Ref: NACLIND/SE/2018-19 23rd August, 2018

1) BSE Limited
Phiroze Jeejeebhoy Tower,
Dalal Street, Fort,
Mumbai, Maharashtra,
MUMBAI - 400001.

2) National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor,
Plot No.C/1 G Block,
Bandra- Kurla Complex, Bandra(E),
MUMBAI - 400051.

Dear Sir,

Sub: Resubmission of Annual Report of the Company for FY 2017-18 – reg.
Ref: Company Code: 524709 Script ID: NACLIND

With reference to captioned subject matter, we regret to inform that the Annual Report 2017-18 which we have submitted on 9th August, 2018 contains few pages blank inadvertently. In this connection, we are herewith resubmitting the Annual Report 2017-18 of the Company (corrected file), which was circulated to the shareholders of the Company and adopted at the Annual General Meeting held on 06th August, 2018.
Kindly take the same on your record.

Thanking you
Yours faithfully
for NACL Industries Limited

Satish Kumar Subudhi
Company Secretary & Head-Legal.

NAGARJUNA
NACL

NACL Industries Limited

(formerly known as 'Nagarjuna Agrichem Limited')

Annual Report 2017-18

NACL honoured with the “India’s Most Trusted Brand and Best Company of the Year” by IBC Corporate Awards, 2017

NACL declared as Winner of “Silver Award” in Chemical Sector for outstanding achievement in Environmental Management by Greentech Foundation Foundation, 2018

NACL bagged “Suraksha Puraskar Award” for the year 2017 of NSCI for its best Safety Practices

BOARD OF DIRECTORS

Mrs.K.Lakshmi Raju	: Chairperson
Mr.D.Ranga Raju	: Director
Mr.Sudhakar Kudva	: Director
Mr.K.Raghuraman	: Director
Mr.N.Vijayaraghavan	: Director
Mr.Raghavender Mateti	: Director
Mr.R.S.Nanda	: Director
Mr.V.Vijay Shankar	: Managing Director

31st Annual General Meeting

NAGARJUNA
NACL

Day	: Monday
Date	: 06th August, 2018
Time	: 10.00 a.m.
Venue	: FTAPCCI Auditorium, M/s. Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, (FTAPCCI), Federation House, 11-6-841, FAPCCI Marg, Red Hills, Hyderabad-500004, Telangana State, Phone + 91-040 23395515

SENIOR MANAGEMENT

Mr.Amit Taparia	: Vice President - SCM & IT
Mr.C.Varada Rajulu	: Vice President - Manufacturing (SKLM)
Mr.G.Jagannadha Rao	: Executive Vice President - Exports
Mr.Harish Chandra Bijlwan	: Vice President - Operation & Technology
Mr.J.Satyanarayana Das	: Vice President - Manufacturing (Ethakota)
Mr.Manikkam Natarajan	: Executive Vice President - Marketing & Sales
Mr.R.K.S.Prasad	: Executive Vice President-Finance & Chief Financial Officer
Mr.Satish Kumar Subudhi	: Company Secretary & Head - Legal
Mr.S.Mani Prasad	: Head - Corporate HPD
Dr.Venkatesan Subbusamy	: Sr.General Manager - Registration & Regulatory Affairs

CIN:
L24219TG1986PLC016607

REGISTERED OFFICE:
Plot No.12-A, “C” Block,
Lakshmi Towers,
No.8-2-248/1/7/78,
Nagarjuna Hills, Panjagutta,
Hyderabad-500082,
Telangana State.
Ph.040-33605123
e-mail: cs-nacl@naclind.com
Website: www.naclind.com

FACTORIES:
Arinama Akkivalasa,
Etcherla Mandal, Srikakulam,
Andhra Pradesh.

Ethakota,
P.O: Ravulapalem,
East Godavari Dist.
Andhra Pradesh.

R & D CENTRE:
Nandigaon Village,
Shadnagar,Kothur Mandal,
Mahaboobnagar Dist.
Telangana State.

STATUTORY AUDITORS:
M/S. Deloitte Haskins & Sells LLP, Chartered Accountants,
KRB Towers, Plot No 1 to 4,
1st and 2nd Floor, Jubliee Enclave, Madhapur
Hyderabad-500081.
Telangana State.

COST AUDITORS:
M/s. K.Narasimha Murthy & Co.,
Cost Auditors,
No. 3-6-365,
104 & 105,
Pavani Estate,
Himayathnagar,
Hyderabad-500029.
Telangana State.

BANKERS:
State Bank of India.
HDFC Bank Ltd.
IDBI Bank Ltd.
New India Co-Op.Bank Ltd.
SVC Co-Op. Bank Ltd.
RBL Bank Ltd.

SHARE REGISTRARS & TRANSFER AGENTS:
XL Softech Systems Ltd.
No.3, Sagar Society,
Road No.2,
Banjara Hills,
Hyderabad-500034.
Telangana State.
Ph.040-23545913/914/915
Fax:040-23553214
E-mail: xlfield@gmail.com

CONTENTS

NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of M/s. NACL Industries Limited **(formerly know as 'Nagarjuna Agrichem Limited')** will be held at 10.00 a.m. on Monday the 06th day of August, 2018 at FTAPCCI Auditorium, M/s Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, (FTAPCCI), Federation House, 11-6-841, FAPCCI Marg, Red Hills, Hyderabad-500004, Telangana State to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone and Consolidated Audited Profit and Loss Account for the year ended 31st March, 2018, the Balance Sheet as on that date and the Cash Flow Statement for the year ended on that date and the Reports of Directors and Auditors thereon and in this regard, pass the following resolutions as **Ordinary Resolutions:**

   a) "RESOLVED THAT the Standalone Audited Profit and Loss Account for the year ended 31st March, 2018, the Balance Sheet as on that date and the Cash Flow Statement for the year ended on that date and the Reports of Directors and Auditors thereon be and are hereby considered and adopted."

   b) "RESOLVED THAT the Consolidated Audited Profit and Loss Account for the year ended 31st March, 2018, the Balance Sheet as on that date and the Cash Flow Statement for the year ended on that date and the Report of Auditors thereon be and are hereby considered and adopted."

2. To declare dividend on equity shares for the financial year ended 31st March, 2018 and in this regard, pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT dividend at the rate of 12.50 paise per equity share of ₹ 1/- each (i.e. 12.50% on Paid-up Equity Share Capital of the Company) be and is hereby declared for the financial year ended 31st March, 2018 and the same be paid as recommended by the Board of Directors of the Company, out of the profits of the Company for the financial year ended 31st March, 2018."

3. To appoint a Director in place of Mrs.K.Lakshmi Raju (DIN: 00545776) who retires by rotation and being eligible, offers herself for re-appointment.

   In this regard, pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to Section 152 of the Companies Act, 2013, and other applicable provisions, if any, Mrs.K.Lakshmi Raju (DIN: 00545776), who retires by rotation, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

4. Ratification of appointment of Statutory Auditors of the Company and fixing their remuneration and in this regard, pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditor) Rules, 2014 and other applicable Rules, if any (including any statutory modification(s) or re-enactment thereof for as amended from time to time), the Company hereby ratifies the appointment of M/s.Deloitte Haskins & Sells LLP, Chartered Accountants, Hyderabad, (Firm Registration No.117366W/W100018), as Statutory Auditors of the Company, to hold office from the conclusion of the 31st Annual General Meeting (AGM) till the conclusion of the 32nd AGM of the Company to be held in the year 2019 on such remuneration plus applicable taxes, out of pocket, travelling and other expenses etc., as may be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee."

SPECIAL BUSINESS:

5. To ratify the remuneration of the Cost Auditors for the financial year ended 31st March, 2019 and in this regard, pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable Rules, if any, (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹ 6,00,000/- (Rupees Six Lakhs only) plus applicable taxes and out-of-pocket expenses incurred in connection with the Cost Audit to be paid to M/s. K. Narasimha Murthy & Co., (Registration No.4042) the Cost Auditors, appointed to conduct the audit of the cost records of the Company for the financial year ended 31st March, 2019, as fixed by the Board on the recommendation of the Audit Committee, be and is hereby approved and ratified."

   "RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By order of the Board

Satish Kumar Subudhi
Company Secretary &
Head-Legal (FCS-9085)

Place: Hyderabad
Date: 19th May, 2018

Registered Office:
CIN: L24219TG1986PLC016607
Plot No.12-A, "C"- Block, Lakshmi Towers,
No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta,
Hyderabad-500082, Telangana State, INDIA.
Ph.040-33605123 e-mail: cs-nacl@naclind.com
Website : www.naclind.com.

Notes:

1) **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a Member of the Company**.

2) **Proxies/Power of Attorney forms, in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the scheduled time of the Meeting. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. A Proxy Form is attached herewith.**

3) **Explanatory Statement:**

   The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, ("Act") relating to the Special Business item is given below and forms part hereof.

4) **Director proposed to be appointed/re-appointed:**

   Details of Directors retiring by rotation or seeking appointment/re-appointment at the ensuing meeting are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India (ICSI).

5) **Book Closure:**

   a) The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, 04th August, 2018 to Monday, 06th August, 2018 (both days inclusive).

   b) **Dividend:**

      The dividend on Equity Shares for the financial year 2017-18, will be paid after declaration by the members:

      i) in respect of shares held in physical form, to those members whose names appear on the Register of Members of the Company on 03rd August, 2018 after giving effect to all valid share transfer documents lodged with the Company/its RTA on or before 03rd August, 2018.

      ii) in respect of shares held in electronic form, to those beneficial owners whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of 03rd August, 2018.

6) **Unclaimed Dividend and Transfer of shares to IEPF:**

   a) The Members are hereby informed that the Company would transfer the dividends, which remains unpaid/ unclaimed for a period of 7 (seven) years, to the Investors Education and Protection Fund (IEPF) constituted by the Central Government under Section 125 of the Companies Act, 2013.

   b) The Company has transferred the unpaid or unclaimed dividends declared up to financial year 2009-10 (Final Dividend) and 2010-11 (Interim Dividend), from time to time to the IEPF. Members may please refer to "Corporate Governance Report" (forms part hereof) for details of unclaimed dividend amount credited to IEPF account during the year 2017-18. Further the Company shall not entertain the claims of the Shareholders for the unclaimed dividends which have been transferred to IEPF.

   c) In view of the above, the Shareholders are advised to send their requests for payment of unpaid dividend pertaining to the years 2011-12 (final dividend) to 2016-17 (final dividend) to the Share Transfer Agent (RTA) office or to the Registered Office of the Company at Hyderabad, for issue of cheques/demand drafts before the due dates for transfer to the IEPF. The Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company, as on 05th August, 2017 (i.e. date of previous Annual General Meeting), on the website of the Company www.naclind.com and also on the website of Ministry of Corporate Affairs.

   d) Members may please refer to "Corporate Governance Report" (forms part hereof) for details of unclaimed dividend amount credited to IEPF account during the year 2017-18.

   e) **Transfer of Shares to IEPF Suspense Account:**

      Attention of the members is drawn to the provisions of Section 124(6) of the Act which require a Company to transfer in the name of IEPF Authority all shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more.

      In accordance with the aforesaid provision of the Act, read with the Investor Education and Protection fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has already transferred all shares, in respect of which dividend declared for the financial year 2010-11, has not been paid or claimed by the members for 7 (seven) consecutive years or more. Members are advised to visit the website www.naclind.com to ascertain details of shares transferred in favour of IEPF authority.

f) Members/claimants whose shares, unclaimed dividends, etc., have been transferred to the IEPF demat account or the fund, as the case may be, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF-5 (available on www.iepf.gov.in) along with requisite fee as decided by the IEPF Authority from time to time. The Members/ Claimant can file only one consolidated claim in a financial year as per the IEPF Rules.

7) Members Nomination:

a) Members are advised to avail themselves of nomination facility as per the Section 72 of the Companies Act, 2013. Facility for making nomination is available for the members in respect of the shares held by them.

b) Members holding shares and who have not yet registered their nomination are requested to register the same by submitting Form No.SH-13. Further, a Member who desires to cancel the earlier nomination and record fresh nomination may submit the same in Form No.SH-14. Both the Forms for “Nominations” and “Cancellation or Variation of Nomination” can be availed from the RTA or can be downloaded from the Company’s website.

c) Members holding shares in physical form are requested to submit the forms to the Company’s Share Registrars and Transfer Agents (RTA). The members holding shares dematerialized form are requested to file the Nomination/ Cancellation or Variation in Nomination forms with their respective Depository Participants in the prescribed form.

8) Corporate Members:

Corporate Members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representatives for voting purpose and to attend at the Annual General Meeting (AGM).

9) Important Communication to Members:

a) All communications relating to the shares may be addressed to our Share Transfer Agent (RTA) Office i.e.,
M/s. XL Softech Systems Limited,
(Unit: NACL Industries Limited)
No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500034, Telangana;
Telephone No: 040-23545913/914/915;
Fax No.040-23553214, e-mail ID: xlfield@gmail.com.

b) The members may please visit the Company’s Website: www.naclind.com to find more information about the Company.

c) The Ministry of Corporate Affairs, Government of India has taken a “Green Initiative in the Corporate Governance’ by allowing paperless compliance by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its Members. To support this Green Initiative of the Government in full measure, Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses by submitting the e-mail Registrations Form attached with this Annual Report.

d) Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS)/National Electronic Fund Transfer (NEFT), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company’s records which will help the Company and the Company’s RTA, to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to RTA.

e) Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or RTA of the Company for assistance in this regard.

f) Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or RTA the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.

g) Electronic copy of the Annual Report for 2017-18 is being sent to all members whose email addresses are registered with the Company/ Depository Participants for communication purposes, unless any members has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2017-18 are being sent in the permitted mode.

h) **Updating member details:** The format of the Register of Members prescribed by the Ministry of Corporate Affairs, under the Companies Act, 2013, requires the Company/Registrar and Share Transfer Agent (RTA) to record additional details of members, including email address, bank details for payment of dividend etc. In this regard, a form for capturing the additional details is appended at the end of this Annual Report. Members holding shares in physical form are requested to submit their filled in form to the Company or the Registrar and Share Transfer Agent. Members holding shares in electronic form are requested to submit the details to their respective Depository Participants.

i) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit their PAN details to their respective Depository Participants. Members holding shares in physical form are requested to submit their PAN details to the Company or its RTA.

10) Listing Fees:

The Company has paid the Listing Fees for the year 2018-19 to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), the Stock Exchange(s) where the Company's shares are listed.

11) Members are requested to:

a) send their queries, if any, to reach the Company's Registered Office at Hyderabad at least 7 days before the date of the Meeting so that information can be made available at the Meeting;

b) bring their copy of the Annual Report and Attendance Slip with them to the Meeting;

c) to bring their DP ID and Client ID numbers for easy identification of attendance at the venue of AGM, who hold shares in dematerialized form;

d) send their e-mail address to the Company/RTA for prompt communication;

e) to quote their Regd. Folio Number or DP and Client ID Numbers in all their correspondence with the Company/RTA.

12) Instructions about Voting:

In terms of Section 108 and other applicable provisions of Companies Act, 2013, read with Regulation 4(2)(a) and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and to facilitate the members, the Company is providing e-voting facility, besides the polling process to be conducted at the AGM venue.

The members are requested to opt for any one mode of voting i.e., either through e-voting or through polling process to be conducted at the AGM. If a member cast votes by both modes, then voting done through a valid e-vote shall prevail and voting through polling process conducted at AGM shall be treated as invalid. Please refer to the following instructions for voting through electronic means.

A) e-Voting through electronic means:

I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing Members facility to exercise their right to vote on resolutions proposed to be passed in the Annual General Meeting by electronic means through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). The instructions for e-voting are as under:

i) Log on to the e-voting website www.evotingindia.com

ii) Click on "Shareholders" tab.

iii) Select the "NACL Industries Limited" from the drop down menu and click on "SUBMIT"

iv) Enter your User ID-For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID. Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.

v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

vi) If you are a first time user follow the steps given below:

Fill up the following details in the appropriate boxes:

PAN*	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department
DOB**	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
DIVIDEND BANK DETAILS	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

** Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the sequence number (available in the Address Label pasted in the cover and/or in the e-mail sent to Members) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Ramanathan with sequence number 1 then enter RA00000001 in the PAN Field.*

***Please enter any one of the details in order to login. In case both the details are not recorded with the depository or Company, please enter the Member id / folio number in the Dividend Bank details field.*

vii) After entering these details appropriately, click on "SUBMIT" tab.

viii) Members holding shares in physical form will then reach directly the Company selection screen. However, Members holding shares in demat form will now reach 'Set Password' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.

ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

x) Click on the relevant EVSN for NACL Industries Limited.

xi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

xvi) If Demat account holder has forgotten the changed password then enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.

xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporate. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the Scrutinizer to verify the same.

xviii) E-Voting by Mobile app:

Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

xix) Note for Non – Individual Shareholders and Custodians.

- Non-Individual shareholders (i.e., other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xx) In case members have any queries or issues regarding e-voting, they may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help Section or write an email to helpdesk.evoting@cdslindia.com or investors@naclind.com.

II. The e-voting period begins on 03rd August, 2018 (10.00 a.m.) and ends on 05th August, 2018 (5.00 p.m.). During this period shareholder of the Company, holding shares either in physical form or in dematerialized form, as of 27th July, 2018 (i.e., the cut-off date) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

III. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www. evotingindia.co.in under help Section or write an email to helpdesk.evoting@cdslindia.com or investors@ naclind.com

IV. The voting rights of shareholders shall be in proportion to the shares held by them in the paid up equity shares capital of the Company as on 27th July, 2018.

V. Mr.K.V.Chalama Reddy, Practicing Company Secretary (M.No:F 9268, and C.P No: 5451), Hyderabad, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

VI. The scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated scrutinizer's report of the total votes cast in favor or against, if any, to the Chairman/Managing Director of the Company who shall countersign the same.

B) Other Instructions:

I. The Scrutinizer will collate the votes downloaded from the e-voting system and votes casted during the polling process conducted at Annual General Meeting venue, to declare the final result for each of the Resolutions forming part of the Annual General Meeting Notice.

II. The results of the voting shall be declared on or after the Annual General Meeting of the Company. The results declared, along with the Scrutinizer's Report, shall be placed on the Company's website www.naclind.com and be communicated to the Stock Exchanges where the Company's shares are listed, i.e., BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), stock exchanges where the Companies share are listed.

III. Members may address any query to Mr. Satish Kumar Subudhi, Company Secretary & Head-Legal, at the Registered Office of the Company, Tel. No.040-33605123/124/125, Fax No. 040-23358062, Email: investors@naclind.com; Website: www.naclind.com.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS ITEMS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

Item No.5:

The Board of Director of the Company, on recommendation of the Audit Committee, has approved the appointment of the Cost Auditors namely M/s K. Narasimha Murthy & Co., (Registration No.4042), Cost Accountants, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019, at a remuneration of ₹ 6,00,000/- (Rupees Six Lakhs only) plus applicable taxes and out-of vpocket expenses incurred in connection with the Cost Audit.

In accordance with the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 ("Act") read with the Rule 14 of Companies (Audit and Auditors) Rules, 2014, the appointment and remuneration payable to the Cost Auditors has to be approved and ratified by the shareholders of the Company. Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019. The Board commends the Ordinary Resolution set out at Item No.5 of the Notice for approval by the Shareholders.

None of the Directors/Key Managerial Personnel of the Company/their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

By order of the Board

Satish Kumar Subudhi
Company Secretary &
Head-Legal (FCS-9085)

Place: Hyderabad
Date: 19th May, 2018

Registered Office:
CIN: L24219TG1986PLC016607
Plot No.12-A, "C"- Block, Lakshmi Towers,
No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta,
Hyderabad-500082, Telangana State, INDIA.
Ph.040-33605123 e-mail: cs-nacl@naclind.com
Website : www.naclind.com.

ANNEXURE TO NOTICE

Details of Directors seeking appointment/re-appointment at the AGM
(Pursuant to Regulations 26(4) and 36(3) of the Listing Regulations and Secretarial Standards-2 on General Meeting)

Name of the Director	Mrs.K.Lakshmi Raju
Directors Identification Number (DIN)	00545776
Date of Birth, Age	06th November, 1974, 44 years
Date of first appointment	24th June, 2004
Qualifications	Commerce Graduate and also has a Maters Degree in Business Administration.
Brief Profile including expertise in specific functional areas	Having more than 14 years' experience in the Corporate business field.
Terms and conditions of appointment/re-appointment	Appointed as Non-Executive Director, liable to retire by rotation.
Details of remuneration last drawn during FY 2017-18	₹ 1 lakh (sitting fees only) **
No. of Board Meetings attended during the year	5 (five)
Relationship between Directors inter-se	Nil
No. of shares held in the Company	
(a) Own	30,18,360 Equity shares of ₹ 1/-each
(b) For other persons on a beneficial interest	Nil
List of other companies in which directorship held as on 31st March, 2018 (excluding Foreign, Private and Section 8 Companies)	Nil
Chairperson/Member of the mandatory committees of the Board of the other Companies on which she is a Director as on 31st March, 2018.	1##

** Sitting fees paid for attending the Board and Committee(s) Meetings held during the FY 2017-18

Directorship and committee memberships in NACL Industries Limited are included in the aforesaid disclosure. The directorship in Private Limited Companies, Foreign Companies and Section 8 Companies and their Committee memberships are excluded. Membership and Chairmanship of Audit Committee and Stakeholder Relationship Committees of only public Companies have been included in the aforesaid table. The details pertains to the financial year ended 31st March, 2018.

ROUTE MAP TO THE AGM VENUE

FTAPCCI Auditorium,
M/s. Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI),
Federation House, 11-6-841, P.B. No.14, Red Hills, Hyderabad – 500004, Telangana State, INDIA
Phone: 040 2339551 to 22 (8 lines) Fax: 040-23395525
E-mail:info@fapcci.in

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 31st Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2018.

Operating Results:

Your Company's performance during the year as compared with that during the previous year is summarized below:

(₹ in lakhs)

Particulars	Consolidated		Standalone	
	2017-18	**2016-17**	**2017-18**	**2016-17**
Gross Turnover (including Other Income)	**88,487**	85,038	**88,423**	84,977
Profit/(-) Loss before Finance Cost, Depreciation and Tax (EBIDTA)	**6,768**	7,104	**6,777**	7,113
Finance Charges	**3,342**	3,787	**3,342**	3,787
Depreciation and Amortization	**1,977**	2,823	**1,977**	2,823
Profit before exceptional items and tax.	**1,449**	494	**1,458**	503
Exceptional Items	**-**	2,557	**-**	2,557
Share of profit from associate	**94**	-	**-**	-
Profit before tax (PBT)	**1,543**	3,154	**1,458**	3,060
Provision for Tax	**540**	842	**540**	841
Deferred Tax	**(154)**	(954)	**(154)**	(953)
Profit after tax (PAT)	**1,157**	3,266	**1,072**	3,172
Other Comprehensive Income	**46**	(48)	**46**	(48)
Total Comprehensive Income	**1,203**	3,218	**1,118**	3,124
Profit for the year	**1,203**	3,218	**1,118**	3,124
Balance of profit brought forward from previous year	**16,921**	13,891	**16,615**	13,679
TOTAL	**18,124**	17,109	**17,733**	16,803
Appropriation				
Dividend on equity shares	**195**	195	**195**	195
Dividend distribution tax	**40**	40	**40**	40
Balance profit carried forward to balance sheet	**17,889**	16,921	**17,498**	16,615

Dividend:

Your Board of Directors pleased to recommend a dividend of 12.50 paise per equity shares of ₹ 1/- each (i.e.12.50% of the paid up share capital) for the financial year ended 31st March, 2018. If the dividend, as recommended above, is approved by the members at the Annual General Meeting, the total outflow towards dividend on Equity Shares for the year would be ₹ 235.55 lakhs (including dividend distribution tax).

Performance:

Your Directors are pleased to inform that your Company has received the following awards during the year 2017–18:

i) Conferred with 'INDIA'S BEST COMPANY OF THE YEAR AWARD-2017", by International Brand Consulting Corporation (IBC), USA. This award is a distinctive recognition for a company recognized as, "BEST COMPANY" in its industry category based on current year market standing, innovation, leadership, governance, CSR and other such factors.

ii) Srikakulam Technical unit and Ethakota Formulation unit have been awarded with the "Best Management Award" by the Government of Andhra Pradesh for Management Practices for yet another year 2017. They were handed over by the Hon'ble Chief Minister of Andhra Pradesh. These awards were received for the second time for each of the units in last four years.

iii) Srikakulam Plant received the prestigious "Suraksha Puraskar" Award by the National Safety Council of India for the year 2017 in Group-B category for its best Safety Practices by Hon'ble Minister of the State Labour and Employment, Government of India. The Company was given the top ranking among various Indian crop protection products manufacturing Companies."

The Company achieved a consolidated revenues of ₹ 88,487 lakhs during the year under review as against ₹ 85,038 lakhs achieved in the previous year. The Company's profit before exceptional item and tax is ₹ 1,449 lakhs during the year under review against ₹ 494 lakhs during the previous year.The growth in revenue has been mainly attributable to growth in the Exports by 16% and in domestic formulations by 11%. The revenue for financial year 2016-17 are inclusive of Excise Duty (ED), whereas in the financial year 2017-18 ED is included upto 30th June, 2017 as GST has been implemented effective 01st July, 2017. The revenue, as per the Accounting Standards, for the remainig period of nine months of the financial year under rview do not include GST. During the year under review, the Company has adopted the Accounting Standards as per the IndAS. Accordingly the figures are strictly not comparable.

Plant Operations:

With the overall satisfactory performance during the year under review, the Srikakulam technical plant has achieved highest ever annual production of 6,023 MT as compared to 5,302 MT in the previous year, recording an increase in production by about 14% over previous year. The plant could achieve the desired results mainly due to growth in the export segment and its alignment for the production of various intermediates for captive consumption as well as marketing both in export and domestic market. The plant has continued to take various initiatives for cost savings and capacity utilization, besides regular efforts of streamlining, debottlenecking and augmenting plant efficiencies and enhancing productivity.

Ethakota formulation unit has been able to satisfactorily meet not only the domestic formulation market demand but also the demand from the newer and expanding export market. The unit also achieved highest ever production of 24,738 MT/KL during the year under review, comparing to the previous year production of 21,333 MT/KL registering a growth of about 16%. The higher production was mainly due to increase in demand of Granules. The unit has been in continuous growth mode being capable of handling any market demand both in terms of flexibility in product mix and demand in higher volumes. The continued focus on areas of improving flexibility, enhancing capacities, increased productivity, de-bottlenecking, quality control and better supply chain initiatives are yielding results.

An amicable working environment in both units has enabled maintaining cordial relationship with workers Unions and other Stakeholders.

Domestic Markets:

The southwest monsoon in 2017 was below normal for India with the countrywide rainfall standing at 95 percent of the long period average (LPA). Although the same is termed as normal rainfall keeping in view the long period average (LPA) rainfall that India received, it was not evenly distributed. In the overall comfortable situation, whereas excess monsoon rains were recorded by the states of Andhra Pradesh, Gujarat, West Rajasthan and NMMT (Nagaland, Manipur, Mizoram, and Tripura), there were pockets of deficiencies with Punjab, Haryana, Uttar Pradesh and Vidarbha getting less than their usual share of rains. Adding to it, although the northeast monsoon has ended with overall normal for various parts of south east regions of India, with a good rainfall for Tamil Nadu & Puducherry, it was not without hiccups. After initial spell of good rains, it witnessed weeks of prolonged dry spells in various pockets of those regions.

Despite the very competitive market conditions, your Company achieved domestic sales of ₹ 52,249 lakhs for the year under review (as against ₹ 47,031 lakhs in the previous year), a net increase of approximately 11% over the previous year. This growth is mainly attributable to aggressive positioning, focus on sale of priority products, addition of new products and improved flexibility of Ethakota formulation plant. Given the favorable monsoon predicted for the year 2018, the prospects for the domestic market looks promising in quarters ahead.

Export Market:

The normalization of agrochemical inventories in the distribution channels has helped in resuming the agrochemical business in certain markets. With the inventory situation in Brazil easing out, your company's technical business to Brazil has contributed positively to the exports sales. Enforcement of increasingly stricter environment norms in China, has provided trading opportunities to supply Technicals to new customers in Australia, New Zealand and Vietnam. Contract manufacturing business was affected due to lack of campaigns of certain products and low off take of one formulation to China due to bleak demand. Delay in the renewal of registrations, political situation in Yemen, price pressure and inventory levels at distributor level continued to impact the formulation business. However, with market and product development activities and branding, the outlook for this business segment looks positive in the coming years. Your company continued its efforts to register its brands in South East Asia and Africa and got three registrations in Ethiopia.

In spite of inconsistency in the global agrochemical market, the performance of Exports function has increased by nearly 16% when compared to that of the last year. The sales were ₹ 12,741 lakhs in the year under review as compared to ₹ 10,989 lakhs in the previous year. This was possible due to the business development activities that have been initiated post fiscal 2013 and your company's continued attempt in maintaining strong relation with the Contract Manufacturing Customers.

Credit Rating:

During the year under review, the Credit Analysis and Research Limited (CARE) has upgraded the rating for Long Term and Short Term Bank facilities of the Company, as follows:

a) Long-term Bank facilities**:** 'CARE A- Stable ('Single A minus; Outlook: Stable) from CARE BBB+ positive (Triple B plus: outlook positive) and

b) Short-term Bank facilities**:** 'CARE A2 (A two) from CARE A3+ (A three Plus)'.

Change of Name:

Consequent to the approval of the Shareholders of the Company in the last Annual General Meeting held on 05th August, 2017, the Company has changed its name from 'Nagarjuna Agrichem Limited' to 'NACL Industries Limited' vide the 'Certificate of Incorporation pursuant to change of name' dated 04th September, 2017 issued by the Registrar of Companies, Hyderabad, for Andhra Pradesh and Telangana, Ministry of Corporate Affairs, Government of India. However, there was no change in the nature of the business of the Company.

Fire Insurance Claim:

Further to the Insurance Company's final assessment on account fire accident at Srikakulam Plant on 30th June, 2012 and releasing the final payment in the previous year, your Company has initiated necessary Arbitration process, as there were many deductions made by the Insurance Company, besides not considering claim for 'Loss of Profit' (LoP) and interest for delayed settlement of claim. Based on the legal opinion and consultation, the Company has filed necessary application under the provisions of Arbitration and Conciliation Act, 1996 before the Hon'ble High Court, New Delhi in terms of both the policies i.e. Fire Policy & Loss of Profit Policy (LoP) covering the differential claims towards Material Damage & Business Interruption respectively. On hearing both the applications, the Hon'ble High Court of Delhi has passed an order favoring Arbitration through a sole Arbitrator, who is a retired Supreme Court judge for both the policies. The arbitration proceedings are progressing satisfactorily.

New Projects/Products:

With a view to focus on cost efficiencies and innovation, the Company's R&D Centre at Shadnagar, near Hyderabad, continues to develop cost effective processes for manufacture of Active Ingredients (AIs)/Technical and Intermediates for Herbicides, Insecticides and Fungicides. To take advantage of the Make in India manufacturing initiative, processes for many generic products are under various stages of development for manufacturing by your Company.

Your Directors are pleased to inform that the R&D Centre has received the Certificate of Accreditation from the National Accreditation Board for Testing and Calibration of Laboratories (NABL).

The Company has strengthened its Registration department to cater to the growth opportunities in India and other countries. It has initiated the process of applying for registration of various Products in countries in Africa and South East Asia. Your Company presently has around 360 registrations in India and 84 for exports.

Environment Protection:

Your Company continues to maintain high standards in environmental management with its manufacturing facilities operating well within stipulated norms due to the efficient running of the Zero Liquid Discharge (ZLD) facilities in Srikakulam and Ethakota. Srikakulam manufacturing site has an online effluent and emission monitoring devices that continuously upload the data to Pollution Control Board website. These sites have also increased plantation area within the factory premises.

Your Company continues to enjoy the certifications ISO:9001:2008, ISO:140001 and OHSAS: 18001 accredited for its proven standards covering in the areas of Quality, Environment, Safety and Health Management Systems respectively.

Transfer to Reserves

The Company does not propose to transfer any amount to General Reserves for the financial year ended 31st March, 2018.

Share Capital:

a) During the year under review, your Company has allotted 1,64,376 fully paid equity shares, upon exercise of stock options by the eligible Employees of the Company pursuant to the 'Nagarjuna Agrichem Ltd., - Employee Stock Option Scheme – 2015' ('ESOS-2015') of the Company and these shares were duly admitted for trading on the stock exchange(s). Subsequent to the above allotment, the paid up capital of your Company stand increased from ₹ 15,61,44,008/-(comprising of 15,61,44,008 fully paid up equity shares of ₹ 1/- per equity share) to ₹ 15,63,08,384/- (comprising of 15,63,08,384 fully paid up equity shares of ₹ 1/- per equity share).

b) During the year under review, the shareholders vide ther resolution passed in their Extraordinary General Meeting held on 03rd February, 2018 approved the increase of Authorised Share Capital of the Company has been increased from ₹ 20,00,00,000/- (consisting 20,00,00,000 Equity shares of ₹ 1/- each) to ₹ 25,00,00,000/- (consisting 25,00,00,000 Equity shares of ₹ 1/-each).

Employee Stock Option Scheme:

Your Company implemented "Nagarjuna Agrichem Ltd., – Employee Stock Option Scheme – 2015" (hereinafter referred to as "ESOS-2015") in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time and as approved by the members of the Company at their Annual General Meeting held on 28th September, 2015. In terms of the said ESOS-2015, the Compensation Committee is authorized and empowered to administer and implement the Company's Employees Stock Option Scheme (ESOS-2015) including deciding and reviewing the eligibility criteria for grant, issuance of stock options under the Scheme, allotment of shares upon exercise of the options etc., with regard to the 11,50,000 (eleven lakhs fifty thousand only) options reserved under the ESOS-2015. During the previous years 2016-17 and 2017-18, 9,30,000 (nine lakhs thirty thousand only) and 60,000 (sixty thousand only) respectively, stock options were granted to the eligible employees with a vesting period spread over a period of five years. Each option would entitle the holders of the Option to apply for one equity share of the Company.

Upon exercise of the vested stock options by eligible employees under the ESOS-2015, 1,64,376 equity shares were allotted during the year under review. Applicable disclosures relating to Employees Stock Options as at 31st March, 2018, pursuant to Regulation 14 and other applicable Regulations of SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time, are set out in the Annexure-I to this Report and the details are also placed on the website of the Company. There has been no material change in the said Scheme i.e., ESOS-2015 during the year under review.

Material Changes and Commitments:

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

Subsidiary Companies and Consolidation of Financial Statements:

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), along with other applicable provisions of the Act, and as per Indian Accounting Standards (IND AS 110 – "Consolidated Financial Statements"), which is applicable to the company from the year under review. The Audited Consolidated Financial Statements for the year ended on 31st March, 2018 are provided in this Annual Report. The Company has prepared consolidated financial statements by incorporating the financial statements of its wholly owned subsidiaries M/s.LR Research Laboratories Private Limited and M/s. Nagarjuna Agrichem (Australia) Pty, Ltd (which are yet to commence their operations) with its financial statements on line by line basis. The investments of the Company in M/s. Nasense Labs Private Limited, an Associate Company, have been accounted for in these consolidated financial statements under the equity method in accordance with IND AS 28–"Investments in Associates and Joint Ventures".

The Audited Annual Accounts and related information of Subsidiaries and Associate as applicable will be made available upon request. The Statement required under Section 134 of the Act is attached as Annexure - II (Form AOC-1) to this Directors' Report.

No other Company has become/ceased to be subsidiary or joint venture or associate Company during the financial year. There has been no material change in the nature of business of the aforesaid Subsidiaries and Associate. The Company has no Subsidiary which can be considered as material in terms of the Listing Regulations.

In accordance with the provisions of Section 136(1) of the Companies Act, 2013 ('Act') read with Regulation 46 of the Listing Regulations the following have been placed on the website of the Company www.naclind.com:

a) Annual Report of the Company, containing therein its standalone and the consolidated financial statements; and

b) Annual accounts of each of the subsidiary Companies.

Internal Financial Control Systems and their adequacy:

The Company has in place adequate internal financial controls commensurate with the size and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the design or operations were observed. The Company has policies and procedure in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of accounting records and the timely preparation of reliable financial information.

The Company has adopted accounting policies which are in line with the Indian Accounting Standards and the Act. These are in accordance with generally accepted accounting principles in India. Changes in policies, if required, are made in consultation with the Auditors and are approved by the Audit Committee.

The Company's internal audit systems are geared towards ensuring adequate internal controls commensurate with the size and needs of the business, with the objective of efficient conduct of operations through adherence to the Company's policies, identifying areas of improvement, evaluating the reliability of financial statements, ensuring compliances with applicable laws and regulations, and safeguarding of assets from unauthorized use.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory, Cost and Secretarial Auditors, including audit of the internal financial controls over financial reporting by the Statutory Auditors, and the reviews performed by Management and the relevant Board and Committees including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2017-18.

Indian Accounting Standards (Ind AS):

The Ministry of Corporate Affairs vide its notification dated 16th February, 2015 has notified the Companies (Indian Accounting Standards) Rules, 2015. The Company has adopted Indian Accounting Standards ("Ind AS") from April 01, 2017 with transition date of April 01, 2016 and accordingly these financial statements have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued there under and other accounting principles generally accepted in India, as applicable.

