

NITCO

TILES MARBLE MOSAICO

NITCO/SE/2024-25/19

June 25, 2024

To,

Corporate Service Department BSE Limited Jeejeebhoy Towers Dalal Street, Mumbai – 400 001 Script code: 532722	The Listing Department National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Script code: NITCO
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Dear Sir/Madam,

Subject: Reply to NSE Clarification for observation found in Financial Results submitted with NSE

Query- The Company has not submitted the Statement of Modified Opinion or in case of unmodified opinion(s), a declaration to that effect to the Stock Exchange - CFO sign missing.

Reply- The Company has submitted the Audited Financial Results (Standalone and Consolidated) and Audit Report for the quarter and Financial Year ended March 31, 2024 duly considered and approved by the Board in their Board Meeting held on May 29, 2024 along with the Statement on Impact of Audit Qualifications. The Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2024 (Standalone and Consolidated) which was submitted to the Stock Exchanges was signed by the Managing Director, Chairman of the Audit Committee and the Statutory Auditors. The signature of Chief Financial Officer was inadvertently missed. Please find attached the Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2024 (Standalone and Consolidated) duly signed.

Kindly note that there is no change in the financial figures disseminated earlier. Request you to take the above information on your records.

Thanking You,

Yours Sincerely,
For **NITCO Limited**

Vivek Talwar
Chairman & Managing Director
DIN: 00043180

Registered Office: NITCO Limited, 3/A, Recondo Compound, Sudam Kalu Ahire Marg, Glaxo, Worli Colony, Mumbai, Maharashtra, India, 400 030. **Tel.:** 91-22-25772800 | 25772790. **CIN:** L26920MH1966PLC016547.
Email: investorgrievances@nitco.in **Website:** www.nitco.in



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

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. in Lakhs)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in Lakhs)
1.	Turnover / Total Income	32,782.58	32,782.58
2.	Total Expenditure	48,408.24	51,258.89
3.	Net Profit/(Loss) before exceptional items	(15,625.66)	(18,476.31)
4.	Exceptional Items	-	-
5.	Net Profit/(Loss) (after OCI)	(15,650.02)	(18,500.67)
6.	Earnings Per Share	(21.79)	(25.71)
7.	Total Assets	69,846.58	69,846.88
8.	Total Liabilities	1,20,067.56	1,22,918.21
9.	Net Worth	(50,220.98)	(53,071.33)
10.	Any other financial item(s) (as felt appropriate by the management)	None	None

ii. Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification:

A) Material Uncertainty Related to Going Concern

The Company continues to incur losses resulting in an erosion of its net worth and its current liabilities exceeds current assets as of 31st March 2024.

We draw your attention to Note 3 of the financial results as regards revocation of the existing restructured facilities (excluding the NCD and RPS facility) by JM Financial Asset Restructuring Company Limited (acting in its capacity as trustee of JMFARC-LVB Ceramics September 2014 - Trust). - (Financial Creditor), vide letter dated 19 September 2022, whereby dues amounting to Rs. 2,42,762.93 Lakhs has been restated (the amount appearing in books as on 31st March 2024 is Rs. 74,395.73 Lakhs).

On 15th November 2022, the Financial Creditor has made an Application under Section 7 of Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 with National Company Law Tribunal (NCLT) to initiate corporate insolvency resolution process.

Further, on 3rd November 2023, the Hon'ble Debt Recovery Tribunal - I, Mumbai has passed an order against the Company & in favour of JMFARC Ltd (acting in its capacity as trustee of JMFARC- Corporation Bank Ceramics September 2015- Trust) w.r.t filing of Miscellaneous Application under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act and issued recovery certificate to the tune of Rs. 7,138.82 Lakhs alongwith interest @ 14.45 percent per annum compounded with monthly rests.

We are informed that the Company is seeking appropriate legal advice and will take all appropriate steps to protect its interest in both the aforesaid matters. Accordingly, no adjustments have been made to the carrying values of the liabilities and their presentation and classifications in the results and are accounted on going concern basis.

On 20th April, 2024 the Company has received communication from JMFARC notifying that pursuant to the Assignment Agreement dated 20th April, 2024, JMFARC has assigned the financial assets of the Company together with all underlying rights, titles, interests, securities, guarantees etc. thereof in favour of Authum Investment & Infrastructure Limited ("AII")

Due to revocation of existing facilities of JMFARC and their filing of application with NCLT to initiate Corporate Insolvency Resolution Process, alongwith issuance of recovery certificate of Rs. 7,138.82 Lakhs by the Debt Recovery Tribunal in their favour, we have concluded that material uncertainty exists relating to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. The Company has received a communication regarding the assignment of the financial assets of the Company to AII and is in the process of re-negotiating the terms with AII. The Company is pursuing various avenues to raise funds, continue business operations and monetize its assets. The Company is in the process to conclude re-negotiation and obtain a replacement financing. Pending the outcome of the negotiations, we are not able to quantify the possible effects of this qualification on the Company's loss for the year and Company's financial position as at 31 March 2024.

