



**NILACHAL REFRACTORIES LIMITED**

CIN: L26939OR1977PLC000735

30, J.L. Nehru Road, Kolkata – 700016, W.B. Ph.: 033 – 224 99511,

Date: 30.05.2024

To

BSE Limited

Department of Corporate Services

Floor 25, P.J.Towers

Dalal Street

Mumbai-400001

Scrip Code: 502294

**Sub: Audited Financial Results for the Quarter and Year End March 2024**

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, We wish to inform you that the 2nd Meeting of Board of Directors of Nilachal Refractories Limited for the Financial Year 2024-2025 held today has approved the Audited Financial Results for the Quarter and year ended March 31st 2024 as recommended by the Audit Committee.

Meeting commenced at 4.00 PM and concluded at 11.30 PM

Pursuant to Regulation 33(3)(d) of the SEBI(LODR) Regulation 2015 we enclose herewith the following :

1. Audited Financial Results of the Company for the quarter and year ended 31st March 2024.
2. Auditors Report for the aforesaid period.

Kindly take the same on record.

Thanking You,

Yours Faithfully,

For Nilachal Refractories Limited  
For Nilachal Refractories Ltd.

Ashish Kumar

Ashish Kumar Bhalotra  
Company Secretary

Company Secretary & Compliance Officer

**NILACHAL REFRACTORIES LIMITED**  
CIN : L26939OR1977PLC000735

Regd. Office : Plot No 598/599, Kedar Nath Apartment, Mahabir Nagar, Lewis Road, Bhubaneswar - 751002, Odisha, Telefax- 0674-2433317, Ph : 0674-2433389. Works : Ipatata Nagar, NH 42, Gundichapada, Dhenkanal - 759013, Odisha Telefax- 0674-228071, Ph : 0674-228071

**AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED ON 31st MARCH 2024**

PART - 1		(Rs. In Lakh)				
S. NO.	Particulars	Current 3 Months ended 31.03.2024 (Audited)	Preceeding 3 Months ended 31.12.2023 (Audited)	Corresponding 3 month ended 31.03.2023 (Audited)	Current Year ended 31.03.2024 (Audited)	Previous year ended 31.03.2023 (Audited)
<b>1</b>	<b>Income from Operations</b>					
	(a) Revenue from Operations	43.66	18.45	26.35	129.25	105.84
	(b) Other Income	181.98	2.42	2.61	185.66	3.36
	<b>Total Income from operations (net)</b>	<b>225.64</b>	<b>20.87</b>	<b>28.96</b>	<b>314.91</b>	<b>109.20</b>
<b>2</b>	<b>Expenses</b>					
	(a) Raw Material Consumed	8.73	4.38	5.55	27.56	36.30
	(b) Purchase of Stock - in trades	-	-	-	-	-
	(c) Changes in inventories of finished goods, work-in-progress and stock -in-trade	22.65	1.08	(34.33)	47.51	16.96
	(d) Employee benefits expense	8.28	3.32	6.18	20.51	19.83
	(e) Finance Costs	38.53	-	-	38.53	-
	(f) Depreciation and Amortisation expense	56.48	-	65.23	56.48	65.23
	(g) Other Expenses	166.54	30.05	76.88	244.48	161.23
	<b>Total Expenses</b>	<b>301.20</b>	<b>36.66</b>	<b>119.51</b>	<b>435.06</b>	<b>299.55</b>
<b>3</b>	<b>Total profit before exceptional items and tax</b>	<b>(75.56)</b>	<b>(15.79)</b>	<b>(90.55)</b>	<b>(120.15)</b>	<b>(190.35)</b>
<b>4</b>	<b>Exceptional items</b>	-	-	-	-	-
<b>5</b>	<b>Total profit before tax</b>	<b>(75.56)</b>	<b>(15.79)</b>	<b>(90.55)</b>	<b>(120.15)</b>	<b>(190.35)</b>
<b>6</b>	<b>Tax Expenses</b>					
	(a) Current tax	-	-	-	-	-
	(b) Deferred tax	529.51	-	(10.88)	529.51	(10.88)
	<b>Total tax expenses</b>	<b>529.51</b>	<b>-</b>	<b>(10.88)</b>	<b>529.51</b>	<b>(10.88)</b>
<b>7</b>	<b>Profit / (Loss) for the period</b>	<b>(605.07)</b>	<b>(15.79)</b>	<b>(79.67)</b>	<b>(649.66)</b>	<b>(179.47)</b>
<b>8</b>	<b>Other Comprehensive Income</b>					
	(A) (i) Items that will not be reclassified to Profit & Loss	-	-	-	-	-
	(ii) Income Tax relating to Items that will not be reclassified to Profit & Loss	-	-	-	-	-
	(B) (i) Items that will be reclassified to Profit & Loss	-	-	-	-	-
	(ii) Income Tax relating to Items that will be reclassified to Profit & Loss	-	-	-	-	-
<b>9</b>	<b>Total Comprehensive Income (7 + 8)</b>	<b>(605.07)</b>	<b>(15.79)</b>	<b>(79.67)</b>	<b>(649.66)</b>	<b>(179.47)</b>
<b>10</b>	<b>Paid-up Equity Share Capital (Face Value Rs. 10/- each)</b>	<b>2,036.14</b>	<b>2,036.14</b>	<b>2,036.14</b>	<b>2,036.14</b>	<b>2,036.14</b>
<b>11</b>	<b>Reserves Excluding Revaluation Reserves as per Balance</b>	-	-	-	-	-
<b>12</b>	<b>(i) Earning Per Share Face Value Rs. 10/-</b>					
	(a) Basic	(2.97)	(0.08)	(0.39)	(3.19)	(0.88)
	(b) Diluted	(2.97)	(0.08)	(0.39)	(3.19)	(0.88)