Auditors:

a) Statutory Auditors and Audit Reports:

M/s. Deloitte Haskins & Sells LLP, (Deloitte) Chartered Accountants, Secunderabad (Firm Registration No.117366W/W100018), Chartered Accountants, were appointed as Statutory Auditors of the Company at the 30th Annual General Meeting held on 05th August, 2017, for a period of 5 years commencing form the conclusion of 30th Annual General Meeting till the conclusion of 35th Annual General Meeting to be held in the year 2022, subject to the ratification of such appointment by shareholders every year.

The Audit Report of Deloitte on the Financial Statements of the Company for the Financial Year 2017-18 is a part of Annual Report and the report does not contain any qualification, reservation, adverse remark or disclaimer.

The audit committee and the board of directors recommend to the shareholder the ratification of appointment of M/s.Deloitte Haskins & Sells LLP, (Deloitte) Chartered Accountants, Secunderabad (Firm Registration No.117366W/W100018), Chartered Accountants, as statutory auditors of the Company from the conclusion of the 31st Annual General Meeting till the conclusion of 32nd Annual General Meeting.

b) Internal Auditors:

The Board of Directors of the Company have appointed M/s. M.Bhaskara Rao & Co., Chartered Accountants, Hyderabad, as Internal Auditors to conduct internal audit of the Company for the financial year ended 31st March, 2018 and their reports are reviewed by the Audit Committee from time to time.

c) Cost Auditors:

M/s. K. Narasimha Murthy & Co., Cost Accountants, Hyderabad have been appointed to conduct cost audits relating to Insecticides (Technical Grade and Formulations) of the Company for the year ended 31st March, 2018. Pursuant to the provisions of Section 148 of the Act read with Rules made thereunder, members are requested to consider the ratification of the remuneration payable to M/s. K.Narasimha Murthy & Co., Cost Accountants, Hyderabad for the financial year 2018-19. As a matter of record, relevant cost audit report for financial year 2017 were filed with the Central Government, within a stipulated timeline.

d) Secretarial Auditor and Secretarial Audit Report:

As per the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed Mr. K.V. Chalama Reddy, Practicing Company Secretary to carry out secretarial audit in terms of the Act for the financial year 2017-18. The secretarial audit report issued by Mr.K.V.Chalama Reddy, in form MR-3 is enclosed to this report as Annexure - III. The Secretarial Auditor has not expressed any qualification or reservation in his report and the report is self-explanatory.

Directors:

As on the date of this report, Company's Board comprises of 8 (Eight) Directors, out of which, 2 (two) are Non-Executive, Non-Independent Directors (NEDs) including 1 (One) Woman Director. Further, out of the remaining Directors, 5 (five) are Non-Executive Independent Directors, and 1 (one) is an Executive Director.

a) Director(s) to retire by rotation:

In accordance with the provisions of Section 152 of the Act, and Articles of Association of the Company, Mrs.K.Lakshmi Raju, Director (DIN: 00545776) of the Company, retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer herself for re-appointment.

b) Key Managerial Personnel (KMP):

In terms of Section 203 of the Companies Act, 2013 the following are the Key Managerial Personnel of the Company:

i) Mr.V.Vijay Shankar, Managing Director

ii) Mr.R.K.S Prasad, Chief Financial Officer

iii) Mr.Satish Kumar Subudhi, Company Secretary & Head-Legal.

During the year no KMP has been appointed or has retired/resigned.

c) Independent Directors:

In terms of Sections 149, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Independent Director can hold office for a term of up to five (5) consecutive years on the Board of Directors of the Company and shall not be liable to retire by rotation.

All the Independent Directors have given declaration that they meet the criteria of independence laid down under Section 149(6) of the Act read with Regulation 16(b) of Listing Regulations.

d) Evaluation of performance of the Board of Directors:

Pursuant to the provisions of the Act and Listing Regulations, the Board has carried out the evaluation of its own performance and Committees of the Board, the performances of Directors individually, the Executive Director, the Chairman of the Board etc. Various parameters including the guidance note issued by the Institute of Company Secretaries of India were considered for evaluation and after receiving the inputs from the Directors, the performance evaluation exercise was carried out. The parameters include attendance of Directors at Board and Committee meetings, integrity, credibility, expertise and trustworthiness of Directors, Board's monitoring of various compliances, laying down and effective implementation of various policies, level of engagement and contribution of the Directors, safeguarding the interest of all stakeholders etc. The performance evaluation of the Board as a whole was carried out by the Independent Directors. The performance evaluation of each Independent Director was carried out by the Board. The Directors expressed their satisfaction with the evaluation process.

e) Familiarization Programme for the Independent Directors:

In compliance with the requirement of Listing Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their role, rights and responsibility as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. The same is available on the website of the Company i.e., www.naclind.com.

Through the Familiarization programme, the Company apprises the Independent Directors about the business model, corporate strategy, business plans and operations of the Company. These Directors are also informed about the financial performance, annual budgets, internal control system, statutory compliances etc. They are also familiarized with Company's vision, core values, ethics and corporate governance practices.

At the time of appointment of Independent Director, necessary information including various documents such as the information's about Company, Memorandum and Articles of Association, Annual Reports for previous 2 years, Investor Presentations and recent Media Releases, Brochures, Organization policies are provided. Further, a formal letter of appointment has also given, explaining fiduciary duties, roles, responsibility and the accompanying liabilities that come with the appointment as an independent director of the Company.

Criteria for selection of candidates for appointment as Directors, Key Managerial Personnel and Senior Management Personnel

Your Company has laid down well-defined criteria for the selection of candidates for appointment as Directors, Key Managerial Personnel and Senior Management Personnel.

Criteria for making payment to Non-Executive Directors of the Company.

Your Company has laid down well-defined criteria for making payment to Non-Executive Directors of the Company. The details of the same are available at the Company's website at www.naclind.com.

Directors' Responsibility Statement:

Pursuant to Section 134(3)(c) and 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;

b) it has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the Profit/Loss of the Company for the year ended on that date;

c) it has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) it has prepared the Annual Accounts of the Company on a 'going concern' basis;

e) it has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) it has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Transfer of Un-claimed Dividend:

Pursuant to Section 124 and other applicable provisions of the Act as amended from time to time, the following un-claimed dividends were transferred to the Investors Education and Protection Fund during the year under review:

a) Unclaimed dividend amount of ₹ 10,68,609/- pertaining to the final dividend paid during the year 2009-10.

b) Unclaimed dividend amount of ₹ 6,30,108/- pertaining to the interim dividend paid during the year 2010-11.

Corporate Social Responsibility:

Corporate Social Responsibility (CSR) has been an integral part of your Company's culture and it has been associated, directly or indirectly, for contributing towards society's development. For the year under review, Company did a number of CSR activities in and around Srikakulam and Ethakota where the Company's factories are situated. Such activities includes ongoing drinking water supplies to villages and maintenance of the Company installed RO plants in the neighboring villages, contribution to Vidhya Volunteer Scheme, street lightning and bore-well maintenance, development of school facilities, community centers and bus shelters in the surrounding villages of the factories, providing medical services and vocational courses, conducting various medical camps, etc. These projects are largely covered under Schedule VII of the Companies Act, 2013 ('Act').

In accordance with the CSR provisions in the Act, the Company has formed a CSR Committee and a CSR Policy is in conformity with the provisions of the Act. The CSR Policy can be accessed on the Company's website at http://www.naclind.com. The Annual Report of CSR activities are annexed herewith as Annexure-IV and forming part of this Report.

Change in the nature of business:

There is no change in the nature of business of the Company.

Significant and Material Orders passed by the Regulators or Courts:

During the year the Company has not received any significant and material orders passed from Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in future.

Particulars of Loans, Guarantees or Investments:

The details of Loans, Guarantees and Investments made during the financial year ended 31st March, 2018 in compliance with the provisions of Section 186 of the Act read with the Companies (Meetings of the Board and its Powers) Rules, 2014 have been disclosed in the Financial Statements forming part of this Annual Report.

Extract of Annual Return:

The Extracts of the Annual Return in form MGT-9 as per the provisions of Section 92 of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is enclosed as Annexure-V to this Directors Report.

Number of Board Meetings:

During the year under review, five (5) Board Meetings were held during the year under review. The details of the same are given in Corporate Governance Report which forms part of this Annual Report. The provisions of Act and the Listing Regulations were adhered to, while considering the time gap between two meetings.

Audit Committee:

The Audit Committee comprising of Mr.D.Ranga Raju as the Chairman and Mr. Sudhakar Kudva, Mr.K.Raghuraman, Mr.Raghavender Mateti as the members. The details about Audit Committee including the brief description of its terms of reference and number of meetings held during the year are mentioned in the Corporate Governance Report.

Risk Management Policy:

Pursuant to the provisions of Section 134 and other applicable provisions if any, of the Act and Listing Regulations, the Company constituted the Risk Management Committee and framed Risk Management Policy, which inter-alia covers implementation and monitoring of the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The details about Committee including the brief description of its terms of reference are given in the Corporate Governance Report. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Meeting of Independent Directors:

The details on the separate meeting of the Independent Directors are reported in the Report on Corporate Governance.

Related Party Transactions:

All the related party transactions are entered into during the financial year were on arm's length basis and in the ordinary course of Company's business and are in compliance with the applicable provisions of the Act and Regulation 23 of Listing Regulations. The Company has not entered into any contract, arrangement or transactions with any related party which could be considered as material within the meaning of Regulation 23 of the Listing Regulations. Related Party Transactions under Accounting Standard-18 (AS-18) are disclosed in the notes to the financial statement.

As there are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel's etc., which may have potential conflict with the interest of the Company at large, the disclosure in Form AOC-2 is not applicable. Necessary disclosures and the statement of all related party transactions is presented before the Audit Committee and the Board of Directors on a quarterly basis specifying the nature, value and terms and conditions of the transactions. All Related Party Transactions are approved by the Audit Committee and omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. The transactions entered into pursuant to the omnibus approval so granted are reviewed on a quarterly basis by the Audit Committee.

The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website www.naclind.com. The details of the transactions with Related Parties are provided in the accompanying financial statements.

Vigil Mechanism/Whistle Blower Policy:

The Company has implemented Whistle Blower Policy to deal with any fraud, irregularity or mismanagement in the Company. The policy enables any employee or Director to directly communicate to the Chairman of the Audit Committee to report any fraud, irregularity or mismanagement in the Company. The policy ensures strict confidentiality while dealing with concerns and also that no discrimination or victimization is meted out to any whistleblower. The Whistle Blower Policy as approved by the Board is uploaded on the Company's website www.naclind.com. During the year under review, your Company has not received any complaints under the said policy of the Company. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

Nomination and Remuneration Policy:

Pursuant to Section 178(3) of the Act, the Company has adopted a policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel. The Nomination and Remuneration Committee (NRC) has formulated the criteria for determining qualification, positive attributes and independence of Directors in terms of provisions of Section 178(3) of the Act and as Listing Regulations. The details about Committee including the brief description of its terms of reference are given in the Corporate Governance Report.

Corporate Governance:

In compliance with Regulation 34 read with Para-C of Schedule V of Listing Regulations, a separate report on Corporate Governance has been included in this Annual Report together with the Auditor's Certificate confirming compliance of the Corporate Governance as stipulated under the said Regulations. All the Board members and the senior management personnel have affirmed compliance with the Company's "Code of Conduct for Board and Senior Management Personnel" for the financial year 2017-18.

A certificate signed by the Managing Director and Chief Financial Officer (CFO) certifying the financial statements and other matters as required under Regulation 17(8) of the Listing Regulations, forms part of this Annual Report.

Management Discussion and Analysis Report:

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 16(b) of the Listing Regulations, is presented in a separate section forming part of this Annual Report.

Policy on Sexual Harassment:

The Company has zero tolerance for sexual harassment at workplace and has adopted a "Policy on Sexual Harassment of Associates" in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Policy aims to provide protection to employees at the workplace, and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, and framed the policy with the objective of providing a safe working environment, where employees feel secure. There were no cases reported during the financial year 2017-18 under the said Policy.

Brand Protections:

Your Company has taken appropriate actions against counterfeits, fakes and other forms of unfair competitions/ trade practices.

Fixed Deposit:

Your Company has not accepted any fixed deposits from the public during the year under review, and no such amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

Industrial Relations:

The industrial relations at the factories and head office continued to be cordial.

Insurance:

All the assets and insurable interests of your Company including inventories, buildings, plant and machinery, enactments are adequately insured.

Particulars of Employees and Remuneration:

The information required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure–VI to this report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

Disclosures required under the Section 134(3)(m) of the Act relating to conservation of energy, technology absorption and foreign exchange outgo and earning, in terms of Rule 8 of the Companies (Accounts) Rules, 2014, are set out in a separate statement attached hereto as Annexure-VII and forms part of this report.

Acknowledgement:

Your Directors thank the Company's Bankers and the Financial Institutions for their help and co-operation extended throughout the year. Your Directors place on record their appreciation for the support and co-operation that the Company received from its Stakeholders, Customers, Agents, Suppliers, Employees, various Government/Non-Government Departments, Associates and Community in the vicinity of the plants. Your Directors also record their appreciation for the excellent operational performance of the staff of the Company that contributed to the achievements of the Company. The Directors also acknowledge with much gratitude, the continued trust and confidence reposed by the Dealers/Customers of the Company. Your Directors look forward to the future with confidence.

For and on behalf of the Board

N.Vijayaraghavan	**V.Vijay Shankar**
Director	Managing Director
(DIN:02491073)	(DIN:00015366)

Place : Hyderabad
Date : 19th May, 2018

ANNEXURE- I TO DIRECTORS REPORT

EMPLOYEE STOCK OPTION SCHEME (ESOS) DISCLOSURE

[Pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]

I) General Disclosures

Disclosure under "Guidance note in Accounting for the employee share based payments" or any other applicable Accounting Standards (AS): For details please refer to notes to Standalone Financial Statements, forming part of this Annual Report 2017-18 which can be accessed through the web link: http://www.naclind.com/annual-reports.php.

II) Description of ESOS existed during the year:

S.No.	Particulars	ESOS-2015
1.	Date of Shareholder's Approval	28th September, 2015.
2.	Total Number of Options approved	11,50,000 (Eleven Lakhs fifty Thousand Only) options. The Option holder is eligible to receive one equity share of ₹ 1/- each for every Option granted.
3.	Vesting Requirements	There shall be a minimum period of one year between the grant of Options and vesting of Options. The vesting of Options spreads over 5 years (to be counted after one year from the date of grant as aforesaid). The vested options can be exercised within two years from the date of vesting.
4.	The Pricing Formula	As decided by the Compensation Committee from time to time at the time of grant, subject to a minimum of face value of shares. The exercise price for the Options already granted is ₹ 8/- per Options.
5.	Maximum term of Options granted	The vesting of Options spreads over 5 years (to be counted after one year from the date of grant as aforesaid). The vested options can be exercised within two years from the date of vesting.
6.	Sources of Shares	Fresh issue of shares.
7.	Variation in terms of ESOS-2015	NIL
8.	Methods used for accounting of ESOS	Intrinsic Value
9.	The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed.	₹ 14.88 Lakhs

III) Option Movement during the year:

S. No	Particulars	ESOS-2015
1.	No. of Options outstanding at the beginning of the year	6,97,500
2.	Options granted during the year	60,000
3.	Options forfeited/surrendered during the year	Nil
4.	Options lapsed during the year	Nil
5.	Options vested and exercisable during the year	1,64,376
6.	Options exercised during the year	1,64,376
7.	Total number of shares arising as a result of exercise of options	1,64,376
8.	Money realized by exercise of option (INR) if scheme is implemented directly by the Company.	13,15,008
9.	Loan repaid by the Trust during the year form exercise price received.	N.A
10.	Number of Options outstanding at the end of the year	5,93,124
11.	Number of Options exercisable at the end of the year	Nil

IV) a) Weighted average fair value of options granted during the year whose exercise price is less than market price: ₹ 28.55/-

Note: The fair value has been calculated using the Black Scholes Option pricing model. For details of the same along with the assumptions used in the model, the Note No.15.5 to the Standalone Financial Statements forming part of this Annual Report may be referred

b) Weighted average exercise price of options granted during the year whose exercise price is less than market price: ₹ 8/-

c) The weighted average market price of options exercised during the year: ₹ 46.75/-.

V) Employee wise details of option granted during the year:

a) Senior Managerial Personnel: During the year under review the Compensation Committee in its meeting held on 12th May, 2017, has approved the grant of additional 60,000 options to two Senior Managerial Personnel under ESOS-2015 scheme. The details are given below:

No.	Name of the employee	Designation	No. of options granted
1.	Mr. G.V.Suryanarayana *	Vice President –Sales	10,000
2.	Mr.S.Mani Prasad #	Head – Corporate-HPD	50,000

* Additional options granted on 12th May, 2017, upon being promoted.

Options granted on 12th May, 2017 upon newly recruited.

b) Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during the year: Nil.

c) The exercise price for all the aforesaid options granted is ₹ 8/- (Rupees Eight Only) per option.

d) Identified employees who were granted options in any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: Nil

For and on behalf of the Board

	N.Vijayaraghavan	**V.Vijay Shankar**
Place: Hyderabad	Director	Managing Director
Date: 19th May, 2018	(DIN:02491073)	(DIN:00015366)

ANNEXURE- II TO DIRECTORS REPORT

Form No. AOC-1

(Pursuant to proviso to sub-section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate Companies/joint ventures

Part “A”: Subsidiaries

(₹. in Lakhs)

Sl. No	Name of the Company	Name of the Company	
		L.R. Research Laboratories Private Limited (Wholly owned Subsidiary)	Nagarjuna Agrichem (Australia) Pty. Limited (Overseas Wholly owned Subsidiary)
1	Reporting period for the subsidiary concerned, if different from the holding Company’s reporting period	NA	NA
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	AUD (AUD/INR = 48.84)
3	Share capital	1.00	25.92
4	Other equity	(5.91)	(37.13)
5	Total assets	12.80	-
6	Total Liabilities	17.71	-
7	Investments	-	-
8	Turnover	-	-
9	Profit/Loss before taxation	(2.65)	(6.31)
10	Provision for taxation	-	-
11	Profit after taxation	(2.65)	(6.31)
12	Proposed Dividend	-	-
13	% of shareholding	100%	100%
14	1. Names of subsidiaries which are yet to commence operations.	Yet to commence its operations	Yet to commence its operations
	2. Names of subsidiaries which have been liquidated or sold during the year.	No subsidiaries liquidated or sold during the year	No subsidiaries liquidated or sold during the year

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

	Name of Associate	Nasense Laboratories Private Limited
1.	Latest audited Balance Sheet Date	31st March, 2018
2.	Shares of Associate/Joint Ventures held by the Company on the year end	Shares @ ₹ 10/-
	No. of Equity Shares	49,36,052
	Amount of Investment in Associates/ Joint Venture	₹ 4,93,60,520
	Extend of Holding %	26%
3.	Description of how there is significant influence	Significant influence means a control of at least 20% of the total shares capital or of business decisions under an agreement. Since the holding of the company is more than 20% hence there is significant influence.
4.	Reason why the associate/ joint venture is not consolidated	The investments in M/s Nasense Labs Pvt Ltd have been accounted in the consolidated financial statements under the equity method in accordance with Indian Accounting Standard (IndAS) 28–Investments in Associates.
5.	Net worth attributable to Shareholding as per latest audited Balance Sheet	₹ 13,04,28,178/-
6.	Profit / Loss for the year	₹ 3,61,01,893/-
i.	Considered in Consolidation	₹ 93,86,492/-
ii.	Not Considered in Consolidation	₹ 2,67,15,401/-
7	Names of associates or joint ventures which are yet to commence operations.	Nil
8	Names of associates or joint ventures which have been liquidated or sold during the year.	Nil

For and on behalf of the Board of Directors

N.Vijayaraghavan
Director
(DIN:02491073)

V.Vijay Shankar
Managing Director
(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer
(FCA 024958)

Satish Kumar Subudhi
Company Secretary & Head-Legal
(FCS 9085)

Place : Hyderabad
Date : 19th May 2018

ANNEXURE- III TO DIRECTORS REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2018

[Pursuant to sec. 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
NACL Industries Limited
(formerly known as 'Nagarjuna Agrichem Limited')
Hyderabad.

1. I have conducted Secretarial Audit pursuant to Section 204 of the Companies Act 2013, on the compliance of applicable Statutory Provisions and the adherence to good corporate practices by **NACL Industries Limited** (hereinafter called as **"the Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

2. Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my-opinion, the Company has during the audit period covering the Financial Year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

3. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 ("Audit Period") according to the provisions of :

i) The Companies Act, 2013 (the Act) and the rules made there-under;

ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there-under;

iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;

iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings:

v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - Not applicable during the audit period.

d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; -Not applicable during the audit period.

e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; regarding the Companies Act and dealing with client;

f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; -Not applicable during the audit period.

g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; -Not applicable during the audit period.

h) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

i) The Securities and Exchange Board of India (Listing Obligations Disclosure Requirements) Regulations, 2015.

vi) The Company is into business of manufacture and sale of Agro Chemicals. Accordingly, the following major industry specific Acts and Rules, which are inter-alia, applicable to the Company, in view of the Management:

a) The Insecticides Act, 1968 and Rules made thereunder.

b) The Boiler Act, 1923 and Rules made thereunder.

vii) I, have also examined compliance with Secretarial Standards issued by the Institute of Company Secretaries of India in respect of Board and General Meeting(s) of the Company.

During the period under review, the Company has complied with the provisions of Acts, Rules, Regulations, and Guidelines etc., mentioned above.

4. I, further report that:

a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

b. Adequate Notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. There is adequate system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through and there were no instances of dissenting members in the Board of Directors.

5. I further report that there exist adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

6. I further report that the Company has allotted 1,64,376 equity shares of ₹ 1/-each to the grantees, upon exercise of 1,64,376 options, granted pursuant to 'Nagarjuna Agrichem Ltd. Employees Stock Option Scheme-2015' as approved by the shareholders of the Company at their Annual General Meeting held on 28th September,2015.

There were no other major events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.,

K.V.Chalama Reddy
Company Secretary
M. No: F9268, C.P No: 5451

Place: Hyderabad
Date: 19th May, 2018

(This report is to be read with my letter of even date annexed as Annexure 'A' and forms an integral part of this report.)

'Annexure A'

To,

The Members
NACL Industries Limited
(formerly known as 'Nagarjuna Agrichem Limited')
Hyderabad

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

K.V.Chalama Reddy
Company Secretary
M. No: 9268, C.P No: 5451

Place: Hyderabad
Date: 19th May, 2018

ANNEXURE- IV TO DIRECTORS REPORT

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITY

Sr. No.	Particulars	Remarks
1	**A Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and project or programs.**	We at NACL Industries Limited, act in accordance with the principles of responsible, care and sustainable development to safeguard our employees, customers, stockholders, society and environment. In doing so, we ensure compliance with globally accepted social and ethical standards and values. As an organization, the Company is committed to operate in accordance with the demands of economy, ecology and society. The Company has framed its CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the website of the Company at the weblink: https://www.nagarjunaagrichem.com/admin/products/NACL-_CSR_POLICY.pdf
2	**The Composition of the CSR Committee.**	i) R.S.Nanda, Chairperson ii) K.Lakshmi Raju, Member iii) N.Vijayaraghavan, Member iv) Sudhakar Kudva, Member v) V.Vijay Shankar, Member
3	**Average net profit of the Company for last three financial years.**	₹ 2038.13 lakhs
4	**Prescribed CSR Expenditure (two percent of the amount as in item 3 above).**	₹ 40.76 lakhs
5	**Details of CSR spent during the financial year:**	Details given below
	a. Total amount to be spent for the financial year	₹ 40.76 lakhs
	b. Total amount spent during the year	₹ 79 lakhs
	c. Amount unspent, if any	NIL

Manner in which the amount spent during the financial year is detailed below:

(₹. in Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	**CSR project or activity Identified.**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:**	**Cumulative expenditure upto to the reporting period**	**Amount spent: Direct or through implementing agency ***
1	Water supply to village and other Village/ Community development activities.	Rural Development	Srikakulam, Andhra Pradesh		38	38	Direct
2	RO plant maintenance; Borewell maintenance and drinking water and sanitation facilities to school.	Healthcare and sanitation	Srikakulam, Andhra Pradesh		33	33	Direct
3	Salaries to Vidya Volunteers; Villages schools renovation work; scholarships to Merit students.	Promoting education	Srikakulam, Andhra Pradesh		8	8	Direct
	TOTAL				**79**	**79**	

For and on behalf of the Board of Directors

N.Vijayaraghavan
Director
(DIN:02491073)

V.Vijay Shankar
Managing Director
(DIN:00015366)

R.S.Nanda
Chairperson of CSR Committee
(DIN:00008255)

Place : Hyderabad
Date : 19th May, 2018

ANNEXURE- V TO DIRECTORS REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L24219TG1986PLC016607
ii.	Registration Date	11/11/1986
iii.	Name of the Company	NACL Industries Limited
iv.	Category / Sub-Category of the Company	Public Company Limited by Shares
v.	Address of the registered office and contact details	Plot No. 12-A, No. 8-2-248/1/7/78, "C" Block, Lakshmi Towers, Nagarjuna Hills, Panjagutta, Hyderabad – 500082, Telangana State, Ph. No. 040-33602153, Fax:040-23350234 Email: info@naclind.com /investors@naclind.com www.naclind.com
vi.	Whether listed company	Yes BSE Limited (BSE) and, National Stock Exchange (India) Ltd (NSE)
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	XL Softech Systems Limited No. 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500034. Telangana Ph. No. 040 – 23545913,14,15 Email: xlfield@rediffmail.com www.xlsoftech.org

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacturing of pesticides, insecticides	20211	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1.	KLR Products Limited	U24239TG2003PLC041387	Holding	72.69%	2(46)
2.	LR Research Laboratories Private Limited	U73100TG2011PTC076023	Subsidiary	100.00%	2(87)
3.	Nagarjuna Agrichem (Australia) Pty. Ltd	Foreign Company	Subsidiary	100.00%	2(87)
4.	Nasense Labs Pvt. Ltd	U24231TG1995PTC019809	Associate	26.00%	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	30,18,360	0	30,18,360	1.93	30,18,360	0	30,18,360	1.93	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	11,36,23,500	0	11,36,23,500	72.77	11,36,23,500	0	11,36,23,500	72.69	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any Other….	0	0	0	0	0	0	0	0	0
Sub-total (A) (1)	**11,66,41,860**	**0**	**11,66,41,860**	**74.70**	**11,66,41,860**	**0**	**11,66,41,860**	**74.62**	**-0.08**
(2) Foreign	0	0	0	0	0	0	0	0	0
a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any Other….	0	0	0	0	0	0	0	0	0
Sub-total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**11,66,41,860**	**0**	**11,66,41,860**	**74.70**	**11,66,41,860**	**0**	**11,66,41,860**	**74.62**	**-0.08**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Foreign Portfolio Investors	31,71,124	0	31,71,124	2.03	31,71,124	0	31,71,124	2.03	0
c) Banks/FI	0	0	0	0	19,063	0	19,063	0.01	0.01
d) Central Govt.	0	0	0	0	0	0	0	0	0
e) State Govt.(s)	0	0	0	0	0	0	0	0	0
f) Venture Capital	0	0	0	0	0	0	0	0	0
g) Insurance Companies	0	0	0	0	0	0	0	0	0
h) FIIs	0	0	0	0	0	0	0	0	0
i) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	31,71,124	0	31,71,124	2.03	31,90,187	0	31,90,187	2.04	0.01

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non-Institutions									
a) Bodies Corp.									
i. Indian	62,47,481	68,603	63,16,084	4.05	66,85,021	61,319	67,46,340	4.32	-0.27
ii. Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i. Individual Shareholders holding nominal share capital upto ₹. 1 lakh	85,15,004	44,58,764	1,29,73,768	8.31	84,01,100	35,20,300	1,19,21,400	7.63	-0.68
ii. Individual shareholders holding nominal share capital in excess of ₹. 1 lakh	1,40,56,725	6,94,547	1,47,51,272	9.45	1,37,94,886	4,82,378	1,42,77,264	9.13	-0.31
c) Others (Specify)									
IEPF	0	0	0	0	8,52,973	0	8,52,973	0.55	0.55
Nagarjuna Agrichem Limited Unclaimed Share Suspense Account	17,09,111	0	0	1.09	16,94,901	0	16,94,901	1.08	-0.01
Directors/Relatives	54,996	0	54,996	0.04	73,746	0	73,746	0.05	0.01
Non Resident Indians	4,64,402	24,285	4,88,687	0.31	8,00,344	24,285	8,24,629	0.53	0.22
Clearing Members	37,106	0	37,106	0.02	85,084	0	85,084	0.05	0.03
Sub-total (B)(2):-	**3,10,84,825**	**52,46,199**	**3,63,31,024**	**23.27**	**3,23,88,055**	**40,88,282**	**3,64,76,337**	**23.34**	**0.07**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**3,42,55,949**	**52,46,199**	**3,95,02,148**	**25.30**	**3,55,78,242**	**40,88,282**	**3,96,66,524**	**25.38**	**0.08**
C. Shares held by Custodian for DG` & AD`	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**15,08,97,809**	**52,46,199**	**15,61,44,008**	**100**	**15,22,20,102**	**40,88,282**	**15,63,08,384**	**100**	**0**

ii) Shareholding of Promoters:

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
1	KLR Products Limited	11,36,23,500	72.77	0	11,36,23,500	72.69	4,67,73,453	-0.08
2	K. Lakshmi Raju	30,18,360	01.93	0	30,18,360	01.93	0	0
	Total	**11,66,41,860**	**74.70**	**0**	**11,66,41,860**	**74.62**	4,67,73,453	-0.08

iii) Change in Promoters' Shareholding (please specify, if there is no change):

S.no	Name of the Promoters	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	11,66,41,860	74.70	11,66,41,860	74.62
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	No Change during the year, but due to increase in paid-up capital during the year, there is a change in % in total paid up capital compare to previous year.				
	At the end of the year	11,66,41,860	74.70	**11,66,41,860**	**74.62**

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

1	Ares Diversified	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	31,71,124	2.03	-	-
	Date wise increase/decrease in shareholding during theyear specifying the reasons for increase/decrease.				
	Reasons : - Nil -	- Nil -	- Nil -	- Nil -	- Nil -
	At the end of the year (or on the date of separation, if separated during the year)	**-**	**-**	**31,71,124**	**2.03**

2.	C Mackertich Private Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in shareholding during theyear specifying the reasons for increase/decrease.				
	Add: Purchase as per Benpos 05.01.2018	10,00,000	0.64	10,00,000	0.64
	Add: Purchase as per Benpos 09.03.2018	3,00,000	0.19	13,00,000	0.83
	At the end of the year (or on the date of separation, if separated during the year)	**-**	**-**	**13,00,000**	**0.83**

3.	Pinky Ventures Private Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	9,86,300	0.63	-	-
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease.				
	Less: Sale as per Benpos 07.07.2017	25,667	0.016	9,60,633	0.61
	Less: Sale as per Benpos 29.12.2017	37,500	0.024	9,23,133	0.59
	At the end of the year (or on the date of separation, if separated during the year)	-	-	**9,23,133**	**0.59**

4.	Savera Cityscape Private Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	12,57,441	0.80	-	-
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease.				
	Less: Sale as per Benpos 05.01.2018	2,73,088	0.17	9,84,353	0.63
	Less: Sale as per Benpos 12.01.2018	55,523	0.03	9,28,830	0.59
	Less: Sale as per Benpos 19.01.2018	18,813	0.01	9,10,017	0.58
	Less: Sale as per Benpos 26.01.2018	13,618	0.01	8,96,399	0.57
	Less: Sale as per Benpos 09.02.2018	13,033	0.01	8,83,366	0.56
	At the end of the year (or on the date of separation, if separated during the year)	-	-	**8,83,366**	**0.56**

5.	JSM Mining Services Private Ltd	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	7,93,839	0.51	-	-
	Date wise increase/decrease in shareholding during theyear specifying the reasons for increase/decrease.				
	Less: Sale as per Benpos 08.09.2017	1,00,000	0.06	6,93,839	0.44
	At the end of the year (or on the date of separation, if separated during the year)	-	-	**6,93,839**	**0.44**

6.	Erros Fernandas	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	3,98,676	0.255	-	-
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease.				
	Add: Purchase as per Benpos 04.08.2017	324	0.00	3,99,000	0.255
	Add: Purchase as per Benpos 29.12.2017	162,500	0.10	5,61,500	0.36
	At the end of the year (or on the date of separation, if separated during the year)	-	-	**5,61,500**	**0.56**

7.	Tapan Kumar Dey	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	4,80,393	0.31	-	-
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease.				
	Add: Purchase as per Benpos 09.02.2018	4,755	0.00	4,85,148	0.31
	Add: Purchase as per Benpos 23.02.2018	17,000	0.01	5,02,148	0.32
	Add: Purchase as per Benpos 02.03.2018	5,000	0.00	5,07,148	0.32
	Add: Purchase as per Benpos 16.03.2018	6,918	0.00	5,14,066	0.33
	Add: Purchase as per Benpos 23.03.2018	3,000	0.00	5,17,066	0.33
	Add: Purchase as per Benpos 31.03.2018	1,010	0.00	5,18,076	0.33
	At the end of the year (or on the date of separation, if separated during the year)	**-**	**-**	**518076**	**0.33**

8.	IL and FS Securities Services Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in shareholding during theyear specifying the reasons for increase/decrease.				
	Add: Purchase as per Benpos 03.10.2017	3,000	0.00	3,000	0.00
	Add: Purchase as per Benpos 20.10.2017	1,500	0.00	4,500	0.00
	Less: Sale as per Benpos 03.11.2017	1,000	0.00	3,500	0.00
	Add: Purchase as per Benpos 10.11.2017	2,000	0.00	5,500	0.003
	Add: Purchase as per Benpos 24.11.2017	500	0.00	6,000	0.003
	Add: Purchase as per Benpos 01.12.2017	6,057	0.003	12,057	0.007
	Less: Sale as per Benpos 08.12.2017	1,000	0.00	11,057	0.007
	Add: Purchase as per Benpos 15.12.2017	4,500	0.00	15,557	0.009
	Less: Sale as per Benpos 22.12.2017	9,997	0.006	5,660	0.003
	Add: Purchase as per Benpos 29.12.2017	6,140	0.003	11,800	0.007
	Less: Sale as per Benpos 06.01.2018	3,800	0.00	8,000	0.003
	Add: Purchase as per Benpos 12.01.2018	25,322	0.02	32,722	0.027
	Less: Sale as per Benpos 19.01.2018	21,208	0.013	11,514	0.007
	Add: Purchase as per Benpos 26.01.2018	15,841	0.010	27,355	0.017
	Less: Sale as per Benpos 02.02.2018	2,663	0.00	24,692	0.016
	Add: Purchase as per Benpos 09.02.2018	6,415	0.004	31,107	0.02
	Add: Purchase as per Benpos 16.02.2018	667	0.00	31,774	0.020
	Less: Sale as per Benpos 23.02.2018	16,655	0.011	15,119	0.01
	Add: Purchase as per Benpos 02.03.2018	5,613	0.00	20,732	0.013
	Less: Sale as per Benpos 09.03.2018	6113	0.00	14,619	0.01
	At the end of the year (or on the date of separation, if separated during the year)	**-**	**-**	**14,619**	**0.01**

9.	Rakesh Bhasin	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	558648	0.36	-	-
	Date wise increase/decrease in shareholding during theyear specifying the reasons for increase/decrease.				
	Less: Sale as per Benpos 14.07.2017	5,000	0.00	5,53,648	0.35
	Less: Sale as per Benpos 21.07.2017	13,293	0.01	5,40,355	0.346
	Less: Sale as per Benpos 28.07.2017	7,804	0.01	5,32,551	0.341
	Less: Sale as per Benpos 04.08.2017	36,907	0.023	4,95,644	0.317
	Less: Sale as per Benpos 18.08.2017	10,000	0.01	4,85,644	0.31
	Less: Sale as per Benpos 01.09.2017	22,334	0.01	4,63,310	0.30
	Less: Sale as per Benpos 22.09.2017	19,100	0.01	4,44,210	0.28
	Less: Sale as per Benpos 29.09.2017	,143	0.00	4,43,067	0.28
	Less: Sale as per Benpos 06.10.2017	28,761	0.02	4,14,306	0.26
	Less: Sale as per Benpos 17.11.2017	9,000	0.00	4,05,306	0.26
	Less: Sale as per Benpos 22.12.2017	1,000	0.00	4,04,306	0.26
	Add: Purchase as per Benpos 02.02.2018	95,000	0.061	4,99,306	0.32
	Add: Purchase as per Benpos 03.03.2018	5,000	0.00	5,04,306	0.32
	At the end of the year (or on the date of separation, if separated during the year)	-	-	5,04,306	0.32
	At the end of the year (or on the date of separation, if separated during the year)	**-**	**-**	**504306**	**0.32**

10.	Indian Syntans Investments Private Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	3,64,285	0.23	-	-
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease.				
	Reasons: NIL	Nil	Nil	Nil	Nil
	At the end of the year (or on the date of separation, if separated during the year)	-	-	**3,64,285**	**0.23**

V) Shareholding of Directors and Key Managerial Personnel:

Sl. No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
1)	**Mr. V. Vijay Shankar (Managing Director)**				
	At the beginning of the year	38,981	0.024	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): ESOP Shares allotted on 04.11.2017	-	-	18,750	0.01
	At the End of the year	-	-	57,731	0.037

2)	**Mrs. K. Lakshmi Raju (Promoter & Director)**				
	At the beginning of the year	30,18,360	01.93	-	-
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.,): No change in the shareholding during the year	-	-	-	-
	At the End of the year	-	-	30,18,360	01.93
3)	**Mr. R.K.S Prasad**				
	(Chief Financial Officer)	22,500	0.014		
	At the beginning of the year	22,500	0.014	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): ESOP Shares ESOP Shares allotted on 04.11.2017	-	-	13,125	0.008
	At the End of the year	-	-	35,625	0.023
4)	**Mr. Satish Kumar Subudhi**				
	(Company Secretary & Head Legal)	197508	0.126		
	At the beginning of the year	1,97,508	0.126	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): ESOP Shares allotted on 04.11.2017	-	-	7,500	0.004
	At the End of the year	-	-	2,05,008	0.131

VI. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(₹. in Crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	192.27	20.31	-	212.58
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.60	-	-	0.60
Total (i+ii+iii)	192.87	20.31	-	213.18
Change in Indebtedness during the financial year				
Addition	44.37	-		44.37
Reduction	15.04	5.06	-	20.10
Net Change	**29.33**	**-5.06**	-	**24.27**
Indebtedness at the end of the financial year				
i) Principal Amount	221.67	15.26	-	236.92
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.53	-	-	0.53
Total (i+ii+iii)	**222.20**	**15.26**	-	**237.45**

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Mr.V.Vijay Shankar Managing Director
1.	Gross salary:	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 *. Refer Note 5(a) below.	89,87,040
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	53,544
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2.	Stock Option	6,91,875
3.	Sweat Equity	-
4.	Commission	-
	- as % of profit	-
	- others, specify (performance bonus)	-
5.	Others, (Employers contribution to PF)	5,05,703
Total (A)		**1,02,38,162**
Ceiling as per the Act		**2,40,00,000**

B. Remuneration to other directors:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount (₹)
	Independent Directors	**Mr. D. Ranga Raju**	**Mr.Sudhakar Kudva**	**Mr. R.S. Nanda**	**Mr. Raghavender Mateti**	**Mr.K. Raghuraman**	
1	Fee for attending board/ committee meetings	60,000	1,15,000	90,000	1,90,000	1,80,000	6,35,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	**60,000**	**1,15,000**	**90,000**	**1,90,000**	**1,80,000**	**6,35,000**
	Other Non-Executive Directors				**Mrs. K. Lakshmi Raju**	**Mr. N. Vijayaraghavan**	
2	Fee for attending board committee meetings				1,00,000	1,00,000	2,00,000
	Commission				-	-	-
	Others,(Professional consultancy fees paid to Mr.N.Vijayaraghavan for the financial year 2017-18)				-	24,00,000	24,00,000
	Total (2)				1,00,000	25,00,000	**26,00,000**
	Total (B)=(1+2)	**-**	**-**	**-**	**-**	**-**	**32,35,000**
	Total Managerial Remuneration (A) + (B)	-	-	-	-	-	**1,31,20,626**
	Overall Ceiling as per the Act	-	-	-	-	-	**2,40,00,000**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD **(Amount in ₹.)**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	Company Secretary	Total (₹)
		Mr. R.K.S. Prasad	Mr. Satish Kumar Subudhi	
1.	Gross salary:			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 *	60,00,096	25,45,096	85,45,192
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	7,469	600	8,069
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option	4,84,313	2,76,750	7,61,063
3.	Sweat Equity			
4.	Commission			
	- as % of profit			
	- Others,			
5.	Others, (Employers contribution to PF)	2,99,664	1,36,080	4,35,744
Total		**67,91,542**	**29,58,526**	**97,50,068**

* Gross remuneration shown above is subject to tax and comprises salary, allowances, commission, incentives (including the performance linked incentives received for the previous years), monetary value of perquisites (including Stock Options), Company's contribution to provident fund and superannuation fund calculated on accural basis. In addition to the above, employees are also entitled to gratuity, medical benefits etc. in accordance with Company's Rules.

