakhs. The allowance for bad and doubtful debts have been made based on the estimates and best possible judgement of the Group.



The Expected Credit Loss Method as required under Ind AS 109, has not been followed while making provision for doubtful debts. Based on the above, we are unable to comment over the realisability of trade receivables, provisioning and its overall impact on these consolidated financial results.

- i) The consolidated financial results wherein the Group has written back balances aggregating to Rs. 2291.19 lakhs. The aforesaid amount written back (net) has been included under "Exceptional Items" in the consolidated financial results.

Such amounts written back include amounts payable to foreign creditors amounting to Rs. 663.45 lakhs, pertaining to purchase of raw materials, spares and consumables from entities outside India, which the Group assumes to be not payable and have been therefore written back. Also, Group had received advances from foreign customers amounting to Rs. 9.92 lakhs, which has been written back, considering, no outflow of resources – either goods or repayment by the Group. Total amount from foreign parties which has been written back aggregating to Rs. 673.37 lakhs, for which Group has not obtained prior approval as required pursuant to guidelines under FEMA/RBI. Any penalties that may be levied by the Reserve Bank of India and its impact in the consolidated financial results are not presently ascertainable.

For the balance amount written back amounting to Rs. 1627.74 lakhs, we have been informed that such amounts has been written back based on the decision of Group.

The impact of such write-back have resulted to increase in profit for the Group, however, we cannot comment over the consequential impact of the same.

- j) Amounts aggregating to Rs. 363.08 lakhs disclosed under Trade Payables, in respect of purchase of raw materials, spares and consumables from entities outside India, which are outstanding for more than 6 months, which is not in compliance with the Regulations / Guidelines of the Foreign Exchange Management Act, 1999. Any penalties that may be levied by the Reserve Bank of India and/or any changes to the disclosure of the amounts in the consolidated financial results in this regard are not presently ascertainable.
- k) We draw attention to the fact that consolidated financial results are subject to receipt of confirmation of balances from many of the debtors, loans & advances, investments, banks or financial institutions, sundry creditors and other liabilities. In view of non-receipt of confirmation of these balances and consequential reconciliations / adjustments, if any, the resultant impact on the consolidated financial results is not ascertainable.
- l) The Group had imported various Capital Goods and Spares and Consumables for the Capital Goods under the Export Promotion Capital Goods Scheme (EPCG), of the Government of India, through various licenses, at concessional rates of Custom Duty on an undertaking to fulfil quantified exports within a period of eight years from the date of respective licenses. The Custom Duties saved amounted to Rs.3076.45 lakhs and the corresponding export obligations to be fulfilled amounted to Rs.24611.63 lakhs, however as on 31st March 2019, the export obligations yet to be fulfilled amounted to Rs.16919.04 lakhs. The stipulated period of 8 years to fulfill Export obligation has already expired and the Group is required to pay the said saved Custom Duty together with interest @ 15% p.a. however, the same has not been provided in books of accounts by the Group and the exact quantum of liability is presently unascertainable.
- m) Attention is drawn to the fact that, as required under Section 203 of the Companies Act, 2013, the Holding Company is yet to appoint a Company Secretary and the Holding Company has not



complied with Regulation 6 of LODR which requires Company Secretary to be appointed as Compliance Officer.

- n) We also draw attention towards the fact that, in respect of deposits accepted by the Group before the commencement of the Act, within the meaning of section 74 & 75 of the Companies Act, 2013 and the Rules framed there under, the principal amount of such deposits and interest due thereon remained unpaid even after expiry of one year from such commencement and the Group has not filed a statement within a period of three months from such commencement or from the date on which such payments, were due, with the Registrar.
- o) The Group has borrowings, which are repayable on demand, classified under Non-Current Financial Liabilities and Current Financial Liabilities, which are borrowed from various related parties and other lenders, the repayment terms of which have not been agreed between the Group and the lenders. The Group has considered the amount borrowed to be the fair value and disclosed the same in the financial results. However, in the absence of any repayment terms and interest rate, the amount disclosed may not be the fair value, in accordance with the provisions of 'Ind AS - 109 - Financial Instruments'. The effect of such treatment has not been quantified by the management and therefore, we are unable to ascertain the impact of such borrowings on these consolidated financial results.
- p) We draw attention to the facts, that in absence of complete particulars of amount dues to Micro, Small and Medium enterprises, if any under MSMED Act, 2006, and provisions towards interest, if any, could not be ascertained at this stage which is not in conformity with 'Ind AS 37-Provision, Contingent Liabilities and Contingent Assets'.
- q) The Group has TDS demand outstanding amounting to Rs.5.24 lakhs excluding interest and penalties, pertaining to the previous financial years. The Group is in the process of ascertaining the liabilities and rectifying such returns, wherever required. The impact of such unrecorded liability is unascertainable on the consolidated financial results.

