



# NACL Industries Limited

Ref: NACL/SE/2023-24

August 31, 2023

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai – 400001

**Company Code: 524709**

**National Stock Exchange of India Ltd**

Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No.C/1 G Block, Bandra- Kurla  
Complex, Bandra, Mumbai – 400051

**Symbol: NACLIND**

Dear Sir,

**Sub: Notice convening 36<sup>th</sup> Annual General Meeting ('AGM') and Annual Report for FY 2022-23.**

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed the Notice convening the 36<sup>th</sup> AGM and the Annual Report of the Company for the financial year 2022-23.

In compliance with the relevant Circulars issued by Ministry of Corporate Affairs ('MCA') and the Securities and Exchange Board of India ('SEBI'), the Notice convening the 36<sup>th</sup> AGM and the Annual Report for the financial year 2022-23 is being sent through electronic mode today, i.e August 31, 2023, to all the members whose email addresses are registered with the Company/Depository Participant(s)/Company's Registrar and Share Transfer Agent, i.e. XL Softech Systems Limited.


The AGM of the Company will be held on Friday, September 22, 2023, at 10:00 a.m. (IST) through Video Conferencing/Other Audio-Visual Means (VC/OAVM).

The Notice of AGM along with the Annual Report for the financial year 2022-23 is also being made available on the website of the Company at [www.naclind.com](http://www.naclind.com).

This is for your information and record.

Thanking you

for **NACL Industries Limited**

  
**Satish Kumar Subudhi**

Vice President –Legal & Company Secretary

Encl: As above





NACL Industries Limited

# Embracing Change Spurring Momentum



Annual Report  
2022-23



# Embracing Change, Spurring Momentum

In a dynamic world where progress is marked by the ability to transform challenges into stepping stones, NACL stands as a beacon of determination and achievement. With each hurdle we surmount, we garner valuable insights, refine our strategies and nurture innovation. The theme "Embracing Change, Spurring Momentum" is more than a statement; it's a philosophy that underscores our commitment for pushing boundaries and seeking triumph in adversity.

It echoes in the way we approach every project, every innovation and every interaction. Challenges, far from deterring us, fuel our determination to exceed expectations. Through our relentless pursuit of spurring momentum, we've learned that the road to success is paved with challenges and it's our ability to embrace these challenges that empower us to harvest the plentiful rewards of momentum. At NACL, challenges are not barriers; they are the catalysts that propel us towards excellence.

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# About NACL

NACL Industries Limited (NACL) is one of India's long-standing public company in the business of developing, manufacturing and marketing crop protection and other products with national distribution reach serving the farming community all over the country and exporting sizable part of the production to various countries around the world.

NACL manufactures a comprehensive range of active ingredients, formulations and custom manufactured fine chemicals at its facilities in Srikakulam & Ethakota in Andhra Pradesh. It also has a state of the art Research & Development facility at Shadnagar, Telangana. The Company exports its products to 30+ nations across four continents. In the domestic formulation market, they have over 60 brands covering all major crops.

NACL is one of the most reliable contract manufacturers and maintains a strong relationship with MNCs domestically and abroad. The Company is professionally run by experienced leadership team and managed by strong board staffed with industry veterans. The Company's equity is listed on the BSE Limited and the National Stock Exchange of India Limited.

## Values

- 😊 Concern
- 👍 Commitment
- ★ Quality
- 🎯 Integrity

## Mission

- » To be a trusted name in providing high-quality products and solutions to the farming community
- » To be a trusted custom & contract manufacturing partner
- » To be a model company in meeting the expectations of all stakeholders



# FY2023 Highlights



**63.83%**  
Promoter Holding

**₹57,741 Lakh**  
Net worth

**₹1,626.73 Cr**  
Market capitalisation  
(as on March 31, 2023)

**3**  
Manufacturing facilities

**1350+**  
Employees

**10,000+**  
Retailers

**63**  
Branded products

**5mn+**  
Customer (Farmers)

**₹2,11,600 Lakh**  
Revenue from Operations  
▲ 29%

**₹20,777 Lakh**  
EBIDTA  
▲ 32%

**15%**  
Return on capital employed  
▲ 11%

**1.00**  
Debt equity ratio  
▲ 9%

**₹13,774 Lakh**  
Profit before tax  
▲ 34%

**₹10,279 Lakh**  
Profit after tax (PAT)  
▲ 35%

**19%**  
Return on equity  
▲ 14%





# Milestone Years



## 1994

- » Commencement of Monocrotophos (MCP) commercial production
- » Listed on Hyderabad and Madras Stock Exchanges (HSE & MSE)

## 1995

Project Work on 2nd Technical Manufacturing Block for manufacturing Acephate was initiated

## 1996

Chemagro International Limited became Nagarjuna Agrichem Limited and the 2nd Technical Manufacturing block for manufacturing Acephate was commissioned

## 1998

Started exporting the products manufactured from the Technical Manufacturing Plant

## 2001

The 3rd Technical Manufacturing block was established and listed on BSE while delisted from HSE & MSE

## 2003

SAP (Enterprise Resource Planning) was successfully implemented

## 2004

The 4th Technical Manufacturing block was established and Care Ratings Ltd. - an external credit rating agency accredited NACL

## 2005

The 5th Technical Manufacturing block was established

## 2006

- » Acquired two Pesticide Formulation Plants at Ethakota in East Godavari District and a Pesticide storage warehouse from Vijayalakshmi Insecticides & Pesticides Ltd
- » Established the 6th Technical Manufacturing block

## 2010

Zero Liquid Discharge (ZLD) Plant was commissioned at the Technical Manufacturing Plant

## 2012-16

- » State-of-the-Art Research & Development Center launched at Shadnagar, Telangana
- » Increased focus on branded business and crop segment, geographic expansion both in domestic and export business. International collaborations with global players, registration approvals in countries in SE Asia and Africa
- » Co-marketing partnership with leading Japanese chemical companies for Herbicide -Sirius & PGR Atonik. We started exporting our brands to African countries

## 2017

- » Renamed as NACL Industries Limited and got listed on NSE
- » Awarded with 'Suraksha Puraskar' Award by the National Safety Council of India
- » Featured among the top ten Indian Crop Protection Products Manufacturing Companies

## 2018

Received the 'Best Management Award' from the Government of AP for the second time in 2018

## 2019

Commission of the Block 7 at Srikakulam Unit

## 2020

- » Registered the highest turnover of ₹1015 Crores
- » Setting up a Greenfield project at Dahej, Gujarat

## 2021

- » Turnover reached a new height of around ₹1200 Crores
- » Awarded with the 'Responsible Care' logo by Indian Chemical Council
- » The R&D facility situated at Nandigaon Village, Hyderabad was accredited for Good Laboratory Practices (GLP)

## 2022

- » Registered highest-ever turnover of ₹1640 Crores for the 3rd consecutive year
- » Received Agri-Business Summit Agri (ABSA) award 2022 under the category 'Company of the Year'
- » Commenced commercial production at Dahej with a capacity of 6,000MT

## 2023

- » Registered highest-ever turnover of ₹2116 Crores
- » PAT crosses the ₹100 Crores landmark
- » Commissioned a new plant at Dahej





# Key Strengths and Strategies

## Key Strengths



### Three decades of Field Experience

Three decades of field experience has strengthened our position in the agrochemical industry since its establishment in 1993. Today, we stand as one of the most seasoned players, boasting extensive technical expertise and a strong foothold in the marketplace.



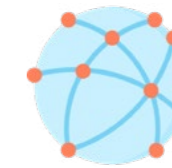
### Robust Research & Development capability

NACL possesses a state-of-the-art research facility, giving us a competitive edge by delivering quality products and capturing new markets through innovation.



### Ground connect

We have established direct channels to connect with retailers, enabling us to reach customers in even the remotest corners of the country.



### Reach 30+ international markets

Beyond domestic success, we export our products to over 30 countries across North America, Latin America, Europe, the Middle East, South East Asia, and Africa, contributing to 35% of our revenue.



### Strong background of Board of Directors

The Board of Directors are a formidable force, with 9 out of the 13 members being accomplished experts in agricultural or chemical fields. Their combined knowledge drives us towards excellence.



### Diverse product portfolio

NACL showcases a diverse product portfolio, offering pesticides, herbicides, fungicides and plant growth regulators.



### Strong and time-tested ties with MNCs

Having nurtured strong and time-tested ties with major corporations over its 30-year journey, NACL has grown exponentially in its niche domain.



### Distribution Network

With a vast distribution network encompassing more than 10,000 retailers and 47 stock points pan India, We have established direct contact with farmers across the nation, ensuring hassle-free product sales.



### Prominent presence in the entire value chain

Demonstrating a prominent presence across the entire agrochemical value chain, NACL controls multiple functions from R&D to manufacturing of intermediates and active ingredients, formulations, distribution, brand building and customer engagement programmes.



### Pan-India brand presence

NACL has a dominant market position with approximately 60 reputed brands, and our pan-India brand presence is felt far and wide.





## Strategies

### Capacity Enhancement: Accelerating Production and Expanding Facilities

NACL is fervently committed to profound expansion of its production capabilities in the domains of agrochemicals, speciality chemicals and advanced intermediaries. As part of this endeavour, we are currently undertaking two Greenfield projects in Dahej, Gujarat and Srikakulam, Andhra Pradesh. These projects are poised to bolster NACL's manufacturing capacity significantly.

Additionally, we have successfully obtained the necessary approvals for expanding the existing plant in Srikakulam, Andhra Pradesh, from 30 tonnes per day (TPD) to an impressive 70.1 tonnes per day (TPD).

### Thrust on Research & Development: Pioneering Progress and Quality Assurance

NACL's R&D Facilities in Hyderabad and Ethakota have achieved the ISO 17025:2017 Certificate of Accreditation from the National Accreditation Board for Testing and Calibration of Laboratories (NABL), alongside recognition by the Department of Scientific and Industrial Research (DSIR), Government of India. Within this framework, a primary focus of the R&D is to develop innovative formulation products and facilitate their registration for both domestic and international market penetration.

Notably, the R&D division secured GLP certification in 2021 and initiated studies aimed at facilitating product registration across African and Southeast Asian nations, a strategic step towards enabling effective product marketing.



### Customer-Centric Approach: Tailoring Products to Meet Specific Needs

At NACL, customer satisfaction is paramount. Through close collaboration with customers and retailers, we gain vital insights that inform the development of tailor-made products to precisely meet the unique requirements of our clientele. This customer-centric approach not only enhances product reliability but also expands the brand's market reach.

### Market Expansion: Exploring New Horizons and Growth Opportunities

NACL is actively pursuing new export markets. We are diligently working on new product registrations and brand building initiatives in untapped geographies. Furthermore, we are proactively seeking opportunities for inorganic growth in areas that synergises with our existing business.

### Sustainable Manufacturing Practices: Fostering Growth While Protecting the Environment

NACL ensures the certification of all manufacturing plants concerning quality, environment, health and safety. Integral to these endeavours, we have advanced Zero Liquid Discharge (ZLD) facilities located in Srikakulam Plant. Plants are designed for optimal energy and water consumption and they operate with high efficiencies.

A team of dedicated professionals safeguard the environment, embodying the company's commitment.

### Digital Leap: Embracing Technology for Enhanced Engagement

We have entered the digital sphere with the launch of the Krishi Kalyan App. This innovative platform fosters closer engagement with farmers while disseminating best practices related to agriculture and crop protection. We are also actively bolstering our brand presence across various social media platforms to enhance brand awareness and communication.

## Enhancing Capabilities



### NACL Industries facility at Srikakulam, Andhra Pradesh

A brownfield expansion increased the capacity from 10,000 MTPA to 17,000 MTPA and further to increase to 25,000 MTPA in the due course.

### NACL Spec-Chem Limited, Dahej, Gujarat

The initial 6,000MTPA project phase began commercial production on December 28, 2022, with two production lines operating at full capacity. The remaining three lines are projected to reach full capacity by Q3 FY2024.



### NACL Multichem Pvt. Ltd, Ranasthalam Mandal, Srikakulam

NACL Multichem Private Limited, a wholly owned subsidiary of NACL is in the process of setting up a greenfield Project for the manufacturing of Agrochemicals and Synthetic Organic Chemicals with a capacity of 38,000 MTPA in phases.

The major land acquisition are being completed and after obtaining the EC, other approvals/ licenses is being obtained.





# Competitive Advantages

NACL proudly stands as a dominant force in a fiercely competitive industry. Our remarkable success can be attributed to our well-established position throughout the crop protection value chain. This strategic position allows us to maintain full control over various aspects crucial to our growth, including cost structure, product quality, innovation, customisation, and efficient deliveries.

We export our products to more than 30 nations spanning four continents. Within India, the domestic formulation market houses over 60 well-known brands, catering to a

diverse range of major crops. As one of the most dependable contract manufacturers, we maintain robust partnerships with multinational corporations both domestically and internationally.

A driving force behind NACL's success lies in our professionally managed leadership team, enriched by years of experience. Furthermore, we are supported by a dedicated Board comprised of industry veterans. Our commitment to transparency and growth is evident through our listing on BSE Limited and the National Stock Exchange of India Limited.



**A cutting-edge world-class R&D centre near Hyderabad to develop new products and processes**



**A technical manufacturing plant at Srikakulam in Andhra Pradesh produces technical-grade material for captive consumption as well as for sale.**



**Developed a robust distribution network, employing a direct-to-retail approach, ensuring cost-effective and seamless product delivery to farmers**

**Formulation and packaging unit at Ethakota, Andhra Pradesh for handling liquids, powders and granules**



**Collaborated with agriculture scientists to educate farmers on crop protection, product usage, safety practices, and other essential features. Field development associates conduct product demos to demonstrate proper usage techniques**





# Product Description

## Formulations

NACL Industries Limited proudly presents an extensive array of cutting-edge formulations meticulously crafted for supreme agricultural efficacy. Our diverse range of solutions encompasses a comprehensive selection of insecticides, fungicides, herbicides, regulators, and nematicides, tailored to address a multitude of farming needs.

Available in various user-friendly forms such as wettable powders, granules, emulsifiable concentrates, and suspensions, our products empower farmers with efficient, targeted, and sustainable crop cultivation solutions.



Insecticides		Fungicides	Herbicides		PGR & Bio Stimulants
» Cairo	» Pest Lock	» Combi Plus	» Cambium	» Nagastra	» Atonik
» Cannon	» Profex	» Font	» Eraze	» Nagastra Strong	» Gallant EG
» Dxtar	» Profex Super	» Index	» Eraze - N	» Narilon	» Gallant Gold
» Dxtar Fs	» Pymet	» Kazan	» Eraze Plus	» Point	
» Ennova	» Quick Sp	» Mass	» Eraze Strong	» Rhino	
» Fenny	» Status	» Mass Plus	» Globus	» Senior	
» Force Super	» Syndicate	» Nagarjuna Rizostar	» Globus Sg	» Sirius	
» Fury	» Task Gr	» Oscar	» Goemon	» Smash	
» Hurricane Plus	» Task Sc	» Result	» Imax	» Surya	
» Monocrown	» Trust	» Sivic	» Nagarjuna Cubit	» Twofour	
» Nagarjuna 4g	» Warrior	» Slogan	» Nagarjuna Dicaught		
» Nagarjuna Mantle	» Warrior Plus	» Subtle	» Nagarjuna Dicaught Plus		
» Nagarjuna Mida		» Trica			
» Nagarjuna Spice		» Zeb			
		» Zen			

**₹83,260 Lakh**  
Insecticides  
▲ 22%

**₹85,106 Lakh**  
Fungicides  
▲ 39%

**₹32,616 Lakh**  
Herbicides  
▲ 22%

**₹8,789 Lakh**  
Plant growth regulators  
▲ 140%

## Our Technical Superiority

At NACL Industries Limited, our expertise lies in both utilising technicals for captive consumption and supplying them to esteemed companies within India and abroad. In addition to this, we take pride in our manufacturing capabilities, producing a wide range of technicals, intermediates, and fine chemicals exclusively tailored for major multinational corporations (MNCs).

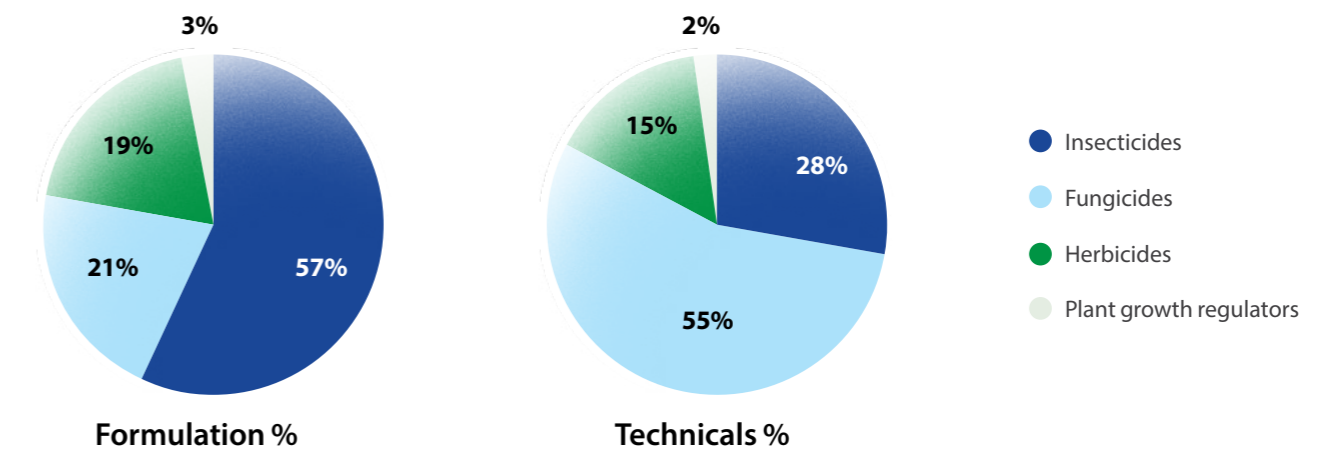
Driven by an unyielding pursuit of excellence and a customer-centric approach, we ensure that our technicals and chemical products meet the highest standards of quality, reliability, and effectiveness.

### List of technicals offered by NACL

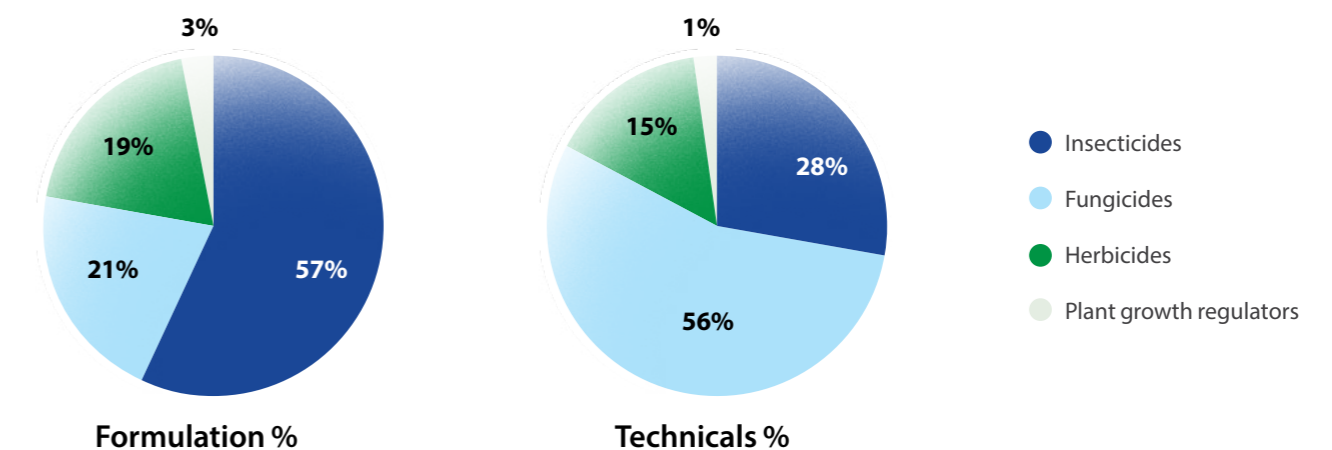
- » Myclobutanil
- » Propiconazole
- » Profenofos
- » Pretilachlor
- » Tricyclazole
- » Thiamethoxam
- » Lambda Cyhalothrin
- » Bifenthrin
- » Azoxystrobin
- » Tebuconazole
- » Thifluzamide
- » Difenconazole
- » Bispyribac Sodium
- » Glufosinate ammonium

## Product Category-wise Share in Revenue

### 2021-22



### 2022-23





# Global Footprint

NACL Industries Limited has established a strong global presence, spanning various continents. With our products being exported to numerous countries, our Company's footprint extends far beyond our home country, India. Through strategic partnerships and a commitment to excellence, we continue to make a significant impact on the international agrochemical market.

**30**

Nations

**₹84,376 Lakh**

Export Revenue

**₹59,368 Lakh**

Americas

▲ 55% growth over FY22

**₹2,757 Lakh**

Europe

▼ (65%) growth over FY22

**₹3,042 Lakh**

Africa

▲ 21% growth over FY22

**₹11,954 Lakh**

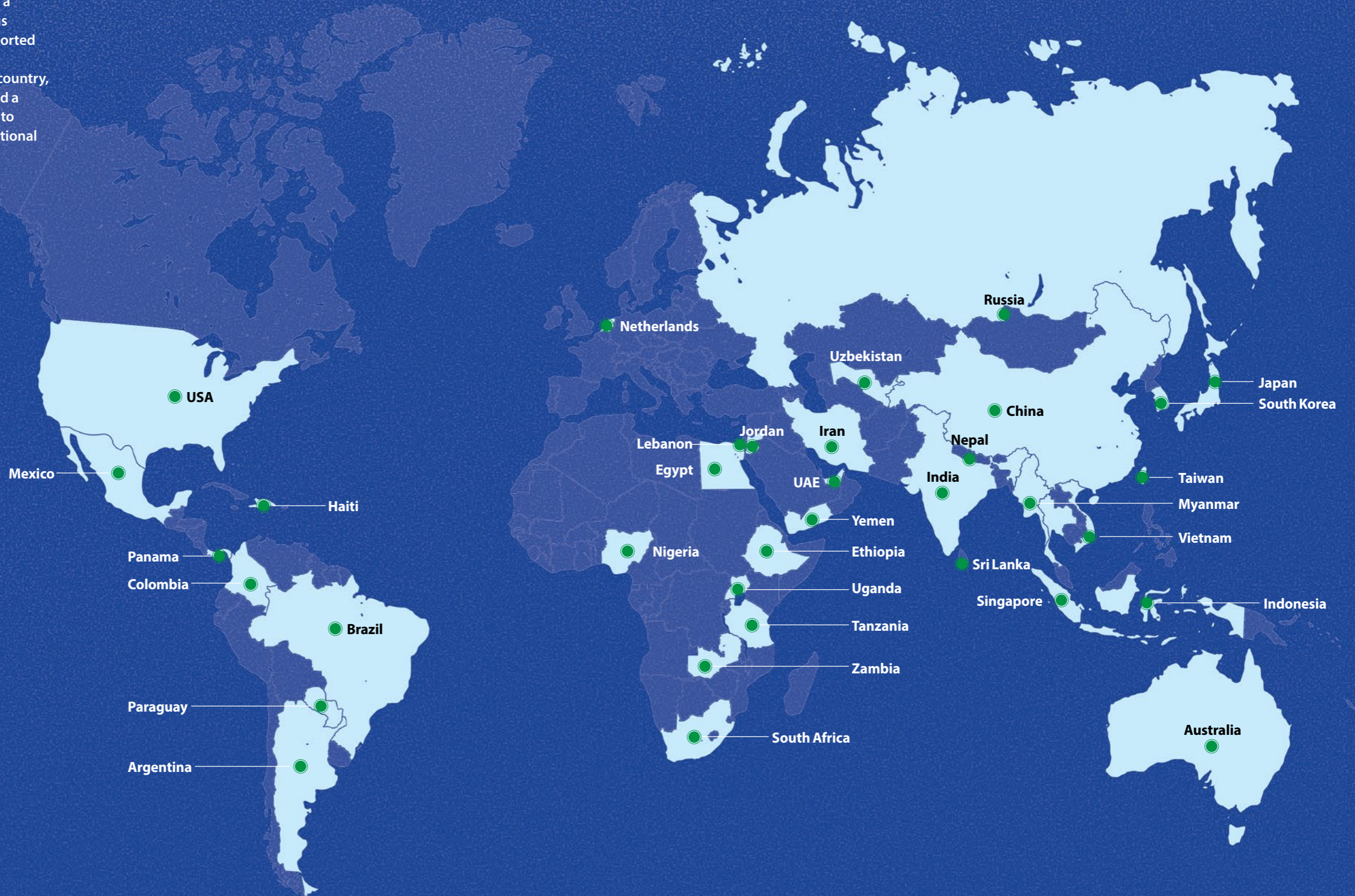
Asia

▲ 76% growth over FY22

**₹7,255 Lakh**

Australia

▲ 56% growth over FY22





# Message from the Chairperson



## Dear Shareholders,

It is my privilege to present this report, illuminating our journey and accomplishments throughout the FY2023 in the dynamic arena of the agrochemical industry. This year has been a testament to our relentless pursuit of excellence, evident through remarkable achievements and significant strides towards sustainability and growth. In a world defined by change and challenge, our commitment remains steadfast, and we embark on the future with unwavering determination and dedication to thrive. Your trust and unwavering support have been the cornerstones of our success, and we eagerly anticipate the unfolding chapters of this shared narrative.

### Global landscape

The past year unfolded amid notable global events, most significantly the Ukraine conflict, sparking shifts in commodity prices, stricter monetary policies, and global economic deceleration. Amidst these changes, macroeconomic volatility prevailed, with geopolitical factors exerting a notable influence on the business environment.

The global agricultural sector grapples with the complexities of climate change and resource constraints. Agriculture's role in economic development is pivotal, contributing over 4% to the global GDP. This sector's current transformation is driven by technological advancements such as precision agriculture and vertical farming, alongside biotechnological innovations addressing challenges like drought tolerance and nutrient deficiencies. However, disruptions like COVID-19, extreme weather events, and geopolitical tensions continue to cast shadows over food security and pricing dynamics.

The slowdown in China's economic growth had substantial ramifications, particularly given its prominent role as a leading exporter of agro chemicals and their associated raw materials.

Our industry showcased resilience in the face of challenges like escalating input costs and supply chain interruptions. Robust demand was observed in the herbicide product line particularly for non-selective herbicides like glyphosate. The insecticide and fungicide markets exhibited mixed performance due to diverse influences.

### Indian Landscape

Amid the unprecedented challenges across the world, India's economy displayed remarkable resilience, outpacing several international counterparts with an impressive real GDP at 7.2%. Agriculture, contributing 18.3% to the GDP and engaging 45.5% of the workforce, remains a cornerstone of our nation's progress.

The agrochemical sector in India has experienced steady growth, with a CAGR of 6% from 2018 to 2022, reaching a milestone of approximately ₹22,300 Crores in 2022. Government initiatives promoting digital infrastructure and sustainable farming practices underscore our transition to a technology-driven agricultural landscape. This transformation, bolstered by policy measures and innovation, is instrumental in meeting the burgeoning food demands of our growing population.

### Agrochemical sector

The agrochemical market has displayed consistent growth, marked by the increasing adoption of combined products and modern agricultural techniques. The escalating demand for food, improved quality, and the implementation of integrated pest management practices contribute significantly to this expansion. Projections indicate that the agrochemical market is poised to sustain a growth trend of 6-7%.

As for the Crop Protection market, the Indian sector is anticipated to showcase a robust Compound Annual Growth Rate (CAGR) of 4.6% throughout the forecast period spanning from 2023 to 2028. This growth is propelled by several pivotal factors. The global population's projected surge to 9.71 billion by 2050, especially in densely populated countries like India, the need for increased agricultural productivity intensifies. Impacts stemming from climate change have led to crop losses, making crop protection chemicals indispensable in mitigating these effects. An increase in disposable income among Indian farmers boosts demand for effective crop protection solutions. Furthermore, significant governmental support is driving the adoption of sustainable agricultural practices, ensuring both food security and environmentally-conscious approaches.

### Company Performance

In the first quarter of FY2023, we achieved remarkable milestones. Exports witnessed a growth of over 100% compared to the previous year's corresponding quarter. Our commitment to productivity, quality, and timely deliveries remains unwavering.

Our flagship technical plant in Srikakulam achieved its highest ever monthly production record of 1002 MT in March 2023, while establishing new benchmarks in safety. Additionally, the formulation plant in Ethakota also achieved new production records. Despite global disruptions affecting raw material supply, we maintained operational stability. Our Dahej Greenfield site has successfully initiated commercial production, with expansion plans firmly on track.

### Community Engagement

Our commitment to community well-being remains resolute. Initiatives in Srikakulam and Ethakota encompass vital undertakings such as providing purified drinking water, supporting educational institutions and students, and offering essential medical assistance. Infrastructure development projects continue to uplift the lives of our communities.

FY2023 exemplifies our resilience in adversity, adaptability to evolving landscapes, and unwavering pursuit of growth. As we stand at this juncture, our commitment to our overarching vision resonates even more powerfully – a vision that rests upon the pillars of innovation, sustainability, and collaborative synergy. Looking ahead, we stride forward with renewed vigor, eager to script new chapters of success, and to continue to contribute significantly to the realms we operate in.

### Acknowledgements

We extend heartfelt appreciation to our dedicated teams, esteemed customers, and steadfast shareholders. Your contributions have indelibly shaped our journey and the narrative of our accomplishments.

## K Lakshmi Raju

Chairperson





# Message from the Managing Director & CEO



## Dear Shareholders and Stakeholders,

It is with great satisfaction that I present a brief account of NACL's distinguishing performance for the FY2023, a period which is defined by our continued pursuit of growth and consolidation, investing further in development and production assets, talent and technology, new products and markets, while remaining on course to improve operational excellence, sustainability and governance, in the midst of local and global challenges related to post-pandemic recovery which has been uneven, prolonged conflict in Eastern Europe, recessionary conditions in many parts of the world, tighter monetary and fiscal regimes and others. I am delighted to share the gist of our journey through the year highlighting key achievements, while touching on work in progress, sharing concerns as well as opportunities.

### Business Environment, Agri-sector & Crop Protection

Global GDP growth is estimated to have slowed down from about 6% in 2021 to 3.4% in 2022 and expected to go down further to 2.7% in 2023, with agriculture accounting for a share of about 4% (17% of India's GDP). Reduction in per capita availability of irrigated land, impact of climate change and increasing input cost have been hindering growth in agriculture production, while complexities in distribution and uncertainties in price realisation compound the effect for the sector. Global Crop Protection chemical consumption, after witnessing significant growth in the previous decade, plateaued for the last many years. The on-going situation in Europe, related political and economic fallouts, supply chain disruptions, instability of input availability and price volatility beset the agrochemical industry at a time when food security concerns have been on the rise, calling for more production and wider availability at competitive prices.

### Business & Financial Performance

Your company continued its concerted and steadfast march into 2022-23 reporting revenue of ₹2,116 Crores. (>29% growth over 2021-22) with all lines of business... domestic Branded Retail, Exports and domestic B2B, growing significantly over the previous year. Responding to the buoyancy in the markets, the company stepped up production with continued emphasis on quality and customer service, launching alongside new products and serving new customers as well. With over 50 brands being distributed nationally through a sizable footprint, a large team of committed field associates actively serving channel partners and the farming community, new digital tools enhancing the quality and frequency of engagement and number of new products addressing portfolio niches, the company's Retail business, which reported growth of over 25% in FY2023, is set to scale greater heights. Based on the trust and service benchmarks built and defended over the years, Exports (to both international customers and other markets) have

also grown substantially (> 40%). Your company makes some products exclusively for some customers and such new prospects are in discussion. Capacity utilisation at the company's existing manufacturing facilities in Srikakulam and Ethakota in AP has been going up and therefore, new production assets are being added with advanced features. In the second half of FY2023, the company commenced its new manufacturing site in Dahej to make Active Ingredients as well as Intermediates for domestic and overseas markets. It is heartening that your company reported the highest profit in the Financial year (pre-consolidation PAT of ₹102 Crores).

### Innovation, Sustainability & Governance

The company's R&D facility has been expanding with new members added to the team to work on a number of new projects including product and process development for AIs, Inters and Formulations, custom development for Indian and international customers, new materials and data, among others. The facility is also working on products and processes for cost-effectiveness and sustainability. Besides the realm of R&D, the company has been extending principles of innovation, both incremental and radical, through team projects that address opportunities in different functions for cost-saving, speed of response, asset management, agility in logistics and so on. The company's record of safety is reassuring and while investing in both hardware and software to upgrade existing assets and processes for better reliability and safety, new facilities are being built with considerable regard to sustainability, in its broader sense. Your company continues to maintain a high governance -quotient through independent Board-managed dispensation, due regard for transparency, audit and reporting, among others. The company is set to publish its first ESG report in the next days, highlighting effort to shape a more sustainable and inclusive future for business and society.

### Investments & Outlook

While concerns remain in the shorter term about growth of the economy, agri-sector and crop protection segment due to uncertainties in the macro and micro environment, your company is sanguine about the prospects in the medium to longer term with tailwinds such as demography and consumption, prospect of India emerging as a leading

manufacturing base for the world, country's agriculture set for significant growth and transformation and Indian enterprises like your company being in the forefront to take advantage and position itself to actualise opportunities and chart an ambitious course. Your company therefore is investing in upgrading and expanding existing facilities while building greenfield sites. Work has commenced to launch a fourth manufacturing site near Vizag which has the required approvals for building a sizable, integrated facility for Fluorinated products. The company is also investing in new product and process development, registrations in India and overseas, brand development and promotion for Retail and Digital tools for better communication and engagement. Your company is also working on specialty crop nutrition and bio-control concepts which would be launched in the near future.

### Conclusion

For making 2022-23 an exhilarating and resounding financial year for reasons I shared earlier, I would like express gratitude to shareholders for their trust, compliment associates in the company for their dedication, thank customers for their business and acknowledge all stakeholders and the Board for their faith and support. Your enduring support has been the bedrock on which the company's accomplishments have been and will continue to be built, spotting opportunities, defending values and working with enterprise and resolve to seize the future.

## M. Pavan Kumar

Managing Director & Chief Executive Officer





# Board of Directors



**Mrs. K Lakshmi Raju**  
Chairperson, Promoter & Non-Executive Director

She holds a Master's degree in Business Administration and has been associated with the Agrochemical business for many years as Promoter Director.



**Mr. M. Pavan Kumar**  
Managing Director & CEO

He holds a Master's in Business Management from McGill University, Canada and has over three decades of operating and executive management experience working for Multinational & Indian organisations in agribusiness, chemicals and other sectors, building competitive and sustainable businesses.



**Mr. Sudhakar Kudva**  
Independent Director

He brings with him over 40 years of work experience in India and abroad in a wide range of industries including the Lakshmi Mittal Group. His areas of expertise are Finance, Treasury and General Management.



**Mr. Raghavender Mateti**  
Independent Director

He is an Independent Director and has been on the Board since February 2014. He is a graduate of IIT Kharagpur and IIM Ahmedabad and has around four decades of experience with many leading Companies including Multinationals in the Agrochemical Industry. He retired as Director-Marketing of Gharda Chemicals.



**Mr. Raj Kaul**  
Non – Executive and Non – Independent Director

He holds a BSc Engg. (Honors) and Postgraduate diploma in Marketing from IIM, Ahmedabad. He has over 40 years of experience in the agrochemical industry, working in areas such as engineering consulting, consumer products marketing/sales management, general management and M&A for Bayer India and Bayer Germany. He has also served on the Board of leading corporates such as Bayer Crop Science Limited and PI Industries Limited and also served as Chairman of the Board of Agrinos, a Norwegian Listed Company.



**Mr. Santanu Mukherjee**  
Independent Director (Additional Director)

Mr. Mukherjee has rich experience in the banking industry, with a focus on retail banking, foreign exchange, credit appraisal, treasury, and risk management. He also held senior management positions, including Managing Director of the State Bank of Hyderabad. His expertise includes Retail banking, Foreign exchange, Credit appraisal, Treasury, Risk management and Management.



**Mr. C. Varadha Rajulu**  
Non – Executive and Non – Independent Director

He is an engineering graduate and also holds a PG Diploma in Industrial Management from Kirloskar Institute of Management, Bangalore. He is also a "Six Sigma Black Belt" and has more than 40 years of rich experience in the areas of Operations management and Corporate Affairs. He has been associated with NACL for over 8 years.



**Mr. N. Vijayaraghavan**  
Independent Director

He did his Engineering from IIT, Madras (Chennai) and PGDBM from IIM Ahmedabad. He has over 40 years of experience in L&T, ITW Signode, NFCL and Sterlite Industries. His core strengths are Marketing and General Management.



**Mr. Ramakrishna Mudholkar**  
Independent Director

He graduated in Agriculture science with an MBA from IIM Ahmedabad. He has vast experience of more than 35 years in the Agri-business sector, having held domestic and international business segments with AgrEvo India and DuPont.



**Ms. Veni Mocherla**  
Independent Director

She is a business consulting professional with over 18 years of work experience including services rendered for various international assignments. She has been actively involved in cross-border partnerships, turnaround and corporate strategic initiatives. An MBA, she also attended the Post Graduate Program at the Chartered Institute of Marketing, UK. Managing the Global firm, Strategic Management and Leadership from Wharton Executive Program.



**Mr. N. Sambasiva Rao**  
Independent Director

He holds a Master's degree in Agriculture and has rich experience of about 40 years in the Agri-input industries. He superannuated from Krishak Bharati Cooperative Limited (KRIBHCO) as Managing Director on December 31, 2019.



**Mr. Rajesh Kumar Agarwal**  
Investor Nominee Director

He has more than 25 years of diversified corporate experience including Chemical Industry. He is the Joint Managing Director of Krishi Rasayan Exports Pvt. Ltd (KREPL), an investor in the Company. Mr. Agarwal is an Executive Member of the Managing Committee of PHD Chamber of Commerce, New Delhi and also the trustee of various social, religious and educational charitable organisations.



**Mr. Atul Churiwal**  
Investor Nominee Director

He has a rich experience of over 40 years in the Agrochemical industry and is currently serving as the Managing Director of Krishi Rasayan Exports Pvt. Ltd (KREPL), an investor in our Company. He is also a member of several prominent agrochemical industry bodies.

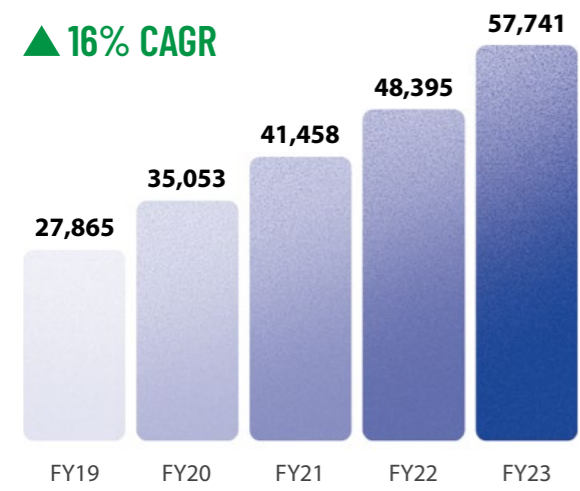




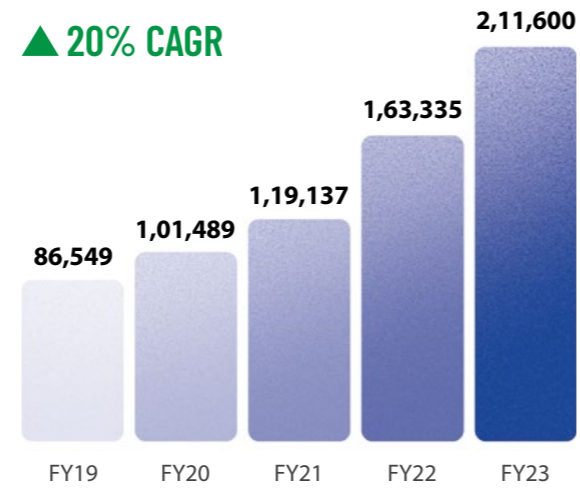


# Key Performance Indicators

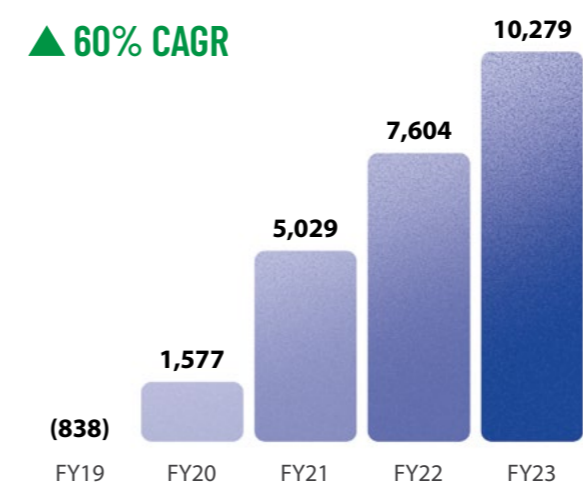
## Net Worth (₹ in Lakhs)



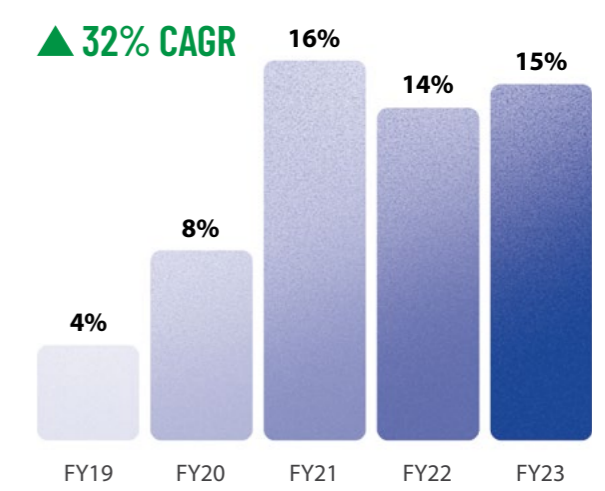
## Revenue from Operations (₹ in Lakhs)



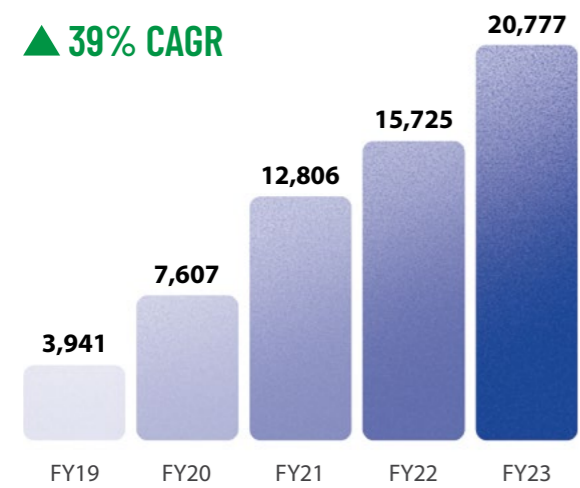
## Profit After Tax (₹ in Lakhs)



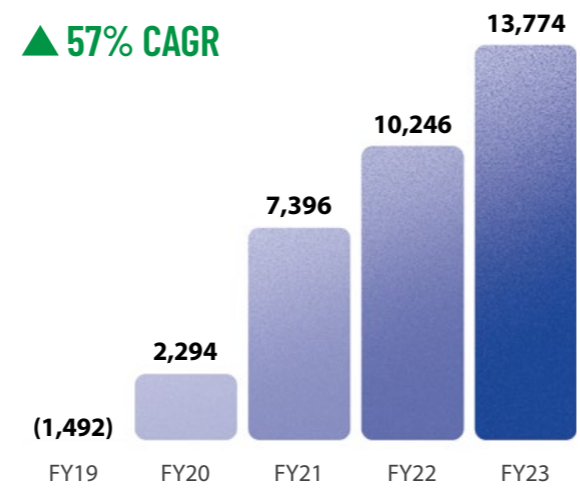
## Return on Capital Employed



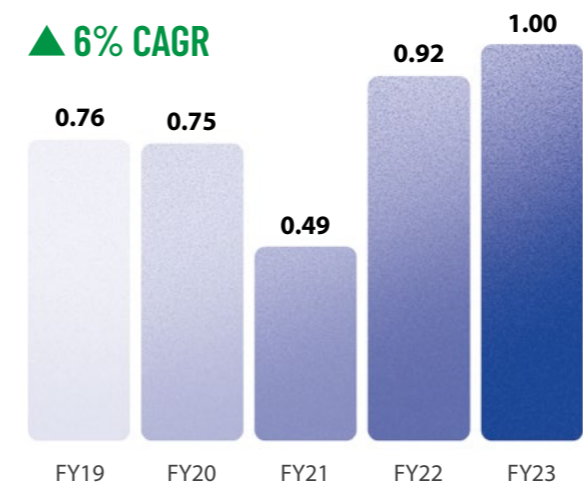
## EBIDTA (₹ in Lakhs)



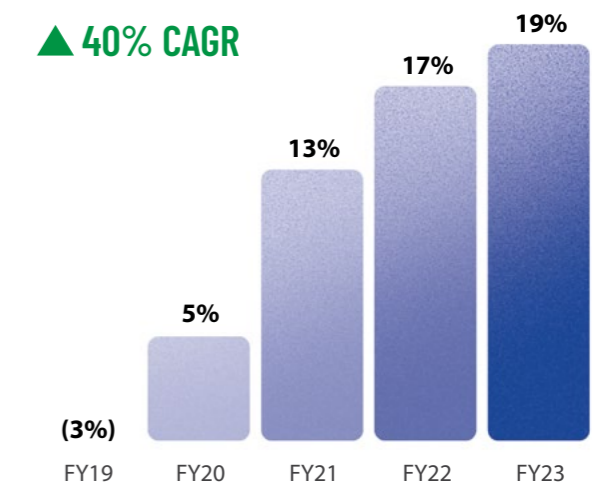
## Profit Before Tax (₹ in Lakhs)



## Debt Equity Ratio



## Return on Equity





# Quality, Environment, Health, and Safety

NACL Industries Limited strongly places a high priority on Quality, Environment, Health, and Safety (QEHS) standards. Committed to delivering high-quality products and services, we adhere to strict QEHS guidelines throughout our operations. With a focus on environmental sustainability and the well-being of its employees and stakeholders, we ensure a safe and responsible approach to business, keeping its reputation as a responsible corporate entity.