VIII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment			NIL		
Compounding					
C. Other Officers In Default					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

Place : Hyderabad
Date : 19th May, 2018

N.Vijayaraghavan
Director
(DIN:02491073)

V.Vijay Shankar
Managing Director
(DIN:00015366)

ANNEXURE –VI TO DIRECTORS REPORT

The disclosure of remuneration during the year 2017-18 pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014:

1. **Ratio of remuneration of each Director to the median remuneration of employees of the Company for the financial year 2017-18 and the Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any in the financial year.**

S. No	Director and KMP	Remuneration (₹ in lakhs)	Ratio median remuneration	% increase in remuneration in the FY
1	Mrs.K.Lakshmi Raju, Non-Executive Director	1.00	0.22	122.22%
2	Mr.D.Ranga Raju, Independent Director	0.60	0.13	100%
3	Mr.Sudhakar Kudva, Non-Executive Director	1.15	0.25	(-)4.17%
4	Mr.K.Raghuraman, Independent Director	1.80	0.40	-
5	Mr.Raghavender Mateti, Independent Director	1.90	0.42	5.55%
6	Mr.N.Vijayaraghavan, Non-Executive Director	1.00	0.22	122.22%
7	Mr.Ranvir Sain Nanda, Independent Director	0.90	0.20	-
8	Mr.V.Vijay Shankar, Managing Director*	102.38	22.67	26.90%
9	Mr.R.K.S Prasad, Chief Financial Officer	67.91	15.04	8.51%
10	Mr.Satish Kumar Subudhi, Company Secretary & Head-Legal.	29.59	6.55	12.37%

Notes:

a) During the year under review, the sitting fees paid to the directors for attending meetings of the Board, Audit Committee and Nomination and Remuneration Committee of Non-Executive Directors.

b) Employees for the purpose above include all employees excluding employees governed under collective bargaining.

c)* As MD remuneration revision occurs in every three years at the time of re-appointment (the current term of three years commences effective the year under review i.e., from 11th May, 2017), it is not comparable with the KMP's yearly remuneration revision. Since his appointment in May 2011, this is the second revision; the earlier one done in May 2014 was more or less flat with a small increment.

2. **The Percentage increase in the median remuneration of employees in the financial year:** 9.84 %

3. **The number of permanent employees on the rolls of the Company:**1170

4. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year 2017-18, and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

   Average percentile increase made in the salaries of employee other than the managerial personnel in the financial year 2017-18 is 49.95 as compared with the percentile increase in the managerial remuneration is 50.

5. **Statement under Section 197 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: ***

   a) i) Gross remuneration shown above is subject to tax and comprises salary, allowances, commission, incentives (including the performance linked incentives received for the previous years), monetary value of perquisites (including Stock Options), Company's contribution to provident fund and superannuation fund calculated on accural basis. In addition to the above, employees are also entitled to gratuity, medical benefits etc. in accordance with Company's Rules.

   ii) None of the above employee, along with the spouse and dependent children holds more than 2% of the equity shares of the Company.

   iii) All employees are permanent employee of the Company.

   (b) Employed throughout the financial year and in receipt of remuneration aggregating One Crore and Two Lakhs Rupees per financial year: Nil

   (c) Employed for part of the financial year and in receipt of remuneration aggregating Eight Lakhs and Fifty Thousand Rupees per month or more: Nil

6. **Affirmation that the remuneration is as per the remuneration policy of the Company**:

   It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees, adopted by the Company.

For and on behalf of the Board

	N.Vijayaraghavan	**V.Vijay Shankar**
Place : Hyderabad	Director	Managing Director
Date : 19th May, 2018	(DIN:02491073)	(DIN:00015366)

ANNEXURE –VI TO DIRECTORS REPORT

The Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

[Pursuant to the provisions of Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014]

A. CONSERVATION OF ENERGY:

1. Steps taken or impact on conservation of energy:

a) Steam condensate recovery and steam consumption reduction.

b) Modification in lighting system and changing to LEDs.

c) Operating gas incinerator and optimising fuel cosumption.

d) Rationalisation of LTDS/HTDS effluent and improvement in ZLD plant operation.

2. The capital investment on energy conservation equipments: (₹. in lakhs)

Sl. No.	Area	Scheme	Investment
1	Production/ Utility	Steam conservation and condensate recovery	46
2	Plant/ Common Area	Electrical Lighting and Motors	8
3	ZLD (Environment)	New Gas Incinerator	250

B. DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:

<table>
<tr><td>1</td><td colspan="2">The efforts made towards technology absorption</td><td>Many new chemical reactions were carried out in the laboratory. Process technical data for new products were generated. Few instruments were purchased.</td></tr>
<tr><td>2</td><td colspan="2">The benefits derived like product improvement, cost reduction, product development or import substitution.</td><td>a) The plants operated effectively with the new addition of products.
b) Exports started growing.
c) Number of products were registered.
c) Cost reduction in manufacturing.</td></tr>
<tr><td>3</td><td colspan="2">In case of imported technology (imported during the last three (3) years reckoned from the beginning of the financial year)</td><td>The Company has not imported any technology during the year</td></tr>
<tr><td></td><td>a)</td><td>Details of Technology Imported</td><td>None</td></tr>
<tr><td></td><td>b)</td><td>Year of Import</td><td>Not applicable</td></tr>
<tr><td></td><td>c)</td><td>Whether the Technology has been fully absorbed</td><td>Not applicable</td></tr>
<tr><td></td><td>d)</td><td>If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.</td><td>Not applicable</td></tr>
</table>

4	The expenditure incurred on Research & Development			
	a) Specific areas in which R&D carried out by the company	(i) Indigenous process development for new products of a number of active ingredients and intermediates. (ii) R&D work on the existing processes to make them environmentally friendly and cost effective (iii) For Registration of our products, a large number of impurities are required which were synthesized.		
	b) Benefits delivered as a result of the above R&D	Increased export and domestic business, cost reduction and improved product quality.		
	c) Future plans of action	(i) Introduction of new products through indigenously developed technology for domestic and export market. (ii) Accreditation from CIB for in-house data generation.		
5	Expenditure on R&D for the financial year		**2017-18**	**2016-17**
	a) Capital		**₹ 487 Lakhs**	₹ 618 Lakhs
	b) Recurring		**₹ 111 Lakhs**	₹ 95 Lakhs
	c) Total expenditure as a percentage of total turnover		**0.70%**	**0.97%**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The foreign exchange earned in terms of actual inflows during the year and the foreign exchange outgo during the year in terms of the actual outflow.

1. Foreign Exchange earned (FOB value): ₹ 12,436 lakhs
2. Foreign Exchange Used : ₹ 16,159 lakhs

For and on behalf of the Board

	N.Vijayaraghavan	**V.Vijay Shankar**
	Director	Managing Director
Place: Hyderabad	(DIN:02491073)	(DIN:00015366)
Date: 19th May, 2018		

Management Discussion and Analysis Report

The Discussion report is on the Crop Protection Business covering the Indian and global markets. This outlook is based on assessment of the current business environment. It may vary due to future economic and other developments, both in India and abroad.

Economic Scenario:

India's economic growth is expected to pick up to a 7.3 percent rate in fiscal year 2018-19, from 6.7 percent in FY 2017-18, against the Global growth of 3.7%. (Source: World Bank:News: Press Release). This growth has been achieved in a milieu of lower inflation, improved current account balance and notable reduction in the fiscal deficit to GDP ratio. A series of major reforms undertaken over the past year will allow real GDP to further rise to 7% to 7.5% in 2018-19, thereby re-instating India as the world's fastest growing major economy.

Industry Overview:

Agriculture plays a vital role in India's economy and is the primary source of livelihood for about 49% per cent of India's population. According to 'India Economic Survey 2018'Agriculture sector contributes around 16% to the country's GDP. At about 157 million hectares, India holds the second largest agricultural land in the World; second in global production of wheat, rice, fruits and vegetables, sugarcane, cotton and oilseeds, and is the largest producer of spices, pulses, milk, tea, jute mango and banana. It is also ranked among the 15 leading exporters of agricultural products in the World which has reached US$ 38.21 billion in FY18, according to 'India Brand Equity Foundation'. Further, the Government of India is aiming to achieve US$ 60 billion in agricultural exports by 2022. The Indian agrochemical industry is expected to grow from USD 4.3 billion in 2015 to 6.3 billion by 2020 with domestic market growing at around 6.5% and export growing at 9% (Source Tata Strategic management group report July,2016).

OUTLOOK AND OPPORTUNITIES:

Increasing population, decreasing per capita availability of arable land, focus on increasing agricultural yield and rising per hectare agrochemical consumption are the drivers of growth for agrochemicals. The Indian agrochemicals producers is highly fragmented in nature with more than 800 formulators. The states like Andhra Pradesh & Telangana, Maharashtra, Punjab & Haryana and Madhya Pradesh account for usage of over 60 percent crop protection chemicals in India; with the combined Andhra Pradesh & Telangana, being the leader with a market share of about 20% per cent. This provides an immense scope to the Company for market expansion and penetration.

Hence the opportunities for growth of your Company are good in the domestic, export and contract manufacturing, given the following factors:

a) The Central Government's Make-in-India initiative which encourages local production of high-quality crop protection products to achieve self-reliance.

b) Indian Government's initiatives to enhance farmer's income, revive rural demand and eliminate rural poverty through higher investments in irrigation, increased coverage under crop-insurance, wider access to credit, expansion of agri-markets by de-notifying fruits and vegetables etc. It has made the total budget allocation for the rural, agriculture and allied sectors in the year 2017-18 to ₹ 1,87,223 crores, which is 24% higher than the previous year 2016-17.

c) The implementation of GST is expected to boost the agricultural market on account of subsuming of all kinds of taxes/cess on marketing of agricultural produce as well, as it would ease inter-state movement of agricultural commodities which would improve marketing efficiency, facilitate development of virtual markets through warehouses and reduce overhead marketing cost.

d) China's strict environment policies in the wake of addressing immense pollution related challenges have caused many small and medium-sized enterprises to shut down. As a result there are huge supply shortages of various products. Although this has a short term impact on the supplies of various intermediates or raw materials, however it will widen the scope for India to be an alternative manufacturing hub for global market in the long run.

e) Exports are expected to grow after suffering slowdown in two successive fiscals due to lower consumption in key markets like Latin America on the back of unremunerative prices for agri-produce.

f) Favorable Monsoon conditions and high production of paddy, cotton, sugarcane and other cereals in India drive the consumption of pesticides.

Challenges, Threat, Risks and Concerns:

Although the long term benefits for the Company are expected to be good given the growth opportunities unfolding, there are few challenges, threats, risks and concerns that may affect the agrochemical business. Few of them are highlighted herein below:

a) Given the public's negative perception of pesticides, the nonagricultural population is more inclined to focus on the potential risks of pesticides, and are more concerned about the impact of use of pesticides on their health and the local ecosystem

b) In India, where over 60% of agricultural land is rain-fed, a failed monsoon causes crippling impacts in rural communities. Farmers often face a complete loss of crops, threatening livelihoods and food security.

c) Due to low awareness among farmers the usage of crop protection products, particularly those who are in subsistence farming, misuse or overuse of pesticides can cause harm to farmers' health and the environment. Around 25-30% of the farmers fall under this category.

d) Sale of spurious pesticides and spiked bio-pesticides by fly-by-night players pose a threat to the industry's growth.

e) Poor statutory protection of those Companies who have introduced new to India products, as it can be easily introduced by small players.

f) The process leading to the discovery, development and commercialisation of a new agrochemical molecule is complex, costly and time consuming. As a result, manufacturers in the agrochemical industry are struggling to cope with such high R&D costs. India imports close to $925 million, or about ₹ 5,900 crore, worth of technical pesticides, intermediaries, and finished products a year, of which around 55% comes from China. Also, the proportion of finished products from China had been steadily rising. Due to increase of dependency on China for many Active Ingredients and Intermediates, this has impacted the Industry as China has shut down many manufacturers on account of Environment issues.

Internal Control System:

The Company has proper and adequate systems of internal controls which ensure that all the assets are safeguarded and are structured to provide adequate support and controls for the business of the Company. The Company's internal audit systems are geared towards ensuring adequate Internal controls to meet the size and needs of business, for safeguarding the assets of the Company, evaluating reliability of financial and operational information, identifying weaknesses and areas of improvement and to meet with all compliances.

Financial Performance: (Consolidated)

On adoption of Indian Accounting Standards ('Ind AS') by the Company with effect from April 1, 2017, the financial were prepared in accordance with said Accounting Standards. Previous year comparative figures were recast / regrouped as required by Ind AS.

For the year 2017-18, the total Income at ₹ 865.76 Crores (excluding excise duty) reflects an increase of 15% over the previous year. The EBIT and Cash Profit stood at ₹ 48.62 crores and ₹ 34.26 crores (before exceptional items) respectively compared to ₹ 42.07 crores and ₹ 33.17 crores last year reporting an increase in EBIT and Cash Profit of 16% and 3% respectively.

The financial performance of your Company during 2017-18 was as under:

Particulars	2017-18	2016-17
Sales (excluding excise duty)– ₹ in Crores	865.76	749.76
EBIDTA (as % of net Sales)	8.19%	9.71%
Profit before depreciation, tax (as % of net sales)	4.24%	4.56%
Return on Capital Employed	9.88%	*11.13%
Return on Net Worth	4.64%	*13.59%
Earnings per share (FV ₹ 1/-each)	0.74	2.09
Book value per share	15.29	14.67

* Previous year figures includes exceptional item (income) of ₹ 25.57 Crores.

Industrial Relations and Human Resources Development:

The number of employees in the Company as on the 31st March, 2018 was 1170. The Company enjoys cordial and harmonious industrial relations. Training programs and various initiatives are being taken to create an environment to enhance individual and team performance.

Cautionary Statement:

The Statement in the Report of the Board of Directors and Management Discussion & Analysis Report describing the Company's projections, estimates, exceptions or prediction may be forward looking statement within meaning of applicable of Securities Laws and Regulations. Actual results could differ materially from those expressed implied since the Company's operations are influenced by many external and internal factors beyond the control of Company.

Disclaimer:

Readers are cautioned that this Management Discussion and Analysis contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words "anticipate", "believe", "estimate", "intend", "will", and "expected" and other similar expressions as they relate to the Company or its business are intended to identify such forward looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements and risks and opportunities could differ materially from those expressed or implied in such forward-looking statements. The important factors that would make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic and overseas markets, raw material prices, changes in the Governmental regulations, labour negotiations, tax laws and other statutes, economic development within India and the countries within which the Company conducts business and incidental factors. The Company undertakes no obligation to publicly amend, modify or revise any forward-looking statements on the basis, of any subsequent developments, information or events. The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.

For and on behalf of the Board

N.Vijayraghavan	**V.Vijay Shankar**
Director	Managing Director
(DIN: 02491073)	(DIN:00015366)

Date :19th May, 2018
Place :Hyderabad

Report on Corporate Governance

A. CORPORATE GOVERNANCE:

At NACL we believe in the philosophy of SERVING SOCIETY THROUGH INDUSTRY.

This philosophy is backed by principles of concern, commitment, quality and integrity in all its acts and relationships with stakeholders, customers, associates and community at large, which has always propelled the Company towards higher horizons.

At NACL we continue to strive to transform the business environment we operate in. We are also at work transforming the society around us. Our aim is to create an environment which enhances opportunities for all the good things, better health, education and overall quality of living that life has to offer.

B. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Company views Corporate Governance under the following major parameters:-

1) Transparency in relation to appointments, remuneration, meetings of the Directors on the Board of the Company, responsibility and accountability of the Board of Directors.

2) Providing correct, accurate and relevant information to the shareholders regarding the functioning and performance of the Company pertaining to financial and other non-financial matters.

3) Internal and external controls, and audits.

Date of Report:

The information provided in the Corporate Governance Report for the purpose of unanimity is as on 31st March, 2018. The report is updated as on the date of the report wherever applicable.

The Governance Structure:

The Company's Governance structure is based on the principles of freedom to the Executive Management within a given framework to ensure that the powers vested in the Executive Management are exercised with due care and responsibility so as to meet the expectation of all the stakeholders. In line with these principles the Company has framed three tiers of Corporate Governance structure viz.,

1) **The Board of Directors**: The primary role of the Board of Directors is to protect the interest and enhance value for all the stakeholders. It conducts overall strategic supervision and control by setting the goals and targets, policies, reporting mechanism and accountability, and decision making process to be followed. The Board also ensures that the Company effectively and efficiently works towards achieving its mission and is committed to continual quality improvement.

2) **Committees of Directors:** Committees are usually formed by the Company as a means of improving Board effectiveness and efficiency, in areas where more focused, specialized and technical discussions are required. Committees enable better management of full Board's time and allow in-depth scrutiny and focused attention. The Committees play an important role:

   - to strengthen the governance arrangements of the company and support the Board in the achievement of the strategic objectives of the company;
   - to strengthen the role of the Board in strategic decision making and supports the role of non-executive directors in challenging executive management actions;
   - to maximize the value of the input from non-executive directors, given their limited time commitment;
   - to support the Board in fulfilling its role, given the nature and magnitude of the agenda.

   The Company have formed Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, CSR Committee, Banking Committee, Risk Management Committee and Compensation Committee which are focused on financial reporting audit and internal controls, investors grievances and related issues, appointment and remuneration of Directors and senior management employees, implementation and monitoring of CSR activities, bank related transactions including availment of loans/working capital limits/renewals of credit facilities and related bank transactions of the Company, equity issue related matters and the risk management framework.

3) **Executive Management:** The entire business including the support services are managed with clearly demarcated responsibilities and authorities at different levels.

C. BOARD OF DIRECTORS:

1) Composition of the Board:

The Company has a balanced and diverse composition of Board of Directors, which primarily takes care of the business needs and stakeholders interest. The Board consists of eminent persons with considerable professional expertise and experience in setting up and operating agrochemical manufacturing plants and pesticide formulations, and in other fields such as Finance, Accounts, Legal and Taxation.

The details of the composition of the existing Board of Directors as on 31st March, 2018 are given below:

a) **Composition of Board:** The Company's Board of Directors presently comprises of 8 (Eight) Directors, out of which, 2 (two) are Non-Executive Non-Independent Directors (NEDs) including 1 (One) Woman Director. Further, out of the remaining Directors, 5 (five) are Non-Executive Independent Directors, and 1 (one) is an Executive Director. None of the directors are related to each other. The composition of the Board is in conformity with the provisions of the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Obligations").

b) **Number of Board Meetings held during the year and the dates of the Board Meetings:** During the year 2017-18, the Board met five (5) times on 27th May, 2017; 05th August, 2017; 04th November, 2017; 02nd January, 2018 and 03rd February, 2018.

c) The maximum time gap between any two of the Board Meetings was not more than 120 (One Hundred and Twenty) days.

d) Attendance details of each Director at Board Meetings and the last Annual General Meeting are as follows:

Sl. No.	Name, Position and DIN of the Director	Category of Directorship	No. of Board meeting held	No. of Board Meeting Attended	Whether present at previous AGM held on 05th August, 2017
1)	Mrs.K.Lakshmi Raju, Chairperson DIN:00545776	Promoter, Non-Executive,	5	5	Yes
2)	Mr.D.Ranga Raju DIN:00066546	Non-Executive-Independent	5	2	Yes
3)	Mr.K.Raghuraman DIN:00320507	Non-Executive, Independent	5	5	Yes
4)	Mr.Sudhakar Kudva DIN:02410695	Non-Executive, Independent	5	4	Yes
5)	Mr.N.Vijayaraghavan DIN:02491073	Non-Executive,	5	4	Yes
6)	Mr.Raghavender Mateti DIN:06826653	Non-Executive, Independent	5	5	Yes
7)	Mr.Ranvir Sain Nanda DIN:00008255 (w.e.f. 05.08.2017)	Non-Executive, Independent	5	5	Yes
8)	Mr.V.Vijay Shankar, Managing Director DIN:00015366	Executive Director	5	5	Yes

Directors are appointed or re-appointed with the approval of the shareholders and shall remain in office in accordance with the provisions of the Companies Act, 2013. All the Non-Executive Directors (except Independent Directors) are liable to retire by rotation unless otherwise specifically approved by the shareholders.

None of the Directors on the Board is member of more than 10 Committees and Chairperson of more than 5 Committees across all the Public Limited Companies in which he/she is a Director as specified in Regulation 26 of the Listing Regulations. The necessary disclosures regarding Committee positions in other public Companies have been made by all the Directors. None of the Directors holds office in more than 20 Companies and in more than 10 public Companies as prescribed under Section 165(1) of the Companies Act, 2013. None of the Independent Directors of the Company are serving as an Independent Director in more than 7(seven) Listed Entities.

The number of Directorship and Committee positions held by Directors in public limited companies are given below:

Sl. No.	Name of the Director	Number of Directorships in Listed Companies (including NACL Industries Limited).			Number of Committee** memberships held in Public Limited Companies (Including NACL Industries Limited).	
		Chairperson	Director	Total	Chairperson	Member
1)	Mr.D.Ranga Raju	1	2	3	2	1
2)	Mrs.K.Lakshmi Raju	1	-	1	-	1
3)	Mr.Sudhakar Kudva	-	2	2	2	2
4)	Mr.N.Vijayaraghavan	-	1	1	-	1
5)	Mr.K.Raghuraman	-	5	5	4	2
6)	Mr.V.Vijay Shankar	-	1	1	-	1
7)	Mr.Raghavender Mateti	-	1	1	-	1
8)	Mr.Ranvir Sain Nanda	-	1	1	-	-

** Board Committees include only Audit Committee and Stakeholders Relationship Committee.

2) Shareholding of Non-Executive Director of the Company:

Mrs.K.Lakshmi Raju holds 30,18,360 equity shares of the Company. No other Non-Executive Director holds any shares in the Company.

3) Familiarization Programme:

The Company has formulated a Policy on Familiarization Programme for Independent Directors. The Company upon the induction of Independent Directors provide necessary documents, which contains the information's about Company, Memorandum and Articles of Association, Annual Reports for previous 2 years, Investor Presentations and recent Media Releases, Brochures, Organization policies, to the newly inducted Independent Directors. The appointment letter issued to Independent Director inter alia sets out the expectation of the Board from the appointed director, their fiduciary duties and the accompanying liabilities that come with the appointment as a director of the Company.

Senior management personnel of the Company make periodical presentations to the Board members at the Board and Committee meetings held during the financial year briefing on the business and performance updates of the Company, global business environment, business strategy and risks involved, quarterly reports such as Corporate Governance, financial results, shareholding pattern, plans, strategy, new initiatives etc.

The details of such familiarization programmes for Independent Directors are put up, on the Company's website and can be accessed at https://www.naclind.com.

4) Code of Conduct for Directors and Senior Management Personnel:

The Board of Directors has laid down a Code of Conduct for all Board members and Senior Management Personnel of the Company. The Code of Conduct is uploaded on the website of the Company i.e., www.naclind.com. All the Board members and Senior Management Personnel have confirmed compliance with the code for the year under review. A declaration signed by the Managing Director pursuant to Regulation 34(3) of the Listing Regulations, forms part of this Annual Report.

5) Code Of Conduct of Independent Directors:

As per the provisions of Section 149(8) read with Schedule IV of the Companies Act, 2013 the Company has laid down the "Code of Conduct for Independent Directors" in accordance with Schedule IV of the Companies Act, 2013. The said Code of Conduct is duly approved and adopted by the Board and the same has been uploaded on the website of the Company.

6) Separate meeting of Independent Directors:

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 27th May, 2017 as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr.K.Raghuraman and Mr.Raghavender Mateti attended the Meeting of Independent Directors.

As required by the provisions of Section 149 read with Schedule IV to the Companies Act, 2013 the Independent Directors met and reviewed inter-alia the following matters:

a) performance of Non-Independent Directors and the Board of Directors as a whole;

b) performance of the Chairperson of the Company, taking into account the views of Executive, Non-Executive Directors, and

c) assessed the quality, quantity and timeliness of flow of information between the Company management that is necessary for the Board to effectively and reasonably perform their duties and presented their observations to the Board of Directors.

D. COMMITTEES OF THE BOARD OF DIRECTORS:

The Board of Directors, has constituted the following Committees with appropriate delegation of powers:

1) Stakeholders Relationship Committee (Shareholders and Investors' Grievance Committee):

Mr. Sudhakar Kudva is the Chairperson of the Stakeholders Relationship Committee. The other members of the Committee are Mr.N.Vijayaraghavan, Mrs. K.Lakshmi Raju, Mr.V.Vijay Shankar. During the year, the Board has reconstituted the Committee with the induction of Mrs.K.Lakshmi Raju as member of the Committee with effect from 27th May, 2017. The quorum of the Committee is 2 members. The terms of reference of Stakeholders Relationship Committee inter-alia includes

a) approve transfers, transmission, dematerialization/re-materialization, issue of duplicate share certificates, shares splitting and consolidation of shares issued by the Company;

b) oversee compliances in respect of dividend payments and transfer of unclaimed amounts to IEPF;

c) consider and redress the complaints received from shareholders relating to transfer of shares, non-receipt of annual report, declared dividend, notices, balance sheet etc.;

d) review the movement of shareholding and the stock prices of the Company.

The power to process dematerialization requests has also been delegated to the Executives of the Share Transfer Agents of the Company to avoid delays. All the share transfer applications received up to 31st March, 2018 have been processed. The details of share transfers are reported to the Board of Directors.

The Committee met nine (9) times during the year.

The details of attendance of members of the Stakeholders Relationship Committee Meetings are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. Sudhakar Kudva	Chairperson	9	9
Mr. N.Vijayaraghavan	Member	9	5
Mrs.K.Lakshmi Raju*	Member	8	1
Mr. V.Vijay Shankar	Member	9	9

* Inducted as a member of the committee with effect from 27th May, 2017.

No penalties or strictures were imposed on the Company by any of the Stock Exchanges, SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years. The Company during the period year from 01st April, 2017 to 31st March, 2018 received 10 complaints from the investors and the same were resolved and there were no balance investor's complaints pending/unresolved as on 31st March, 2018.

2) Audit Committee:

Mr.D.Ranga Raju is the Chairperson of the Audit Committee. The other members of the Committee are Mr. K. Raghuraman, Mr. Sudhakar Kudva and Mr. Raghavender Mateti.

The terms of reference of the Audit Committee are in accordance with Regulation 18 read with Part C of Schedule II of the Listing Regulations and inter-alia includes the following:

a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

b) Recommending to the Board the appointment, remuneration and terms of appointment of the auditors of the Company.

c) Approval of payment to Statutory Auditors for any other services rendered by them.

d) Reviewing with the Management, the Annual Financial Statements before submission to the Board for approval, with particular reference to:

    i) Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.

    ii) Changes, if any, in accounting policies and practices and reasons for the same.

    iii) Major accounting entries involving estimates based on the exercise of judgment by management.

    iv) Significant adjustments made in the financial statements arising out of audit findings.

    v) Compliance with listing and other legal requirements relating to financial statements.

    vi) Disclosure of related party transactions.

    vii) Modified opinion(s) in the draft audit report.

e) Reviewing with the Management, the quarterly financial statements before submission to the Board for approval.

f) Reviewing and monitoring the auditors independence, and performance and effectiveness of the audit report.

g) Approval or any subsequent modification of transactions of the Company with related parties;

h) Scrutiny of inter-corporate loans and investments;

i) Valuation of undertakings or assets of the Company, wherever it is necessary;

j) Evaluation of internal financial controls and risk management systems;

k) Reviewing with the Management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.

l) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

m) Discussion with Internal Auditors any significant findings and follow-up thereon.

n) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

o) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

p) To review the functioning of the Whistle Blower mechanism.

q) Approval of appointment of Chief Financial Officer after assessing the qualification, experience and background, etc of the candidates.

r) Carrying out any other function as is mentioned in the 'Terms of Reference' of the Audit Committee.

The Audit Committee mandatorily reviews the following information:

a) Management discussion and analysis of financial condition and results of operations;

b) Statement of significant related party transactions, submitted by management;

c) Management letters/letters of internal control weaknesses issued by the Statutory Auditors;

d) Internal audit reports relating to internal control weaknesses; and

e) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to the review of the Audit Committee.

f) Statements of deviations:

 i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

 ii. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7).

The quorum of the Committee is 2 members.

The Audit Committee met four (4) times during the period under review and the meetings were held on 27th May, 2017; 05th August, 2017; 04th November, 2017 and 03rd February, 2018. The Statutory Auditors, the Internal Auditors and Cost Auditors were present as invitees for the Meetings of the Audit Committee. The details of attendance of members of the Audit Committee are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr.D.Ranga Raju	Chairperson	4	2
Mr. Sudhakar Kudva	Member	4	3
Mr. K.Raghuraman	Member	4	4
Mr. Raghavender Mateti	Member	4	4

3) Banking Committee:

Mr.N.Vijayaraghavan is the Chairperson of the Banking Committee. The other members of the Committee are Mr.Sudhakar Kudva, Mr.R.S.Nanda and Mr.V.Vijay Shankar. During the year, the Board has reconstituted the Committee with the induction of Mr.R.S.Nanda as member of the Company with effect from 27th May, 2017.

The terms of reference of the Banking Committee inter-alia includes the following:

a) To open new Accounts with any Bank and approve the list of persons authorised to operate such accounts and to make such changes as may be necessary from time to time.

b) To approve availment of working capital facilities/credit facilities by the Company and creation of the charge on the assets of the Company thereto, subject that such credit facilities so availed along with the existing credit facilities shall not exceed the limits as approved by the Board from time to time.

c) To approve the creation of charge/mortgage by deposit of title deeds or otherwise on the assets of the Company for availing the aforesaid credit facilities from time to time.

d) To sub-delegate to Managing Director or any other Director/Executives of the Company to execute various documents including but not limited to loan documents, charge documents etc. and to exercise any of the powers delegated by Board to this Committee and to do all such acts, deeds and things as may be necessary.

e) To authorize to deal/open/operate/closures of various bank accounts of the Company/banking transactions and related matters.

f) To authorise persons to sign necessary documents and for affixation of Common Seal and matters incidental thereto, for availing of such credit facilities.

The quorum of the Committee is 2 members. The Banking Committee met seven (7) times during the year.The details of attendance of members of the Banking Committee are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr.N.Vijayaraghavan	Chairperson	7	7
Mr.R.S.Nanda*	Member	6	6
Mr.Sudhakar Kudva	Member	7	7
Mr.V.Vijay Shankar	Member	7	7

* Inducted as a member of the committee with effect from 27th May, 2017.

4) Nomination and Remuneration Committee:

Mr.K.Raghuraman is the Chairperson of the Nomination and Remuneration Committee. The other members of Committee are Mr. Raghavender Mateti, Mrs.K.Lakshmi Raju and Mr. R.S.Nanda. During the year, the Board has reconstituted the Committee with the induction of Mrs.K.Lakshmi Raju and Mr.R.S.Nanda, as members of the Committee with effect from 27th May, 2017. Mr.D.Ranga Raju, has resigned from the membership of the Committee due to his pre-occupation effective the even date.

The functioning and terms of reference of the Nomination and Remuneration Committee are in accordance with the provisions of Section 178 and other applicable provisions of Companies Act, 2013, Rules made thereunder and Regulation 19 read with Para A Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It determines the Company's policy on all elements of the remuneration packages of the Directors including the Executive Directors.

The Company has adopted a remuneration policy, which is available on the Company's website. The remuneration of the Directors is approved by the Nomination and Remuneration Committee and the Board of Directors as per the Nomination and Remuneration Policy of the Company.

The terms of reference of the Nomination and Remuneration Committee inter-alia includes the following:

a) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal, and shall carryout evaluation of every Director's performance.

b) Formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board of Directors a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

c) Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;

d) Devising a policy on diversity of Board of Directors.

e) Make recommendations regarding the composition of the Board, identify Independent Directors to be inducted to the Board from time to time and take steps to refresh the composition of the Board from time to time.

f) Evaluate and approve the appointment and remuneration of senior Executives, including the Key Managerial Personnel, the Company's remuneration plan, annual salary increase principles and budgets, annual and long term incentive plans of the Company, policies and programmes such as succession planning, employment agreements, severance agreements and any other benefits.

g) Review and recommend to the Board the remuneration and commission to the Managing and Executive Directors and define the principles, guidelines and process for determining the payment of commission to Non-Executive Directors and Independent Directors of the Company.

The quorum of the Committee is 2 members. The Nomination and Remuneration Committee had met two (2) times during the period under review and the meeting were held on 27th May, 2017 and 05th August, 2017. The details of attendance of members of the Remuneration Committee are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr.K.Raghuraman	Chairperson	2	2
Mrs.K. Lakshmi Raju *	Member	1	1
Mr.R.S.Nanda *	Member	1	1
Mr.Raghavender Mateti	Member	2	2
Mr.D.Ranga Raju**	Member	1	-

* Inducted as a member(s) of the committee with effect from 27th May, 2017.

**Ceased to be the members of the committee with effect from 12th May, 2017

Nomination and Remuneration Policy:

The Company's philosophy for remuneration of Directors, Key Managerial Personnel and all other employees is based on the commitment of fostering a culture of leadership with trust. The Company has adopted a policy for remuneration of Directors, Key Managerial Personnel and other employees, which is aligned to this philosophy. The key factors considered in formulating the Policy areas under:

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks and,

c) remuneration to Directors, Key Managerial Personnel and Senior Managerial Personnel involves a balance between fixed and incentives pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

5) Corporate Social Responsibility (CSR) Committee:

Mr.R.S.Nanda is the Chairperson of the Corporate Social Responsibility Committee. The other members of the Committee are Mrs.K.Lakshmi Raju, Mr. Sudhakar Kudva, Mr. V. Vijay Shankar and Mr.N.Vijayaraghavan. During the year, the Board has reconstituted the Committee with the induction of Mrs.K.Lakshmi Raju as member and Mr.R.S.Nanda as chairperson of the Committee with effect from 27th May, 2017. Mr.D.Ranga Raju, resigned from the Chairmanship of the CSR Committee.