4. Emphasis of Matters

- a) As per the Insolvency and Bankruptcy Code, 2016, the Resolution Professional appointed for the Holding Company has to receive, collect and admit all the claims submitted by the operational and financial creditors, employee and workmen of the Holding Company. Such claim can be submitted to the Resolution Professional during the CIRP, till the approval of resolution plan by Committee of Creditors. The Resolution Professional is in the process of receiving, collating and verifying such claims and shall subsequently admit verified claims as per the Insolvency and Bankruptcy Code, 2016. Therefore, the impact of such claim, if any, which may arise subsequently, has not been considered in the preparation of consolidated financial results of the Group.



5. We did not audit the financial statement of a Subsidiary Company, Euro Merchandise (India) Limited, whose financial statements reflect total assets of Rs. 229.80 Lakhs and net liabilities of Rs. 5213.74 Lakhs as at March 31, 2019 and total revenue of Rs. 28.78 Lakhs, as considered in the consolidated financial statements. These financial statement have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with relevant circulars, insofar as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.
6. We did not audit the financial statement of, a Subsidiary Entity - partnership firm, Euro Realtors, whose financial statements reflect total assets of Rs. 9728.35 Lakhs and net liabilities of Rs. 9728.35 Lakhs including Partner's contribution as at March 31, 2019 and total revenue as NIL, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these entity and our report in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with relevant circulars, insofar as it relates to the aforesaid entity, is based solely on such unaudited financial statements.

Mumbai
October 12, 2019



For Rasesh Shah & Associates
Firm Registration Number: 108671W
Chartered Accountants

Rasesh

CA Rasesh Shah
Partner

Membership Number: 34217

UDIN :- 19034217AAAAAU9172

EURO CERAMICS LIMITED

ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
1	Company's current liabilities exceeds its current assets and net worth of the Company has been fully eroded. The Company has been unable to pay the debts of its secured lenders.	Qualified	Repeated	As the accounts with secured lenders (banks) turned into Non Performing Assets on default of payments by the Company, the Banks have call back their advances and the Company has classified such loans under current liabilities. Further the Company has recorded significant adjustments pertaining to interest on outstanding dues payable to the secured lenders. The interest on such loans was not provided earlier by the Company is now provided in the financial year 2018-19 amounting to Rs. 36087.45 lakhs, including interest for the current year which has resulted in the increase in Current Liabilities. The Company is under Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code 2016 and the Resolution Professional is taking care of affairs, business and assets of the Company.			
2	Company has recorded significant adjustments	Qualified	First Time	The Company is into CIRP Process and RP had invited the			

	pertaining to interest on outstanding dues payable to the secured lenders. The interest on loans which has been defaulted by the Company and has been turned into Non Performing Assets and called back by the bank, was not provided by the Company and the same has been provided in the year 2018-19 which amounted to Rs. 36087.45 lakhs, including interest for the current year.			claims from the creditors and based on such claims the Company has provided the interest on such loans, which was not provided in the earlier years pursuant to a settlement arrangements with the Banks.			
3	The Company has disclosed 'claims not acknowledged as debts', amounting to Rs. 4016.74 lakhs relating to penalty which has been claimed by its secured lenders as per the terms of agreement. However, no disclosure has been made regarding the claims from other lenders and therefore the overall impact of such claims which has not been acknowledged as debt by the Company is not ascertainable.	Qualified	First Time	The amount of Rs. 4016.74 lakh is pertaining to penal interest charged by the Secured Lenders and claimed in the claim form submitted with the Resolution Professional. The claims are under verification and hence disclosed as not acknowledge as debt.			
4	The Company has not provided for impairment or diminishing value of its assets/ investment as per "Ind AS 36- Impairment of Assets" as notified under the Section 133 of the Companies Act, 2013. The effect of	Qualified	Repeated	The Company has made the provisions for diminution in the value of its investments/assets wherever required. Management has a policy to maintain the assets and keep them in working condition, so that its value does not get affected in long run. The management is	N.A.	N.A.	N.A.