## Quality

NACL is a systems-driven organisation that is supported by precisely crafted Quality Management systems. These systems seamlessly align with the wide range of products and manufacturing processes conducted at our sites, encompassing comprehensive analyses, including effluent water treatment.

Our manufacturing sites and research facilities exhibit state-of-the-art and fully compliant Quality Control laboratories. Equipped with cutting-edge analytical instruments, these labs are continuously updated to meet the latest industry requirements. Our qualified and highly-trained personnel proficiently manage these laboratories, ensuring top-notch accuracy and precision in all quality-related operations.

Notably, NACL takes immense pride in the recognition of its commitment to excellence, as both the Quality Control laboratory at the Technical Plant in Srikakulam and the R&D facility in Shadnagar have earned NABL accreditation, further validating our pursuit of uncompromising quality standards.



## Environment

NACL prioritises environmental protection at all of our manufacturing facilities. The Srikakulam facility stands as a testament to this commitment, with over 70% of its land adorned with lush green cover. As part of our eco-conscious initiatives, every visitor to the Srikakulam plant is encouraged to plant a tree sapling, fostering a culture of sustainability.

In addition, the Srikakulam Plant has a cutting-edge Zero Liquid Discharge (ZLD) facility costing ₹30 Crore, which allows for the collection and reuse of all water resources while efficiently controlling the created effluents.

Similarly, at our Ethakota formulation unit, we maintain a large green belt, contributing significantly to keeping the environment pollution-free. Emphasising water conservation, our facility contains an innovative effluent treatment plant and water treatment plant that actively recycle water, minimising wastage and promoting ecological responsibility. NACL remains steadfast in its dedication to preserving the environment and upholding sustainable practices at all our manufacturing sites.

## Health

We take utmost care of our employees' well-being by providing well-equipped Occupational Health Centres (OHCs) at both manufacturing plants, offering round-the-clock services. These advanced facilities include beds, essential first aid supplies, medicines, and even an ambulance van to attend to any emergency medical requirements, all under the supervision of highly qualified Medical Practitioners and Nurses.

To ensure the continued health and safety of our associates, regular medical check-ups and occupational health assessments are conducted diligently, aimed at early identification and prevention of potential health risks. As an added benefit, these OHCs are thoughtfully nestled amidst lush-green surroundings, offering a refreshing and invigorating atmosphere with fresh air, and promoting a holistic approach to employee well-being. NACL remains committed to safeguarding the health of its workforce and cultivating a nurturing work environment.

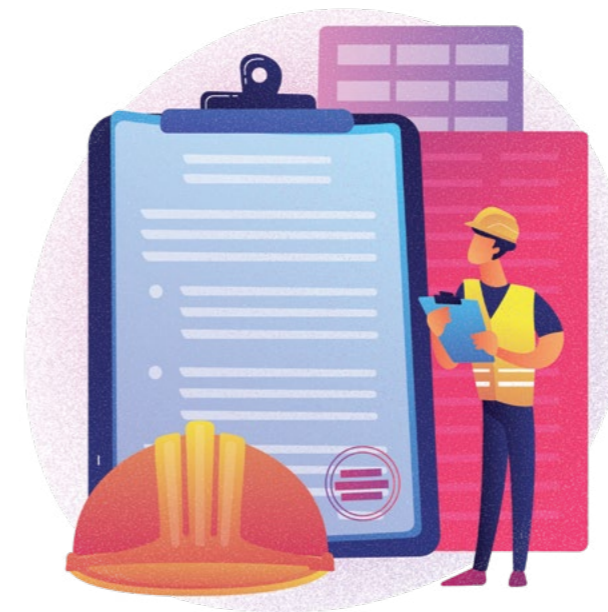


## Safety

At both Srikakulam and Ethakota locations, NACL prioritises safety with comprehensive infrastructure present at all critical points, equipped with state-of-the-art fire detection and prevention equipment. Our dedicated safety facilities are meticulously designed to ensure the utmost protection for our personnel and assets.

To maintain a high standard of safety, we conduct regular training sessions, simulations, periodic inspections, and audits. Our participative management approach fosters the institutionalisation of safety practices, making it an integral part of our organisational culture.

As part of our commitment to safety awareness, we organise Safety Week and Fire Week celebrations annually, engaging our workforce in informative campaigns and events. These initiatives play a crucial role in enhancing safety consciousness and reinforcing our dedication to a safe and secure working environment. NACL remains steadfast in its pursuit of excellence in safety practices, safeguarding the well-being of all associates and visitors.







## Corporate Social Responsibility

NACL holds a strong commitment to the betterment of the community and actively collaborates with its members to address their needs. In both Srikakulam and Ethakota, we dedicate ourselves to various community welfare initiatives. These encompass the provision of purified drinking water, extending support to schools and students, and offering medical aid to those in need. Recognising the significance of infrastructure development, NACL engages in projects that uplift the community's well-being.

To ensure the relevance and effectiveness of our efforts, we engage in constructive discussions with the villagers and local administration. This collaborative approach allows us to undertake targeted actions for community development, enabling positive and sustainable transformations within the areas we serve. NACL remains deeply invested in the prosperity and welfare of the community, striving to create a meaningful and lasting impact on the lives of those we touch.

## Human Potential Development

**At NACL, we firmly believe that our people are integral to our growth, and we are dedicated to their holistic development. We take great care in recruiting talented individuals based on merit, encouraging long-term associations.**

Investing in our team members is a top priority. We put considerable effort into upskilling and reskilling our workforce to enhance their technical and operational knowledge, keeping them in sync with evolving realities and empowering them to improve their performance. Our culture fosters open communication, seeking feedback and promoting the sharing of ideas. We take pride in investing significant resources to organise various engaging events that foster collaboration across all levels of the business hierarchy.

We nurture a customer-focused and performance-driven culture. Our performance management process revolves around supporting employees at each stage - from goal-setting (KRAs) to performance review and feedback - to cultivate a culture of sustainable performance. Through these initiatives, we remain committed to the growth and success of our valued employees, ensuring they thrive both personally and professionally at NACL.



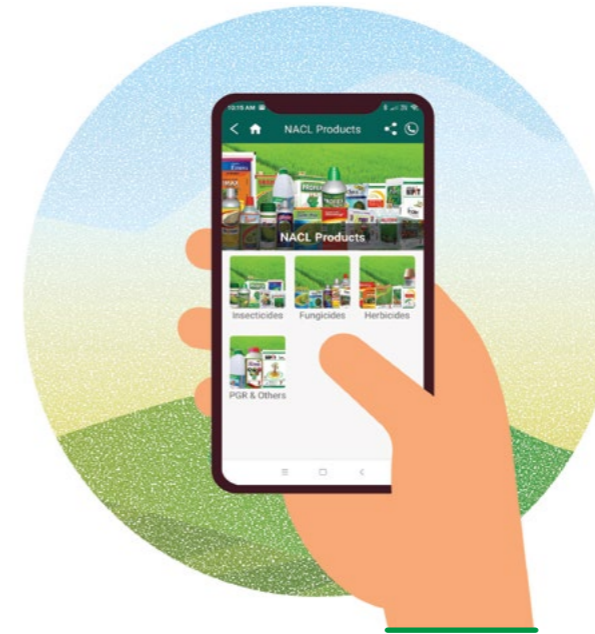


# Farmer Outreach Programme

At NACL, we hold farmers in the highest regard, recognising them as the ultimate consumers of our products. Ensuring a strong connection with the farmer community is paramount for our sustainable growth.

To achieve this, we regularly organise village level meetings, fostering direct engagement with farmers. These forums provide us with invaluable insights into their challenges, enabling us to offer effective solutions and raise awareness about our products. Additionally, we seize these opportunities to provide hands-on training, equipping farmers with the knowledge to accurately apply our products for optimal results. Our outreach efforts encompass a wide range of crops, from Rice and Wheat to Cotton, Soybean, Groundnut, Black Gram, Green Gram, Onion, Tomato, Brinjal, Peas, Tea, and more. The response is overwhelming, with

a significant number of farmers participating in these gatherings. To enrich these discussions, we often invite subject experts from Agricultural Research Stations, who share the latest crop trends and technologies, enriching farmers' knowledge base. In our commitment to farmer-centricity, we conduct field demonstrations across diverse conditions, showcasing our products' features and uses in granular detail. This approach proves to be instrumental in garnering high product acceptance, as farmers witness the tangible results first-hand. Furthermore, NACL has a robust and extensive retail network that spans the length and breadth of the country. This network ensures efficient last-mile connectivity, ensuring our products reach farmers promptly and seamlessly. At NACL, we remain steadfast in our dedication to empower farmers, ensuring their success at the heart of all our endeavours.



## Farmer-centric product development and sales approach

NACL's brand edifice stands tall on four pillars: differentiation, quality, reliability and farmer handholding. Our unwavering commitment to fortify each of these pillars over the years has solidified the NACL brand as every farmer's trusted friend. Capitalising on this deep-rooted brand recall, we proudly welcome new customers into our fold year after year. Furthermore, we continuously strengthen our legacy of delivering top-notch products by expanding our portfolio through the launch of new and relevant offerings. This strategic approach allows us to consistently cater to the evolving needs of farmers, ensuring that we remain at the forefront of innovation and agricultural progress. As we progress, our vision remains steadfast-to be the unwavering support and partner for farmers across the nation. NACL's relentless pursuit of differentiation, quality, reliability and unparalleled farmer support fuels our enduring success and cements our position as the preferred choice for farmers seeking excellence in agriculture.

## Krishi Kalyan App

A revolutionary platform launched in 2019, enabling us to foster a strong connection with farmers. This mobile application serves as a valuable resource for the Indian farming community, providing them with pertinent and practical crop information. One of the standout features of this app is its comprehensive database, offering inclusive information on crop-specific farm problems, including pests and diseases, detailed images of damage symptoms. This empowers farmers to identify and tackle issues effectively. Beyond problem identification, the application goes the extra mile by showcasing NACL's array of solutions for each challenge. Additionally, farmers gain access to a wealth of information, covering our entire range of products, along with their label crops, mode of action and recommended dosages. This comprehensive knowledge empowers farmers to make well-informed decisions about crop protection and enhancement. With the Krishi Kalyan App, NACL is dedicated to support farmers every step of the way, ensuring they receive the guidance and insights needed to optimise their farming practices and achieve thriving harvests.

**27%**  
Growth in domestic retail business

**03**  
Formulations launched in FY23





# Focus on Sustainability

NACL's steadfast dedication to sustainability is epitomised through its rigorous focus on environmental impact management. Notably, the company diligently adheres to regulations by conducting Environmental Impact Assessments (EIA) for key projects. These assessments gauge pollution potential and evaluate the efficacy of pollution control and environmental management systems. The commissioning of the Dahej plant in Gujarat, for instance, involved a comprehensive EIA to ascertain pollution impacts, aligning with NACL's commitment to responsible industrial growth.

Furthermore, NACL's pledge to sustainability extends to efficient water and waste management practices. Embracing the Zero Liquid Discharge (ZLD) process across all manufacturing sites demonstrates the company's determination to minimise environmental impact. The ZLD system, adeptly implemented in the Srikakulam plant, effectively manages water resources within the site, reducing wastewater generation. This commitment to effective water stewardship aligns with NACL's ethos of creating value from waste, as evidenced by the separation and utilisation of salts generated from effluents.

Energy conservation stands as another cornerstone of NACL's sustainability agenda. Initiatives such as the installation of solar power plants and the transition to cleaner fuels, like LPG, showcase NACL's dedication to reducing its carbon footprint. Automation of processes, such as employing VFD fans, highlights the company's commitment to energy efficiency. Notably, the reduction in Greenhouse Gas Emissions by 16% year-on-year underscores NACL's holistic approach to reducing its environmental impact.

Equally pivotal is NACL's dedication to biodiversity preservation. The expansive green belts across all facilities, particularly the Srikakulam plant, underscore the Company's commitment to environmental equilibrium. These verdant areas serve as both pollution mitigators and emission absorbers, demonstrating NACL's proactive approach to environmental sustainability. As NACL progresses, its steadfast commitment to sustainability remains integral to its ethos, influencing every facet of its operations.

At our R&D centre, innovation and excellence intertwine, driving us to continuously break barriers and pave the way for cutting-edge agricultural solutions. With a relentless focus on precision and compliance, we forge a path of progress in the agrochemical industry, exemplifying our commitment to deliver nothing short of the best to our valued customers.

**7.92%**  
of Dahej project cost allocated to environmental protection

**34.61%**  
of cost of expansion at Srikakulam spent on environment management

**2.79%**  
Reduction in water consumption

**3%**  
Reduction in energy consumption

**0.34%**  
Reduction in GHG emissions







## Research and Development

**Situated close to Hyderabad, our state-of-the-art R&D centre sprawls across a 4-acre campus. The captivating ambience and conducive ecosystem fuel the creativity of our nearly 70-strong R&D team, inspiring them to delve into innovative ideas and craft niche products and solutions, strategically positioning us steps ahead of the competition.**

Equipped with cutting-edge infrastructure and advanced equipment such as GC, GC-MS, FTIR, HPLC-UV, and PDA detectors, our R&D Centre is fully equipped to undertake a diverse range of studies in compliance with internationally recognised guidelines. We adhere to EC, OECD, OPPTS, and SANCO guidelines, as well as methods endorsed by esteemed organisations like FAO, WHO, AOAC, and CIPAC, following the OECD principles of Good Laboratory Practices.

Our team's expertise spans five key areas: batch analyses with impurity profiling, method development, method validation, and a comprehensive range of product chemistry and product stability studies. All studies are meticulously conducted following comprehensive SOPs developed by our proficient team, meticulously aligned with national and international guidelines, standards, and specifications.

The R&D facility has earned the prestigious 'Good Laboratory Practice' accreditation, issued by NGCMA under the Department of Science and Technology, Government of India. Adhering to the OECD Principles of Good Laboratory Practice (GLP), the facility upholds the generation of top-notch, dependable, and reproducible test data about non-clinical health and environmental safety studies. This recognition is widely accepted by registration authorities across OECD countries, encompassing the USA, Canada, Australia, Japan, the UK, Germany, and numerous other nations, solidifying the credibility of test data derived from our Company's R&D facility.

At our R&D centre, innovation and excellence intertwine, driving us to continuously break barriers and pave the way for cutting-edge agricultural solutions. With a relentless focus on precision and compliance, we forge a path of progress in the agrochemical industry, exemplifying our commitment to deliver nothing short of the best to our valued customers.



# Awards and Recognitions



- » Srikakulam Unit bagged the prestigious **“Suraksha Puraskar”** Award for the year 2017 from the National Safety Council of India, for its best safety practices.
- » Bagged the **“Greentech Environment Silver Award”** for the year 2018 from New Delhi-based Greentech Foundation, for its best efforts towards environment protection and conservation.
- » Ethakota Unit bagged the prestigious **SAFETY AWARD** for the years 2018, 2019 & 2020 from the National Safety Council of India, for its best safety practices.

- » The manufacturing units situated at Srikakulam and Ethakota, Andhra Pradesh have been conferred with the **“Best Management Award”** by the Government of Andhra Pradesh for the years 2015 & 2018.
- » Srikakulam won **CII National Award in Water Management** for the year 2019.

- » Srikakulam Unit bagged the prestigious **“Andhra Pradesh Industry Champion Award 2021”** from the Government of Andhra Pradesh.
- » Received **Agri Business Summit Agri (ABSA)** award 2022 under the category "Company of the year" from the Honorable Agriculture Minister for Telangana Mr. S. Niranjan Reddy

# ISO Certifications



## ISO 9001:2015

It specifies requirements for a quality management system when an organisation aims to enhance customer satisfaction through the effective application of the system, including processes for improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.



## ISO 14001:2015

It specifies the requirements for an environmental management system that an organisation can use to enhance its environmental performance. ISO 14001:2015 is intended for use by an organisation seeking to manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability.



## ISO 45001:2018

It specifies requirements for an occupational health and safety (OH&S) management system, and gives guidance for its use, to enable organisations to provide safe and healthy workplaces by preventing work-related injury and ill health, as well as by proactively improving its OH&S performance.

# NABL Accreditations



R&D Facility



Ethakota Unit



Srikakulam Unit



RC Certificate



GLP Certificate



# Corporate Information

## Board of Directors

- Mrs. K. Lakshmi Raju**  
Chairperson, Director & Promoter
- Mr. M. Pavan Kumar**  
Managing Director & CEO
- Mr. Sudhakar Kudva**  
Director
- Mr. N. Vijayaraghavan**  
Director
- Mr. Raghavender Mateti**  
Director
- Mr. N. Sambasiva Rao**  
Director
- Mr. Ramkrishna Mudholkar**  
Director
- Ms. Veni Mocherla**  
Director
- Mr. Raj Kaul**  
Director
- Mr. Santanu Mukherjee**  
Director
- Mr. C. Varada Rajulu**  
Director
- Mr. Atul Churiwal**  
Investor Nominee Director
- Mr. Rajesh Kumar Agarwal**  
Investor Nominee Director

## Chief Financial Officer

Mr. R. K. S. Prasad

## Vice President – Legal & Company

### Secretary

Mr. Satish Kumar Subudhi

## Statutory Auditors

M/s. B S R and Co,  
Chartered Accountants,  
Firm's Registration No.:128510W  
Salarpuria Knowledge City, Orwell, B Wing, 6th Floor,  
Unit-3, Sy No. 83/1, Plot No. 02,  
Raidurg, Hyderabad -500 081, India

## Cost Auditors

M/s K. Narasimha Murthy & Co.,  
Firm Reg. No. 4042  
No. 3-6-365, 104 & 105, Pavani Estate, Himayath nagar  
Hyderabad-500029, Telangana State, India.

## Share Transfer Agents

M/s XL Softech Systems Limited,  
No.3, Sagar Society, Road No.2, Banjara Hills  
Hyderabad-500034, Telangana State, India.

## Our Bankers

HDFC Bank	Bandhan Bank
The SVC Co-Op Bank	Bank of Bahrain and Kuwait
RBL Bank	SBM Bank (India) Ltd
Doha Bank	Yes Bank
Shinhan Bank	Kotak Mahindra Bank
Axis Bank	IndusInd Bank
Bajaj Finance	

## Registered Office

Plot No.12-A, 'C' Block, Lakshmi Towers,  
Nagarjuna Hills, Panjagutta, Hyderabad - 500082,  
Telangana State, India  
Phone. No. 040-24405100

## Factory - Technical

UNIT-1, Arinama Akkivalasa, Etcherla Mandal,  
Srikakulam-532403, Andhra Pradesh, India.

## Factory – Formulation

Unit-I & Unit II, Ethakota-533238,  
Ravulapalem Mandal, East Godavari Dist,  
Andhra Pradesh State, India.

## R & D Centre

Nandigama Village, Kothur Mandal, Mahabubnagar Dist,  
Telangana State, India

## Corporate Identification Number

L24219TG1986PLC016607

## Listing

BSE Limited (BSE), Mumbai  
National Stock Exchange (India) Limited (NSE), Mumbai

## AGM Notice

**NOTICE** is hereby given that the 36<sup>th</sup> Annual General Meeting of **M/s. NACL Industries Limited** will be held on Friday, the September 22, 2023 at 10.00 a.m. (IST) through Video Conference ('VC') facility/Other Audio-Visual Means ('OAVM') to transact the following business. The venue of the meeting shall be deemed to be the Registered Office of the Company at Plot No.12-A, "C"- Block, Lakshmi Towers, Nagarjuna Hills, Panjagutta, Hyderabad – 500082, Telangana State, India.

### ORDINARY BUSINESS:

**1) To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2023 and the Reports of Directors and Auditors thereon and in this regard, pass the following resolutions as an Ordinary Resolution:**

- "RESOLVED THAT the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2023 and the Reports of Directors and Auditors thereon be and are hereby considered and adopted."
- "RESOLVED THAT the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2023 and the Report of Auditors thereon be and are hereby considered and adopted."

**2) 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 and in this regard, pass the following resolution as an Ordinary Resolution:**

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

**3) To declare final dividend on equity shares for the financial year ended March 31, 2023 and in this regard, pass the following resolution as an Ordinary Resolution:**

"RESOLVED THAT final dividend of ₹0.25 per equity share (i.e. 25% on the paid-up equity share capital of the Company) for the financial year ended March 31, 2023, as recommended by the Board of Directors of the Company, be and is hereby declared and the same be paid out of the profits of the Company for the financial year ended March 31, 2023."

### SPECIAL BUSINESS:

**4) To ratify the remuneration of the Cost Auditor for the financial year ending March 31, 2024 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

(including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration of ₹8,00,000 (Rupees Eight Lakh 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., Cost Accountants, appointed as Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending March 31, 2024, as approved by the Board of Directors based on the recommendation of the Audit Committee, be and is hereby ratified."

"RESOLVED FURTHER THAT the Board of Directors and/or any person authorised by the Board, be and is hereby severally authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

**5) To pay advisory fees to Mr. Raj Kaul, Non-Executive and Non-Independent Director and in this regard, pass the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to Sections 188, 197(4) and other applicable provisions, if any, of the Companies Act, 2013 (the Act), read with Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the recommendations of the Nomination and Remuneration Committee and Board of Directors of the Company, the approval of the members be and is hereby accorded to remunerate Mr. Raj Kaul (DIN: 00394139), Non-Executive and Non-Independent Director (a "related party" holding office and a place of profit under Section 188(1)(f) of the Companies Act, 2013) by way of fixed advisory fees an amount of not exceeding USD 75,000 per annum (approx. ₹60,00,000 per annum), in addition to fee payable to the him for attending the meetings of the Board or Committees thereof, plus reimbursement of travel, out of pocket expenses and incidental expenses for a period of 3 (three) years as per terms and conditions agreed upon, by and between the Company and Mr. Raj Kaul under an agreement and as approved by the Board."

"RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorized to alter and vary any such terms and conditions of the said appointment and advisory fees or revise the advisory fees in such manner as may be acceptable by the Board and Mr. Raj Kaul, and such agreement shall be suitably amended to give effect to such modification, relaxation or variation."

"RESOLVED FURTHER THAT the Board of Directors and/or any person authorised by the Board, be and is hereby severally authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."



**6) To pay consultancy fees to Mr. Chantati Varada Rajulu, Non-Executive and Non-Independent Director and in this regard, pass the following resolution as a Special Resolution:**

“RESOLVED THAT pursuant to Sections 188, 197(4) and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’), read with Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the recommendations of the Nomination and Remuneration Committee and Board of Directors of the Company, the approval of the members be and is hereby accorded to remunerate Mr. Chantati Varada Rajulu (DIN: 09219298), Non-Executive and Non-Independent Director (a “related party” holding office and a place of profit under Section 188(1)(f) of the Companies Act, 2013) by way of fixed consultancy fees of an amount not exceeding ₹42,00,000 per annum, in addition to fee payable to the him for attending the meetings of the Board or Committees thereof, plus reimbursement of travel, out of pocket expenses and incidental expenses for a period of 1 (one) year as per terms and conditions agreed upon, by and between the Company and Mr. Chantati Varada Rajulu under an agreement and as approved by the Board.”

“RESOLVED FURTHER THAT, the Board of Directors be and is hereby authorized to alter and vary any such terms and conditions of the said appointment and consultancy fees or revise the consultancy fees in such manner as may be acceptable by the Board and Mr. Chantati Varada Rajulu, and such agreement shall be suitably amended to give effect to such modification, relaxation or variation.”

“RESOLVED FURTHER THAT the Board of Directors and/or any person authorised by the Board, be and is hereby severally authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such

acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

**7) Appointment of Mr. Santanu Mukherjee (DIN: 07716452) as an Independent Director of the Company and in this regard, pass the following resolution as a Special Resolution:**

“RESOLVED THAT pursuant to Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (‘the Act’) and the Companies (Appointment and Qualification of Directors), Rules, 2014, read with Schedule IV to the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (‘Listing Regulations’) as amended from time to time, and based on the recommendation of the Nomination and Remuneration Committee and approval of Board of Directors and in accordance with the provisions of Articles of Association of the Company, Mr. Santanu Mukherjee (DIN: 07716452) who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing under Section 160(1) of the Act proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) years effective from July 27, 2023 till July 26, 2028.

“RESOLVED FURTHER THAT the Board of Directors and/or any person authorised by the Board, be and is hereby severally authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

**By order of the Board**

**Satish Kumar Subudhi**

Vice President – Legal & Company Secretary  
(FCS-9085)

Place: Hyderabad  
Date: July 27, 2023

## Notes:

- 1) The Ministry of Corporate Affairs (‘MCA’) vide its General Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 19/2021 dated December 08, 2021, Circular No. 21/2021 dated December 14, 2021, Circular No. 02/2022 dated May 05, 2022 and Circular No. 10/2022 dated December 28, 2022 (collectively referred to as ‘MCA Circulars’) permitted the holding of the Annual General Meeting (‘AGM’) through Video Conferencing (‘VC’) facility or other audio visual means (‘OAVM’), without the physical presence of the Members at a common venue. Further, the Securities and Exchange Board of India (SEBI) vide its Circular dated May 12, 2020 and January 05, 2023 (SEBI Circulars) has also granted certain relaxations. In compliance with the provisions of the Companies Act, 2013 (‘Act’), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’), MCA Circulars and SEBI Circulars, the 36<sup>th</sup> AGM of the Company is being held through VC/OAVM on Friday, September 22, 2023 at 10.00 a.m. (IST). The deemed venue for 36<sup>th</sup> AGM shall be the Registered Office of the Company situated at Plot No. 12-A, “C” Block, Lakshmi Towers, Nagarjuna Hills, Panjagutta, Hyderabad-500082, Telangana State, India.
- 2) **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. Since this AGM is being held pursuant to the MCA and SEBI Circulars through VC/OAVM, the facility for appointment of proxies by the members will not be available for this AGM. Accordingly, the proxy form, attendance slip, and route map of AGM are not annexed to this Notice.**
- 3) **Explanatory Statement:**  
The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, (‘Act’) relating to the Special Business Items are 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:**  
The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, September 09, 2023 to Friday, September 22, 2023 (both days inclusive).
- 6) **Dividend:**
  - a) The final dividend on equity shares for the financial year 2022-23, will be paid after declaration by the members:
    - i) in respect of shares held in physical form, to those Members whose names shall appear on the Company’s Register of Members as on Friday, September 08, 2023.
    - 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 Friday, September 08, 2023.
  - b) Members may note that as per the Income Tax Act, 1961 (‘IT Act’), as amended by the Finance Act, 2020, dividend paid or distributed by the Company after April 1, 2020, shall be taxable in the hands of the shareholders and the Company shall be required to deduct tax at source (TDS) at the prescribed rates from the dividend to be paid to the Shareholders, subject to approval of dividend by the Shareholders in the ensuing AGM. The TDS rate would vary depending on the residential status of the Shareholder and the documents submitted by them and accepted by the Company/RTA. Members are requested to complete and/or update their Residential status, PAN, Category with their depository participants (‘DPs’) or in case shares are held in physical form, with the Registrars and Transfer Agents (‘RTA’) by sending documents through e-mail on or before September 05, 2023. For the detailed process, please visit Company’s website i.e. [www.naclind.com](http://www.naclind.com).
- 7) **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) During the year, an unclaimed dividend amount of ₹4,86,957 of the Company for FY 2014-15 has been transferred to the IEPF.
  - c) The Shareholders are advised to send their requests for payment of unpaid dividend pertaining to the years from FY 2015-16 (Final Dividend) to FY 2022-23 (Interim Dividend) to the Share Transfer Agent (RTA) office or the Registered Office of the Company at Hyderabad, for issue of cheques/demand drafts



before the due date for transfer to the IEPF. The Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company, as on September 29, 2022 (i.e. date of previous Annual General Meeting), on the website of the Company [www.naclind.com](http://www.naclind.com) and also on the website of Ministry of Corporate Affairs.

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

The 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 2014-15, 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](http://www.naclind.com) to ascertain details of shares transferred in favour of IEPF authority.

e) The dividend amount and shares transferred to the IEPF can be claimed by the concerned members from the IEPF Authority after complying with the procedure prescribed under the IEPF Rules. The details of the unclaimed dividends are also available on the Company's website at [www.naclind.com](http://www.naclind.com) and the said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link [www.iepf.gov.in](http://www.iepf.gov.in).

8) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

9) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

10) In view of the MCA Circulars and SEBI Circulars, the Notice of 36<sup>th</sup> AGM along with the Annual Report 2022-23 has been sent only through electronic mode to all members whose email addresses are registered with the Company/ Depository Participants for communication purposes. The Annual Report 2022-23 has been uploaded on the website of the Company at [www.naclind.com](http://www.naclind.com) under Investor

Relations section and may also be accessed on the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The Notice is also available on the website of the CDSL at [www.evotingindia.com](http://www.evotingindia.com).

11) **Members Nomination:**

a) Members are advised to avail themselves of nomination facility as per 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 ISR-3 or Form 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.

12) **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](mailto:xlfield@gmail.com).

b) The members may please visit the Company's Website: [www.naclind.com](http://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 which is available on the website of the Company at [www.naclind.com](http://www.naclind.com).

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) In terms of the Listing Regulations, securities of listed companies can only be transferred in dematerialized form with effect from April 01, 2019, except transmission or transposition of shares. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holding to dematerialized form. Members can contact the Company or RTA of the Company for assistance in this regard.

f) 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.

g) **Updation of PAN and other details:**

SEBI vide its Circular dated March 16, 2023 mandated furnishing of PAN, KYC details (i.e. postal address with pin code, email address, mobile number, bank account details) and Nomination details by holders of physical securities. It may be noted that any service request or complaint can be processed only after the folio is KYC compliant. In terms of the above Circular, folios of physical shareholders wherein any one of the above said details such as PAN, email address, mobile number, bank account details and nomination are not available, are required to be frozen with effect from October 1, 2023 and such physical shareholders will not be eligible to lodge grievance or avail service request from the RTA of the Company and will not be eligible for receipt of dividend in physical mode. Further, Shareholders holding shares in physical form are requested to ensure that their PAN is linked to Aadhaar to avoid freezing of folios. Such frozen folios shall be referred by RTA/Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, after December 31, 2025. Members holding shares of the Company in physical form are requested to go through the requirements hosted on the website

of the Company and furnish the requisite details. Members are also requested to intimate changes, if any, pertaining to their name, postal address, email address, mobile number, PAN, registration of nomination, power of attorney registration, bank mandate details, etc. to their DPs in case the shares are held in electronic form and to the RTA in case the shares are held in physical form, quoting their folio number. Changes intimated to the DP will then be automatically reflected in the Company's records.

h) To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Members as soon as possible. Periodic statement of holdings should be obtained from the concerned DP and holding should be verified from time to time.

13) **Listing Fees:**

The Company has paid the Listing Fees for the year 2023-24 to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), the Stock Exchange(s) where the Company's shares are listed.

14) **Instructions for attending the AGM through VC/OAVM are as under:**

a) Members will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

b) Members are encouraged to join the Meeting through Laptops/IPads/Tablet for better experience.

c) Further Members will be required to allow Camera and use the Internet with a good speed to avoid any disturbance during the meeting.

d) Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

e) Members, like to express their views or ask questions during the AGM, may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/ folio number, PAN, mobile number to [investors@naclind.com](mailto:investors@naclind.com) from Monday, September 04, 2023 (9:00 a.m. IST) to Wednesday, September 20, 2023 (5:00 p.m. IST).

Those Members, registered themselves as a speaker, will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.



The shareholders who do not wish to speak during the AGM but have queries may send their queries on or before Wednesday, September 20, 2023 (5:00 p.m. IST) mentioning their name, demat account number/ folio number, email id, mobile number at [investors@naclind.com](mailto:investors@naclind.com). These queries will be considered and answered during the AGM.

**15) Process for those Members whose email-ids are not registered:**

- a) In case shares are held in physical mode - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA email id.
- b) In case shares are held in Demat mode - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to Company/RTA email id.

**16) Instructions about Voting through electronic means:**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of Listing Regulations (as amended), and MCA Circulars the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

Please refer to the following instructions for remote e-voting through electronic means.

- a) The voting period begins on Tuesday September 19, 2023 (9.00 a.m.) and ends on Thursday, September 21, 2023 (5.00 p.m). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, September 08, 2023 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- b) The Company is providing e-voting facility on the date of AGM through the CDSL system, besides the remote e-voting. Members who have cast their votes by remote e-Voting prior to the AGM may also attend/participate in the Meeting through VC/OAVM but they shall not be entitled to cast their vote again.

- c) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020, under Regulation 44 of Listing Regulations listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- d) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi Tab.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with <b>NSDL</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or call at toll free no.: 1800 22 55 33.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30



- e) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.
- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - 2) Click on "Shareholders" module.
  - 3) Now enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
  - 4) Next enter the Image Verification as displayed and Click on Login.
  - 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
  - 6) If you are a first-time user follow the steps given below:
 

<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in <b>OR</b> Date of Birth (DOB) If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.
  - f) After entering these details appropriately, click on "SUBMIT" tab.
  - g) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' 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. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - h) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- i) Click on the relevant EVSN for 'NACL Industries Limited'.
- j) 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.
- k) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- l) 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.
- m) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- n) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- o) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- p) There is also an optional provision to upload BR/ POA if any uploaded, which will be made available to scrutinizer for verification.
- q) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to <https://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](mailto: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](mailto: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.
  - Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company, if voted from individual tab and not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- r) 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 Friday, September 08, 2023.
  - s) Any person who acquires shares of the Company and becomes Members of the Company after the dispatch of the Notice and holding shares as on the cut-off date i.e. Friday, September 08, 2023 may obtain the User ID and password by sending request at [evoting@cdslindia.com](mailto:evoting@cdslindia.com).

#### 17) Instructions for voting on the date of AGM:

- i) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- ii) Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- iii) If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- iv) Shareholders who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

#### 18) Documents open for inspection:

- a) A certificate from the Secretarial Auditors of the Company certifying that the "Nagarjuna Agrichem Ltd- Employee Stock Scheme-2015" (ESOS-2015) and "NACL Employees Stock Option Scheme, 2020" (ESOS-2020), are being implemented in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the resolutions passed by the members, is required to be placed at the AGM. Such certificate will be available for inspection by the

- members in electronic mode before and during the AGM; and
- b. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which Directors are interested, as maintained under Section 189 of the Act, will be available for inspection by the members in electronic mode before and during the AGM.

#### 19) Other Instructions:

- I. Mr. S. Srikanth, Partner (M.No. A22119), representing M/s. BSS & Associates, Company Secretaries, Hyderabad, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- II. The Scrutinizer after scrutinizing the votes through remote e-voting as well as the e-voting during the AGM will, not later than 48 hours of conclusion of the Meeting, make a consolidated Scrutinizer's Report of the votes cast in favour or against, if any and submit the same forthwith to the Chairperson or a person duly authorized by the Chairperson who shall counter sign the same and declare the results of the voting.
- III. 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](http://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).
- IV. Members may address any query to the Company Secretary at the Registered Office of the Company, Tel. No.040-24405100, email: [investors@naclind.com](mailto:investors@naclind.com), Website: [www.naclind.com](http://www.naclind.com).
- V. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ('FAQ') and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 1800 22 55 33.
- VI. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call toll free no. 1800 22 55 33.



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

### Item No.4:

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., Cost Accountants, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2024, at a remuneration of ₹8,00,000 (Rupees Eight Lakh only) plus applicable taxes and out-of-pocket 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 ('hereinafter referred as Act') read with the Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be 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.4 of the Notice. The Board commends the Ordinary Resolution set out at Item No.4 of the Notice for approval and ratification 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 in Item No. 4 of the Notice.

### Item No.5:

Mr. Raj Kaul was appointed as Non-Executive and Non-Independent Director with effect from May 05, 2023. Keeping in view Mr. Raj Kaul's skills, vast knowledge, and extensive global experience in the fields of crop protection business, M&A and advisory in the areas of agrochemicals, bio-technology, seeds etc. and to leverage the experience of Mr. Raj Kaul brings forth it is thought fit to engage Mr. Raj Kaul as a Business Advisory to the Company.

Accordingly, the Board at its meeting held on May 22, 2023, based on the recommendation of the Nomination and Remuneration Committee and the approval of the Audit Committee, approved the execution of Business Advisory Agreement for a period of three years as per terms and conditions agreed and approved by the Board at an annual remuneration not exceeding USD 75,000 per annum (approx. ₹60 Lakh per annum) plus applicable taxes, subject to the approval of the shareholders.

As per Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a listed entity is required to obtain the approval of members of the Company every year by way of Special Resolution for payment of remuneration to a single Non-Executive Director exceeding 50% of the total remuneration payable to all Non-Executive Directors of the Company.

At present, Company is availing the advisory services from Mr. Raj Kaul and the remuneration being proposed to be paid to him is on par with the fee for advisory services rendering by other professionals holding similar industry specific qualification,

experience and knowledge. The proposed remuneration payable to Mr. Raj Kaul is in excess of limits specified in the Act and hence the said remuneration will be paid with the prior approval of the Shareholders of the Company. The details of the material terms of the Contract are as follows:

S.No.	Particulars	Remarks
1)	Nature and material terms/Particulars of the contract or arrangement	Advisory Services in the areas of Strategy and Operation.
2)	Maximum value of transactions	USD 75,000 per annum (approx. ₹60 Lakh per annum), plus reimbursement of travel, out of pocket expenses and incidental expenses.
3)	Name of the related party	Mr. Raj Kaul
4)	Relationship	Director

Based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors concurs that taking into consideration the expertise of Mr. Raj Kaul, it is desirable to avail the services and remunerate by way of paying advisory fees as mentioned in the resolution set out at Item no. 5 of the notice.

Accordingly, the consent of the Members is sought for passing a Special Resolution as set out at Item No.5 of the Notice. The Board commends the Special Resolution set out in Item No.5 of the Notice for approval by the shareholders.

Save and except Mr. Raj Kaul himself and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel of the Company/their relatives are in any way concerned or interested financially or otherwise, in the resolution set out at the Item No. 5 of the Notice.

### Item No.6:

Mr. Chantati Varada Rajulu was appointed as Whole Time Director (designated as Executive Director – Corporate Affairs) of the Company for a period of one year, with effect from June 24, 2022. The Board of Directors of the Company at their meetings held on May 22, 2023, noted that upon completion of tenure as Whole Time Director on June 23, 2023, Mr. Chantati Varada Rajulu will transition to the role of Non-Executive and Non-Independent Director of the Company with effect from June 24, 2023.

Mr. Rajulu will serve as an Advisor/Consultant for the Senior Management especially in the areas of Corporate Affairs, EHS Compliance, Government Relations and Advocacy for the Company. He will be available to provide feedback and counsel to the Senior Management on key issues facing by the Company on the above areas.

Accordingly, the Board at its meeting held on May 22, 2023, based on the recommendation of the Nomination and Remuneration Committee and the approval of the Audit Committee, approved the execution of Consultancy Agreement for a period of one year as per terms and conditions agreed and approved by the Board at an annual remuneration not exceeding ₹42 Lakh per annum plus applicable taxes, subject to the approval of the Shareholders.

As per Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a listed entity is required to obtain the approval of members of the Company every year by way of Special Resolution for payment of remuneration to a single Non-Executive Director exceeding 50% of the total remuneration payable to all Non-Executive Directors of the Company.

At present, Company is availing the consultancy services from Mr. Chantati Varada Rajulu and the remuneration being proposed to be paid to him is on par with the fee for consultancy services rendering by other professionals holding similar industry specific qualification, experience and knowledge. The proposed remuneration payable to Mr. Chantati Varada Rajulu is in excess of limits specified in the Act and hence the said remuneration will be paid with the prior approval of the Shareholders of the Company. The details of the material terms of the Contract are as follows:

S.No.	Particulars	Remarks
1)	Nature and material terms/Particulars of the contract or arrangement	Advisory Services in the areas of Strategy and Operation.
2)	Maximum value of transactions	₹42 Lakh per annum, plus reimbursement of travel, out of pocket expenses and incidental expenses.
3)	Name of the related party	Mr. Chantati Varada Rajulu
4)	Relationship	Director

The Board of Directors concurs that taking into consideration the expertise of Mr. Chantati Varada Rajulu, it is desirable to avail the services and remunerate by way of paying consultancy fees as mentioned in the resolution set out at Item No. 6 of the notice.

Accordingly, the consent of the Members is sought for passing a Special Resolution as set out at Item No.6 of the Notice. The Board commends the Special Resolution set out in Item No. 6 of the Notice for approval by the Shareholders.

Save and except Mr. Chantati Varada Rajulu himself and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel of the Company/their relatives are in any way concerned or interested financially or otherwise, in the resolution set out at the Item No. 6 of the Notice.

### Item No.7:

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have appointed Mr. Santanu Mukherjee (DIN 07716452) as Additional Director, designated as an Independent Director, of the Company with effect from July 27, 2023 in terms of the provisions of Sections 149, 150 and 161 of the Companies Act, 2013 ('the Act').