Based on our audit conducted, we have concluded that material uncertainty exists relating to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is modified in respect of this matter.

b. Type of Audit Qualification : Qualified Opinion
c. Frequency of qualification : Since previous year
d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable
e. For Audit Qualification(s) where the impact is not quantified by the auditor: (i) Management's estimation on the impact of audit qualification: Refer Note e (ii) below (ii) If management is unable to estimate the impact, reasons for the same: A. As elaborated in note no. 3 to the financial results for the quarter and year ended March 31, 2024, the Company is in the process to initiate its negotiation with Authum Investment & Infrastructure Limited ("AIL") for the restructuring/ extension of restructuring of its facilities. Pending negotiations, no further adjustment is made. (iii) Auditors' Comments on (ii) above: The management does not have evidence to support its going concern estimates, hence, we have concluded that a material uncertainty exists relating to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and to that extent, the audit report is qualified.

ii. Audit Qualification (each audit qualification separately):

b. Details of Audit Qualification:

Non Provision of Interest on Outstanding Loan of LIC

We draw attention to Note 4 to the financial results, Company has not provided interest on the outstanding loan of LIC of Rs. 1,887.26 lakhs (Principal outstanding), as it is hopeful of its restructuring. This unilateral discontinuing of interest accrual by the Company is not in compliance with Ind AS 109 and has resulted in understatement of Interest expense and consequential loss for the year of the Standalone Company to the extent of Rs. 2,850.65 Lakhs.

Our opinion is modified in respect of this matter.

b. Type of Audit Qualification : Qualified Opinion
c. Frequency of qualification : First Year
<p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</p> <p>As elaborated in note no. 4 of the financial results for the quarter and year ended March 31, 2024, the Company is continuing its efforts to negotiate with LIC for one time settlement / restructuring of its facility (principal outstanding Rs. 1,887.26 Lakhs as on 31.03.2024) on similar terms to restructuring done by JMFAFC on January 23, 2018. Pending negotiations with LIC, no further adjustments, especially the provision of interest amounting to Rs 2,850.65 Lakhs is not made.</p> <p>(iii) Auditors' Comments on above: Same as mentioned above. No further comments to offer.</p>
<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable</p> <p>(i) Management's estimation on the impact of audit qualification:</p> <p>(ii) If management is unable to estimate the impact, reasons for the same:</p> <p>(iii) Auditors' Comments on (ii) above: Not applicable</p>

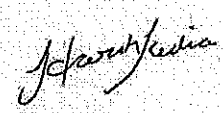
III. Signatories:



Vivek Talwar

Chairman & Managing Director

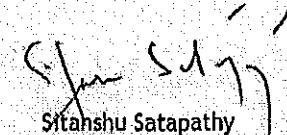
DIN: 00043180



Harsh Kedia

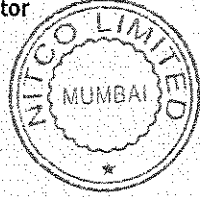
Audit Committee Chairman

DIN: 09784141



Sitanshu Satapathy

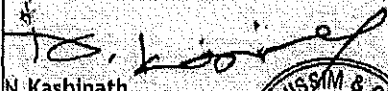
Chief Financial Officer



For M M Nissim & Co LLP

Chartered Accountants

Reg. No. 107122W/W100672



N. Kashinath

Partner

Mem. No. 036490



Place: Mumbai

Date: 29 May 2024

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

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. in Lakhs)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in Lakhs)
1.	Turnover / Total income	33,008.28	33,008.28
2.	Total Expenditure	49,278.16	52,128.81
3.	Net Profit/(Loss) before exceptional items	(16,269.88)	(19,120.53)
4.	Exceptional Items	-	-
5.	Net Profit/(Loss) (after OCI)	(16,288.66)	(19,139.31)
6.	Earnings Per Share	(22.68)	(26.61)
7.	Total Assets	73,028.40	73,028.40
8.	Total Liabilities	1,25,969.90	1,28,820.55
9.	Net Worth	(52,941.50)	(55,792.15)
10.	Any other financial item(s) (as felt appropriate by the management)	None	None

ii. Audit Qualification (each audit qualification separately):

c. Details of Audit Qualification:

Material Uncertainty Related to Going Concern

The Parent Company continues to incur losses resulting in an erosion of its net worth and its current liabilities exceeds current assets as of 31st March 2024.

We draw your attention to Note 3 of the financial results as regards revocation of the existing restructured facilities (excluding the NCD and RPS facility) by JM Financial Asset Restructuring Company Limited (acting in its capacity as trustee of JMFARC-LVB Ceramics September 2014 - Trust). - (Financial Creditor), vide letter dated 19 September 2022, whereby dues amounting to Rs. 2,42,762.93 Lakhs has been restated (the amount appearing in books as on 31st March 2024 is Rs. 74,395.73Lakhs).

On 15th November 2022, the Financial Creditor has made an Application under Section 7 of Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 with National Company Law Tribunal (NCLT) to initiate corporate insolvency resolution process.

