



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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2024
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(Rs. In Lakhs)

S. No	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
I.	1. Turnover / Total income	355.59	355.59
	2. Total Expenditure	1293.26	1293.26
	3. Net Profit/(Loss)	-937.68	-937.68
	4. Earnings Per Share	-3.71	-3.71
	5. Total Assets	6852.94	6852.94
	6. Total Liabilities	13087.37	13087.37
	7. Net Worth	-6234.43	-6234.43
	8. Exceptional (loss)	-43	-43
	9. Any other financial item(s) (as felt appropriate by the management)	Not Applicable	Not Applicable
II.	<p>Audit Qualification (each audit qualification separately): Audit Qualification. I: - a. Details of Audit Qualification: Financial statements were prepared without considering the effect of the loss / damage to Buildings, Plant & Machinery and other assets of the company. The condition of the fixed assets & its realizable value could not be estimated post declaration of lock out of the plant on 31.01.2012. The Fixed Assets are disclosed at book value after providing depreciation on account of efflux of time. b. Type of Audit Qualification: Qualified opinion c. Frequency of Audit Qualification: Repetitive /since 2014 d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: e. For Audit Qualification(s) where the impact is not quantified by the auditor: i. Management's estimation on the impact of audit qualification: <i>Not determinable</i> ii. If management is unable to estimate the impact, reasons for the same: <i>The Company suffered extensive damage to the Buildings, Plant & Machinery and other assets situated at its factory in Yanam due to unprecedented violence that occurred on January 27, 2012. Stocks of Finished Goods, Raw Materials, Stores and Spares, stocks-in-process and other inventories were largely damaged / looted. The Company declared lock-out of the Plant from January 31, 2012.</i></p>		



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The Company has refurbished one of its production lines and all associated miscellaneous fixed assets. Some of the production lines installed prior to year 2000 suffered extensive damage and the OEMs expressed their inability to provide spares or repair / refurbish those equipment's. Hence, 6 production lines have been scrapped and the amount received on sale of scrap has been accounted in the books of accounts. The corresponding amounts in the book value and accumulated depreciation have been reduced to that extent.

iii. Auditors' Comments on (i) or (ii) above: *Impact is not determinable*

Audit Qualification. II: -

- a. Details of Audit Qualification: During the year, the company has not provided the provisional liability towards salary, wages and other benefits to its factory employees. Further, the company has not provided for its liability towards Gratuity and leave encashment in accordance with Ind AS-19 "Employee Benefits". We are unable to comment upon the impact of non-provision of additional loss of the company for the year and on the current liabilities as at 31.03.2024.
- b. Type of Audit Qualification: Qualified opinion
- c. Frequency of Audit Qualification: Repetitive /since 2013
- d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:
- 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 determinable*
 - ii. If management is unable to estimate the impact, reasons for the same:

After series of negotiations with the workers union, Memorandum of settlement was arrived on 24.10.2019 at Puducherry under Section 12 (3) of the Industrial Disputes Act, 1947 before the Commissioner of Labour -cum- Chief Conciliation Officer, U T of Puducherry between the Company and the Regency Ceramics Staff and Workers Union. As per the MOU, the management has agreed to provide house sites at Yanam to all the displaced workers of the Company in three categories as proposed by the union.

In this connection, two stretches of land owned by ancillary units to the extent of about 25.35 Acres was registered on 18.10.2019 in favour of the union through settlement deeds. The conversion of agricultural land into residential plots, development of land, lying of roads, allotment of plots, etc. is in progress and after the actual allotment of plots to each individual, necessary entries will be made in the books of accounts.

iii. Auditors' Comments on (i) or (ii) above: *Impact is not determinable*

Audit Qualification. III: -

- a. Details of Audit Qualification: Confirmation of balances was not obtained from Debtors, Creditors, loans and advances and other current assets.
- b. Type of Audit Qualification: Qualified opinion
- c. Frequency of Audit Qualification: Repetitive /since 2013
- d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:
- 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 determinable*
 - ii. If management is unable to estimate the impact, reasons for the same:

The Management cannot estimate the impact as the exact quantification of these will be known only when the operations start and these debtors and creditors are approached after commencement of business

iii. Auditors' Comments on (i) or (ii) above: *Impact is not determinable*



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GST: 36AABCR0720Q1Z9 CIN: L26914TG1983PLC004249

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Audit Qualification. IV: -

- a. Details of Audit Qualification: The company did not provide the interest on Unsecured loans received from Directors and Body Corporates. Also, interest has not been provided in respect of overdue amount payable to Micro, Small and Medium Enterprises suppliers for a period exceeding 45 days.
- b. Type of Audit Qualification: Qualified opinion
- c. Frequency of Audit Qualification: Repetitive / since 2020
- d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:
- 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 determinable*
 - ii. If management is unable to estimate the impact, reasons for the same:

The Management has agreed with Directors and Bodies Corporate that the interest will not be provided on the Unsecured loans. Interest to MSME suppliers will be negotiated and finalized after operations commence

- iii. Auditors' Comments on (i) or (ii) above: *Impact is not determinable*

Audit Qualification. V: -

- a. Details of Audit Qualification: The company has not provided liability towards interest and penalties payable on account of old statutory dues.
- b. Type of Audit Qualification: Qualified opinion
- c. Frequency of Audit Qualification: Repetitive / since 2013
- d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:
- 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 determinable*
 - ii. If management is unable to estimate the impact, reasons for the same:

The Company is of opinion that the statutory authorities shall waive interest and penalties in view of the unprecedented incident.

- iii. Auditors' Comments on (i) or (ii) above: *Impact is not determinable*

III. **Signatories:**

- **CEO/Managing Director**

- **CFO**

- **Audit Committee Chairman**

- **Statutory Auditor**



Place: Hyderabad

Date: 30.05.2024