Mr. Mukherjee has over four decades of rich experience in the banking industry, with a focus on retail banking, foreign exchange, credit appraisal, treasury, and risk management. He also held senior management positions, including Managing Director of the State Bank of Hyderabad. His expertise includes Retail banking, Foreign exchange, Credit appraisal, Treasury, Risk management and Management.

He currently holds a position as an Independent Director on the Boards of several companies, including Bandhan Bank Limited, Suven Lifesciences Limited, Sumedha Fiscal Services Limited, Muthoot Housing Finance Limited, Aurobindo Pharma Limited, Rainbow Children's Medicare Limited, Rainbow Speciality Hospitals Private Limited, and BoG member in Institute of Management & Technology, Hyderabad. Mr. Mukherjee is also an advisor to the Board of Aeries Financial Technology and Donear Limited.

Mr. Mukherjee is a B.Sc., honors from Presidency College under University of Kolkata and CAIIB from the Indian Institute of Banking & Finance.

The Board is of the view that Mr. Mukherjee's association would be beneficial and in the interest of the Company and it is desirable to avail his services as an Independent Director. In the opinion of the Board.

The Company has received consent from Mr. Mukherjee for his proposed appointment as an Independent Director in terms of Section 152 of the Companies Act, 2013 and confirmation that he is neither disqualified in terms of Section 164 of the Act from being appointed as a Director nor debarred from holding office of Director by virtue of any SEBI order or any other such authority.

Further, Mr. Mukherjee has given a declaration that he meets the criteria of independence provided under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge duties as an Independent Director of the Company.

The Company has received a notice from a Members proposing Mr. Mukherjee candidature for the office of Director, in terms of Section 160(1) of the Act.

Pursuant to Regulation 17(1C) of the Listing Regulations, approval of shareholders for appointment of a person on the Board of Directors is required to be taken at the next general



meeting or within a time period of three months from the date of appointment, whichever is earlier. Further in terms of Regulation 25(2A) of the Listing Regulations, the appointment, re-appointment or removal of an Independent Director shall be subject to the approval of shareholders by way of a special resolution. Accordingly, the appointment of Mr. Mukherjee requires the approval of the members by way of a special resolution in this AGM.

A brief profile of Mr. Mukherjee and other information as required under Regulation 36(3) of Listing Regulations and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India are provided as Annexure to this Notice.

Place: Hyderabad  
Date: July 27, 2023

**Registered Office:**

CIN: L24219TG1986PLC016607  
Plot No.12-A, "C"- Block, Lakshmi Towers,  
Nagarjuna Hills, Panjagutta,  
Hyderabad-500082, Telangana State, India.  
Ph.040-24405100  
e-mail: [investors@naclind.com](mailto:investors@naclind.com); Website: [www.naclind.com](http://www.naclind.com).

Hence, in view of the aforementioned provisions, the Company is seeking the approval of its members for appointment of Mr. Mukherjee, as an Independent Director on the Board of the Company for a term of five years effective from July 27, 2023 to July 26, 2028, not liable to retire by rotation.

Save and except Mr. Mukherjee himself and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel of the Company/their relatives are in any way concerned or interested financially or otherwise, in the resolution set out at the Item No. 7 of the Notice.

**By order of the Board**

**Satish Kumar Subudhi**

Vice President – Legal & Company Secretary  
(FCS 9085)

**ANNEXURE TO NOTICE**  
**Details of Directors seeking appointment/re-appointment at the AGM**

*(Pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standards - 2 on General Meeting)*

Name of the Director	Mrs. K. Lakshmi Raju	Mr. Santanu Mukherjee
Directors Identification Number (DIN)	00545776	07716452
Age	48 years	66 years
Date of first appointment on the Board	June 24, 2004	July 27, 2023
Qualifications	Commerce Graduate and also has a Master's Degree in Business Administration.	B. Sc. (Honours) from Presidency College under University of Calcutta and CAIIB from the Indian Institute of Banking and Finance.
Brief Profile including expertise in specified functional areas.	She is having more than 19 years of experience in the Corporate business field.	He has rich experience of around four decades in the banking industry, with a focus on retail banking, foreign exchange, credit appraisal, treasury, and risk management. He also held senior management positions including Managing Director of the State Bank of Hyderabad. He currently holds a position as an Independent Director on the Boards of several Companies.
Nature of Expertise in functional area	Corporate business field	Risk Management, Finance, Banking and Economics
Terms and conditions of appointment / re-appointment	Re-appointed as Non-Executive Director, liable to retire by rotation.	Appointment as Independent Director, not liable to retire by rotation.
Details of remuneration last drawn during the FY 2022-23	₹3 Lakh*	He will be paid sitting fee for attending meetings of the Board or Committees.
No. of Board Meetings attended during the year 2022-23	8 (Eight)	NA
Relationship between Directors inter-se	Nil	Nil
Shareholding (including shareholding as a beneficial owner) in the Company as on March 31, 2023	12,69,15,859 (representing 63.83%) shares	Nil
List of other Companies in which Directorship held as on March 31, 2023 (excluding Foreign, Private and Section 8 Companies).	Nil	a) Rainbow Children's Medicare Limited b) Sumedha Fiscal Services Limited c) Bandhan Bank Limited d) Aurobindo Pharma Limited e) Suven Life Sciences Limited f) Muthoot Housing Finance Company Limited
List of Entities from which the person has resigned in the past three years.		a) Vishnu Chemicals Limited b) Donear Industries Limited
Chairperson/Member of the mandatory Committees of the Board of the Other Companies on which he is a Director as on March 31, 2023.	Nil	a) Rainbow Children's Medicare Limited – Audit Committee (C), Nomination and Remuneration Committee (M), Risk Management Committee (C), CSR Committee (M). b) Sumedha Fiscal Services Limited - Audit Committee (M), Nomination and Remuneration Committee (M). c) Bandhan Bank Limited - Audit Committee (M) and Risk Management Committee (C). d) Aurobindo Pharma Limited - Audit Committee (M), Nomination and Remuneration Committee (C), Risk Management Committee (M), Stakeholders Relationship Committee (M). e) Suven Life Sciences Limited - Audit Committee (C), Nomination and Remuneration Committee (C), Risk Management Committee (M).

\* Sitting fees paid for attending the Board and Committee(s) Meetings held during the FY 2022-23.



## Directors Report

### Dear Members,

Your Directors have pleasure in presenting the 36<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2023.

### Operating Results:

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

Particulars	Consolidated		Standalone	
	2022-23	2021-22	2022-23	2021-22
Total Income (including Other Income)	2,12,550	1,64,677	2,12,855	1,64,975
Profit before Share of profit from associate, Finance Cost, Depreciation and Tax	20,251	15,425	20,777	15,725
Finance Costs	4,733	2,665	4,409	2,984
Depreciation and Amortization Expense	2,815	2,496	2,594	2,495
Profit before Share of profit from associate, exceptional items and tax	12,703	10,264	13,774	10,246
Share of profit/(loss) from associate	138	(280)	-	-
Profit before tax	12,841	9,984	13,774	10,246
Current Tax	3,575	2,691	3,573	2,691
Deferred Tax	(221)	(49)	(78)	(49)
Profit for the year	9,487	7,342	10,279	7,604
Other Comprehensive Income	(56)	(51)	(59)	(43)
Total Comprehensive Income	9,431	7,291	10,220	7,561
Balance of profit brought forward from previous year	29,478	23,339	29,052	22,643
<b>TOTAL</b>	<b>38,909</b>	<b>30,630</b>	<b>39,272</b>	<b>30,204</b>
Appropriation				
Dividend on equity shares	1,191	1,088	1,191	1,088
Less: Effective portion of cash flow hedges	25	64	25	64
Balance profit carried forward to balance sheet	37,693	29,478	38,056	29,052

### Performance:

The Company has achieved highest ever consolidated revenue (including other income) of ₹2,12,550 Lakh for yet another year as against ₹1,64,677 Lakh achieved in the previous year, an increase of 29%. The Company's profit before exceptional item and tax is ₹12,841 Lakh during the year under review against profit of ₹9,984 Lakh during the previous, an increase of 29%. The Company earned a profit after tax of ₹9,487 Lakh against the profit of ₹7,342 Lakh in the previous year, an increase of 29%. The growth in revenue can largely be attributed to Exports and Domestic Retail sales, which grew by 41% and 27% respectively over the preceding financial year.

### Domestic Markets:

Domestic retail business of NACL empowers Indian farmers with sustainable and affordable solutions for crop protection. Retail business of the company has been growing at a CAGR of 61% for last 3 years while industry is growing at 5 to 7% by leveraging its brand equity supported by large field force and distribution network spread across India. During FY 2022-23 team focused on farmer centric approach by strengthening field marketing activities. We are working at creating long term

sustainable relationship with key channel partners through dealer club programs.

The year under review received 6% more rainfall during the principal monsoon season i.e June – September but East & Northeast India received 18% deficit rains. Even though monsoon was normal there was deficit rainfall during the sowing period i.e June – July leading to resowing. Later part of the season had heavy down pour impacting the liquidation of agrochemical products. Even though there was good acreage under rabi season, but demand was muted due to high kharif inventory in market.

Despite all the challenges, the Company has achieved domestic sales of ₹1,25,395 Lakh (out of which domestic retail sales are ₹83,755 Lakh) for the year under review against ₹99,730 Lakh (out of which domestic retail sales were ₹65,851 Lakh) in the previous year, a growth of about 26%. The growth is mainly attributable to our consistent efforts in enhancing our field marketing activities, New product introduction, focusing on key account management, supportive trade policies and strengthening our sales and marketing team.

### Insecticides:

During the year under review, the domestic retail business under Insecticide category has achieved a revenue of ₹48,834 Lakh against the revenue of ₹39,115 Lakh in the previous year, an increase of 25%.

Despite the challenges in liquidation of insecticides during Kharif season owing to continuous rains for 2 months from mid July to end of September team has put in their best efforts in field activities to register tremendous growth in the product line. During the Rabi season there was heavy infestation of Stem borer and leaf folder in Paddy crop which enhanced the volumes of products under the category. During the year under review, the company successfully launched Nagarjuna Mantle a combination product for White fly & Mites in Chilli crop.

### Herbicides:

During the year under review, the domestic retail business under Herbicide category has achieved a revenue of ₹16,287 Lakh against the revenue of ₹11,374 Lakh in the previous year, an increase of 43%.

Herbicide product line is being the fastest growing product line in Indian market due to increasing acceptance in India farmers to mitigate cost and labour availability challenges. This trend is expected to continue and to tap these opportunities, the Company has been strengthening its portfolio across crops like paddy, sugarcane, maize, wheat, and soybean which is also reflected in the growth of herbicide product line during the year. During the year under review, company has successfully launched Nagarjuna Dicaught Plus a combination product to control weeds in Cotton crop.

### Fungicides:

During the year under review, the domestic retail business under Fungicide category has achieved a revenue of ₹15,502 Lakh against the revenue of ₹13,311 Lakh in the previous year, an increase of 16%.

Fungicide demand was relatively low due to favourable weather conditions in crops like Grape, Chilli Potato and Tomato. Despite the challenges the Company achieved decent growth leveraging its strong portfolio and marketing activities. During the year under review, company has successfully launched one 9(3) molecule under brand name Oscar to control Sheath Blight in Paddy and Fruit rot / Powdery Mildew in Chilli. Product received good traction in the market. The company also launched one 9(4) under brand name Kazan to control Sheath Blight in Paddy.

### Plant Growth Regulators:

During the year under review, the domestic retail business under PGR / Bio Stimulant category has achieved a revenue of ₹3,132 Lakh against the revenue of ₹2,051 Lakh in the previous year, an increase of 53%.

Tremendous growth in this product line can be attributed to superior product performance and intense marketing activities.

### Export Market:

The industry witnessed a growth of 6.9 % in the global markets in the FY 2022-23. The growth was largely driven by Latin America (17%), followed by north America (9%). Asian market grew at 4% and Europe, MEA and Africa consolidated reporting a degrowth of more than 3%.

NACL international business also represented a similar trajectory but was able to register a growth rate much better than the Industry. The Export sales were ₹84,376 Lakh in the year under review as compared to ₹60,049 Lakh in the previous year, an increase by 41%. The growth was driven by increased uptake of our two key products by multinationals in the American continent, especially in the first half of the year.

The business has also taken steps to diversify its presence across channels as well as strengthen its formulation product portfolio. The business initiated more than 60 registrations in almost 15 countries in the financial year for its existing product range as well as new formulations.

### America:

The business witnessed good growth in North America and Latin America. The growth was steered by fungicide offtake to North America and insecticide business in Latin America. Fungicide business from new key account in North America also contributed to the growth. Business expansion is in process by initiating source addition for one fungicide in Latin America by two major multinationals and one new fungicide in North America.

### APAC markets:

The business registered strong growth in Asian markets despite the initial dry spell in Australia. The business leveraged the recovery of the markets like Sri Lanka in first half of the year and demand picked up in Oceania region in the later half of the year. The business is expanding its channel network in Bangladesh, Philippines and Thailand by initiating registrations with key National players in the countries.

### AFRICA market:

The business was able to grow its business in the eastern Africa market with its existing channel partners. Despite the challenge with limited forex availability in some of the major markets, the business was able to register revenue growth owing to the strength of its Channel partner in the country.

It is also strengthening its presence in the central African market, established subsidiary in Nigeria. The business expects to leverage its position with the focus on agricultural production for food security measures by the national governments in the region in coming years.

### Europe market:

The business faced head wind in the region due to the impact on its Russian business for one of the manufactured fungicide. This was the only region where the business registered a degrowth in its export revenue.



### Plant Operations:

The Srikakulam technical plant has witnessed a record annual production of 10,290 MT as compared to 9,372 MT in the previous year. The plant could achieve the desired results due to growth in the export, domestic, institutional business and introduction of new products. With improved productivity and asset utilization, the plant could record higher production to meet the market requirement. The plant continued to take various initiatives for energy conservation and cost savings. Zero Liquid Discharge facility operated efficiently during the year.

Ethakota formulation unit has been able to satisfactorily meet the market demand continuously. It achieved production of 24,002 MT/KL during the year under review, compared to the previous year's production of 25,164 MT/KL. This unit has been taking various initiatives for debottlenecking, safety and quality.

An encouraging working environment in both units enabled cordial relationship with all levels and improved productivity.

### Dividend & Dividend Distribution Policy:

Your Directors are pleased to recommend a final dividend of ₹0.25/- per equity share (i.e. 25% on equity shares of face value of ₹1/- each) for the financial year ended March 31, 2023. The payment of the final dividend is subject to the approval of the members at the ensuing Annual General Meeting (AGM) of the Company. The aforesaid final dividend is in addition to the interim dividends of ₹0.30 (30%) and ₹0.15 (15%) per equity share of ₹1 each respectively declared for the year under review. The total dividend amount for the financial year 2022-23, including the proposed final dividend, amounts to ₹0.70 per equity share (i.e. 70% on equity shares of face value of ₹1/- each) and the total outflow towards dividend on equity shares for the year amounts to ₹1,191 Lakh (previous year ₹1,088 Lakh). In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the members. The Company shall, accordingly, make the payment of the final dividend after deduction of tax at source.

As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Company has adopted a Dividend Distribution Policy and the same is available on the website of the Company at <https://naclind.com/wp-content/uploads/2023/02/Dividend-Distribution-Policy.pdf>.

### Credit Rating:

During the year under review, the CRISIL Ratings Limited (CRISIL) has assigned the rating for the Long-Term Bank facilities and Short-Term Bank facilities of the Company, the details of which are given herein below:

- Long-term Bank facilities: CRISIL A; Stable; and
- Short-term Bank facilities: CRISIL A1.

### Fire Insurance Claim:

An appeal has been filed by the Insurance Company (The Oriental Insurance Company Limited) against the Arbitration Award in favour of the Company before the Hon'ble High Court of Delhi. Pending final disposal of the above appeal, the Company has filed the Execution Petitions before Hon'ble High Court of Delhi for deposit of awarded amount in Material Damage (MD) Claim of ₹1,048 Lakh (including interest) and Business Interruption Policy claim of ₹1,352 Lakh (including interest) with the Court. With respect to the execution petition filed by the Company in both the cases, the Hon'ble High Court of Delhi has passed an order vide its order dated March 19, 2021 and April 9, 2021 directed the Insurance Company to deposit the awarded amount towards Material Damage claim and Business Interruption Policy respectively together with the interest upto the date of deposit with Court. During the previous year, the amount deposited by the Insurance Company has been released by the Court to the Company after submission of equivalent bank guarantee. As the matter is subjudice and as advised by its legal council, the Company has not recognized the deposit amount received as income and the interest cost, if any in the books of account.

### Subsidiary Companies:

#### A) NACL Spec-Chem Limited ('NSCL'), India:

Throughout the year, NACL Spec-Chem Limited has showcased its capabilities by successfully executing a Greenfield Project. NSCL secured all essential statutory approvals.

During the year under review, the initiation of plant commissioning marks a significant milestone in our journey. The Plant was commissioned on December 28, 2022, a target accomplished through meticulous planning, technical expertise, and collaborative teamwork exhibiting our dedication to operational excellence and streamlined manufacturing processes.

We have effectively reached our design capacity goals for commissioned products. The unwavering dedication of our workforce has ensured that our operations remain efficient, sustainable, and capable of fulfilling market demands while upholding the highest quality benchmarks.

Your Board of Directors had earlier approved investing ₹5,700 Lakh in NSCL for the ongoing capex and the balance amount to be mobilized through debt finance. However, due to escalation in project cost, the Board of Directors has approved additional investment of ₹3,800 Lakh by way of subscription the equity shares, debt instrument and other securities, to be issued by NSCL.

As on the date of report, your Company has already invested ₹9,500 Lakh. NSCL has successfully commenced its commercial operations under first phase of the Project with capacity of 6,000 MT per annum.

The revenue from operations of the Company for the year ended March 31, 2023 was ₹1,622 Lakh as against nil for the previous year. The Company had incurred a loss after tax of ₹754 Lakh as against the loss of ₹36 Lakh for the previous year.

#### B) NACL Multichem Private Limited ('NMPL'), India:

With reference to the green-field project by NMPL, the Ministry of Environment, Forest and Climate Change ('MoEF&CC') has granted the Environment Clearance to NMPL with respect to its proposed establishment of manufacturing facility at Ranastalam Mandal, Srikakulam District, Andhra Pradesh for manufacturing of various Agrochemicals, Synthetic Organic chemicals and Fluorine based chemicals with a production capacity of 264.615 TPD and Co-Generation Power Plant (6 MW).

The process of obtaining statutory approvals from state-level and local authorities is currently in progress.

Your Board of Directors had earlier approved investing ₹100 Lakh in NMPL for the ongoing capex and the balance amount to be mobilized through debt finance. As on the date of report, your Company has already invested ₹51 Lakh. Due to escalation in project cost, the Board of Directors has approved additional investment of ₹1,000 Lakh by way of subscription the equity shares, debt instrument and other securities, to be issued by NMPL.

The revenue from operations of the Company for the year ended March 31, 2023 was nil and incurred a loss after tax of ₹33 Lakh as against the profit of nil for the previous year.

#### C) LR Research Laboratories Private Limited ('LRRPL'), India:

The revenue from operations of the Company for the year ended March 31, 2023 was nil as against ₹25 Lakh for the previous year.

#### D) Nagarjuna Agrichem (Australia) Pty Limited ('NAAPL'), Australia

The revenue from operations of the Company for the year ended March 31, 2023 was ₹12 Lakh as against ₹12 Lakh for the previous year. The Company had a profit after tax of ₹2 Lakh as against the profit of ₹4 Lakh for the previous year.

#### E) NACL Industries (Nigeria) Limited ('NINL'), Nigeria:

NINL is incorporated on January 13, 2023 as a wholly-owned subsidiary of the Company. NINL is incorporated with a purpose to hold the local registrations on behalf of the Company in order to enable it to sell the products in Nigeria. These registrations are granted by the local government body of each country to a local entity established in that country.

#### F) NACL Agri-Solutions Private Limited ('NASPL'), India:

NASPL is incorporated on May 02, 2023 as a wholly-owned subsidiary of the Company. NASPL is incorporated with an objective to provide integrated farm solutions to customers.

### New Products Launched:

The Company has successfully commercialized manufacturing of the following two new Technical / Active Ingredients namely:

- ROZZER – Topramezone 336 g/L w/v SC – Maize Herbicide.
- TEMBOGUARD – Tembotrione 34.4 % SC – Maize Herbicide.

### Research & Development:

In the pursuit of innovation in developing products and improving processes, the Company's R&D Centre at Shadnagar, near Hyderabad, has been working on new products and better 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 the Company.

The Company's R&D Facilities in Hyderabad and Ethakota both received ISO 17025:2017 Certificate of Accreditation from the National Accreditation Board for Testing and Calibration of Laboratories (NABL) and is also recognized by the Department of Scientific and Industrial Research (DSIR), Government of India. Similarly, developing novel formulation products and their registration is a major activity of R&D to introduce products in domestic as well as in international market. The R&D has received GLP certification in 2021 and started studies to support international registration in Countries in Africa and SE Asia to enable marketing the products

The work done by the Company's R&D Center significantly helps in the registration of products both India and abroad through their testing and documentation services. NACL has 491 number of registrations in India and 95 for exports.

### Environment and Sustainability

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:9001:2015, ISO:14001:2015 and ISO 45001:2018 accredited for its proven standards covering in the areas of Quality, Environment, Safety and Health Management Systems respectively. Both Srikakulam and Ethakota Units are accredited by National Accreditation Board for Testing and Calibration of Laboratories (NABL).

### Responsible Care Management System (RCMS):

Across all our sites, NACL has effectively implemented the Responsible Care Management System (RCMS), underscoring our dedication to the safe and sustainable management of chemicals and processes.

### Energy Efficiency and Emission Reduction:

At the Ethakota site, we have made significant improvements in adopting energy-efficient technologies, resulting in a marked reduction in both operational costs and carbon emissions. Notably, we transitioned from diesel fuel to LPG gas for our boiler fuel, resulting in a remarkable 50% cost savings compared to the previous year's expenses. This transition has not only yielded substantial financial benefits but has also contributed to a commendable reduction in carbon emissions.



On an organizational wide, specific energy consumption was reduced by 13.68% in FY 21-22 and was largely stabilized with an increase of only 0.02% in FY22-23. Similarly, the specific power consumption was reduced by 14.13% in FY 21-22, and with a subsequent increase of 5.48% in FY22-23. While specific water consumption grew by 5.83% in FY 21-22, the Company was able to take active measures to reduce it by 3.05% in FY 22-23.

Specific carbon emissions was reduced by 14.84% in FY 21-22 and was largely stabilized with an increase of only 0.35% in FY22-23. While specific hazardous waste generation was successfully reduced by 29% in FY21-22 it grew by 18.06% in FY22-23.

#### Water Conservation and Reuse:

Our commitment to responsible water usage is evident through the implementation of water harvesting systems at all sites. Rainwater is efficiently collected and stored for reuse in our plantation and utility needs.

#### Share Capital:

During the year under review, your Company has allotted 56,043 fully paid equity shares, under Nagarjuna Agrichem Ltd.-Employee Stock Option Scheme-2015 and 4,78,336 fully paid equity shares under NACL Employee Stock Option Scheme – 2020, upon exercise of Stock Option by the eligible employees of the Company under the respective ESOS Schemes and these shares were duly admitted for trading on the Stock Exchange(s). The equity shares issued pursuant to the above Employee Stock Option Schemes rank pari-passu with the existing equity shares of the Company.

Subsequent to the above allotments, the paid up capital of your Company stand increased from ₹19,83,07,464 (comprising of 19,83,07,464 fully paid up equity shares of ₹1 per equity share) to ₹19,88,41,843 (comprising of 19,88,41,843 fully paid up equity shares of ₹1 per equity share).

#### Employee Stock Option Scheme:

The Company has two stock option schemes namely, Nagarjuna Agrichem Ltd. Employee Stock Option Scheme-2015 (ESOS 2015 Scheme) and NACL Employee Stock Option Scheme-2020 (ESOS 2020 Scheme). The Schemes are in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

##### a) ESOS 2015 Scheme:

During the year under review, the Company has allotted 56,043 fully paid equity shares to the eligible employees upon exercise of the vested stock options. The granting process under the ESOS 2015 Scheme was completed on January 31, 2022. However, the options already granted under the ESOS 2015 Scheme are eligible for exercise, in terms of the Scheme.

##### b) ESOS 2020 Scheme:

During the year under review, the Company has granted 5,20,000 stock options under ESOS 2020 Scheme to the eligible employees. Each option would entitle the holders of the option to apply for one equity share of the Company.

The Company has allotted 4,78,336 fully paid equity shares to the eligible employees upon exercise of the vested stock options.

In compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, a certificate from the Secretarial Auditor of the Company confirming that the ESOS 2015 Scheme and ESOS 2020 Scheme are being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the resolutions passed by the members, will be placed at the ensuing Annual General Meeting. The applicable disclosure, as stipulated under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as on March 31, 2023 with regard to the ESOS 2015 and ESOS 2020 is attached as **Annexure - I**.

#### Material Changes and Commitments:

Except the changes specifically described in this report, 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 and Associate 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 Companies Act, 2013 and as per Indian Accounting Standards (Ind AS 110 – "Consolidated Financial Statements"), the Audited Consolidated Financial Statements for the year ended on March 31, 2023 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.NACL Spec-Chem Limited, M/s.NACL Multichem Private Limited, M/s. LR Research Laboratories Private Limited, M/s.NACL Industries (Nigeria) Limited and M/s.Nagarjuna Agrichem (Australia) Pty, Ltd with its financial statements in 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 Statement required under Section 134 of the Act is attached as **Annexure - II** (Form AOC-1) to this Directors' Report.

The Company has incorporated following two new Wholly Owned Subsidiary Companies:

- NACL Industries (Nigeria) Limited, with effect from January 13, 2023; and
- NACL Agri-Solutions Private Limited, with effect from May 02, 2023.

No other Company has become/ceased to be Subsidiary or Joint Venture or Associate Company during the year under review. There has been no material change in the nature of the 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 Act, read with Regulation 46 of the Listing Regulations the following have been placed on the website of the Company [www.naclind.com](http://www.naclind.com):

- Annual Report of the Company, containing therein its Standalone and the Consolidated Financial Statements; and
- 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 Companies Act, 2013. 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 2022-23.

#### Auditors:

##### a) Statutory Auditor and Audit Reports:

M/s. BSR and Co Chartered Accountants, (Firm Registration No. 128510W), were appointed as Statutory Auditors of the Company at the 35th Annual General Meeting held on

September 29, 2022 for a period of 5 years commencing from the conclusion of 35th Annual General Meeting till the conclusion of 40th Annual General Meeting to be held in the year 2027. The firm has consented and confirmed that the appointment is within the limit specified under Section 141(3)(g) of the Companies Act, 2013. The Statutory Auditors have also confirmed that they are not disqualified to be appointed as such in terms of the proviso to Section 139(1), 141(2) and 141(3) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

The Audit Report of BSR and Co on the Financial Statements of the Company for the Financial Year 2022-23 is a part of Annual Report. The notes on the financial statement referred to in the Auditors Report are self-explanatory and do not call for any further comments. There are no qualifications, reservations, adverse remarks or disclaimers by the statutory auditors in their report.

##### b) Internal Auditor:

The Board of Directors of the Company has 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 March 31, 2023 and their reports are reviewed by the Audit Committee from time to time. The Internal Auditors monitor and evaluate the efficiency of the internal control system of the Company, its compliance with applicable laws/regulations, accounting procedure and policies. Based on the reports of the Internal Auditor, corrective actions will be undertaken, thereby strengthening the controls. Significant audit observations and action plans were presented to the Audit Committee of the Board on a quarterly basis.

The Board of Directors re-appointed M/s. M. Bhaskara Rao & Co., Chartered Accountants, Hyderabad as Internal Auditors for the financial year ending March 31, 2024.

##### c) Cost Auditor:

Pursuant to Section 148 of the Companies Act, 2013, the Board of Directors of the Company, on the recommendation of the Audit Committee appointed M/s. K. Narasimha Murthy & Co., Cost Accountants, Hyderabad as Cost Auditors to conduct cost audits relating to Insecticides (Technical Grade and Formulations), of the Company for the year ending March 31, 2024. The Company has received their written consent that the appointment will be in accordance with the applicable provisions of the Companies Act, 2013 and rules framed thereunder. 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 of ₹8 Lakh payable to M/s. K. Narasimha Murthy & Co., Cost Accountants for the financial year 2023-24. As a matter of record, relevant cost audit report for financial year ended 2022 were filed with the Central Government, within a stipulated timeline.



**d) Secretarial Auditor and Secretarial Audit Report:**

Pursuant to Section 204 of the Companies Act, 2013 read with the Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s.B S S & Associates, Company Secretaries, to carry out secretarial audit in terms of the Companies Act, 2013 for the FY 2022-23. The secretarial audit report for the FY 2022-23 issued by M/s.B S S & Associates, in form MR-3 is enclosed to this report as **Annexure – III** and the report does not contain any qualification, reservation, adverse remark or disclaimer. Pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained the Annual Secretarial Compliance Report from M/s. B S S & Associates and submitted the same to the stock exchange where shares of the Company are listed.

**Reporting of Frauds by Auditors:**

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of fraud committed in the Company by its Officers or Employees to the Audit Committee under Section 143(12) of the Companies Act, 2013.

**Directors:**

As on the date of this report, Company's Board comprises of 13 (thirteen) Directors, out of which, 3 (three) are Non-Executive, Non-Independent Directors (NEDs) including 1 (one) Woman Director. Further, out of the remaining Directors, 7 (seven) are Non-Executive Independent Directors, including 1 (one) Women Independent Director, 2 (two) are Investors Nominee 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 Companies Act, 2013 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.

The necessary resolution for re-appointment of Mrs. K. Lakshmi Raju forms part of the Notice convening the AGM. The profile and particulars of experience that qualify Mrs. K. Lakshmi Raju for Board membership, are disclosed in the said Notice.

**b) Re-appointment of Mr. M. Pavan Kumar as a Managing Director & CEO:**

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have re-appointed Mr. M. Pavan Kumar as Managing Director & CEO for a period of 3 years effective from June 01, 2022. His re-appointment was approved by the members of the Company through postal ballot.

**c) Appointment of Mr. Chantati Varada Rajulu:**

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have appointed Mr. Chantati Varada Rajulu as Whole Time Director designated as Executive Director – Corporate Affairs for a period of 1 year effective from June 24, 2022. His appointment was approved by the members of the Company through postal ballot.

**d) Change in designation of Mr. Chantati Varada Rajulu:**

Mr. Chantati Varada Rajulu (DIN: 09219298) was appointed as a Whole Time Director designated as "Executive Director-Corporate Affairs" for a period of one year w.e.f. June 24, 2022 and as per his term of appointment his tenure was completed on June 23, 2023. Post completion of the tenure as "Whole Time Director" on June 23, 2023, Mr. Chantati Varada Rajulu, vide a letter dated May 22, 2023, has consented to act as Non-Executive and Non-Independent Director of the Company. Accordingly, the Board of Directors, in its meeting held on May 22, 2023, have approved his continuation as Non-Executive and Non-Independent Director of the Company with effect from June 24, 2023.

Mr. Chantati Varada Rajulu is not related to any Director or Key Managerial Personnel of the Company. Further, Mr. Chantati Varada Rajulu is not debarred from holding the office of Director by virtue of any SEBI order or any other such authority.

**e) Re-appointment of Mr. Sudhakar Kudva as an Independent Director:**

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have re-appointed Mr. Sudhakar Kudva as an Independent Directors for a second term of 5 years effective from August 05, 2022. His re-appointment was approved by the members of the Company through postal ballot.

**f) Appointment and re-designation of Mr. N. Vijayaraghavan as an Independent Director:**

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors have appointed and re-designated Mr. N. Vijayaraghavan as an Independent Director for a term of 5 years, with effect from July 28, 2022. The same was approved by the members of the Company through postal ballot.

**g) Appointment of Mr. Raj A Kaul as a Non-Executive and Non-Independent Director:**

Based on the recommendation of Board, Mr. Raj A Kaul, was appointed as a Non-Executive and Non-Independent Director of the Company with effect from May 05, 2023. As per Regulation 17(1A) of Listing regulations, prior approval of the members of the Company was obtained by passing a postal ballot.

**h) Appointment of Mr. Santanu Mukherjee as an Independent Director:**

Pursuant to the provisions of Sections 149, 161 and other applicable provisions of the Act and applicable provisions of Listing Regulations, the Board at its meeting held on July 27, 2023, based on recommendation of Nomination and Remuneration Committee and subject to the approval of the members, has appointed Mr. Santanu Mukherjee as an Independent Directors for a term of five consecutive years w.e.f July 27, 2023. The Board recommend his appointment at the ensuing AGM. In the opinion of the Board he possess requisite qualifications, experience, expertise, proficiency and hold high standards of integrity.

The Company has received requisite notice(s) from a member under Section 160 of the Companies Act, 2013 proposing his appointment as Independent Director.

**i) Key Managerial Personnel:**

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

- i) Mr. M. Pavan Kumar, Managing Director & CEO
- ii) Mr. R.K.S. Prasad, Chief Financial Officer
- iii) Mr. Satish Kumar Subudhi, Vice President – Legal & Company Secretary.

During the year under review, there were no changes to the Key Managerial Personnel of the Company.

**j) 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 amendment(s), 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 a declaration that they meet the criteria of independence laid down under Section 149(6) of the Companies Act, 2013 read with Regulation 16(b) of Listing Regulations.

In the opinion of the Board, there has been no change in the circumstances which may affect their status as Independent Directors of the Company and the Board is satisfied of the integrity, expertise, and experience (including proficiency in terms of Section 150(1) of the Companies Act, 2013 and applicable rules thereunder) of all Independent Directors on the Board. Further, in terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors of the Company have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

**k) Evaluation of performance of the Board of Directors:**

Pursuant to the provisions of the Companies Act, 2013 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 Chairperson of the Board etc. Various parameters under the guidance note issued by the Institute of Company Secretaries of India and SEBI, 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 each Independent Director was carried out by the Board. The Directors expressed their satisfaction with the evaluation process.

In a separate meeting, the Independent Directors evaluated the performance of the Non-Independent Directors and performance of the Board as a whole. They also evaluated the performance of the Chairperson taking into account the views of Executive Director and Non-Executive Directors.

**l) Meeting of Independent Directors:**

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

**m) 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](http://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.

On an on-going basis, periodic presentations are made at the Board and Committee meetings, on the performance updates of the Company, Industry scenario, business strategy, internal control and risks involved and mitigation plan. The Directors are also provided with quarterly update on relevant statutory changes, judicial pronouncements and important amendments.

#### Board Meeting:

During the year under review, 8 (eight) Board Meetings were held. The details of the same are given in the Corporate Governance Report which forms part of this Annual Report. The provisions of the Act and the Listing Regulations were adhered to, while considering the time gap between two meetings.

#### Audit Committee:

The Audit Committee comprising of Mr. Sudhakar Kudva as the Chairman and Mr. Raghavender Mateti, Mr. N. Sambasiva Rao, Mr. N. Vijayaraghavan as the members. The details about the 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. There have been no instances during the year when recommendations of the Audit Committee were not accepted by the Board.

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

Your Company has laid down well-defined criteria for the selection of candidates for appointment as Directors, Key Managerial Personnel and Senior Management Personnel. The details of the same forming part of Company's Nomination and Remuneration Policy are available at the Company's website at [www.naclind.com](http://www.naclind.com).

#### 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](http://www.naclind.com).

#### Directors' Responsibility Statement:

Pursuant to Section 134(3)(c) and 134(5) of the Companies Act, 2013 (the Act) the Board of Directors, to the best of their knowledge and ability, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- 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 March 31, 2023 and of the Profit/Loss of the Company for the year ended on that date;

- 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;
- it has prepared the Annual Accounts of the Company on a 'going concern' basis;
- 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
- it has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### 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, the Company did a number of CSR activities in surrounding areas of Srikakulam and Ethakota where the Company's factories are situated. Such activities includes RO Water Supply to surrounding Villages, Village & Community Development, Scholarships to Merit students, 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 and 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 the 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 under Section 186:

The Company makes investments or extends loans/guarantees to its wholly-owned subsidiaries for their business purposes.

Details of loans, guarantees and investments covered under Section 186 of the Act, along with the purpose for which such loan or guarantee was proposed to be utilized by the recipient, form part of the notes to the financial statements provided in this Annual Report.

#### Annual Return:

Pursuant to Section 92(3) and 134(3)(a) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, as amended, a copy of the Annual Return of the Company and can be accessed through the web-link <https://naclind.com/investor-relations/financial-results/annual-reports/>

#### Risk Management Policy:

Pursuant to the provisions of Section 134, and other applicable provisions if any, of the Companies Act, 2013 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.

#### 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 (RPTs) under Ind AS (Indian Accounting Standards) -24 are disclosed in the notes to the financial statement.

Necessary disclosures and the statement of all related party transactions are 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](http://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](http://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 Companies Act, 2013 and as per Regulation 19 of the 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 Secretarial 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 Companies "Code of Conduct for Board and Senior Management Personnel" for the financial year 2022-23.

A certificate signed by the Managing Director & CEO 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 and Business Responsibility and Sustainability 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. A Business Responsibility and Sustainability Report containing the requisite details under Regulation 34 of the Listing Regulations has been included in 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



## 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 and Sweat Equity) Regulations, 2021]

#### 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 Financial Statements, forming part of this Annual Report 2022-23 which can be accessed through the web link: <https://naclind.com/investor-relations/>.

#### II) Description of ESOS existed during the year:

S. No.	Particulars	ESOS-2015	ESOS-2020
1)	Date of Shareholder's approval	September 28, 2015	September 07, 2020
2)	Total Number of Options approval	11,50,000 (Eleven Lakh fifty Thousand Only)	25,00,000 (Twenty Five Lakh 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 a maximum period of five years after the aforesaid one year from the date of grant. The vested options can be exercised within two years from the date of vesting.	There shall be a minimum period of one/two year(s) between the grant of Options and vesting of Options. The vesting of Options spreads over a maximum period of three years after the aforesaid one/two year(s) from the date of grant. The vested options can be exercised within one year from the date of vesting.
4)	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.	The Compensation Committee is empowered to fix the exercise price considering inter-alia the market price of shares as defined in the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the discount to be offered, which is subject to a minimum of face value of the equity shares of the Company
5)	Maximum term of Options granted	5 years (to be counted after one year from the date of grant as aforesaid)	3 years (to be counted after one/two year(s) from the date of grant as aforesaid)
6)	Sources of Shares	Fresh issue of shares.	Fresh issue of shares.
7)	Variation in terms of ESOS Scheme	NIL	<ul style="list-style-type: none"> <li>The exercise period has been reduced to one year from the date of vesting from two years from the date of vesting by way of amending ESOS-2020 Scheme.</li> <li>Increase in existing pool of NACL Employee Stock Option Scheme 2020 from 20,00,000 stock options to 25,00,000 stock options.</li> </ul>
8)	Methods used for accounting of ESOS	Intrinsic Value	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.	Nil	Nil

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 with the objective of providing a safe working environment, where employees feel secure. There were no cases reported during the financial year 2022-23 under the said Policy.

#### Brand Protections:

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

#### Deposit:

Your Company has not accepted any deposits from the public, covered under Chapter V of the Act 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:

Pursuant to the provisions of Section 136 (1) of the Act and as advised, the particulars of employees as required under Section 197 (12) of the Act read with Rule 5 (1) and 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as **Annexure-V** to this report.

#### Compliance with Secretarial Standards:

During the year under review, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

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

Disclosures required under the Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 relating to Conservation of Energy, Technology Absorption and Foreign Exchange Outgo and Earning are set out in a separate statement attached hereto as **Annexure-VI** and forms part of this report.

#### Other Confirmation

No application under the Insolvency and Bankruptcy Code, 2016 (IBC) was made on the Company during the year. Further, no proceeding under the IBC was initiated or is pending as at March 31, 2023. There was no instance of one time settlement with any Bank or Financial Institution.

#### 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

**M. Pavan Kumar**

Managing Director & CEO

(DIN: 01514557)

**Raghavender Mateti**

Director

(DIN: 06826653)

Place: Hyderabad

Date: July 27, 2023



**III) Option Movement during the year:**

S. No.	Particulars	ESOS-2015	ESOS-2020
1)	Number of Options outstanding at the beginning of the year	1,01,543	15,80,001
2)	Number of Options granted during the year	-	5,20,000
3)	Number of Options forfeited/lapsed during the year	-	1,35,000
4)	Number of Options vested during the year	56,043	5,46,670
5)	Number of Options exercised during the year	56,043	4,78,336
6)	Number of shares arising as a result of exercise of options	56,043	4,78,336
7)	Money realized by exercise of option (₹) if scheme is implemented directly by the Company.	4,48,344	1,38,71,744
8)	Loan repaid by the Trust during the year form exercise price received.	N.A	NA
9)	Number of Options outstanding at the end of the year	45,500	14,86,665
10)	Number of Options exercisable at the end of the year	-	96,667

**IV) Calculation of fair value:**

**A) ESOS – 2015:**

- i) Weighted average fair value of options granted during the year whose exercise price is less than market price ₹89.

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 14.7 to the Standalone Financial Statements forming part of this Annual Report may be referred.

- ii) Weighted average exercise price of options granted during the year whose exercise price is less than market price ₹8.

**B) ESOS – 2020:**

- i) Weighted average fair value of options granted during the year whose exercise price is less than market price ₹89.

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 14.7.1 to the Standalone Financial Statements forming part of this Annual Report may be referred.

- ii) Weighted average exercise price of options granted during the year whose exercise price is less than market price: ₹29 - ₹82

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

- a) Details of grant made during the FY 2022-23 to Key Managerial Personnel and Senior Managerial Personnel:

**1) ESOS-2020 Scheme:**

Name of the Eligible Employee	Designation	No. of options granted	Exercise Price (in ₹)
Kolli Seshagiri Rao	VP - Srikakulam Plant	65,000	64
		5,000	78
Roshan Mammen	VP - Export Sales & Marketing	65,000	64
Amit Taparia	Ex. VP - SCM, IT, Registration and Regulatory	10,000	78
Kannan Upadhyaya	VP - Domestic Sales & Marketing	65,000	72

- 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) 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

**VI) A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:**

S. No.	Particulars	ESOS-2015	ESOS-2020
1)	Weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model.	Please refer to Note No 14.7 & 14.7.1 to the Standalone Financial Statements forming part of this Annual Report.	
2)	Method used and the assumptions made to incorporate the effects of expected early exercise.	Black Scholes Method	
3)	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Expected volatility of the option is based on historical volatility, during a period equivalent to the option life, of the observed market prices of the Company's publicly traded equity shares.	
4)	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition		

**For and on behalf of the Board**

**M. Pavan Kumar**  
Managing Director & CEO  
(DIN:01514557)

**Raghavender Mateti**  
Director  
(DIN: 06826653)

Place: Hyderabad  
Date: July 27, 2023



## Annexure- II to Directors Report

### Form No. AOC-1

(Pursuant to proviso to sub-section (3) of Section 129 of the Companies Act, 2013 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

SI No.	Particulars	Name of the Company				
		L.R. Research Laboratories Private Limited	Nagarjuna Agrichem (Australia) Pty. Limited	NACL Multichem Private Limited	NACL Spec-Chem Limited	NACL Industries (Nigeria) Limited
1	Reporting period for the Subsidiary concerned, if different from the Holding Company's reporting period	NA	NA	NA	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 = 55.02)	INR	INR	Niara
3	Share capital	1	32	1	200	*
4	Other equity	(5)	(25)	(33)	(763)	-
5	Total assets	7	16	20	26,019	-
6	Total liabilities	10	9	52	26,582	-
7	Investments	-	-	-	-	-
8	Revenue	-	12	-	1622	-
9	Profit/(Loss) Before Tax	-	2	(33)	(895)	-
10	Tax Expenses	-	-	-	(141)	-
11	Profit/(Loss) after tax	-	2	(33)	(754)	-
12	Proposed Dividend	-	-	-	-	-
13	% of shareholding	100%	100%	100%	100%	100%

\*The Company is yet to subscribe to the share capital of NACL Industries (Nigeria) Limited as on date.