The terms of reference of the CSR Committee inter-alia includes the following:

a) To formulate and recommend to the Board, a CSR Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013;

b) To oversee the implementation of those activities, monitor the implementation of the framework of the CSR Policy and also report to the Board from time to time. It shall be ensured that the Company's CSR programmes will be identified and implemented according to the Board's approved CSR policy;

c) The Committee shall monitor the implementation report from the Organizations receiving funds. In this regard, the Committee may delegate designated Company official(s) to co-ordinate with the Organization receiving funds to inspect the activities undertaking and ensure information in a timely manner;

d) To sub-delegate/empower the Managing Director or any of the Executives of the Company authorized by him to spend such amounts as they think appropriate for some other strategic CSR contingencies that may arise during any financial year. The amount so spent shall be put for ratification of the Committee at its next meeting and shall be reported to the Board accordingly.

e) To recommend the amount to be spent on the CSR activities.

f) To attend to such other matters and functions as may be prescribed from time to time.

The quorum of the CSR Committee is 2 members. The CSR Committee had met one (1) time during the period under review and the meeting was held on 27th May, 2017. The details of attendance of members of the Remuneration Committee are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr.R.S.Nanda *	Chairperson	-	-
Mrs.K.Lakshmi Raju *	Member	-	-
Mr.Sudhakar Kudva	Member	1	1
Mr.N.Vijayaraghavan	Member	1	1
Mr.V.Vijay Shankar	Member	1	1
Mr.D.Ranga Raju**	Member	1	-

* Inducted as a member(s) of the committee with effect from 27th May, 2017.

**Ceased to be the members of the committee with effect from 12th May, 2017.

6) Risk Management Committee:

Mr.Sudhakar Kudva is the Chairperson of the Risk Management Committee. The others members of the Committee are Mr. V. Vijay Shankar; Mr.R.S.Nanda; Mr. R.K.S.Prasad and Mr. Harish Chandra Bijlwan. During the year the Board has reconstituted the Committee with the induction of Mr.R.S.Nanda as a member with effect from 27th May, 2017. The quorum of the Risk Management Committee is 2 members.

The functioning and terms of reference of the Risk Management Committee are in accordance with the provisions of Section 134(3)(n) and 177(4)(vii) and other applicable provisions of Companies Act, 2013 and Rules made thereunder. The Company has duly framed the Risk Management Policy and laid down procedures to inform the Board members about the identification of elements of risk and minimization procedures.

The term of reference of the Risk Management Committee inter-alia includes the following:

To assist the Board in the execution of its responsibility for the governance of risk, the Committee shall have the responsibilities which include the following:

a) to assist the Board in setting risk strategy policies, including annually agreeing risk tolerance and appetite levels in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and integrated reporting;

b) to ensure that an appropriate policy and plan for a system of risk management is developed by management, approved by the Board and distributed throughout the Company.

c) to annually review, assess the quality, integrity and effectiveness of the risk management plan and systems and ensure that the risk policies and strategies are effectively managed by management and that risks taken are within the agreed tolerance and appetite levels;

d) to review and assess the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work;

e) to ensure that the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the Company's appetite or tolerance for risk. A framework and process to anticipate unpredictable risks should also be implemented;

f) to ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually. This assessment should as a minimum cover risks affecting the income streams of the Company, IT risks, the critical dependencies of the business., the sustainability and the legitimate interest and expectations of shareholders; a framework and process to anticipate unpredictable;

g) to oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes. A comprehensive system of control should be established to ensure that risks are mitigated and that the Company's objectives are attained;

h) to review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level;

i) to monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts; and

j) to provide an independent and objective oversight and view of the information presented by management on corporate accountability and specifically associated risk, also taking account of reports by management and the Audit Committee to the Board on all categories of identified risks facing by the Company.

7) Compensation Committee:

Mr.Raghavender Mateti is the Chairperson of the Compensation Committee. The other members of the Compensation Committee are Mr.Sudhakar Kudva, Mrs.K.Lakshmi Raju and Mr.N.Vijayaraghavan. During the year, the Board has reconstituted the Compensation Committee with the induction of Mrs.K.Lakshmi Raju and Mr.N.Vijayaraghavan as members with effect from 27th May, 2017.

The terms of reference of the Compensation Committee inter alia includes the following:

a) To formulate, administer, supervise and implement or alter the Company's Stock Option Scheme.

b) To Identify the employees entitled to participate under Employee stock option scheme

c) To grant and determine the number of options to be granted under Employee stock option scheme.

d) To determine the method for exercising the vested options.

e) To determine the exercise price of the option granted.

f) To reissue of lapsed, surrendered, cancelled and forfeited options.

g) To determine the conditions under which options vested in employee shall lapse.

h) Such other things as the SEBI Regulations may prescribe from time to time.

The quorum of the Compensation Committee is 2 members. The committee met three (3) times during the year.

The attendance details of the members of the Compensation Committee are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr.Raghavender Mateti	Chairperson	3	2
Mrs.K.Lakshmi Raju *	Member	2	2
Mr.Sudhakar Kudva	Member	3	3
Mr.N.Vijayaraghavan*	Member	2	2
Mr.D.Ranga Raju**	Member	1	-

* Inducted as a member(s) of the committee with effect from 27th May, 2017.

**Ceased to be the members of the committee with effect from 12th May, 2017.

E. REMUNERATION TO DIRECTORS:

The Non-Executive Directors of the Company are paid sitting fees for attending the meetings of the Board of Directors/ Committees of Board of Directors.

(a) The details of sitting fees paid to the Non-Executive Directors of the Company during the year from 1st April, 2017 to 31st March, 2018 are given below:

Sl. No.	Name of the Director	Sitting fees paid for attending meetings of the Board of Directors/ Committees of Directors. (₹)
1	Mr.D.Ranga Raju	60,000
2	Mrs.K.Lakshmi Raju	1,00,000
3	Mr. Sudhakar Kudva	1,15,000
4	Mr. N.Vijayaraghavan	1,00,000
5	Mr. K.Raghuraman	1,80,000
6	Mr. Raghavender Mateti	1,90,000
7	Mr. Ranvir Sain Nanda	90,000

During the year, there were no other pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company. The Company has not granted any stock option to its Non-Executive Director.

(b) Details of Remuneration paid to Mr.V.Vijay Shankar, Managing Director for the financial year ended 31st March, 2018 is mentioned hereunder:

Sl. No.	Components	Amount
1.	Gross salary	89,87,040
2.	Perquisites	53,544
3.	Stock Option	6,91,875
4.	Employer Contribution to PF	5,05,703
Total		***1,02,38,162**

*for details refer page no. 34

The tenure of office of the Managing Director is for 3 (three) years from the date of re-appointment i.e., 11th May, 2017 and can be terminated by either party by giving three months notice of writing. Further, in case of early termination of the agreement with the Managing Director, the Board of Directors may consider paying the remaining unpaid fixed pay component of the aforesaid Performance pay, on pro-rata basis or otherwise, as may deem fit and proper.

(c) The consultancy fees paid to Mr.N.Vijayaraghavan for the financial year ended 31st March, 2018 is ₹ 24 lakhs.

F. PERFORMANCE EVALUATION:

Pursuant to applicable provisions of the Companies Act and Listing Regulations, the Board has formulated Policy on Performance Evaluation of Directors which inter-alia covers the criteria for evaluation of its own performance, performance of the Directors including Independent, Executive and Non-Executive Directors as well as the evaluation of its Committees, and Chairperson of the Board. The criteria described in the said policy inter-alia includes Qualifications, meeting the independence criteria, observing ethical standards, integrity, exercise of responsibilities, safeguarding interest of all stakeholders, skills and knowledge updation, adhering to Company's Code of conduct, regular attendance and active participation at the meetings of the Company, maintaining confidentiality, transparency, assistance in implementing best corporate governance practices, absence of conflict of interest with business of the Company, etc.

G. GENERAL BODY MEETINGS:

1) **Details of last three Annual General Meetings:**

Financial year	Date	Time	Place of venue
2014-15	28-09-2015	10.00 a.m.	Surana Udyog Auditorium, Federation of Telangana and Andhra Pradesh Chamber of Commerce & Industry (FTAPCCI), Federation, Red Hills, Hyderabad-500004, TS India.
2015-16	19-09-2016	10.00 a.m.	Surana Udyog Auditorium, Federation of Telangana and Andhra Pradesh Chamber of Commerce & Industry (FTAPCCI), Federation, Red Hills, Hyderabad-500004, TS India.
2016-17	05.08.2017	3.00 p.m.	Katriya Hotel, No.8, Raj Bhavan Road, Somajiguda, Hyderabad-500082, TS India.

2) **Details of last three years Extraordinary General Meeting:**

2017-18	03.02.2018	10.00 a.m.	FTAPCCI Auditorium, Federation of Telangana and Andhra Pradesh Chamber of Commerce & Industry, Red Hills, Hyderabad-500004, TS India.

3) No Postal Ballot Notices are issued to the shareholders during the year ended 31st March, 2018.

4) All the Resolutions including the Special Resolution were passed through e-voting and poling process conducted at Annual General Meeting in compliance with the provisions of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014.

5) During the year under review, no special resolution was passed through postal ballot.

H. INDIAN ACCOUNTING STANDARDS (IND AS):

The Ministry of Corporate Affairs vide its notification dated 16th February, 2015 has notified the Companies (Indian Accounting Standards) Rules, 2015. The Company has adopted Indian Accounting Standards ("Ind AS") from 01st April, 2017 with transition date of 01st April, 2016 and accordingly these financial statements have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued there under and other accounting principles generally accepted in India, as applicable.

I. TRANSFER OF UNCLAIMED SHARES TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

Pursuant to the provisions of section 124(6) and 125 of the Companies Act, 2013 (the "Act") read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the "Rules") it is statutorily required on the part of the Company to transfer of all shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more in the name of Investor Education and Protection Fund Authority. Adherence to the various requirements set out in the Rules, the Company has communicated individually to the concerned shareholder whose shares are liable to be transferred during the financial year 2017-18 to the IEPF Authority under the said rules for taking appropriate corporate action. During the year under review, the Company has transferred 8,52,973 equity shares to IEPF Authority. The Company has uploaded the full details of such shareholders and shares transferred and due to be transferred to IEPF Authority under the said provisions on its website at www.naclind.com. Shareholders are requested to refer to the web link to verify the details of un-cashed dividends and the shares transferred to IEPF Authority. Shareholders may note that both the unclaimed dividend and the shares transferred to IEPF Authority including all benefits accruing on such shares, if any, can be claimed back by them from IEPF Authority after following the procedure prescribed under the Rules.

J. DISCLOSURE WITH RESPECT TO UNCLAIMED SUSPENSE ACCOUNT:

As per the Regulation 39(4) read with Schedule V & VI of Listing Regulations, all physical shares remaining unclaimed by the shareholders, were required to be dematerialized by the Company and kept in the "Unclaimed Suspense Account" to be opened and operated by the Company/Committee for this purpose. As per the requirements of the amended clause, the Company had sent three reminders to the respective shareholders. The shares in respect of which no valid response has been received were transferred to the said unclaimed suspense account. The Company opened a separate demat account with Stock Holding Corporation (India) Ltd, Hyderabad in the name and style of "Nagarjuna Agrichem Limited Unclaimed Suspense Account" in the month of July, 2013 in this regard.

A statement of the shares remaining outstanding in the Unclaimed Suspense Account as on 31st March, 2018 is given below:

S. No	Particulars	No. of shareholders	No. of shares
1.	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the beginning of the year.	1243	17,09,111
2.	No. of shareholders who approached for transfer of shares from the unclaimed suspense account during the year.	10	14,210
3.	No. of shareholders/folios holding shares were treat as unclaimed (in spite of several reminders mailed to them) transferred to unclaimed suspense account during the period.	-	-
4.	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year.	1233	16,94,901

The Shareholders are entitled to claim these shares after complying with laid down procedures. As and when the shareholder approaches, the Company, after proper verification, shall either credit the shares to the Shareholder's Demat Account or deliver the physical certificates after re-materializing the same, depending on the option of the shareholder. The Board has delegated the power to Mr. V.Vijay Shankar, Managing Director and Mr. Satish Kumar Subudhi, Company Secretary & Head-Legal of the Company to approve such share transfers of the equity shares of the investors from the Unclaimed Suspense Account to the members demat account upon necessary requests from the original investor(s) and after duly confirmed by the RTA of the Company. All the corporate benefits in terms of securities accruing on these shares like bonus shares, subdivision etc. will also be credited to the Unclaimed Suspense Account and the voting rights on these shares shall remain frozen until the claim is made by the rightful owner.

K. DISCLOSURES:

a) Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with the Promoters, Directors, Key Managerial Personnel or the Management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large is not included in the report, as there were no such transaction entered into by the Company during the financial year ended 31st March, 2018.

b) Details of related party transactions have been disclosed under the concerned note or Schedule in the financial statements. There are no transactions which may have potential conflict with the interests of the Company at large.

c) There has been no instance of non-compliance, penalties and strictures imposed on the Company by the Stock Exchange or SEBI or any other Statutory Authorities, on any matter related to capital markets during the last three years.

d) As required under the provisions of Companies Act, 2013 and Regulation 46 of the Listing Regulations, the mandatory disclosure of relevant policies i.e., CSR Policy, Nomination and Remuneration Policy, Related Party Transactions Policy, Risk Management Policy, Whistle Blower Policy, Policy for determining materiality of event and Information, Policy on preservation and Archival of Documents and Policy on Evaluation of Boards' Performance are mentioned briefly in the Board's Report, in this Report and/or posted on Company's website. (www.naclind.com).

e) The Managing Director and the Chief Financial Officer have certified to the Board in accordance with Regulation 17(8) read with Part B of Schedule II to the Listing Regulations pertaining to CEO/CFO certification for the Financial Year ended 31st March, 2018.

f) **Subsidiary Companies:** The Company has two unlisted (Indian and Overseas) wholly owned subsidiaries i.e., LR Research Laboratories Private Limited and Nagarjuna Agrichem (Australia) Pty. Ltd. An Executive Director and an another Director of the Company are the Directors of Indian subsidiary. Two Executives (SMPs) of the Company are on the Board of Overseas subsidiary. The Audit Committee of the Company reviews the financial statements of the subsidiaries. The minutes of the Board Meetings, along with a report of the significant transactions, if any, and arrangements of the unlisted subsidiaries of the Company are duly placed before the Board of Directors of the Company. The Company has no Subsidiary which can be considered as material in terms of the Listing Regulations.

g) **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:**

The Company has complied with all the mandatory requirements and regulations as applicable to the Company of the Stock Exchanges, SEBI and other statutory regulatory authorities.

h) **Risk Management**

The Company has well laid down procedures and adopted a risk management policy to inform Board members about the risk assessment and minimization procedures.

i) **Vigil Mechanism/Whistle Blower Policy:**

The Company has implemented Whistle Blower Policy to deal with any fraud, irregularity or mismanagement in the Company. The policy enables any employee or Director to directly communicate to the Chairman of the Audit Committee to report any fraud, irregularity or mismanagement in the Company. The policy ensures strict confidentiality while dealing with concerns and also that no discrimination or victimization is meted out to any whistleblower. The Whistle Blower Policy as approved by the Board is uploaded on the Company's website www.naclind.com. During the year under review, your Company has not received any complaints under the said policy. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

j) **INFORMATION TO THE BOARD:**

During the year, the Board of Directors of the Company had been furnished with the following information (including, but not limited to the following) to enable the Directors to contribute in the decision making process along with the minimum information to be placed before the Board of the Director of the Company as per Regulation 17(7) read with Part A of Schedule II of the Listing Regulations.

i) Quarterly Results of the Company.

ii) Annual operating plans, budgets, capital budgets, updates and all variances.

iii) Contracts in which Directors are deemed to be interested.

iv) Compliance of any regulatory and statutory nature or any listing requirements.

v) Minutes of the meetings of the Board of Directors of the Subsidiary Companies

L. MEANS OF COMMUNICATION:

The quarterly/half yearly un-audited and annual audited financial results of the Company are sent to the Stock Exchange immediately after they are approved by the Board of Directors. The results were published in Business Standard, Financial Express in English and Andhra Prabha in Telugu (regional language). The results are posted on the Company's website (www.naclind.com) and are sent to the BSE Limited and National Stock Exchange of India Ltd., (Stock Exchanges where the Company's share are listed) wherein the same is posted on their website www.bseindia.com and www.nseindia.com. During the year, various meetings have been called with the institutional investor and analyst. Intimation of such meeting has been uploaded on NEAPS and BSE online portal of NSE and BSE respectively and posted on the Company's website.

M. NAME AND DESIGNATION OF THE CHIEF COMPLIANCE OFFICER:

Mr. Satish Kumar Subudhi, Company Secretary & Head-Legal and Compliance Officer of the Company.

N. COMPLIANCE OF INSIDER TRADING NORMS:

The Company, in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, has formulated a well defined Insider Trading Policy which prohibits its Management, Employees and other Associates to deal in the securities of the Company based on any unpublished price sensitive information. The Policy lays down the guidelines which advise all the persons considered as Insiders on the procedures to be followed and disclosures to be made while dealing with shares of the Company and cautioning them of the consequences of violation.

O. GENERAL INFORMATION:

1)	Date, time and venue of Annual General Meeting	:	06th August, 2018, at 10.00 a.m at FTAPCCI Auditorium, M/s Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, (FTAPCCI), Federation House, 11-6-841, FAPCCI Marg, Red Hills, Hyderabad-500004, Telangana State
2)	Financial year	:	01st April, 2017 to 31st March, 2018
3)	Dividend payment date		The dividend shall be paid within a period of 30 days from the date of AGM i.e., 06th August, 2018.

4)	Listing on Stock Exchange	: :	BSE Limited, P.J.Towers, Dalal Street, Mumbai-400001. National Stock Exchange (India)Ltd., Bandra-Kurla Complex, Bandra (E), Mumbai-400051.
5)	Listing Fees	:	The Company has paid the listing fees to these stock exchanges for the year 2017-18.
6)	Stock code	:	BSE - 524709 NSE - NACLIND
7)	CIN of the Company	:	L24219TG1986PLC016607
8)	Registered Office	:	Plot No.12-A, 'C' Block, Lakshmi Towers, Nagarjuna Hills, Panjagutta, Hyderabad-500082. Telangana State Tel.No.040-33605123/124/125, Fax No.040-23350234 Email id: investors@naclind.com
9)	Website	:	www.naclind.com
10)	Communication regarding registration of share transfers and other related correspondence	:	Registers and Share Transfer Agents (RTA): XL Softech Systems Ltd., Plot No. 3, Sagar Society, Road No. 2, Banjara Hills,Hyderabad-500034 Tel. (040) 23545913/14/15, Fax (040) 23553214. Email: xlfiled@gmail.com Note: Shareholders holding shares in electronic mode should address all correspondence to their respective Depository Participants.
11)	Share transfer system	:	Shares lodged for physical transfer at the RTA address are normally processed within a period of fifteen days from the date of lodging, if the documents are clear in all respects. The shares duly transferred would be dispatched to the concerned share holders within a week from the date of approval of transfers by the Stakeholders Relationship Committee.
12)	Secretarial Audit		Mr. K. V. Chalama Reddy, Practicing Company Secretary has conducted a secretarial audit of the Company for the year 2017-18. The audit report confirms that the Company has complied with the applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Listing Agreement entered with the Stock Exchange, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other laws and Regulations applicable to the Company. The said secretarial audit report forms part of the Directors' Report.

13) Dividend Pattern:

The dividend pattern of the Company is as under

Year	Type	Dividend (%)
2001-2002	Final	8
2002-2003	Final	10
2003-2004	Final	12
2004-2005	Interim	15
2004-2005	Final	7
2005-2006	Final	20
2006-2007	Interim	20
2006-2007	Final	20
2007-2008	Interim-1	10
2007-2008	Interim-2	10
2007-2008	Interim-3	10
2007-2008	Final	15
2008-2009	Interim-1	10

2008-2009	Interim-2	10
2008-2009	Final	30
2009-2010	Interim	20
2009-2010	Final	30
2010-2011	Interim	15
2011-2012	Final	15
2012-2013	N.A	Nil
2013-2014	N.A	Nil
2014-2015	Final	10
2015-2016	Final	10
2016-2017	Final	12.50

14) Permanent Account Number (PAN):

The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number PAN) by every participant in securities market. Members holding shares in physical form should submit their PAN details to the Company or Registrar and Transfer Agent i.e., XL Softech Systems Limited.

15) Managing Director and Chief Financial Officer (CFO) Certification:

Pursuant to Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer of the Company have certified to the Board, in the manner required under the Corporate Governance Code This certificate is annexed to this Report.

16) The Company has not issued any GDRS/ADRS and there are no warrants or any Convertible instruments.

17) Commodity price risk or foreign exchange risk and hedging activities:

During the year, the Company has managed foreign exchange risk and hedged to the extent considered necessary. The details of foreign currency exposure are disclosed in Note No. 37.4 to the Standalone Financial Statements

18) Location of Plants and R&D unit:

a. Plot No. 177, Arinama Akkivalasa, Etcherla Mandal, Srikakulam District – 532403, Andhra Pradesh.

b. Ethakota, Ravulapalem P.O, East Godavari District – 533238, Andhra Pradesh.

c. Nandigaon Village, Kothur Mandal, Mahaboobnagar District, Telangana State.

19) Market Price Data: The monthly High and Low quotations, as well as the market Index at both BSE and NSE during the year 01st April, 2017 to 31st March, 2018 are as follows:

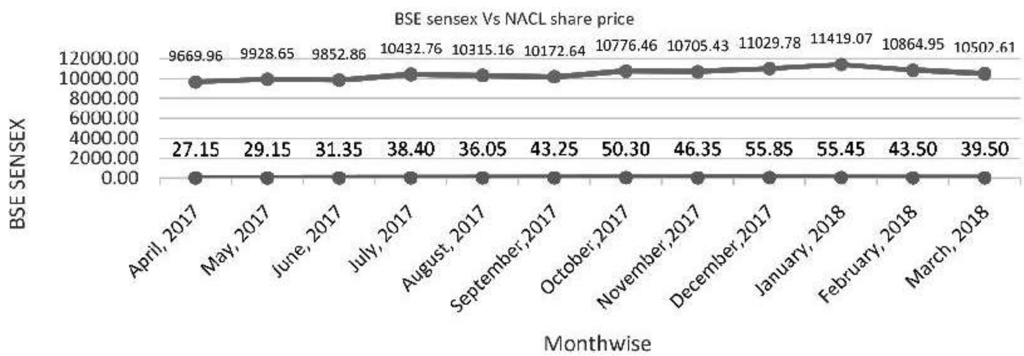
	NACL Price (BSE)		BSE Sensex Index		NACL Price (NSE)		NSE Nifty Index	
Period	**High**	**Low**	**High**	**Low**	**High**	**Low**	**High**	**Low**
April, 2017	32.70	25.85	30184.22	29241.48	32.45	26.10	9367.15	9075.15
May, 2017	31.95	25.70	31255.28	29804.12	32.15	25.90	9649.60	9269.90
June, 2017	36.00	28.60	31522.87	30680.66	36.00	28.50	9709.30	9448.75
July, 2017	39.90	30.85	32672.66	31017.11	39.95	31.00	10114.85	9543.55
August, 2017	38.75	29.20	32686.48	31128.02	38.75	29.00	10137.85	9685.55
September, 2017	50.80	36.20	32524.11	31081.83	50.70	35.55	10178.95	9687.55
October,2017	52.50	41.55	33340.17	31440.48	52.30	41.00	10384.50	9831.05
November, 2017	51.70	43.20	33865.95	32683.59	52.00	43.20	10490.45	10094.00

December, 2017	61.90	42.00	34137.97	32565.16	62.00	40.70	10552.40	10033.35
January, 2018	68.85	53.00	36443.98	33703.37	69.35	49.20	11171.55	10404.65
February, 2018	60.80	41.50	36256.83	33482.81	61.00	42.20	11117.35	10267.30
March, 2018	44.90	36.10	34278.63	32483.84	45.90	35.70	10525.50	9951.90

20) Performance in comparison to BSE Sensex.

Share price movement for the period April 2017 to March 2018 of the Company and BSE Sensex is given below:

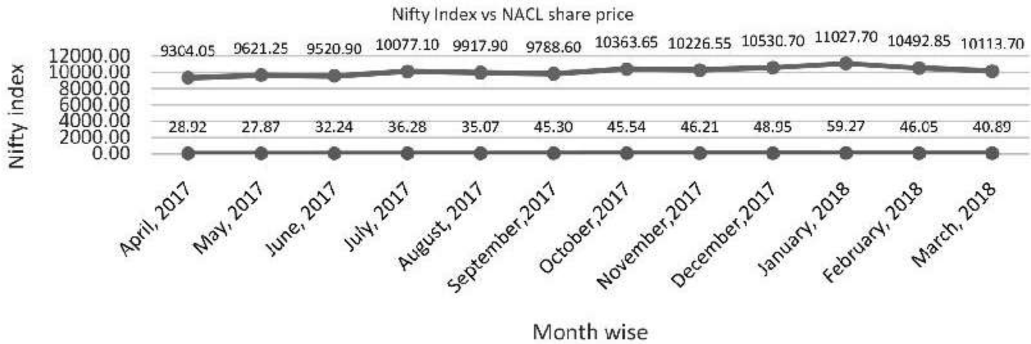
Month	NACL Price (BSE)			BSE Sensex Index		
	High	Low	close	High	Low	close
April, 2017	32.70	25.85	27.15	30184.22	29241.48	9669.96
May, 2017	31.95	25.70	29.15	31255.28	29804.12	9928.65
June, 2017	36.00	28.60	31.35	31522.87	30680.66	9852.86
July, 2017	39.90	30.85	38.40	32672.66	31017.11	10432.76
August, 2017	38.75	29.20	36.05	32686.48	31128.02	10315.16
September, 2017	50.80	36.20	43.25	32524.11	31081.83	10172.64
October, 2017	52.50	41.55	50.30	33340.17	31440.48	10776.46
November, 2017	51.70	43.20	46.35	33865.95	32683.59	10705.43
December, 2017	61.90	42.00	55.85	34137.97	32565.16	11029.78
January, 2018	68.85	53.00	55.45	36443.98	33703.37	11419.07



21) Performance in comparison to NSE Nifty Index:

Share price movement for the period April 2017 to March, 2018 of the Company and Nifty Index is give below:

Month	NACL Price (BSE)			NSE Nifty Index		
	High	Low	close	High	Low	close
April, 2017	32.45	26.10	28.92	9367.15	9075.15	9304.05
May, 2017	32.15	25.90	27.87	9649.60	9269.9	9621.25
June, 2017	36.00	28.50	32.24	9709.30	9448.75	9520.90
July, 2017	39.95	31.00	36.28	10114.85	9543.55	10077.10
August, 2017	38.75	29.00	35.07	10137.85	9685.55	9917.90
September, 2017	50.70	35.55	45.30	10178.95	9687.55	9788.60
October, 2017	52.30	41.00	45.54	10384.50	9831.05	10363.65
November, 2017	52.00	43.20	46.21	10490.45	10094	10226.55
December, 2017	62.00	40.70	48.95	10552.40	10033.35	10530.70
January, 2018	69.35	49.20	59.27	11171.55	10404.65	11027.70
February, 2018	61.00	42.20	46.05	11117.35	10267.3	10492.85
March, 2018	45.90	35.70	40.89	10525.50	9951.9	10113.70



22) Share Transfer Agent:

The Company's Registrar and Share Transfer Agent (RTA) is M/s XL Softech Systems Limited, is registered with SEBI and is located at Plot No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500034, Telangana State.

23) Distribution of Shareholding:

The distribution of shareholding as on 31st March, 2018 was as follows:

Shareholding range	Shareholders		Share Amount	
	Member	In %	In ₹	In %
001 - 5000	7,467	51.74	12,73,273	00.81
50001 - 10000	1,590	11.02	13,17,451	00.84
10001 - 20000	3,485	24.15	45,01,202	02.88
20001 - 30000	561	03.89	14,24,020	00.91
30001 - 40000	249	01.73	8,93,131	00.57
40001 - 50000	234	01.62	11,19,966	00.72
50001 - 100000	437	03.03	30,86,788	01.97
100001 & above	408	02.83	14,26,92,553	91.29
Total	**14,431**	**100.00**	**15,63,08,384**	**100.00**

	Category	No of shares held	Percentage of shareholding
A	**Promoters Holdings (A)**	**11,66,41,860**	**74.62**
B	**Non-Promoters Holding:**		
	I) **Institutional investors**		
	a) Banks, venture capital funds, insurance Co.mpanies, Alternate investment funds, Foreign Venture Capital Investors, Provident funds/Pension Funds.	19,063	0.01
	b) Foreign Portfolio investors	31,71,124	2.03
	c) Central Govt./State Govt./President of India.		
	II) **Others:**		
	a) Private Corporate Bodies	84,41,241	5.41
	b) Indian Public	2,66,54,761	17.05
	c) Directors/Relatives	73,746	0.05
	d) Employees	3,96,876	0.25
	e) NRIs/OCBs	8,24,629	0.53
	f) Clearing members	85,084	0.05
	g) Others		
	Sub-total (B)	**3,96,66,524**	**25.38**
	Grand Total (A+B)	**15,63,08,384**	**100.00**

24) **Shares held by Promoters / Non-Executive Directors:**

S. No	Name of the Promoters	No. of shares held
1.	KLR Products Limited	11,36,23,500
2.	K.Lakshmi Raju	30,18,360

25) **Dematerialization of Shares and Liquidity:**

Trading in equity shares of the Company is permitted only in dematerialized form as per notification issued by SEBI, Dematerization of shares is done through M/s. XL Softech Systems Limited, Hyderabad and on an average the dematerialization process is completed within a period of 21 days from the receipt of the valid demat request along with all documents. The break up of physical and dematerialized shares as on 31st March, 2018:

Mode	No. of shares held	Shareholding %
Demat	15,22,20,102	97.38
Physical	40,88,282	2.62
Total	**15,63,08,384**	**100**

For and on behalf of the Board

Date : 19th May,2018	**N.Vijayaraghavan**	**V.Vijay Shankar**
Place : Hyderabad	Director	Managing Director
	(DIN:02491073)	(DIN:00015366)

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGERIAL PERSONNEL WITH THE CODE OF CONDUCT AND ETHICS

The Board of Directors of the Company approved the Code of Conduct for the Directors and the Senior Management Personnel. All the Directors and the designated personnel in the Senior Management of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2018.

V.Vijay Shankar
Managing Director
(DIN:00015366)

Place : Hyderabad
Dated : 19th May, 2018

Compliance Certificate

We, V.Vijay Shankar, Managing Director and R.K.S.Prasad, Chief Financial Officer, of NACL Industries Limited, hereby certify that:

A. In terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulation,2015,we have reviewed the Audited Financial Results for the fourth quarter and financial year ended 31st March, 2018 and to the best of our knowledge and belief such Statements do not contain any false, untrue or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

B. We have reviewed the Audited Financial Statement (including Balance Sheet and Profit & Loss Account and notes on accounts) and the Cash Flow Statement of the Company for the financial year ended 31st March, 2018 and

   i) these statements do not contain any materially untrue statement or omit to state a material factor contains statement that might be misleading;

   ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

C. To the best of our knowledge and belief that, no transactions entered into by the Company during the financial year ended 31st March, 2018, which are fraudulent, illegal or violative of the Company's code of conduct.

D. We accept responsibility for establishing and maintaining internal for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have take nor propose to take to rectify these deficiencies.

E. We have indicated to the Auditors and the Audit Committee:

   i. There have been no significant changes in the internal controls over financial reporting during the financial year 2017-18.

   ii. There were no significant changes in accounting policies during the year.

   iii. There was no instance of significant fraud, which we have become aware of and that involves management or other employees who have significant role in the Company's internal control systems over financial reporting.

Place: Hyderabad
Date: 19th May, 2018

R.K.S. Prasad
Chief Financial Officer
(FCA 024958)

V.VijayShankar
Managing Director
(DIN: 00015366)

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members of NACL Industries Limited

We have examined relevant records of NACL Industries Limited ("Company") for the purpose of certifying compliance of the conditions of the Corporate Governance as specified in regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), for the financial year ended March 31, 2018. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations and information furnished to us, and based on the representations made by the Directors and the management, we certify that, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, as applicable.

Restrictions on Use

This certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose

For M/s. DVM & Associates LLP
Company Secretaries
L2017KR002100

Ansu Thomas
Partner
M No: F 8994
CP No: 16696

Place : Hyderabad
Date : 19th May, 2018

INDEPENDENT AUDITOR'S REPORT

To The Members of
NACL Industries Limited
(formerly "Nagarjuna Agrichem Limited")

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of NACL Industries Limited (formerly "Nagarjuna Agrichem Limited") ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended March 31, 2017 and March 31, 2016 dated May 27, 2017 and May 21, 2016 respectively expressed an unmodified opinion on those standalone financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the standalone Ind AS financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Ganesh Balakrishnan

Partner

(Membership No. 201193)

Place: Hyderabad

Date: May 19, 2018

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of NACL Industries Limited (formerly “Nagarjuna Agrichem Limited”) (“the Company”) as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Ganesh Balakrishnan

Place: Hyderabad

Partner

Date: May 19, 2018

(Membership No. 201193)

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for term loans and working capital loan are held in the name of the Company based on the confirmations directly received by us from lenders.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and interest have not been regular as per stipulations.