	such Impairment or diminishing value has not been quantified by the management and hence the same is not ascertainable.			optimistic about realizing the value of its Assets / Investments nearest to its carrying value, and there is no further diminution in the value of its assets / investment other than depreciation /amortization provided for.			
5	The Company's non-current investments as at March 31, 2019 include investments aggregating Rs. 143 lakhs in two of its subsidiaries. The Company's investment in its fully own subsidiary, Euro Merchandise (India) Limited is Rs. 142.50 lakhs which has been fully provided. Euro Realtors which is a partnership concern where Company is partner, loan aggregating Rs. 7608.78 lakhs have been granted. The Company expects the same to be non-realizable and has therefore provided the same. The Company has also given guarantee for loans taken by Subsidiary Company from bank. These subsidiaries have accumulated losses and their consolidated net worth is fully eroded or have no transactions and operations. Further, these	Qualified	Repeated	Wherever the Company observed that it wont be able to realise the amounts from its investments / loans and advances, the Company has provided and wherever, provision has not been created, the Company expects the same to be realizable.	N.A.	N.A.	N.A.

	subsidiaries are facing liquidity constraints due to which they may not be able to realize projections made as per their business plans. The Company has investment in Euro Glass Private Limited amounting to Rs. 130 lakhs and the same has been fully provided during the current year, as the Net-Worth of Euro Glass Private Limited has been fully eroded. The Company has an investment in shares of Cosmos Co-Operative Bank Ltd. amounting to Rs. 3.50 lakhs. However, we were unable to verify share certificate for the same.						
6	The Company has written off stock of Raw Materials and Consumables amounting to Rs. 852.83 lakhs and Stores and Spares amounting to Rs. 168.24 lakhs. Also, the Company has devalued finished goods at net realizable value. The inventory in the books as valued and certified by the Company amounted to Rs.540.38 lakhs.	Qualified	First Time	The Company's vitrified tiles division, wall tiles divisions are completely shut down since more than 5 years and the sanitaryware unit was hived off in 2017. Hence the stock of such divisions are non realizable. Further the Company has written off other stocks which are non realizable and obsolete.			
7	Overdue receivables aggregating to Rs. 142.05 lakhs as on March 31, 2019, towards purchase of	Qualified	Repeated	The Company shall initiate the process for compliance of the same and is expecting to realize the said amount.	N.A.	N.A.	N.A.

	goods included under "Trade Receivables" owed to the Company by its Foreign Customers due for more than 6 months as on March 31, 2019. These balances have not been settled till March 31, 2019. Any penalties that may be levied by RBI / FEMA are presently not known. Also, of the total amount receivable, as disclosed in the financial results, amounting to Rs. 980.01 lakhs, provisions for doubtful debts have been created at Rs. 703.82 lakhs. The allowance for bad and doubtful debts have been made based on the estimates and best possible judgement of the Company. The Expected Credit Loss Method as required under Ind AS 109, has not been followed while making provision for doubtful debts.						
8	The Company has written back balances aggregating to Rs. 2291.19 lakhs. Such amounts written back include amounts payable to foreign creditors amounting to Rs. 663.45 lakhs, pertaining to purchase of	Qualified	First Time	The amount written back is based on the Management's assessment for such liabilities considering the legal aspects.			