#### Note:

- Names of subsidiaries which are yet to commence operations: NACL Multichem Private Limited and NACL Industries (Nigeria) Limited
- Names of subsidiaries which have been liquidated or sold during the year: None

##### 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 Labs Private Limited
1. Latest Un-audited Balance Sheet Date	March 31, 2023
2. Shares of Associate/Joint Ventures held by the Company on the year end	Shares @ ₹10
i) No. of Equity Shares	61,27,513
ii) Amount of Investment in Associates/ Joint Venture	₹816 Lakh
iii) Extent 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 (Ind AS) 28 – Investments in Associates.
5. Net worth attributable to Shareholding as per latest Un-audited Balance Sheet	₹1,403 Lakh
6. Profit for the year (including true up)	₹530 Lakh
i. Considered in Consolidation	₹138 Lakh
ii. Not Considered in Consolidation	₹392 Lakh
Names of associates or joint ventures which are yet to commence operations.	Nil
Names of associates or joint ventures which have been liquidated or sold during the year.	Nil

#### For and on behalf of the Board

Place: Hyderabad  
Date: May 22, 2023

**Raghavender Mateti**  
Director  
(DIN: 06826653)

**M. Pavan Kumar**  
Managing Director & CEO  
(DIN: 01514557)

**R.K.S. Prasad**  
Chief Financial Officer  
(M.No.FCA024958)

**Satish Kumar Subudhi**  
Vice President - Legal &  
Company Secretary  
(M.No.F9085)



## Annexure- III to Directors Report

### Form No. MR-3 SECRETARIAL AUDIT REPORT

For the Financial Year ended on March 31, 2023

[Pursuant to Section 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,  
Plot No.12-A, "C"- Block, Lakshmi Towers,  
No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta,  
Hyderabad, Telangana - 500082.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by NACL Industries Limited (hereinafter called "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.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company, during the audit period covering the financial year ended on March 31, 2023, complied with the statutory provisions listed hereunder and also the Company has proper board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder 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,

- 2018 - Not applicable to the Company during the audit period;
- d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 - Not applicable to the Company during the audit period;
- f) 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 - Not applicable to the Company during the audit period;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - Not applicable to the Company during the audit period; and
- h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations 2018 - Not applicable to the Company during the audit period;
- (vi) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- (vii) The Employees' State Insurance Act, 1948;
- (viii) The Employers' Liability Act, 1938;
- (ix) The Equal Remuneration Act, 1976;
- (x) The Factories Act, 1948;
- (xi) Maternity Benefits Act, 1961;
- (xii) Minimum Wages Act, 1948;
- (xiii) The Negotiable Instruments Act, 1881;
- (xiv) The Payment of Bonus Act, 1965;
- (xv) Payment of Gratuity Act, 1972;
- (xvi) The Payment of Wages Act, 1936 and other applicable labour laws
- (xvii) Laws specially applicable to the industry to which the Company belongs, as identified by the Management:
  - a. Factories Act, 1948, Fertilizer (Control) Order, 1985 and Rules made thereunder;
  - b. The Insecticides Act, 1968 and Rules made there under;
  - c. Explosives Act, 1889 - Gas Cylinder Rules, 1981;
  - d. The Indian Boilers Act, 1923 & the Indian Boilers Regulations, 1950;
  - e. The Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996;
  - f. Environment Protection Act, 1986 and other environmental laws.

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by the Institute of Company Secretaries of India;
- ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc.

We further report that on examination of the relevant documents and records and based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of compliance reports by respective department heads / Company Secretary of the Company, in our opinion, there exist adequate systems and processes and control mechanism in the Company to monitor and ensure compliance with applicable general laws.

We further report that the compliances by the Company of applicable financial laws, like direct and indirect tax laws, have not been reviewed in this audit since the same is not within the scope of our audit.

Date: July 27, 2023

Place: Hyderabad

We further report that the Board of Directors of the Company has been 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 period under review were carried out in compliance with the provisions of the Act.

We further report that adequate notice was given to all Directors to schedule the Board Meetings and agenda with detailed notes there on were sent to them at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications as may be required by them on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, all the decisions of the Board were without any dissent.

We further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

**For B S S & Associates**  
Company Secretaries

**S. Srikanth**

Partner

ACS No.: 22119

C.P. No.: 7999

UDIN: A022119E000681272

Peer review No: 726/2020

This Report is to be read with our letter of even date which is annexed as 'Annexure-A' and forms an integral part of this report.



## 'Annexure A'

To,  
The Members,  
NACL Industries Limited,  
Plot No.12-A, "C" - Block, Lakshmi Towers,  
No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta,  
Hyderabad, Telangana - 500082.

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

- Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We 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. We believe that the process and practices, that we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
- 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 procedure on test basis.
- The Secretarial Audit report is not an assurance as to the future viability of the Company or of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For B S S & Associates**  
Company Secretaries

Date: July 27, 2023  
Place: Hyderabad

**S. Srikanth**  
Partner  
ACS No.: 22119  
C.P. No.: 7999  
UDIN: A022119E000681272  
Peer review No: 726/2020

## Annexure – IV to Directors Report

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITY

(Pursuant to Section 135 of the Companies Act, 2013 & Rules made thereunder)

#### 1) Brief Outline on CSR Policy of the Company:

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.

#### 2) Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1)	Mr. Sudhakar Kudva	Chairman	1	1
2)	Mrs. K. Lakshmi Raju	Member	1	1
3)	Mr. N. Vijayaraghavan	Member	1	1
4)	Ms. Veni Mocherla	Member	1	1
5)	Mr. M. Pavan Kumar	Member	1	1
6)	Mr. Chantati Varada Rajulu	Member	1	1

- Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company: <https://naclind.com/wp-content/uploads/2023/02/Corporate-Social-Responsibility-Policy.pdf>
- Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not Applicable
- |    |  |             |
|----|--|-------------|
| a) | Average net profit of the company as per section 135(5)  | ₹6,642 Lakh |
| b) | Two percent of average net profit of the company as per section 135(5)                               | ₹133 Lakh   |
| c) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years. | Nil         |
| d) | Amount required to be set off for the financial year, if any   | Nil         |
| e) | Total CSR obligation for the financial year ((b)+(c)-(d)).   | ₹133 Lakh   |
- |    |  |                   |
|----|--|-------------------|
| a) | Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) | ₹133 Lakh         |
| b) | Amount spent in Administrative Overheads   | Nil               |
| c) | Amount spent on Impact Assessment, if applicable                                   | Nil               |
| d) | Total amount spent for the Financial Year [(a)+(b)+(c)]                            | ₹133 Lakh         |
| e) | CSR amount spent or unspent for the Financial Year                                 | Refer table below |

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹133 Lakh	Nil	-	-	Nil	-

(f) Excess amount for set off, if any: Not Applicable.

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	₹133 Lakh
(ii)	Total amount spent for the Financial Year	₹133 Lakh
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

- Details of Unspent Corporate Social Responsibility amount for the preceding three financial years: **Not Applicable**
- Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **Not Applicable**
- Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135: **Not Applicable**

For and on behalf of the Board

Place: Hyderabad  
Date: May 22, 2023

**M. Pavan Kumar**  
Managing Director & CEO  
(DIN: 01514557)

**Sudhakar Kudva**  
Chairman of CSR Committee  
(DIN: 02410695)



## Annexure –V to Directors Report

The disclosure of remuneration during the year 2022-23 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 2022-23 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	Name of Director and KMP	Remuneration (₹in Lakh)	Ratio median remuneration	% Increase in remuneration in the FY
1)	Mrs. K. Lakshmi Raju, Non-Executive Director	3	0.56	34
2)	Mr. Sudhakar Kudva, Independent Director	5	0.75	27
3)	Mr. N. Vijayaraghavan, Independent Director	4	0.62	10
4)	Mr. Raghavender Mateti, Independent Director	4	0.70	27
5)	Mr. Atul Churiwal, Investor Nominee Director	2	0.32	33
6)	Mr. Rajesh Kumar Agarwal, Investor Nominee Director	2	0.28	40
7)	Mr. Ramkrishna Mudholkar, Independent Director	2	0.26	18
8)	Mr. N. Sambasiva Rao, Independent Director	3	0.48	35
9)	Ms. Veni Mocherla, Independent Director	2	0.36	25
10)	Mr. M. Pavan Kumar, Managing Director & CEO	365	57.99	112
11)	Mr. C.V. Rajulu, Whole Time Director*	57	-	-
12)	Mr. R.K.S. Prasad, CFO	100	-	6
13)	Mr. Satish Kumar Subudhi, Vice President – Legal & Company Secretary	60	-	7

\*The remuneration paid in FY 22-23 was for part of the year. Therefore, percentage increase is not comparable, hence not stated.

### Notes:

- During the year under review, the sitting fees have been paid to the Non-Executive Directors for attending meetings of the Board of Directors and Committee Meetings.
- Employees for the purpose above include all employees excluding employees governed under collective bargaining.

2. The Percentage increase in the median remuneration of employees in the financial year: 11.45%.

3. The number of permanent employees on the rolls of the Company: 1353.

4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year 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:

The average percentile increases in the salaries of employees other than the managerial personnel was 11.27%.

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:

- Gross remuneration shown above is subject to tax and comprises salary, allowances, commission, incentives, monetary value of perquisites, Company's contribution to provident fund and superannuation fund. In addition to the above, employees are also entitled to gratuity, medical benefits etc. in accordance with Company's Rules.
  - None of the above employee, along with the spouse and dependent children holds more than 2% of the equity shares of the Company.
  - All employees are permanent employee of the Company.
- Employed throughout the financial year and in receipt of remuneration aggregating One Crore and Two Lakh Rupees per financial year: Mr. M. Pavan Kumar, Managing Director & CEO
- Employed for part of the financial year and in receipt of remuneration aggregating Eight Lakh and Fifty Thousand Rupees per month or more: Nil
- In terms of Section 136 of the Act, the statement containing particulars of employee as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is open for inspection at the Registered office of the Company. Any shareholder interested obtaining copy of the same may write to the Company Secretary.

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

M. Pavan Kumar  
Managing Director & CEO  
(DIN: 01514557)

Raghavender Mateti  
Director  
(DIN: 06826653)

Place: Hyderabad  
Date: July 27, 2023

## 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:

- Reduction of electricity consumption of street lighting by replacing them with Solar street lights.
- Reduction of electricity consumption of conventional light fittings by replacing them with LED light fittings.
- Reduction of electricity consumption of Standard efficiency motor by replacing them with Premium efficiency motor.
- Reduction of electricity consumption of conventional ceiling fans by replacing them with Brushless DC ceiling fans.
- Reduction of electricity consumption by optimization and automation of the pumping facilities.
- Reduction of electricity consumption of standard efficiency pumps by replacing them with energy efficient pumps.
- Reduction of electricity consumption by reducing the running hours through automation.
- Reduction of electricity consumption by Optimizing the size of the motor.
- Reduction of electricity consumption by Optimizing Vacuum requirement to ATFDs.
- Reduction of electricity consumption of conventional air conditioners by replacing them with 5 star rated inverter split air conditioners.
- Reduction of electricity consumption of Belt driven agitators by replacing them with direct driven agitators.
- Reduction of electricity consumption by optimum utilization of the production facilities.

2. The capital investment on energy conservation equipment's:

Area of Improvement	Improvement	Cost of Project (In ₹Lakh)	Per Annum Saving (In ₹Lakh)
Total Plant	Solar street lights -30 Numbers - 30 Watt	4.65	1.41
Plant area	Replacement of 125 W MV Lamps with 60 W NFLP LED Light fittings -792 Numbers	33.4	19.39
Block-5	Energy Efficient Motors -1Nos	0.19	0.15
Total Plant	Replacement of Ceiling Fan s with Brushless DC ceiling Fans- 22 Numbers	0.55	0.35
Central Utilities	Tanker water Sump - Cooling water makeup pump (15kw) replaced with energy-efficient pump 7.5kw (Submersible pump)	1.00	1.88
Boiler	R.O. Water transfer pump(5.5kw) to Boiler - Synchronisation with LT for reduction of R.Hrs.	1.50	1.99
Boiler	Steam condensate water pumps(11kw) replaced with Optimum capacity energy efficient pump(3.7kw)	1.00	1.76
Block-4	Reduction in scrubber runtime from 64Hrs to 20Hrs in LAMBDA Product.	0.10	1.06
Block-1	Replacing higher capacity scrubber motors from 7.5KW to 5.5KW at DBTFMA scrubber area.	0.10	1.32
ZLD	ATFD 3 & 4 running with single vacuum pump instead of two vacuum pumps	0.10	12.22
Total Plant	Replacement of conventional air conditioners with Inveter split air conditioners-22 Numbers	11.00	9.94
Block-3	Replacement of belt drive( 15 KW ) with Direct drive(11 KW) for R 3024	1.20	1.67
Block-6	Replacement of belt drive( 15 KW ) with Direct drive ( 11 KW ) for R 6003 B	1.20	1.67
Total Plant	Electrical Energy saving due to capacity optimisation in the Plant	0.00	42.8
ETK PLANT -1	Replacement of Reciprocating Air Compressor with screw compressors -1	4.80	3.0
ETK PLANT -2	Dedicated 11 kv power line facility arranged to avoid power failures	45.0	15.0
		<b>105.79</b>	<b>105.61</b>



**B. DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:**

1	The efforts made towards technology absorption	1) Continuous column for distillation 2) Closed loop packing system with auto filling for PTCL & LAMBDA. 3) MVR & TVR for MEE efficiency resulted in improved capacity. 4) Direct coupled cooling tower fans 5) Coal fines separation for improving LOI 6) AMF Scheme for 12 PDL DG 7) Replacement of Ejectors with Vacuum Pumps 8) Replacement of FO with LPG
2	The benefits derived like product improvement, cost reduction, product development or import substitution.	a) Specific power consumption for FY 2021-22 is 3125 KWH/ Tonne whereas SPC for FY 2022-2023 is 2707 KWH/ Tonne b) Exports started growing. c) Cost reduction in Environment management System, HTDS effluent reduction by 15% d) Introduced business excellence programs, TQM initiatives and Achieved ₹2,500 Lakh Sustainable savings for FY 2022-2023 e) Fury section cost reduction by Product modification and removing of drying system, Approximate cost saving ₹2.10 Lakh
3	In case of imported technology (imported during the last three (3) years reckoned from the beginning of the financial year)	The Company has not imported any technology during the year
	a) Details of Technology Imported	None
	b) Year of Import	Not applicable
	c) Whether the Technology has been fully absorbed	Not applicable
	d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	Not applicable
<b>4</b>	<b>The expenditure incurred on Research &amp; Development</b>	
	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 environment friendly and cost effective iii) For registration of our product, 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 and improved product quality. Registration of new products in India and abroad.
	c) Future plans of action.	Introduction of new products through indigenously developed technology for domestic and export market. Process improvement. New areas like pharma intermediates.
<b>5</b>	<b>Expenditure on R&amp;D for the financial year</b>	
	a) Capital expenditure	2022-23 ₹111 Lakh 2021-22 ₹152 Lakh
	b) Revenue expenses	2022-23 ₹798 Lakh 2021-22 ₹574 Lakh
	c) Total expenditure as a percentage of total turnover	2022-23 0.43% 2021-22 0.44%

**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	₹84,376 Lakh
2. Foreign Exchange used	₹58,755 Lakh

**For and on behalf of the Board**

**M. Pavan Kumar**  
Managing Director & CEO  
(DIN: 01514557)

**Raghavender Mateti**  
Director  
(DIN: 06826653)

Place: Hyderabad  
Date: July 27, 2023

## Management Discussion and Analysis

**Economic overview**

**Global economy**

In recent years, the global economy has been witness to transformative events that have left an indelible mark on its course, shaping its trajectory both in the past and potentially influencing the path ahead. The International Monetary Fund (IMF), in its January 2023 report, forecasted a decline in global growth from an estimated 3.4% in 2022 to 2.9% in 2023, followed by a slight recovery to 3.1% in 2024. These growth rates are lower than the historical average of 3.8%<sup>1</sup>, indicating the lingering effects of recent challenges.

The first major event was the outbreak of the pandemic, which led to a contraction in global output. The subsequent lockdown measures, disrupted supply chains, and reduced consumer spending had a substantial impact on economies worldwide. Another significant development was the Russia-Ukraine conflict, which resulted in the disruption of the supply chain. Economic activity in China also slowed down in the fourth quarter amid multiple large COVID-19 outbreaks in Beijing and other densely populated localities.

The consequences of these events set off a chain reaction that heightened the upward surge in inflation. It caused prices to rise across various countries, affecting the purchasing power of individuals and businesses. To address this issue, central banks across different economies acted by implementing interest rate hikes. These monetary policy measures were aimed at curbing inflationary pressures and stabilising the economy. The consequences of these events and actions have been reflected in global economic growth.

While signs of monetary policy tightening are visible and have started to cool demand and inflation, the full impact of these measures is expected to be realised gradually, with the effects possibly extending until 2024. Global headline inflation, which had reached its peak in the third quarter of 2022<sup>2</sup>, has begun to recede. The prices of fuel and non-fuel commodities have declined, contributing to a decrease in headline inflation. This suggests that the downside risks to the global economic outlook remain elevated. While measures to control inflation are underway, the full impact is anticipated to materialise gradually, and the economic outlook remains susceptible to potential risks.

<sup>1</sup>World Data

<sup>2</sup>Global Inflation Tracker: Q3 2022

**Indian economy**

The Indian economy has shown remarkable resilience and recovery following the pandemic, outperforming many other nations in the fiscal year 2022-23. According to the data released by the National Statistical Office (NSO), India's real GDP is at 7.2%<sup>3</sup>. RBI projects headline inflation at 6.8 per cent in FY23, which is outside its target range.

However, the increased private consumption has spurred production activity and led to improved capacity utilisation across various sectors. The revival of consumption has been made possible by the government's successful efforts in achieving near-universal vaccination coverage, which has restored people's confidence and brought them back to the streets.

The impressive growth rate reflects the robust fundamentals of the Indian economy, positioning it as the fastest-growing major economy globally. Despite the challenge of managing inflation, the Central Bank has implemented policy measures to address the inflationary pressure, demonstrating the proactive approach taken by authorities.

Looking ahead, the RBI foresees a slight moderation in economic growth to 6.4% in the fiscal year 2023-24, citing potential risks arising from geopolitical tensions and tightening global financial conditions. The growth of exports may have moderated in the second half of FY23. However, their surge in FY22 and the first half of FY23 induced a shift in the gears of the production processes from mild acceleration to cruise mode.

Overall, the Indian economy's resilience, backed by strong fundamentals and successful vaccination efforts, has propelled it towards a robust recovery, surpassing expectations and positioning it as a standout performer on the global stage. While challenges remain, policymakers are actively managing inflation and anticipating potential risks to sustain the positive growth momentum.

<sup>3</sup>The Hindu

<sup>4</sup>Ministry of Finance

**Agriculture sector**

**Global landscape**

The global agricultural sector is facing challenges like climate change, population growth, and resource scarcity. Agriculture plays a vital role in economic development, representing approximately 4% of the global GDP<sup>5</sup>. In certain least-developed countries, it can constitute more than 25% of the GDP<sup>5</sup> with more than 50% of the workforce employed in the sector. Governments are taking steps to address food insecurity, and technological advances are being used to improve food production.

Agricultural value chain partners have played a significant role in this transformation by using practices like irrigation, input management, mechanisation, and innovative techniques.

Precision agriculture is a promising technology that uses sensors, drones, and data analysis to optimise farming practices. It has the potential to increase yields, reduce costs, and make farming more sustainable. Vertical farming, another promising method, involves growing crops in vertically stacked layers, particularly useful in urban areas with limited land. It allows for year-round crop production regardless of weather conditions.

Notably, the year witnessed significant developments in agri-biotechnology. Argentina commenced the cultivation of Genetically Modified (GM) wheat<sup>6</sup> using the HB4 drought-tolerant technology. At the same time, China initiated large-scale pilot trials of indigenous GM events in maize and soybeans, paving the way for future commercialisation. The Philippines successfully carried out the cultivation of Golden Rice, which addresses Vitamin A deficiency. Several African countries also took important strides in embracing biotechnology solutions for their agricultural sectors.



In the future, agricultural value chain partners will play a pivotal role in further advancing the transformation of agriculture. They will face both challenges and opportunities posed by climate change, deteriorating soil health, increasing pest pressures, the demand for safer food, biofuels, and the emergence of new technologies. To expedite this transformation, global value chain players are collaborating with one another, harnessing their individual strengths, and tapping into the potential of disruptive start-ups within the agriculture ecosystem.

However, the progress in agriculture-led economic growth, poverty alleviation, and food security are facing threats. Various factors such as disruptions caused by COVID-19, extreme weather events, pests, and conflicts are affecting food systems, leading to increased food prices and growing hunger. The Russian-Ukraine war has also affected the global agricultural sector due to disrupted exports of wheat, corn, and fertiliser. This has led to higher food and fertiliser<sup>7</sup> prices, making it challenging for farmers and impacting food security in many countries.

Despite a few challenges, the global agricultural sector is making progress. Sustainable agriculture practices like crop rotation and no-till farming are being adopted, organic food is gaining popularity, and there is an increasing demand for processed foods, especially in developing countries. The global food supply chain is expanding, but food safety remains a growing concern.

The agricultural sector is complex and dynamic, but innovation is driving progress. The future is uncertain, but new products, technologies, and practices will be crucial in ensuring sufficient food supply for the growing population.

<sup>5</sup>[The World Bank](#)

<sup>6</sup>[Reuters](#)

<sup>7</sup>[IFPRI Blog: Issue Post](#)

### Indian landscape

The Indian agricultural ecosystem boasts diverse Agro-Climatic Zones, Agro-Ecological Regions, and soil types. The success achieved in the past 75 years is attributed to the hard work of farmers, the expertise of scientists, and supportive policies from the agri value chain partners. India is currently a leading producer of various crops, including rice, wheat, cotton, pulses, jute, sugarcane, spices, plantation crops, fruits, and vegetables. Agriculture contributes 18.3%<sup>8</sup> to the GDP and engages 45.5% workforce according to the NSSO's latest annual Periodic Labour Force Survey (PLFS) report for 2021-22 (July-June). The Ministry of Agriculture accounts for 2.8%<sup>9</sup> of the total Union Budget.

As India moves towards a technology-driven and knowledge-based economy, the transformation of agriculture is expected. Agri value chain partners will drive this transformation through the adoption of technology. Several policy initiatives and budget announcements reflect this vision, including regulatory guidelines on gene editing, deregulation of drone usage, environmental release of GM Mustard, digital infrastructure for agriculture, horticulture clean plant programme, and initiatives for natural farming and bio inputs service centres.

The government is undertaking significant measures to strengthen the agricultural sector. One key initiative is the creation of a Digital Public Infrastructure for Agriculture, an open source and interconnected platform. It aims to provide inclusive solutions, increasing farmers' access to inputs, market intelligence, and support for agricultural start-ups. Additionally, the PM PRANAM programme encourages the use of alternative fertilisers.

A substantial investment of ₹2,516<sup>10</sup> crores has been allocated to computerise 63,000<sup>10</sup> Primary Agricultural Credit Societies (PACS), improving credit services. Direct payments of ₹2.37<sup>10</sup> lakh crore will ensure assured income for wheat and paddy farmers through minimum support price (MSP). Efforts are underway to expand oilseed cultivation, reduce import dependency, and promote millet production. Innovative measures like kisan drones will be employed for crop assessments, digital land records, and targeted spraying of pesticides and nutrients, enhancing productivity and sustainability.

The Indian agri-input industry, encompassing fertilisers, seeds, pesticides, farm machinery, and irrigation equipment, supports agricultural production and has experienced significant growth due to increasing food demand, rising incomes, and government support. Indian agriculture faces challenges related to climate change, monsoon-dependent farming, fragmented landholding, storage infrastructure, soil degradation, access to credit, price volatility, and low farmer income. Collaboration between the government, private sector, farmers, trade channels, and civil society is necessary to address these challenges.

The agriculture sector's performance has been strong, supported by measures to enhance crop productivity, ensure fair returns to farmers, promote diversification, and improve market infrastructure. The sector is projected to grow by 3.5% in FY 2022-23, with increased production of food grains, oilseeds, sugar cane, and cotton. Despite restrictions, agriculture exports have remained robust, and India expects total agricultural exports to exceed the \$50 billion mark recorded in FY 2021-22. Continued growth and development of the agricultural sector are crucial for food security and sustainable agriculture in India.

<sup>8</sup>[Ministry of Agriculture & Farmers Welfare](#)

<sup>9</sup>[PRS Legislative Research](#)

<sup>10</sup>[Wint | Union Budget 2022-23 for Agriculture Sector in India](#)

<sup>11</sup>[Ministry of Finance](#)

### Agrochemical sector

#### Global landscape

The global agrochemicals market size was estimated to be approximately \$235.2 billion in 2023 and is assured to generate revenue over \$282.2 billion by the end of 2028, projecting a CAGR of around 3.7%<sup>12</sup> from 2023 to 2028. The World Bank reported in 2022 that fertiliser prices have experienced a significant increase due to multiple factors. Rising input costs, supply disruptions resulting from sanctions on Belarus and Russia, as well as export restrictions imposed by China, have contributed to this upward trend.

Specifically, urea prices have surpassed the levels observed during the global food crises in 2008, while phosphate and potash prices are nearing their 2008 highs. Although fertiliser prices have somewhat eased from their peak levels earlier in 2022, they still remain historically high, as outlined in a World Bank commodity report in 2023. This is partly due to reduced demand as farmers cut back on fertiliser use due to affordability and availability concerns. Supply-side issues, such as production shortages in Europe and disruptions from sanctions and trade restrictions, also impact the industry.

In the US market, the prices of glyphosate and glufosinate played a crucial role in driving significant benefits. Despite dry conditions affecting soybean output and recent cold conditions impacting maize, Brazil's strong agricultural economy contributed to the overall growth. The Asia Pacific region saw recovery in markets like Australia, Thailand, Indonesia, and Malaysia, while China and India faced limitations due to unfavourable weather. In Europe, the agrochemical market performed well in winter crops but faced challenges in summer crops, particularly in maize, due to dry conditions. Large parts of Africa were adversely affected by extreme dryness.

Herbicide sales were driven by high prices of key non-selective herbicides, glyphosate, and glufosinate. The herbicide product line, supported by herbicide-tolerant GM seeds in soybean and maize, was the largest in the industry. Glyphosate, an amino acid-based herbicide, dominated the market as the most cost-effective non-selective herbicide. Insecticide demand was fuelled by insect pressure and increased crop areas in Brazil. Fungicides faced mixed performance, with adverse weather impacting sales in the US and Europe but relatively high demand in Asian markets.

The global agrochemical industry faced challenges with weakening local currencies against the dollar, leading to higher import costs of agricultural inputs. Asian and African countries also experienced severe foreign exchange shortages, affecting their ability to import necessary agricultural inputs. Looking ahead to 2023, the industry anticipates a more subdued performance as agri commodity prices stabilise, limiting the market's capacity to absorb further pesticide price increases. European manufacturers are strategising to overcome challenges such as the persisting energy crisis, high labour costs, rigid employment rules, and stringent environmental regulations. Major players in the industry are also considering restructuring their operations and focusing on biologicals and digital agriculture through collaboration, acquisitions, and investments.

At NACL the FY 2022-23 demonstrated a remarkable growth in exports, the global industry grew by 6.9%, led by Latin America (17%) and followed by North America (9%). Asia grew by 4%, while Europe, MEA, and Africa experienced a decline of over 3%. NACL's international business outperformed the industry, achieving a 41% increase in export sales (₹84,376 Lakh for FY23 vs. ₹60,049 Lakh for FY22) due to heightened adoption of key products in the American continent, especially in the first half of the year. The Company also diversified channels and fortified its formulation portfolio, with over 60 registrations across 15 countries during the fiscal year for both existing and new products.

Meanwhile, Indian agrochemical exports continue to outpace the domestic market, offering opportunities for further expansion. The industry is working closely with the government to maximise these opportunities and benefit from the cost competitiveness and supply diversification strategies of global peers.

<sup>12</sup>[MarketsandMarkets](#)

### Indian landscape

The Indian agrochemical market has been experiencing steady growth, with a CAGR of 6%<sup>13</sup> between 2018 and 2022, reaching around ₹22,300 crore in 2022. This market is highly competitive, attracting both domestic and global agrochemical companies. India utilises approximately 200 active ingredients in around 400 agrochemical formulations, a smaller number compared to the global usage of over 600 active ingredients.

However, in line with global trends, there is a rising adoption of combination products containing multiple active ingredients, supported by new formulation technologies that enhance effectiveness and address resistance development challenges. The industry is also facing a lot of competing price pressures as the cost of the finished product being exported out of China is equivalent or less than the cost of the raw material input in India.

The growth of the crop protection market in India is driven by factors such as the increasing demand for food due to population growth, the need to improve crop yields and quality, and the adoption of modern agricultural practices. Furthermore, the growing awareness of the benefits of crop protection products and the adoption of integrated pest management practices contribute to market growth. The Indian agrochemical market is expected to sustain a growth trend of 6-7% going forward.

In terms of value, the major consumers of agrochemicals in India are paddy, cotton, soybean, chili, sugarcane, and grapes, which together represent over 60% of the domestic market. Maharashtra and the southern states, followed by Madhya Pradesh and Uttar Pradesh, are key geographical regions accounting for 70% of the Indian agrochemical market. Insecticides hold the largest market share (60%), followed by herbicides and fungicides.

The demand for insecticides is driven by the need to control pests affecting major crops such as paddy, cotton, and vegetables. The industry utilises around 75 active ingredients for the 165 insecticide formulations sold in the country. Major chemical classes include organophosphates, diamides, nicotinamides, and pyrethroids.

Herbicides are the fastest-growing product line, primarily due to the challenges of labour availability and cost for manual weeding. Paddy, soybean, sugarcane, maize, and wheat are the major crops where herbicides are extensively used. Amino acids, triazines, and fop's are the main chemical classes in this product line, with 60 active ingredients used in around 100 herbicide formulations.

Leading active ingredients in the Indian market include chlorantraniliprole, azoxystrobin, and glyphosate in the insecticides, fungicides, and herbicides product lines, respectively, aligning with global trends.



NACL's domestic retail business empowers Indian farmers with sustainable crop protection solutions. With a CAGR of 61% over the past 3 years (versus the industry's 6-7%), this growth is fuelled by strong brand equity, a robust field force, and a wide distribution network across India. The Company achieved ₹1,25,395 Lakh in domestic sales (₹83,755 Lakh from retail) in the reviewed year, a 26% increase from the previous year's ₹99,730 Lakh (₹65,851 Lakh from retail). This growth stems from intensified field marketing, new product introductions, key account management, favourable trade policies, and team reinforcement.

<sup>13</sup>[Digital Journal](#)

### Product sector performance

The pesticide market in India is projected to experience a CAGR of 4.08%<sup>14</sup> from 2022 to 2027, leading to an estimated market size increase of \$549.34 million. This growth is influenced by various factors, including the increased utilisation of herbicides, rising demand within India, and the challenge of shrinking arable land. In India, pests and diseases, on an average eat away around 20-25%<sup>15</sup> of the total food produced.

<sup>14</sup>[Tech Navio](#)

<sup>15</sup>[IMARC](#)

### Herbicide market

The size of the global herbicides market was valued at 39.06 billion in 2022 and is anticipated to reach 71.15 billion by 2031, with a projected CAGR of 7.05%<sup>16</sup> during the forecast period of 2023-2031. In addition, the Asia Pacific region is expected to witness substantial growth in the global herbicides market. With India and China hosting the largest populations in the region, they stand as prominent players in the emerging economies, showcasing impressive GDP growth and an upward trend in disposable income. As a result, the demand for herbicides in Asia is projected to surge, driven by the region's sizable population and the rapid economic expansion witnessed in these emerging economies.

Herbicides are widely used in India to control weeds in a variety of crops, including cereals, grains, fruits, vegetables, oilseeds, and pulses. The rising demand for herbicides is fuelled by the necessity to enhance crop yields and productivity in response to the growing population of the country and the need to bolster food production. Another major factor is the shrinking of arable land in India due to urbanisation and industrialisation.

The herbicide market in India is segmented by type, application, and crop type. By type, the market is segmented into synthetic herbicides and bioherbicides. Synthetic herbicides are the most commonly used type of herbicide in India, accounting for a share of over 90%<sup>14</sup> of the market. Bioherbicides are a relatively new type of herbicide that is made from natural substances. They are gaining popularity in India due to their lower environmental impact.

By application, the market is segmented into cereals and grains, fruits and vegetables, oilseeds and pulses, commercial crops, and others. Cereals and grains are the largest application product lines, accounting for a share of over 40% of the market<sup>14</sup>. Fruits and vegetables are the second largest application segment, accounting for a share of over 25% of the market<sup>14</sup>.

The growing consumption of cereals and grains in India, coupled with the rising emphasis on safe cultivation practices, is driving the demand for pesticides. Furthermore, there has been a notable increase in consumer acceptance and consumption of protein-rich food, attributed to improved yield, productivity, and the availability of high-quality agricultural products.

By crop type, the market is segmented into rice, wheat, maize, cotton, soybean, sugarcane, fruits and vegetables, and others. Rice is the largest crop type segment, accounting for a share of over 30% of the market<sup>14</sup>. Wheat is the second largest crop type segment, accounting for a share of over 25% of the market<sup>14</sup>.

In the FY2022-23, the herbicides category of the Company achieved ₹16,287 Lakh in revenue, a notable 43% rise from the previous year's ₹11,374 Lakh. The Herbicide product line is the fastest-growing in the Indian market, addressing cost and labour challenges. This trend is expected to persist, and to capitalize on these opportunities, the Company expanded its portfolio across crops like paddy, sugarcane, maize, wheat, and soybean, driving the growth of the herbicide product line during the year. Notably, the Company successfully launched Nagarjuna Dicaught Plus, a combination product to control weeds in Cotton crop.

<sup>14</sup>[Tech Navio](#)

<sup>16</sup>[Insight ACE Analytic](#)

### Fungicide market

The estimated market size of the fungicide industry in 2022 is \$20.8 billion<sup>17</sup>, projected to reach \$28 billion by 2027<sup>17</sup>, exhibiting a CAGR of 6.1%<sup>17</sup> during the forecast period spanning from 2023 to 2028.

The fungicide market in India is segmented by type, crop type, and application. By type, the market is segmented into contact fungicides, systemic fungicides, and biological fungicides. Contact fungicides kill the fungi that come into contact with them, while systemic fungicides are absorbed by the plant and move through the vascular system to kill the fungi. Biological fungicides are made from living organisms, such as bacteria or fungi, that kill other fungi.

By crop type, the market is segmented into cereals, oilseeds, pulses, fruits and vegetables, and others. Cereals are the largest crop type segment, accounting for a share of over 30% of the market<sup>17</sup>. Oilseeds are the second largest crop type segment, accounting for a share of over 25% of the market<sup>17</sup>.

By application, the market is segmented into seed treatment, foliar application, and soil treatment. Seed treatment is the largest application segment, accounting for a share of over 40% of the market<sup>17</sup>. Foliar application is the second largest application segment, accounting for a share of over 35% of the market<sup>17</sup>.

The usage of fungicides is increasing due to the prevalence of fungal diseases, particularly in hot and humid weather conditions. Diseases such as blast, blight, powdery mildew, and downy mildew affect crops like paddy, fruits, and vegetables in India. Strobilurins, triazoles, and EBDC are the popular chemical classes in fungicides, with 65 active ingredients used in approximately 135 formulations.

The Fungicide category of the Company achieved ₹15,502 Lakh revenue, marking a 16% increase from the previous year's ₹13,311 Lakh. Despite lower demand due to favourable weather in crops like Grape, Chilli, Potato, and Tomato, the Company secured decent growth by leveraging its robust portfolio and marketing activities. During this period, the Company successfully introduced the Oscar brand, a 9(3) molecule, to control Sheath Blight in Paddy and Fruit rot / Powdery Mildew in Chilli, receiving positive market traction. Additionally, the Company launched Kazan, a 9(4) molecule, under the same brand to control Sheath Blight in Paddy.

<sup>17</sup>[Markets and Markets](#)

### Insecticide market

In 2022, the global market value of insecticides stood at a substantial \$19.5 billion, with a promising projection to reach \$28.5 billion by 2027. This growth trajectory is primarily attributed to the increasing adoption of insecticides across agricultural domains as a pivotal defence mechanism against pest and insect infestations.

Insecticides have become indispensable in safeguarding crops from widespread insect attacks, finding widespread application in agricultural practices worldwide. This phenomenon finds its roots in the escalating demand for food production on a global scale, especially in countries like China, India, and the U.S., where agricultural outputs are pivotal to meeting the nutritional needs of their vast populations. These nations significantly rely on insecticide solutions to optimise crop yield.

The driving force behind the escalating demand for insecticides is the burgeoning agricultural sector, spurred by the ever-growing need to cater to the sustenance demands of a rapidly expanding global populace. This surge in population, as projected by the United Nations, is set to reach 8.6 billion by 2030 and over 9.8 billion by 2050<sup>19</sup>, triggering an even more pronounced necessity for enhanced food production.

However, this trajectory is not without its challenges. The intensifying prevalence of pests across diverse crops poses a significant threat, especially considering the concurrent rise in insecticide-resistant pests. While insecticides present a potent means of controlling various pests, the development of resistance over time diminishes their efficacy. This phenomenon underscores the urgent need for robust research and development efforts within the insecticide sector.

Despite the market's lucrative prospects, stringent regulatory frameworks and the formidable costs associated with developing new molecules could potentially restrain its growth trajectory in the forthcoming years. Nonetheless, the intrinsic profitability of the sector continues to motivate enterprises to invest in pioneering insecticide solutions.

For the Company, the Insecticide category achieved ₹48,834 Lakh revenue, marking a 25% increase from the previous year's ₹39,115 Lakh. Despite challenges from prolonged rains during the Kharif season, the team's dedicated field efforts yielded

significant growth. Additionally, heavy infestations of Stem borer and leaf folder in Paddy crop during the Rabi season boosted category volumes.

<sup>18</sup>[Statista Research Department](#)

<sup>19</sup>[Grand View Research](#)

### Plant growth regulators

The plant growth regulators (PGR) market is poised to grow from USD 2.9 billion in 2022 to USD 4.5 billion by 2028, with a CAGR of 7.4%<sup>20</sup> during the forecast period. Climate changes induce biotic and abiotic stresses that impair seed germination, seedling growth, and plant development, leading to global crop yield declines.

PGRs, such as gibberellins, auxins, cytokinins, abscisic acid, and ethylene, offer a strategy for plants to combat stress, requiring less than conventional fertilizers. Advantages include fewer impurities and limited harm to seedlings, making PGRs a business opportunity in a slow-growing market. Multinational companies have thus ventured into producing diverse PGR types.

Emerging economies and advanced technologies to tap niche markets are growth opportunities. However, PGR approval involves extensive trials, prolonged timelines, and high costs due to regulatory strictness. Obtaining approvals takes years, even for generic products, as regulatory frameworks remain unclear in many jurisdictions. Limited resources and unclear rules add complexity, hindering research investment and new product commercialization.

Sustainable farming gains traction through practices like bio-farming, aligning with consumer demand for sustainable food production. Incorporating biologically synthesized PGRs in agriculture offers a sustainable approach, countering chemical overuse effects and aligning with consumers' sustainability preferences.

In the assessed year, the domestic retail sector of the Company within the PGR category accomplished ₹3,132 Lakh in revenue, marking a substantial 53% rise from the preceding year's ₹2,051 Lakh. This remarkable expansion in the product line is credited to the exceptional performance of products and vigorous marketing endeavours.

<sup>20</sup>[Markets and Markets](#)

### Business overview and financial analysis

NACL Industries Limited (NACL) is an Indian agrochemical company headquartered in Hyderabad, Telangana. The Company was founded in 1993 as Chemagro International Limited, and it was renamed to NACL Industries Limited in 2002. The Company started as an Active Ingredient manufacturer and has built a sizable business in Domestic Retail, B2B and Exports, with many of the customers being large MNCs with long-standing relationships. NACL is a leading manufacturer and marketer of crop protection products in India. The Company's product portfolio includes herbicides, insecticides, fungicides, and plant growth regulators. NACL also offers custom synthesis and formulation services.



In FY2023, the Company witnessed highest ever sales revenue for the 4th consecutive year. A staggering revenue of ₹2,12,855 Lakh was achieved, registering a YoY growth of 29%. This remarkable accomplishment was also accompanied by highest ever figures in both EBITDA and PAT. The EBITDA reached a substantial sum of ₹20,777 Lakh, while the PAT amounted to ₹10,279 Lakh. These numbers exhibited a remarkable improvement when compared to the figures of ₹15,725 Lakh and ₹7,604 Lakh from the preceding year. Overall, the financial performance of the Company in FY2023 was nothing short of exceptional.

(₹in Lakh)		
Particulars	2022-23	2021-22
Revenue from Operations	2,11,600	1,63,335
EBITDA margin	10%	10%
Profit before depreciation, tax (as % of revenue from operations)	8%	8%
Return on Capital Employed	15%	14%
Return on Net Worth	19%	17%
Earnings per share (FV ₹1 each)	5.18	3.84
Book Value per share	29	24

The details of significant changes i.e., change of 25% or more in the key financial ratios as compared to the immediately previous financial year along with detailed explanations are reported here under:

Ratios	2022-23	2021-22	Change	Reason for change
Current Ratio	1.29	1.34	-4%	-
Debt Equity Ratio	1.00	0.92	9%	-
Net Profit Ratio	5%	5%	-	-
Return on Capital Employed	15%	14%	11%	-
Debt Service Coverage Ratio	2.59	3.56	-27%	Increase in borrowings to finance working capital requirements
Return on Equity Ratio	19%	17%	14%	-

## Opportunities and risks

### Agrochemical industry's potential

India is the world's fourth-largest producer and exporter of agrochemicals. It is projected that the agrochemical market in India will reach \$8.1 billion by 2025, indicating significant growth potential along the value chain. The agrochemicals industry in India is expected to experience positive growth driven by solid fundamentals, increased domestic demand, enhanced export opportunities, collaborations with innovators for new products, and exploration of off-patent products.

a) **Nurturing a diverse product landscape:** Within the domestic market, insecticides have emerged as the dominant force, capturing 60%<sup>21</sup> of the demand share, followed by fungicides and herbicides. This diversification in product demand not only reflects evolving agricultural needs but also underscores the sector's adaptability to cater to these variations.

b) **Fuelling efficiency and competitiveness:** The agrochemical landscape in India is witnessing transformations fuelled by investments and mergers. These strategic moves have yielded noteworthy advantages, such as cost efficiency, accelerated R&D processes, and streamlined product development. This concerted effort enhances the sector's competitiveness and its ability to stay aligned with evolving agricultural dynamics.

c) **Untapped potential in agrochemical usage:** Despite its prowess, the current agrochemical usage in India remains modest at 0.27 kg per hectare<sup>21</sup>, lagging significantly behind developed nations. This untapped potential signifies an abundant scope for growth, offering the sector a fertile ground to increase its influence on agricultural practices and outcomes.

d) **Government-led ecosystem enhancement:** The government's commitment to bolster the agricultural ecosystem directly influences the agrochemical sector's landscape. Support measures like crop diversification, soil conservation, and water management not only reduce the reliance on pesticides and fertilizers but also stimulate the development of innovative, sustainable solutions.

e) **Tech-enabled precision and efficiency:** Emerging technologies like precision agriculture and drone-based spraying bring unprecedented levels of efficiency and environmental sustainability. The advent of digital tools in farming operations creates a platform for agrochemical companies to develop and market digital products and services tailored to the needs of tech-savvy farmers. These innovations catalyse new growth opportunities within the agrochemical sector.

f) **Rise of contract farming:** The burgeoning practice of contract farming presents avenues for collaboration. Government has made a provision for Contract Farming in the Model Acts circulated to the States for their adoption. As per the Model APMC (Agricultural Produce Market Committee) Act, 2003, 15 States have provisioned Contract Farming in their state APMC Acts.

g) **Foreign investment:** Increased foreign investment in the Indian agrochemical sector introduces fresh technological advancements, enriching the sector's capacity to meet diverse agricultural demands sustainably.

h) **Sustainability and climate change:** Heightened awareness of environmental concerns drives the agrochemical sector to prioritise sustainability. This manifests in the development and marketing of biopesticides and eco-friendly practices that cater to the modern agricultural landscape. India's agriculture grapples with climate change disruptions, prompting the sector to innovate resilient solutions. The development and marketing of climate-adaptive products and services hold promise in addressing the unique challenges posed by global warming.