Place : Kolkata  
Date : 30.05.2024



For and on behalf of the Board  
For Nilachal Refractories Ltd.

(Vimal Prakash)  
(Director)  
(DIN : 00174915)

NILACHAL REFRACTORIES LIMITED

CIN : L26939OR1977PLC000735

Statement of Assets & Liabilities

ASSETS	(Rs. In Lakh)	
	As at 31.03.2024	As at 31.03.2023
<b>(1) Non-current assets</b>		
(a) Property, Plant and Equipment	378.06	434.71
(b) Capital work-in-progress	3,147.04	3,147.04
(c) <u>Financial Assets</u>		
- Other Financial Assets	25.43	23.69
(d) Deferred tax assets (net)	-	518.53
(e) Other non-current assets	10.60	0.62
Total Non Current Assets	<u>3,561.13</u>	<u>4,124.59</u>
<b>(2) Current assets</b>		
(a) Inventories	439.12	496.00
(b) <u>Financial Assets</u>		
(ii) Trade receivables	28.26	322.93
(iii) Cash and cash equivalents	2.30	3.30
(iv) Bank balances other than (iii) above	-	4.60
(vi) Other Financial Assets	0.62	2.73
{c} Current Tax Assets	0.72	
{d} Other current assets	21.74	43.12
Total Current Assets	<u>492.77</u>	<u>872.68</u>
<b>Total Assets</b>	<u><b>4,053.90</b></u>	<u><b>4,997.27</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share capital	2,036.15	2,036.15
(b) Other Equity	(2,628.28)	(1,978.62)
Total Equity	<u>(592.13)</u>	<u>57.53</u>
<b>Liabilities</b>		
<b>(1) Non-current liabilities</b>		
(a) Preference Shares Capital	2,837.17	2,837.17
(b) Other non-current liabilities	0.75	1.01
(c) Provisions	21.34	18.23
(d) Deferred tax Liabilities (net)	10.98	-
Total Non-Current Liabilities	<u>2,870.24</u>	<u>2,856.41</u>
<b>(2) Current liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	1,477.59	1,421.58
(ii) Trade payables	191.19	321.59
(iii) Other financial liabilities	-	1,743.18
(b) Other current liabilities	1,068.78	340.15
Total Current Liabilities	<u>1,775.79</u>	<u>2,083.33</u>
<b>Total Equity and Liabilities</b>	<u><b>4,053.90</b></u>	<u><b>4,997.27</b></u>



For and on behalf of the Board  
For Nilachal Refractories Ltd.