	raw materials, spares and consumables from entities outside India, which the Company assumes to be not payable and have been therefore written back. Also, Company had received advances from foreign customers amounting to Rs. 9.92 lakhs, which has been written back, considering, no outflow of resources – either goods or repayment by the Company. Total amount from foreign parties which has been written back aggregating to Rs. 673.37 lakhs, for which Company has not obtained prior approval as required pursuant to guidelines under FEMA/ RBI. For the balance amount written back amounting to Rs. 1627.74 lakhs, we have been informed that such amounts has been written back based on the decision of Company.						
9	There were no documented system of Internal Financial Controls over financial reporting with regard to the Company.	Qualified	Repeated	The Company has internal audit system in place commensurate with the size of the Company and its operations and the necessary controls are implemented wherever required. Further the periodical internal audit is done by independent qualified chartered accountant..			
11	Amounts aggregating to	Qualified	First Time	The Company is into CIR process			

	Rs. 363.08 lakhs disclosed under Trade Payables, in respect of purchase of raw materials, spares and consumables from entities outside India, which are outstanding for more than 6 months, which is not in compliance with the Regulations / Guidelines of the Foreign Exchange Management Act, 1999.			w.e.f 25.2.19 and RP is in charge of the affairs, business and assets of the Company under IBC 2016. Prior to CIR process the Company was into liquidity crunch which resulted into non- payment of such creditors.			
12	The financial statements are subject to receipt of confirmation of balances from many debtors, loans & advances, investments, banks, sundry creditors and other liabilities. Pending receipt of confirmation of these balances and consequential reconciliations / adjustments.	Qualified	Repeated	The Management is in the process of obtaining the confirmations from debtors, creditors, lenders and loans advances in routine course of business and have obtained from some of them. The reconciliations are made and the effects have been given in the books of accounts wherever required.	N.A.	N.A.	N.A.
13	The Company had imported various Capital Goods & Spares & Consumables for the Capital Goods under the Export Promotion Capital Goods Scheme (EPCG), of the Government of India, through various licenses, at concessional rates of Custom Duty on an undertaking to fulfill quantified exports within a period of eight years from the date of respective licenses. The Custom Duties so saved	Qualified	Repeated	The Company had a good export track record in the past and has completed its EPCG obligation in more than 8 licenses in the past. However due to adverse market conditions during the period 2008, 2009 and 2010 and global economy slowdown the total exports of the Company were affected drastically and in the later years the financial position of the Company was further affected due to liquidity crunch, which in a way affected the overall revenue of the Company, including the export revenues and also the net worth of the Company turned	N.A.	N.A.	N.A.

	amounted to Rs.30,76,45,374/- and the corresponding Export obligation to be fulfilled amounted to Rs.2,46,11,62,991/-, however as on 31st March 2018, the Export obligation yet to be fulfilled amounted to Rs.169,19,04,058/-. The stipulated period of 8 years to fulfill Export obligation has already expired and the company is required to pay the said saved Custom Duty together with interest @ 15% p.a. but the same has not been provided in books of accounts by the Company and the final liability is presently unascertainable.			negative and the Company had also referred to BIFR under the provision of Sick Industrial Companies Act. The Company has applied for extension of time for export for the said licenses with the authorities, however the same was not granted and further the Company has applied to High Court for appropriate remedy in the said matters. Presently the Company is in CIR process under IBC 2016			
14	As required under Section 203 of the Act the company is yet to appoint a Company Secretary and the company is not in compliance with Regulation 6 of LODR which requires Company Secretary to be appointed as Compliance Officer.	Qualified	Repeated	The management is in the process of appointment of Whole time Company Secretary. The Company had also given advertisement in the newspaper for the vacancy, however could not find suitable candidate considering the financial health of the Company.	N.A.	N.A.	N.A.
15	In respect of deposits accepted by the company before the commencement of this Act, within the meaning of section 74 & 75 of the Act and the Rules framed there under, the principal amount of such deposits	Qualified	Repeated	To meet working capital requirements, the Company raised funds by accepting unsecured loans from friends and relatives of Directors which are known to the Company without invitation to public in general after filing Statement in lieu of Advertisement (SLA) pursuant to	N.A.	N.A.	N.A.