The dynamic nature of the agrochemical sector prompts continuous innovation to enhance crop productivity, reduce environmental impact, and satisfy evolving consumer demands.

While the challenges faced by India's agrochemical sector are undeniable, its potential for growth remains vast and promising. Adaptation to the changing agricultural landscape, coupled with a relentless pursuit of innovation, will undoubtedly determine the success of companies operating within this dynamic realm. As the sector aligns with evolving trends and opportunities, it lays a resilient foundation for a sustainable and prosperous future.

<sup>21</sup>The Times of India

<sup>22</sup>Ministry of Agriculture & Farmers Welfare

## Challenges

The agrochemical industry in India confronts a range of intricate challenges that influence its growth trajectory and operational dynamics. These challenges encompass regulatory complexities, supply chain vulnerabilities, safety concerns, environmental impact, and perception issues. Navigating through these hurdles requires strategic innovation, collaboration, and a proactive approach to ensure sustainable and responsible development within the sector.

a) **Registration process complexity:** The agrochemical industry grapples with obstacles that hinder its growth and profitability. Notably, delays in the registration process for new molecules translate into elevated costs and extended R&D timelines. Overcoming this challenge necessitates the concerted effort of government and regulatory bodies to streamline the registration procedures.

b) **Raw material cost dynamics:** An intricate challenge arises from the increasing costs of raw materials, particularly as India heavily relies on imports. This reliance amplifies margin pressures due to macroeconomic shifts and seasonal demand fluctuations. The prices of raw materials used in the production of agrochemicals, have increased significantly in recent years. This has led to higher production costs for agrochemical companies, which has put pressure on their margins.

c) **Scaling and focus dilemma:** The absence of a robust contract manufacturing framework presents a formidable hurdle to scalability within the agrochemical industry. This challenge diverts the industry's focus away from pivotal aspects like molecule discovery and marketing, hampering its overall efficiency. To overcome this impediment, the industry must strategically consider the implementation of contract manufacturing. This would not only facilitate expansion but also streamline core operations, enabling the industry to channel resources toward innovation and growth.

d) **Ensuring safety and health:** Safety concerns loom large within the agrochemical industry, stemming from inadequate handling practices during both production and consumption phases. Untrained farm workers and laborers often inadvertently expose themselves to health risks. A solution lies in implementing stringent safety protocols, both in production environments and in user guidelines. Such measures are paramount in safeguarding the health of workers and end-users, thereby fostering a healthier and more sustainable industry ecosystem.

e) **Environmental impact:** The agrochemical industry grapples with the multifaceted challenge of environmental impact. High costs associated with air and water pollution treatment compound the financial pressures on the industry. The erratic rainfall during the kharif season in 2022-23 led to crop damage. This, in turn, led to lower demand for agrochemicals.

f) **Perception and adoption challenges:** Negative perceptions surrounding agrochemical use, coupled with limited training on pesticide optimization among farmers, significantly impede industry adoption. Moreover, the limited practical experience in utilising agrochemicals further exacerbates the challenge.

g) **Competition from imported agrochemicals:** India is a major importer of agrochemicals. The import duty on agrochemicals is relatively low, which makes it cheaper for foreign companies to sell their products in India. This has posed a challenge to domestic agrochemical companies.

## Moving forward

The industry's path forward involves collaborative efforts to educate farmers on safe and efficient agrochemical usage. By fostering a thorough understanding and familiarity, the industry can transform these challenges into opportunities for responsible growth.

The agrochemical industry plays a crucial role in Indian agriculture and the economy. Reforms and innovations in technology, irrigation, marketing, taxation and finance, and agri-input quality are necessary to strengthen India's position as an agricultural and economic powerhouse.

## Human resources

The number of employees in the Company as on the March 31, 2023 was 1,353. The Company enjoys cordial and harmonious industrial relations. Training programmes and various initiatives are being taken to create an environment to enhance individual and team performance.

## Corporate social responsibility

At NACL, the Company prioritises its relationship with the community and actively collaborates with community members to meet their needs. At Srikakulam and Ethakota, NACL focuses on community welfare activities such as providing purified drinking water, supporting schools and students, offering medical aid, infrastructure. In addition to these, various actions for community development are taken up after discussions with the villagers and the local administration.

## QEHS (Quality, Environment, Health, and Safety)

### Quality:

NACL operates as a systems-driven organisation with well-defined quality management systems. The manufacturing sites and R&D facilities are equipped with compliant quality control laboratories, where qualified and trained personnel ensure adherence to the highest standards. The laboratories are furnished with the latest analytical instruments, meeting all



## Business Responsibility & Sustainability Reporting

the necessary requirements. It is worth noting that the quality control laboratory at the technical plant in Srikakulam and the R&D facility in Shadnagar have achieved NABL accreditation.

### Environment:

NACL maintains a strong focus on environmental preservation across all manufacturing locations. At the Srikakulam plant, more than 70% of the land is dedicated to green cover. Visitors to the plant are encouraged to contribute to this effort by planting tree saplings. The plant boasts a state-of-the-art Zero Liquid Discharge (ZLD) facility worth ₹3,000 Lakh, which efficiently recovers and reuses all water while effectively managing effluents. Similarly, the Ethakota formulation unit features a substantial green cover and a ZLD facility. The green belt at Ethakota plays a vital role in maintaining an unpolluted environment. Effluent treatment and water treatment plants are also in operation, facilitating water recycling.

### Health:

NACL operates well-equipped Occupational Health Centres (OHCs) at both manufacturing plants, providing round-the-clock medical services. These OHCs are staffed by qualified medical practitioners and nurses and are equipped with beds, first aid items, medicines, and an ambulance van to cater to emergency medical needs. Regular medical check-ups and occupational health assessments are conducted for associates to proactively identify and prevent health risks. The OHCs are situated in lush-green environments, ensuring fresh air for optimal well-being.

### Safety:

Safety is of utmost importance to NACL, and the Company has implemented robust safety infrastructure at critical points in Srikakulam and Ethakota. State-of-the-art equipment is deployed for fire detection and prevention. Dedicated facilities and regular training sessions, simulations, inspections, and audits are conducted to ensure adherence to safety protocols. NACL actively engages in participative management to institutionalise

safety practices throughout the organisation. Safety celebrations and awareness campaigns are organised annually during Safety Week and Fire Week.

### Internal control systems and their adequacy

The Company's internal audit system has been continuously monitored and updated to ensure that assets are safeguarded, established regulations are complied with and pending issues are addressed promptly. The audit committee reviews reports presented by the internal auditors on a routine basis. The committee makes note of the audit observations and takes corrective actions, if necessary. It maintains a constant dialogue with statutory and internal auditors to ensure that internal control systems are operating effectively.

### Cautionary statement

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements written and oral that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions.

The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should kindly bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

### For and on behalf of the Board

**M. Pavan Kumar**  
Managing Director & CEO  
(DIN: 01514557)

**Raghavender Mateti**  
Director  
(DIN: 06826653)

Place: Hyderabad  
Date: July 27, 2023

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity

1	Corporate Identity Number (CIN) of the Listed Entity	L24219TG1986PLC016607
2	Name of the Listed Entity	NACL Industries Limited
3	Year of incorporation	1986
4	Registered office address	Plot No.12-A, "C"- Block, Lakshmi Towers, , Nagarjuna Hills, Panjagutta Hyderabad TG 500082 India
5	Corporate address	Same as above
6	E-mail	<a href="mailto:investors@naclind.com">investors@naclind.com</a>
7	Telephone	040-2445100
8	Website	<a href="http://www.naclind.com">www.naclind.com</a>
9	Financial year for which reporting is being done	2022-23
10	Name of the Stock Exchange(s) where shares are listed	- BSE Limited (BSE), Mumbai - National Stock Exchange (India) Limited (NSE), Mumbai
11	Paid-up Capital (in ₹)	19,88,41,843
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Name: Mr. Prasad Jakkaraju Telephone: +91-40-2445100 E-mail ID: <a href="mailto:prasadjakkaraju@naclind.com">prasadjakkaraju@naclind.com</a>
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together)	The disclosures under this report are made on Standalone basis

### II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing	Manufacturing of Chemical and chemical products	100%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Agri Inputs	20211	100%

### III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	3	1	4
International	-	2	2

17. Markets served by the entity:

Locations	Number
National (No. of States)	26
International (No. of Countries)	31

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Out of the total sales turnover of ₹2,05,545 Lakh (excluding other operating income, sale of trade goods) on standalone basis, the turnover of the products sold in India (including Institutional Sales) is ₹121,169 Lakh (59%) and that of other countries is ₹84,376 Lakh (41%).



c. A brief on types of customers

The Company's customers include farmers, retailers and distributors who are served through domestic and other multinational agrochemical companies and distributors.

**IV. Employees**

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	1,353	1,333	99%	20	1%
2.	Other than Permanent (E)	47	44	94%	3	6%
3.	<b>Total employees (D + E)</b>	1,400	1,377	98%	23	2%
<b>WORKERS</b>						
4.	Permanent (F)	0	0	0	0	0
5.	Other than Permanent (G)	930	895	96%	35	4%
6.	<b>Total workers (F + G)</b>	930	895	96%	35	4%

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)	1	1	100%	0	0
2.	Other than Permanent (E)	0	0	0	0	0
3.	<b>Total differently abled employees (D + E)</b>	1	1	100%	0	0
<b>DIFFERENTLY ABLED WORKERS</b>						
4.	Permanent (F)	0	0	0	0	0
5.	Other than Permanent (G)	0	0	0	0	0
6.	<b>Total workers (F + G)</b>	0	0	0	0	0

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	11*	2	18%
Key Management Personnel	4*	NIL	NIL

\* Includes MD & CEO

20. Turnover rate for permanent employees and workers

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Permanent Employees</b>	7.12%	0%	7.12%	8.6%	0%	8.6%	8.3%	0%	8.3%
<b>Permanent Workers</b>	Not assessed								

**V. Holding, Subsidiary and Associate Companies (including joint ventures)**

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding/ subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	KLR Products Limited	Holding Company		Yes
2	L.R. Research Laboratories Private Limited	Wholly Owned Subsidiary	100%	Operations of subsidiaries and associates are not at a scale that can support Business Responsibility initiatives.
3	Nagarjuna Agrichem (Australia) Pty Limited	Wholly Owned Subsidiary	100%	
4	NACL Multichem Private Limited	Wholly Owned Subsidiary	100%	
5	NACL Spec-Chem Limited	Wholly Owned Subsidiary	100%	
6	NACL Industries (Nigeria) Ltd.	Wholly Owned Subsidiary	95%	
7	Nasense Labs Private Limited	Associate	26%	

**VI. CSR Details**

22.

(i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)	Yes
(ii) Turnover (in ₹.)	211,600 Lakh
(iii) Net worth (in ₹)	57,741 Lakh

**VII. Transparency and Disclosures Compliances**

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes. A focussed group comprising the Senior Leadership/the CSR Head interacts with the community leaders to understand and address their concerns.	0	0	-	0	0	-
Investors (other than shareholders)	NA	-	-	-	-	-	-
Shareholders	Yes. the Company attends shareholder grievances / correspondences expeditiously and has in place a grievance redressal mechanism. A dedicated email ID " <a href="mailto:investors@naclind.com">investors@naclind.com</a> " is available to all shareholders to share their grievances / complaints.	4	-	-	5	-	-



Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Employees and workers	Yes.	0			0		
Customers	Yes. All details - contact no., address and email-id - for lodging complaints are specified on products. Complaints are addressed as per laid down procedures.	NIL					
Value Chain Partners (dealers, vendors)	Yes	0	-	-	0	-	-
Other (contract workers, trainees, etc)	Yes.	0	-	-	0	-	-

Policies which are required by the law is available on the website of the Company.

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Waste Management	R	Bad waste management practices resulting in non-compliance with environmental regulations can lead to penalties and legal ramifications. It impacts the well-being of communities around	Following compliances and protocols that ensure adherence to environmental compliances and avoidance of financial penalties. Communication with local communities	Positive
2	Climate Change (Emissions, Energy)	R	Changing environmental regulations may impact our operations and require costly adjustments to meet emission standards. Failure to address GHG emissions can damage our reputation and affect relationships with investors, customers, and partners.	Investing in emission reduction processes and technologies	Positive
3	Health and Safety	R	Unsafe working environment can cause accidents, damage reputation, add medical-related expenses, and disrupt production	Regulatory Compliance and adherence to stringent safety standards; extensive safety training and regular risk assessment	Positive
4	Regulatory Compliance	R	Non compliance can result in disruption of operations, financial penalties, loss of customers and reputation	Keeping regularly updated on the laws and required compliances and regular communication among stakeholders on new certifications and associations	Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5	Raw Materials, quality and supply chain management	R	Bad quality Raw material and a non-compliant supply chain can be a threat to our business and lives impacting long-term reputation	Maintaining stringent quality standards and evaluation processes for raw materials. Regular supplier evaluation and training	Positive
6	Employee Well-being	O	Proactively investing in employee welfare is an opportunity to harness long-term Human Potential and results in a safe and progressive work environment	Long-term retention results in saving costs that need to be incurred in upgrading and re-skilling of employees	Positive
7	Community Engagement	O	Strong ties with local communities is an opportunity for creating mutually beneficial partnerships and support, thereby facilitating smooth operations	Investing in community projects, creating local skills, communicating regularly helps build long-term trust	Positive
8	Research & Development	O	Regular investing in Research & Development gives us a competitive edge and helps develop new and relevant products	Our investments in R&D have helped us maintain a leadership position in the national and international markets	Positive

**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES**

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

The National Guidelines on Responsible Business Conduct (NGRBC) released by the Ministry of Corporate Affairs has updated and adopted nine areas of Business Responsibility. These are briefly as under:

- P1 Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent and accountable
- P2 Businesses should provide goods and services in a manner that is sustainable and safe
- P3 Businesses should respect and promote the well-being of all employees, including those in their value chains
- P4 Businesses should respect the interests of and be responsive to all its stakeholders
- P5 Businesses should respect and promote human rights
- P6 Businesses should respect and make efforts to protect and restore the environment
- P7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
- P8 Businesses should promote inclusive growth and equitable development
- P9 Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy and management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	<a href="https://naclind.com/investor-relations/investor-information/policies/">https://naclind.com/investor-relations/investor-information/policies/</a>								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO 9001: 2015 ISO 14001: 2015 ISO 45001: 2018 Responsible Care Management System.								



5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	By 2030: Reduce waste to landfill & Incineration by 50% Reduce water Consumption by 20% Reduce specific energy consumption by 30% Increase renewable energy utilization by 30% Reduce GHG/CO <sub>2</sub> Emissions by 30%
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Short- and medium-term Sustainability Goals have been identified and a measurable action plan is in place for achieving the same. Performance is measured year on year and is periodically reviewed by the Senior Management.

**Governance, leadership and oversight**

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

*We have found that in the long run, investment in becoming more sustainable pays off. Our people, customers and suppliers have responded remarkably well to the changes we have made in our journey rigorous safety standards has ensured that we maintain our leadership position in the industry while upholding our responsibility towards the planet. For the past five years, we have consistently remained a 'zero accident' operation, which, given the industry we operate in, is no mean feat.*

*We strive for continuous, sustainable improvements, innovations and practices. We will continue to challenge ourselves to disrupt traditional practices and adopt cutting-edge technologies that align with our sustainability goals.*

*This year we have also published our maiden sustainability report that is a reflection of our accomplishments, our safety systems, and our commitment to become more sustainable. This trust is mirrored by how our stakeholders have supported our sustainability vision and our commitment by adapting and growing with us.*

*Our growth is a measure of the faith our customers have in us. While we have consistently prioritised improving our production systems and reducing the cost of production through technology adoption, we have also adopted responsible practices for the safe handling and disposal of chemicals and implemented several measures, such as the zero liquid discharge (ZLD) system, at our plants.*

*We have made hard decisions to become more sustainable, because we believe that we must leave this world a better place than the one we inherited. Our commitment to sustainability thus extends beyond our company to the world.*

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Prasad Jakkaraju- DGM EHS, along with the Board of Directors and the Committees of the Board, is responsible for implementation and oversight of the Business Responsibility policy (ies)
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	The Board has an overall responsibility for oversight of the Company's Sustainability & ESG strategy. The Board periodically reviews the sustainability issues and progress updates are provided annually.

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Y	Y	Y	Y	Y	Y	Y	Y	Y	Annually								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Company complies with all applicable regulations and statutory compliances. Compliance Certifications and applicable laws are regularly reviewed and updated.																	

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9	Yes. Regular and periodic review and assessments of charters and policies is internally conducted by Senior Management and Board Committees. These assessments are factored into various policies, projects and business responsibility and sustainability aspects.  Independent assessments are also carried out by external agencies, especially when conducting environmental impact assessments during expansions and for specific international clients.
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12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9	
The entity does not consider the Principles material to its business (Yes/No)										The various policies cover all the Principles of National Guidelines on Responsible Business Conduct (NGRBC). NACL has allocated adequate financial, human and technical resources towards the task.
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)										The quality management systems are in line with different applicable ISO standards such as ISO 9001: 2015, ISO 14001: 2015 and ISO 45001: 2018 including Responsible Care Management System.
The entity does not have the financial or/human and technical resources available for the task (Yes/No)										
It is planned to be done in the next financial year (Yes/No)										
Any other reason (please specify)										

**SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE**

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

**PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

**Essential Indicators**

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	8	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. On an on-going basis, periodic presentations are made at the Board and Committee meetings, covering various areas pertaining to the business, strategy, risks, operations, regulations, code of business conduct and ethics, economy and environmental, social and governance parameters. In addition, frequent updates are shared with all the Board members/ KMPs to apprise them of developments in the Company, key regulatory changes, risks, compliances and legal cases.	100
Key Managerial Personnel	8	In addition to specific training programmes for various levels conducted throughout the year, all key management personnel, employees and workers are given basic training and appraised of NACL's ethical code of conduct, human rights and POSH policies. All new hires go through such training during induction.	100
Employees other than BoD and KMPs	255	Workers undergo training on topics such as technical, soft skills, QHSE, human rights, wellbeing for workers. Training Enhancement in skills year on year.	100



2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (in INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine					
Settlement		NIL			
Compounding fee					
Non-Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)	
Imprisonment					
Punishment		NIL			

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
	NIL

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, the Company has an elaborate Code of Conduct in place that also cover policies related to corruption and bribery. It has 'zero tolerance' of any practice that may be classified as corruption, bribery or giving or receipt of bribes and the same has been mentioned in its Code of Conduct. The Company is committed to acting professionally and with integrity in all its business dealings and relationships. This includes compliance with all laws, domestic and foreign, prohibiting improper payments or gifts of any kind to or from any person, including officials in the private or public sector, customers and suppliers.

Also, the Company has whistle blower policy and code of conduct which can be accessed through <https://naclind.com/investor-relations/investor-information/policies/>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2022-23	FY 2021-22
Directors		
KMPs		NIL
Employees		
Workers		

6. Details of complaints with regard to conflict of interest:

	FY 2022-23	FY 2021-22
	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors		
Number of complaints received in relation to issues of Conflict of Interest of the KMPs		NIL

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest. Not Applicable

**Leadership Indicators**

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:
- | Total number of awareness programmes held | Topics / principles covered under the training | % age of value chain partners covered (by value of business done with such partners) under the awareness programmes |
|---|--|---|
| Nil                                       | Nil  | Nil   |
2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.
- An established code of conduct and conflict resolution policy guide the Board's actions. Transparent records of possible conflicts, disclosures, and decisions are maintained. The relevant Board Committees review disclosures, assessing their potential impact on any decision-making biases. Any possible conflicted members recuse themselves from related discussions and voting. Regular training on ethical conduct and fiduciary duties keeps members informed while Independent directors provide objective viewpoints.

**PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe**

**Essential Indicators**

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R&D			Please refer to the Annexure VI of the Directors Report
Capex			

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No).  
Yes. NACL has a process for selection of suppliers that includes various parameters and guidelines on Code of Conduct, Environment Health & Safety Policy and adherence to Legal Compliances including all mandatory certifications.
- b. If yes, what percentage of inputs were sourced sustainably?  
The Company is in the process of detailing out sustainability assessment processes of its key suppliers.
3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.
- (a) Plastics (including packaging) - Expired products are sent to an authorised agency in accordance with the Hazardous Waste Management Rules, 2016 ('the Rules'). Damaged product packaging is returned to the respective factories for repacking and redelivery.
- (b) E- waste – The Company ensures safe disposal of e-waste with minimal environmental impact, by disposing off all e-waste through agencies authorised by the Pollution Control Board.
- (c) Hazardous waste - Hazardous waste is categorised as per mandatory rules. Waste that can be utilised is sent to the authorised end users for utilisation (such as cement factories) and converted into useful products. The remaining hazardous waste is sent for proper disposal at Pollution Control Board's authorised facilities.
4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.
- Yes. The waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards.

**Leadership Indicators**

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?:

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
20211	Prefenofos	40-50%	Environmental impacts associated with a product or service	Yes	No



2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along with action taken to mitigate the same.

Name of Product / Service	Description of the risk / concern	Action Taken
Prefenofos	Utilization of Virgin/Raw Bromine	43% of Raw Bromine is replaced with recycled/recovered bromine

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23	FY 2021-22
Bromine	43%	43%

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2022-23			FY 2021-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
E-waste	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Hazardous waste	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Other waste	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not Assessed	Not Assessed

**PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains**

**Essential Indicators**

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
	Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)	
<b>Permanent employees</b>											
Male	1,333	1,333	100%	1,333	100%	0	0.00%	0	0	0	0.00%
Female	20	20	100%	20	100%	20	100%	0	0	0	0.00%
<b>Total</b>	<b>1,353</b>	<b>1,353</b>	<b>100%</b>	<b>1,353</b>	<b>100%</b>	<b>20</b>	<b>1.46%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
	Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)	
<b>Permanent workers</b>											
Male	895	895	100%	895	100%	0	100%	0	0.00%	0	0.00%
Female	35	35	100%	35	100%	35	100%	0	0.00%	0	0.00%
<b>Total</b>	<b>930</b>	<b>930</b>	<b>100%</b>	<b>930</b>	<b>100%</b>	<b>35</b>	<b>3.76%</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI	100%	100%	Y	100%	100%	Y
Others – please specify	-	-	-	-	-	-

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard. Yes

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy. The Company does not discriminate on the grounds of disabilities and believes in providing equal opportunities to all its employees.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	NA	NA	NA	NA
Female	NA	NA	NA	NA
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	The employees / workers can register their complaints with their immediate manager or concerned HR manager. Also, the Company has established a vigil mechanism/ Whistle blower policy for Directors and employees to report their concerns
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Total employees / workers in respective category (A)	No. of employees / Workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
<b>Total Permanent Employees</b>						
- Male	1,333	460	34%	1,236	460	37%
- Female	20	-	-	18	-	-
<b>Total Permanent Workers</b>						
- Male	-	-	-	-	-	-
- Female	-	-	-	-	-	-



8. Details of training given to employees and workers:

Category	FY 2022-23				FY 2021-22					
	Total (A)	On Health and safety measures		On Skill upgradation		Total (A)	Paternity Benefits		Day Care facilities	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
<b>Employees</b>										
Male	1,333	1,333	100%	670	50%	1236	1,236	100%	330	27%
Female	20	20	100%	2	10%	18	18	100%	5	28%
<b>Total</b>	<b>1,353</b>	<b>1,353</b>	<b>100%</b>	<b>672</b>	<b>50%</b>	<b>1,254</b>	<b>1,254</b>	<b>100%</b>	<b>335</b>	<b>27%</b>
<b>Workers</b>										
Male	895	895	100%	0	0%	595	595	100%	0	0%
Female	35	35	100%	0	0%	32	32	100%	0	0%
<b>Total</b>	<b>930</b>	<b>930</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>627</b>	<b>627</b>	<b>100%</b>	<b>0</b>	<b>0%</b>

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
<b>Employees</b>						
Male	1,211	614	51%	1,140	587	51%
Female	11	11	100%	13	13	100%
<b>Total</b>	<b>1,222</b>	<b>625</b>	<b>51%</b>	<b>1,153</b>	<b>600</b>	<b>52%</b>
<b>Workers</b>						
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

10. Health and safety management system:

- Whether an occupational health and safety management system has been implemented by the entity? **(Yes/ No)**. If yes, the coverage such system? Yes. We are implementing additional improvements to our safety management systems, based on recommendations by the National Safety Council, to improve the effectiveness of our existing safety systems and procedures at both of our plants.
- What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity? Our organization has a comprehensive HIRAC (Hazard Identification, Risk Assessment and Control) in place to improve Occupational Health and Safety (OHS). We conduct regular hazard identification and risk assessments to minimize potential hazards and have established procedures for daily record-keeping and reporting to ensure compliance with our safety policy.
- Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N) Yes.
- Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? **(Yes/ No)** Yes

11. Details of safety related incidents, in the following format:

Category	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities) [Unsafe Act/Unsafe Condition (number of incidents)]	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

- Mandatory safety trainings for all employees and contractual workers engaged in usage, storage and transportation of chemicals
- Regular training in safe handling processes, proper use of personal protective equipment and emergency response procedures
- Farmer outreach and training of farmers on proper usage of chemicals
- Training to enhance availability of skilled manpower

13. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	Nil	Nil	Nil	Nil
Health & Safety	Nil	Nil	Nil	Nil	Nil	Nil

14. Assessments for the year:

	<b>% of your plants and offices that were assessed (by entity or statutory authorities or third parties)</b>
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Prevention of safety-related incidents is one of our highest priorities. We have an extensive safety programme, which includes formal training for all employees, preventive measures such as pre-job safety analyses and a system aimed at identifying risks, taking corrective actions and preventing incidents. We regularly conduct internal audits of this safety system. Our management team has implemented a structured process for handling, monitoring, documenting and learning from near-miss accidents. We have taken stringent measures to reduce the number of recordable incidents Company wide and the monetary incentives of most employees are linked to fulfilling the Company's safety targets.

**Leadership Indicators**

- Does the entity extend any life insurance or any compensatory package in the event of death of  
(A) Employees (Y/N) - Yes  
(B) Workers (Y/N). - Yes

- Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.  
All Statutory Compliances are monitored in SAP – Customised Report, which triggers alerts to people responsible for such compliance and also gets escalated to his / her seniors to avoid any non-compliances.

- Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable Employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	-	-	-	-
Workers	-	-	-	-

- Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

5. Details on assessment of value chain partners:

	<b>% of value chain partners (by value of business done with such partners) that were assessed</b>
Health and safety practices	-
Working Conditions	-

- Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners. –  
We have taken the corrective actions whenever incident happens, preventive actions are taken care of to minimise the safety and health related issues if any.



**PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders**

**Essential Indicators**

- Describe the processes for identifying key stakeholder groups of the entity.  
NACL has identified a number of stakeholders that have an impact on its business and ones that are impacted by its operations. The Company engages with various stakeholders with the intention of understanding and addressing their expectations and developing strategies for the Company.
- List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Trainings (online, face-to-face) • E-mails • Workshops/webinars • Company (Internal and external) website • Feedback forms • Needs assessment surveys	Ongoing	• Learning and development • Fair employment Practices • Career growth
Local community	No	• Community meetings • Public hearings • Awareness sessions • Industry visits • Presentations • Personal interactions	Ongoing	• Health and safety of community and crops • Company strategy • Company updates
Customers	No	• Annual General Meeting • Internal publications • One-to-one engagements • Customer Meets • Awareness sessions and industry walks • Presentations • Surveys & feedback forms	Ongoing	• Cost Effective Business Solutions • Business Efficiency • Responsiveness • Good customer service • Webinars
Investors (institutional and retail)	No	• Annual General Meeting • Investor presentations • Internal publications • Meetings between the management, fund managers and IR Team	Quarterly/Annual	• Business and growth plans • High dividend pay-out • Corporate reputation • Capital allocation • Good governance practices and risk management
Vendors and suppliers	No	• Presentations • Surveys • Sustainability questionnaires	Ongoing	• Credit and payments • Sustainability processes • Ease of engagement • Trust and value
Government officials/ regulatory authorities	No	• Annual Report/Sustainability Report • E-mails • Presentations • Personal interactions	Monthly/Quarterly/ Annual	• Regulatory compliance • Taxes • Transparent reporting • Corporate social responsibility

**Leadership Indicators**

- Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

NACL's direct engagement with internal and external stakeholders involves face-to-face and online discussions.

Indirect engagement involves reviewing publications, responses, feedback forms and surveys. Outcomes from the direct and indirect engagement process are reported to the Committees of the Board and respective vertical heads for further action. While a number of circumstances and decisions govern specific stakeholder consultation processes, our internal and external stakeholder engagement follows a broad continuous process.

- Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes. Public hearings held at Srikakulam to inform community about the capacity expansion plans of the Srikakulam plant. Based on community feedback to ensure the environment/groundwater remains protected and local youth are given employment, NACL has budgeted for additional ZLD system, giving 95% local employment during construction phase and 85% local employment in operation phase, post trial period.

- Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.  
Not Applicable

**PRINCIPLE 5 Businesses should respect and promote human rights**

**Essential Indicators**

- Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees/ workers covered (B)		Total (C)	No. of employees/ workers covered (D)	
		% (B / A)	% (D / C)			
<b>Employees</b>						
Permanent	1,353	1,353	100%	1,254	1,254	100%
Other than permanent	47	47	100%	-	-	-
Total Employees	1,400	1,400	100%	1,254	1,254	100%
<b>Workers</b>						
Permanent	-	-	-	-	-	-
Other than permanent	930	930	100%	627	627	100%
Total Workers	930	930	100%	627	627	100%

- Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Male	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Female	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Other than Permanent	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Male	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Female	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed



Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Workers										
Permanent	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Male	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Female	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Other than Permanent	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Male	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Female	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed

3. Details of remuneration/salary/wages, in the following format :

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of
Board of Directors (BoD)	9	₹3,90,000	2	₹2,90,000
Key Managerial Personnel	3	₹1,00,00,000	0	0
Employees other than BoD and KMP	1,329	₹4,71,869	20	₹5,30,507
Workers	895	₹15,053	35	₹15,053

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No) Yes

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Any issues related to human rights and code of conduct are addressed by relevant internal committees or the functional heads.

Number of Complaints on the following made by employees and workers: No complaints made by any worker or employee on Sexual Harassment, Discrimination at Work Place, Child Labour, Forced or Involuntary Labour, wages, or other Human Rights related issues.

6. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil	Nil	Nil	Nil	Nil	Nil
Discrimination at workplace	Nil	Nil	Nil	Nil	Nil	Nil
Child Labour	Nil	Nil	Nil	Nil	Nil	Nil
Forced Labour/Involuntary Labour	Nil	Nil	Nil	Nil	Nil	Nil
Wages	Nil	Nil	Nil	Nil	Nil	Nil
Other human rights related issues	Nil	Nil	Nil	Nil	Nil	Nil

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company will ensure that the complainant or victim or witnesses are not victimised or discriminated against while dealing with complaints of harassment. However, anyone who abuses the procedure (for example, by maliciously putting an allegation knowing it to be untrue) will be subject to disciplinary action.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100
Forced/involuntary labour	100
Sexual harassment	100
Discrimination at workplace	100
Wages	100
Others – please specify	100

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

No Violations or concerns were reported

**Leadership Indicators**

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

No human rights grievances/complaints

2. Details of the scope and coverage of any Human rights due-diligence conducted.

Human Rights form a part of all supply chain contracts and awareness sessions on Human right are a part of induction process for all employees. No separate Due diligence is conducted.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

No

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	Nil
Discrimination at workplace	Nil
Child Labour	Nil
Forced Labour/Involuntary Labour	Nil
Wages	Nil
Others – please specify	Nil

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above. - Nil

**PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment**

**Essential Indicators**

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2022 -23	FY 2021-22
Total electricity consumption (A)	114,770.08	109,562.65
Total fuel consumption (B)	529,003.87	548,170.51
Energy consumption through other sources (C)	37,676.3	36,199.41
<b>Total energy consumption (A+B+C) (TOE)</b>	<b>681,450.25</b>	<b>693,932.57</b>
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	0.032	0.042
Energy intensity (optional) – the relevant metric may be selected by the entity	0.60	0.60

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any. No



3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23	FY 2021-22
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	0	0
(ii) Groundwater	1,00,957	1,03,108
(iii) Third party water	0	0
(iv) Seawater / desalinated water	0	0
(v) Others (Storm water)	361	60
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	1,01,318	1,03,168
<b>Total volume of water consumption (in kilolitres)</b>	1,70,714.0	1,77,081.0
<b>Water intensity per rupee of turnover (Water consumed / turnover)</b>	0.008	0.011
<b>Water intensity (optional) – the relevant metric may be selected by the entity</b>	5.0	5.1

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation. Yes.  
The ZLD treatment process is implemented in all three manufacturing sites to remove all the liquid waste from a system. The focus of ZLD is to treat wastewater economically and produce clean water that is suitable for reuse at the plant for various purposes, such as horticulture. Hazardous waste generated from the processes is scientifically processed at site and what cannot be processed is sent for safe disposal to authorized partners approved by CPCB/SPCBs.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23	FY 2021-22
NOx	MT	8	4.9
SOx	MT	2.5	3.4
Particulate matter (PM)	Not assessed	Not assessed	Not assessed
Persistent organic pollutants (POP)	Not assessed	Not assessed	Not assessed
Volatile organic compounds (VOC)	Not assessed	Not assessed	Not assessed
Hazardous air pollutants (HAP)	Not assessed	Not assessed	Not assessed
Others – please Specify	Not assessed	Not assessed	Not assessed

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	tCO <sub>2</sub> e	62,750.07	61,026.77
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	tCO <sub>2</sub> e	52,928.47	54,904.44
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b>	gCO <sub>2</sub> e	3.0	3.7
<b>Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity</b>	tCO <sub>2</sub> e	3.38	3.37

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.  
Yes. At Srikakulam location, CO<sub>2</sub> Gas recovery plant was established in 2021-22.CO<sub>2</sub> is recovered from boiler flue gases which is under operations.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23	FY 2021-22
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	Not assessed	Not assessed
E-waste (B)	1.405	Not assessed
Bio-medical waste (C)	0.00385	Not assessed
Construction and demolition waste (D)	Not assessed	Not assessed
Battery waste (E)	1.582	Not assessed
Radioactive waste (F)	Not assessed	Not assessed
Other Hazardous waste. Please specify, if any. (G)	6309.88	5374.85
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	Not assessed	Not assessed

**For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)**

Category of waste		
(i) Recycled	Not assessed	Not assessed
(ii) Re-used	Not assessed	Not assessed
(iii) Other recovery operations	Not assessed	Not assessed

**Total**

**For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)**

Category of waste		
(i) Incineration	1162.6	886.25
(ii) Landfilling (TSDF)	1567.02	2931.29
(iii) Utilizable	3661.41	1485.795
(v) Other disposal operations (cement industries co-processing; TSDF co-processing)	-	766.13
<b>Total</b>	6391.03	5303.335

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes. Solid wastes generated from the manufacturing process, solvent distillation, effluent treatment system, DG sets and boilers is sent to cement plants for co-incineration or to the TSDF (Treatment, Storage, and Disposal Facilities) for landfill. Waste oil and used batteries from the DG sets are sent to authorized recyclers. Other solid wastes like containers and empty drums are returned to the product seller or sold to authorized buyers after detoxification. Coal ash from boilers and thermic fluid heater is sold to brick manufacturers.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

No operations in ecologically sensitive areas. But before all expansions and new operations all environmental approvals and clearances in place

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year: Environmental impact assessment done and clearances received before expansion of Srikakulam Site. Dahej greenfield site also went through Environmental Impact Assessment and clearances from MoEF.

No Environmental Impact Assessment conducted during the current financial year. Last Environmental Impact Assessment conducted in October 2021 for expansion of agrochemicals manufacturing unit from 30 TPD to 70.1 TPD at the Srikakulam plant.

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes. All Compliances in place.



**PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

**Essential Indicators**

1. a. Number of affiliations with trade and industry chambers/ associations. Five
- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Crop Care Federation of India (CCFI)	National
2	Federation of Indian Chambers of Commerce & Industry (FICCI)	National
3	Pesticides Manufacturers & Formulators Association of India (PMFAI)	National
4	Federation of Telangana Chamber of Commerce & Industry (FATCCI)	National
5	Confederation of Indian Industry (CII)	National

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
	There was no adverse order from regulatory authorities	

**Leadership Indicators**

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
			Nil		

**PRINCIPLE 8: Businesses should promote inclusive growth and equitable development**

**Essential Indicators**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
					N/A

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
						N/A

3. Describe the mechanisms to receive and redress grievances of the community.

The Board of Directors of the Company had adopted the Whistle Blower Policy. A mechanism has been established for all stakeholders including Directors, employees, vendors and suppliers to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimisation of employees who avail of the mechanism and allows direct access to the Chairperson of the audit committee in exceptional cases. The Audit Committee reviews periodically the functioning of whistle blower mechanism. No personnel have been denied access to the Audit Committee. A copy of the Whistle Blower Policy is also available on the website of the Company: [www.naclind.com](http://www.naclind.com).

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	10%	8%
Sourced directly from within the district and neighbouring districts	9%	7%

**PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner**

**Essential Indicators**

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

NACL has strong mechanisms and multiple touchpoints through which complaints are handled – Through the Krishi kalyan app and portal, through the dealers and sales team, through website queries, and social media platforms. All complaints are tracked and responded to. Specific complaints that require personal visits, are addressed by the sales and marketing teams.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	N/A
Safe and responsible usage	100%
Recycling and/or safe disposal	N/A

3. Number of consumer complaints in respect of the following:

	FY 2022-23		Remarks	FY 2021-22		Remarks
	Received during the year	Pending resolution at the end of year		Received during the year	Pending resolution at the end of year	
Data privacy						
Advertising						
Cyber-security						
Delivery of essential services		NIL			NIL	
Restrictive Trade Practices						
Unfair Trade Practices						
Other						

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls		
Forced recalls	No Products were recalled on account of safety or other issues	

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes. The Company follows the information security guidelines set by the IT team of the Company.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

The Company was not required to take any corrective actions relating to advertising, delivery of essential services, cyber security and data privacy of customers. No instances of product recalls and no penalty levied or action taken by regulatory authorities on safety of products / services.

**Leadership Indicators**

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information on all NACL products is available on the company website (<https://naclind.com/products/>), through direct distribution networks and Krishi Kalyaan app.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Marketing team works extensively with all direct and indirect consumers to educate them on all products through various in person and virtual meetings, through field days with farmers, through the Krishi Kalyaan App and the Krishi Kalyaan call center. Consumers are educated about the correct use, application and dosage of the Company's products.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

N/A

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

All product information is displayed on products as per applicable laws. The company regularly conducts informal surveys with consumers and the marketing team gets information on products through regular engagement with its consumers.

5. Provide the following information relating to data breaches:

- a. Number of instances of data breaches along-with impact NIL
- b. Percentage of data breaches involving personally identifiable information of customers. NIL

**For and on behalf of the Board**

Place: Hyderabad  
Date: July 27, 2023

**M. Pavan Kumar**  
Managing Director & CEO  
(DIN: 01514557)

**Raghavender Mateti**  
Director  
(DIN: 06826653)



## Corporate Governance Report

### A. CORPORATE GOVERNANCE: GUIDING PRINCIPLES

NACL is guided in thought and action by the philosophy of SERVING SOCIETY THROUGH INDUSTRY.

This philosophy is defined by principles of concern, commitment, quality and integrity in all its acts and relationships with all stakeholders in the broadest sense including customers, investors, business associates, lenders, vendors, employees and the community at large, which always inspired and guided the company's thinking and conduct.

### 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 March 31, 2023. 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, Corporate Social Responsibility Committee, Banking Committee and Risk Management 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:

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 Marketing, Sales, Finance, Accounts, Legal and Taxation. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

#### 1) Composition of Board and number of Board Meetings:

The Company's Board of Directors comprises of 11 (eleven) Directors as on March 31, 2023, out of which 1 (one) is Non-Executive Non-Independent Director. Further, out of the remaining Directors, 6 (six) are Independent Directors

and 2 (two) are Investors Nominee Directors and 2 (two) are Executive Directors. Your Company has 2 (two) Women Directors out of which 1 (one) is an Independent Director. 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, as amended ("Listing Regulations"). None of the Directors are related to each other.

During the year 2022-23, 8 (eight) Board Meetings were held on May 12, 2022; June 24, 2022; July 28, 2022; August 24, 2022; October 21, 2022; November 08, 2022; January 31, 2023 and March 29, 2023. The maximum time gap between any two of the Board Meetings was not more than 120 (One Hundred and Twenty) days. The necessary quorum was present for all the Board Meetings. One resolution was passed by circulation during the year.

The details of attendance of Director at the Board meetings and the last Annual General Meeting are as follows:

Sl. No.	Name of the Director	Category of Director	No. of Board Meeting(s) held	No. of Board Meeting(s) Attended	Whether present at previous AGM held on September 29, 2022
1)	Mrs. K. Lakshmi Raju	Promoter, Chairperson & Non-Executive Director	8	8	Yes
2)	Mr. Sudhakar Kudva <sup>1</sup>	Independent Director	8	8	Yes
3)	Mr. N. Vijayaraghavan <sup>2</sup>	Independent Director	8	8	No
4)	Mr. Raghavender Mateti	Independent Director	8	8	Yes
5)	Mr. Atul Churiwal	Investor Nominee Director	8	8	Yes
6)	Mr. Rajesh Kumar Agarwal	Investor Nominee Director	8	7	Yes
7)	Mr. M. Pavan Kumar <sup>3</sup>	Executive Director- Managing Director & CEO	8	8	Yes
8)	Mr. Ramakrishna Mudholkar	Independent Director	8	6	Yes
9)	Mr. N. Sambasiva Rao	Independent Director	8	8	No
10)	Ms. Veni Mocherla	Independent Director	8	8	Yes
11)	Mr. C.V. Rajulu <sup>4</sup>	Whole Time Director	6	6	Yes

1) Mr. Sudhakar Kudva re-appointed as an Independent Director for a second term of five consecutive years w.e.f August 05, 2022.