(Vimal Prakash)  
(Director)  
(DIN : 00174915)

Place : Kolkata

Date : 30th May 2024

**NILACHAL REFRACTORIES LIMITED**  
CIN : L26939OR1977PLC000735  
Cash Flow Statement for the Year Ended March 31, 2024

	Rs. in Lakh	
	For the year ended on 31-03-2024	31-03-2023
<b>A</b> Cash flow from operating activities		
Profit/(loss) before tax	(120.15)	(190.36)
Adjusted for :-		
- Depreciation and amortisation expenses	56.48	65.23
- Interest income	(1.64)	(0.81)
- Profit on Sales of Fixed Assets	(8.23)	(2.50)
- Finance cost	38.53	-
Operating profit/(loss) before working capital changes	<u>(35.01)</u>	<u>(128.44)</u>
Adjusted for :		
- (Increase)/Decrease in trade receivables	294.67	(51.83)
- (Increase)/Decrease in inventories	56.88	72.16
- (Increase)/Decrease in other assets	11.39	(3.56)
- Increase/(Decrease) in trade payables	(130.40)	18.41
- Increase/(Decrease) in other liabilities & Provisions	<u>(230.29)</u>	<u>63.14</u>
Cash generated from operations	<u>(32.75)</u>	<u>(30.12)</u>
Net Income taxes (paid) / refunds	<u>(0.72)</u>	<u>0.02</u>
Net cash from operating activities	<u><b>(33.48)</b></u>	<u><b>(30.11)</b></u>
<b>B</b> Cash flow from investing activities		
Capital expenditure on property, plant and equipments including capital advances	(0.04)	(0.11)
Sale of property, plant and equipments	8.45	3.00
Change in other Financial Assests	0.37	-
Interest received	1.64	0.81
Net cash used in investing activities	<u><b>10.41</b></u>	<u><b>3.70</b></u>
<b>C</b> Cash flow from financing activities		
Proceeds from short-term borrowings	56.00	13.00
Interest and finance charges paid	(38.53)	-
Issue of Preference Shares	-	-
Net cash used in financing activities	<u><b>17.47</b></u>	<u><b>13.00</b></u>
Net (decrease) / increase in cash and cash equivalents	(5.60)	(13.40)
Cash and cash equivalents as at the beginning of the year	7.90	21.30
Cash and cash equivalents as at the end of the year	2.30	7.90

For and on behalf of the Board  
For Nilachal Refractories Ltd.

(Vimal Prakash)  
(Director)  
(DIN : 00174915)



Place : Kolkata  
Date : 30th May 2024

**NILACHAL REFRACTORIES LIMITED**  
Regd. Office: P-598/599, KEDARNATH APARTMENT, MAHABIR NAGAR LEWIS ROAD,  
Khordha, BHUBANESWAR, Orissa, India, 751002  
CIN: L26939OR1977PLC000735  
Email: cs@nilachal.in

Notes:-

1. The above results have been taken on record in the meeting of the Board of Directors of the Company held on 30.05.2024
2. The Above results were considered by the Audit Committee on 30.05.2024
3. These financial results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules 2015 (IND AS) Prescribed under section 133 of the Companies Act 2013.
4. During the quarter ended 31.03.2024, total 2 (two) investors' complaints were received which were redressed during the quarter itself.
5. There was no complaint pending at the beginning or at the end of the quarter.
6. Figures for the previous period are re-classified re-arranged re-grouped, wherever necessary, to correspond with the current year classification disclosure.
7. The Company has incurred a net loss of Rs. 649.66 lakhs (Previous Year: Rs. 179.48 lakhs) during the year ended March 31, 2024 and as of that date, the Company's current liabilities exceeds its current assets by Rs. 1283.02 lakhs. As on 31st March 2024 the company's total liabilities exceeds its total assets leading to a negative net worth of Rs. 592.13 Lacs. However, the management is trying to rope in strategic investor and also intends to diversify into business which can be carried on in alignment with the industry it is operating. The management is also undertaking a plan to carry out optimum utilisation of its resources and cost reduction initiatives. The management is further looking at expanding its product lines and enter new markets to increase its business and is hopeful to capture foreign market since there exists a demand supply gap for the products the company manufactures. The company has already initiated dialogue with the foreign buyers and there has been very encouraging response from them.