	and interest due thereon remained unpaid even after expiry of one year from such commencement and the Company has not filed a statement within a period of three months from such commencement or from the date on which such payments, are due, with the Registrar details as prescribed u/s.74(1)(a).			the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975. As the financial position of the Company was under stress and consequently defaulted on its obligation to secured lenders, all the lenders have classified the Company's account as Non-Performing Assets (NPA). The Company suffered losses and cash flow of the Company was under stress. Further, the Net Worth of the Company eroded completely. However the Company has filed DPT 3 for the financial year 2018-19.			
16	The Company has interest free borrowings, classified under Non-Current Financial Liabilities, which are borrowed from various related parties and other lenders, the repayment terms of which have not been agreed between the Company and the lenders. The Company has not fair valued such sums received in accordance with the provisions of 'Ind AS - 109 - Financial Instrument' and 'Ind AS - 113 - Fair Value Measurement'.	Qualified	Repeated	The Company is under CIRP process and RP is in the process of inviting and verify the claims from secured and unsecured creditors.	N.A.	N.A.	N.A.
17	The non-ascertainment of complete particulars of dues to Micro, Small and Medium enterprises, if any under MSMED Act,	Qualified	Repeated	The Company is in the process of identifying the creditors which are Micro, Small and Medium Enterprises under MSMED Act	N.A.	N.A.	N.A.

	2006, and provisions towards interest, if any, is not ascertained at this stage which is not in conformity with with 'Ind AS 37-Provision, Contingent Liabilities & Contingent Assets'.						
18	In our opinion and according to the information and explanations given to us, there are no stipulations made regarding repayment of principal amount and interest in respect of loans granted by the Company to parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence we are unable to comment as to regularity of repayments of principal and interest amount.	Qualified	Repeated	The management would like to state that the loans and advances are given in the normal course of business to a firm where the Company is a partner with majority share, however necessary provision was made for doubtfulness of recovery.	N.A.	N.A.	N.A.

EURO CERAMICS LIMITED

ANNEXURE TO STATEMENT ON IMPACT OF AUDIT QUALIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

Sr. No.	Details of Audit Qualification	Type of Audit Qualification	Frequency of Qualification	For Audit Qualifications where the impact is quantified by the auditor, management's view	For Audit Qualifications where the impact is not quantified by the Auditor		
					(i) Management estimation on the impact of audit qualification	(ii) If management is unable to estimate the impact, reasons for the same.	(iii) Auditor's comment on (i) and (ii)
1	The Group's financial facilities/arrangements including Term Loans, Working Capital Facilities and Non Fund Based Credit Facilities with the Banks have turned into Non Performing Assets and the same have been called back. The Group has recorded significant adjustments pertaining to interest on outstanding dues payable to the secured lenders. The interest on loans which has been defaulted by the Group and has been turned into Non Performing	Qualified	Repeated	As the accounts with secured lenders (banks) turned into Non Performing Assets on default of payments by the Group, the Banks have call back their advances and the Company has classified such loans under current liabilities. Further the Group has recorded significant adjustments pertaining to interest on outstanding dues payable to the secured lenders. The interest on such loans was not provided earlier by the Group is now provided in the financial year 2018-19 amounting to Rs. 38611.23 lakhs, including interest for the current year which has resulted in the increase in Current Liabilities.	NA	NA	NA

	Assets and called back by the bank, was not provided by the Group and the same has been provided in the quarter ended March 2019 which amounted to Rs. 38611.23 lakhs, including interest for the current year. Prior period's interest which has been debited in the financial results for the quarter ended March 2019, would result into increase in loss by Rs. 38,611.23 lakhs and therefore making the financial results non comparable with the previous periods. Further, the impact of prior period have not been restated retrospectively in the financial results as required under Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".			The Holding Company is under Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code 2016 and the Resolution Professional is taking care of affairs, business and assets of the Holding Company.			
2	The Group has disclosed 'claims not acknowledged as debts', amounting to Rs. 4016.74 lakhs. The same relates to penalty	Qualified	First Time	The amount of Rs. 4016.74 lakh is pertaining to penal interest charged by the Secured Lenders and claimed in the claim form submitted with the	NA	NA	NA