(c) In respect of amounts of Rs. 167 lakhs and Rs. 135 lakhs of principal and interest, respectively, which has been overdue for more than 90 days, as explained to us, the Management has taken reasonable steps for recovery of the principal amounts and interest.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for pesticides. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods & Services Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, , Employees' State Insurance, Income-tax, Goods & Services Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in lakhs)	Amount Unpaid (₹ in lakhs)
Finance Act,1994	Service Tax	Commissioner (Appeals)-II, Visakhapatnam	2012-13	3	3
Finance Act,1994	Service Tax	CESTAT, Hyderabad	2011-12	1	1
Central Excise Act,1994	Excise duty	Hon'ble High Court of Andhra Pradesh	2005-06 2006-07	8	8
Central Excise Act,1994	Excise duty	Addl. Commissioner (Appeals), Visakhapatnam	2007-08	12	12
Sales Tax Act	Sales Tax	Sales Tax Department	2012-13 2013-14 2014-15	32	27

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Ganesh Balakrishnan

Place: Hyderabad

Partner

Date: May 19, 2018

(Membership No. 201193)

Balance Sheet as at March 31, 2018

(₹ in lakhs, unless otherwise stated)

Particulars	Note	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
I ASSETS				
1 Non-Current Assets				
(a) Property, Plant and Equipment	4	**14,893**	15,635	18,070
(b) Capital work-in-progress	4	**220**	281	233
(c) Intangible assets	5	**891**	652	667
(d) Intangible assets under development	5	**252**	405	339
(e) Financial Assets				
(i) Investments	6	**526**	525	519
(ii) Loans and Receivables	7	**167**	167	167
(iii) Other Financial Assets	8	**374**	331	570
(f) Other Non-Current Assets	9	**577**	590	613
Total Non-Current Assets		**17,900**	18,586	21,178
2 Current Assets				
(a) Inventories	10	**20,208**	21,173	18,314
(b) Financial Assets				
(i) Trade Receivables	11	**28,668**	22,093	18,038
(ii) Cash & Cash Equivalents	12	**668**	771	1,313
(iii) Other Bank balances	13	**156**	30	48
(iv) Other Financial Assets	8	**170**	158	734
(c) Current Tax Assets (net)	14	**-**	-	40
(d) Other Current Assets	9	**3,104**	1,953	2,091
Total Current Assets		**52,974**	46,178	40,578
Total Assets		**70,874**	64,764	61,756
II EQUITY & LIABILITIES				
1 Equity				
(a) Equity Share Capital	15	**1,563**	1,561	1,559
(b) Other Equity	16	**21,937**	21,027	18,054
Total Equity		**23,500**	22,588	19,613
2 Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	**2,024**	2,978	3,519
(ii) Other Financial Liabilities	18	**1,224**	1,304	1,360
(b) Provisions	19	**299**	462	202
(c) Deferred Tax Liabilities (net)	20	**678**	594	1,547
Total Non Current Liabilities		**4,225**	5,338	6,628
3 Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	**19,871**	16,761	18,030
(ii) Trade Payables	21	**18,260**	14,224	11,631
(iii) Other Financial Liabilities	18	**2,323**	2,241	2,383
(b) Provisions	19	**312**	678	1,478
(c) Current Tax Liabilities (net)	14	**7**	474	-
(d) Other Current Liabilities	22	**2,376**	2,460	1,993
Total Current Liabilities		**43,149**	36,838	35,515
Total Liabilities		**47,374**	42,176	42,143
Total Equity & Liabilities		**70,874**	64,764	61,756

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : 19 May 2018

for and on behalf of the Board of Directors

N.Vijayaraghavan
Director
(DIN:02491073)

V.Vijay Shankar
Managing Director
(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Statement of Profit & Loss Account for the year ended March 31, 2018

(₹ in lakhs, unless otherwise stated)

	Particulars	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
I	**Income**			
	Revenue from Operations	23	**86,517**	83,473
	Other Income	24	**1,906**	1,504
	Total Income		**88,423**	84,977
II	**Expenses**			
	Cost of materials consumed	25	**48,614**	43,540
	Purchases of Stock-in-Trade		**6,271**	4,842
	Changes in inventories of finished goods, work in progress and stock-in-trade	26	**1,348**	(2,959)
	Excise Duty		**1,911**	10,062
	Employee Benefit Expenses	27	**6,903**	6,138
	Finance Costs	28	**3,342**	3,787
	Depreciation and Amortization Expenses	29	**1,977**	2,823
	Other Expenses	30	**16,599**	16,241
	Total Expenses		**86,965**	84,474
III	**Profit before Exceptional Items and tax (I - II)**		**1,458**	503
IV	**Exceptional Items**	31	**-**	2,557
V	**Profit before tax (III + IV)**		**1,458**	3,060
VI	**Tax expense:**			
	(1) Current Tax	14.1	**540**	841
	(2) Deferred Tax	20	**(154)**	(953)
	Total Tax Expense		**386**	(112)
VII	**Profit for the year (V - VI)**		**1,072**	3,172
VIII	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	(a) Remeasurement of defined benefit obligation	19	**71**	(73)
	(b) Income tax expense on remeasurement	14.1	**(25)**	25
	Total other comprehensive income		**46**	(48)
IX	**Total Comprehensive Income for the year (VII + VIII)**		**1,118**	3,124
X	**Earnings per Equity Share ₹ 1 each**			
	Basic ₹	37	**0.69**	2.03
	Diluted ₹	37	**0.68**	2.02

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : 19 May 2018

for and on behalf of the Board of Directors

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R.K.S.Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Cash Flow Statement for the year ended March 31, 2018

(₹ in lakhs, unless otherwise stated)

Particulars		As at March 31, 2018	As at March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		1,458	3,060
Adjustments for:			
Depreciation and amortisation expense		1,977	2,823
Finance costs		3,342	3,787
Interest income		(68)	(87)
Unrealised forex (loss)/gain		103	(50)
Excess provisions, no longer required, written back		(184)	(163)
Provision for doubtful debts		210	731
Loss on sale of property, plant and equipment (net)		118	124
Share-based payments		15	21
Bad debts written off		101	654
Operating profit before working capital changes		**7,072**	**10,900**
Changes in working capital:			
Adjustment for (increase)/decrease in operating assets:			
Inventories		964	(2,859)
Trade receivables		(6,712)	(5,350)
Other financial assets		(23)	831
Other assets		(1,156)	152
Adjustment for increase/(decrease) in operating liabilities:			
Trade payables		3,809	2,510
Provisions		(354)	(433)
Other financial liabilities		(302)	(35)
Other current liabilities		(82)	465
Cash generated from operations		**3,216**	**6,181**
Income taxes paid (net)		(769)	(328)
Net cash generated from operating activities	**(A)**	**2,447**	**5,853**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment including capital advances		(1,341)	(1,070)
Proceeds from sale of property, plant and equipment		14	412
Investments made in subsidiary		(1)	(6)
Movement in other bank balances		(126)	18
Interest income received		36	71
Net cash used in investing activities	**(B)**	**(1,418)**	**(575)**

Cash Flow Statement for the year ended March 31, 2018

(₹ in lakhs, unless otherwise stated)

Particulars		As at March 31, 2018	As at March 31, 2017
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity shares		28	39
Proceeds from non-current borrowings		850	800
Repayment of non-current borrowings		(1,501)	(1,424)
Movement in current borrowings		3,074	(1,269)
Dividend paid including tax thereon		(234)	(188)
Finance costs paid		(3,349)	(3,778)
Net cash used in financing activities	**(C)**	(1,132)	(5,820)
Net decrease in cash and cash equivalents (D) = (A+B+C)		**(103)**	**(542)**
Cash and cash equivalents at the beginning of the year (E)		**771**	**1,313**
Cash and cash equivalents at the end of the year (F) = (D)+(E) (refer note 12)		**668**	**771**

Note:

Cash Flow Statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on cash flow statements. Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and cash equivalents which are short-term and held for the purpose of meeting short-term cash commitments

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : 19 May 2018

for and on behalf of the Board of Directors

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Managing Director
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R.K.S.Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Statement of changes in equity for the year ended March 31, 2018

(₹ in lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Note	Number of shares	Amount
Balance as at April 1, 2016		**1559,11,508**	**1,559**
Add: Issue of equity shares under Company's employee stock option plan	15.2	2,32,500	2
Balance as at March 31, 2017		**1561,44,008**	**1,561**
Add: Issue of equity shares under Company's employee stock option plan	15.2	1,64,376	2
Balance as at March 31, 2018		**1563,08,384**	**1,563**

B. Other equity

Particulars	Reserves and surplus (refer Note 16)				Items of other comprehensive income (refer Note 16)		Total
	Capital reserve	Securities premium	General reserve	Retained earnings	Equity instruments through other comprehensive income	Remeasurement of defined benefit obligation	
Balance at April 1, 2016	**21**	**179**	**4,175**	**14,178**	**(499)**	**-**	**18,054**
Payment of dividends including tax thereon	-	-	-	(188)	-	-	(188)
Issue of equity shares under Company's employee stock option plan	-	37	-	-	-	-	37
Other comprehensive income for the year net of income tax	-	-	-	-	-	(48)	(48)
Profit for the year	-	-	-	3,172	-	-	3,172
Balance as at March 31, 2017	**21**	**216**	**4,175**	**17,162**	**(499)**	**(48)**	**21,027**
Payment of dividends	-	-	-	(234)	-	-	(234)
Amount received on exercise of employee stock options	-	26	-	-	-	-	26
Other Comprehensive Income for the year net of income tax	-	-	-	-	-	46	46
Profit for the year	-	-	-	1,072	-	-	1,072
Balance as at March 31, 2018	**21**	**242**	**4,175**	**18,000**	**(499)**	**(2)**	**21,937**
See accompanying notes forming part of the financial statements							

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : 19 May 2018

for and on behalf of the Board of Directors

N.Vijayaraghavan
Director
(DIN:02491073)

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(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Notes to the Financial Statements

1. General Information

NACL Industries Limited (formerly Nagarjuna Agrichem Limited) ("the Company"), is a Public Limited Company listed with the BSE Limited and National Stock Exchange Limited. The Company is in the business of crop protection and manufactures both Technicals (Active Ingredient - AI) and Formulations. It manufactures all kinds of pesticides, insecticides, acaricides, herbicides, fungicides and other plant growth chemicals. The Company's formulation business is mainly in the Indian market and sells through its large retail dealer network of nearly 12,500 dealers, spread across India. The Company has a range of branded formulations. It also exports technicals and formulations and does toll manufacture for certain multinational companies.

2. Significant accounting policies

2.1 Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Upto the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirements of previous generally accepted accounting principles ("Previous GAAP"), which includes Accounting Standards ("AS") notified under the Companies (Accounting Standards) Rules, 2006.

These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. Refer Note 32 for the details of reconciliations from Previous GAAP and first-time adoption exemptions availed by the Company.

2.2 Basis for preparation and presentation

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, and on accrual basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these standalone financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for similar assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability. Based on the nature of activities of the Company and the average time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

The principal accounting policies are set out below.

2.3 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses for the periods reported.

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates – estimates and underlying assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are reflected in the financial statements in the period in which results are known and, if material, are disclosed in the financial statements.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

a) Sale of goods is recognised net of returns and trade discounts, when the significant risk and rewards of the ownership of goods are transferred to the buyers. Sales includes amounts recovered towards excise duty and exclude sales tax/value added tax/goods and service tax. Revenue also recognised on sale of goods in case where the delivery is kept pending at the instance of the customer, the risk and rewards are transferred and customer takes the title and accepts billing as per usual payment terms.

b) Revenue from processing/conversion services is recognised when the underlying goods are manufactured and ready for delivery i.e. on completion of service.

c) Export benefits and other excise benefits are accounted for on accrual basis.

2.5 Other income

a) Dividend income from investments is recognised in the year in which the right to receive the payment is established.

b) Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.6 Leasing

As a lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease

The lease rentals under such agreements are recognised in the statement of profit and loss as per the terms of the lease. Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

As a lessor

Operating lease

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

2.7 Insurance claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.8 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which entity operates (i.e. “functional currency”). The financial statements are presented in Indian Rupee (₹), the national currency of India, which is the functional currency of the Company.

2.9 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in statement of profit and loss in the period in which they arise.

2.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

2.11 Government grants

The benefit of a government loan/subsidy at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on effective interest rates.

2.12 Employee benefits

Employee benefits include Provident fund, employee’s state insurance scheme, gratuity fund and compensated absences.

2.12.1 Defined contribution plans

Contributions in respect of Employees Provident Fund and Pension Fund which are defined contribution schemes, are made to a fund administered through Regional Provident Fund Commissioner and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

2.12.2 Defined benefit plans

The Company’s Gratuity scheme for its employees is a defined benefit retirement benefit plan. Obligations under the gratuity scheme is covered under a Scheme of Life Insurance Corporation of India (LIC) and contributions in respect of such scheme are recognised in the statement of profit and loss. The liability as at the Balance Sheet date is provided for using the projected unit credit method, with actuarial valuations being carried out as at the end of the year.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to statement of profit and loss.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

2.12.3 Short-term employee benefits

The employees of the Company are entitled to compensated absences. The employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on projected unit credit method.

2.12.4 Other long-term employee benefits

Other long term employee benefit comprise of leave encashment which is provided for based on the actuarial valuation carried out as at the end of the year. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.13 Share based payment arrangement

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.14 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit attributable to equity shareholders by weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

2.15 Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

2.15.1 Current Tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961.

2.15.2 Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.15.3 Minimum Alternate Tax (MAT) Credit

Minimum alternate tax (MAT) credit is recognised in accordance with tax laws in India as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. The Company reviews the MAT credit at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.15.4 Current tax and deferred tax for the year

Current and deferred tax are recognised in the statement profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.16 Cash and cash equivalents

Cash comprises cash on hand and in bank. The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents. Such cash equivalents are subject to insignificant risk of changes in value.

Cash flows are reported using indirect method, whereby profit before tax is adjusted for the effects of transaction of non - cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.17 Property, plant and equipment

Property, plant and equipment are stated in the Balance Sheet at cost, less accumulated depreciation and impairment losses, if any. Cost includes purchase price, attributable expenditure incurred in bringing the asset to its working condition for the intended use and cost of borrowing till the date of capitalisation in the case of assets involving material investment and substantial lead time.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets in whose case the life of certain assets has been assessed based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, maintenance support etc.

Asset	Useful lives (in years)	Useful lives (in years)	Useful lives (in years)
Particulars	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**	**For the year ended March 31, 2016**
Plant and equipment	15 - 20	15	15

During the current financial year, the Company reassessed the useful life of the plant & equipment block of assets located at factories from 15 to 20 years on the basis of technical assessment. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets costing ₹ 5,000 and below are depreciated over a period of one year. Land is not depreciated.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

2.18 Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Cost of an intangible asset comprises of purchase price and attributable expenditure on making the asset ready for its intended use.

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use.

The estimated useful life of an identifiable intangible asset is as under:

- Goodwill is amortised over a period of 10 years

- Computer software is amortised over a period of 2 years

- Developed products are amortised over a period of 3 years

The estimated useful life and amortisation method are reviewed periodically at the end of each reporting period.

Intangible assets under development are carried at cost, comprising direct cost and related incidental expenses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the statement of profit and loss when the asset is derecognized.

2.19 Research and development

Research costs are expensed as incurred. Development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use the asset and the costs can be measured reliably. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis for preparing the asset for its intended use.

2.20 Impairment of assets

2.20.1 Non financial assets - property, plant and equipment and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset/cash generating unit may be impaired. If any indication exists the Company estimates the recoverable amount of such assets and if carrying amount exceeds the recoverable amount, impairment is recognised. The recoverable amount is the higher of the fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount factor. When there is indication that previously recognised impairment loss no longer exists or may have decreased such reversal of impairment loss is recognised in the statement of profit and loss.

2.20.2 Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the statement of profit and loss.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. As a practical expedient, the Company uses a provision matrix to determine impairment loss of it's trade receivables. The provision matrix is based on it's historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognised in the statement of profit and loss.

2.21 Inventories

Inventories are valued at lower of cost (on weighted average basis) and net realisable value after providing for obsolescence and other losses, where considered necessary. Net realisable value represents the estimated selling price of inventories less all the estimated costs of completion and the costs necessary to make the sale.

The method of determination of cost of various categories of inventories is as follows:

i. **Raw Materials** - Weighted average cost. Cost includes the purchase cost and other attributable expenses;

ii. **Work-in-process** - Weighted average cost. Cost includes the purchase cost and other attributable expenses;

iii. **Finished Goods** - Weighted average cost of production which comprises of direct material costs, direct wages and applicable overheads. Excise duty is included in the value of finished goods;

iv. **Stores and Spares, Packing Material** - Weighted average cost;

v. **Stock-in-trade** - Weighted average cost.

2.22 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reasonable estimate of the amount of obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities are disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

2.23 Financial Instruments

(i) Initial recognition

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

(ii) Subsequent Recognition

Non-derivative financial instruments:

a. Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

c. Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

d. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through statement of profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value Through Profit or Loss (FVTPL). Interest income is recognised in statement of profit and loss and is included in the “other income” line item.

Investment in subsidiaries and associates

On initial recognition, these investments are recognized at fair value plus any directly attributable transaction cost.Subsequently, they are measured at cost.

Derecognition of financial assets and financial liabilities

Financial asset:

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset.

Financial liabilities

The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

Foreign exchange gains and losses

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in statement of profit and loss.

Changes in the carrying amount of investments in equity instruments at Fair Value Through Other Comprehensive Income (FVTOCI) relating to changes in foreign currency rates are recognised in other comprehensive income. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in statement of profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of profit and loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in statement of profit and loss.

2.24 Fair value measurement

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

2.25 Exceptional Items

Significant gains/losses or expenses incurred arising from external events that is not expected to recur are disclosed as ‘Exceptional item’.

2.26 Recent accounting pronouncements:

Standards issued but not yet effective: -

In March 2018, The Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 notifying Ind AS 115 Revenue From Contracts with Customers and amendments to Ind AS 21 The Effects of changes in Foreign Exchange Rates, applicable for annual periods beginning on or after April 01, 2018.

Ind AS 115 – Revenue from Contracts with Customers:

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard IND AS 18 – Revenue, Ind AS 11 – Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, based on the five step approach as defined in this standard.

Under this standard, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company is evaluating the impact of this amendment on its financial statements.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates:

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

The Company is evaluating the impact of this amendment on its financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical Judgements

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

Contingences and commitments

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position or profitability.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories the Company makes an estimate of future selling prices and costs necessary to make the sale.

Provision for employee benefits

The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.

Notes to the Financial Statements

4. Property, plant and equipment and capital work-in-progress

(₹ in lakhs, unless otherwise stated)

4.1 Carrying amounts of:

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Land	2,508	2,508	2,508
Buildings	3,201	3,179	3,676
Plant and Equipment	8,689	9,394	11,367
Furniture and Fixtures	228	275	324
Vehicles	72	74	44
Office equipment	51	57	49
Computers	144	148	102
Total	**14,893**	**15,635**	**18,070**
Capital work-in-progress	220	281	233

4.2 Movement of property, plant and equipment:

Particulars	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers	Total
Cost or deemed cost								
Balance as at April 1, 2016	2,508	5,310	31,000	595	147	228	519	40,307
Add: Additions	-	52	377	7	47	27	98	608
Less: Disposals	-	530	3	9	21	37	42	642
Balance as at March 31, 2017	**2,508**	**4,832**	**31,374**	**593**	**173**	**218**	**575**	**40,273**
Add: Additions	-	163	801	7	14	11	55	1,051
Less: Disposals	-	-	-	-	36	2	60	98
Balance as at March 31, 2018	**2,508**	**4,995**	**32,175**	**600**	**151**	**227**	**570**	**41,226**

4.3 Accumulated depreciation and impairment

Particulars	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers	Total
Balance as at April 1, 2016	**-**	**1,634**	**19,633**	**271**	**103**	**179**	**417**	**22,237**
Less: Disposals	-	135	2	8	17	34	36	232
Add: Depreciation expense	-	154	2,349	55	13	16	46	2,633
Balance as at March 31, 2017	**-**	**1,653**	**21,980**	**318**	**99**	**161**	**427**	**24,638**
Less: Disposals	-	-	-	-	33	1	55	89
Add: Depreciation expense	-	141	1,506	54	13	16	54	1,784
Balance as at March 31, 2018	**-**	**1,794**	**23,486**	**372**	**79**	**176**	**426**	**26,333**

Notes:

(i) During the current financial year, the Company reassessed the useful life of the plant & equipment block of assets located at the factories from 15 to 20 years on the basis of technical assessment. The resultant decrease in depreciation expenses during the year amounts to ₹ 785 lakhs.

(ii) Above includes opening gross block of ₹ 1,910 lakhs (2017: ₹ 1,921 lakhs, 2016: ₹ 1,820 lakhs), additions amounting to ₹ 6 lakhs (2017: ₹ 102 lakhs, 2016: ₹ 117 lakhs) and net block amounting to ₹ 1042 lakhs (2017: ₹ 1,129 lakhs, 2016: ₹ 1,183 lakhs) in respect of in-house research and development.

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

5.1 Carrying amounts of:

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Goodwill	-	-	-
Computer software	55	-	86
Developed products	836	652	581
Technical Knowhow	-	-	-
Total	**891**	652	667
Intangible assets under development	**252**	405	339

5.2 Movement of intangible assets:

Particulars	Goodwill	Computer software	Developed products	Technical Knowhow	Total
Cost or deemed cost					
Balance as at April 1, 2016	121	324	770	65	1,280
Add: Additions	-	-	441	-	441
Less: Disposals	-	-	199	-	199
Balance as at March 31, 2017	121	324	1,012	65	1,522
Add: Additions	-	55	635	-	690
Less: Disposals	-	-	393	-	393
Balance as at March 31, 2018	121	379	1,254	65	1,819

5.3 Accumulated amortisation:

Particulars	Goodwill	Computer software	Developed products	Technical Knowhow	Total
Balance as at April 1, 2016	121	238	189	65	613
Less: Disposals	-	-	73	-	73
Add: Amortisation expense	-	86	244	-	330
Balance as at March 31, 2017	121	324	360	65	870
Less: Disposals	-	-	268	-	268
Add: Amortisation expense	-	-	326	-	326
Balance as at March 31, 2018	121	324	418	65	928

6. Non-current investments

Particulars	Nominal value	Number of shares	As at March 31, 2018	Number of shares	As at March 31, 2017	Number of shares	As at April 1, 2016
Unquoted equity investments (all fully paid)							
(a) Investment in subsidiaries at cost							
Nagarjuna Agrichem (Australia) Pty Ltd	AUD 1	52,277	**25**	36,720	24	15,050	18
LR Research Laboratories Private Limited	₹ 10	10,000	**1**	10,000	1	10,000	1
(a) Investment in associate at cost							
Nasense Labs Private Limited (Formerly USP Organics Pvt Ltd)	₹ 10	49,36,052	**494**	49,36,052	494	49,36,052	494
(a) Other equity investment at fair value through other comprehensive income							
New India Co-operative Bank Limited	₹ 10	50,000	**5**	50,000	5	50,000	5

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Particulars	Nominal value	Number of shares	As at March 31, 2018	Number of shares	As at March 31, 2017	Number of shares	As at April 1, 2016
SVC Co-operative Bank Ltd	₹ 25	100	*	100	*	100	*
Total equity investments (A)			**525**		**524**		**518**
Investment in preference shares at fair value through other comprehensive income							
Nagarjuna Shubho Green Technologies Private Limited							
10% cumulative redeemable preference shares	₹ 100	5,00,000	**1**	5,00,000	1	5,00,000	1
Total other investments (B)			**1**		**1**		**1**
Total unquoted investments (A) + (B)			**526**		**525**		**519**

*less than a lakh

7. Loans

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non Current			
Unsecured, considered good			
Loan to an associate company - Nasense Labs Private Limited (formerly USP Organics Pvt, Ltd.)	**167**	167	167
Total	**167**	**167**	**167**

8. Other Financial Assets

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non - Current			
Security deposits (refer note below)	**313**	316	311
Others	**61**	15	259
Total	**374**	**331**	**570**
Current			
Interest accrued on Deposits and Others	**155**	123	107
Insurance Claims Receivable	**-**	20	627
Others	**15**	15	-
Total	**170**	**158**	**734**

Note:
Security deposits include rental deposit amounting to ₹ 50 lakhs (2017: ₹ 44 lakhs, 2016: ₹ 39 lakhs) with Smt. K. Lakshmi Raju, Chairperson of the Company.

9. Other Assets

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non Current			
Capital advances	**60**	77	86
Balance with government authorities	**512**	507	516
Prepaid expenses	**5**	6	11
Total	**577**	**590**	**613**

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Current			
Advance to material Suppliers and Others	**439**	1,088	936
Balance with government authorities	**2,277**	392	532
Advance to related parties (refer note 33)	**99**	295	427
Prepaid expenses	**284**	174	193
Advances to employees	**5**	4	3
Total	**3,104**	**1,953**	**2,091**

10. Inventories

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Raw materials (refer note (i) and (ii) below)	**6,176**	5,961	6,196
Work-in progress	**1,067**	787	708
Finished goods (refer note (ii) below)	**8,934**	11,730	9,635
Traded Goods	**2,673**	1,506	720
Packing materials	**741**	575	592
Stores and Spares	**617**	614	463
Total	**20,208**	**21,173**	**18,314**

Notes:

(i) Raw materials includes goods in transit ₹ 1,230 lakhs (2017: ₹ 526 lakhs and 2016: ₹ 513 lakhs).

(ii) Raw materials amounting to ₹ 85 lakhs (2017: ₹ Nil and 2016: ₹ Nil) are written off during the year. Finished goods written off during the year on account of expired stock amounts to ₹ 105 lakhs (2017: ₹ 253 lakhs and 2016: ₹ 135 lakhs).

(iii) The mode of valuation of inventories has been stated in note 2.21.

(iv) Inventory is hypothecated to working capital lenders.

11. Trade Receivables

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current			
Unsecured, considered good	**28,668**	22,093	18,038
Considered doubtful	**797**	1,520	789
Allowance for doubtful debts	**(797)**	(1,520)	(789)
Total	**28,668**	22,093	18,038

Note:

Expected credit loss (ECL):

(i) The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom the Company grants credit terms in the normal course of business. The credit period on sale of goods varies with seasons & markets and generally ranges between 30 to 180 days. Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed annually.

As a practical expedient, the Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL allowance (or reversal) during the year is recognised in the statement of profit and loss.

(ii) Movement in the allowance for doubtful debts

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Balance at the beginning of the year	**1,520**	789
Add: Provision made during the year	**190**	731
Less: Amounts written off during the year as uncollectable	**(913)**	-
Balance at the end of the year	**797**	1,520

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

(iii) The concentration of risk with respect to trade receivables is reasonably low, as its customers are located in several jurisdictions representing large number of minor receivables operating in independent markets. No single customer constitutes more than 5% balance of the total trade receivables as at the Balance Sheet date.

12. Cash and Cash Equivalents

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balances with banks			
In Current Accounts	**660**	766	1,297
Cash on hand	**8**	5	16
Total	**668**	**771**	**1,313**

13. Other bank balances

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
In earmarked accounts			
Unclaimed dividend accounts (refer note (i) below)	**16**	29	47
Margin money / deposit (refer note (ii) below)	**140**	1	1
Total	**156**	**30**	**48**

(i) Unclaimed dividend accounts

If the dividend has not been claimed within 30 days from the date of declaration, the Company is required to transfer the total amount of dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in a scheduled bank to be called “”Unpaid Dividend Account””. The unclaimed dividend lying in such account is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government after a period of seven years from the date of declaration.

(ii) Margin money / deposit

Amounts in margin money represents deposit with bank against the letter of credit issued by them and deposit accounts represent amounts deposited with certain government agencies.

14. Current Tax Asset/(Liability)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current tax assets			
Advance Tax Paid	**320**	572	272
TDS Receivable	**9**	10	8
Total (A)	**329**	**582**	**280**
Current Tax Liability			
Provision for Taxation	**(336)**	(1,056)	(240)
Total (B)	**(336)**	**(1,056)**	**(240)**
Total Current Tax Asset/(Liability) (A-B)	**(7)**	**(474)**	**40**

14.1 Tax expense

A. Income tax expense / (benefit) recognised in the statement of profit and losss

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax		
In respect of current year	**540**	841
Total (A)	**540**	**841**
Deferred tax credit:		
In respect of current year	**107**	142
MAT credit	**(261)**	(1,095)
Total (B)	**(154)**	**(953)**
Total tax expense (A)+(B)	**386**	**(112)**

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

B. Income tax expense / (benefit) recognised in the other comprehensive income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Income tax expense/(benefit) recognised directly in equity consists of:		
Tax effect on actuarial gains/losses on defined benefit obligations	**(25)**	25
Total	**(25)**	**25**

C. Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	**1,458**	3,060
Enacted rate in India	**34.61%**	34.61%
Computed expected tax expense	**505**	1,059
Effect of exemptions / deductions for tax purpose	**(1,088)**	(1,718)
Effect of expenses that are not deductible in determining taxable profit	**1,230**	1,716
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	**-**	(319)
Excess of MAT tax over normal tax	**-**	245
MAT Credit entitlement	**(261)**	(1,095)
Income tax expense	**386**	(112)
Effective tax rate	**26%**	-4%

15. Equity

15.1 Equity Share Capital

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Authorised Share Capital:	**2000,00,000**	**2,000**	2000,00,000	2,000	2000,00,000	2,000
Fully paid equity shares of ₹ 1 each (refer note bellow)						
Issued, Subscribed and fully Paid Up Capital	**1563,08,384**	**1,563**	1561,44,008	1,561	1559,11,508	1,559
Fully paid equity shares of ₹ 1 each						
Total	**1563,08,384**	**1,563**	**1561,44,008**	**1,561**	**1559,11,508**	**1,559**

Note:

The Company has applied for increase in the authorised share capital from 200,000,000 equity shares of ₹ 1 each to 250,000,000 equity shares of ₹ 1 each, which is pending necessary regulatory approvals.

15.2 Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Share Capital at the beginning of the year	**1561,44,008**	**1,561**	**1559,11,508**	**1,559**	**1559,11,508**	**1,559**
AAdd: Issue of equity shares under Company's employee stock option plan	**1,64,376**	**2**	2,32,500	2	-	-
Share Capital at the end of the year	**1563,08,384**	**1,563**	**1561,44,008**	**1,561**	**1559,11,508**	**1,559**

15.3 Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders..

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

15.4 Details of shared held by each shareholder holding more than 5% shares:

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	% of Shareholding	Number of shares held	% of Share-holding	Number of shares held	% of Shareholding	Number of shares held
KLR Products Limited (Holding Company)	**72.69%**	**1136,23,500**	72.77%	1136,23,500	72.88%	1136,23,500

15.5 "Nagarjuna Agrichem Ltd.-Employee Stock Option Scheme-2015"

i) The "Nagarjuna Agrichem Ltd.-Employee Stock Option Scheme-2015" (hereinafter referred to as "ESOS-2015") was approved by the Shareholders in the 28th Annual General Meeting of the Company held on September 28, 2015 and is being administered by the Compensation Committee of the Board of Directors, set up for the purpose.

ii) Under the ESOS-2015, 11,50,000 options have been reserved to be issued to the eligible employees, with each option conferring a right upon such employee to apply for one equity share of ₹ 1 each of the Company. The options granted under the scheme would vest after a minimum period of one year from the date of grant and may spread over a maximum period of five years after the aforesaid one year. The options granted to the employees would be capable of being exercised within a period, of two years from the date of vesting.

iii) Pursuant to ESOS-2015, the Company granted 60,000 options during the year 2017-18 (2016-17: ₹ Nil) with a vesting period spread over maximum period of five years commencing after one year from the date of grant. The options were granted at an exercise price of ₹ 8 per share lesser than the fair market value of the shares as on the date of the grant. Accordingly an amount of ₹ 15 lakhs (financial year 2016-17: ₹ 21 lakhs) has been recognised as 'Employee stock compensation expense' under 'Employee benefits expense'.

iv) Summary of Stock Option:

Particulars	As at March 31, 2018 Number of stock options	As at March 31, 2017 Number of stock options	As at April 1, 2016 Number of stock options
Options reserved	**11,50,000**	11,50,000	11,50,000
Options outstanding at the beginning of the year	**6,97,500**	9,30,000	9,30,000
Options granted during the year	**60,000**	-	-
Options exercised during the year*	**1,64,376**	2,32,500	-
Options outstanding at the end of the year**	**5,93,124**	6,97,500	9,30,000
Options vested but not exercised at the end of the year	**-**	-	-
* options exercised by employees of subsidiary companies	10,500	18,000	-
** options outstanding with employees of subsidiary companies	31,500	42,000	60,000

v) Fair value of shares granted during the year:

The weighted average fair value of the share options granted during the year is ₹ 9.81 - ₹ 23.89. Options were priced using Black Scholes pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility is based on the historical share price volatility over the past years.

The following assumptions were used for calculation of fair value of grants as per Black Scholes Options Pricing model:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Risk free Interest Rate (%)	**6.74 - 7.73**	7	7
Expected life (years)	**6**	6	6
Expected volatility (%)	**63.92 - 64.89**	73	73
Dividend yield (%)	**0.31 - 0.66**	1	1
Price of the underlying share in market at the time of the option grant (₹)			
-Grant 1	**17**	17	17
-Grant 2	**18**	18	18
-Grant 3	**29**	Not applicable	Not applicable
Weighted average share price at the date of exercise	**47**	18	18
Weighted average remaining contractual life			
-Grant 1	**3 - 4 years**	4 - 5 years	5 - 6 years
-Grant 2	**3 - 4 years**	4 - 5 years	5 - 6 years
-Grant 3	**5 - 6 years**	Not applicable	Not applicable

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Assumptions :

Stock price : Closing price on BSE on the previous date to the date of grant has been considered.

Volatility : The historical volatility over the expected life has been considered to calculate the fair value.

Risk-free rate of return : The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity nearly equal to the expected life of the options based on the zero-coupon yield curve Government securities.

Exercise price : Exercise price of ₹ 8 as per the ESOS-2015 considered.

Expected life: Expected life of options is the period for which the Company expects the options are available to be vested.

Expected dividend yield : Expected dividend yield has been calculated as an average of dividend yields for the financial years preceding the date of grant.

16. Other equity

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
General reserve	**4,175**	4,175	4,175
Reserve for equity instruments through other comprehensive income	**(499)**	(499)	(499)
Remeasurement of defined benefit obligation	**(2)**	(48)	-
Retained earnings	**18,000**	17,162	14,178
Capital reserve	**21**	**21**	**21**
Securities premium account	**242**	**216**	**179**
Total	**21,937**	**21,027**	**18,054**

16.1 Other equity

Particulars	As at March 31, 2018	As at March 31, 2017
Capital reserve	**21**	21
Securities premium account		
Opening balance	**216**	**179**
Add: On allotment of shares during the year	**26**	**37**
Closing balance	**242**	**216**
General reserve	**4,175**	4,175
Reserve for equity instruments through other comprehensive income	**(499)**	(499)
Remeasurement of defined benefit obligation		
Opening balance	**(48)**	-
Add/(less): Movement during the year	**46**	(48)
Closing balance	**(2)**	**(48)**
Retained earnings		
Opening balance	**17,162**	**14,178**
Add: Profit for the year	**1,072**	**3,172**
	18,234	**17,350**
Less: Dividends including corporate dividend tax	**234**	**188**
Closing balance	**18,000**	**17,162**
Total	**21,937**	**21,027**

Nature of reserves

(a) General reserve

This represents appropriation of profit by the Company.

(b) Securities premium account

“Amounts received on issue of shares in excess of the par value has been classified as securities premium.

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

(c) Reserve for equity instruments through other comprehensive income

This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.

(d) Retained earnings

Retained earnings comprise of undistributed earnings after taxes (including current year profits).

In respect of the year ended March 31, 2018, the directors recommended a final dividend of ₹ 0.125 per equity share be paid on fully paid equity shares. The equity dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

17. Borrowings

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non current			
Secured - at amortised cost			
Term loans from banks (refer note (a) below)	**1,981**	2,932	3,444
Unsecured - at amortised cost			
Deferred payment liabilities (refer note (b) below)	**43**	46	75
Total - non current	**2,024**	**2,978**	**3,519**

Current			
Secured - at amortised cost			
Repayable on demand from banks (refer note (c) below)	**18,392**	14,805	15,486
Unsecured - at amortised cost			
from banks (refer note (d) below)			
Short term loans	**1,311**	1,807	1,807
Others	**168**	149	737
Total - current	**19,871**	**16,761**	**18,030**

Notes:

a. Terms of repayment of term loans

State Bank of India

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	Repayment commencing from
Term loan	**-**	-	250	Dec-13

Secured by: first ranking paripasu charge on fixed assets of the Company, second ranking paripasu charge on current assets of the Company, guranteed by Sri K.S. Raju, Director of the Company (ceased to be a director with effect from February 3, 2017) and pledge of 467,73,453 number company equity shares held by Holding Company.

Repayable in 12 quarterly installments Rate of interest 12.50% p.a.

New-India Co-operative Bank Ltd

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	Repayment commencing from
Term loan 1	**-**	-	125	Dec-13
Term loan 2	**-**	-	370	Feb-16
Term loan 3	**87**	435	695	Jul-16
Term loan 4	**224**	522	595	Jan-17
Term loan 5	**559**	744	-	Dec-17
Term loan 6	**895**	42	-	Apr-18

Secured by: first ranking pari-passu charge on fixed assets of the Company and other movable assets on pari passu basis with other term loan lendors.
Repayable in 8 quarterly installments.Rate of interest 12.50% p.a.

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

SVC Co-Op Bank Ltd

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	Repayment commencing from
Term loan	**2,010**	2,680	2,982	Oct-16

Secured by: first ranking pari-passu charge on fixed assets of the Company, second raking pari-passu charge on current assets of the company and is guaranteed by Smt. K. Lakshmi Raju, Director of the Company.

Repayable in 18 quarterly installments.

Rate of interest 12.50% p.a.

Current maturities of non-current borrowings have been disclosed under the head other current financial liabilities.

(b) Deferred payment liabilities

Vide revised order No.10/1/9/0023/0387/ID dated January 31, 2001 the Government of Andhra Pradesh had sanctioned sales tax deferment to the Company in respect of Acephate and Profenofos for a period of fourteen years commencing from September 9, 1997 for Acephate and from February 23, 2000 for Profenofos subject to a maximum of ₹ 1,029 lakhs. The sales tax deferred in a year is payable at the end of 14th year without interest. Since financial year 2006-07 the Company has decided not to avail the sales tax deferment. First repayment commenced from September 25, 2013 as prescribed in the order. Based on the sales tax returns the sales tax so deferred aggregates to ₹ 47 lakhs as at March 31, 2018 (2017 ₹ 75 lakhs and 2016 ₹ 138 lakhs). Of which ₹ 4 lakhs as at March 31, 2018 (2017 ₹29 lakhs and 2016 ₹ 62 lakhs) has been grouped under note 18 - other current financial liabilities, which are payable in next 12 months.

(c) Loans repayable on demand

Loans repayable on demand from banks (along with non fund based limits of letters of credit and bank guarantees) from the Consortium i.e. State Bank of India, IDBI Bank Limited, HDFC Bank Limited, SVC Co-operative Bank Limited and RBL Bank Limited are secured by way of hypothecation of current assets comprising stock in trade, book debts and stores and spares, both present and future. The aforesaid facilities are further secured by second charge on the Company's immovable and hypothecation of movable properties, both present and future, ranking pari passu with other working capital lenders. The facilities sanctioned by State Bank of India, IDBI Bank Limited, HDFC Bank Limited are guaranteed by Sri K.S. Raju (ceased to be a director with effect from February 3, 2017). The facilities sanctioned by SVC Co-operative Bank Limited and RBL Bank Limtied are guaranteed by Smt. K. Lakshmi Raju, Director of the Company.

(d) Unsecured short term loan

Unsecured short term loan is availed from HDFC Bank Limited and unsecured others comprise of export bill discounting facilities availed from HDFC Bank Limited.

18. Other Financial Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non current			
Trade deposits from dealers	**1,224**	1,304	1,360
Total - non current	**1,224**	**1,304**	**1,360**
Current			
Current maturities of long-term borrowings	**1,793**	1,490	1,574
Payable to employees	**237**	445	406
Payable on purchase of property, plant and equipment	**221**	188	243
Interest accrued but not due	**53**	60	51
Deferred payment liabilities	**3**	29	62
Unclaimed dividend (refer note below)	**16**	29	47
Total - current	**2,323**	**2,241**	**2,383**

Note: As at the date of this Balance Sheet, there are no amounts of Unclaimed dividends due for remittance to the Investor Education & Protection Fund.