2) Mr. N. Vijayaraghavan appointed and re-designated as an Independent Director of the Company w.e.f July 28, 2022.

3) Mr. M. Pavan Kumar re-appointed as an Managing Director & CEO for a second term of three years w.e.f June 01, 2022.

4) Mr. C.V. Rajulu appointed as Whole Time Director designated as "Executive Director – Corporate Affairs" w.e.f June 24, 2022.

Directors were 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 and Listing Regulations. All the Non-Executive Directors (except Independent Directors and Investor Nominee Director) are liable to retire by rotation unless otherwise specifically approved by the shareholders.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees across all the Listed 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 hold 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 Listed Entities.



All the Independent Directors of the Company have given their respective declarations/disclosures under Section 149(7) of the Companies Act, 2013 and Regulation 25(8) of the Listing Regulations and have confirmed that they fulfill the independence criteria as specified under Section 149(6) of the Companies Act, 2013 and Regulation 16 of the Listing Regulations and have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. The Board of Directors confirms that the Independent Directors fulfill the conditions specified in the Companies Act, 2013 and the Listing Regulations and are independent of management. All the Independent Directors had registered with Indian Institute of Corporate Affairs and had complied with Rule 6 (1) and (2) of Companies (Appointment and Qualification of Directors) Rules, 2014. The tenure of the Independent Directors is in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

The number of Directorship and Committee positions held by Directors in public limited companies as on March 31, 2023 are given below:

Sl. No.	Name of the Director	Number of Directorships in Public Limited Companies* (including NACL Industries Limited)			Number of Committee** memberships held in Public Limited (including NACL Industries Limited)		Directorship in other Listed Entities	
		Chairman	Director	Total	Chairman	Member	Name of Listed Entity (including Debt Listed)	Category of Directorship
1)	Mrs. K. Lakshmi Raju	1	-	1	-	1	-	-
2)	Mr. Sudhakar Kudva	-	2	2	2	3	Bhagiradha Chemicals and Industries Limited	NED & ID@
3)	Mr. N. Vijayaraghavan	-	1	1	-	2	-	-
4)	Mr. Raghavender Mateti	-	2	2	1	2	Aristo Bio Tech and Life Science Limited	NED & ID@
5)	Mr. Atul Churiwal	-	1	1	-	-	-	-
6)	Mr. Rajesh Kumar Agarwal	-	1	1	-	-	-	-
7)	Mr. M. Pavan Kumar	-	1	1	-	1	-	-
8)	Mr. Ramakrishna Mudholkar	-	1	1	-	-	-	-
9)	Mr. N. Sambasiva Rao	-	3	3	-	1	-	-
10)	Ms. Veni Mocherla	-	2	2	-	-	-	-
11)	Mr. C.V. Rajulu	-	1	1	-	-	-	-

\* Excludes Directorships/Chairmanships in Associations, Private Limited Companies, Foreign Companies, Government Bodies, Companies registered under Section 8 of the Act and Alternate Directorships.

\*\* Board Committees means only Audit Committee and Stakeholders Relationship Committee.

@ NED & ID – Non-Executive Director & Independent Director.

## 2) Skill, Expertise and Competencies of the Board:

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board:

- Rich corporate experience in Agrochemical, Pesticides, Agri, Fertilizers and other business and industrial sectors.
- Skillful/Deft at operating vast array of farm technology with hands-on approach to work and honed with outstanding communication skills and

expertise in training people on various aspects of agriculture operations, agricultural marketing and organic farming.

- Experience in the field of Agrochemical Marketing both in domestic and overseas.
- Experiences in various manufacturing fields, and general management.
- Expertise in Finance, Treasury, Information Technology, Risk Management, Treasury and Forex Operation and General Administration, Legal Compliance and Corporate Governance.

Expertise and Skills	General Management and Leadership Expertise	Industry Experience and Entire value chain	Corporate Strategy and Planning	Science and Technology including IT	Finance	Risk Management	Regulatory and Governance	Human Resource and Communication	Safety and Corporate	Geography and Cross cultural experience
KLR	✓	✓	✓		✓					✓
SK	✓	✓	✓		✓	✓	✓			✓
NVR	✓	✓	✓			✓				✓
RM	✓	✓	✓	✓					✓	
MPK	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
RKA	✓	✓	✓		✓					✓
AC	✓	✓	✓		✓					✓
RKM	✓	✓	✓				✓			✓
NSR	✓	✓	✓		✓	✓	✓		✓	✓
VM	✓		✓			✓	✓			✓
CVR	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

KLR- K.Lakshmi Raju, SK – Sudhakar Kudva, NVR – N Vijayaraghavan, RM- Raghavender Mateti, MPK- M. Pavan Kumar, RKA - Rajesh Kumar Agarwal, AC- Atul Churiwal, RKM - Ramkrishna Mudholkar, NSR – N.Sambasiva Rao, VM – Veni Mocherla, CVR – C.V.Rajulu

## 3) Familiarization Programme:

The Company has formulated a Policy on Familiarization Programme for Independent Directors. The Company, upon the induction of Independent Directors, provided necessary documents which contains the information about Company, Memorandum and Articles of Association, Annual Reports for previous 2 years, Investor Presentations and recent Media Releases, Brochures, Organization policies. The appointment letter issued to Independent Director inter-alia sets out the expectations 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 makes 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, updates on relevant statutory changes and judicial pronouncements around industry related laws, etc.

The details of familiarization programmes for the Independent Directors are available on the website of the Company and can be accessed through the weblink <https://naclind.com/wp-content/uploads/2023/06/Details-of-familiarization-programmes-imparted-to-independent-directors.pdf>.

## 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 ("SMP") of the Company. The Code of Conduct is uploaded on the website of the Company i.e., <https://naclind.com/wp-content/uploads/2023/02/Code-of-Conduct-for-Director-and-Senior-Management.pdf>. As required under Clause D of Schedule V pursuant to Regulation 34(3) of Listing Regulations, the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management laid down by the Company for the year under review. A declaration signed by Mr. M. Pavan Kumar, Managing Director & CEO of the Company, pursuant to Regulation 34(3) read with Schedule V 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". 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 July 28, 2022, as required under Schedule IV of the Companies Act, 2013 (Code for Independent Directors)



and Regulation 25 of Listing Regulations. Mr. Sudhakar Kudva, Mr. Raghavender Mateti, Mr. Ramakrishna Mudholkar, Mr. N. Sambasiva Rao and Ms. Veni Mocherla attended the Meeting of Independent Directors.

As required by the provisions of Section 149 read with Schedule IV of the Companies Act, 2013 and Regulation 25(4) of the Listing Regulations the Independent Directors met and reviewed inter-alia the following matters:

- 1) Performance of Non-Independent Directors and the Board of Directors as a whole;
- 2) Performance of the Chairperson of the Company, taking into account the views of Executive and Non-Executive Directors; and
- 3) 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:

The Stakeholders' Relationship Committee ("SRC") is constituted in compliance with Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. This Committee comprises of the following Directors viz. Mr. Raghavender Mateti (Chairman of the Committee), Mr. N. Vijayaraghavan, Mrs. K. Lakshmi Raju, and Mr. M. Pavan Kumar. The Committee met one (1) time during the year and the meetings was held on October 20, 2022. The details of attendance of Members are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. Raghavender Mateti	Chairman	1	1
Mr. N. Vijayaraghavan	Member	1	1
Mrs. K. Lakshmi Raju	Member	1	1
Mr. M. Pavan Kumar	Member	1	1

The terms of reference of Stakeholders Relationship Committee are in accordance with Regulation 20 read with Part D of Schedule II of the Listing Regulations and inter-alia includes:

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

- Oversee compliances in respect of dividend payments and transfer of unclaimed amounts to IEPF.
- Review work done by the share transfer agent including adherence to the service standards.
- Review initiatives for reduction of quantum of unclaimed dividends and ensure timely receipt of dividend/annual report/ statutory notices.

The power to process the dematerialization requests has also been delegated to the executives of the Share Transfer Agents of the Company to avoid delays. The Company during the period from April 01, 2022 to March 31, 2023 received 04 complaints from the investors and the same were resolved and there were no balance investor's complaints pending/unresolved as on March 31, 2023.

##### 2) Audit Committee:

This Committee comprises of the following Directors viz. Mr. Sudhakar Kudva (Chairman of the Committee), Mr. N. Vijayaraghavan, Mr. Raghavender Mateti and Mr. N. Sambasiva Rao. All the Members of the Committee are Independent Directors and possess strong accounting and financial management knowledge.

The Audit Committee met six (6) times during the period under review and the meetings were held on May 11, 2022; July 27, 2022; August 24, 2022; October 20, 2022; January 31, 2023 and March 29, 2023. The Statutory Auditors, the Internal Auditors and Cost Auditors were present as invitees for the meetings of the Audit Committee. The gap between any two Meetings did not exceed one hundred and twenty days. The attendance at the Meetings was as under:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. Sudhakar Kudva	Chairman	6	6
Mr. N. Sambasiva Rao	Member	6	6
Mr. Raghavender Mateti	Member	6	6
Mr. N. Vijayaraghavan	Member	6	6

The terms of reference of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013 and 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 Auditor's 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:

- i) Management discussion and analysis of financial condition and results of operations;
- ii) Statement of significant related party transactions, submitted by management;
- iii) Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
- iv) Internal audit reports relating to internal control weaknesses; and
- v) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to the review of the Audit Committee.
- vi) Statements of deviations:
  - a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

##### 3) Banking Committee:

This Committee comprises of the following Directors viz. Mr. N. Vijayaraghavan (Chairman of the Committee), Mr. Sudhakar Kudva, Mr. Raghavender Mateti, Mr. M. Pavan Kumar and Mrs. K. Lakshmi Raju.

The Banking Committee met three (3) times during the year. The details of attendance of Members are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. N. Vijayaraghavan	Chairman	3	1
Mr. Sudhakar Kudva	Member	3	3
Mr. Raghavender Mateti	Member	3	2
Mr. M. Pavan Kumar	Member	3	3
Mrs. K. Lakshmi Raju	Member	3	3

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 authorized 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 to 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 authorize persons to sign necessary documents and for affixation of Common Seal and matters incidental thereto, for availing of such credit facilities.

**4) Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee ("NRC") is constituted in compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. This Committee comprises of the following Directors viz. Mr. Raghavender Mateti (Chairman of the Committee), Mrs. K. Lakshmi Raju, N. Vijayaraghavan and Mr. Sudhakar Kudva.

The Nomination and Remuneration Committee had met five (05) times during the period under review and the meetings were held on May 11, 2022; June 24, 2022; July 27, 2022; February 24, 2023 and March 29, 2023. The details of attendance of Members are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. Raghavender Mateti	Chairman	5	5
Mrs. K. Lakshmi Raju	Member	5	5
Mr. Sudhakar Kudva	Member	5	5
Mr. N. Vijayaraghavan*	Member	2	2

\* Mr. N. Vijayaraghavan appointed as a member of the Committee w.e.f October 21, 2022.

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 Listing Regulations. 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 are in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of the Listing Regulations and inter-alia includes the following:

- a) Identify persons who are qualified to become Directors and who may be appointed as Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal, and shall carry out the 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 ("KMP") and other employees.
- c) Formulation of criteria for evaluation of the 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) To recommend Board, the remuneration payable to the Directors and Key Managerial Personnel and Senior Managerial Personnel.
- g) To develop succession plan for the Board and to regularly review the plan.
- h) 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.
- i) Administer and monitor Employee Stock Option Scheme(s) of the Company.

**Nomination and Remuneration Policy:**

The Company's philosophy for remuneration of Directors, Key Managerial Personnel, Senior 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, KMP and SMP 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:**

The Corporate Social Responsibility Committee ("CSRC") is constituted in compliance with Section 135 of the Companies Act, 2013. This Committee comprises of the following Directors viz. Mr. Sudhakar Kudva (Chairman of the Committee), Mrs. K. Lakshmi Raju, Ms. Veni Mocherla, Mr. M. Pavan Kumar, Mr. N. Vijayaraghavan and Mr. C.V. Rajulu.

The CSR Committee met one (1) time during the period under review and the meeting was held on July 27, 2022. The details of attendance of Members are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. Sudhakar Kudva	Chairman	1	1
Mr. N. Vijayaraghavan	Member	1	1
Mrs. K. Lakshmi Raju	Member	1	1
Mr. M. Pavan Kumar	Member	1	1
Ms. Veni Mocherla	Member	1	1
Mr. C.V. Rajulu	Member	1	1

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 undertaken and ensure information in a timely manner.
- d) To recommend the amount to be spent on the CSR activities.
- e) To attend to such other matters and functions as may be prescribed and statutorily required to be attended from time to time.

**6) Risk Management Committee:**

The Risk Management Committee ("RMC") is constituted in compliance with Regulation 21 of the Listing Regulation. This Committee comprises of the following Directors viz. Mr. Sudhakar Kudva (Chairman of the Committee), Mr. M. Pavan Kumar, Mr. N. Vijayaraghavan, Mr. R.K.S. Prasad and Mr. Harish Chandra Bijlwan.

The Risk Management Committee met two (2) times during the period under review and the meeting was held on September 22, 2022 and March 20, 2023. The details of attendance of Members are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. Sudhakar Kudva	Chairman	2	2
Mr. N. Vijayaraghavan	Member	2	1
Mr. R.K.S. Prasad	Member	2	2
Mr. M. Pavan Kumar	Member	2	2
Mr. Harish Chandra Bijlwan	Member	2	2

The functioning and terms of reference of the Risk Management Committee are in accordance with the applicable provisions of the Companies Act, 2013 and Regulation 21 read with Part D of Schedule II of the Listing Regulations. 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:

- a) To formulate a detailed risk management policy which shall include:
  - i) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.



- ii) Measures for risk mitigation including systems and processes for internal control of identified risks.
- iii) Business continuity plan.
- b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- c) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- d) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- e) To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- f) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

#### E. REMUNERATION TO DIRECTORS:

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

- (a) The details of sitting fees paid to the Non-Executive Directors of the Company during the year from April 01, 2022 to March 31, 2023 are given below:

Sl. No.	Name of the Director	Sitting fees paid for attending Board and Committees meetings
(₹ in Lakh)		
1)	Mrs. K. Lakshmi Raju	3
2)	Mr. Sudhakar Kudva	5
3)	Mr. N. Vijayaraghavan	4
4)	Mr. Raghavender Mateti	4
5)	Mr. Atul Churiwal	2
6)	Mr. Rajesh Kumar Agarwal	2
7)	Mr. Ramkrishna Mudholkar	2
8)	Mr. N. Sambasiva Rao	3
9)	Ms. Veni Mocherla	2

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.

The criteria of making payments to Non-Executive Directors is available on the Company's website and can be accessed through the web-link <https://naclind.com/wp-content/uploads/2023/02/Criteria-for-making-payment-to-NEDs.pdf>.

- (b) Details of Remuneration paid to Managing Director & CEO and Whole Time Director for the financial year ended March 31, 2023 are given hereunder:

Sl. No.	Particulars of Remuneration	₹ in Lakh	
		Managing Director & CEO	Whole Time Director
		Mr. M. Pavan Kumar	Mr. C.V. Rajulu
1)	Gross salary	254	52
2)	Perquisites	#	-
3)	Stock Option	17	5
4)	Contribution to Provident Fund	-	-
5)	Others	94	-
	<b>Total</b>	<b>365</b>	<b>57</b>

\*The amount is below 1 Lakh

The tenure of office of the Managing Director is for 3 (three) years from his respective date of appointment 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.

#### F. PERFORMANCE EVALUATION CRITERIA:

Pursuant to applicable provisions of the Companies Act, 2013 and the Listing Regulations, the Board has formulated Policy on Performance Evaluation of Directors including Independent 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.

The performance evaluation of all the Directors including the Independent Directors was carried out by the entire Board. Further, the performance of the Board as a whole, performance evaluation of the Chairperson and the Non-Independent Directors was carried out by the Independent Directors.

#### G. GENERAL BODY MEETINGS:

##### 1) Details of last three Annual General Meetings ("AGM"):

Financial Year	Date	Time	Place of venue
2019-20	28-09-2020	10.00 a.m.	Video conferencing (VC)/Other Audio-Visual Means (OAVM)
2020-21*	24-09-2021	09.30 a.m.	Video conferencing (VC)/Other Audio-Visual Means (OAVM)
2021-22	29-09-2022	10.00 a.m.	Video conferencing (VC)/Other Audio-Visual Means (OAVM)

\* At the 34<sup>th</sup> AGM, one special resolution was passed in respect of amendment to NACL Employee Stock Option Scheme 2020 (ESOS - 2020).

The remote e-voting details on the above postal ballot were as follows:

Resolution No.	Particulars				
	Votes cast in favour	%	Votes cast against	%	Total valid votes
a)	11,43,76,106	99.99	10,636	0.01	11,43,86,742
b)	11,43,75,629	99.99	11,113	0.01	11,43,86,742
c)	11,43,78,472	99.99	8,270	0.01	11,43,86,742
d)	11,42,98,391	99.99	8,138	0.01	11,43,06,529
e)	11,43,77,612	99.99	9,130	0.01	11,43,86,742
f)	11,43,77,194	99.99	9,548	0.01	11,43,86,742

The shareholders approved the above said resolution(s) with requisite majority on August 31, 2022.

The postal ballot was conducted, as per the procedure laid down in Section 108 and 110 of the Companies Act, 2013 and the rules made thereunder along with the Circulars issued by Ministry of Corporate Affairs.

Mr. K.V. Chalama Reddy (ICSI Membership CP No. 5451 -FCS No.9268), Practicing Company Secretary was appointed as Scrutinizer for conducting voting through remote e-voting, in a fair and transparent manner.

##### 2) Details of last three years Extraordinary General Meetings:

2020-21	07-09-2020	10.00 a.m.	Video conferencing (VC)/Other Audio-Visual Means (OAVM)
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- 3) The postal ballot was conducted in the month of August 2022, to approve the following by way of special resolution:

- a) Amendment to NACL Employee Stock Option Scheme 2020 ("ESOS 2020 Scheme").
- b) Grant of options to employees of Subsidiary Company(ies), under the amended NACL Employee Stock Option Scheme- 2020 ("ESOS 2020 Scheme").
- c) Re-appointment of Mr. M. Pavan Kumar (DIN: 01514557) as a Managing Director & Chief Executive Officer of the Company.
- d) Appointment of Mr. Chantati Varada Rajulu (DIN:09219298) as Whole Time Director of the Company.
- e) Re-appointment of Mr. Sudhakar Kudva (DIN: 02410695) as an Independent Director for a second term of 5 (five) years and continuation of Directorship after attainment of 75 years of age.
- f) Appointment of Mr. N. Vijayaraghavan (DIN: 02491073) as an Independent Director of the Company and continuation of Directorship after attainment of 75 years of age.



#### H. TRANSFER OF UNCLAIMED DIVIDEND AND SHARES TO INVESTOR EDUCATION AND PROTECTION FUND:

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 (IEPF Authority).

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 transferred unclaimed dividend for the financial year 2014-15 of ₹4,86,957 to the Investor Education and Protection Fund (IEPF), during the year. The dividend amounts for the FY 2015-16 which have been unclaimed for seven years will be transferred to IEPF Authority. Shareholders who have not claimed the dividend(s) amount are, therefore, requested to do so before they are statutorily transferred to the IEPF Authority.

No claims shall lie against the Company in respect of the dividend/shares/monies so transferred to IEPF. 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 and can be accessed through the web-link <https://naclind.com/investor-relations/investor-information/unpaid-unclaimed-share-or-dividend-iepf/>. Shareholders are requested to refer to the web link to verify the details of un-claimed dividends and the shares liable to be 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.

#### I. DISCLOSURE WITH RESPECT TO UNCLAIMED SUSPENSE ACCOUNT:

In accordance with the requirement of Regulation 34(3) and 39(4) read with Part F of the Schedule V of the Listing Regulations, the following are details in respect of equity shares lying in the "Nagarjuna Agrichem Limited - Unclaimed Suspense Account":

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	1,219	16,60,409
2.	No. of shareholders who approached for transfer of shares from the unclaimed suspense account during the year	2	1,428
3.	Number of shares in respect of which dividend entitlements remained unclaimed for seven consecutive years and transferred from the Unclaimed Suspense Account to the IEPF	1,208	16,55,342
4.	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year.	9	3,639

*The Voting rights in respect of these shares will remain frozen till the time such shares are transferred from the Unclaimed Suspense Account to the concerned Shareholders.*

#### J. DISCLOSURES:

- 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 was no such transaction entered into by the Company during the financial year ended March 31, 2023.
- 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. A policy on dealing with related party transactions is available on the website of the Company and can be

accessed through the web-link <https://naclind.com/wp-content/uploads/2023/02/Related-Party-Transactions-Policy.pdf>.

- 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.
- As required under the provisions of the 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 and can be accessed through the web-link <https://naclind.com/investor-relations/investor-information/policies/>.

- Subsidiary Companies:** The Company has five unlisted (Indian and Overseas) Wholly Owned Subsidiaries i.e., NACL Spec-Chem Limited, NACL Multichem Private Limited, LR Research Laboratories Private Limited, Nagarjuna Agrichem (Australia) Pty. Limited and NACL Industries (Nigeria) Limited. An Executive Director of the Company is having a Directorship in one of the Indian subsidiaries. Three Executives (SMPs) of the Company are on the Board of NACL Spec-Chem Limited, LR Research Laboratories Private Limited and NACL Multichem Private Limited and Two Executive (SMPs) is 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.
- Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:**  
The Company has complied with all the mandatory requirements and regulations applicable to the Company of the Stock Exchanges, SEBI and other statutory regulatory authorities.
- 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.
- 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 whistle blower. The Whistle Blower Policy as approved by the Board is uploaded on the Company's website and can be accessed through the web-link <https://naclind.com/wp-content/uploads/2022/11/NACL-Whistle-Blower-Policy.pdf>. 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.

- Non-Disqualification of Directors:**  
The Company has received certificate dated July 27, 2023 from M/s. B S S & Associates, Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the SEBI / Ministry of Corporate Affairs or any such Statutory Authority. This certificate is annexed to this Report.
- The Board has accepted all the recommendations of the various committees which is mandatorily required in the relevant financial year.
- No fund was raised through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of the Listing Regulations.
- Loans and advances in the nature of loans to firms/companies in which Directors are interested –N.A.
- Material Subsidiaries of the listed entity including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries – N.A.
- Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
  - Number of complaints filed during the financial year : NIL
  - Number of complaints disposed of during the financial year : NIL
  - Number of complaints pending as at the end of the financial year : NIL
- Auditors' Fees:**  
During the financial year 2022-23, ₹66 Lakh have been paid to M/s. B S R and Co Chartered Accountants, the Statutory Auditors of the Company.
- The Company has complied with the requirement of Corporate Governance Report of sub-para (2) to (10) as mentioned under Clause (C) of Schedule V of the Listing Regulations.
- The Company is in compliance with the requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations, as applicable, with regard to Corporate Governance.
- All the quarterly investors presentation are uploaded on the Company's website and can be accessed through the web-link <https://naclind.com/investor-relations/investor-information/investor-presentation/>.

#### K. 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 to 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.

- Quarterly Results of the Company.
- Annual operating plans, budgets, capital budgets, updates and all variances.
- Contracts in which Directors are deemed to be interested.
- Compliance of any regulatory and statutory nature or any listing requirements.
- 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

#### O. CHANGES AMONG SENIOR MANAGEMENT:

During the Financial Year 2022-23 following changes were made in the Senior Management of the Company:

Sl. No.	Name	Date of Joining/Resignation	Designation	Department
1.	Amit Tandon	August 20, 2022 (Resignation)	Vice President	Domestic Sales & Marketing
2.	Roshan Mammen	July 01, 2022 (Joining)	Vice President	Exports
3.	Kannan Upadhyay	March 22, 2023 (Joining)	Vice President	Domestic Sales & Marketing

#### P. DISCRETIONARY REQUIREMENTS AS SPECIFIED IN PART E OF SCHEDULE II UNDER LISTING REGULATIONS:

- The Board:**  
The Chairperson of the Board is a Non-Executive Director.
- Shareholder Rights:**  
Details are given under heading 'Means of Communication'. The quarterly financial results are published in leading newspapers, viz. The Business Standard or Financial Express and vernacular – Andhra Prabha. The audited results for the financial year are approved by the Board and then communicated to the members through the Annual Report and also published in the newspapers. The results are posted on the Company's website and can be accessed through the link <https://naclind.com/investor-relations/financial-results/quarterly-report/> and are sent to the

website and can be accessed through the link <https://naclind.com/investor-relations/financial-results/quarterly-report/> and are sent to the BSE Limited and National Stock Exchange of India Limited (Stock Exchanges where the Company's share are listed) wherein the same is posted on their website [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

#### M. NAME AND DESIGNATION OF THE CHIEF COMPLIANCE OFFICER:

Mr. Satish Kumar Subudhi, Vice President – Legal & Company Secretary 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 (UPS). 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. The Company also maintains a Structured Digital Database, as required under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

BSE Limited and National Stock Exchange of India Limited (Stock Exchanges where the Company's shares are listed) wherein the same is posted on their websites [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com). Hence, the same is not sent to the households of the shareholders of the Company.

- Un-Modified opinion(s) in audit report:**  
The Company is in the regime of unmodified opinions on financial statements.
- Separate posts of Chairperson and the Managing Director or the Chief Executive Officer:**  
The post of Chairperson of the Board is neither Managing Director nor Chief Executive Officer.
- Reporting of Internal Auditor:**  
The Internal Auditor of the Company functionally report directly to the Audit Committee.

#### Q. GENERAL INFORMATION:

1)	Date, time and venue of Annual General Meeting	September 22, 2023 at 10:00 a.m. through video conferencing or other audio video means as set out in the Notice convening the AGM.
2)	Financial Year	April 01, 2022 to March 31, 2023.
3)	Dividend for FY 2022-23	During the FY 2022-23 an interim dividends of ₹0.30 (30%) and ₹0.15 (15%) per equity share of ₹1 each was respectively declared by Board of Directors.  The Board of Directors has recommended a final dividend of @ 25% (i.e. ₹0.25) per equity share of ₹1 each for the year ended March 31, 2023.  The dividend, if approved by the members at the 36 <sup>th</sup> AGM scheduled, will be paid within 30 days from the date of declaration.
4)	Listing on Stock Exchange	a) <b>BSE Limited</b> , P.J. Towers, Dalal Street, Mumbai-400001.  b) <b>National Stock Exchange (India) Ltd.</b> , Bandra-Kurla Complex, Bandra (E), Mumbai-400051.
5)	Listing Fees	The Company has paid the listing fees to these stock exchanges for the year 2023-24.
6)	Stock Code	BSE - 524709 NSE - NACLIND
7)	CIN of the Company	L24219TG1986PLC016607
8)	Registered Office/ Correspondence address of the Company	Plot No.12-A, 'C' Block, Lakshmi Towers, Nagarjuna Hills, Panjagutta, Hyderabad-500082. Telangana State Tel.No.040-2445100, e-mail id: <a href="mailto:investors@naclind.com">investors@naclind.com</a>
9)	Website	<a href="http://www.naclind.com">www.naclind.com</a>
10)	Communication regarding registration of share transfers and other related correspondence	Registers and Share Transfer Agents (RTA): <b>XL Softech Systems Limited</b> Plot No. 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad-500034 Tel. (040) 23545913/14/15, Fax (040)-23553214. e-mail: <a href="mailto:xlfiled@gmail.com">xlfiled@gmail.com</a>  For shares related matters, the shareholders are requested to correspond with the RTA of the Company by mention /quoting their Client ID and DPID, Folio Number to the above address of RTA of the Company.  <b>Note:</b> Shareholders holding shares in electronic mode should address all correspondence to their respective Depository Participants.
11)	Share Transfer system	The Board has delegated the authority for approving transfer, transmission, dematerialisation of shares etc. to the Stakeholders Relationship Committee. The Company obtains an annual certificate from Practising Company Secretaries as per the requirement of Regulation 40(9) of Listing Regulations and the same is filed with the Stock Exchanges and available on the website of the Company. In terms of amended Regulation 40 of Listing Regulations w.e.f. April 01, 2019, transfer of securities in physical form shall not be processed. Only the securities which are held in the demat mode with a Depository Participant can be transferred. Further, with effect from January 24, 2022, SEBI has made it mandatory for listed companies to issue securities in demat mode only while processing any investor service requests viz. issue of duplicate share certificates, exchange/sub-division/splitting/ consolidation of securities, transmission/transposition of securities. Vide its Circular dated January 25, 2022, SEBI has clarified that listed entities/RTAs shall now issue a Letter of Confirmation in lieu of the share certificate while processing any of the aforesaid investor service request.
12)	Suspension from trading	No securities of the Company were suspended from trading during the FY 2022-23.
13)	Secretarial Audit	Mr. S. Srikanth partner of M/s. B S S & Associates, Company Secretaries has conducted a Secretarial Audit of the Company for the FY 2022-23. 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, Listing Regulations and other laws and Regulations applicable to the Company. The said Secretarial Audit report forms part of the Board's Report.
14)	Credit Rating	The credit rating on the Company's Long-Term Bank Short-Term Bank facilities is available in the Board's Report.



**15) Dividend Pattern:** The dividend pattern of the Company is as under:

Year	Type	Dividend (%)
2001-02	Final	8
2002-03	Final	10
2003-04	Final	12
2004-05	Interim	15
	Final	7
2005-06	Final	20
2006-07	Interim	20
	Final	20
2007-08	Interim-1	10
	Interim-2	10
	Interim-3	10
	Final	15
2008-09	Interim-1	10
	Interim-2	10
	Final	30
2009-10	Interim-1	20
	Final	30
2010-11	Interim	15
2011-12	Final	15
2012-13	No dividend	-
2013-14	No dividend	-
2014-15	Final	10
2015-16	Final	10
2016-17	Final	12.50
2017-18	Final	12.50
2018-19	No dividend	-
2019-20	Interim	10
2020-21	First Interim	10
	Second Interim	15
	Final	15
2021-22	First Interim	10
	Second Interim	15
	Third Interim	15
	Final	15
2022-23	First Interim	30
	Second Interim	15
	Final <sup>#</sup>	25

<sup>#</sup>The same shall be paid subject to the approval of the shareholders in this AGM.

**16) Permanent Account Number (PAN):**

SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023 has provided common and simplified norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC and Nomination details.

As per the said Circular, it is mandatory for the shareholders holding securities in physical form to inter alia furnish PAN, KYC and Nomination details. Physical folios wherein the PAN, KYC and Nomination details are not available on or after October 1, 2023, shall be frozen by the RTA and will be eligible for lodging any service request or receiving payment including dividend only after registering the required details. The said physical folios shall be referred by the Company or RTA to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on December 31, 2025.

The Company has sent individual letters to all the members holding shares of the Company in physical form for furnishing their PAN, KYC and Nomination details. The relevant Circular(s) and necessary forms in this regard have been made available on the website of the Company.

Members are advised to register their details with the RTA, in compliance with the said Circular for smooth processing of their service requests.

**17) Annual Secretarial Compliance Report:**

Pursuant to SEBI circular no. CIR/CFD/ CMD1/27/2019 dated February 8, 2019, the Company has obtained an Annual Secretarial Compliance Report from M/s. B S S & Associates, Company Secretaries, confirming compliance of SEBI Regulations / Circulars / Guidelines issued thereunder and applicable to the Company. There are no observations or adverse remarks in the said report.

**18) 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.

**19) The Company has not issued any GDRS/ADRS during the year.**

**20) 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.34.4 to the Standalone Financial Statements.

**21) Location of Plants and R&D unit:**

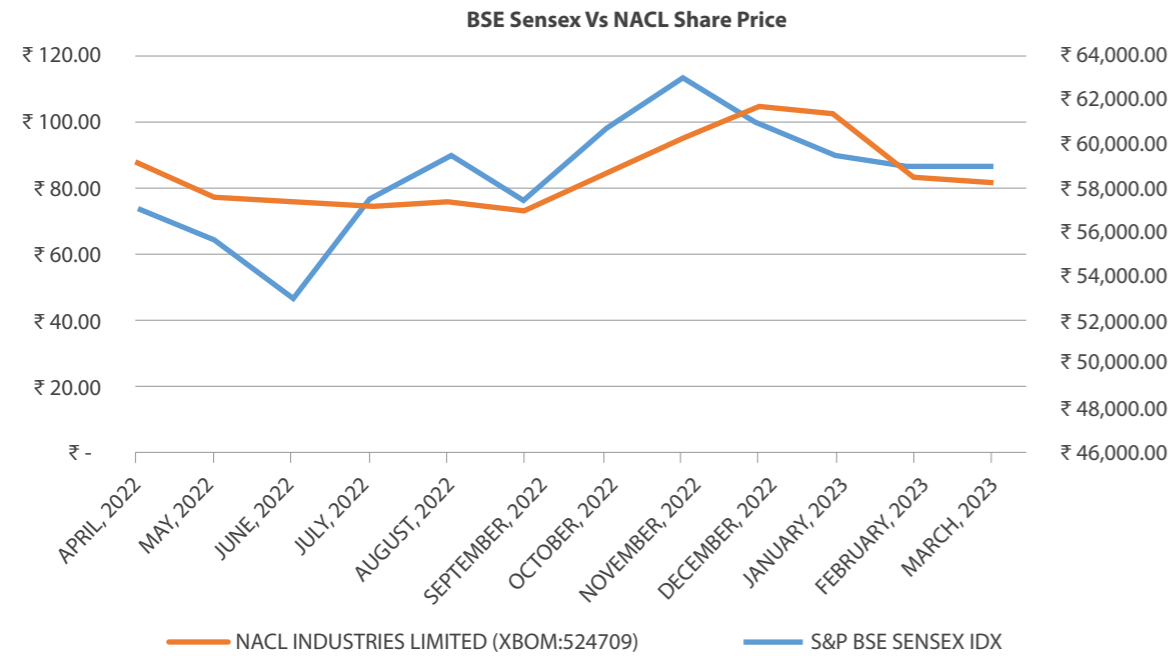
- Plot No. 177, Arinama Akkivalasa, Etcherla Mandal, Srikakulam District PIN-532403, Andhra Pradesh.
- Ethakota, Ravulapalem P.O, East Godavari District, PIN-533238, Andhra Pradesh.
- Nandigaon Village, Kothur Mandal, Mahaboobnagar District, Telangana State.

**22) Market Price Data:** The monthly High and Low quotations, as well as the market Index at both BSE and NSE during the year April 01, 2022 to March 31, 2023 are as follows:

**Performance in comparison to Sensex:**

Share prices movement for the period April, 2022 to March, 2023 of the Company and Sensex is given below:

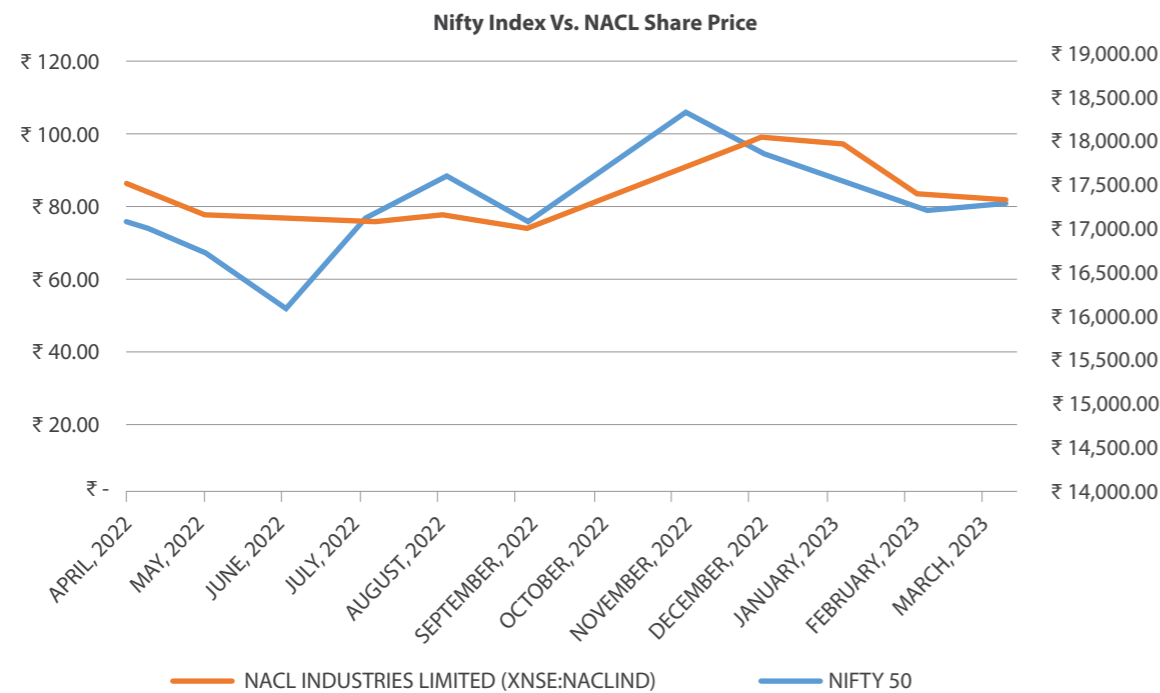
Month	524709			Sensex		
	High	Low	Close	High	Low	Close
April, 2022	99.05	81.40	88.00	60,845.10	56,009.07	57,060.87
May, 2022	90.55	70.00	77.40	57,184.21	52,632.48	55,566.41
June, 2022	86.90	71.00	75.15	56,432.65	50,921.22	53,018.94
July, 2022	84.00	72.80	74.35	57,619.27	52,094.25	57,570.25
August, 2022	79.65	71.95	76.15	60,411.20	57,367.47	59,537.07
September, 2022	82.60	71.85	73.45	60,676.12	56,147.23	57,426.92
October, 2022	91.65	72.00	83.25	60,786.70	56,683.40	60,746.59
November, 2022	101.80	80.40	95.10	63,303.01	60,425.47	63,099.65
December, 2022	110.45	78.05	104.55	63,583.07	59,754.10	60,840.74
January, 2023	110.80	93.20	102.75	61,343.96	58,699.20	59,549.90
February, 2023	101.00	82.95	84.15	61,682.25	58,795.97	58,962.12
March, 2023	89.79	78.30	81.81	60,498.48	57,084.91	58,991.52



**Performance in comparison to Nifty:**

Share prices movement for the period April, 2022 to March, 2023 of the Company and Nifty is given below:

MONTH	NACLIND			Nifty 50		
	High	Low	Close	High	Low	Close
April, 2022	98.90	79.55	88.00	18,114.65	16,824.70	17,102.55
May, 2022	89.30	70.10	77.30	17,132.85	15,735.75	16,584.55
June, 2022	82.50	70.20	75.35	16,793.85	15,183.40	15,780.25
July, 2022	79.90	73.10	74.35	17,172.80	15,511.05	17,158.25
August, 2022	79.70	71.95	76.25	17,992.20	17,154.80	17,759.30
September, 2022	83.00	72.10	73.25	18,096.15	16,747.70	17,094.35
October, 2022	91.90	71.85	83.35	18,022.80	16,855.55	18,012.20
November, 2022	102.00	80.60	94.90	18,816.05	17,959.20	18,758.35
December, 2022	110.75	81.50	104.50	18,887.60	17,774.25	18,105.30
January, 2023	110.65	93.10	102.75	18,251.95	17,405.55	17,662.15
February, 2023	101.00	83.10	84.20	18,134.75	17,255.20	17,303.95
March, 2023	89.55	79.00	81.70	17,799.95	16,828.35	17,359.75



**23) Distribution of Shareholding:**

The distribution of shareholding as on March 31, 2023 was as follows:

Shareholding range	No. of Members	In%	No. of shares	In %
001 - 5,000	17,147	74.71	16,82,748	0.85
5,001 - 10,000	1,402	6.11	11,59,444	0.58
10,001 - 20,000	2,653	11.56	34,79,302	1.75
20,001 - 30,000	458	2.00	11,59,029	0.58
30,001 - 40,000	243	1.06	8,67,990	0.44
40,001 - 50,000	204	0.89	9,67,961	0.49
50,001-1,00,000	420	1.83	29,69,569	1.49
1,00,001 & above	425	1.85	18,65,55,800	93.82
<b>Total</b>	<b>22,952</b>	<b>100</b>	<b>19,88,41,843</b>	<b>100</b>

Category	No of shares held	Percentage of shareholding
<b>A Promoters Holdings (A)</b>	<b>12,69,15,859</b>	<b>63.83</b>
Sub-Total	12,69,15,859	63.83
<b>B Non-Promoters Holding: (B)</b>		
<b>I) Institutional investors</b>		
a) Banks, venture capital funds, insurance Companies, Alternate investment funds, Foreign Venture Capital Investors, Provident funds/Pension Funds.	9,42,838	0.47
b) Foreign Portfolio investors	23,87,512	1.20
c) Central Govt./State Govt./President of India.	-	-
<b>II) Non-Institutional Investors</b>		
a) Private Corporate Bodies	1,92,31,469	9.67
b) Indian Public	4,35,82,414	21.92
c) Directors and their relatives (excluding independent directors and nominee directors)	1,05,169	0.05
d) Key Managerial Personnel	4,94,644	0.25
e) IEPF	32,03,901	1.61
f) NRIs/OCBs	5,78,495	0.29
g) Clearing members	14,671	0.01
h) HUF	13,84,871	0.70
<b>Sub-total</b>	<b>7,19,25,984</b>	<b>36.17</b>
<b>Grand Total (A) + (B)</b>	<b>19,88,41,843</b>	<b>100.00</b>



## Compliance Certificate

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

The number of equity shares held by Promoter/Non-Executive Directors as on March 31, 2023 are given below:

S.No	Name of the Promoters/ Non-Executive Directors	No. of shares held
<b>Promoters:</b>		
1.	KLR Products Limited	11,36,23,500
2.	Mrs. K. Lakshmi Raju	1,27,05,860
3.	Bright Town Investment Advisors Private Limited	5,86,499
<b>Non-Executive Directors either individually or jointly representing a firm or Company</b>		
4.	Krishi Rasayan Exports Private Limited	1,56,25,000
5.	Mr. Rajesh Kumar Agarwal and Mr. Atul Churiwal jointly representing M/s. Agro Life Science Corporation, a registered Partnership Firm	1,56,25,000
6.	Mr. Atul Churiwal	2,55,325

### 25) Dematerialization of Shares and Liquidity:

The breakup of physical and dematerialized shares as on March 31, 2023 are given below:

Mode	No. of shares held	Shareholding %
Demat	19,62,05,932	98.67
Physical	26,35,911	1.33
<b>Total</b>	<b>19,88,41,843</b>	<b>100.00</b>

### Certification by Managing Director and Chief Financial Officer (CFO) of the Company under Regulation 17(8) and Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

We, M. Pavan Kumar, Managing Director & CEO and R.K.S. Prasad, Chief Financial Officer of NACL Industries Limited, to the best of our knowledge and belief, herewith certify that:

- A. We have reviewed the Financial Statements of the Company for the financial year ended March 31, 2023 and all its schedules and notes on accounts and the Cash Flow statements for the year and that to the best of our knowledge and belief certify that:
  - i) these statements do not contain any materially untrue statement or omit to state a material fact or 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.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.
- C. 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 taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee that:
  - i) there have been no significant changes in the internal controls over financial reporting during the financial year 2022-23.
  - 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.