Further, on 3rd November 2023, the Hon'ble Debt Recovery Tribunal - I, Mumbai has passed an order against the Parent Company & in favour of JMFARC Ltd (acting in its capacity as trustee of JMFARC- Corporation Bank Ceramics September 2015- Trust) w.r.t filing of Miscellaneous Application under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act and issued recovery certificate to the tune of Rs. 7,138.82 Lakhs alongwith interest @ 14.45 percent per annum compounded with monthly rests.

We are informed that the Parent Company is seeking appropriate legal advice and will take all appropriate steps to protect its interest in both the aforesaid matters. Accordingly, no adjustments have been made to the carrying values of the liabilities and their presentation and classifications in the results and are accounted on going concern basis.

On 20th April, 2024 the Parent Company has received communication from JMFARC notifying that pursuant to the Assignment Agreement dated 20th April, 2024, JMFARC has assigned the financial assets of the Group together with all underlying rights, titles, interests, securities, guarantees etc. thereof in favour of Authum Investment & Infrastructure Limited ("AII")

Due to revocation of existing facilities of JMFARC and their filing of application with NCLT to initiate Corporate Insolvency Resolution Process, alongwith issuance of recovery certificate of Rs. 7,138.82 Lakhs by the Debt Recovery Tribunal in their favour, we have concluded that material uncertainty exists relating to events or conditions that may cast significant doubt on the Parent entity's ability to continue as a going concern. The Parent Company has received a communication regarding the assignment of the financial assets of the Parent Company to AII and is in the process of re-negotiating the terms with AII. The Parent Company is pursuing various avenues to raise funds, continue business operations and monetize its assets. The Parent Company is in the process to conclude re-negotiation and obtain a replacement financing. Pending the outcome of the negotiations, we are not able to quantify the possible effects of this qualification on the Group's loss for the year and Group's financial position as at 31 March 2024.

Based on our audit conducted, we have concluded that material uncertainty exists relating to events or conditions that may cast significant doubt on the Parent entity's ability to continue as a going concern. Our opinion is modified in respect of this matter.

b. Type of Audit Qualification : Qualified Opinion
c. Frequency of qualification : Since previous year
d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable
e. For Audit Qualification(s) where the impact is not quantified by the auditor: (i) Management's estimation on the impact of audit qualification: Not applicable (ii) If management is unable to estimate the impact, reasons for the same: As elaborated in note no. 3 to the financial results for the quarter and year ended March 31, 2024, the Parent Company is in the process to initiate its negotiation with Authum Investment & Infrastructure Limited ("AIL") for the restructuring/ extension of restructuring of its facilities. Pending negotiations, no further adjustment is made. (iii) Auditors' Comments on (ii) above: The management does not have evidence to support its going concern estimates, hence, we have concluded that a material uncertainty exists relating to events or conditions that may cast significant doubt on the parent entity's ability to continue as a going concern and to that extent, the audit report is qualified.

ii. Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification:

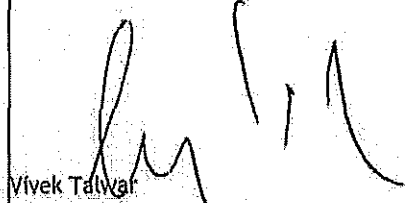
Non Provision of Interest on Outstanding Loan of LIC

Refer Note 4 to the financial results, the Parent Company has not provided interest on the outstanding loan of LIC of Rs. 1,887.26 lakhs (Principal outstanding), as it is hopeful of its restructuring. This unilateral discontinuing of interest accrual by the Parent Company is not in compliance with Ind AS 109 and has resulted in understatement of interest expense and consequential loss for the year of the Group to the extent of Rs. 2,850.65 Lakhs.

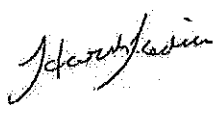
Our opinion is modified in respect of this matter.

b. Type of Audit Qualification : Qualified Opinion
c. Frequency of qualification : First Year
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e. For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable (i) Management's estimation on the impact of audit qualification: (ii) If management is unable to estimate the impact, reasons for the same: (iii) Auditors' Comments on (ii) above: Not applicable

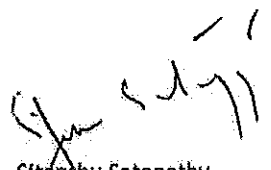
III. Signatories:



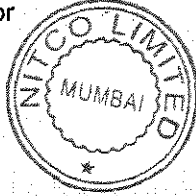
Vivek Talwar
Chairman & Managing Director
DIN: 00043180



Harsh Kedia
Audit Committee Chairman
DIN: 09784141



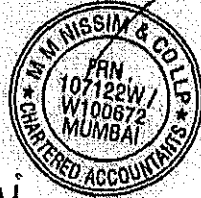
Sitanshu Satapathy
Chief Financial Officer



For M M Nissim & Co LLP
Chartered Accountants
Reg. No. 107122W/W100672



N. Kashinath
Partner
Mem. No. 036490



Place: Mumbai

Date: 29 May 2024