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

19. Provisions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non current			
Gratuity liability	**82**	196	-
Compensated absences	**217**	266	202
Total - non current	**299**	**462**	**202**
Current			
Gratuity liability	**74**	64	203
Compensated absences	**82**	6	4
Other provisions	**156**	608	1,271
Total - current	**312**	**678**	**1,478**

a) Defined benefit plans

Gratuity

In accordance with the 'Payment of Gratuity Act, 1972' of India, the Company, provides for gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regard to such gratuity plan are determined by an independent actuarial valuation and are charged to the Statement of Profit and Loss in the period determined. The Gratuity fund is administered through a scheme of Life Insurance Corporation of India.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Change in Defined Benefit Obligation (DBO) during the year

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Present value of DBO at the beginning of the year	**603**	490
Current service cost	**66**	35
Past service cost	**13**	-
Interest cost	**53**	46
Actuarial loss arising from changes in financial assumptions	**8**	-
Actuarial loss arising from changes in experience adjustments	**(83)**	74
Benefits paid	**(66)**	(42)
Present value of DBO at the end of the year	**594**	603

Change in fair value of plan assets during the year

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Fair value of plan assets at the beginning of the year	**343**	287
Interest income	**30**	24
Employer contributions	**134**	74
Benefits paid	**(65)**	(42)
Remeasurements – return on plan assets (excluding interest income)	**(4)**	-
Present value of plan assets at the end of the year	**438**	343

Amounts recognised in the Balance Sheet

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Present value of DBO at the end of the year	**594**	603
Fair value of plan assets at the end of the year	**438**	343
Liability recognised in the Balance Sheet	**156**	260

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Components of employer expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current service cost	**66**	35
Past service cost	**13**	-
Interest cost/ (income) on net defined benefit obligation	**23**	22
Expense recognised in Statement of Profit and Loss	**102**	57

Remeasurement on the net defined benefit obligation

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Return on plan assets (excluding interest income)	(4)	-
Actuarial gain / (loss) arising from changes in financial assumptions	(8)	-
Actuarial gain / (loss) arising from changes in experience adjustments	83	(73)
Remeasurements recognised in other comprehensive income	71	(73)
Total defined benefit cost recognised	**31**	**130**

Nature and extent of investment details of the plan assets

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Insurer managed funds	100%	100%

Assumptions

Particulars	Gratuity plan	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Discount rate	**8%**	9%
Estimated rate of return on plan assets	**8%**	9%
Expected rate of salary increase	**3%**	4%
Attrition rate	**1% to 3%**	1% to 3%
Retirement age	**58 years**	58 years
Mortality table	IALM(2006-08) (Mod)	

The estimates of future salary increases considered in the actuarial valuation take account of price inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligation.

Sensitivity analysis

Scenario	DBO	Percentage Change
Under base scenario	594	0%
Salary escalation - up by 1%	650	10%
Salary escalation - down by 1%	544	-8%
Attrition rate - up by 1%	613	3%
Attrition rate - down by 1%	572	-4%
Discount rate - up by 1%	550	-7%
Discount rate - down by 1%	644	9%

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Expected cash flows

Particulars	Amount
Maturity profile of defined benefit obligations	
Year 1	73
Year 2	39
Year 3	25
Year 4	65
Year 5	35
Year 6	63
Year 7	72
Year 8	61
Year 9	74
Year 10	59

b) **Actuarial assumptions for long-term compensated absences**

Actuarial assumptions for long-term compensated absences	As at March 31, 2018	As at March 31, 2017
Discount rate	**8%**	9%
Salary escalation	**3%**	4%
Attrition rate	**1% to 3%**	1% to 3%

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at year-end as per Company's policy. The value of such leave balance eligible for carry forward, is determined by an independent actuarial valuation and charged to Statement of Profit and Loss in the period determined.

The estimates of future salary increases considered in the actuarial valuation take account of price inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligation.

20. Deferred tax liabilities (net)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deferred tax liability	**1,795**	1,689	1,547
MAT credit available	**(1,117)**	(1,095)	-
Total	**678**	**594**	**1,547**

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deferred tax asset			
Provisions	440	710	415
Others	115	115	115
Total deferred tax asset	**555**	**825**	**530**
Deferred tax liability			
Property, plant and equipment	2,340	2,496	2,057
MAT credit available	(1,117)	(1,095)	-
Others	10	18	20
Total deferred tax liability	**1,233**	**1,419**	**2,077**
Deferred tax liability	**678**	**594**	**1,547**

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Movement in deferred tax assets and liabilities

2017-18	Opening balance	Recognised in statement of profit or loss	Utilisation/ Reversals	Closing balance
Deferred tax liability / (asset) in relation to:				
Property, plant and equipment	2,496	(156)	-	2,340
Gratuity	(90)	36	-	(54)
Leave encashment	(94)	(9)	-	(103)
Deferred sales tax	5	(2)	-	3
Processing fee	12	(5)	-	7
Investments	(115)	-	-	(115)
MAT credit entitlement	(1,095)	(261)	238	(1,118)
Provision for doubtful debts	(524)	243	-	(282)
Total	**594**	**(154)**	**238**	**678**

2016-17	Opening balance	Recognised in statement of profit or loss	Utilisation/ Reversals	Closing balance
Deferred tax liability / (asset) in relation to:				
Property, plant and equipment	2,057	439	-	2,496
Gratuity	(70)	(20)	-	(90)
Leave encashment	(72)	(22)	-	(94)
Deferred sales tax	10	(5)	-	5
Processing fee	10	2	-	12
Investments	(115)	-	-	(115)
MAT credit entitlement	-	(1,095)	-	(1,095)
Provision for doubtful debts	(273)	(252)	-	(525)
Total	**1,547**	**(953)**	**-**	**594**

21. Trade Payables

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Due to micro and small enterprises (refer note (i) below)	-	-	-
Dues to others (refer note (iii) below)	**18,260**	14,224	11,631
Total	**18,260**	**14,224**	**11,631**

Notes:

(i) Based on the information available with the Company, the balance due to micro, small and medium enterprises as defined under "Micro, Small and Medium Enterprises Development (MSMED) Act, 2006", is ₹ Nil (previous year ₹ Nil) and no interest has been paid or is payable under the terms of MSMED Act, 2006. Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the Management.

(ii) The average credit period on purchases ranges from 90 days - 120 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.

(iii) The dues above include acceptances against the letter of credit issued to bank amounting to ₹ 639 lakhs as at March 31, 2018.

22. Other Current Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advances from customers	**1,659**	1,762	1,526
Statutory payables	**717**	698	467
Total	**2,376**	2,460	1,993

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

23. Revenue from operations

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products (including excise duty)	**86,082**	82,855
Other operating revenue	**435**	618
Total	**86,517**	**83,473**

24. Other Income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Excess provisions written back	**184**	163
Bad debts written off recovered	**78**	40
Interest income		
- On outstanding receivables	**1,416**	1,080
- Others	**68**	87
Net loss on disposal of property, plant and equipment and intangible assets	**(118)**	(124)
Net foreign exchange losses	**(100)**	(26)
Others	**378**	284
Total	**1,906**	**1,504**

25. Cost of Materials Consumed

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw material consumption	**43,992**	38,931
Packing material consumption	**4,622**	4,609
Total	**48,614**	**43,540**

26. Changes in inventories of finished goods, work in progress and stock-in-trade

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening balance		
Work-in-process	**787**	708
Finished goods	**11,730**	9,635
Stock-in-trade	**1,505**	720
Total opening balance	**14,022**	**11,063**
Closing balance		
Work-in-process	**1,067**	787
Finished goods	**8,934**	11,730
Stock-in-trade	**2,673**	1,505
Total closing balance	**12,674**	**14,022**
Net decrease / (increase) in inventories	**1,348**	**(2,959)**

27. Employee Benefit Expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	**5,900**	5,261
Contribution to provident and other funds (refer note (i) below)	**444**	353
Employee stock compensation expense	**15**	21
Staff welfare expenses	**544**	503
Total	**6,903**	**6,138**

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Notes:

(i) (i) Contribution to provident fund and other funds

- Provident fund:

The Company makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the fund administered and managed by the Government of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 342 lakhs (2016-17 - ₹ 293 lakhs).

- Gratuity (funded):

Amount recognised in statement of profit and loss in respect of gratuity - ₹ 102 lakhs (2016-17 ₹ 60 lakhs).

28. Finance Cost

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expenses		
Interest on working capital and term loans	**2,092**	2,484
Other interest expenses	**683**	665
Finance charges	**567**	638
Total	**3,342**	**3,787**

29. Depreciation and Amortization Expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of property, plant and equipment (refer note 4)	**1,784**	2,633
Less: Depreciation capitalised during the year	**133**	140
	1,651	2,493
Add: Amortisation of intangible assets (refer note 5)	**326**	330
Total	**1,977**	**2,823**

30. Other Expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Consumption of stores and spare parts	**823**	634
Repairs and maintenance		
Buildings	**111**	58
Plant and machinery	**70**	60
Others	**39**	22
Other manufacturing costs	**1,412**	1,546
Power and fuel	**3,185**	2,735
Rent	**316**	302
Rates and taxes	**61**	484
Communication expense	**123**	108
Travel and conveyance	**1,243**	1,189
Legal and professional charges	**403**	307
Insurance	**270**	296
Directors' sitting fees	**8**	7
Auditors' remuneration (refer note (i) below)	**26**	27
Product development expenses	**120**	39
Bad debts written off	**101**	654
Allowances for doubtful receivables and advances	**210**	731
Marketing expenses	**5,008**	4,254
Freight outward	**2,436**	2,122
Expenditure for corporate social responsibility (refer note (ii) below)	**79**	-
Miscellaneous expenses	**555**	666
Total	**16,599**	**16,241**

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Notes:

(i) Auditor's remuneration (net of applicable taxes) comprises of:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
For statutory audit	21	21
For tax audit	4	4
For others	1	2
Total	**26**	**27**

Includes ₹ 1 lakh with respect to services provided by predecessor auditors during the year.

(ii) Corporate social responsibility:

The Company contributes towards Corporate Social Responsibility (CSR) activities. As per section 135 of the Companies Act, 2013, a CSR Committee has been formed by the Company. The areas for CSR activities are rural development, promoting education and other social projects. The expense is charged to the Statement of Profit and Loss under 'other expenses' amounting ₹ 79 lakhs. (2016-17- ₹ Nil)

31. Exceptional Items

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Insurance claim	-	4,499
Loss on retirement of fixed assets	-	(1,811)
Raw material and packing material scrapped	-	(131)
Total	**-**	**2,557**

Note:

Exceptional items pertain to the net effect of insurance claim received against a fire accident that took place in prior year. The Company has contested the claim amount paid by the Insurer and initiated arbitration proceedings seeking additional claim for damages incurred.

32. Transition to Indian Accounting Standards (Ind AS)

These standalone financial statements of NACL Industries Limited (formerly Nagarjuna Agrichem Limited) year ended March 31, 2018 have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 1, 2016 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the year ended March 31, 2018, be applied consistently and retrospectively for all fiscal years presented. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and Previous GAAP as at the transition date have been recognised directly in equity at the transition date:

The effect of the Company's transition to Ind AS is summarized as follows:

(i) Transition election

(ii) Reconciliation of equity as previously reported under Indian GAAP to Ind AS

(iii) Reconciliation of profit or loss as previously reported under Indian GAAP to Ind AS

(iv) Adjustments to the statement of cash flows

(i) Transition elections

The Company has prepared the opening Balance Sheet as per Ind AS as of April 1, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain mandatory exceptions and optional exemptions availed by the Company as detailed below:

a. Share based payments:

In accordance with Ind AS transitional provisions, Ind AS 102 Share-based payment has not been applied to employee stock options that have vested before the transition date.

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

b. **Investments in subsidiaries and associate:**

In accordance with Ind AS transitional provisions, the Company opted to consider previous GAAP carrying value of investments as deemed cost on transition date for investments in subsidiaries and associate in separate financial statement.

c. **Designation of equity / preference investments at FVTOCI**

The Company has designated investment in equity / preference share capital of the following entities at FVTOCI basis of facts and circumstances that existed at the transition date:

- New India Co-operative bank limited

- SVC co-operative bank limited

- Nagaarjuna Shubho Green Technologies Private Limited"

d. **Derecognition of financial assets and financial liabilities:**

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date.

e. **Business combinations**

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to business combinations that occurred before the date of the transition.

(ii) Reconciliation of equity as previously reported under Indian GAAP to Ind AS:

Particulars	**Note**	**As at March 31, 2017**	**As at April 1, 2016**
Equity as reported under previous GAAP		20,432	16,776
Revaluation of Land	a	2,066	2,066
Effect of measuring equity instruments at fair value	b	(499)	(499)
Provision for doubtful debts under expected credit loss	c	(1,520)	(789)
Borrowings - transaction cost adjustment	d	36	30
Proposed dividend and related distribution tax	e	-	188
Effect of discounting of deferred sales tax liability	f	15	28
Deferred tax on the above	h	497	254
Equity as reported under Ind AS		**21,027**	**18,054**

(iii) Reconciliation of profit or loss as previously reported under Indian GAAP to Ind AS

Particulars	**Note**	**For the year ended March 31, 2017**
Profit as reported under IGAAP		3,619
Increase / (decrease) in net income on account of:		
Effect of fair valuation of deferred sales tax liability on finance costs	f	(13)
Transaction costs relating to borrowings	d	6
Provision for bad and doubtful debts	c	(731)
Actuarial (gains) / losses in respect of defined benefit obligation	g	74
Deferred tax adjustments	h	218
Others		(1)
Profit as reported under Ind AS		3,172
Other Comprehensive Income (net of tax)		(48)
Total Comprehensive Income as reported udner Ind AS		3,124

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Notes:

a. Ind AS 101 allows an entity to measure property, plant and equipment on the transition date at its fair value or previous GAAP carrying value (book value) as deemed cost. The Company has elected to measure land at fair value and use these fair values as deemed cost on the date of transition. As a result of revaluation of land, the increase in value of property, plant and equipment, has been adjusted to opening reserves (₹ 2,066 lakhs).

b. Under the previous GAAP, long term investments were measured at cost less diminution in value which is other than temporary. Under Ind AS, the Company has designated such investments at FVTOCI. Ind AS requires such investments to be measured at fair value and the gains/(losses) are recognised through Other Comprehensive Income (FVTOCI) as a separate component of equity. Accordingly, investment in Nagaarjuna Shubho Green Technologies Private Ltd has been fair valued and the impact of the same taken to opening reserves as a separate component of equity.

c. Under Previous GAAP, loss provision for trade receivables was created on incurred loss based on credit risk assessment of each customer. Under Ind AS, these provisions are based on Expected Loss model which factor the credit risk as well as payment delay risk. As a practical expedient, the Company has evaluated a matrix based approach based on past trends to arrive at the provision matrix for receivables outstanding as at each period end. Accordingly, the provision resulting from such evaluation has been adjusted to opening reserves (for receivables outstanding as at April 01, 2016) and the statement of profit and loss (receivables as at March 31, 2017).

d. Under previous GAAP, transaction costs incurred in connection with borrowings are charged upfront to statement of profit and loss. Under Ind AS, transaction costs are included in initial recognition amount of financial liability and charged to statement of profit and loss based on effective interest method.

e. Under previous GAAP, a liability is recognised in the period to which the dividend was recommended by the Board of Directors, even though the dividend may be approved by the shareholders subsequent to the reporting date. Under Ind AS, liability for dividend is recognised in the period in which the obligation to pay is established i.e. when declared by the members in a general meeting. The effect of this change has been adjusted to opening reserves, there is no impact on statement of profit and loss.

f. Under the previous GAAP, deferred sales tax liability is recorded at transaction value. Under Ind AS, the deferred sales tax liability is an incentive received by the Company from the government under a sales tax deferral scheme. Since the loan is interest-free in nature, its face value or the transaction price is not considered to represent fair value. The Company considered that the use of a present value technique based on the cash flows payable under the scheme is an appropriate method of determining fair value. The difference between the fair value of the loan and the amount payable represents the ‘other component’ which is considered to be in the nature of a government grant since it represents an incentive received by the Company from the government. This is accounted for in accordance with Ind AS 20.

g The Company recognises costs related to the post-employment defined benefit plan on an actuarial basis both under Indian GAAP and Ind AS. Under Indian GAAP, the entire cost including actuarial gains and losses are charged to statement of profit and loss. Under Ind AS, remeasurements are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI.

h Consequential deferred tax on all the above adjustments.

(iv) Effect of adoption of Ind AS on the statement of cash flows for the year ended March 31, 2017:

Following is the impact on cash flows on transition from Previous GAAP to Ind-AS.

Particulars	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flows from operating activities	5,747	106	5,853
Net cash used in investing activities	(618)	43	(575)
Net cash used in financing activities	(5,689)	(131)	(5,820)
Net decrease in cash and cash equivalents	**(560)**	**18**	**(542)**
Cash and cash equivalents at the beginning of the year	1,361	(48)	1,313
Cash and cash equivalents at the end of the year	**801**	**(30)**	**771**

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

33. Related party disclosures :

(A) Names of the related parties and their relationship:

(i) Details of subsidiaries & associates :

Names	Nature of relation-ship	Country of incor-poration	Percentage of holding as at		
			March 31, 2018	March 31, 2017	April 1, 2016
LR Research Laboratories Private Limited (LRLPL)	Subsidiary	India	100%	100%	100%
Nagarjuna Agrichem (Australia) Pty Limited, Australia (NAPL)	Subsidiary	Australia	100%	100%	100%
"Nasense Labs Private Limited (NLPL) (Formerly USP Organics Private Limited)"	Associate	India	26%	26%	26%

(ii) Details of other related parties :

Name	Nature of relationship
"KLR Products Limited (KLRPL) (Formerly GSR Products Limited)"	Parent Company
Bhagiradha Chemicals and Industries Limited (BCIL)	Entity with common director
"Nagaarjuna Shubho Green Technologies Private Limited (NSGTPL)"	Entity with common director
Nagarjuna Fertilizers & Chemicals Limited (NFCL)	Shares held by Relative of KMP
Indo International Fertilizers Limited (IIFL)	Entity where KMP holds directorship.

(iii) Key Managerial Personnel (KMP) :

Name	Designation
Mrs. K Lakshmi Raju	Chairperson
Mr. V.Vijay Shankar	Managing Director
Mr. RKS Prasad	Chief Financial Officer (CFO)

(B) Transactions during the year :

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(i) Sales		
a. Other related party - IIFL	-	1
a. Other related party - BCIL	-	31
(ii) Rental income :		
a. NFCL(godown rent)	-	6
(iii) Purchases		
b. Other related party - NSGTPL	**7**	20
b. Other related party - BCIL	**1,006**	399
(iv) Consultancy charges		
a. Subsidiary - (LRLPL)	**64**	61
(v) Rent paid		
a. Mrs.K Lakshmi Raju (KMP)	**129**	129
(vi) Conversion charges		
a. Other related party - IIFL	-	225
(vii) Director's sitting fees		
a. Mrs.K Lakshmi Raju (KMP)	**1**	1
(viii) Investments		
a. Subsidiary - (NAPL)	**1**	7

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

(C) Outstanding balances as at the year end

Advance to related parties

Particulars		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a.	Subsidiary - LRLPL	**7**	3	-
b.	Other related party - IIFL	**92**	292	427

Trade receivables

Particulars		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a.	Associate - NLPL	**24**	24	24

Security deposits

Particulars		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a.	Mrs.K Lakshmi Raju (KMP)	**50**	44	39

Investments :

Particulars		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a.	Subsidiary - NAPL	**27**	26	19
b.	Associate - NLPL	**494**	494	494
c.	Other related party - NSGTPL	**1**	1	1

Trade payables

Particulars		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a.	Subsidiary - LRLPL	**-**	-	3
b.	Other related party - BCIL	**-**	115	224

Loans

Particulars		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a.	Associate - NLPL	**167**	167	167

Other financial assets

Particulars		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a.	Associate - NLPL	**133**	98	68

(D) Transactions with key management personnel

Nature of transaction	Party name	For the year ended March 31, 2018	For the year ended March 31, 2017
Short-term employee benefits	Managing Director and CFO	**158**	139
Share based payments	Managing Director and CFO	**12**	4

Short term employee benfits does not included expense for gratuity and leave encashment.

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

34. Contingent liabilities

S. No.	Particulars	As at		
		March 31, 2018	March 31, 2017	April 1, 2016
(i)	Claims against the Company not acknowledged as debts in respect of the matters under dispute:			
	Excise duty (refer note (a) below)	**35**	35	35
	Service tax (refer note (b) below)	**18**	56	59
	Income tax (refer note (c) below)	**430**	430	430
	Sales tax (refer note (d) below)	**49**	23	30
(ii)	Letters of credit issued by bankers	**2,376**	6,673	6,511
(iii)	Counter guarantees given to bankers (refer note (e) below)	**260**	355	270
(iv)	Others (refer note (f) below)	**125**	125	125
	Total	**3,293**	**7,697**	**7,460**

Notes:

(a) The Company has disputed various demands raised by excise duty authorities for the assessment years 2005-06 to 2009-10, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.

(b) The Company has disputed various demands raised by service tax authorities for the assessment years 2012-13 to 2017-18, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.

(c) The Company has disputed various demands raised by income tax authorities for the assessment years 2004-05 to 2009-10, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.

(d) The Company has disputed various demands raised by sales tax authorities for the assessment years 2009-10 to 2016-17, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.

(e) Guarantees given to bank for guarantees given by bank to third party in ordinary course of business.

(f) Other contingent liability majorly pertains to demand for payment of alleged deficit of stamp duty, registration fees and penalty in respect of a sales deed. The Company is confident that the case will be decided in its favour.

35. Commitments

S. No.	Particulars	As at		
		March 31, 2018	March 31, 2017	April 1, 2016
(i)	"Estimated amount of contracts, remaining to be executed on capital account and not provided for (net of advance)"	90	71	113
	Total	**90**	**71**	**113**

36. Financial Instruments

36.1 Capital management

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/ enhance credit rating. The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Gearing ratio

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-current borrowings	2,024	2,978	3,519
Current borrowings, current maturities of non-current borrowings and Deferred payment liabilities	21,668	18,280	19,667
Cash and cash equivalents	(668)	(771)	(1,313)
Net debt (Refer note (i) below)	23,024	20,487	21,873
Equity (Refer note (ii) below)	23,500	22,588	19,613
Net debt to equity ratio	**0.98**	**0.91**	**1.12**

Notes:

(i) (i) Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.

(ii) Equity includes issued equity capital, securities premium and all other reserves.

36.2 Financial Instruments by category

Particulars	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
Financial assets									
Investments in equity instruments	-	6	-		6	-	-	6	-
Loans	167	-	-	167	-	-	167	-	-
Other financial assets	544	-	-	489	-	-	1,304	-	-
Trade receivables	28,668	-	-	22,093	-	-	18,038	-	-
Cash & cash equivalents	668	-	-	771	-	-	1,313	-	-
Other bank balances	156	-	-	30	-	-	48	-	-
Total	**30,203**	**6**	**-**	**23,550**	**6**	**-**	**20,870**	**6**	**-**
Financial liabilities									
Borrowings (refer note (i) below)	21,895	-	-	19,739	-	-	21,549	-	-
Other financial liabilities	3,547	-	-	3,545	-	-	3,743	-	-
Trade payables	18,260	-	-	14,224	-	-	11,631	-	-
Total	**43,702**	**-**	**-**	**37,508**	**-**	**-**	**36,923**	**-**	**-**

Notes:

(i) Borrowings include non-current and current borrowings (refer note 17)

(ii) The management assessed that fair value of cash and cash equivalents, trade receivables, other current financial assets, trade payables, borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments, and hence these are carried at amortised cost

(iii) Investments (unquoted) are measured at fair value through initial designation in accordance with Ind-AS 109.

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

36.3 Fair Value by hierarchy

Valuation technique and key inputs

Level 1

Quoted prices (unadjusted) in an active markets for similar assets or liabilities.

Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3

Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Quantitative disclosures of fair value measurement hierarchy-Level 3 for financial instruments:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Financial Assets			
Unquoted equity shares	**6**	6	6

The fair values of the unquoted equity shares have been estimated using a Discounted Cash Flow model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, earnings growth, discount rate, and probabilities of the various estimates within the range used in management's estimate of fair value for these unquoted equity investments.

Valuation inputs and relationships to fair value:

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Particulars	Significant-unobservable inputs	Valuation process	Senstivity of the inputs to fair value
Investment in unquoted equity shares	Earnings growth rate	i) Earnings growth factor for unlisted equity shares are estimated based on the market information of similar type of companies and also considering the economic environment impact.	Any increase in earnings growth rate would increase the fair value.
	Discount rate	ii) Discount rates are determined using a capital asset pricing model, i.e., a borrowing rate at which the Company would be able to borrow funds on similar terms.	Any increase in discount rate would result in decrease in fair value.

36.4 Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company has adequate internal processes to assess, monitor and manage financial risks. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The liquidity risk is measured by the Company's inability to meet its financial obligations as they become due.

Market risk

The Company is exposed to foreign exchange risk through imports from overseas suppliers in various foreign currencies, exports to customers abroad, bill discounting, buyer's credit, packing credit. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Foreign currency exposure :

The following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of March 31, 2018:

Particulars	US Dollars	INR (in lakhs)	EURO	INR (in lakhs)	Total (INR lakhs)
Cash and cash equivalents	8,45,557	551	-	-	551
Trade receivables	62,61,383	4,078	50,200	41	4,119
Borrowings	(86,06,122)	(5,615)	-	-	(5,615)
Trade payables	(59,92,290)	(3,911)	-	-	(3,911)
Net assets/(liabilities)	**(74,91,472)**	**(4,897)**	**50,200**	**41**	**(4,856)**

The following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of March 31, 2017:

Particulars	US Dollars	INR (in lakhs)	EURO	INR (in lakhs)	Total (INR lakhs)
Cash and cash equivalents	11,48,539	744	-		744
Trade receivables	49,20,676	3,297	2,86,425	204	3,501
Borrowings	(32,07,400)	(2,083)	(85,600)	(59)	(2,142)
Trade payables	(45,88,104)	(3,079)	(85,600)	(61)	(3,140)
Net assets/(liabilities)	**(17,26,289)**	**(1,121)**	**1,15,225**	**84**	**(1,037)**

The following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of April 1, 2016:

Particulars	US Dollars	INR (in lakhs)	EURO	INR (in lakhs)	Total (INR lakhs)
Cash and cash equivalents	473,459	314	-	-	314
Trade receivables	5,029,109	3,336	48,700	37	3,373
Borrowings	(3,731,841)	(2,480)	-	-	(2,480)
Trade payables	(3,187,440)	(2,118)	-	-	(2,118)
Net assets/(liabilities)	**(1,416,713)**	**(949)**	**48,700**	**37**	**(912)**

Sensitivity analysis:

For the year ended March 31, 2018 and March 31, 2017, every increase / decrease of ₹ 1 in the respective foreign currencies compared to functional currency of the Company would impact profit before tax by (₹ 74 lakhs)/ ₹ 74 lakhs and (₹ 16 lakhs)/ ₹ 16 lakhs respectively.

Interest rate risk:

The Company draws term loans, working capital demand loans, avails cash credit, foreign currency borrowings including buyer's credit, packing credit etc. for meeting its funding requirements. The Company manages the interest rate risk by maintaining appropriate mix/portfolio of borrowings having fixed and floating rate of interest. The borrowings are serviced on a timely manner and repayments of the principal and interest amounts are made on a regular basis.

Credit risk :

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, deposits with banks, foreign exchange transactions and other financial instrument. Credit risk is managed through credit approvals, insurance of trade receivables within the aging of 90 days to 180 days, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables and investments.

Other price risks :

The Company is exposed to valuation of equity investment risks as the Company's equity investments are held for strategic rather than trading purposes.

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Liquidity risk management :

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company's principal sources of liquidity are cash & bank balances, credit facilities and cash generated from operations.

The Company has unutilised credit limits from the banks of ₹ 5,929 lakhs, ₹ 3,739 lakhs and ₹ 1,470 lakhs as of March 31, 2018, March 31, 2017 and April 1, 2016 respectively.

The working capital position of the Company:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current assets	52,974	46,178	40,578
Current liabilities	43,149	36,838	35,515
Working capital	**9,825**	**9,340**	**5,063**

The table below provides details regarding the contractual maturities of significant financial liabilities (excluding current, non-current borrowings, current maturities of non-current borrowings and Deferred Payment Liabilties) as at March 31, 2018:

Particulars	Less than 1 year	1-2 years	2 years and above
Trade payables	18,260	-	-
Other current financial liabilities	527	-	-
Other non-current financial liabilities	-	1,224	-
Total	**18,787**	**1,224**	**-**

The table below provides details regarding the contractual maturities of significant financial liabilities (excluding current, non-current borrowings, current maturities of non-current borrowings and Deferred Payment Liabilties) as at March 31, 2017:

Particulars	Less than 1 year	1-2 years	2 years and above
Trade payables	14,224	-	-
Other current financial liabilities	722	-	-
Other non-current financial liabilities	-	1,304	-
Total	**14,946**	**1,304**	**-**

The table below provides details regarding the contractual maturities of significant financial liabilities (excluding current, non-current borrowings, current maturities of non-current borrowings and Deferred Payment Liabilties) as at April 1, 2016:

Particulars	Less than 1 year	1-2 years	2 years and above
Trade payables	11,631	-	-
Other current financial liabilities	747	-	-
Other non-current financial liabilities	-	1,360	-
Total	**12,378**	**1,360**	**-**

The Company's obligation towards payment of borrowings has been included in note 17 & 18.

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

37. Earnings per share :

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit for the year attributable to shareholders of the Company	**1,072**	3,172
Basic:		
Number of shares outstanding at the year end	156,308,384	156,144,008
Weighted average number of equity shares	156,203,367	156,144,008
Earnings per share (₹)	**0.69**	2.03
Diluted:		
Effect of potential equity shares on employee stock options outstanding	494,367	370,206
Weighted average number of equity shares outstanding	156,697,734	156,514,214
Earnings per share (₹)	**0.68**	2.02

Note: EPS is calculated based on profits excluding the other comprehensive income.

38. Research and development expenses incurred:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Employee benefit expenses	36	22
Other expenses	75	73
Revenue Expenditure	**111**	95

39. Research and development expenses capitalised :

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Employee benefit expenses	169	160
Depreciation	133	140
Other expenses	179	216
Total	**481**	516

40. Leases:

The Company has entered into certain operating lease agreements and an amount of ₹ 315 lakhs (2017: ₹ 302 lakhs) paid under such agreements is charged to the statement of profit and loss. These leases are generally cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements.

41. Segment Reporting:

As the Company's business activities fall within a single primary segment viz-a-viz "manufacture of products - pesticides, insecticides etc.), therefore the disclosure requirements of Indian Accounting Standard 108 - Operating Segments are not applicable. The Company sells its products mainly within India where the conditions prevailing are uniform. Since the sales outside India are below the threshold limit, no separate geographical segment disclosure is considered necessary.

42. Change in the name of Company :

During the year, the Company changed its name from Nagarjuna Agrichem Limited to NACL Industries Limited with effect from September 4, 2017.

43. Approval of financial statements :

The financial statements are approved for issue by the Board of Directors on May 19, 2018.

for and on behalf of the Board of Directors

N.Vijayaraghavan
Director
(DIN:02491073)

V.Vijay Shankar
Managing Director
(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Place : Hyderabad
Date : 19 May 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
NACL INDUSTRIES LIMITED
(formerly "NAGARJUNA AGRICHEM LIMITED")

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of NACL Industries Limited (formerly "Nagarjuna Agrichem Limited") (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), which includes Group's share of profit in its associate, comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its Associate in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, its associate and for preventing and detecting frauds and other irregularities; the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 13 Lakhs as at March 31, 2018, total revenues of ₹ 64 Lakhs and net cash inflows amounting to ₹ 2 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 94 Lakhs for the year ended March 31, 2018, as considered in the consolidated Ind AS financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and the associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated Ind AS financial statements above, is not modified in respect of the financial statements certified by the Management.

(b) The comparative financial information of the Group for the year ended March 31, 2017, which includes its share of profit in its associate and the related transition date opening balance sheet as at April 1, 2016 included in these consolidated Ind AS financial statements, have been prepared after adjusting the previously issued consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The previously issued consolidated financial statements were audited by the predecessor auditor whose reports for the years ended March 31, 2017 and March 31, 2016 dated May 27, 2017 and May 21, 2016 respectively expressed an unmodified opinion on those consolidated financial statements. Adjustments made to the previously issued consolidated financial statements to comply with Ind AS have been audited by us.

Our opinion on the consolidated Ind AS financial statements is not modified in respect of the above matters on the comparative financial information.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on March 31, 2018 taken on record by the Board of Directors of the Parent, none of the directors of the Group companies and its associate company incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”, Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate.

   ii. The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies and associate company incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm’s Registration No. 117366W/W-100018)

Ganesh Balakrishnan

Partner

(Membership No. 201193)

Place: Hyderabad

Date: May 19, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of NACL Industries Limited (formerly "Nagarjuna Agrichem Limited") (hereinafter referred to as "the Parent"), its subsidiary companies and its associate, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary company, and associate, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent Company, its subsidiary company and its associate, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Parent company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 19, 2018

Consolidated Balance Sheet as at March 31, 2018

(₹ in lakhs, unless otherwise stated)

Particulars	Note	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
I ASSETS				
1 Non-Current Assets				
(a) Property, Plant and Equipment	4	**14,893**	15,635	18,070
(b) Capital work-in-progress	4	**220**	281	233
(c) Intangible assets	5	**890**	652	667
(d) Intangible assets under development	5	**252**	405	339
(e) Financial Assets				
(i) Investments	6	**949**	855	752
(ii) Loans	7	**167**	167	167
(iii) Others Financial Assets	8	**374**	331	570
(f) Other Non-Current Assets	9	**577**	590	613
Total Non-Current Assets		**18,322**	18,916	21,411
2 Current Assets				
(a) Inventories	10	**20,208**	21,173	18,314
(b) Financial Assets				
(i) Trade Receivables	11	**28,668**	22,093	18,042
(ii) Cash & Cash Equivalents	12	**671**	772	1,315
(iii) Other Bank balances	13	**156**	30	48
(iv) Other Financial Assets	8	**170**	158	734
(c) Current Tax Assets (net)	14	**3**	-	42
(d) Other Current Assets	9	**3,104**	1,953	2,091
Total Current Assets		**52,980**	46,179	40,586
Total Assets		**71,302**	65,095	61,997
II EQUITY & LIABILITIES				
1 Equity				
(a) Equity Share Capital	15	**1,563**	1,561	1,559
(b) Other Equity	16	**22,344**	21,349	18,281
Total Equity		**23,907**	22,910	19,840
2 Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	**2,024**	2,978	3,519
(ii) Other Financial Liabilities	18	**1,224**	1,304	1,360
(b) Provisions	19	**299**	462	202
(c) Deferred Tax Liabilities (Net)	20	**678**	594	1,547
Total Non Current Liabilities		**4,225**	5,338	6,628
3 Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	17	**19,871**	16,761	18,030
(ii) Trade Payables	21	**18,283**	14,238	11,638
(iii) Other Financial Liabilities	18	**2,324**	2,244	2,388
(b) Provisions	19	**311**	677	1,478
(c) Current Tax Liabilities (Net)	14	**-**	466	-
(d) Other Current Liabilities	22	**2,381**	2,461	1,995
Total Current Liabilities		**43,170**	36,847	35,529
Total Liabilities		**47,395**	42,185	42,157
Total Equity & Liabilities		**71,302**	65,095	61,997

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : 19 May 2018

for and on behalf of the Board of Directors

N.Vijayaraghavan
Director
(DIN:02491073)

V.Vijay Shankar
Managing Director
(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Consolidated Statement of Profit & Loss for the year ended March 31, 2018

(₹ in lakhs, unless otherwise stated)

	Particulars	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
I	**Income**			
	Revenue from Operations	23	**86,581**	83,534
	Other Income	24	**1,906**	1,504
	Total Income		**88,487**	85,038
II	**Expenses**			
	Cost of materials consumed	25	**48,614**	43,540
	Purchases of Stock-in-Trade		**6,271**	4,842
	Changes in inventories of finished goods, work in progress and stock-in-trade	26	**1,348**	(2,960)
	Excise Duty		**1,911**	10,062
	Employee Benefit Expenses	27	**6,969**	6,202
	Finance Costs	28	**3,342**	3,787
	Depreciation and Amortization Expenses	29	**1,977**	2,823
	Other Expenses	30	**16,606**	16,248
	Total Expenses		**87,038**	84,544
III	**Profit before Exceptional Items and tax (I - II)**		**1,449**	494
IV	**Exceptional Items**	31	**-**	2,557
V	**Share of profit from associate**		**94**	103
VI	**Profit before tax (III + IV+V)**		**1,543**	3,154
VII	**Tax expense:**			
	(1) Current Tax	14.1	**540**	842
	(2) Deferred Tax	20	**(154)**	(954)
	Total Tax Expense		**386**	(112)
VIII	**Profit for the year (V - VI)**		**1,157**	3,266
IX	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	(a) Remeasurement of defined benefit obligation	19	**71**	(73)
	(b) Income tax expense on remeasurement above	14.1	**(25)**	25
	Total other comprehensive income		**46**	(48)
X	**Total Comprehensive Income for the year (VII + VIII+IX)**		**1,203**	3,218
XI	**Earnings per Equity Share of ₹ 1 each**			
	Basic (₹)	38	**0.74**	2.09
	Diluted (₹)	38	**0.74**	2.08

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : 19 May 2018

for and on behalf of the Board of Directors

N.Vijayaraghavan
Director
(DIN:02491073)

V.Vijay Shankar
Managing Director
(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2018

(₹ in lakhs, unless otherwise stated)

Particulars		As at March 31, 2018	As at March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		1,543	3,154
Adjustments for:			
Depreciation and amortisation expense		1,977	2,823
Finance costs		3,342	3,787
Interest income		(68)	(87)
Unrealised forex (loss)/gain		103	(50)
Share of profit from associate		(94)	(103)
Excess provisions, no longer required, written back		(184)	(163)
Provision for doubtful debts		210	731
Loss on sale of property, plant and equipment (net)		118	124
Share-based payments		15	21
Bad debts written off		101	654
Operating profit before working capital changes		**7,063**	**10,891**
Changes in working capital:			
Adjustment for (increase)/decrease in operating assets:			
Inventories		964	(2,859)
Trade receivables		(6,712)	(5,347)
Other financial assets		(23)	831
Other assets		(1,156)	152
Adjustment for increase/(decrease) in operating liabilities:			
Trade payables		3,820	2,513
Provisions		(353)	(433)
Other financial liabilities		(304)	(35)
Other current liabilities		(80)	467
Cash generated from operations		3,219	6,180
Income taxes paid (net)		(771)	(334)
Net cash generated from operating activities	**(A)**	**2,448**	**5,846**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment including capital advances		(1,341)	(1,070)
Proceeds from sale of property, plant and equipment		14	412
Movement in other bank balances		(126)	18
Interest income received		36	71
Net cash used in investing activities	**(B)**	**(1,417)**	**(569)**

Consolidated Cash Flow Statement for the year ended March 31, 2018

(₹ in lakhs, unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares including securities premium	28	39
Proceeds from long term borrowings	850	800
Repayment of long term borrowings	(1,501)	(1,424)
Proceeds from short term borrowings (net)	3,074	(1,269)
Dividend paid including tax thereon	(234)	(188)
Finance costs paid	(3,349)	(3,778)
Net cash used in financing activities (C)	**(1,132)**	**(5,820)**
Net decrease in cash and cash equivalents (D) = (A+B+C)	**(101)**	**(543)**
Cash and cash equivalents at the beginning of the year (E)	**772**	**1,315**
Cash and cash equivalents at the end of the year (F) = (D)+(E) (refer note 12)	**671**	**772**

Note:

Consolidated Cash Flow Statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on Cash Flow Statements. Cash and cash eqivalents in the cash flow statement comprise cash at bank and in hand and cash equivalents which are short-term and held for the purpose of meeting short-term cash commitments.