For and on behalf of the Board

Place: Hyderabad

Date: July 27, 2023

**M. Pavan Kumar**

Managing Director & CEO

(DIN: 01514557)

**Raghavender Mateti**

Director

(DIN: 06826653)

For and on behalf of the Board

Place: Hyderabad

Date: May 22, 2023

**M. Pavan Kumar**

Managing Director & CEO

(DIN: 01514557)

**R.K.S. Prasad**

Chief Financial Officer

(FCA 024958)

### 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 March 31, 2023.

Place: Hyderabad

Date: July 27, 2023

**M. Pavan Kumar**

Managing Director & CEO

(DIN: 01514557)

## Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members,  
**NACL Industries Limited,**  
Plot No.12-A, 'C' Block, Lakshmi Towers,  
No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta,  
Hyderabad-500082. Telangana.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **NACL Industries Limited** having CIN: L24219TG1986PLC016607 and having registered office at Plot No.12-A, 'C' Block, Lakshmi Towers, No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta, Hyderabad-500082. Telangana (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub-clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authorities.

Sr. No.	Name of Director	DIN	Date of appointment in Company
01	Lakshmi Raju	00545776	24/06/2004
02	Pavan Kumar Munjuluri	01514557	01/06/2019
03	Ramkrishna Mudholkar	00012850	04/11/2019
04	Atul Churiwal	00180595	29/05/2019
05	Rajesh Kumar Agarwal	00210719	29/05/2019
06	Sudhakar Kudva	02410695	16/09/2008
07	Vijayaraghavan Narayanan	02491073	16/09/2008
08	Sambasiva Rao Nannapaneni	06400663	14/02/2020
09	Raghavender Mateti	06826653	26/02/2014
10	Veni Mocherla	08082163	26/03/2020
11	Chantati Varada Rajulu	09219298	24/06/2022

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **B S S & Associates**  
Company Secretaries

**S. Srikanth**

Partner

ACS No.: 22119

C.P. No.: 7999

UDIN: A022119E000681360

Peer Review No.726/2020

Place: Hyderabad

Date: July 27, 2023

## Certificate on Corporate Governance

To,  
The Members,  
**NACL Industries Limited,**  
Plot No.12-A, 'C' Block, Lakshmi Towers,  
No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta,  
Hyderabad-500082. Telangana.

1. We have examined the compliance of the conditions of Corporate Governance by NACL Industries Limited [CIN: L24219TG1986PLC016607] (the 'Company') for the financial year ended on March 31, 2023, as stipulated under Regulations 17 to 27, clauses (b) to (i) and (t) of sub- regulation (2) of Regulation 46 and Paras C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations').

### Management's responsibility

2. The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

### Our responsibility

3. Pursuant to the requirements of the SEBI Listing Regulations, our responsibility is limited to examining the procedures and implementations thereof, adopted by the Company and express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of Corporate Governance as stated in paragraph 1 above.

### Opinion

4. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) and (t) of sub- regulation (2) of Regulation 46 and Paras C, D and E of Schedule V of the SEBI Listing Regulations, as applicable for the financial year ended on March 31, 2023.

### Other matters and restriction on use

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

6. This report is addressed to and provided to the members of the Company solely for the purpose of enabling to comply with its obligations under the SEBI Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

for **B S S & Associates**

Company Secretaries

**S. Srikanth**

Partner

ACS No.: 22119

C.P. No.: 7999

UDIN: A022119E000681239

Peer Review No.726/2020

Place: Hyderabad

Date: July 27, 2023



# Independent Auditor's Report

## To the Members of NACL Industries Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of NACL Industries Limited (the "Company") which comprise the standalone balance sheet as at March 31, 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Revenue Recognition - Existence

See Note 3.1 and Note 22 to standalone financial statements

#### The key audit matter

The Company recognises revenue from sale of farm inputs based on the terms and conditions of transactions which vary with different customers.

We identified the recognition of revenue from sale of goods as a key audit matter because:

Revenue is one of the key performance indicators of the Company. There could be pressure to meet the expectations of investors/ other stakeholders for the reporting period.

Hence, there could be a risk of revenue being recognised before the control has been transferred to the customer.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

#### Key Audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### How the matter was addressed in our audit

Our audit procedures included the following:

1. Assessed the appropriateness of the revenue recognition policies for compliance with Ind AS 115 - Revenue from contracts with customers.
2. Tested the design, implementation and operating effectiveness of key internal financial controls with respect to revenue recognition.
3. Performed testing of selected statistical samples of revenue transactions recorded during the year by verifying the underlying documents such as sales invoices and dispatch documents/ acknowledged delivery receipts/shipping documents.
4. Tested revenue transactions recorded before the year end date and revenue reversal transactions recorded after the year end date, selected on a sample basis using statistical sampling, to assess revenue is recognised in the period in which control is transferred.
5. Evaluated manual journals, sample selected based on specified risk-based criteria posted to revenue to identify unusual or irregular items.
6. Evaluated the adequacy of disclosures made in the standalone financial statements.

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 "The Auditor's Responsibilities Relating to Other Information."

#### Management's and Board of Directors' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

#### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matter

The standalone financial statements of the Company for the year ended March 31, 2022 were audited by the predecessor auditor whose report dated May 12, 2022 had expressed an unmodified opinion.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A. As required by Section 143(3) of the Act, 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. 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, in our opinion and to the best of our information and according to the explanations given to us:
  - a. The Company has disclosed the impact of pending litigations as at March 31, 2023 on its financial position in its standalone financial statements - Refer Note 31 to the standalone financial statements.
  - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - d. (i) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 43 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (ii) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 43 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed, nothing has come

to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

- e. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.

As stated in Note 14 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend

Place: Hyderabad

Date: May 22, 2023

declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R and Co**

Chartered Accountants

Firm's Registration No.: 128510W

**Arpan Jain**

Partner

Membership No.: 125710

ICAI UDIN: 23125710BGYBQN9591



## Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of NACL Industries Limited for the year ended March 31, 2023

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five Crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any security or granted any

loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments in company and provided guarantee to company, in respect of which the requisite information is as below. The Company has not made any investments in, provided guarantee to firms, limited liability partnership or any other parties.

- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has stood guarantee during the year and details of which are as below:

Particulars	Guarantees (₹ in Lakh)
Aggregate amount during the year – Subsidiaries*	8,034
Balance outstanding as at balance sheet date – Subsidiaries*	16,500

\*As per the Companies Act, 2013

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made and guarantees provided during the year and the terms and conditions of the guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company.
- (c) The Company has not provided any loans or advances in the nature of loans or security to any other entity during the year and hence reporting under clause (iii) (c) to (iii) (f) of the Order is not applicable.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and guarantees given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective July 1, 2017, these statutory dues have been subsumed into GST.  
According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Excise Duty, Service Tax, Sales Tax, Income-Tax, Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Disputed amount (₹ in Lakh)	Amount paid under protest (₹ in Lakh)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1994	Excise duty	13	-	2004-05, 2008-09	Hon'ble Highcourt of Andhra Pradesh
Central Excise Act, 1994	Excise duty	4	4	2005-06	CESTAT, Hyderabad
Central Excise Act, 1994	Excise duty	12	-	2006-07	Addl. Commission ner (Appeals)
Finance Act, 1994	Service Tax	15	-	2006-07 to 2010-11	The Commission ner (Appeals), Guntur, Central Tax & Customs
Sales Tax Act	Sales Tax	50	14	2011-12, 2013-14, 2015-16	Hon'ble High Court of Telangana and Andhra Pradesh
Sales Tax Act	Sales Tax	43	16	2012-13 to 2016-17	Assistant Commissioner
Sales Tax Act	Sales Tax	1	1	2015-16	Sales Tax Appellate Tribunal, Andhra Pradesh
Goods and Services Tax Act, 2017	Goods and Services Tax	6	2	2017-18	Deputy Commissioner, Haryana
The Income Tax Act, 1961	Income Tax	153	74	2015-16 to 2019-20	Commissioner of Income Tax, Appeals
Electricity Act 2003	Electricity Duty	3	3	2008-09	Hon'ble Supreme Court
The Indian Stamp Act, 1899	Stamp Duty	122	-	2002-03	Hon'ble High Court of Telangana and Andhra Pradesh

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.  
(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.  
(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.  
(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associate as defined under the Act.  
(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate company (as defined under the Act).

- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have more than one CIC.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- Also refer to the Other Information paragraph of our main audit report which explains that the other information comprising the information included in annual report is expected to be made available to us after the date of this auditor's report.
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R and Co**

Chartered Accountants

Firm's Registration No.: 128510W

**Arpan Jain**

Partner

Membership No.: 125710

ICAI UDIN: 23125710BGYBQN9591

Place: Hyderabad

Date: May 22, 2023

## Annexure B to the Independent Auditor's Report on the standalone financial statements of NACL Industries Limited for the year ended March 31, 2023

### Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

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

#### Opinion

We have audited the internal financial controls with reference to financial statements of NACL Industries Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

#### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were 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 with reference

to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 standalone 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 with reference to financial statements.

#### Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 standalone 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 standalone financial statements.

#### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R and Co**

Chartered Accountants

Firm's Registration No.: 128510W

**Arpan Jain**

Partner

Membership No.: 125710

ICAI UDIN: 23125710BGYBQN9591

Place: Hyderabad

Date: May 22, 2023



## Standalone Balance Sheet

as at March 31, 2023

(All amounts in ₹Lakh, unless otherwise stated)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
<b>I ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	4	20,760	20,354
(b) Right-of-use assets	4A	286	461
(c) Capital work-in-progress	4	2,417	955
(d) Intangible assets	5	190	109
(e) Intangible assets under development	5	1,542	1,179
(f) Financial assets			
(i) Investments	6	10,652	7,776
(ii) Other financial assets	7	520	408
(g) Income-tax assets (net)	13	459	469
(h) Other non-current assets	8	356	273
<b>Total non-current assets</b>		<b>37,182</b>	<b>31,984</b>
<b>2 Current assets</b>			
(a) Inventories	9	48,418	41,071
(b) Financial assets			
(i) Trade receivables	10	77,054	52,897
(ii) Cash and cash equivalents	11	3,993	4,455
(iii) Bank balances other than (ii) above	12	3,197	3,283
(iv) Other financial assets	7	301	782
(c) Other current assets	8	5,039	7,064
<b>Total current assets</b>		<b>1,38,002</b>	<b>1,09,552</b>
<b>Total assets</b>		<b>1,75,184</b>	<b>1,41,536</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity share capital	14	1,988	1,983
(b) Other equity	15	55,753	46,412
<b>Total equity</b>		<b>57,741</b>	<b>48,395</b>
<b>2 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	8,131	8,777
(ii) Lease liabilities	39	43	261
(iii) Other financial liabilities	17	107	176
(b) Provisions	18	1,312	1,039
(c) Deferred tax liabilities (net)	19	915	1,013
<b>Total non-current liabilities</b>		<b>10,508</b>	<b>11,266</b>
<b>3 Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	49,534	35,306
(ii) Lease liabilities	39	271	238
(iii) Trade payables	20		
(a) total outstanding dues of micro enterprises and small enterprises		3,685	1,891
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		43,205	35,467
(iv) Other financial liabilities	17	6,836	6,650
(b) Other current liabilities	21	1,720	1,644
(c) Provisions	18	400	281
(d) Income-tax liabilities (net)	13	1,284	398
<b>Total current liabilities</b>		<b>1,06,935</b>	<b>81,875</b>
<b>Total liabilities</b>		<b>1,17,443</b>	<b>93,141</b>
<b>Total equity and liabilities</b>		<b>1,75,184</b>	<b>1,41,536</b>

See accompanying notes forming part of the standalone financial statements

As per our Report of even date attached

For B S R and Co

Chartered Accountants  
(Firm Registration No. 128510W)for and on behalf of the Board of Directors  
**NACL Industries Limited**  
CIN: L24219TG1986PLC016607**M. Pavan Kumar**  
Managing Director & CEO  
(DIN: 01514557)**R.K.S. Prasad**  
Chief Financial OfficerPlace : Hyderabad  
Date : May 22, 2023**Raghavender Mateti**  
Director  
(DIN: 06826653)**Satish Kumar Subudhi**  
Company Secretary**Arpan Jain**  
Partner  
Membership No. 125710Place : Hyderabad  
Date : May 22, 2023

## Standalone Statement of Profit and Loss

for the year ended March 31, 2023

(All amounts in ₹Lakh, unless otherwise stated)

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>I INCOME</b>			
Revenue from operations	22	2,11,600	1,63,335
Other income	23	1,255	1,640
<b>Total income</b>		<b>2,12,855</b>	<b>1,64,975</b>
<b>II EXPENSES</b>			
Cost of materials consumed	24	1,59,188	1,23,767
Purchases of stock-in-trade		4,628	7,540
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	(3,778)	(10,117)
Employee benefits expense	26	11,994	9,993
Finance costs	27	4,409	2,984
Depreciation and amortisation expense	28	2,594	2,495
Other expenses	29	20,046	18,067
<b>Total expenses</b>		<b>1,99,081</b>	<b>1,54,729</b>
<b>III Profit before tax (I - II)</b>		<b>13,774</b>	<b>10,246</b>
<b>IV Tax expense</b>			
(i) Current tax	13.1	3,573	2,691
(ii) Deferred tax	13.1	(78)	(49)
<b>Total tax expense</b>		<b>3,495</b>	<b>2,642</b>
<b>V Profit for the year (III - IV)</b>		<b>10,279</b>	<b>7,604</b>
<b>VI Other comprehensive income / (loss)</b>			
Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit obligation	32	(112)	(143)
(b) Income tax relating to items that will not be reclassified to profit or loss	13.1	28	36
Items that will be reclassified to profit or loss			
(a) Effective portion of loss on designated portion of hedging instrument in a cash flow hedge		33	86
(b) Income tax relating to items that will be reclassified to profit or loss	13.1	(8)	(22)
<b>Total other comprehensive loss for the year, net of tax</b>		<b>(59)</b>	<b>(43)</b>
<b>VII Total comprehensive income for the year (V + VI)</b>		<b>10,220</b>	<b>7,561</b>
<b>VIII Earnings per equity share of ₹1 each</b>			
Basic (₹)	36	5.18	3.84
Diluted (₹)	36	5.17	3.83

See accompanying notes forming part of the standalone financial statements

As per our Report of even date attached

For B S R and Co

Chartered Accountants  
(Firm Registration No. 128510W)for and on behalf of the Board of Directors  
**NACL Industries Limited**  
CIN: L24219TG1986PLC016607**M. Pavan Kumar**  
Managing Director & CEO  
(DIN: 01514557)**R.K.S. Prasad**  
Chief Financial OfficerPlace : Hyderabad  
Date : May 22, 2023**Arpan Jain**  
Partner  
Membership No. 125710Place : Hyderabad  
Date : May 22, 2023**Raghavender Mateti**  
Director  
(DIN: 06826653)**Satish Kumar Subudhi**  
Company Secretary

## Statement of changes in equity

for the year ended March 31, 2023

(All amounts in ₹Lakh, unless otherwise stated)

### A. Equity share capital (Refer Note 14)

Particulars	Number of shares	Amount
<b>Balance as at April 1, 2022</b>	<b>19,83,07,464</b>	<b>1,983</b>
Changes in equity share capital during the current year	5,34,379	5
<b>Balance as at March 31, 2023</b>	<b>19,88,41,843</b>	<b>1,988</b>
Balance as at April 1, 2021	19,62,17,758	1,962
Changes in equity share capital during the current year	20,89,706	21
<b>Balance as at March 31, 2022</b>	<b>19,83,07,464</b>	<b>1,983</b>

### B. Other equity (Refer Note 15)

Particulars	Reserves and surplus					Items of other comprehensive income		Share warrants	Total
	General reserve	Capital reserve	Securities premium	Share Options Outstanding Account	Retained earnings	Equity instruments through other comprehensive income	Effective portion of cash flow hedges		
<b>Balance as at April 1, 2022</b>	<b>4,175</b>	<b>21</b>	<b>13,506</b>	<b>159</b>	<b>29,052</b>	<b>(499)</b>	<b>(2)</b>	<b>-</b>	<b>46,412</b>
Profit for the year	-	-	-	-	10,279	-	-	-	10,279
Other Comprehensive Income for the year, net of tax	-	-	-	-	(84)	-	25	-	(59)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,195</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>10,220</b>
<b>Transactions with owners of the Company</b>									
<b>Contributions and distributions</b>									
Share based payments (Refer Note 14)	-	-	-	174	-	-	-	-	174
Exercise of employee stock options	-	-	249	(111)	-	-	-	-	138
Payment of dividends	-	-	-	-	(1,191)	-	-	-	(1,191)
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>249</b>	<b>63</b>	<b>(1,191)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(879)</b>
<b>Balance as at March 31, 2023</b>	<b>4,175</b>	<b>21</b>	<b>13,755</b>	<b>222</b>	<b>38,056</b>	<b>(499)</b>	<b>23</b>	<b>-</b>	<b>55,753</b>
<b>Balance as at April 1, 2021</b>	<b>4,175</b>	<b>21</b>	<b>12,687</b>	<b>71</b>	<b>22,643</b>	<b>(499)</b>	<b>(66)</b>	<b>154</b>	<b>39,186</b>
Profit for the year	-	-	-	-	7,604	-	-	-	7,604
Other Comprehensive Income for the year, net of tax	-	-	-	-	(107)	-	64	-	(43)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,497</b>	<b>-</b>	<b>64</b>	<b>-</b>	<b>7,561</b>

## Statement of changes in equity (Contd.)

for the year ended March 31, 2023

(All amounts in ₹Lakh, unless otherwise stated)

Particulars	Reserves and surplus					Items of other comprehensive income		Share warrants	Total
	General reserve	Capital reserve	Securities premium	Share Options Outstanding Account	Retained earnings	Equity instruments through other comprehensive income	Effective portion of cash flow hedges		
<b>Transactions with owners of the Company</b>									
<b>Contributions and distributions</b>									
Share based payments (Refer Note 14)	-	-	-	184	-	-	-	-	184
Exercise of employee stock options	-	-	218	(96)	-	-	-	-	122
Amount received on allotment of share warrants	-	-	601	-	-	-	-	(154)	447
Payment of dividends	-	-	-	-	(1,088)	-	-	-	(1,088)
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>819</b>	<b>88</b>	<b>(1,088)</b>	<b>-</b>	<b>-</b>	<b>(154)</b>	<b>(335)</b>
<b>Balance as at March 31, 2022</b>	<b>4,175</b>	<b>21</b>	<b>13,506</b>	<b>159</b>	<b>29,052</b>	<b>(499)</b>	<b>(2)</b>	<b>-</b>	<b>46,412</b>

See accompanying notes forming part of the standalone financial statements

As per our Report of even date attached

For B S R and Co

Chartered Accountants  
(Firm Registration No. 128510W)

for and on behalf of the Board of Directors

**NACL Industries Limited**  
CIN: L24219TG1986PLC016607**M. Pavan Kumar**  
Managing Director & CEO  
(DIN: 01514557)**Raghavender Mateti**  
Director  
(DIN: 06826653)**Arpan Jain**  
Partner  
Membership No. 125710**R.K.S. Prasad**  
Chief Financial Officer**Satish Kumar Subudhi**  
Company SecretaryPlace : Hyderabad  
Date : May 22, 2023Place : Hyderabad  
Date : May 22, 2023



## Standalone Statement of Cash flows

for the year ended March 31, 2023

(All amounts in ₹Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	13,774	10,246
<b>Adjustments for:</b>		
Depreciation and amortisation expense	2,594	2,495
Finance costs	4,409	2,984
Interest income	(205)	(444)
Excess provisions no longer required, written back	(15)	(346)
Loss allowances on trade receivables	702	572
Trade receivables written off (net)	5	670
Loss on sale of property, plant and equipment (net)	89	4
Intangible assets and intangible assets under development written off	104	69
Share-based payments	174	184
Unwinding of Guarantee commission and Compulsorily convertible debentures	(125)	(30)
Gain on derecognition of leases	(3)	-
Unrealised forex (gain)/ loss	(126)	169
<b>Operating profit before working capital changes</b>	<b>21,377</b>	<b>16,573</b>
<b>Working capital adjustments</b>		
(Increase)/ Decrease in Inventories	(7,347)	(18,241)
(Increase)/ Decrease in Trade receivables	(24,723)	(20,302)
(Increase)/ Decrease in Other financial assets	389	(169)
(Increase)/ Decrease in in Other assets	2,041	(2,067)
Increase/ (Decrease) in Trade payables	9,519	11,725
Increase/ (Decrease) in Provisions	280	328
Increase/ (Decrease) in Other financial liabilities	102	3,024
Increase/ (Decrease) in Other liabilities	76	306
<b>Cash generated from/ (used in) operations</b>	<b>1,714</b>	<b>(8,823)</b>
Income taxes paid (net)	(2,677)	(2,737)
<b>Net cash flow used in operating activities (A)</b>	<b>(963)</b>	<b>(11,560)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment and intangible assets including movement in capital advances, capital creditors, capital work-in-progress and intangible assets under development	(4,868)	(4,997)
Proceeds from sale of property, plant and equipment	10	4
Proceeds from sale of investments	-	8
Investments in subsidiaries	(2,800)	(3,550)
Movement in other deposits and margin money (net)	73	(2,673)
Interest income received	228	114
<b>Net cash used in investing activities (B)</b>	<b>(7,357)</b>	<b>(11,094)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of employee stock options	143	127
Proceeds on conversion of share warrants to equity shares	-	463
Proceeds from non-current borrowings	4,000	4,691
Repayment of non-current borrowings	(3,178)	(1,573)
Movement in current borrowings (net)	12,582	20,798
Payment of lease liabilities	(330)	(320)
Dividend paid	(1,191)	(1,088)
Finance costs paid	(4,148)	(2,656)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>7,878</b>	<b>20,442</b>
<b>Net Decrease in cash and cash equivalents (D) = (A+B+C)</b>	<b>(442)</b>	<b>(2,212)</b>

## Standalone Statement of Cash flows (Contd.)

for the year ended March 31, 2023

(All amounts in ₹Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash and cash equivalents at the beginning of the year (E)	4,455	6,663
Effect of movements in exchange rates on cash and cash equivalents (F)	(20)	4
<b>Cash and cash equivalents at the end of the year (G) = (D)+(E)+(F) (Refer Note 11)</b>	<b>3,993</b>	<b>4,455</b>

**Note:**

### 1. Reconciliation of liabilities from financing activities

Particulars	As at March 31, 2022	Proceeds	Payments	Non-cash movement*	As at March 31, 2023
Non-current borrowings (including current maturities)	11,727	4,000	(3,178)	110	12,659
Current borrowings	32,325	12,582	-	(143)	44,764
Interest on borrowings	31	-	(4,148)	4,359	242
Lease liabilities	499	-	(330)	145	314
<b>Total liabilities from financing activities</b>	<b>44,582</b>	<b>16,582</b>	<b>(7,656)</b>	<b>4,471</b>	<b>57,979</b>

### Reconciliation of liabilities from financing activities

Particulars	As at March 31, 2021	Proceeds	Payments	Non-cash movement*	As at March 31, 2022
Non-current borrowings (including current maturities)	8,548	4,691	(1,573)	61	11,727
Current borrowings	11,263	20,798	-	264	32,325
Interest on borrowings	87	-	(2,656)	2,600	31
Lease liabilities	390	-	(320)	429	499
<b>Total liabilities from financing activities</b>	<b>20,288</b>	<b>25,489</b>	<b>(4,549)</b>	<b>3,354</b>	<b>44,582</b>

\* Non-cash movement for borrowings represents foreign currency translations and for lease liabilities represents additions to the leases.

2. Statement of Cash flows has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on Statement of Cash flows. Cash and cash equivalents in the Statement of Cash flows comprise cash in hand and balances with banks.

### See accompanying notes forming part of the standalone financial statements

#### As per our Report of even date attached

**For B S R and Co**  
Chartered Accountants  
(Firm Registration No. 128510W)

for and on behalf of the Board of Directors  
**NACL Industries Limited**  
CIN: L24219TG1986PLC016607

**Arpan Jain**  
Partner  
Membership No. 125710

**M. Pavan Kumar**  
Managing Director & CEO  
(DIN: 01514557)

**Raghavender Mateti**  
Director  
(DIN: 06826653)

Place : Hyderabad  
Date : May 22, 2023

**R.K.S. Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary

Place : Hyderabad  
Date : May 22, 2023

## Notes forming part of the standalone financial statements

### 1. General Information

NACL Industries Limited ("the Company") is a Public Limited Company listed with the BSE Limited and National Stock Exchange of India Limited. The Company's registered office is at Plot No.12-A, "C"- Block, Lakshmi towers, Nagarjuna hills, Panjagutta, Hyderabad, Telangana, India - 500082.

The Company is in the business of crop protection and manufactures both Technicals (Active Ingredient) 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 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. Basis of preparation

#### a. Statement of compliance

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act, 2013 ('Act'). The standalone financial statements are recommended for approval by the Audit Committee on May 22, 2023 and are approved for issue by the Company's Board of Directors on May 22, 2023. These standalone financial statements are subjected to approval by the shareholders of the Company.

#### b. Basis of measurement

The standalone financial statements have been prepared on historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Item Basis	Measurement
Derivative Financial instruments	Fair Value
Non derivative financial instruments at FVTPL	Fair Value
Debt and equity securities at FVOCI	Fair Value
Net defined benefit (asset)/ liability	Fair Value of plan assets less the present value of the defined benefit obligation. (Note 3.7)

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

(All amounts in ₹ Lakh, unless otherwise stated)

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.

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.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For changes that have occurred between levels in the hierarchy during the year the Company re-assesses categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### c. Current/ Non-current classification

The Company classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when –

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company's normal operating cycle is twelve months.

#### d. Functional and presentation currency

These standalone financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded to the nearest Lakh, unless otherwise indicated.

#### e. 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.

#### A. 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 standalone financial statements:

#### Contingencies (refer note 31)

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 standalone 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.

#### B. Assumptions and estimation uncertainties

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 (refer note 3.15)

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.

#### Refund liability (refer note 3.1)

The Company accepts sales returns as per the policy. Accruals for estimated product returns, which are based on historical experience of actual sales returns and adjustment on account of current market scenario is considered by Company to be reliable estimate of future sales returns.

#### Measurement of Expected credit loss (ECL) allowance for trade receivables and other financial assets (refer note 3.17)

The Company uses practical expedient when measuring expected credit losses, which is based on a provision matrix that takes into account historical credit loss experience and is adjusted for current estimates.

#### Provision for employee benefits (refer notes 3.7, 32)

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.

#### Useful lives of Property, plant and equipment (refer note 3.12)

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by Management at the time the asset is acquired and is reviewed at the end of each reporting period. The lives are based on



## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

### Claims, provisions and contingent liabilities (refer note 31)

If any ongoing litigations against the Company with various regulatory authorities and third parties, where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is disclosed in notes to the financial statements.

### 3. Significant accounting policies

#### 3.1 Revenue recognition

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods. Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch/ delivery depending on the terms of contracts with customers. Revenue is also recognised where goods are ready as per customer request and pending dispatch at the instruction of the customer. In such cases, the products are separately identified as belonging to the customer and the Company does not hold the right to redirect the product to another customer. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers.

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data related to sale returns. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other financial liabilities and the right to recover returned goods is included in other current assets. The Company reviews

its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

At contract inception, since for most of the contracts it is expected that the period between the transfer of the promised goods or services to a customer and payment for these goods or services by the customer will be one year or less, practical expedient in Ind AS 115 have been applied and accordingly the Company does not adjust the promised amount of consideration for the effects of any significant financing component.

#### Contract balances

**Contract assets:** The Company classifies its right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset where the right to consideration is unconditional upon passage of time.

**Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is received.

#### Other operating revenue

Revenue from operations includes "Other Operating Revenue" which consists of export incentives, interest on overdue trade receivables, scrap and by-products sales.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same and the Company will comply with the conditions associated with the relevant scheme. Interest on overdue trade receivables is accrued on a time basis, by reference to the outstanding overdue trade receivables.

#### 3.2 Other income

- Dividend income from investments is recognised when the right to receive the payment is established.
- Interest income is recognised using the effective interest method. The effective interest rate 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.

#### 3.3 Leases

The Company's Right-of-use asset classes primarily consist of leases for warehouses and vehicles. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs plus any initial direct costs and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate at the lease commencement date.

Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company

changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### 3.4 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.

#### 3.5 Foreign currencies transactions and translations

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 translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

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

#### 3.6 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 standalone statement of profit and loss in the period in which they are incurred.

#### 3.7 Employee benefits

##### Defined contribution plans

A defined contribution plan is a post-employment benefit plan where the Company's legal or constructive obligation is limited to the amount that it contributes to a separate legal entity. Contributions in respect of Employees Provident Fund, Employee's State Insurance scheme 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

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

the amount of contribution required to be made and when services are rendered by the employees.

### 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 standalone statement of profit and loss. The liability as at the Standalone 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 by a qualified actuary.

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 standalone balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to standalone 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 the standalone statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate determined by reference to market yields at the end of the reporting period on government bonds.

### Compensated absences

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 standalone balance

sheet date on projected unit credit method. Compensated absences expected to be maturing after 12 months from the date of balance sheet are classified as non-current.

### 3.8 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, during the vesting 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 standalone 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.

### 3.9 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 earnings per share is computed by dividing the profit (considered in determination of basic earnings per share) after considering the effect of interest and other financing costs or income (net of attributable taxes) associated with dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per share adjusted for the weighted average number of equity shares that would have been issued upon conversion of all dilutive potential equity shares.

### 3.10 Taxation

Income tax expense comprises current tax expense and deferred tax expense. Current and deferred taxes are recognised in standalone 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.

#### Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

## Notes forming part of the standalone financial statements

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assets on a net basis or their tax assets and liabilities will be realised simultaneously.

### 3.11 Statement of Cash flows and 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 / (loss) 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.

### 3.12 Property, plant and equipment

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Property, plant and equipment are stated in the Standalone 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 which are qualifying assets as per Ind AS 23, Borrowing costs.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes materials cost and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

#### Transition to Ind AS

The cost property, plant and equipment at April 1, 2016, the Company's date of transition to Ind AS, was determined with reference to its carrying value recognised as per the previous GAAP (deemed cost), as at the date of transition to Ind AS.

#### Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

#### Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profits. 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.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and



## Notes forming part of the standalone financial statements

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### Depreciation

Depreciation is calculated on the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the statement of profit and loss. Depreciation on additions/(disposals) is provided on a pro-rata basis i.e. from/ (upto) the date on which asset is ready for use/ (disposed off).

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Asset	Management's estimate of useful life	Useful life as per Schedule II
Buildings	30 – 60 years	30 – 60 years
Plant and equipment	7 – 20 years	7 – 20 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years
Office equipment	5 years	5 years
Computers	3 years	3 years

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. Freehold Land is not depreciated.

An item of property, plant and equipment is derecognised 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 standalone statement of profit and loss.

### 3.13 Intangible assets

Intangible assets are measured on initial recognition at cost and subsequently are carried at cost less accumulated amortisation and accumulated 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 under development are carried at cost, comprising direct cost and related incidental expenses. Intangible assets under development are capitalised only when 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.

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 standalone statement of profit and loss when the asset is derecognized.

### Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and these future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other expenditure is recognised in profit or loss as incurred.

### Amortisation

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:

- Computer software is amortised over a period of 3 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.

### 3.14 Impairment of Non-financial assets

The Company assesses at each reporting date whether there is an indication that non-financial asset (excluding inventories, contract assets and deferred tax assets)/ cash generating unit (CGU) may be impaired. If any indication exists the Company estimates the recoverable amount of such assets/ CGU and if carrying amount exceeds the recoverable amount, impairment is recognised.

For impairment testing, assets are grouped together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount is the higher of the fair value less cost to sell and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment

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loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.15 Inventories

Inventories are valued at lower of cost, calculated on "Weighted average" basis and net realisable value. Cost incurred in bringing each product to its present location and condition are accounted as follows:

Raw Materials, Packing Materials, Stores and Spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Finished goods and work-in-progress: Cost includes direct materials, labour and a proportion of manufacturing overheads based on the normal operating capacity, but excludes borrowing costs.

Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price of inventories less all the estimated costs of completion and the costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in the production of finished products are not written down below cost except in cases when a decline in the price of materials indicates that the cost of the finished products shall exceed the net realisable value.

The comparison of cost and net realisable value is made on an item-by-Item basis.

### 3.16 Contingent liabilities

Provisions are recognised only when there is a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will

be required to settle the obligation 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

Contingent asset is not recognised in standalone financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

### 3.17 Financial Instruments

#### (i) Initial recognition and Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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 standalone statement of profit and loss. However, trade receivables that do not contain a significant financing component are measured at transaction price.

## Notes forming part of the standalone financial statements

### (ii) Subsequent Measurement

#### Non-derivative financial instruments:

##### a. Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost using the effective interest method if it is held with in 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. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

##### 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. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

##### 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 standalone statement of profit and loss. For trade and other payables maturing within one year from the Balance Sheet

(All amounts in ₹ Lakh, unless otherwise stated)

date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

#### Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

#### 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

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

in equity is recognised immediately in statement of profit and loss.

#### 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 standalone statement of profit and loss if such gain or loss would have otherwise been recognised in standalone 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 Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the standalone statement of profit and loss.

##### Impairment of 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 and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal

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 standalone statement of profit and loss and is included in the "other income" line item.

#### Hedge accounting:

The Company designates derivative contracts in a cash flow hedging relationship by applying the hedge accounting principles designated in a hedging relationship, used to hedge its risks associated with change in interest rates on the recognised liability.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk. These derivative contracts are stated at the fair value at each reporting date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit and loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to statement of profit and loss in the periods when the hedged item affects profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in statement of profit and loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated



## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

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 standalone 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 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 loss allowance (or reversal) during the year is recognised in the standalone statement of profit and loss.

### 3.18 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.

### 3.19 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA

amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

#### Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

#### Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

#### Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 4. Property, plant and equipment and capital work-in-progress

#### 4.1 Carrying amounts of:

Particulars	As at March 31, 2023	As at March 31, 2022
Freehold Land	2,512	2,508
Buildings	4,332	4,329
Plant and equipment	13,434	13,118
Furniture and fixtures	85	65
Vehicles	111	83
Office equipment	98	81
Computers	188	170
<b>Total</b>	<b>20,760</b>	<b>20,354</b>
Capital work-in-progress	2,417	955

#### 4.2 Movement of property, plant and equipment:

Particulars	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total	Capital work-in- progress
<b>Carrying amount</b>									
<b>Balance as at March 31, 2021</b>	<b>2,508</b>	<b>6,329</b>	<b>38,895</b>	<b>629</b>	<b>172</b>	<b>272</b>	<b>624</b>	<b>49,429</b>	<b>2,748</b>
Add: Additions	-	466	3,410	4	3	49	116	4,048	1,673
Less: Disposals	-	-	77	1	11	5	29	123	3,466
<b>Balance as at March 31, 2022</b>	<b>2,508</b>	<b>6,795</b>	<b>42,228</b>	<b>632</b>	<b>164</b>	<b>316</b>	<b>711</b>	<b>53,354</b>	<b>955</b>
Add: Additions	4	208	2,340	38	52	40	104	2,786	3,735
Less: Disposals	-	-	1,705	11	18	23	116	1,873	2,273
<b>Balance as at March 31, 2023</b>	<b>2,512</b>	<b>7,003</b>	<b>42,863</b>	<b>659</b>	<b>198</b>	<b>333</b>	<b>699</b>	<b>54,267</b>	<b>2,417</b>

#### 4.3 Accumulated depreciation:

Particulars	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total	Capital work-in- progress
<b>Balance as at March 31, 2021</b>	-	<b>2,273</b>	<b>27,253</b>	<b>526</b>	<b>76</b>	<b>221</b>	<b>508</b>	<b>30,857</b>	-
Add: Depreciation	-	193	1,930	41	16	19	59	2,258	-
Less: Disposals	-	-	73	-	11	5	26	115	-
<b>Balance as at March 31, 2022</b>	-	<b>2,466</b>	<b>29,110</b>	<b>567</b>	<b>81</b>	<b>235</b>	<b>541</b>	<b>33,000</b>	-
Add: Depreciation	-	205	1,942	18	19	22	75	2,281	-
Less: Disposals	-	-	1,623	11	13	22	105	1,774	-
<b>Balance as at March 31, 2023</b>	-	<b>2,671</b>	<b>29,429</b>	<b>574</b>	<b>87</b>	<b>235</b>	<b>511</b>	<b>33,507</b>	-

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 4.4 Net Carrying amounts:

Particulars	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total	Capital work-in-progress
Balance as at March 31, 2023	2,512	4,332	13,434	85	111	98	188	20,760	2,417
Balance as at March 31, 2022	2,508	4,329	13,118	65	83	81	170	20,354	955

#### Notes:

- (i) Above includes opening gross block of ₹2,273 Lakh (March 31, 2022: ₹2,165 Lakh), additions amounting to ₹111 Lakh (March 31, 2022: ₹152 Lakh) and net block amounting to ₹999 Lakh (March 31, 2022: ₹925 Lakh) in respect of in-house research and development.
- (ii) Refer Note 16 for details of property, plant and equipment hypothecated or pledged.
- (iii) Refer Note 43 for disclosures relating to title deeds of immovable properties, benami properties and revaluation during the year.

### 4.5 Ageing for capital work-in-progress as at March 31, 2023 is as follows:

Particulars	Amount of capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	2,400	17	-	-	2,417
Projects temporarily suspended	-	-	-	-	-

### CWIP Completion schedule for overdue projects as of March 31, 2023:

Particulars	Amount of capital work-in-progress for the period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project 1	488	-	-	-	488
Project 2	47	-	-	-	47
Project 3	17	-	-	-	17

There are no other projects where completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2023.

### Ageing for capital work-in-progress as at March 31, 2022 is as follows:

Particulars	Amount of capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	826	129	-	-	955
Projects temporarily suspended	-	-	-	-	-

There are no projects where completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2022.

## 4A. Right of use assets

### 4A.1 Carrying amounts of:

Particulars	As at March 31, 2023	As at March 31, 2022
Buildings	218	328
Vehicles	68	133
<b>Total</b>	<b>286</b>	<b>461</b>

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 4A.2 Movement of Right of use assets:

Particulars	Buildings	Vehicles	Total
<b>Carrying amounts</b>			
Balance as at March 31, 2021	574	501	1,075
Add: Additions	364	-	364
Less: Derecognition of right-of-use assets*	396	150	546
Balance as at March 31, 2022	542	351	893
Add: Additions	140	-	140
Less: Derecognition of right-of-use assets*	165	61	226
Balance as at March 31, 2023	517	290	807

### 4A.3 Accumulated depreciation:

Particulars	Buildings	Vehicles	Total
Balance as at March 31, 2021	437	289	726
Add: Depreciation expense	173	79	252
Less: Derecognition of right-of-use assets*	396	150	546
Balance as at March 31, 2022	214	218	432
Add: Depreciation expense	208	65	273
Less: Derecognition of right-of-use assets*	123	61	184
Balance as at March 31, 2023	299	222	521

### 4A.4 Net Carrying amounts:

Particulars	Buildings	Vehicles	Total
Balance as at March 31, 2023	218	68	286
Balance as at March 31, 2022	328	133	461

\* Derecognition of the right-of-use assets is as a result of cancellation of the leases.

## 5. Other intangible assets and intangible assets under development (IAUD)

### 5.1 Carrying amounts of:

Particulars	As at March 31, 2023	As at March 31, 2022
Computer software	-	-
Developed products	190	109
<b>Total</b>	<b>190</b>	<b>109</b>
Intangible assets under development	1,542	1,179

### 5.2 Movement of intangible assets:

Particulars	Computer software	Developed products	Total	Intangible assets under development
<b>Cost</b>				
Balance as at March 31, 2021	379	1,357	1,736	799
Add: Additions	-	25	25	474
Less: Write off/ Disposals	-	597	597	94
Balance as at March 31, 2022	379	785	1,164	1,179
Add: Additions	-	187	187	650
Less: Write off/ Disposals	-	15	15	287
Balance as at March 31, 2023	379	957	1,336	1,542



## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 5.3 Accumulated amortisation:

Particulars	Computer software	Developed products	Total	Intangible assets under development
<b>Balance as at March 31, 2021</b>	<b>379</b>	<b>1,208</b>	<b>1,587</b>	-
Add: Amortisation	-	65	65	-
Less: Disposals	-	597	597	-
<b>Balance as at March 31, 2022</b>	<b>379</b>	<b>676</b>	<b>1,055</b>	-
Add: Amortisation	-	103	103	-
Less: Disposals	-	12	12	-
<b>Balance as at March 31, 2023</b>	<b>379</b>	<b>767</b>	<b>1,146</b>	-

### 5.4 Net Carrying amounts:

Particulars	Computer software	Developed products	Total	Intangible assets under development
<b>Balance as at March 31, 2023</b>	-	<b>190</b>	<b>190</b>	<b>1,542</b>
<b>Balance as at March 31, 2022</b>	-	<b>109</b>	<b>109</b>	<b>1,179</b>

### 5.5 Ageing for Intangible assets under development as at March 31, 2023 is as follows:

Particulars	Amount of intangible assets under development for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	592	355	341	254	1,542
Projects temporarily suspended	-	-	-	-	-

### Ageing for Intangible assets under development as at March 31, 2022 is as follows:

Particulars	Amount of intangible assets under development for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	452	441	77	209	1,179
Projects temporarily suspended	-	-	-	-	-

#### Note:

- (a) All IAUD require certain milestones to be achieved which include receipt of approvals from relevant authority. The age of respective IAUD is within the time period such milestones would take and accordingly, the management has considered that there are no delays in executing respective IAUD projects. Further, these IAUD projects have not exceeded the budgeted cost.
- (b) Refer note 38 for capitalisation of revenue expenditure.

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 6. Non-current investments (refer note 42)

Particulars	Nominal value	Number of shares	As at March 31, 2023	Number of shares	As at March 31, 2022
<b>Trade</b>					
<b>Unquoted equity investments (all fully paid)</b>					
<b>(a) Investment in subsidiaries at cost</b>					
Nagarjuna Agrichem (Australia) Pty Limited	AUD 1	64,734	32	64,734	32
LR Research Laboratories Private Limited	₹10	10,000	1	10,000	1
NACL Spec-Chem Limited [refer notes (i) below]	₹1	2,00,00,000	451	2,00,00,000	439
NACL Multi-Chem Private Limited	₹1	1,00,000	1	1,00,000	1
<b>(b) Investment in associate at cost</b>					
Nasense Labs Private Limited	₹10	61,27,513	816	61,27,513	816
<b>(c) Other equity investment at fair value through other comprehensive income</b>					
SVC Co-operative Bank Limited	₹25	100	*	100	*
<b>Total equity investments (A)</b>			<b>1,301</b>		<b>1,289</b>
<b>Investment in preference shares at fair value through other comprehensive income</b>					
Nagaarjuna Shubho Green Technologies Private Limited					
10% cumulative redeemable preference shares	₹100	5,00,000	1	5,00,000	1
<b>Total other investments (B)</b>			<b>1</b>		<b>1</b>
<b>Unquoted investment in compulsory convertible debentures carried at cost</b>					
NACL Spec-Chem Limited					
0.01% cumulative convertible debentures [refer note (ii) below]	₹1,00,000	9,300	9,300	6,500	6,436
NACL Multi-Chem Limited					
0.01% cumulative convertible debentures [refer note (iii) below]	₹1,00,000	50	50	50	50
<b>Total other investments (C)</b>			<b>9,350</b>		<b>6,486</b>
<b>Total unquoted investments (A) + (B) + (C)</b>			<b>10,652</b>		<b>7,776</b>
Aggregate value of unquoted investments			11,151		8,275
Aggregate amount of impairment in value of investments			(499)		(499)
Aggregate carrying value of unquoted investments			10,652		7,776

\*less than a Lakh

#### Notes:

- i) Includes guarantee provided by the Company during the year to its wholly owned subsidiary NACL Spec-chem Limited, without charging any commission. The fair value of the gurantee commission is accounted as a deemed capital contribution to the subsidiary. Accordingly ₹251 Lakh (March 31, 2022: ₹239 Lakh) is accounted as deemed investments and added to the cost of investments held in the subsidiary.
- ii) The Company subscribed Compulsory Convertible Debentures ₹2,800 Lakh (March 31, 2022: ₹3,500 Lakh) [comprising 2,800 (March 31, 2022: 3,500 number)] number of CCD of ₹1,00,000 each) during the year.
- iii) The Company subscribed Compulsory Convertible Debentures ₹Nil (March 31, 2022: ₹50 Lakh) [comprising Nil (March 31, 2022: 50 number)] number of CCD of ₹1,00,000 each) during the year.

