

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

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, 2025, 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, 2025.

Basis for Qualified Opinion

1. As disclosed in Note 9, the Company after carrying out impairment assessment and sale of certain assets has recognised Capital Work in progress (CWIP) of Rs. 939.27 Lakhs as on 31st March 2025 (Previous Year: Rs. 3147.04 Lakhs). The CWIP assets of the Company had remained without capitalisation for over thirteen years. During the year, the Company carried out an impairment assessment and recognised an impairment loss of Rs. 1933.88 Lakhs (Previous Year: Nil) based on a valuation report from a Government approved Valuer (Chartered Engineer). However, the said Chartered Engineer is not registered with the Insolvency and Bankruptcy Board of India (IBBI) as a Registered Valuer for Plant & Machinery Asset Class as required under Section 247 of the Companies Act, 2013 read with Rule 3 of the Companies (Registered Valuers and Valuation) Rules, 2017. Additionally, certain CWIP assets amounting to Rs. 273.88 Lakhs were disposed of during the year. Accordingly, given the prolonged stagnation in capitalisation of the CWIP assets and further sale of certain CWIP assets carried out in the current year, the CWIP assets has not been classified as "Assets Held for Sale" in accordance with Ind AS 105.

In the absence of a valuation performed by a Registered Valuer and appropriate asset classification, we are unable to determine whether the impairment loss recognised is adequate and whether appropriate disclosures have been made in the financial statements.

2. The Company has not obtained an actuarial valuation for its employee benefit obligations, as required under Ind AS 19 – Employee Benefits. Instead, retirement benefits are recognised based on the requirements of the applicable legislation. Additionally, these obligations are unfunded. Due to non-availability of actuarial reports, we are unable to determine and quantify the impact on the loss for the year and the related liabilities.

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



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) The Company has not redeemed its 11% Redeemable Cumulative Preference Shares, which were due for redemption on or before September 2000. No provision has been made for cumulative dividends amounting to ₹71.73 lakhs up to March 31, 2024, and ₹1.65 lakhs for the year ended March 31, 2025. Consequently, the loss for the year is understated by ₹1.65 lakhs, and the reserves and surplus are overstated by ₹73.38 lakhs.

(b) In respect of 0% Redeemable Preference Shares, the Company is contractually obligated to pay redemption premium, including ₹282.22 lakhs for the current year and a cumulative unpaid premium of ₹2,383.75 lakhs up to March 31, 2024. The same remains unprovided. Had it been accounted for, the loss for the year would have been higher by ₹282.22 lakhs and reserves and surplus would have been lower by ₹2,665.97 lakhs.

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. 8 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. 2201.77 lakhs (Previous Year: Rs. 649.66 lakhs) during the year ended March 31, 2025 and as of that date, the Company's current liabilities exceeds its current assets by Rs. 1257.07lakhs (Previous Year: Rs. 1283.02 lakhs). As on 31st March 2025 the company's total liabilities exceeds its total assets leading to a negative net worth of Rs. 2793.91 lakhs (Previous Year: Rs. 592.13 Lakhs). 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, 2025 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2025 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, 2025.



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


Partner: Manoj Keshan
Membership No. 055272
UDIN : 25055272BMJBDW7241

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 :** Ipitata Nagar, N H 42, Gundichapada, Dhenkanal - 759013, Odisha. Telefax- 0674-228071, Ph : 0674-228071

Audited Financial Results For The Financial Year Ended 31st March'2025

PART - 1		(Rs. in Lakh)				
Sl. No.	Particulars	Current Quarter Ended	Preceeding Quarter Ended	Corresponding Quarter ended	Financial Year Ended	Previous year ended
		31-Mar-25	31-Dec-24	31-Mar-24	31-Mar-25	31-Mar-24
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Income					
	(a) Revenue from Operations	36.05	28.63	43.66	94.52	129.25
	(b) Other Income	9.66	0.37	181.98	11.93	185.66
	Total Income (net)	45.71	29.00	225.64	106.45	314.91
2	Expenses					
	(a) Material Consumed / Purchases	8.96	3.25	8.73	21.36	27.56
	(b) Purchase of Stock - in trades	-	-	-	-	-
	(c) Changes in inventories of finished goods, work-in-progress and stock -in-trade	(1.13)	5.75	22.65	15.60	47.51
	(d) Employee benefits expense	6.98	4.37	8.28	21.58	20.51
	(e) Finance Costs	5.77	5.60	38.53	22.39	38.53
	(f) Depreciation and Amortisation expense	12.39	13.98	56.48	54.33	56.48
	(g) Other Expenses	2,011.30	27.93	166.54	2,181.63	244.48
	Total Expenses	2,044.28	60.88	301.20	2,316.90	435.06
3	Total profit before exceptional items and tax	(1,998.57)	(31.88)	(75.56)	(2,210.45)	(120.15)
4	Exceptional items	-	-	-	-	-
5	Total profit before tax	(1,998.57)	(31.88)	(75.56)	(2,210.45)	(120.15)
6	Tax Expenses					
	(a) Current tax	-	-	-	-	-
	(b) Deferred tax	(5.05)	-	529.51	(8.68)	529.51
	Total tax expenses	(5.05)	-	529.51	(8.68)	529.51
7	Profit / (Loss) for the period	(1,993.52)	(31.88)	(605.07)	(2,201.77)	(649.66)
8	Other Comprehensive Income	-	-	-	-	-
	(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	-	-	-	-	-
9	Total Comprehensive Income (7 + 8)	(1,993.52)	(31.88)	(605.07)	(2,201.77)	(649.66)
10	Paid-up Equity Share Capital (Face Value Rs. 10/- each)	2,036.14	2,036.14	2,036.14	2,036.14	2,036.14
11	Reserves Excluding Revaluation Reserves as per Balance	-	-	-	-	-
12	(i) Earning Per Share Face Value Rs. 10/-					
	(a) Basic	(9.79)	(0.16)	(2.97)	(10.81)	(3.19)
	(b) Diluted	(9.79)	(0.16)	(2.97)	(10.81)	(3.19)