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : 19 May 2018

for and on behalf of the Board of Directors

N.Vijayaraghavan
Director
(DIN:02491073)

V.Vijay Shankar
Managing Director
(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Consolidate Statement of changes in equity for the year ended March 31, 2018

(₹ in lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Note	Number of shares	Amount
Balance as at April 1, 2016		**155,911,508**	**1,559**
Add: Issue of equity shares under Company's employee stock option plan	15.2	232,500	2
Balance as at March 31, 2017		**156,144,008**	**1,561**
Add: Issue of equity shares under Company's employee stock option plan	15.2	164,376	2
Balance as at March 31, 2018		**156,308,384**	**1,563**

B. Other equity

Particulars	Reserves and surplus (refer Note 16)				Items of other comprehensive income (refer Note 16)		Total
	Capital reserve	Securities premium	General reserve	Retained earnings	Equity instruments through other comprehensive income	Remeasurement of defined benefit obligation	
Balance at April 1, 2016	**37**	**179**	**4,175**	**14,389**	**(499)**	**-**	**18,281**
Payment of dividends	-	-	-	(188)	-	-	(188)
Issue of equity shares under Company's employee stock option plan	-	37	-	-	-	-	37
Other Comprehensive Income for the year net of income tax	-	-	-	-	-	(48)	(48)
Other adjustments	-	-	-	1	-		1
Profit for the year	-	-	-	3,266	-	-	3,266
Balance as at March 31, 2017	**37**	**216**	**4,175**	**17,468**	**(499)**	**(48)**	**21,349**
Payment of dividends	-	-	-	(234)	-	-	(234)
Amount received on exercise of employee stock options	-	26	-	-	-	-	26
Other Comprehensive Income for the year net of income tax	-	-	-	-	-	46	46
Profit for the year	-	-	-	1,157	-	-	1,157
Balance as at March 31, 2018	**37**	**242**	**4,175**	**18,391**	**(499)**	**(2)**	**22,344**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : 19 May 2018

for and on behalf of the Board of Directors

N.Vijayaraghavan
Director
(DIN:02491073)

V.Vijay Shankar
Managing Director
(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

1. General Information

NACL Industries Limited (formerly Nagarjuna Agrichem Limited) (“the Company”) is a Public Limited Company listed with the BSE Limited and National Stock Exchange Limited. The Company and and two of its subsidiaries (the Company and its subsidiaries together referred to as ‘the Group) are in the business of crop protection and manufactures both Technicals (Active Ingredient - AI) and Formulations. It manufactures all kinds of pesticides, insecticides, acaricides, herbicides, fungicides and other plant growth chemicals. The Group ’s formulation business is mainly in the Indian market and sells through its large retail dealer network of nearly 12,500 dealers, spread across India. The Group has a range of branded formulations. It also exports technicals and formulations and does toll manufacture for certain multinational companies.

List of subsidiaries and associates considered for consolidation

Name of the Company	Relationship	Country of incorporation	Percentage of voting power as at March 31, 2018	Percentage of voting power as at March 31, 2017	Percentage of voting power as at April 1, 2016
LR Research Laboratories Private Limited	Subsidiary	India	100%	100%	100%
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary	Australia	100%	100%	100%
Nasanse Labs Private Limited	Associate	India	26%	26%	26%

2. Significant accounting policies

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (“Ind AS”) notified under Section 133 of the Companies Act, 2013 (“the Act”) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Upto the year ended March 31, 2017, the Group prepared its financial statements in accordance with the requirements of previous generally accepted accounting principles (“Previous GAAP”), which includes Accounting Standards (“AS”) notified under the Companies (Accounting Standards) Rules, 2006. These are the Group’s first Ind AS financial statements. The date of transition to Ind AS is April 1, 2016. Refer Note 32 for the details of reconciliations from Previous GAAP and first-time adoption exemptions availed by the Group.

2.2 Basis for preparation and presentation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, and on accrual basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for similar assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Based on the nature of activities of the Group and the average time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current. The principal accounting policies are set out below.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

2.3 Use of estimates

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses for the periods reported.

The management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable.

Future results could differ from these estimates – estimates and underlying assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are reflected in the consolidated financial statements in the period in which results are known and, if material, are disclosed in the consolidated financial statements.

2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Entities controlled by the company are consolidated from the date control commences until the date control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests.

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

a) Sale of goods is recognised net of returns and trade discounts, when the significant risk and rewards of the ownership of goods are transferred to the buyers. Sales includes amounts recovered towards excise duty and exclude sales tax/value added tax/goods and service tax. Revenue also recognised on sale of goods in case where the delivery is kept pending at the instance of the customer, the risk and rewards are transferred and customer takes the title and accepts billing as per usual payment terms.

b) Revenue from processing/conversion services is recognised when the underlying goods are manufactured and ready for delivery i.e. on completion of service.

c) Export benefits and other excise benefits are accounted for on accrual basis.

2.6 Other income

a) Dividend income from investments is recognised in the year in which the right to receive the payment is established.

b) Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

c) Export benefits and other excise benefits are accounted for on accrual basis.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

2.7 Leasing

As a lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease

The lease rentals under such agreements are recognised in the statement of profit and loss as per the terms of the lease. Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

As a lessor

Operating lease

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

2.8 Insurance claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.9 Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which entity operates (i.e. "functional currency"). The financial statements are presented in Indian Rupee (₹), the national currency of India, which is the functional currency of the Group.

2.10 Foreign currencies

In preparing the financial statements of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in consolidated statement of profit and loss in the period in which they arise.

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in consolidated statement of profit and loss in the period in which they are incurred.

2.12 Government grants

The benefit of a government loan/subsidy at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on effective interest rates.

2.13 Employee benefits

Employee benefits include Provident fund, employee's state insurance scheme, gratuity fund and compensated absences.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

2.13.1 Defined contribution plans

Contributions in respect of Employees Provident Fund and Pension Fund which are defined contribution schemes, are made to a fund administered through Regional Provident Fund Commissioner and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

2.13.2 Defined benefit plans

The Group's Gratuity scheme for its employees is a defined benefit retirement benefit plan. Obligations under the gratuity scheme is covered under a Scheme of Life Insurance Corporation of India (LIC) and contributions in respect of such scheme are recognised in the consolidated statement of profit and loss. The liability as at the consolidated Balance Sheet date is provided for using the projected unit credit method, with actuarial valuations being carried out as at the end of the year.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the consolidated balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to consolidated statement of profit and loss.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

2.13.3 Short-term employee benefits

The employees of the Group are entitled to compensated absences. The employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Group records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Group measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the consolidated balance sheet date on projected unit credit method.

2.13.4 Other long-term employee benefits

Other long term employee benefit comprise of leave encashment which is provided for based on the actuarial valuation carried out as at the end of the year.Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

2.14 Share based payment arrangement

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the consolidated statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

2.15 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit attributable to equity shareholders by weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

2.16 Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in consolidated statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

2.16.1 Current Tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961.

2.16.2 Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.16.3 Minimum Alternate Tax (MAT) Credit

Minimum alternate tax (MAT) credit is recognised in accordance with tax laws in India as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. The Group reviews the MAT credit at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Group will pay normal income tax during the specified period.

2.16.4 Current tax and deferred tax for the year

Current and deferred tax are recognised in the consolidated statement profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.17 Cash and cash equivalents

Cash comprises cash on hand and in bank. The Group considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents. Such cash equivalents are subject to insignificant risk of changes in value. Cash flows are reported using indirect method, whereby profit before tax is adjusted for the effects of transaction of non - cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

2.18 Property, plant and equipment

Property, plant and equipment are stated in the consolidated Balance Sheet at cost, less accumulated depreciation and impairment losses, if any. Cost includes purchase price, attributable expenditure incurred in bringing the asset to its working condition for the intended use and cost of borrowing till the date of capitalisation in the case of assets involving material investment and substantial lead time.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets in whose case the life of certain assets has been assessed based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, maintenance support etc.

Asset	Useful lives (in years)	Useful lives (in years)	Useful lives (in years)
Particulars	**For the year ended 31, 2018**	**For the year ended March 31, 2017**	**For the year ended March 31, 2016**
Plant and equipment	15 - 20	15	15

During the current financial year, the Group reassessed the useful life of the plant & equipment block of assets located at factories from 15 to 20 years on the basis of technical assessment.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets costing Rs. 5,000 and below are depreciated over a period of one year. Land is not depreciated.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit and loss.

2.19 Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Cost of an intangible asset comprises of purchase price and attributable expenditure on making the asset ready for its intended use.

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use.

The estimated useful life of an identifiable intangible asset is as under:

- Goodwill is amortised over a period of 10 years
- Computer software is amortised over a period of 2 years
- Developed products are amortised over a period of 3 years

The estimated useful life and amortisation method are reviewed periodically at the end of each reporting period.

Intangible assets under development are carried at cost, comprising direct cost and related incidental expenses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the consolidated statement of profit and loss when the asset is derecognized.

2.20 Research and development

Research costs are expensed as incurred. Development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Group has an intention and ability to complete and use the asset and the costs can be measured reliably. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis for preparing the asset for its intended use.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

2.21 Impairment of assets

2.21.1 Non financial assets - property, plant and equipment and intangible assets

The Group assesses at each reporting date whether there is an indication that an asset/cash generating unit may be impaired. If any indication exists the Group estimates the recoverable amount of such assets and if carrying amount exceeds the recoverable amount, impairment is recognised. The recoverable amount is the higher of the fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount factor. When there is indication that previously recognised impairment loss no longer exists or may have decreased such reversal of impairment loss is recognised in the consolidated statement of profit and loss.

2.21.2 Financial assets

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the consolidated statement of profit and loss.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. As a practical expedient, the Group uses a provision matrix to determine impairment loss of it's trade receivables. The provision matrix is based on it's historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognised in the statement of profit and loss.

2.22 Inventories

Inventories are valued at lower of cost (on weighted average basis) and net realisable value after providing for obsolescence and other losses, where considered necessary. Net realisable value represents the estimated selling price of inventories less all the estimated costs of completion and the costs necessary to make the sale.

The method of determination of cost of various categories of inventories is as follows:

i. **Raw Materials** - Weighted average cost. Cost includes the purchase cost and other attributable expenses;

ii. **Work-in-process** - Weighted average cost. Cost includes the purchase cost and other attributable expenses;

iii. **Finished Goods** - Weighted average cost of production which comprises of direct material costs, direct wages and applicable overheads. Excise duty is included in the value of finished goods;

iv. **Stores and Spares, Packing Material** - Weighted average cost;

v. **Stock-in-trade** - Weighted average cost.

2.23 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reasonable estimate of the amount of obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities are disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the Group or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are neither recognised nor disclosed in the consolidated financial statements.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

2.24 Financial Instruments

(i) Initial recognition

Financial assets and financial liabilities are recognised when a Group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit and loss.

(ii) Subsequent Recognition

Non-derivative financial instruments:

a. Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

c. Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

d. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through consolidated statement of profit and loss. For trade and other payables maturing with in one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value Through Profit or Loss(FVTPL). Interest income is recognised in consolidated statement of profit and loss and is included in the “other income” line item.

Investment in subsidiaries and associates

On initial recognition, these investments are recognized at fair value plus any directly attributable transaction cost.Subsequently, they are measured at cost.

Derecognition of financial assets and financial liabilities

Financial asset:

The Group de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group retains substantially all the rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in consolidated statement of profit and loss if such gain or loss would have otherwise been recognised in consolidated statement of profit and loss on disposal of that financial asset.

Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of profit and loss.

Foreign exchange gains and losses

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in consolidated statement of profit and loss.

Changes in the carrying amount of investments in equity instruments at Fair Value Through Other Comprehensive Income (FVTOCI) relating to changes in foreign currency rates are recognised in other comprehensive income.For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in consolidated statement of profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the consolidated statement of profit and loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in consolidated statement of profit and loss.

2.25 Fair value measurement

In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

2.26 Exceptional Items

Significant gains/losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional item'.

2.27 Recent accounting pronouncements:

Standards issued but not yet effective:

In March 2018, The Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 notifying Ind AS 115 Revenue From Contracts with Customers and amendments to Ind AS 21 The Effects of changes in Foreign Exchange Rates, applicable for annual periods beginning on or after April 01, 2018.

Ind AS 115 – Revenue from Contracts with Customers:

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard IND AS 18 – Revenue, Ind AS 11 – Construction Contracts when it becomes effective.The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, based on the five step approach as defined in this standard.Under this standard, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.The Group is evaluating the impact of this amendment on its financial statements.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates:

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.The Group is evaluating the impact of this amendment on its financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical Judgements

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

Contingences and commitments

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Group. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position or profitability.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories the Group makes an estimate of future selling prices and costs necessary to make the sale.

Provision for employee benefits

The Group uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.

Notes to the Consolidated Financial Statements

4. Property, plant and equipment and capital work-in-progress (₹ in lakhs, unless otherwise stated)

4.1 Carrying amounts of:

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Land	2,508	2,508	2,508
Buildings	3,201	3,179	3,676
Plant and Equipment	8,689	9,394	11,367
Furniture and Fixtures	228	275	324
Vehicles	72	74	44
Office equipment	51	57	49
Computers	144	148	102
Total	14,893	15,635	18,070
Capital work-in-progress	220	281	233

4.2 Movement of property, plant and equipment:

Particulars	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers	Total
Cost or deemed cost								
Balance as at April 01, 2016	**2,508**	**5,310**	**31,000**	**595**	**147**	**228**	**519**	**40,307**
Add: Additions	-	52	377	7	47	27	98	608
Less: Disposals	-	530	3	9	21	37	42	642
Balance as at March 31, 2017	**2,508**	**4,832**	**31,374**	**593**	**173**	**218**	**575**	**40,273**
Add: Additions	-	163	801	7	14	11	55	1,051
Less: Disposals	-	-	-	-	36	2	60	98
Balance as at March 31, 2018	**2,508**	**4,995**	**32,175**	**600**	**151**	**227**	**570**	**41,226**

4.3 Accumulated depreciation

Particulars	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers	Total
Balance as at April 01, 2016	**-**	**1,634**	**19,633**	**271**	**103**	**179**	**417**	**22,237**
Less: Disposals	-	135	2	8	17	34	36	232
Add: Depreciation expense	-	154	2,349	55	13	16	46	2,633
Balance as at March 31, 2017	**-**	**1,653**	**21,980**	**318**	**99**	**161**	**427**	**24,638**
Less: Disposals	-	-	-	-	33	1	55	89
Add: Depreciation expense	-	141	1,506	54	13	16	54	1,784
Balance as at March 31, 2018	**-**	**1,794**	**23,486**	**372**	**79**	**176**	**426**	**26,333**

Notes:

(i) During the current financial year, the Group reassessed the useful life of the plant & equipment block of assets located at the factories from 15 to 20 years on the basis of technical assessment. The resultanant decrease in depreciation expenses during the year amounts to ₹ 785 lakhs.

(ii) Above includes opening gross block of ₹ 1,910 lakhs (2017: ₹ 1,921 lakhs, 2016: ₹ 1,183 lakhs), additions amounting to ₹ 6 lakhs (2017: ₹ 102 lakhs, 2016: ₹ 117 lakhs) and net block amounting to ₹ 1042 lakhs (2017: ₹ 1,129 lakhs, 2016: ₹ 1,183 lakhs) in respect of in-house research and development.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

5. Intangible assets and intangible assets under development

5.1 Carrying amounts of:

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Goodwill	-	-	-
Computer software	55	-	86
Developed products	835	652	581
Technical Knowhow	-	-	-
Total	**890**	652	667
Intangible assets under development	**252**	405	339

5.2 Movement of intangible assets:

Particulars	Goodwill	Computer software	Developed products	Technical Knowhow	Total
Cost or deemed cost					
Balance as at April 01, 2016	121	324	770	65	1,280
Add: Additions	-	-	441	-	441
Less: Disposals	-	-	199	-	199
Balance as at March 31, 2017	121	324	1,012	65	1,522
Add: Additions	-	55	634	-	689
Less: Disposals	-	-	393	-	393
Balance as at March 31, 2018	**121**	**379**	**1,253**	**65**	**1,818**

5.3 Accumulated amortisation:

Particulars	Goodwill	Computer software	Developed products	Technical Knowhow	Total
Balance as at April 01, 2016	121	238	189	65	613
Less: Disposals	-	-	73	-	73
Add: Amortisation expense	-	86	244	-	330
Balance as at March 31, 2017	121	324	360	65	870
Less: Disposals	-	-	268	-	268
Add: Amortisation expense	-	-	326	-	326
Balance as at March 31, 2018	**121**	**324**	**418**	**65**	**928**

6. Non-current investments

Particulars	Nominal value	Number of shares	As at March 31, 2018	Number of shares	As at March 31, 2017	Number of shares	As at April 1, 2016
Unquoted equity investments (all fully paid)							
(a) Investment in associate at equity method							
Nasense Labs Private Limited (Formerly USP Organics Pvt Ltd)	₹ 10	4,936,052	**849**	4,936,052	746	4,936,052	494
Add: Share of profit of current year			**94**		103		252
			943		849		746
(a) Other equity investment at fair value through other comprehensive income							
New India Co-operative Bank Limited	₹ 10	50,000	**5**	50,000	5	50,000	5
SVC Co-operative Bank Ltd	₹ 25	100	*****	100	*	100	*
Total equity investments (A)			**948**		**854**		**751**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

Particulars	Nominal value	Number of shares	As at March 31, 2018	Number of shares	As at March 31, 2017	Number of shares	As at April 1, 2016
Investment in preference shares at fair value through other comprehensive income							
Nagaarjuna Shubho Green Technologies Private Limited							
10% cumulative redeemable preference shares	₹ 100	500,000	1	500,000	1	500,000	1
Total other investments (B)			**1**		**1**		**1**
Total unquoted investments (A) + (B)			**949**		**855**		**752**

***less than a lakh**

7. Loans

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non Current			
Unsecured, considered good			
Loan to associate company - Nasense Labs Private Limited (formerly USP Organics Pvt, Ltd.)	167	167	167
Total	**167**	**167**	**167**

8. Other Financial Assets

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non - Current			
Security deposits (refer note below)	313	316	311
Others	61	15	259
Total	**374**	**331**	**570**
Current			
Interest accrued on Deposits and Others	155	123	107
Insurance Claims Receivable	-	20	627
Others	15	15	-
Total	**170**	**158**	**734**

Note: Security deposits include rental deposit amounting to ₹ 50 lakhs (2017: ₹ 44 lakhs, 2016: ₹ 39 lakhs) with Smt. K.Lakshmi Raju, Chairperson of the Group.

9. Other Assets

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non Current			
Capital advances	60	77	86
Balance with government authorities	512	507	516
Prepaid expenses	5	6	11
Total	**577**	**590**	**613**
Current			
Advance to material Suppliers and Others	446	1,091	936
Balance with government authorities	2,277	392	532
Advance to related parties (refer note 33)	92	292	427
Prepaid expenses	284	174	193
Advances to employees	5	4	3
Total	**3,104**	**1,953**	**2,091**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

10. Inventories

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Raw materials (refer note (i) and (ii) below)	**6,176**	5,961	6,196
Work-in progress	**1,067**	787	708
Finished goods (refer note (ii) below)	**8,934**	11,730	9,635
Traded Goods	**2,673**	1,506	720
Packing materials	**741**	575	592
Stores and Spares	**617**	614	463
Total	**20,208**	**21,173**	**18,314**

Notes:

(i) Raw materials includes goods in transit ₹ 1,230 lakhs (2017: ₹ 526 lakhs and 2016: ₹ 513 lakhs).

(ii) Raw materials amounting to ₹ 85 lakhs (2017: ₹ Nil and 2016: ₹ Nil) are written off during the year. Finished goods written off during the year on account of expired stock amounts to ₹ 105 lakhs (2017: ₹ 253 lakhs and 2016: ₹ 135 lakhs).

(iii) The mode of valuation of inventories has been stated in note 2.22.

(iv) Inventory is hypothecated to working capital lenders.

11. Trade Receivables

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current			
Unsecured, considered good	**28,668**	22,093	18,042
Considered doubtful	**797**	1,520	789
Allowance for doubtful debts	**(797)**	(1,520)	(789)
Total	**28,668**	22,093	18,042

Note:

Epected credit loss (ECL):

(i) The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom the Group grants credit terms in the normal course of business. The credit period on sale of goods varies with seasons & markets and generally ranges between 30 to 180 days. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed annually.

As a practical expedient, the Group uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL allowance (or reversal) during the year is recognised in the consolidated statement of profit and loss.

(ii) Movement in the allowance for doubtful debts

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Balance at the beginning of the year	**1,520**	789
Provision made during the year	**190**	731
Amounts written off during the year as uncollectable	**(913)**	-
Balance at the end of the year	**797**	1,520

(iii) The concentration of risk with respect to trade receivables is reasonably low, as its customers are located in several jurisdictions representing large number of minor receivables operating in independent markets. No single customer constitutes more than 5% balance of the total trade receivables as at the Balance Sheet date.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

12. Cash and Cash Equivalents

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balances with banks			
In Current Accounts	**663**	767	1,299
Cash on hand	**8**	5	16
Total	**671**	**772**	**1,315**

13. Other bank balances

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
In earmarked accounts			
Unclaimed dividend accounts (refer note (i) below)	**16**	29	47
Margin money / deposit (refer note (ii) below)	**140**	1	1
Total	**156**	**30**	**48**

(i) Unclaimed dividend accounts

If the dividend has not been claimed within 30 days from the date of declaration, the Company is required to transfer the total amount of dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in a scheduled bank to be called “”Unpaid Dividend Account””. The unclaimed dividend lying in such account is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government after a period of seven years from the date of declaration.

(ii) Margin money / deposit

Amounts in margin money represents deposit with bank against the letter of credit issued by them and deposit accounts represent amounts deposited with certain government agencies.

14. Current Tax Asset/(Liability)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current tax assets			
Advance Tax Paid	**320**	572	272
TDS Receivable	**19**	19	11
Total (A)	**339**	**591**	**283**
Current Tax Liability			
Provision for Taxation	**(336)**	(1,057)	(241)
Total (B)	**(336)**	(1,057)	(241)
Total Current Tax Asset/(Liability) (A-B)	**3**	**(466)**	**42**

14.1 Tax expense

A. Income tax expense / (benefit) recognised in the statement of consolidated profit and loss

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax		
In respect of current year	**540**	842
Total (A)	**540**	**842**
Deferred taxes credit		
In respect of current year	**107**	141
MAT credit	**(261)**	(1,095)
Total (B)	**(154)**	**(954)**
Total tax expense (A)+(B)	**386**	**(112)**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

B. Income tax expense / (benefit) recognised in the other comprehensive income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Income tax expense/(benefit) recognised directly in equity consists of:		
Tax effect on actuarial gains/losses on defined benefit obligations	(25)	25
Total	**(25)**	**25**

C. Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	1,543	3,154
Less: Share of profit from associate	94	103
Profit before tax	1,449	3,051
Enacted rate in India	34.608%	34.608%
Computed expected tax expense	502	1,056
Effect of exemptions / deductions for tax purpose	(1,088)	(1,718)
Effect of expenses that are not deductible in determining taxable profit	1,230	1,716
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	-	(319)
Excess of MAT tax over normal tax	-	245
MAT Credit entitlement	(261)	(1,095)
Others	3	3
Income tax expense	386	(112)
Effective tax rate	27%	-4%

15. Equity

15.1 Equity Share Capital

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Authorised Share Capital:	200,000,000	2,000	200,000,000	2,000	200,000,000	2,000
Fully paid equity shares of ₹ 1 each (refer note below)						
Issued, Subscribed and fully Paid Up Capital	156,308,384	1,563	156,144,008	1,561	155,911,508	1,559
Fully paid equity shares of ₹ 1 each						
Total	**156,308,384**	**1,563**	**156,144,008**	**1,561**	**155,911,508**	**1,559**

Note:
The Company has applied for increase in the authorised share capital from 200,000,000 equity shares of ₹ 1 each to 250,000,000 equity shares of ₹ 1 each, which is pending necessary regulatory approvals.

15.2 Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Share Capital at the beginning of the year	**156,144,008**	**1,561**	**155,911,508**	**1,559**	**155,911,508**	**1,559**
Add: Issue of equity shares under Company's employee stock option plan	164,376	2	232,500	2	-	-
Share Capital at the end of the year	**156,308,384**	**1,563**	**156,144,008**	**1,561**	**155,911,508**	**1,559**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

15.3 Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

15.4 Details of shared held by each shareholder holding more than 5% shares:

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	% of Shareholding	Number of shares held	% of Share-holding	Number of shares held	% of Shareholding	Number of shares held
KLR Products Limited (Holding Company)	**72.69%**	**113,623,500**	72.77%	113,623,500	72.88%	113,623,500

15.5 "Nagarjuna Agrichem Ltd.-Employee Stock Option Scheme-2015"

i) The "Nagarjuna Agrichem Ltd.-Employee Stock Option Scheme-2015" (hereinafter referred to as "ESOS-2015") was approved by the Shareholders in the 28th Annual General Meeting of the Company held on September 28, 2015 and is being administered by the Compensation Committee of the Board of Directors, set up for the purpose.

ii) Under the ESOS-2015, 11,50,000 options have been reserved to be issued to the eligible employees, with each option conferring a right upon such employee to apply for one equity share of ₹ 1 each of the Company. The options granted under the scheme would vest after a minimum period of one year from the date of grant and may spread over a maximum period of five years after the aforesaid one year. The options granted to the employees would be capable of being exercised within a period, of two years from the date of vesting.

iii) Pursuant to ESOS-2015, the Company granted 60,000 options during the year 2017-18 (2017: ₹ Nil) with a vesting period spread over maximum period of five years commencing after one year from the date of grant. The options were granted at an exercise price of ₹ 8 per share lesser than the fair market value of the shares as on the date of the grant. Accordingly an amount of ₹ 15 lakhs (financial year 2016-17: ₹ 21 lakhs) has been recognised as 'Employee stock compensation expense' under 'Employee benefits expense'.

iv) Summary of Stock Option:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Number of stock options	Number of stock options	Number of stock options
Options Reserved	**1,150,000**	1,150,000	1,150,000
Options outstanding at the beginning of the year	**697,500**	930,000	930,000
Options granted during the year	**60,000**	-	-
Options exercised during the year*	**164,376**	232,500	-
Options outstanding at the end of the year**	**593,124**	697,500	930,000
Options vested but not exercised at the end of the year	**-**	-	-
* options exercised by employees of subsidiary / associate companies	10,500	18,000	-
** options outstanding with employees of subsidiary / associate companies	31,500	42,000	60,000

v) Fair value of shares granted during the year:

The weighted average fair value of the share options granted during the year is ₹ 9.81 - ₹ 23.89. Options were priced using Black Scholes pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the eff ects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility is based on the historical share price volatility over the past years.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

The following assumptions were used for calculation of fair value of grants as per Black Scholes Options Pricing model:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Risk free Interest Rate (%)	**6.74 - 7.73**	7	7
Expected life (years)	**6**	6	6
Expected volatility (%)	**63.92 - 64.89**	73	73
Dividend yield (%)	**0.31 - 0.66**	1	1
Price of the underlying share in market at the time of the option grant (₹)			
-Grant 1	**17**	17	17
-Grant 2	**18**	18	18
-Grant 3	**29**	Not applicable	Not applicable
Weighted average share price at the date of exercise	**47**	18	18
Weighted average remaining contractual life			
-Grant 1	**3 - 4 years**	4 - 5 years	5 - 6 years
-Grant 2	**3 - 4 years**	4 - 5 years	5 - 6 years
-Grant 3	**5 - 6 years**	Not applicable	Not applicable

Assumptions :

Stock price : Closing price on BSE on the previous date to the date of grant has been considered.

Volatility : The historical volatility over the expected life has been considered to calculate the fair value.

Risk-free rate of return : The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity nearly equal to the expected life of the options based on the zero-coupon yield curve Government securities.

Exercise price : Exercise price of ₹.8 as per the ESOS-2015 considered.

Expected life : Expected life of options is the period for which the Company expects the options are available to be vested.

Expected dividend yield : Expected dividend yield has been calculated as an average of dividend yields for the financial years preceding the date of grant.

16. Other equity

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
General reserve	4,175	4,175	4,175
Reserve for equity instruments through other comprehensive income	(499)	(499)	(499)
Remeasurement of defined benefit obligation	(2)	(48)	-
Retained earnings	18,391	17,468	14,389
Capital reserve	37	37	37
Securities premium account	242	216	179
Total	**22,344**	**21,349**	**18,281**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

16.1 Other equity

Particulars	As at March 31, 2018	As at March 31, 2017
Capital reserve	**37**	**37**
Securities premium account		
Opening balance	**216**	179
Add: On allotment of shares during the year	**26**	37
Closing balance	**242**	**216**
General reserve	**4,175**	4,175
Reserve for equity instruments through other comprehensive income	**(499)**	(499)
Remeasurement of defined benefit obligation		
Opening balance	**(48)**	-
Add/(less): Movement during the year	**46**	(48)
Closing balance	**(2)**	**(48)**
Retained earnings		
Opening balance	**17,468**	**14,389**
Add: Profit for the year	**1,157**	**3,266**
	18,625	**17,655**
Less: Dividends including corporate dividend tax	**(234)**	**(188)**
Add: Other adjustments	-	1
Closing balance	**18,391**	**17,468**
Total	**22,344**	**21,349**

Nature of reserves

(a) General reserve

This represents appropriation of profit by the Group.

(b) Securities premium account

“Amounts received on issue of shares in excess of the par value has been classified as securities premium.

(c) Reserve for equity instruments through other comprehensive income

This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.

(d) Retained earnings

Retained earnings comprise of undistributed earnings after taxes (including current year profits).

In respect of the year ended March 31, 2018, the directors recommended a final dividend of ₹ 0.125 per equity share be paid on fully paid equity shares. The equity dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

17. Borrowings

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non Current			
Secured - at amortised cost			
Term Loans from banks (refer note (a) below)	**1,981**	2,932	3,444
Unsecured - at amortised cost			
Deferred Payment Liabilities (Refer Note (b) below)	**43**	46	75
Total - Non Current	**2,024**	**2,978**	**3,519**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current			
Secured - at amortised cost			
Repayable on demand from banks (refer note (c) below)	**18,392**	14,805	15,486
Unsecured - at amortised cost			
from banks (Refer note (d) below)			
Short term loans	**1,311**	1,807	1,807
Others	**168**	149	737
Total - Current	**19,871**	**16,761**	**18,030**

Notes:

a. Terms of repayment of term loans

State Bank of India

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	Repayment commencing from
Term loan	**-**	-	250	Dec/13

Secured by: first ranking paripasu charge on fixed assets of the company, second ranking paripasu charge on current assets of the company, guranteed by Sri K.S. Raju, Director of the company (ceased to be the director with effect from February 3, 2017) and pledge of 46,773,453 number company equity shares held by Holding company.

Repayable in 12 quarterly installments.

New-India Co-operative Bank Ltd

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	Repayment commencing from
Term loan1	**-**	-	125	Dec/13
Term loan 2	**-**	-	370	Feb/16
Term loan 3	**87**	435	695	Jul/16
Term loan 4	**224**	522	595	Jan/17
Term loan 5	**559**	744	-	Dec/17
Term loan 6	**895**	42	-	Apr/18

Secured by: first ranking pari-passu charge on fixed assets of the Company and other movable assets on pari passu basis with other term loan lendors.

Repayable in 8 quarterly installments. Rate of interest 12.50% p.a.

SVC Co-Op Bank Ltd

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	Repayment commencing from
Term loan	**2,010**	2,680	2,982	Oct/16

Secured by: first ranking pari-passu charge on fixed assets of the Company, second ranking pari-passu charge on current assets of the company and is guaranteed by Smt. K. Lakshmi Raju, Director of the Company.

Repayable in 18 quarterly installments.

Rate of interest 12.50% p.a.

Current maturities of non-current borrowings have been disclosed under the head other current financial liabilities.

(b) Deferred payment liabilities

Vide revised order No.10/1/9/0023/0387/ID dated January 31, 2001 the Government of Andhra Pradesh had sanctioned sales tax deferment to the Company in respect of Acephate and Profenofos for a period of fourteen years commencing from September 9, 1997 for Acephate and from February 23, 2000 for Profenofos subject to a maximum

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

of ₹ 1,029 lakhs. The sales tax deferred in a year is payable at the end of 14th year without interest. Since financial year 2006-07 the Company has decided not to avail the sales tax deferment. First repayment commenced from September 25, 2013 as prescribed in the order. Based on the sales tax returns the sales tax so deferred aggregates to ₹ 47 lakhs as at March 31, 2018 (2017 ₹ 75 lakhs and 2016 ₹ 138 lakhs). Of which ₹ 4 lakhs as at March 31, 2018 (2017 ₹ 29 lakhs and 2016 ₹ 62 lakhs) has been grouped under note 18 - other current financial liabilities, which are payable in next 12 months.

(c) Loans repayable on demand

Loans repayable on demand from banks (along with non fund based limits of letters of credit and bank guarantees) from the Consortium i.e. State Bank of India, IDBI Bank Limited, HDFC Bank Limited, SVC Co-operative Bank Limited and RBL Bank Limited are secured by way of hypothecation of current assets comprising stock in trade, book debts and stores and spares, both present and future. The aforesaid facilities are further secured by second charge on the Company's immovable and hypothecation of movable properties, both present and future, ranking pari passu with other working capital lenders. The facilities sanctioned by State Bank of India, IDBI Bank Limited, HDFC Bank Limited are guaranteed by Sri K.S. Raju (ceased to be the director with effect from February 3, 2017). The facilities sanctioned by SVC Co-operative Bank Limited and RBL Bank Limtied are guaranteed by Smt. K. Lakshmi Raju, Director of the Company.

(d) Unsecured short term loan

Unsecured short term loan is availed from HDFC Bank Limited and unsecured others comprise of export bill discounting facilities availed from HDFC Bank Limited.

18. Other Financial Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non Current			
Trade Deposits from Dealers	**1,224**	1,304	1,360
Total (Non Current)	**1,224**	**1,304**	**1,360**
Current			
Current maturities of long-term borrowings	**1,793**	1,490	1,574
Payable to employees	**238**	448	411
Payable on purchase of property, plant and equipment	**221**	188	243
Interest accrued but not due	**53**	60	51
Deferred Payment Liabilities	**3**	29	62
Unclaimed Dividend (refer note below)	**16**	29	47
Total (Current)	**2,324**	**2,244**	**2,388**

Note: As at March 31, 2018 (2017: ₹ Nil, 2016: ₹ Nil) there are no amounts of unclaimed dividends due for remittance to the Investor Education & Protection Fund.

19. Provisions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non Current			
Gratuity liability	**82**	196	-
Compensated absences	**217**	266	202
Total (Non Current)	**299**	**462**	**202**
Current			
Gratuity liability	**73**	64	203
Compensated absences	**82**	6	4
Other Provisions	**156**	607	1,271
Total (Current)	**311**	**677**	**1,478**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

a) Defined benefit plans

Gratuity

In accordance with the ‘Payment of Gratuity Act, 1972’ of India, the Company, provides for gratuity, a defined retirement benefit plan (the ‘Gratuity Plan’) covering eligible employees. Liabilities with regard to such gratuity plan are determined by an independent actuarial valuation and are charged to the Statement of Profit and Loss in the period determined. The Gratuity fund is administered through a scheme of Life Insurance Coporation of India.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Change in Defined Benefit Obligation (DBO) during the year

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Present value of DBO at the beginning of the year	**603**	490
Current service cost	**66**	35
Past service cost	**13**	-
Interest cost	**53**	46
Actuarial loss arising from changes in financial assumptions	**8**	-
Actuarial loss arising from changes in experience adjustments	**(83)**	74
Benefits paid	**(66)**	(42)
Present value of DBO at the end of the year	**594**	**603**

Change in fair value of plan assets during the year

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Fair value of plan assets at the beginning of the year	**343**	287
Interest income	**30**	24
Employer contributions	**134**	74
Benefits paid	**(66)**	(42)
Remeasurements – return on plan assets (excluding interest income)	**(4)**	-
Present value of plan assets at the end of the year	**437**	**343**

Amounts recognised in the Balance Sheet

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Present value of DBO at the end of the year	**593**	603
Fair value of plan assets at the end of the year	**(438)**	(343)
Liability recognised in the Balance Sheet	**155**	**260**

Components of employer expense

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current service cost	**66**	35
Past service cost	**13**	-
Interest cost/ (income) on net defined benefit obligation	**23**	22
Expense recognised in Consolidated Statement of Profit and Loss	**102**	**57**

Remeasurement on the net defined benefit obligation

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Return on plan assets (excluding interest income)	**(4)**	-
Actuarial gain / (loss) arising from changes in financial assumptions	**(8)**	-
Actuarial gain / (loss) arising from changes in experience adjustments	**83**	(73)
Remeasurements recognised in other comprehensive income	**71**	**(73)**
Total defined benefit cost recognised	**31**	**130**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

Nature and extent of investment details of the plan assets

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Insurer managed funds	100%	100%

Assumptions

Particulars	Gratuity plan	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Discount rate	**8%**	9%
Estimated rate of return on plan assets	**8%**	9%
Expected rate of salary increase	**3%**	4%
Attrition rate	**1% to 3%**	1% to 3%
Retirement age	**58 years**	58 years
Mortality table	**IALM(2006-08) (Mod)**	

The estimates of future salary increases considered in the actuarial valuation take account of price inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligation.