In view of the above the management firmly believes that the company continues to be a going concern and accordingly financial statements have been prepared on a going concern basis.

Place: Kolkata  
Date: 30.05.2024



Nilachal Refractories Limited  
By Order of the Board  
*[Signature]*  
Director

(Vimal Prakash)  
(Director)  
DIN 00174915



# JAIN SARAOGI & CO LLP

CHARTERED ACCOUNTANTS

To  
The Board of Directors  
Nilachal Refractories Limited  
P-598/599, Kedarnath Apartment,  
Mahabir Nagar Lewis Road  
Khordha, Bhubaneswar, Orissa, 751002

1, Crooked Lane, Kolkata (WB) 700 069, India  
Ph: +91-33-22484130 | Mob.: 98361 84131  
E: info@jainsaraogi.com | W: www.jainsaraogi.com

## Independent Auditor's Report on the Statement of financial results

### Qualified Opinion

We have audited the accompanying annual financial results together with the statement of assets and liabilities, statement of cash flow and notes thereon (hereinafter referred to as the "Statement") of M/s Nilachal Refractories Limited (the "Company") for the year ended March 31, 2024, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us the statement:

- (i) is presented in accordance with the requirements of the Listing Regulations in this regard; and
- (ii) except for the possible effect of the matter described in "Basis of Qualified opinion" paragraph and "Material uncertainty Related to Going Concern" paragraph below gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information of the Company for the quarter and year ended March 31, 2024.

### Basis for Qualified Opinion

1. The Company continues not to assess impairment of carrying value of tangible assets of Rs 378.06 Lacs and Capital work in progress of Rs 3147.04 Lacs in accordance with requirements of Indian Accounting Standard 36 on "Impairment of Assets". Moreover, there has been no movement in the Capital work in progress since 31.03.2014. We are unable to obtain sufficient appropriate audit evidence about the recoverable amount of the Company's tangible assets and capital work in progress. Consequently, we are unable to determine whether any adjustments to carrying value are necessary and consequential impacts on the financial statements.
2. Employee Retirement benefits are accounted for in the books on the basis as prescribed for in the relevant Act, and not on the basis of actuarial valuation as required under Indian Accounting Standard (Ind AS) 19 issued by the Institute of Chartered Accountants of India and the liability is also not funded. However, in absence of necessary information being made available to us the impact of the same on the loss for the year of the company and corresponding effect on liability cannot be ascertained and quantified.
3. The company had issued two kind of redeemable preference shares a) 11% Redeemable Cumulative preference shares of Rs 100/- each fully paid up and b) 0% Redeemable Preference Shares of Rs. 100/- each fully paid up.
  - a) 11% preference shares were due for redemption on or before September 2000 but the same has not been redeemed and continues to be disclosed as such which is not in accordance with Indian Accounting Standard (Ind AS) 32-Financial Instrument. As per terms of issue the company was required to account for in the year under review a sum of Rs 1.65 Lacs as dividend payable to the preference shareholders since the same has not been redeemed upto the year under review. Moreover, the company should have accounted for the accumulated cumulative dividend on preference shares upto 31.03.2023 amounting to Rs 70.08Lacs which remains unaccounted. Had the same been accounted for, the loss for the year would have been higher by Rs 1.65 Lacs and the reserve and surplus would have been lower by Rs 71.73 Lacs.