Place : Kolkata
Date : 30.05.2025



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

(Vimal Prakash)
(Director)
(DIN : 00551970)

NILACHAL REFRACTORIES LIMITED
CIN : L26939OR1977PLC000735
Statement of Assets & Liabilities

(Rs. In Lakh)

ASSETS	As at 31.03.2025	As at 31.03.2024
(1) Non-current assets		
(a) Property, Plant and Equipment	345.49	378.06
(b) Capital work-in-progress	939.27	3,147.04
(c) Right to use Asset	159.62	
(d) <u>Financial Assets</u>		
- Other Financial Assets	26.15	25.43
(e) Deferred tax assets (net)	-	-
(f) Other non-current assets	0.62	10.60
Total Non Current Assets	<u>1,471.14</u>	<u>3,561.13</u>
(2) Current assets		
(a) Inventories	412.72	439.12
(b) <u>Financial Assets</u>		
(i) Trade receivables	7.35	28.26
(ii) Cash and cash equivalents	5.20	2.30
(iii) Bank balances other than (iii) above	-	-
(iv) Other Financial Assets	0.50	0.62
(c) Current Tax Assets	0.12	0.72
(d) Other current assets	21.97	21.74
Total Current Assets	<u>447.86</u>	<u>492.77</u>
Total Assets	<u><u>1,919.00</u></u>	<u><u>4,053.90</u></u>
EQUITY AND LIABILITIES		
<u>Equity</u>		
(a) Equity Share capital	2,036.15	2,036.15
(b) Other Equity	(4,830.06)	(2,628.28)
Total Equity	<u>(2,793.91)</u>	<u>(592.13)</u>
<u>Liabilities</u>		
(1) Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings- Preference Shares	2,837.17	2,837.17
(ii) Lease Liabilities	145.54	2,982.71
(b) Other non-current liabilities	0.75	0.75
(c) Provisions	22.21	21.34
(d) Deferred tax Liabilities (net)	2.30	10.98
Total Non-Current Liabilities	<u>3,007.97</u>	<u>2,870.25</u>
(2) Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	1,459.26	1,477.59
(ii) Lease Liabilities	13.38	
(iii) Trade payables	-	191.19
(a) Dues of small enterprises and micro enterprises	-	
(b) Dues of creditors other than small and micro enterprises	120.12	
(iv) Other financial liabilities	-	1,592.76
(b) Other current liabilities	112.17	107.02
Total Current Liabilities	<u>1,704.93</u>	<u>1,775.79</u>
Total Equity and Liabilities	<u><u>1,919.00</u></u>	<u><u>4,053.91</u></u>



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

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

Place : Kolkata
Date : 30th May 2025

NILACHAL REFRACTORIES LIMITED
CIN : L26939OR1977PLC000735
Cash Flow Statement for the Year Ended March 31, 2025