	which has been claimed by its secured lenders as per the terms of agreement. However, no disclosure has been made regarding the claims from other lenders and therefore the overall impact of such claims which has not been acknowledged as debt by the Group is not ascertainable.			Resolution Professional. The claims are under verification and hence disclosed as not acknowledge as debt.			
3	Attention is also drawn to the fact that the Group has not provided for impairment or diminishing value of its assets/investment as per 'Ind AS 36 - Impairment of Assets' as notified under Section 133 of the Companies Act, 2013.	Qualified	Repeated	The Group has made the provisions for diminution in the value of its investments/assets wherever required. Management has a policy to maintain the assets and keep them in working condition, so that its value does not get affected in long run. The management is optimistic about realizing the value of its Assets / Investments nearest to its carrying value, and there is no further diminution in the value of its assets / investment other than depreciation /amortization provided for.	NA	NA	NA
4	The Holding Company's financial results as at March 31, 2019 include investments and loans aggregating to Rs. 143 lakhs and Rs.7608.78	Qualified	Repeated	Wherever the Group observed that it wont be able to realise the amounts from its investments / loans and advances, the Group has provided and wherever, provision has not been	NA	NA	NA

	lakhs respectively in its subsidiaries. The Holding Company's investment in its fully own subsidiary, Euro Merchandise (India) Limited is Rs. 142.50 lakhs which has been fully provided. Euro Realtors which is a partnership concern where Holding Company is partner, loan aggregating Rs. 7608.78 lakhs have been granted. The management of Holding Company expects the same to be non-realizable and has therefore provided the same. The Holding Company has also given guarantee for loans taken by Subsidiary Company from bank and the impact of the same on the financial results could not be quantified. These subsidiaries have accumulated losses and their consolidated net worth is fully eroded or have no transactions and operations.			created, the Group expects the same to be realizable.			
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	Further, these subsidiaries are facing liquidity constraints due to which they may not be able to realize its assets.						
5	The Subsidiary Company has given loan to Euro Natural Resources Private Limited amounting to Rs. 71.74 lakhs, on which no interest is charged and repayment terms have not been defined. The Subsidiary Company is unable to realize the same. As noted by the auditors of Subsidiary company, it had been known that Euro Natural Resources Private Limited is under liquidation. Therefore, this casts significant doubt on the Group to realize the sums advanced and hence, the Group has provided the same in the consolidated financial results. Also, the Subsidiary Company has given Rs. 4 lakhs to Euro Glass Private Limited. Net	Disclaimer Qualification	Repeated	The loans and advance given by the Subsidiary Company are in the normal course of business to such entities. However the subsidiary company has made the provision wherever required for doubtfulness of recovery.	NA	NA	NA

	worth of Euro Glass Private Limited has completely eroded and therefore, this casts significant doubt as over realisability of the same. No effect has been given to such loan advanced while preparing the consolidated financial results.						
7	During the year, Group has written off stock of Raw Materials and Consumables amounting to Rs. 852.83 lakhs and Stores and Spares amounting to Rs. 168.24 lakhs. Also, the Group has devalued finished goods at net realizable value. The inventory in the books as valued by the Group and certified in the consolidated financial results amounted to Rs. 553.56 lakhs.	Qualified	First Time	The vitrified tiles division, wall tiles divisions of holding Company are completely shut down since more than 5 years and the sanitaryware unit was hived off in 2017. Hence the stock of such divisions are non realizable. Further the Group has written off other stocks which are non realizable and obsolete.	NA	NA	NA
8	Overdue receivables aggregating to Rs. 177.78 lakhs as on March 31, 2019, towards purchase of goods included under "Trade Receivables" owed to the Group by its Foreign Customers	Qualified	Repeated	The Group shall initiate the process for compliance of the same and is expecting to realize the said amount.	NA	NA	NA