Branches : Ranchi (Jharkhand) & Guwahati (Assam)

Jain Saraogi & Co. (a Partnership Firm with ICAI Registration No. 305004E) converted into Jain Saraogi & Co LLP (a Limited Liability Partnership with LLPIN : ACB-1959 & ICAI Registration No. 305004E/E300281) with effect from May 17, 2023

- b) In respect of 0% Redeemable Preference Share of Rs. 100/- each the company was required to redeem the same at 10% premium upto a passage of 36 months from the date of issue and in addition pay a premium of Rs 10/ for every completed financial year after passage of 36 months from the date of issue till the redemption of preference share. Accordingly, the company was required to account for in the year under review a sum of Rs 282.22 Lacs as premium to be paid on redemption of such preference shares since the same has not been redeemed in the year under review. Moreover, the company should have accounted for a cumulative premium payable on redemption of preference shares upto 31.03.2023 amounting to Rs 2101.53Lacs which remains unaccounted. Had the same been accounted for, the loss for the year would have been higher by Rs 282.22 lakh and the reserve and surplus would have been lower by Rs 2383.75 lacs.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion.

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note No. 7 of the Financial Statement, regarding preparation of Financial Statements on Going Concern basis for the reasons stated therein. The Company has incurred a net loss of Rs.649.66 lakhs (Previous Year: Rs. 179.48 lakhs) during the year ended March 31, 2024 and as of that date, the Company's current liabilities exceeds its current assets by Rs. 1283.02 lakhs. As on 31<sup>st</sup> March 2024 the company's total liabilities exceeds its total assets leading to a negative net worth of Rs. 592.13 Lacs. The Company continues to incur losses and there is considerable decline in the level of operations.

These events or conditions as set forth herein above, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

#### **Management's Responsibility for the financial results**

The Statement has been prepared on the basis of the annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.



**Auditors' Responsibility**

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Other Matter**

The Statement includes the results for the quarter ended March 31, 2024 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2024 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

Place: Kolkata  
Date: 30th May, 2024.



For JAIN SARAOGI & CO LLP  
Chartered Accountants  
Firm Regn. No. 305004E/E300281

  
Partner: Manoj Keshan  
Membership No. 055272

UDIN : 24055272BKBPQG3601



**ANNEXURE I**

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2024 on Financial Results of NILACHAL REFRACTORIES LIMITED (the Company)</b>				
[See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. In Lakhs)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs. In Lakhs)
	1.	Turnover/Total Income	314.91	314.91
	2.	Total Expenditure	435.06	718.93
	3.	Net Profit/(Loss)	(649.66)	(933.53)
	4.	Earnings Per Share	(3.19)	(4.58)
	5.	Total Assets	4053.90	4053.90
	6.	Total Liabilities	4646.03	7101.51
	7.	Net Worth	(592.13)	(3047.61)
	8.	Any other financial item(s) (as felt appropriate by the management)	Not Applicable	Not Applicable
<b>II. Audit Qualification (each audit qualification separately)</b>				
<b>A.</b>				
<p style="text-align: center;"><b>a. Details of Audit Qualification:</b>                      Basis for Qualified Opinion</p> <ol style="list-style-type: none"> <li>1. The Company continues not to assess impairment of carrying value of tangible assets of Rs 378.06 Lacs and Capital work in progress of Rs 3147.04 Lacs in accordance with requirements of Indian Accounting Standard 36 on "Impairment of Assets". Moreover, there has been no movement in the Capital work in progress since 31.03.2014. We are unable to obtain sufficient appropriate audit evidence about the recoverable amount of the Company's tangible assets and capital work in progress. Consequently, we are unable to determine whether any adjustments to carrying value are necessary and consequential impacts on the financial statements.</li> <li>2. Employee Retirement benefits are accounted for in the books on the basis as prescribed for in the relevant Act, and not on the basis of actuarial valuation as required under Indian Accounting Standard (Ind AS) 19 issued by the Institute of Chartered Accountants of India and the liability is also not funded. However, in absence of necessary information being made available to us the impact of the same on the loss for the year of the company and corresponding effect on liability cannot be ascertained and quantified.</li> <li>3. The company had issued two kind of redeemable preference shares a) 11% Redeemable Cumulative preference shares of Rs 100/- each fully paid up and b) 0% Redeemable Preference Shares of Rs. 100/- each fully paid up.</li> </ol>				