		Rs.in Lakh	
		For the year ended on	
		31-03-2025	31-03-2024
A	Cash flow from operating activities		
	Profit/(loss) before tax	(2,210.45)	(120.15)
	Adjusted for :-	-	-
	- Depreciation and amortisation expenses	54.33	56.48
	- Interest income	(1.86)	(1.64)
	- Profit on Sales of Fixed Assets	-	(8.23)
	- Loss on Sales of CWP	93.88	
	- Impairment Loss	1,933.88	
	- Finance cost	22.39	38.53
	Operating profit/(loss) before working capital changes	(107.83)	(35.01)
	Adjusted for :		
	- (Increase)/Decrease in trade receivables	20.90	294.67
	- (Increase)/Decrease in inventories	26.41	56.88
	- (Increase)/Decrease in other assets	9.76	11.39
	- Increase/(Decrease) in trade payables	(71.07)	(130.40)
	- Increase/(Decrease) in other liabilities & Provisions	6.02	(230.29)
	Cash generated from operations	(115.80)	(32.75)
	Net Income taxes (paid) / refunds	0.61	(0.72)
	Net cash from operating activities	(115.19)	(33.48)
B	Cash flow from investing activities		
	Capital expenditure on property, plant and equipments including capital advances	(22.46)	(0.04)
	Sale of property, plant and equipments	-	8.45
	Sales of Capital Work In Progress	180.00	-
	Change in other Financial Assets	(0.59)	0.37
	Interest received	1.86	1.64
	Net cash used in investing activities	158.81	10.41
C	Cash flow from financing activities		
	Proceeds from short-term borrowings	(18.33)	56.00
	Interest and finance charges paid	(22.39)	(38.53)
	Issue of Preference Shares	-	-
	Net cash used in financing activities	(40.72)	17.47
	Net (decrease) / increase in cash and cash equivalents	2.90	(5.60)
	Cash and cash equivalents as at the beginning of the year	2.30	7.90
	Cash and cash equivalents as at the end of the year	5.20	2.30

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

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

Place : Kolkata
Date : 30th May 2025



NILACHAL REFRACTORIES LIMITED

CIN : L26939OR1977PLC000735

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Notes :-

- 1 The above results have been taken on record in the meeting of the Board of Directors of the Company held on 30.05.2025
- 2 The above results were considered by the Audit Committee on 30.05.2025
- 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 31.03.2025, total 3 (three) nos of investors' complaints were received which were addressed during the quarter itself.
- 5 There was no complaint pending at the beginning or at the end of the quarter.
- 6 The figures for the quarter ended March 31, 2025 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of third quarter of that financial year.
- 7 Figures for the previous period are re-classified / re-arranged / re-grouped, wherever necessary, to correspond with the current year classification / disclosure.
- 8 **Assessment of Going Concern**

The Company has incurred a net loss of Rs. 2201.77 lakhs (Previous Year: Rs. 649.66 lakhs) during the year ended March 31, 2025 and as of that date, the Company's current liabilities exceeds its current assets by Rs. 1257.57 lakhs (Previous Year: Rs. 1283.02 lakhs). As on 31st March 2025 the company's total liabilities exceeds its total assets leading to a negative net worth of Rs. 2793.91 lakhs (Previous Year: 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.

9 Disclosure as per Ind AS for Impairment

In accordance with the applicable accounting standards, we have conducted a thorough assessment of Capital Work In progress (CWIP) to determine whether any indicators of impairment exists. This evaluation encompasses both internal and external factors that could affect the recoverable amount of CWIP.

Consequent to sale of certain items during the year which resulted in a loss of ₹ 93.88 lakhs which were part of CWIP the need for review of impairment testing was identified and items forming part of CWIP were tested for impairment. Consequently, an impairment loss has been recognized in the financial statements for the period ending 31.03.2025 based on the report of a government approved valuer.

The impairment loss of ₹ 1933.88 lakhs has been calculated as the difference between the carrying amount and the amount as determined by the valuer pertaining to CWIP and has been charged to Profit and Loss Account. This adjustment ensures that our financial statements accurately reflect the current value of CWIP, providing stakeholders with a true and fair view of the company's financial position.

We remain committed to maintaining the integrity of our financial reporting and will continue to monitor all our assets including CWIP for any further indications of impairment.



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

(Vimal Prakash)
(Director)
(DIN : 00551970)

Place : Kolkata
Date : 30.05.2025

ANNEXURE I

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2025 on
Financial Results of NILACHAL REFRACTORIES LIMITED (the Company)