	due for more than 6 months as on March 31, 2019. These balances have not been settled till March 31, 2019. Any penalties that may be levied by RBI / FEMA are presently not known and potential impact of the same on the consolidated financial results could not be ascertained. Also, of the total amount receivable, as disclosed in the financial results, amounting to Rs. 1035.01 lakhs, provisions for doubtful debts have been created at Rs. 720.66 lakhs. The allowance for bad and doubtful debts have been made based on the estimates and best possible judgement of the Group. The Expected Credit Loss Method as required under Ind AS 109, has not been followed while making provision for doubtful debts.						
9	The consolidated financial results wherein the Group has	Qualified	First Time	The amount written back is based on the Management's assessment for such	NA	NA	NA

	written back balances aggregating to Rs. 2291.19 lakhs. The aforesaid amount written back (net) has been included under "Exceptional Items" in the consolidated financial results. Such amounts written back include amounts payable to foreign creditors amounting to Rs. 663.45 lakhs, pertaining to purchase of raw materials, spares and consumables from entities outside India, which the Group assumes to be not payable and have been therefore written back. Also, Group had received advances from foreign customers amounting to Rs. 9.92 lakhs, which has been written back, considering, no outflow of resources - either goods or repayment by the Group. Total amount from foreign parties which has been written back aggregating to Rs. 673.37 lakhs, for which Group has not obtained prior approval as			liabilities considering the legal aspects.			
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	required pursuant to guidelines under FEMA/ RBI. Any penalties that may be levied by the Reserve Bank of India and its impact in the consolidated financial results are not presently ascertainable. For the balance amount written back amounting to Rs. 1627.74 lakhs, we have been informed that such amounts has been written back based on the decision of Group.						
11	Amounts aggregating to Rs. 363.08 lakhs disclosed under Trade Payables, in respect of purchase of raw materials, spares and consumables from entities outside India, which are outstanding for more than 6 months, which is not in compliance with the Regulations / Guidelines of the Foreign Exchange Management Act, 1999.	Qualified	First Time	The Holding Company is into CIR process w.e.f. 25.2.19 and RP is in charge of the affairs, business and assets of the Company under IBC 2016. Prior to CIR process the Company was into liquidity crunch which resulted into non- payment of such creditors.	NA	NA	NA
12	Consolidated financial results are subject to receipt of confirmation of balances from many of the debtors, loans &	Qualified	Repeated	Your management would like to state that the Group is in the process of obtaining the confirmations from debtors, creditors, lenders	NA	NA	NA

	advances, investments, banks or financial institutions, sundry creditors and other liabilities. In view of non-receipt of confirmation of these balances and consequential reconciliations / adjustments, if any, the resultant impact on the consolidated financial results is not ascertainable.			and loans advances in routine course of business and have obtained from some of them. The reconciliations are made and the effects have been given in the books of accounts wherever required.			
13	The Group had imported various Capital Goods and Spares and Consumables for the Capital Goods under the Export Promotion Capital Goods Scheme (EPCG), of the Government of India, through various licenses, at concessional rates of Custom Duty on an undertaking to fulfil quantified exports within a period of eight years from the date of respective licenses. The Custom Duties saved amounted to Rs.3076.45 lakhs and the corresponding export obligations to be fulfilled amounted to	Qualified	Repeated	The Holding Company had a good export track record in the past and has completed its EPCG obligation in more than 8 licenses in the past. However due to adverse market conditions during the period 2008, 2009 and 2010 and global economy slowdown the total exports of the Company were affected drastically and in the later years the financial position of the Holding Company was further affected due to liquidity crunch, which in a way affected the overall revenue of the Group, including the export revenues and also the net worth of the Group Company turned negative and the Group had also referred to BIFR under the	N.A.	N.A.	N.A.