**NILACHAL REFRACTORIES LIMITED**

Regd. Office: P-598/599, KEDARNATH APARTMENT, MAHABIR NAGAR LEWIS ROAD,

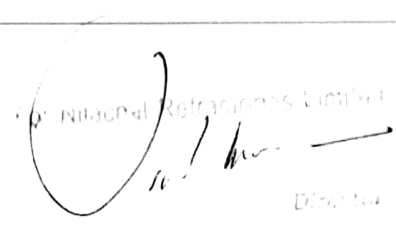

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CIN: L26939OR1977PLC000735

Email: cs@nilachal.in

	<p>a) 11% preference shares were due for redemption on or before September 2000 but the same has not been redeemed and continues to be disclosed as such which is not in accordance with Indian Accounting Standard (Ind AS) 32-Financial Instrument. As per terms of issue the company was required to account for in the year under review a sum of Rs 1.65 Lacs as dividend payable to the preference shareholders since the same has not been redeemed upto the year under review. Moreover, the company should have accounted for the accumulated cumulative dividend on preference shares upto 31.03.2023 amounting to Rs 70.08 Lacs which remains unaccounted. Had the same been accounted for, the loss for the year would have been higher by Rs 1.65 Lacs and the reserve and surplus would have been lower by Rs 71.73 Lacs.</p> <p>b) In respect of 0% Redeemable Preference Share of Rs. 100/- each the company was required redeem the same at 10% premium upto a passage of 36 months from the date of issue and in addition pay a premium of Rs 10/ for every completed financial year after passage of 36 months from the date of issue till the redemption of preference share. Accordingly, the company was required to account for in the year under review a sum of Rs 282.22 Lacs as premium to be paid on redemption of such preference shares since the same has not been redeemed in the year under review. Moreover, the company should have accounted for a cumulative premium payable on redemption of preference shares upto 31.03.2023 amounting to Rs 2101.53 Lacs which remains unaccounted. Had the same been accounted for, the loss for the year would have been higher by Rs 282.22 lakh and the reserve and surplus would have been lower by Rs 2383.75 lacs.</p>
	<p><b>b. Type of Audit Qualification: Qualified</b></p>
	<p><b>c. Frequency of qualification: First Time.</b></p>
	<p><b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management Views</b> : The Auditor has qualified non recognition of Finance cost in respect of preference shares however the management will initiate talks with the preference shareholders for waiver of the redemption premium payable to the preference shareholders and further request them for conversion of the preference shares into equity shares keeping in mind the current financial situation of the company.</p>
	<p><b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p>
	<p><b>(i) Management's estimation on the impact of audit qualification: NO</b></p>
	<p><b>(ii) If Management is unable to estimate the impact, reasons for the same:</b></p> <p>a) The management has taken note of the fact that the impairment of the Property, Plant and Equipment need to be carried out and will undertake measures to carry out the same in due course.</p> <p>b) The management has taken note that the actuarial valuation for the provision for employee benefits needs to be done and the same will be done in due course however the impact if any will be insignificant keeping in mind the number of employees and provision already accounted for.</p>

**NILACHAL REFRACTORIES LIMITED**  
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Khordha, BHUBANESWAR, Orissa, India, 751002  
CIN: L26939OR1977PLC000735  
Email: cs@nilachal.in

<p>(iii) Auditor's Comments on (i) or (ii) above</p> <p>Comment on (i): not applicable</p> <p>Comment on (ii):</p> <p>a) Noted</p> <p>b) Noted</p>	
<p><b>Signatories:</b></p>	
<p><u>For and on behalf of Board</u></p> <p><u>Name: Vimal Prakash</u></p> <p><u>Designation: Director</u></p> <p><u>DIN: 00174915</u></p>	
<ul style="list-style-type: none"><li>• Statutory Auditor</li></ul>	<p><b>For JAIN SARAOGI &amp; CO LLP</b> Chartered Accountants Firm Regn. No. 305004E/E300281</p>  <p>[PARTNER] MANOJ KESHAN M. No.: 088272</p>
<p>Place: Kolkata</p>	
<p>Date: 30/05/2024</p>	