[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	106.45	106.45
	2.	Total Expenditure	2316.90	2600.77
	3.	Net Profit/(Loss)	(2201.77)	(2485.64)
	4.	Earnings Per Share	(10.81)	(12.21)
	5.	Total Assets	1919.00	1919.00
	6.	Total Liabilities	4712.91	7452.26
	7.	Net Worth	(2793.91)	(5533.26)
	8.	Any other financial item(s) (as felt appropriate by the management)	Not Applicable	Not Applicable
II.	<u>Audit Qualification (each audit qualification separately)</u>			
A.	<p style="text-align: center;">a. Details of Audit Qualification: Basis for Qualified Opinion</p> <p>1. As disclosed in Note 9, the Company after carrying out impairment assessment and sale of certain assets has recognised Capital Work in progress (CWIP) of Rs. 939.27 Lakhs as on 31st March 2025 (Previous Year: Rs. 3147.04 Lakhs). The CWIP assets of the Company had remained without capitalisation for over thirteen years. During the year, the Company carried out an impairment assessment and recognised an impairment loss of Rs. 1933.88 Lakhs (Previous Year: Nil) based on a valuation report from a Government approved Valuer (Chartered Engineer). However, the said Chartered Engineer is not registered with the Insolvency and Bankruptcy Board of India (IBBI) as a Registered Valuer for Plant & Machinery Asset Class as required under Section 247 of the Companies Act, 2013 read with Rule 3 of the Companies (Registered Valuers and Valuation) Rules, 2017. Additionally, certain CWIP assets amounting to Rs. 273.88 Lakhs were disposed of during the year. Accordingly, given the prolonged stagnation in capitalization of the CWIP assets and further sale of certain CWIP assets carried out in the current year, the CWIP assets has not been classified as "Assets Held for Sale" in accordance with Ind AS 105.</p> <p>In the absence of a valuation performed by a Registered Valuer and appropriate asset classification, we are unable to determine whether the impairment loss recognised is adequate and whether appropriate disclosures have been made in the financial statements.</p>			

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	<p>2. The Company has not obtained an actuarial valuation for its employee benefit obligations, as required under Ind AS 19 – Employee Benefits. Instead, retirement benefits are recognised based on the requirements of the applicable legislation. Additionally, these obligations are unfunded. Due to non-availability of actuarial reports, we are unable to determine and quantify the impact on the loss for the year and the related liabilities.</p> <p>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.</p> <p>(a) The Company has not redeemed its 11% Redeemable Cumulative Preference Shares, which were due for redemption on or before September 2000. No provision has been made for cumulative dividends amounting to ₹71.73 lakhs up to March 31, 2024, and ₹1.65 lakhs for the year ended March 31, 2025. Consequently, the loss for the year is understated by ₹1.65 lakhs, and the reserves and surplus are overstated by ₹73.38 lakhs.</p> <p>(b) In respect of 0% Redeemable Preference Shares, the Company is contractually obligated to pay redemption premium, including ₹282.22 lakhs for the current year and a cumulative unpaid premium of ₹2,383.75 lakhs up to March 31, 2024. The same remains unprovided. Had it been accounted for, the loss for the year would have been higher by ₹282.22 lakhs and reserves and surplus would have been lower by ₹2,665.97 lakhs.</p>
	b. Type of Audit Qualification: Qualified
	c. Frequency of qualification: 1) First Time. 2 and 3) Second Time
	<p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management Views : Auditor Qualification 3: 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>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</p>
	(i) Management's estimation on the impact of audit qualification: NO
	<p>(ii) If Management is unable to estimate the impact, reasons for the same:</p> <p>Auditor Qualification 1: The Company acknowledges that the Capital Work-in-Progress (CWIP) has remained without capitalisation for a prolonged period due to various strategic, technical, and regulatory considerations, which had impacted the implementation and commissioning of the related projects.</p>

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During the year, the Company undertook an impairment assessment exercise and engaged a Government Approved Chartered Engineer with domain expertise to carry out a technical and valuation review of the CWIP assets. While the Chartered Engineer is not registered as a valuer under the IBBI framework for Plant & Machinery, the valuation was conducted in accordance with technical standards, and the impairment provision of ₹1,933.88 Lakhs has been recognised based on the findings.

The management believes that the impairment provision reflects a prudent and fair estimate based on available technical inputs. Steps are being taken to engage an IBBI-registered valuer in the future for any further assessments in compliance with the Companies Act, 2013.

With respect to the classification of CWIP assets as "Assets Held for Sale" under Ind AS 105 was not done as the conditions for such classification — including intention and readiness for sale in their present condition — were not entirely met as at the balance sheet date. Moreover, in respect of the sale of CWIP assets amounting to ₹273.88 Lakhs, the same were incidental and carried out as part of asset rationalisation. However, management will continue to review such classification with enhanced rigour going forward.

Auditor Qualification 2: 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.

(iii) Auditor's Comments on (i) or (ii) above

Comment on (i): Noted

Comment on (ii):

a) Noted

b) Noted

Signatories:

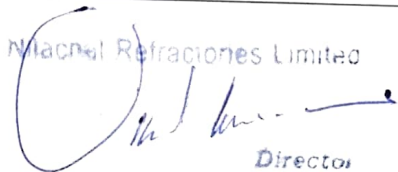
For and on behalf of the Board

Name: Vimal Prakash

Designation: Director

DIN: 00174915

For Nilachal Refractories Limited



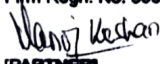
Director

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

	<ul style="list-style-type: none">• Statutory Auditor	<p>For JAIN SARAOGI & CO LLP Chartered Accountants Firm Regn. No. 305004E/E300281</p> <p> [PARTNER] MANOJ KESHAN M. No.: 055272</p>
	Place: Kolkata	
	Date:30/05/2025	