Sensitivity analysis

Scenario	DBO	Percentage Change
Under base scenario	594	0%
Salary escalation - up by 1%	650	10%
Salary escalation - down by 1%	544	-8%
Attrition rate - up by 1%	613	3%
Attrition rate - down by 1%	572	-4%
Discount rate - up by 1%	550	-7%
Discount rate - down by 1%	644	9%

Expected cash flows

Particulars	Amount
Maturity Profile of Defined Benefit Obligations	
Year 1	73
Year 2	39
Year 3	25
Year 4	65
Year 5	35
Year 6	63
Year 7	72
Year 8	61
Year 9	74
Year 10	59

b) Assumptions for compensated absences

Actuarial assumptions for long-term compensated absences	As at March 31, 2018	As at March 31, 2017
Discount rate	**8%**	9%
Salary escalation	**3%**	4%
Attrition rate	**1% to 3%**	1% to 3%

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at year-end as per Group's policy. The value of such leave balance eligible for carry forward, is determined by an independent actuarial valuation and charged to Consolidated Statement of Profit and Loss in the period determined.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

The estimates of future salary increases considered in the actuarial valuation take account of price inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligation.

20. Deferred Tax Liabilities (net)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deferred Tax Liability	**1,795**	1,689	1,547
MAT Credit available	**(1,117)**	(1,095)	-
Total	**678**	**594**	**1,547**

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deferred Tax Asset			
Provisions	**440**	710	415
Others	**115**	115	115
Total Deferred Tax Asset(A)	**555**	**825**	**530**
Deferred tax liability			
Property, plant and equipment	**2,340**	2,496	2,057
MAT credit available	**(1,117)**	(1,095)	-
Others	**10**	18	20
Total deferred tax liability (B)	**1,233**	**1,419**	**2,077**
Deferred tax liability (B - A)	**678**	**594**	**1,547**

Movement in deferred tax assets and liabilities

2017-18	Opening balance	Recognised in consolidated statement of profit or loss	Utilisation/ Reversals	Closing balance
Deferred tax liability / (asset) in relation to:				
Property, plant and equipment	2,497	(156)	-	2,340
Gratuity	(90)	36	-	(54)
Leave encashment	(95)	(9)	-	(104)
Deferred sales tax	5	(2)	-	3
Processing fee	12	(5)	-	7
Investments	(115)	-	-	(115)
MAT credit entitlement	(1,095)	(261)	238	(1,118)
Provision for doubtful debts	(525)	243	-	(281)
Total	**594**	**(154)**	**238**	**678**

2016-17	Opening balance	Recognised in consolidated statement of profit or loss	Utilisation/ Reversals	Closing balance
Deferred tax liability / (asset) in relation to:				
Property, plant and equipment	2,057	440	-	2,497
Gratuity	(70)	(20)	-	(90)
Leave encashment	(72)	(23)	-	(95)
Deferred sales tax	10	(5)	-	5
Processing fee	10	2	-	12
Investments	(115)	-	-	(115)
MAT credit entitlement	-	(1,095)	-	(1,095)
Provision for doubtful debts	(273)	(252)	-	(525)
Total	**1,547**	**(954)**	**-**	**594**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

21. Trade Payables

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Due to micro and small enterprises (refer note (i) below)	**-**	-	-
Dues to others (refer note (iii) below)	**18,283**	14,238	11,638
Total	**18,283**	14,238	11,638

Notes:

(i) Based on the information available with the Group, the balance due to micro, small and medium enterprises as defined under "Micro, Small and Medium Enterprises Development (MSMED) Act, 2006", is ₹ Nil (previous year ₹ Nil) and no interest has been paid or is payable under the terms of MSMED Act, 2006. Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the Management.

(ii) The average credit period on purchases ranges from 90 days - 120 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.

(iii) The dues above include acceptances against the letter of credit issued to bank amounting to ₹ 639 lakhs as at March 31, 2018.

22. Other Current Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advances from customers	**1,659**	1,762	1,527
Statutory payables	**722**	699	468
Total	**2,381**	2,461	1,995

23. Revenue from operations

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of Products	**86,082**	82,855
Other Operating Revenue	**499**	679
Total	**86,581**	**83,534**

24. Other Income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Excess provisions written back	184	163
Bad Debts written off recovered	78	40
Interest income		
- On outstanding receivables	1,416	1,080
- Others	68	87
Net loss on disposal of property, plant and equipment and intangible assets	(118)	(124)
Net foreign exchange losses	(100)	(26)
Others	378	284
Total	**1,906**	**1,504**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

25. Cost of Materials Consumed

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw Material Consumption	**43,992**	38,931
Packing Material Consumption	**4,622**	4,609
Total	**48,614**	**43,540**

26. Changes in inventories of finished goods, work in progress and stock-in-trade

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening balance		
Work-in-progress	**787**	708
Finished goods	**11,730**	9,635
Stock-in-trade	**1,506**	720
Total Opening Balance	**14,023**	**11,063**
Closing balance		
Work-in-progress	**1,067**	787
Finished goods	**8,934**	11,730
Stock-in-trade	**2,673**	1,506
Total Closing Balance	**12,675**	**14,023**
Net decrease / (increase) in inventories	**1,348**	**(2,960)**

27. Employee Benefit Expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	**5,966**	5,324
Contribution to provident and other funds (refer note (i) below)	**444**	353
Employee stock compensation expense	**15**	21
Staff welfare expenses	**544**	504
Total	**6,969**	**6,202**

Notes:

(i) Contribution to provident fund and other funds

- Provident fund:

The Group makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the fund administered and managed by the Government of India. The Company's monthly contributions are charged to the consolidated Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 342 lakhs (2016-17 - ₹ 293 lakhs).

- Gratuity (funded):

Amount recognised in consolidated statement of profit and loss in respect of gratuity - ₹ 102 lakhs (2016-17 ₹ 60 lakhs).

28. Finance Cost

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expenses		
Interest on working capital and term loans	**2,092**	2,484
Other interest expenses	**683**	665
Finance charges	**567**	638
Total	**3,342**	**3,787**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

29. Depreciation and Amortization Expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of property, plant and equipement (refer note 4)	**1,784**	2,633
Less: Depreciation capitalised during the year	**133**	140
	1,651	2,493
Add: Amortisation of intangible assets (refer note 5)	**326**	330
Total	**1,977**	**2,823**

30. Other Expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Consumption of stores and spare parts	**823**	634
Repairs and maintenance		
Buildings	**111**	58
Plant and machinery	**70**	60
Others	**39**	22
Other manufacturing costs	**1,412**	1,546
Power and fuel	**3,185**	2,735
Rent	**316**	302
Rates and taxes	**61**	486
Communication expenes	**123**	108
Travel and conveyance	**1,244**	1,190
Legal and professional charges	**408**	310
Insurance	**270**	296
Directors' sitting fees	**8**	7
Auditors' remuneration (refer note (i) below)	**27**	27
Research and development expenses	**120**	39
Bad debts written off	**101**	654
Allowances for doubtful receivables and advances	**210**	731
Marketing expenses	**5,008**	4,254
Freight outward	**2,436**	2,122
Expenditure for corporate social responsibility (refer note (ii) below)	**79**	-
Miscellaneous expenses	**555**	667
Total	**16,606**	**16,248**

Notes:

(i) Auditor's remuneration (net of applicable taxes) comprises of:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
For statutory audit	**21**	21
For tax audit	**4**	4
For other services	**2**	2
Total	**27**	27

Includes ₹ 1 lakh with respect to services provided by predecessor auditors during the year.

(ii) Corporate social responsibility:

The Company contributes towards Corporate Social Responsibility (CSR) activities. As per section 135 of the Companies Act, 2013, a CSR Committee has been formed by the Company. The areas for CSR activities are rural development, promoting education and other social projects. The expense is charged to the consolidated Statement of Profit and Loss under 'other expenses' amounting ₹ 79 lakhs. (2016-17- ₹ Nil)

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

31. Exceptional Items

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Insurance Claim	-	4,499
Loss on retirement of Fixed Assets	-	(1,811)
Raw Material and Packing Material Scrapped	-	(131)
Total	**-**	**2,557**

Note:

Exceptional items pertain to the net effect of insurance claim received against a fire accident took place in prior year. The Company has contested the claim amount paid by the Insurer and initiated arbitration proceedings seeking additional claim for damages incurred.

32. Transition to Indian Accounting Standards (Ind AS)

These consolidated financial statements of NACL Industries Limited (formerly Nagarjuna Agrichem Limited) year ended March 31, 2018 have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 1, 2016 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the year ended March 31, 2018, be applied consistently and retrospectively for all fiscal years presented. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the consolidated financial statements under both Ind AS and Previous GAAP as at the transition date have been recognised directly in equity at the transition date.

The effect of the Group's transition to Ind AS is summarized as follows:

(i) Transition election

(ii) Reconciliation of equity as previously reported under Indian GAAP to Ind AS

(iii) Reconciliation of profit or loss as previously reported under Indian GAAP to Ind AS

(iv) Adjustments to the consolidated statement of cash flows

(i) Transition elections

The Group has prepared the opening Balance Sheet as per Ind AS as of April 1, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain mandatory exceptions and optional exemptions availed by the Group as detailed below:

a. Share based payments:

In accordance with Ind AS transitional provisions, Ind AS 102 Share-based payment has not been applied to employee stock options that have vested before the transition date.

b. Investments in subsidiaries and associate:

In accordance with Ind AS transitional provisions, the Group opted to consider previous GAAP carrying value of investments as deemed cost on transition date for investments in subsidiaries and associate in separate financial statement.

c. Designation of equity / preference investments at FVTOCI

The Group has designated investment in equity / preference share capital of the following entities at FVTOCI basis of facts and circumstances that existed at the transition date:

- New India co-operative bank limited

- SVC Co-operative bank limited

- Nagaarjuna Shubho Green Technologies Private Limited

d. Derecognition of financial assets and financial liabilities:

The Group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occuring on or after the transition date.

e. Business combinations

The Group has elected not to apply Ind AS 103 Business Combinations retrospectively to business combinations that occurred before the date of the transition.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

(ii) Reconciliation of equity as previously reported under Indian GAAP to Ind AS:

Particulars	Note	As at March 31, 2017	As at April 1, 2016
Equity as reported under IGAAP		**20,755**	**17,004**
Revaluation of land	a	2,066	2,066
Effect of measuring equity instruments at fair value	b	(499)	(499)
Provision for doubtful debts under expected credit loss	c	(1,520)	(789)
Borrowings - transaction cost adjustment	d	36	30
Proposed dividend and related distribution tax	e	-	188
Effect of discounting of deferred sales tax liability	f	15	28
Deferred tax on the above	h	497	254
Others		(1)	(1)
Equity as reported under Ind AS		**21,349**	**18,281**

(iii) Reconciliation of profit or loss as previously reported under Indian GAAP to Ind AS

Particulars	Note	For the year ended March 31, 2017
Profit as reported under IGAAP		**3,714**
Increase / (decrease) in net income on account of:		
Effect of fair valuation of deferred sales tax liability on finance costs	f	(13)
Transaction costs relating to borrowings	d	6
Provision for bad and doubtful debts	c	(731)
Actuarial (gains) / losses in respect of defined benefit obligation	g	74
Deferred tax adjustments	h	218
Others		(2)
Profit as reported under Ind AS		**3,266**
Other Comprehensive Income (net of tax)		(48)
Total Comprehensive Income as reported udner Ind AS		**3,218**

Notes:

a. a. Ind AS 101 allows an entity to measure property, plant and equipment on the transition date at its fair value or previous GAAP carrying value (book value) as deemed cost. The Group has elected to measure land at fair value and use these fair values as deemed cost on the date of transition. As a result of revaluation of land, the increase in value of property, plant and equipment, has been adjusted to opening reserves (₹ 2,066 lakhs).

b. Under the previous GAAP, long term investments were measured at cost less dimunition in value which is other than temporary. Under Ind AS, the Group has designated such investments at FVTOCI. Ind AS requires such investments to be measured at fair value and the gains/(losses) are recognised through Other Comprehensive Income (FVTOCI) as a separate component of equity. Accordingly, investment in Nagaarjuna Shubho Green Technologies Private Ltd has been fair valued and the impact of the same taken to opening reserves as a separate component of equity.

c. Under Previous GAAP, loss provision for trade receivables was created on incurred loss based on credit risk assessment of each customer. Under Ind AS, these provisions are based on Expected Loss model which factor the credit risk as well as payment delay risk. As a practical expedient, the Group has evaluated a matrix based approach based on past trends to arrive at the provision matrix for receivables outstanding as at each period end. Accordingly, the provision resulting from such evaluation has been adjusted to opening reserves (for receivables outstanding as at April 01, 2016) and the statement of profit and loss (receivables as at March 31, 2017).

d. Under previous GAAP, transaction costs incurred in connection with borrowings are charged upfront to statement of consolidated profit and loss. Under Ind AS, transaction costs are included in initial recognition amount of financial liability and charged to statement of consolidated profit and loss based on effective interest method.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

e. Under previous GAAP, a liability is recognised in the period to which the dividend was recommended by the Board of Directors, even though the dividend may be approved by the shareholders subsequent to the reporting date. Under Ind AS, liability for dividend is recognised in the period in which the obligation to pay is established i.e. when delcared by the menmbers in a general meeting. The effect of this change has been adjusted to opening reserves, there is no impact on consolidated statement of profit and loss.

f. Under the previous GAAP, deferred sales tax liability is recorded at transaction value. Under Ind AS, the deferred sales tax liability is an incentive received by the Group from the government under a sales tax deferral scheme. Since the loan is interest-free in nature, its face value or the transaction price is not considered to represent fair value. The Group considered that the use of a present value technique based on the cash flows payable under the scheme is an appropriate method of determining fair value. The difference between the fair value of the loan and the amount payable represents the 'other component' which is considered to be in the nature of a government grant since it represents an incentive received by the Group from the government. This is accounted for in accordance with Ind AS 20.

g The Group recognises costs related to the post-employment defined benefit plan on an actuarial basis both under Indian GAAP and Ind AS. Under Indian GAAP, the entire cost including actuarial gains and losses are charged to statement of profit and loss. Under Ind AS, remeasurements are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI.

h Consequential deferred tax on all the above adjustments.

(iv) Effect of adoption of Ind AS on the consolidated Statement of cash flows for the year ended March 31, 2017:

Following is the impact on cash flows on transition from Previous GAAP to Ind-AS.

Particulars	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flows from operating activities	5,740	106	5,846
Net cash used in investing activities	(612)	43	(569)
Net cash used in financing activities	(5,689)	(131)	(5,820)
Net decrease in cash and cash equivalents	**(561)**	**18**	**(543)**
Cash and cash equivalents at the beginning of the year	1,363	(48)	1,315
Cash and cash equivalents at the end of the year	**802**	**(30)**	**772**

33. Related party disclosures :

(A) Names of the related parties and their relationship :

(i) Details of subsidiaries & associates :

Names	Nature of relation-ship	Country of incor-poration	Percentage of holding as at		
			March 31, 2018	March 31, 2017	April 1, 2016
LR Research Laboratories Private Limited (LRLPL)	Subsidiary	India	100%	100%	100%
Nagarjuna Agrichem (Australia) Pty Limited, Australia (NAPL)	Subsidiary	Australia	100%	100%	100%
Nasense Labs Private Limited (NLPL) (Formerly USP Organics Private Limited)	Associate	India	26%	26%	26%

(ii) Details of other related parties :

Name	Nature of relationship
KLR Products Limited (KLRPL) (Formerly GSR Products Limited)	Holding Company
Bhagiradha Chemicals and Industries Limited (BCIL)	Entity with common director
Nagaarjuna Shubho Green Technologies Private Limited (NSGTPL)	Entity with common director
Nagarjuna Fertilizers & Chemicals Limited (NFCL)	Shares held by Relative of KMP
Indo International Fertilizers Limited (IIFL)	Entity where KMP holds directorship.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

(iii) Key Managerial Personnel (KMP) :

Name	Designation
Mrs. K Lakshmi Raju	Chairperson
Mr. V.Vijay Shankar	Managing Director
Mr. R.K.S. Prasad	Chief Financial Officer (CFO)

(B) Transactions during the year :

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(i) Sales		
a. Other related party - IIFL	-	1
b. Other related party - BCIL	-	31
(ii) Rental income :		
a. NFCL(godown rent)	-	6
(iii) Purchases		
a. Other related party - NSGTPL	7	20
b. Other related party - BCIL	1,006	399
(iv) Rent paid		
a. Mrs.K Lakshmi Raju (KMP)	129	129
(v) Conversion charges		
a. Other related party - IIFL	-	225
(vi) Director's sitting fees		
a. Mrs.K Lakshmi Raju (KMP)	1	1

(C) Outstanding balances as at the year end

Advance to related parties

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Other related party - IIFL	**92**	292	427

Trade receivables:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Associate - NLPL	**24**	24	24

Security deposits :

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Mrs.K Lakshmi Raju (KMP)	**50**	44	39

Investments :

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Associate - NLPL	**494**	494	494
Other related party - NSGTPL	**1**	1	1

Trade payables :

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Other related party - BCIL	**-**	115	224

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

Loans

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Associate - NLPL	**167**	167	167

Other financial assets

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Associate - NLPL	**133**	98	68

(D) Transactions with key management personnel

Nature of transaction	Party name	For the year ended March 31, 2018	For the year ended March 31, 2017
Short-term employee benefits	Managing Director and CFO	**158**	139
Share based payments	Managing Director and CFO	**12**	4

Short-term employee benefits does not include expenses for gratuity and leave encashment.

34. Contingent liabilities

S. No.	Particulars	As at		
		March 31, 2018	March 31, 2017	April 1, 2016
(i)	Claims against the Company not acknowledged as debts in respect of the matters under dispute:			
	Excise duty (refer note (a) below)	**35**	35	35
	Service tax (refer note (b) below)	**18**	56	59
	Income tax (refer note (c) below)	**430**	430	430
	Sales tax (refer note (d) below)	**49**	23	30
(ii)	Letters of credit issued by bankers	**2,376**	6,673	6,511
(iii)	Counter guarantees given to bankers (refer note (e) below)	**260**	355	270
(iv)	Others (refer note (f) below)	**125**	125	125
	Total	**3,293**	**7,697**	**7,460**

Notes:

(a) The Company has disputed various demands raised by excise duty authorities for the assessment years 2005-06 to 2009-10, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.

(b) The Company has disputed various demands raised by service tax authorities for the assessment years 2012-13 to 2017-18, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.

(c) The Company has disputed various demands raised by income tax authorities for the assessment years 2004-05 to 2009-10, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.

(d) The Company has disputed various demands raised by sales tax authorities for the assessment years 2009-10 to 2016-17, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.

(e) Gurantees given to bank for gurantees given by bank to third party in ordinary course of business.

(f) Other contingent liability majority pertains to demand for payment of alleged deficit of stamp duty, registration fees and penalty in respect of a sales deed. The Company is confident that the case will be decided in its favour.

35. Commitments

S. No.	Particulars	As at		
		March 31, 2018	March 31, 2017	April 1, 2016
(i)	Estimated amount of contracts, remaining to be executed on capital account and not provided for (net of advance)	90	71	113
	Total	**90**	**71**	**113**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

36. Financial Instruments

36.1 Capital management

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating. The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Group.

Gearing ratio

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Long-term borrowings	2,024	2,978	3,519
Short-term borrowings, current maturities of long term borrowings and deferred payment liabilities	21,668	18,280	19,667
Cash and cash equivalents	(671)	(772)	(1,315)
Net debt (Refer note (i) below)	23,021	20,486	21,871
Equity (Refer note (ii) below)	23,907	22,910	19,840
Net debt to equity ratio	**0.96**	**0.89**	**1.10**

Notes:

(i) Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.

(ii) Equity includes issued equity capital, securities premium and all other reserves.

36.2 Financial Instruments by category

Particulars	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
Financial assets									
Investments in unquoted equity instruments		6			6			6	
Loans	167			167			167		
Others financial assets	544			489			1,304		
Trade receivables	28,668			22,093			18,042		
Cash & cash equivalents	671			772			1,315		
Other bank balances	156			30			48		
Total	**30,206**	**6**	**-**	**23,551**	**6**	**-**	**20,876**	**6**	**-**
Financial liabilities									
Borrowings (refer note (i) below)	21,895			19,739			21,549		
Other financial liabilities	3,548			3,548			3,748		
Trade payables	18,283			14,238			11,638		
Total	**43,726**	**-**	**-**	**37,525**	**-**	**-**	**36,935**	**-**	**-**

Notes:

(i) Borrowings include non-current and current borrowings (refer note 17)

(ii) The management assessed that fair value of cash and cash equivalents, trade receivables, other current financial assets, trade payables, borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments, and hence these are carried at amortised cost.

(iii) Investments (unquoted) are measured at fair value through initial designation in accordance with Ind-AS 109.

36.3 Fair Value by hierarchy

Valuation technique and key inputs

Level 1

Quoted prices (unadjusted) in an active markets for similar assets or liabilities.

Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3

Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Quantitative disclosures of fair value measurement hierarchy-Level 3 for financial instruments:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Financial Assets			
Unquoted equity shares	**6**	6	6

The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, earnings growth, discount rate, and probabilities of the various estimates within the range used in management's estimate of fair value for these unquoted equity investments.

Valuation inputs and relationships to fair value:

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Particulars	Significant-unobservable inputs	Valuation process	Senstivity of the inputs to fair value
Investment in unquoted equity shares	Earnings growth rate	i) Earnings growth factor for unlisted equity shares are estimated based on the market information of similar type of companies and also considering the economic environment impact.	Any increase in earnings growth rate would increase the fair value.
	Discount rate	ii) Discount rates are determined using a capital asset pricing model, i.e., a borrowing rate at which the Company would be able to borrow funds on similar terms.	Any increase in discount rate would result in decrease in fair value.

36.4 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Group has adequate internal processes to assess, monitor and manage financial risks. The Group's exposure to credit risk is influenced maily by the individual characteristic of each customer and the concentration of risk from the top few customers. The liquidity risk is measured by the Group's inability to meet its financial obligations as they become due.

Market risk

The Group is exposed to foreign exchange risk through imports from overseas suppliers in various foreign currencies, exports to customers abroad, bill discounting, buyer's credit, packing credit. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

Foreign currency exposure

The following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of March 31, 2018:

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

Particulars	US Dollars	INR (in lakhs)	EURO	INR (in lakhs)	Total (INR lakhs)
Cash and cash equivalents	845,557	551	-	-	551
Trade receivables	6,261,383	4,078	50,200	41	4,119
Borrowings	(8,606,122)	(5,615)	-	-	(5,615)
Trade payables	(5,992,290)	(3,911)	-	-	(3,911)
Net assets/(liabilities)	**(7,491,472)**	**(4,897)**	**50,200**	**41**	**(4,856)**

The following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of March 31, 2017:

Particulars	US Dollars	INR (in lakhs)	EURO	INR (in lakhs)	Total (INR lakhs)
Cash and cash equivalents	1,148,539	744	-		744
Trade receivables	4,920,676	3,297	286,425	204	3,501
Borrowings	(3,207,400)	(2,083)	(85,600)	(59)	(2,142)
Trade payables	(4,588,104)	(3,079)	(85,600)	(61)	(3,140)
Net assets/(liabilities)	**(1,726,289)**	**(1,121)**	**115,225**	**84**	**(1,037)**

The following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of April 1, 2016:

Particulars	US Dollars	INR (in lakhs)	EURO	INR (in lakhs)	Total (INR lakhs)
Cash and cash equivalents	473,459	314	-	-	314
Trade receivables	5,029,109	3,336	48,700	37	3,373
Borrowings	(3,731,841)	(2,480)	-	-	(2,480)
Trade payables	(3,187,440)	(2,118)	-	-	(2,118)
Net assets/(liabilities)	**(1,416,713)**	**(949)**	**48,700**	**37**	**(912)**

Sensitivity analysis:

For the year ended March 31, 2018 and March 31, 2017, every increase / decrease of ₹ 1 in the respective foreign currencies compared to functional currency of the Group would impact profit before tax by (₹ 74 lakhs)/ ₹ 74 lakhs and (₹ 16 lakhs)/ ₹ 16 lakhs respectively.

Interest rate risk:

The Group draws term loans, working capital demand loans, avails cash credit, foreign currency borrowings including buyer's credit, packing credit etc. for meeting its funding requirements. The Group manages the interest rate risk by maintaining appropriate mix/protfolio of borrowings having fixed and floating rate of interest. The borrowings are serviced on a timely manner and repayments of the principal and interest amounts are made on a regular basis.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, deposits with banks, foreign exchange transactions and other financail instrument. Credit risk is managed through credit approvals, insurance of trade receivables within the aging of 90 days to 180 days, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Groupestablishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables and investments.

Other price risks

The Group is exposed to valuation of equity investment risks as the Group's equity investments are held for strategic rather than trading purposes.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group's principal sources of liquity are cash & bank balances, credit facilities and cash generated from operations.

The Group has unutilised credit limits from the banks of ₹ 5,929 lakhs, ₹ 3,739 lakhs and ₹ 1,470 lakhs as of March 31, 2018, March 31, 2017 and April 1, 2016 respectively.

The working capital position of the Group:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current assets	52,980	46,179	40,586
Current liabiltities	43,170	36,847	35,529
Working capital	**9,810**	**9,332**	**5,057**

The table below provides details regarding the contractual maturities of significant financial liabilities (excluding current, non-current borrowings and deferred payment liabilities) as at March 31, 2018:

Particulars	Less than 1 year	1-2 years	2 years and above
Trade payables	18,283		
Other current financial liabilities	528	-	-
Other non-current financial liabilties	-	1,224	-
Total	**18,811**	**1,224**	**-**

The table below provides details regarding the contractual maturities of significant financial liabilities (excluding current, non-current borrowings and deferred payment liabilities) as at March 31, 2017:

Particulars	Less than 1 year	1-2 years	2 years and above
Trade payables	14,238	-	-
Other current financial liabilities	725	-	-
Other non-current financial liabilties	-	1,304	-
Total	**14,963**	**1,304**	**-**

The table below provides details regarding the contractual maturities of significant financial liabilities (excluding current, non-current borrowings and deferred payment liabilities) as at April 1, 2016:

Particulars	Less than 1 year	1-2 years	2 years and above
Trade payables	11,638	-	-
Other current financial liabilities	751	-	-
Other non-current financial liabilties	-	1,360	-
Total	**12,390**	**1,360**	**-**

The Group's obligation towards payment of borrowings has been included in note 17 & 18.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

37. Earnings per share

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit for the year attributable to shareholders	1,157	3,266
Basic:		
Number of shares outstanding at the year end	156,308,384	**156,144,008**
Weighted average number of equity shares	156,203,367	**156,144,008**
Earnings per share (₹)	**0.74**	**2.09**
Diluted:		
Effect of potential equity shares on employee stock options outstanding	494,367	**370,206**
Weighted average number of equity shares outstanding	156,697,734	**156,514,214**
Earnings per share (₹)	0.74	**2.08**

Note: EPS is calculated based on profits excluding the other comprehensive income.

38. Research and development expenses incurred:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Employee benefit expenses	36	22
Other expenses	75	73
Revenue Expenditure	111	95

39. Research and development expenses capitalised

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Employee benefit expenses	169	160
Depreciation	133	140
Other expenses	179	216
Total	481	**516**

40. Leases:

The Company has entered into certain operating lease agreements and an amount of Rs. 315 lakhs (2016: Rs. 302 lakhs) paid under such agreements is charged to the consolidated Statement of Profit and Loss. These leases are generally cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements

41. Segment Reporting:

As the Group's business activities fall within a single primary segment viz-a-viz "manufacture of products - pesticides, insecticides etc.), therefore the disclosure requirements of Indian Accounting Standard 108 - Operating Segments are not applicable. The Group sells its products mainly within India where the conditions prevailing are uniform. Since the sales outside India are below the threshold limit, no separate geographical segment disclosure is considered necessary.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

42 Additional disclosure related to consolidated financial statements:

List of subsidiaries and associates considered for consolidation

Name of the Company	Relationship	Country of incorporation	Percentage of voting power as at March 31, 2018	Net assets		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income	
				March 31, 2018		March 31, 2018		March 31, 2018		March 31, 2018	
				% of consolidated net assets	Amount in lakhs	% of consolidated profit/(loss)	Amount in lakhs	% of consolidated other comprehensive income	Amount in lakhs	% of consolidated total comprehensive income	Amount in lakhs
NACL Industries Limited (formerly Nagarjuna Agrichem Limited)	Company	India		96%	22,980	93%	1,072	100%	46	93%	1,118
LR Research Laboratories Private Limited	Subsidiary	India	100%	*	(5)	*	(3)		-	*	(3)
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary	Australia	100%	*	(11)	*	(6)		-	*	(6)
Nasanse Labs Private Limited	Associate	India	26%	4%	943	8%	94		-	8%	94
Total					**23,907**		**1,157**		**46**		**1,203**

* less than 1%

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

43. Change in the name of Company

During the year, the Company changed its name from Nagarjuna Agrichem Limited to NACL Industries Limited with effect from September 4, 2017.

44. Approval of consolidated financial statements

The consolidated financial statements are approved for issue by the Board of Directors on May 19, 2018.

for and on behalf of the Board of Directors

N.Vijayaraghavan
Director
(DIN:02491073)

V.Vijay Shankar
Managing Director
(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Place : Hyderabad
Date : 19 May 2018

NACL Industries Limited

(formerly known as Nagarjuna Agrichem Limited)
CIN: L24219TG1986PLC016607

ELECTRONIC CLEARING SERVICE (ECS) MANDATE FORM

(Members authorization to receive dividend through ECS mechanism)

1.	Name of the First / Sole Shareholder	
2.	Regd. Folio No/DP ID No. and Client ID No.	
3.	Particulars of Bank Account of First / Sole Shareholder:	
	(a) Name of the Bank	
	(b) Name of the Branch	
	(c) Branch code	
	(d) Address of the Bank	
	(e) Telephone No. of the Branch	
	(f) 9-Digit Code Number of the Bank and Branch as appearing on the MICR Cheque	
	(g) Account Number (as appearing on the Cheque Book / Pass Book)	
	(h) Account Type (S.B. Account / Current or Cash Credit)	
	(i) Ledger No./ Leger Folio No.	
	(j) Effective Date of this Mandate	

I hereby declare that the Particulars / Details given above are correct and complete. If the Transaction is delayed or not effected at all for reasons of incomplete or incorrect information supplied as above, the Company / XL Softech Systems Ltd (RTA) will not be held responsible. I agree to discharge the responsibility expected of me as a participant under the Scheme. I further undertake to inform the Company any change in my Bank/ Branch and Account Number.

Place: ________________________

Dated: ________________________ (Signature of First / sole Shareholder)

1) Please attach a Blank Cancelled Cheque or Photocopy of a Cheque. Alternatively, these particulars may be attested by the Bank Manager.
2) In case of more than one Regd. Folio/Demat Account, please complete the details separately for each such Folio / Demat Account.
3) The information provided would be utilized only for the purpose of effecting dividend payments to you. You also have the right to withdraw from this mode of payment by providing the Company with one month advance Notice.
4) Members of the Company holding the Shares in Dematerialized Form are requested to inform to their respective Depository Participant with regard to the following:
   (i) Changes in particulars of Bank Mandate / Address / PAN
   (ii) Correction in Name.
   These changes as updated by the respective depository participants are automatically registered with the NSDL / CDSL from whom the Company obtains data of its Members.
5) Please send the duly filled in mandate Form to:
   (i) the Depository Participant who is maintaining your Demat Account in case you hold shares in dematerialised form.
   (ii) the Company, at the Registered Office / its Registrar and Transfer Agent (RTA).

E-COMMUNICATION REGISTRATION FORM

(In terms of Circular no. 17/2011 Dated 21.04.2011 Issued by the Ministry of Corporate Affairs)

To
The Company Secretary & Head-Legal,
NACL Industries Limited,
Regd. Office: Plot no. 12-A, "C" Block, No. 8-2-248/1/7/78, Nagarjuna hills,
Panjagutta, Hyderabad-500082, Telangana State, INDIA.

Dear Sir,

Sub: Registration of E-mail

Folio No. / DP ID & Client ID: ....
Name of 1st Registered Holder: ....
Name of Joint Holder(s):..
Registered Address:..
....
E-mail ID (to be registered): ....
I/We Shareholder(s) of NACL Industries Limited agree to receive communication from the Company in Electronic Mode.
Please register my above e-mail id in your records for sending communication through E-mail.
Place: ______________________________
Dated: ______________________________ Signature: ……………………….

- On registration of e-mail, all the communications, including the Annual Reports, will be sent to the said registered mail.
- Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail.

NACL Industries Limited

(formerly known as 'Nagarjuna Agrichem Limited')
CIN:L24219TG1986PLC016607
Registered Office: Plot No.12-A "C" Block, Lakshmi Towers,
No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta,
Hyderbad-500082, Telangana State, INDIA
Tel. No. 040-33605123/124 Fax No. 040-23350234
Email address: investors@naclind.com Website: www.naclind.com

FORM NO. MGT-11

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) :...

Registered address : ....

E-mail ID :...

Folio No/DP ID - Client ID :...

I/We, being the Member (s) of .... shares of the above named Company, hereby appoint

1. Name : ....

   Address :...

   E-mail Id :...

   Signature :...or failing him

2. Name :...

   Address :...

   E-mail Id :...

   Signature :...or failing him

3. Name :...

   Address :...

   E-mail Id :...

   Signature :...

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31st Annual General Meeting of M/s. NACL Industries Limited will be held at 10.00 a.m. on Monday the 06th day of August, 2018 at FTAPCCI Auditorium, M/s Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, (FTAPCCI), Federation House, 11-6-841, FAPCCI Marg, Red Hills, Hyderabad-500004, Telangana State, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	No. of shares	I / We assent to the Resolution (FOR)	I / We dissent to the Resolution (AGAINST)
Ordinary Business:				
1.	To receive, consider and adopt the Standalone and Consolidated Audited Profit and Loss Account for the year ended 31st March, 2018, the Balance Sheet as on that date and the Cash Flow Statement for the year ended on that date and the Reports of Directors and Auditors thereon			
2.	To declare dividend on equity shares for the financial year ended 31st March, 2018			
3.	To appoint a Director in place of Mrs.K.Lakshmi Raju (DIN:00545776) who retires by rotation and being eligible, offers herself for re-appointment.			
4.	Ratification of appointment of Statutory Auditors of the Company and fixing their remuneration..			
Special Business:				
5.	To ratify the remuneration of Cost Auditors for the financial year ended 31st March, 2019.			

Signed this ....day of 2018

Signature of Shareholder ....

Signature of Proxy holder(s) ....

Affix `1/- Revenue Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

NACL INDUSTRIES LIMITED

(formerly known as 'Nagarjuna Agrichem Limited')

CIN:L24219TG1986PLC016607

Registered Office: Plot No.12-A "C" Block, Lakshmi Towers,
No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta,
Hyderbad-500082, Telangana State, INDIA

Tel. No. 040-33605123/124 Fax No. 040-23350234

Email address: investors@naclind.com Website: www.naclind.com

Please fill up this Attendance slip and hand it over at the entrance of the Meeting hall. Please also bring your copy of the enclosed annual report.

ATTENDANCE SLIP

I hereby by record my presence at the 31st Annual General Meeting of M/s. NACL Industries Limited being held at 10.00 a.m. on Monday the 06th day of August, 2018 at FTAPCCI Auditorium, M/s Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, (FTAPCCI), Federation House, 11-6-841, FAPCCI Marg, Red Hills, Hyderabad-500004, Telangana State, India.

REGD. FOLIO NO/ CLIENT ID

NO.OF SHARES

Name of the Share holder (In block letters)

Note: Member / Proxy who wish to attend the Meeting must bring this attendance slip to the Meeting and handover at the entrance at the Meeting hall duly signed .

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NACL chariot for product demonstration

NACL road show for product promotion

NACL product yields

NACL received Exhibition Appreciation Certificate

NACL product demonstration to farmers

NACL 'STAR' Products

NAGARJUNA
NACL

NACL Industries Limited

(formerly known as 'Nagarjuna Agrichem Limited')

CIN:L24219TG1986PLC016607

Regd.Off.: Plot No.12-A, 'C' Block, Lakshmi Towers, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082, Telangana, India

Ph: 040-33605123, Fax:040-23350234/23358062

Website: www.naclind.com, E-mail: cs-nacl@naclind.com

Nagarjuna - Pride of the Indian Farmers...