	Rs.24611.63 lakhs, however as on 31st March 2019, the export obligations yet to be fulfilled amounted to Rs.16919.04 lakhs. The stipulated period of 8 years to fulfill Export obligation has already expired and the Group is required to pay the said saved Custom Duty together with interest @ 15% p.a. however, the same has not been provided in books of accounts by the Group and the exact quantum of liability is presently unascertainable.			provision of Sick Industrial Companies Act. The Group has applied for extension of time for export for the said licenses with the authorities, however the same was not granted and further the Holding Company has applied to High Court for appropriate remedy in the said matters. Presently the Holding Company is in CIR process under IBC 2016			
14	As required under Section 203 of the Companies Act, 2013, the Holding Company is yet to appoint a Company Secretary and the Holding Company has not complied with Regulation 6 of LODR which requires Company Secretary to be appointed as Compliance Officer.	Qualified	Repeated	The Holding Company is in the process of appointment of Whole time Company Secretary. The Holding Company had also given advertisement in the newspaper for the vacancy, however could not find suitable candidate considering the financial health of the Holding Company.	N.A.	N.A.	N.A.
15	Deposits accepted by the Group before the commencement of the Act, within the	Qualified	Repeated	To meet working capital requirements, the Holding Company raised funds by accepting unsecured loans	NA	NA	NA

	meaning of section 74 & 75 of the Companies Act, 2013 and the Rules framed there under, the principal amount of such deposits and interest due thereon remained unpaid even after expiry of one year from such commencement and the Group has not filed a statement within a period of three months from such commencement or from the date on which such payments, were due, with the Registrar.			from friends and relatives of Directors which are known to the Group without invitation to public in general after filing Statement in lieu of Advertisement (SLA) pursuant to the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975. As the financial position of the Group was under stress and consequently defaulted on its obligation to secured lenders, all the lenders have classified the Company's account as Non-Performing Assets (NPA). The Company suffered losses and cash flow of the Company was under stress. Further, the Net Worth of the Company eroded completely. However the Group has filed DPT 3 for the financial year 2018-19.			
16	The Group has borrowings, which are repayable on demand, classified under Non-Current Financial Liabilities and Current Financial Liabilities, which are borrowed from various related parties and other lenders, the repayment terms of which have	Qualified	Repeated	As the financial position of the Group is under stress and also it has defaulted on its obligation to secured lenders, all the lenders have classified the Group's account as Non-Performing Assets (NPA). The Group suffered losses and cash flow of the Group was under stress. Further, the Net Worth of the Group eroded	NA	NA	NA

	not been agreed between the Group and the lenders. The Group has considered the amount borrowed to be the fair value and disclosed the same in the financial results. However, in the absence of any repayment terms and interest rate, the amount disclosed may not be the fair value, in accordance with the provisions of 'Ind AS - 109 - Financial Instruments'.			completely. In order to continue the operations of the Group, the Group in the past borrowed funds from various of relatives and friends of Promoters and Directors. The same was mutually agreed between the parties and no interest was charged by the lenders on the same. Also, the repayment terms was also not fixed between the Company and the lenders. Therefore, the Group would continue to classify such borrowings as Non Current. The Holding Company is under CIRP process and RP is in the process of inviting and verify the claims from secured and unsecured creditors.			
17	In absence of complete particulars of amount dues to Micro, Small and Medium enterprises, if any under MSMED Act, 2006, and provisions towards interest, if any, could not be ascertained at this stage which is not in conformity with 'Ind AS 37-Provision, Contingent Liabilities and Contingent Assets'.	Disclaimer Qualification	Repeated	The Group is in the process of identifying the creditors which are Micro, Small and Medium Enterprises under MSMED Act	NA	NA	NA

18	The Group has TDS demand outstanding amounting to Rs.5.24 lakhs excluding interest and penalties, pertaining to the previous financial years.	Disclaimer Qualification	First Time	The Management is in the process of clearing the said liability.	NA	NA	NA
19	The Holding Company has given guarantee for loans taken by its subsidiaries from bank. The terms and conditions of the same are not prejudicial to the interest of the Holding Company. The said subsidiary has been continuously incurring losses and its net worth has been fully eroded and there is substantial doubt whether the said subsidiary would be able to repay its liabilities or realize its assets.	Qualified	Repeated	The Holding Company is into CIR Process under IBC 2016 and the Resolution Professional is in charge of the affairs, business and assets of the Holding Company. The management of subsidiary Company is hopeful of amicable settlement with the lender for its debt.	N.A.	N.A.	N.A.