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 7. Other financial assets (refer note 42)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-current</b>		
Security deposits (refer note below)	511	408
Derivative assets	9	-
<b>Total</b>	<b>520</b>	<b>408</b>
<b>Current</b>		
Insurance claims receivable	-	323
Receivables from related parties (refer note 30)	-	-
- Reimbursement of expenses	301	241
Others	-	218
<b>Total</b>	<b>301</b>	<b>782</b>

#### Note:

Security deposits include rental deposit aggregating ₹70 Lakh (March 31, 2022: ₹75 Lakh) with Smt. K. Lakshmi Raju, Chairperson of the Company.

### 8. Other assets (refer note 42)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-current</b>		
Capital advances	264	165
Balance with government authorities	70	75
Prepayments	22	33
<b>Total</b>	<b>356</b>	<b>273</b>
<b>Current</b>		
Advance to suppliers	1,134	422
Balance with government authorities	2,735	4,343
Prepayments	368	311
Export Incentive receivable	142	1,481
Right to recover returned goods	653	503
Advance to employees	7	4
<b>Total</b>	<b>5,039</b>	<b>7,064</b>

### 9. Inventories

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials (refer note (i) below)	20,884	17,811
Work-in-progress	3,384	3,471
Finished goods (refer note (ii) below)	20,578	16,750
Stock-in-trade	1,321	1,284
Packing materials	992	690
Stores and spares	1,259	1,065
<b>Total</b>	<b>48,418</b>	<b>41,071</b>

#### Notes:

- Raw materials includes goods-in-transit of ₹6,919 Lakh (March 31, 2022: ₹1,393 Lakh)
- Finished goods written off during the year on account of expired stock aggregated to ₹100 Lakh (March 31, 2022: ₹15 Lakh)
- Refer Note 16 for details of Inventories hypothecated or pledged.

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 10. Trade receivables

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Current</b>		
(a) Considered good - Secured	952	698
(b) Considered good - Unsecured	76,880	52,727
(c) Credit impaired	-	-
	<b>77,832</b>	<b>53,425</b>
Less: Loss allowance	778	528
<b>Total</b>	<b>77,054</b>	<b>52,897</b>

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Of the above, trade receivables from related parties are as below:</b>		
Trade receivables due from related parties	381	1,184
Less: Loss allowance	-	166
<b>Net trade receivables</b>	<b>381</b>	<b>1,018</b>

Refer note 30 for terms and conditions of trade receivables owing from related parties.

- No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person.
- Refer note 16 for details of trade receivables hypothecated or pledged.
- Ageing for trade receivables as at March 31, 2023 is as follows:

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Trade receivables</b>							
Undisputed trade receivables – considered good	58,805	15,999	2,127	901	-	-	77,832
Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
	<b>58,805</b>	<b>15,999</b>	<b>2,127</b>	<b>901</b>	<b>-</b>	<b>-</b>	<b>77,832</b>
Less: Loss allowance	(185)	(160)	(145)	(288)	-	-	(778)
	<b>58,620</b>	<b>15,839</b>	<b>1,982</b>	<b>613</b>	<b>-</b>	<b>-</b>	<b>77,054</b>



## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

(v) Ageing for trade receivables as at March 31, 2022 is as follows:

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Trade receivables</b>							
Undisputed trade receivables – considered good	40,338	11,688	506	893	-	-	53,425
Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
	<b>40,338</b>	<b>11,688</b>	<b>506</b>	<b>893</b>	-	-	<b>53,425</b>
Less: Loss allowance	(73)	(86)	(38)	(331)	-	-	(528)
	<b>40,265</b>	<b>11,602</b>	<b>468</b>	<b>562</b>	-	-	<b>52,897</b>

### 11. Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	5	7
Balances with banks		
in Current accounts	156	51
in Cash credit accounts	2,928	869
in Export earning foreign currency accounts	904	575
in demand deposit accounts with original maturity of less than 3 months	-	2,953
<b>Total</b>	<b>3,993</b>	<b>4,455</b>

### 12. Other bank balances (refer note 42)

Particulars	As at March 31, 2023	As at March 31, 2022
In other deposit accounts		
Term deposits with original maturity of more than 3 months but less than 12 months	-	173
In earmarked accounts		
Unclaimed dividend accounts (refer note (i) below)	57	36
Margin money / deposit [refer note (ii) below and note 41]	3,140	3,074
<b>Total</b>	<b>3,197</b>	<b>3,283</b>

#### Notes:

##### (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 with 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 bank guarantees issued by them.

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 13. Income tax

#### Income-tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Tax assets	459	469

#### Income-tax liabilities (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for tax	1,284	398
Less: Tax assets	-	-
<b>Income-tax liabilities (net)</b>	<b>1,284</b>	<b>398</b>

### 13.1 Tax expense

#### A. Income tax expense recognised in the statement of profit and loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Current tax</b>		
In respect of current year	3,632	2,691
Tax of earlier years	(59)	-
<b>Total (A)</b>	<b>3,573</b>	<b>2,691</b>
<b>Deferred tax</b>		
In respect of current year	(78)	(49)
<b>Total (B)</b>	<b>(78)</b>	<b>(49)</b>
<b>Total tax expense (A)+(B)</b>	<b>3,495</b>	<b>2,642</b>

#### B. Deferred tax expense recognised in the other comprehensive income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Deferred tax expense recognised directly in equity consists of:</b>		
Tax effect on actuarial gains/losses on defined benefit obligation	28	36
Tax effect on effective portion of profit / loss on designated portion of hedging instrument in a cash flow hedge	(8)	(22)
<b>Total</b>	<b>20</b>	<b>14</b>

#### C. Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Profit before tax</b>	<b>13,774</b>	<b>10,246</b>
Enacted rate in India	25.17%	25.17%
<b>Computed expected tax expense</b>	<b>3,467</b>	<b>2,579</b>
<b>Adjustments:</b>		
Effect of expenses that are not deductible in determining taxable profit	68	15
Tax of earlier years	(59)	-
Others	19	48
<b>Income tax expense</b>	<b>3,495</b>	<b>2,642</b>
Effective tax rate	25.37%	25.79%

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 14. Equity share capital

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised share capital:</b>	25,00,00,000	2,500	25,00,00,000	2,500
Fully paid up equity shares of ₹1 each				
<b>Issued, subscribed and fully paid up capital</b>	19,88,41,843	1,988	19,83,07,464	1,983
Fully paid up equity shares of ₹1 each				
	<b>19,88,41,843</b>	<b>1,988</b>	<b>19,83,07,464</b>	<b>1,983</b>

#### Notes:

#### 14.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
<b>Balance at the beginning of the year</b>	19,83,07,464	1,983	19,62,17,758	1,962
Add: Issue of equity shares under Company's employee stock option plan	5,34,379	5	5,09,706	5
Add: Issue of equity shares upon conversion of share warrants (Refer Note 14.8 below)	-	-	15,80,000	16
<b>Balance at the end of the year</b>	<b>19,88,41,843</b>	<b>1,988</b>	<b>19,83,07,464</b>	<b>1,983</b>

#### 14.2 Rights, preferences and restrictions attached to equity shares:

The Company has only one class of issued, subscribed and fully paid up equity shares having a face value of ₹1 each per share. Each holder of equity shares is entitled to one vote per share. The dividend (other than interim dividend) proposed, if any, by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. 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 number of equity shares held by the shareholders.

#### 14.3 Shares held by holding/ultimate holding company (i.e., parent of the Group) and/or their subsidiaries/associates

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
KLR Products Limited (Holding Company)	11,36,23,500	1,136	11,36,23,500	1,136

#### 14.4 Details of Promoter shareholdings:

##### As at March 31, 2023

Promoter Name	No. of shares at the commencement of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year #
KLR Products Limited (Holding Company)	11,36,23,500	-	11,36,23,500	57.14%	-0.15%
Mrs. K Lakshmi Raju	1,27,05,860	-	1,27,05,860	6.39%	-0.02%
Bright Town Investment Advisor Private Limited	5,86,499	-	5,86,499	0.29%	0.00%

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### As at March 31, 2022

Promoter Name	No. of shares at the commencement of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
KLR Products Limited (Holding Company)	11,36,23,500	-	11,36,23,500	57.30%	(0.61%)
Mrs. K Lakshmi Raju	1,11,25,860	15,80,000	1,27,05,860	6.41%	0.74%
Bright Town Investment Advisor Private Limited	5,86,499	-	5,86,499	0.30%	0.00%

#### 14.5 Details of shares held by each shareholder holding more than 5% of the aggregate shares in the Company:

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Number of shares held	% of shareholding	Number of shares held	% of shareholding
KLR Products Limited (Holding Company)	11,36,23,500	57.14%	11,36,23,500	57.30%
Mrs. K Lakshmi Raju	1,27,05,860	6.39%	1,27,05,860	6.41%
Krishi Rasayan Exports Private Limited	1,56,25,000	7.86%	1,56,25,000	7.88%
Rajesh Kumar Agarwal and Atul Churiwal (jointly representing Agro Life Science Corporation, a registered Partnership Firm)	1,56,25,000	7.86%	1,56,25,000	7.88%

#### 14.6 Shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestment:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
Under Employee Stock Option Scheme - 2015 (11,50,000 equity shares of ₹1 each)	45,500	*	1,01,543	1
Under Employee Stock Option Scheme - 2020 (25,00,000 equity shares of ₹1 each)	14,86,665	15	15,80,001	16

\*less than a Lakh

#### 14.7 Nagarjuna Agrichem Limited-Employee Stock Option Scheme-2015

- The Company set up the "Nagarjuna Agrichem Limited-Employee Stock Option Scheme-2015" (hereinafter referred to as "ESOS-2015") and earmarked 11,50,000 number of equity shares of ₹1 each for issue to employees. The plan was approved in financial year 2015-16 and is administered by the Compensation Committee of the Board of Directors.
- Under the ESOS-2015 scheme, options are granted to eligible employees at an exercise price, which shall not be less than face value of the equity shares of the Company. These options vest over a period of one to five years and exercisable by the employees within two years of vesting.
- Summary of employee stock options:

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Options outstanding at the beginning of the year	1,01,543	8	2,01,250	8
Options forfeited / lapsed during the year	-	-	(10,203)	8
Options granted during the year	-	-	10,203	8
Options exercised during the year	(56,043)	8	(99,707)	8
Options outstanding at the end of the year	45,500	8	1,01,543	8
Options vested but not exercised at the end of the year	-	-	6,340	8



## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

## iv) Fair value of shares granted during the year:

Options were priced using Black-Scholes Merton Options 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 Merton Options Pricing model:

Particulars	As at March 31, 2023	As at March 31, 2022
Risk free Interest Rate (%)	4.32 - 6.70	4.32 - 6.70
Expected life (years)	6	6
Expected volatility (%)	64.18 - 68.51	64.18 - 68.51
Dividend yield (%)	0.50	0.50
Price of the underlying share in market at the time of the option grant (₹)		
-Grant 1	17	17
-Grant 2	18	18
-Grant 3	29	29
-Grant 4	28	28
-Grant 5	26	26
-Grant 6	40	40
-Grant 7	39	39
-Grant 8	90	90
Weighted average share price at the date of exercise	89	90
Range of fair value of options at the grant date	10.14 - 81.49	10.14 - 81.49
Exercise prices for options outstanding	8	8
Weighted average remaining contractual life		
-Grant 1	-	2.50
-Grant 2	-	-
-Grant 3	2.12	2.62
-Grant 4	2.99	3.46
-Grant 5	3.21	3.71
-Grant 6	-	-
-Grant 7	-	-
-Grant 8	-	2.84

### 14.7.1 "Nagarjuna Agrichem Limited-Employee Stock Option Scheme-2020"

- The Company set up the "NACL Industries Limited-Employee Stock Option Scheme-2020" (hereinafter referred to as "ESOS-2020") and earmarked 25,00,000 number of equity shares of ₹1 each for issue to employees. The plan was approved in financial year 2020-21 and is administered by the Compensation Committee of the Board of Directors.
- Under the ESOS-2020 scheme, options are granted to eligible employees at an exercise price, which shall not be less than the face value of the equity shares of the Parent Company. These options vest over a period of one to four years and exercisable by the employees within one year of vesting.

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

## iii) Summary of employee stock options:

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Number of options	Weighted- average exercise price	Number of options	Weighted- average exercise price
Options outstanding at the beginning of the year	15,80,001	41	16,50,000	29
Options granted during the year	5,20,000	66	4,10,000	76
Options forfeited / lapsed during the year	(1,35,000)	47	(70,000)	29
Options exercised during the year	(4,78,336)	29	(4,09,999)	29
Options outstanding at the end of the year	14,86,665	53	15,80,001	41
Options exercisable at the end of the year	96,667	29	66,668	29

## iv) Fair value of shares granted during the year:

Options were priced using Black-Scholes Merton options 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 Merton options Pricing model:

Particulars	As at March 31, 2023	As at March 31, 2022
Risk free Interest Rate (%)	4.32 - 7.39	4.32 - 6.02
Expected life (years)	3 to 4	4
Expected volatility (%)	47.69 - 66.38	64.18 - 66.38
Dividend yield (%)	0.49	0.50
Price of the underlying share in market at the time of the option grant (₹)		
-Grant 1	39	39
-Grant 2	39	39
-Grant 3	77	77
-Grant 4	92	92
-Grant 5	81	81
-Grant 6	75	-
-Grant 7	88	-
-Grant 8	82	-
Weighted average share price at the date of exercise	89	92
Range of fair value of options at the grant date	28.36 - 45.81	15.32 - 54.32
Range of exercise prices for options outstanding	29 - 82	29 - 82
Weighted average remaining contractual life		
-Grant 1	2.72	3.20
-Grant 2	3.07	3.54
-Grant 3	3.24	3.91
-Grant 4	3.61	4.33
-Grant 5	3.90	4.77
-Grant 6	4.07	-
-Grant 7	3.91	-
-Grant 8	5.00	-

For details of the related employee benefits expense, see Note 26 and for details of closing share options outstanding account liability, see Note 15.

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 14.8 Allotment of equity shares upon conversion of share warrants:

The Board of Directors and the Shareholders, in their meetings held on August 12, 2020 and September 07, 2020 respectively, approved inter-alia issuance of 5,000,000 share warrants (of face value of ₹1 each) on preferential basis to Mrs. K Lakshmi Raju, Promoter (hereinafter referred to as "Investor") in accordance with Section 42 and 62(1)(c) of the Companies Act, 2013 read with Chapter V of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2018. Consequently, the Company allotted 5,000,000 Warrants during the financial year 2020-21 to the aforesaid Investor against receipt of 25% of Issued price of ₹39 per Warrant. i.e ₹9.75 per Warrant aggregating ₹488 Lakh.

During the previous year, warrant holder exercised their options of converting 1,580,000 warrants by submitting the necessary Warrant Exercise Application Form along with paying the balance consideration amount of ₹29.25 per warrant (i.e. 75% of the issue price) aggregating ₹462 Lakh). Accordingly, the Company has allotted 1,580,000 equity shares in the ratio of one Equity Share for each Warrant exercised, on April 8, 2021.

The total amount aggregating ₹463 Lakh has been utilised by the Company before the previous year end.

14.9 No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the balance sheet date. No shares have been bought back during the period of five years immediately preceding the balance sheet date.

### 15. Other equity

Particulars	As at March 31, 2023	As at March 31, 2022
General reserve	4,175	4,175
Capital reserve	21	21
Securities premium account	13,755	13,506
Reserve for equity instruments through other comprehensive income	(499)	(499)
Share warrants	-	-
Share Options Outstanding Account	222	159
Effective portion of cash flow hedges	23	(2)
Retained earnings	38,056	29,052
<b>Total</b>	<b>55,753</b>	<b>46,412</b>

#### 15.1 Other equity

Particulars	As at March 31, 2023	As at March 31, 2022
<b>General reserve</b>		
Opening balance	4,175	4,175
Change for the year	-	-
<b>Closing balance</b>	<b>4,175</b>	<b>4,175</b>
<b>Capital reserve</b>		
Opening balance	21	21
Change for the year	-	-
<b>Closing balance</b>	<b>21</b>	<b>21</b>
<b>Securities premium</b>		
Opening balance	13,506	12,687
Add: Amount received on exercise of employee stock options	138	122
Add: Amount transferred from Share options outstanding account	111	96
Add: Premium on allotment of equity shares upon conversion of share warrants	-	601
<b>Closing balance</b>	<b>13,755</b>	<b>13,506</b>

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Reserve for equity instruments through other comprehensive income</b>		
Opening balance	(499)	(499)
Change for the year	-	-
<b>Closing balance</b>	<b>(499)</b>	<b>(499)</b>
<b>Share warrants (Refer Note 14.8)</b>		
Opening balance	-	154
Allotment of equity shares upon conversion of share warrants	-	(154)
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Share Options Outstanding Account</b>		
Opening balance	159	71
Add: Change for the year	174	184
Less: Amount transferred to securities premium on exercise of employee stock options	111	96
<b>Closing balance</b>	<b>222</b>	<b>159</b>
<b>Effective portion of cash flow hedges</b>		
Opening balance	(2)	(66)
Change for the year	25	64
<b>Closing balance</b>	<b>23</b>	<b>(2)</b>
<b>Retained earnings</b>		
Opening balance	29,052	22,643
Add: Profit for the year	10,279	7,604
Add: Other comprehensive income arising from remeasurement of defined benefit obligation (net of taxes)	(84)	(107)
	39,247	30,140
Less: Dividends (Refer Notes below)	1,191	1,088
<b>Closing balance</b>	<b>38,056</b>	<b>29,052</b>
<b>Total</b>	<b>55,753</b>	<b>46,412</b>

#### Nature of reserves:

- General Reserves:** General reserve was created through an annual transfer of profits from retained earnings in accordance with applicable regulations. General reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.
- Capital reserve:** This represents capital subsidy received from government in earlier years for promotion of investment in backward areas.
- Security premium:** Security premium represents the amount received in excess of the face value of the equity shares. The utilisation of the security premium reserve is governed by the relevant provisions of the Companies Act, 2013 ("Act").
- 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.
- Share warrants:** This represents the moneys received against the share warrants.
- Share Options Outstanding Account:** This reserve relates to share options granted by the Company to its employees under its employee share option plans.
- Effective portion of cash flow hedge reserve:** When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction.
- Retained earnings:** Retained earnings represents the Company's undistributed earnings after taxes.



## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### Notes:

- In respect of the year ended March 31, 2023, the Board of directors recommended a final dividend of ₹0.25 per share be paid on fully paid equity shares. The recommended 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. The total estimated amount to be paid with respect to dividend is ₹497 Lakh.

In respect of the year ended Mar 31, 2022, the Board of directors recommended a final dividend of ₹0.15 per share be paid on fully paid equity shares, which was approved by the shareholders at the Annual General Meeting held on September 29, 2022. The total amount paid with respect to the final dividend of FY 21-22 in FY 22-23 was ₹298 Lakh.

- FY 2022-23: The Board of Directors in its meeting held on October 21, 2022 and on January 31, 2023 approved interim dividend of ₹0.30 and ₹0.15 per Equity Share of ₹1 each respectively. These amounts are paid within the financial year 2022-23.

FY 2021-22: The Board of Directors in its meeting held on August 5, 2021, October 29, 2021 and on January 28, 2022 approved interim dividend of ₹0.10, ₹0.15 and ₹0.15 per Equity Share of ₹1 each respectively. These amounts are paid within the financial year 2021-22.

### 16. Borrowings (refer note 42)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non current</b>		
<b>Secured - at amortised cost</b>		
Term loans		
from banks [refer note (a) below]	4,714	7,277
from financial institution [refer note (a) below]	3,417	1,500
<b>Total - non current</b>	<b>8,131</b>	<b>8,777</b>
<b>Current</b>		
<b>Secured - at amortised cost</b>		
Repayable on demand from banks [refer note (b) below]	44,764	32,325
Current maturities of non-current borrowings	4,528	2,950
Interest accrued but not due	242	31
<b>Total - current</b>	<b>49,534</b>	<b>35,306</b>

### Notes:

#### (a) Terms of repayment of term loans

##### RBL Bank Limited

Particulars	As at March 31, 2023	As at March 31, 2022	Year of maturity
Term loan - External Commercial Borrowing	911	1,514	FY 2024-25

Secured by: first ranking pari-passu charge on present and future property, plant and equipments of the Company, second ranking pari-passu charge on present and future stock and book debts of the company and is guaranteed by Smt. K. Lakshmi Raju, Director of the Company.

Loan is denominated in foreign currency - USD 1,109,375 (March 31, 2022: USD 1,996,875) Repayable in 16 quarterly instalments starting from August 2020 and the last installment being payable in May 2024.

Interest rate is determined based on 6 months LIBOR plus 400 basis points and is payable monthly. The same is hedged against variable to fixed rate interest swap contract for a fixed rate of 7.50% p.a. (March 31, 2022: 7.50% p.a.) with RBL Bank Limited.

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### RBL Bank Limited

Particulars	As at March 31, 2023	As at March 31, 2022	Year of maturity
Working Capital Term loan I - Rupee	3,147	4,196	FY 2025-26

Secured by: 100% guaranteed by National Credit Guarantee Trustee Company Limited (NCGTC), second ranking pari-passu charge on current assets and property, plant and equipments of the Company, both present and future.

Repayable in 16 quarterly instalments starting from April 2022 and the last installment is being payable in January 2026.

Rate of interest 9.25% p.a. (March 31, 2022: 8.20% p.a.) (3 months Marginal Cost of Funds based Lending Rate (MCLR) plus 0.45% p.a.)

### RBL Bank Limited

Particulars	As at March 31, 2023	As at March 31, 2022	Year of maturity
Term Loan - Rupee	1,167	1,833	FY 2024-25

Secured by: first ranking pari-passu charge on present and future property, plant and equipments of the Company, second ranking pari-passu charge on present and future stock and book debts of the company and is guaranteed by Smt. K. Lakshmi Raju, Director of the Company.

Repayable in 12 quarterly instalments starting from March 2022 and the last installment is being payable in December 2024.

Rate of interest 9.60% p.a. (March 31, 2022: 7.95% p.a.) (6 months Marginal Cost of Funds based Lending Rate (MCLR) plus 0.10% p.a.)

### RBL Bank Limited

Particulars	As at March 31, 2023	As at March 31, 2022	Year of maturity
Working Capital Term loan II - Rupee	1,934	1,934	FY 2027-28

Secured by: 100% guaranteed by National Credit Guarantee Trustee Company Limited (NCGTC), second ranking pari-passu charge on current assets and property, plant and equipments of the Company, both present and future.

Repayable in 48 equal monthly instalments starting from April 2024 and the last installment is being payable in March 2028.

Rate of interest 9.25% p.a. (March 31, 2022: 7.95% p.a.) (3 months Marginal Cost of Funds based Lending Rate (MCLR) plus 0.30% p.a.)

### Bajaj Finance Limited

Particulars	As at March 31, 2023	As at March 31, 2022	Year of maturity
Term Loan - Rupee	1,500	2,250	FY 2024-25

Secured by: first ranking pari-passu charge on present and future property, plant and equipments of the Company, second ranking pari-passu charge on present and future stock and book debts of the company.

Repayable in 16 quarterly instalments starting from April 2021 and the last installment is being payable in January 2025.

Rate of interest 9.80% p.a. (March 31, 2022: 10.45% p.a.) (1 year Marginal Cost of Funds based Lending Rate (MCLR) plus 3.50% p.a.)

### Bajaj Finance Limited

Particulars	As at March 31, 2023	As at March 31, 2022	Year of maturity
Term Loan - Rupee	4,000	-	FY 2025-26

Secured by: first ranking pari-passu charge on present and future property, plant and equipments of the Company, second ranking pari-passu charge on present and future stock and book debts of the company.

Repayable in 12 quarterly instalments starting from June 2023 and the last installment is being payable in February 2026.

Rate of interest 9.60% p.a. (March 31, 2022: NA) (Repo plus 3.10% p.a.)

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### (b) Loans repayable on demand:

Loans repayable on demand from banks (includes Cash Credit Facilities, Working capital demand loan and packing credit foreign currency facilities, buyers credit availed under non fund based limits) from HDFC Bank Limited, SVC Co-operative Bank Limited, RBL Bank Limited, Karnataka Bank Limited, Shinhan Bank Limited, Axis Bank Limited, Bandhan Bank Limited, Bank of Bahrain and Kuwait B.S.C., SBM Bank (India) Limited, Yes Bank Limited and Kotak Mahindra 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 immovable and movable properties, both present and future, ranking pari-passu with other working capital lenders. The facilities availed from the Karnataka Bank Limited are guaranteed by Smt. K. Lakshmi Raju, Director of the Company.

Rate of interest on Rupee loans repayable on demand is in the range of 5.75% to 9.75% p.a. (March 31, 2022: 5.75% to 8.75% p.a.)

### 17. Other financial liabilities (refer note 42)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non current</b>		
Guarantee obligation	107	152
Derivative liabilities	-	24
<b>Total - non current</b>	<b>107</b>	<b>176</b>
<b>Current</b>		
Payable on purchase of property, plant and equipment	500	433
Trade deposits from dealers	1,423	1,164
Guarantee obligation	54	58
Insurance claim received (refer note 41)	2,926	2,926
Amounts due to customers	1,876	2,033
Unclaimed dividend (refer note below)	57	36
<b>Total - current</b>	<b>6,836</b>	<b>6,650</b>

#### Note:

There are no amounts of unclaimed dividend due for remittance to the Investor Education & Protection Fund.

### 18. Provisions (refer note 32)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non current</b>		
Gratuity liability	711	594
Compensated absences	601	445
<b>Total - non current</b>	<b>1,312</b>	<b>1,039</b>
<b>Current</b>		
Gratuity liability	159	121
Compensated absences	241	160
<b>Total - current</b>	<b>400</b>	<b>281</b>

### 19. Deferred tax liability (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax liability (net)	915	1,013
<b>Total</b>	<b>915</b>	<b>1,013</b>

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Deferred tax liabilities</b>		
Property, plant and equipment	1,692	1,653
Others	2	-
<b>Deferred tax assets</b>		
Employee related provisions	(460)	(359)
Loss allowances on trade receivables	(196)	(133)
Leases	(7)	(9)
Investments in preference shares measured at FVTOCI	(116)	(116)
Others	-	(23)
<b>Deferred tax liability (net)</b>	<b>915</b>	<b>1,013</b>

### Movement in deferred tax assets and liabilities for the year ended March 31, 2023

Particulars	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax liabilities:</b>				
Property, plant and equipment	1,653	39	-	1,692
Others	-	-	2	2
<b>Deferred tax assets:</b>				
Employee related provisions	(359)	(73)	(28)	(460)
Loss allowances on trade receivables	(133)	(63)	-	(196)
Leases	(9)	2	-	(7)
Investments in preference shares measured at FVTOCI	(116)	-	-	(116)
Others	(23)	17	6	-
	<b>(640)</b>	<b>(117)</b>	<b>(22)</b>	<b>(779)</b>
<b>Deferred tax liabilities (net)</b>	<b>1,013</b>	<b>(78)</b>	<b>(20)</b>	<b>915</b>

### Movement in deferred tax assets and liabilities for the year ended March 31, 2022

Particulars	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax liabilities:</b>				
Property, plant and equipment	1,623	30	-	1,653
<b>Deferred tax assets:</b>				
Employee related provisions	(316)	(7)	(36)	(359)
Loss allowances on trade receivables	(74)	(59)	-	(133)
Leases	(10)	1	-	(9)
Investments in preference shares measured at FVTOCI	(116)	-	-	(116)
Others	(31)	(14)	22	(23)
	<b>(547)</b>	<b>(79)</b>	<b>(14)</b>	<b>(640)</b>
<b>Deferred tax liabilities (net)</b>	<b>1,076</b>	<b>(49)</b>	<b>(14)</b>	<b>1,013</b>

Note: There are no unrecognised deferred tax assets and liabilities as at March 31, 2023 and March 31, 2022.



## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 20. Trade payables (refer note 42)

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues to micro enterprises and small enterprises	3,685	1,891
Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note (ii) below)	43,205	35,467
<b>Total</b>	<b>46,890</b>	<b>37,358</b>
Of the above trade payables amounts due to related parties are as below:		
Trade Payables due to related parties	1,926	3,528

#### Notes:

- (i) 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.
- (ii) The dues above include acceptances against the letter of credit issued to bank amounting to ₹4,234 Lakh as at March 31, 2023 (March 31, 2022: ₹6,537 Lakh).
- (iii) Ageing for trade payables outstanding as at March 31, 2023 is as follows:

Particulars	Unbilled	Not due	Outstanding for the following periods from the due date of payment				Total
			Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Micro enterprises and small enterprises	-	3,685	-	-	-	-	3,685
Others	1,091	30,959	11,155	-	-	-	43,205
Disputed - Micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>1,091</b>	<b>34,644</b>	<b>11,155</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,890</b>

Ageing for trade payables outstanding as at March 31, 2022 is as follows:

Particulars	Unbilled	Not due	Outstanding for the following periods from the due date of payment				Total
			Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Micro enterprises and small enterprises	-	1,891	-	-	-	-	1,891
Others	1,078	31,596	2,721	15	1	56	35,467
Disputed - Micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>1,078</b>	<b>33,487</b>	<b>2,721</b>	<b>15</b>	<b>1</b>	<b>56</b>	<b>37,358</b>

### 21. Other liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Current</b>		
Advances from customers	701	1,082
Statutory payables	1,019	562
<b>Total</b>	<b>1,720</b>	<b>1,644</b>

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 22. Revenue from operations (refer note 42)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of products [refer note (A) below]	2,09,771	1,59,779
Other operating revenue [refer note (D) below]	1,829	3,556
<b>Total</b>	<b>2,11,600</b>	<b>1,63,335</b>

#### Notes:

##### (A) Revenue for the year ended March 31, 2023 and March 31, 2022 includes:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of manufactured products	2,05,545	1,56,552
Sale of stock-in-trade	4,226	3,227
<b>Total</b>	<b>2,09,771</b>	<b>1,59,779</b>

##### (B) Reconciliation of revenue from sale of products with the contracted price:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Revenue from contracts with customers as per the contracted price</b>	<b>2,33,036</b>	<b>1,74,958</b>
Adjustments made to contracted price on account of :-		
a. Rebates/ incentives/ discounts	(16,922)	(12,965)
b. Sales returns	(6,343)	(2,214)
<b>Total Revenue from contract with customers</b>	<b>2,09,771</b>	<b>1,59,779</b>

##### (C) Disaggregation of revenue information:

The table below presents disaggregated revenues from contracts with customers by customers and geography. The company believes that the this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Manufactured Products</b>		
Domestic		
Dealer sales	79,529	62,624
Institutional sales	41,640	33,879
Exports		
Institutional sales	84,376	60,049
<b>Total Manufactured Products</b>	<b>2,05,545</b>	<b>1,56,552</b>
<b>Stock-in-trade</b>		
Domestic		
Dealer sales	4,226	3,227
<b>Total Stock-in-trade</b>	<b>4,226</b>	<b>3,227</b>
<b>Total Sales</b>	<b>2,09,771</b>	<b>1,59,779</b>

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### (D) Other operating revenue

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest on overdue trade receivables	1,091	699
Sale of by-products	419	1,726
Export incentives	196	1,000
Scrap sales	123	131
<b>Total</b>	<b>1,829</b>	<b>3,556</b>

### (E) Contract balances

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables, net	77,054	52,897
Contract liabilities (Advances from customers)	701	1,082

Note: The amount of ₹1,082 Lakh included in contract liabilities at March 31, 2022 has been recognised as revenue during the year ended March 31, 2023 (March 31, 2022: ₹781 Lakh)

No information is provided about remaining performance obligations at March 31, 2023 or at March 31, 2022 that have an original expected duration of one year or less, as allowed by Ind AS 115.

### 23. Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income under the effective interest method:		
- Bank deposits	194	166
Unwinding of discount on deposits	11	8
Unwinding of discount on 0.01% cumulative convertible debentures	-	270
Unwinding of guarantee commission	61	30
Other non-operating income:		
Insurance claims	4	326
Trade receivables written off, recovered	100	70
Liabilities / provisions no longer required written back	15	346
Net gain on foreign currency transactions and translations	398	276
Guarantee commission	69	-
Miscellaneous income	403	148
<b>Total</b>	<b>1,255</b>	<b>1,640</b>

### 24. Cost of materials consumed

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Raw material consumption	1,50,504	1,16,229
Packing material consumption	8,684	7,538
<b>Total</b>	<b>1,59,188</b>	<b>1,23,767</b>

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 25. Changes in inventories of finished goods, work in progress and stock-in-trade

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening balance		
Work-in-progress	3,471	2,245
Finished goods	16,750	8,483
Stock-in-trade	1,284	660
<b>Total opening balance</b>	<b>21,505</b>	<b>11,388</b>
Closing balance		
Work-in-progress	3,384	3,471
Finished goods	20,578	16,750
Stock-in-trade	1,321	1,284
<b>Total closing balance</b>	<b>25,283</b>	<b>21,505</b>
(Increase)/ Decrease in Work-in-progress inventory	87	(1,226)
(Increase) in Finished goods inventory	(3,828)	(8,267)
(Increase) in Stock-in-trade inventory	(37)	(624)
<b>Total increase in inventories</b>	<b>(3,778)</b>	<b>(10,117)</b>

### 26. Employee benefits expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	10,143	8,421
Contribution to provident and other funds (Refer note 32)	819	686
Employee share based payments	174	184
Staff welfare expenses	858	702
<b>Total</b>	<b>11,994</b>	<b>9,993</b>

Note: Refer note 38 for capitalisation of salary cost to Intangible assets under development.

### 27. Finance costs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expense on financial liabilities measured at amortised cost	2,931	1,781
Other interest expenses	329	240
Interest on lease liabilities	50	65
Interest expense on financial assets measured at amortised cost	13	330
Other borrowing costs	1,086	568
<b>Total</b>	<b>4,409</b>	<b>2,984</b>



## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 28. Depreciation and amortisation expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment (Refer Note 4)	2,281	2,258
Add: Depreciation of right of use assets (Refer Note 4A)	273	252
Add: Amortisation of intangible assets (Refer Note 5)	103	65
	<b>2,657</b>	<b>2,575</b>
Less: Depreciation capitalised during the year	63	80
<b>Total</b>	<b>2,594</b>	<b>2,495</b>

### 29. Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Consumption of stores and spare parts	1,266	1,213
Repairs and maintenance		
Buildings	246	135
Plant and machinery	765	554
Others	49	51
Other manufacturing costs	1,455	1,584
Power and fuel	5,742	4,784
Rent	139	138
Rates and taxes	110	65
Communication expenses	81	79
Travel and conveyance	1,199	696
Legal and professional charges	615	490
Insurance	382	348
Directors' sitting fees	27	22
Auditors' remuneration (refer note (i) below)	66	55
Product development expenses	110	69
Trade receivables written off	457	767
Reversal of loss allowance on trade receivables	(452)	(337)
Loss allowance on trade receivables	702	572
Royalty	1,222	723
Marketing expenses	1,698	1,192
Freight outward	2,654	3,517
Net loss on disposal of property, plant and equipment	89	4
Intangible assets and intangible assets under development written off	104	69
Corporate social responsibility expenses (refer note (ii) below)	133	59
Miscellaneous expenses	1,187	1,218
<b>Total</b>	<b>20,046</b>	<b>18,067</b>

Note: Refer note 38 for capitalisation of other expenses to Intangible assets under development.

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### Notes:

#### (i) Auditors' remuneration (net of applicable taxes) comprises of:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Statutory audit	36	25
Limited review fee	13	6
Tax audit	5	5
Certification fee	2	3
Others	8	15
Out of pocket expenses	2	1
<b>Total</b>	<b>66</b>	<b>55</b>

#### (ii) Corporate social responsibility (CSR):

As per Section 135 of the Companies Act, 2013 ('Act'), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The focus areas of Company's CSR activities are Education, Health & Wellness and Community Engagement. The CSR activities of the Company are in line with the Schedule VII of the Companies Act, 2013. A CSR committee has been formed by the company as per the Act. The funds were utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

a. Gross amount required to be spent by the company during the year is ₹133 Lakh (March 31, 2022: ₹59 Lakh)

b. Amount spent during the year on:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	133	59

c. Details of amount unspent ₹Nil (March 31, 2022: ₹Nil)

d. Nature of CSR activities:

- (i) Educational systems strengthening
- (ii) Promoting health care and providing medical support in rural areas
- (iii) Integrated water resource management

### 30. Related party disclosures:

#### Parent and ultimate controlling party

The company's parent company is KLR Products limited and the ultimate controlling party is Mrs. K Lakshmi Raju for the year ended March 31, 2023 and March 31, 2022.

#### (i) Details of subsidiaries and associate:

Names	Nature of relationship	Country of incorporation	Percentage of holding as at	
			March 31, 2023	March 31, 2022
LR Research Laboratories Private Limited	Subsidiary	India	100%	100%
NACL Spec-Chem Limited	Subsidiary	India	100%	100%
NACL Multi-Chem Private Limited	Subsidiary	India	100%	100%
Nagarjuna Agrichem (Australia) Pty Limited, Australia	Subsidiary	Australia	100%	100%
NACL Industries (Nigeria) Limited *	Subsidiary	Nigeria	100%	-
Nasense Labs Private Limited	Associate	India	26%	26%

\* Incorporated on January 13, 2023

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### (ii) Details of other related parties:

Name	Nature of relationship
Bright Town Investment Advisor Private Limited	A company in which a KMP has significant influence
Krishi Rasayan Exports Private Limited	A company in which a KMP has significant influence
Agro Life Sciences Corporation	A company in which a KMP has significant influence
Agma Energy Private Limited	A company in which a KMP has significant influence

### (iii) Key Managerial Personnel (KMP) :

Name	Designation
Mr. M. Pavan Kumar	Managing Director and Chief Executive Officer
Mr. C. Varada Rajulu	Whole time Director*
Mr. R.K.S. Prasad	Chief Financial Officer (CFO)
Mr. Satish Kumar Subudhi	Company Secretary (CS)
Mrs. K. Lakshmi Raju	Chairperson (Director)
Mr. Sudhakar Kudva	Independent Director
Mr. Raghavender Mateti	Independent Director
Mr. N. Vijayaraghavan	Independent Director
Mr. Ramkrishna Mudholkar	Independent Director
Mr. Sambasiva Rao Nannapaneni	Independent Director
Ms. Veni Mocherla	Independent Director
Mr. Atul Churiwal	Investor Nominee Director
Mr. Rajesh Kumar Agarwal	Investor Nominee Director

\* Appointed with effect from June 24, 2022

### (B) Transactions during the year :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>(i) Sales</b>		
a. Krishi Rasayan Exports Private Limited	726	2,747
b. Agro Life Sciences Corporation	64	360
c. NACL Spec-Chem Limited	280	-
<b>(ii) Rent Income</b>		
a. NACL Multi-Chem Private Limited	*	*
b. NACL Spec-Chem Limited	*	*
<b>(iii) Other Income</b>		
a. NACL Spec-Chem Limited	65	-
<b>(iv) Purchases</b>		
a. Nasense Labs Private Limited	190	80
b. Krishi Rasayan Exports Private Limited	3,286	5,258
c. Agro Life Sciences Corporation	-	1,236
d. Agma Energy Private Limited	306	297
e. NACL Spec-Chem Limited	3,811	-

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>(v) Professional charges</b>		
a. LR Research Laboratories Private Limited	-	27
b. Nagarjuna Agrichem (Australia) Pty Limited, Australia	12	12
<b>(vi) Investments</b>		
a. NACL Spec-Chem Limited	2,800	3,500
b. NACL Multi-Chem Private Limited	-	50
<b>(vii) Dividend paid</b>		
a. KLR Products Limited	682	625
b. Krishi Rasayan Exports Private Limited	94	86
c. Agro Life Sciences Corporation	94	86
d. Bright Town Investment Advisor Private Limited	4	3
<b>(viii) Guarantee given</b>		
a. NACL Spec-Chem Limited	8,034	8,466
<b>(ix) Guarantee commission</b>		
a. NACL Spec-Chem Limited	69	-
<b>(x) Reimbursement of expense</b>		
a. NACL Spec-Chem Limited	30	-
<b>(xi) Shared service cost</b>		
a. NACL Spec-Chem Limited	201	-
<b>(xii) Transaction with Key Managerial Personnel</b>		
a. Rent paid	146	170
b. Sitting fees	27	22
c. Proceeds on conversion of share warrants to equity shares	-	463
d. Dividend paid	76	70
d. Security deposit given / (refunded)	(5)	3
e. Short-term employee benefits	555	302
f. Share-based payments	27	20
<b>(xiii) Provision for credit impaired trade receivables</b>		
a. Nasense Labs Private Limited	(166)	166

\* less than a Lakh

### Notes:

- All transactions with these related parties are entered in the normal course of business and are on arm's length basis.
- The managerial personnel are covered by the Company's gratuity policy and are eligible for leave encashment along with the other employees of the Group. The proportionate amount of these Post-employment benefits and other long term benefit payments are not shown separately as these obligations are determined on an actuarial basis for the Company as a whole.



## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### (C) Outstanding balances as at the year end

Particulars	As at March 31, 2023	As at March 31, 2022
<b>(i) Reimbursement of expenses</b>		
a. NACL Spec-Chem Limited	299	239
b. NACL Multi-Chem Private Limited	1	1
c. LR Research Laboratories Private Limited	1	1
<b>(ii) Trade receivables</b>		
a. Nasense Labs Private Limited	108	332
b. Krishi Rasayan Exports Private Limited	198	571
c. Agro Life Sciences Corporation	75	281
<b>(iii) Trade payables</b>		
a. Nagarjuna Agrichem (Australia) Pty Limited, Australia	14	13
b. Krishi Rasayan Exports Private Limited	1,578	2,782
c. Agro Life Sciences Corporation	-	563
d. Agma Energy Private Limited	175	170
e. NACL Spec-Chem Limited	159	-
<b>(iv) Security deposits</b>		
a. Key Managerial Personnels	70	75
<b>(v) Investments</b>		
a. Nagarjuna Agrichem (Australia) Pty Limited, Australia	32	32
b. LR Research Laboratories Private Limited	1	1
c. NACL Spec-Chem Limited	9,751	6,939
d. NACL Multi-Chem Private Limited	51	51
e. Nasense Labs Private Limited	816	816
<b>(vi) Gurantee</b>		
a. NACL Spec-Chem Limited	16,500	8,466
<b>(vii) Provision for credit impaired trade receivables</b>		
a. Nasense Labs Private Limited	-	166

\* less than a Lakh

#### Transfer pricing:

In accordance with the applicable provisions of the Income Tax Act, 1961, the Company is required to use certain specified methods in assessing that the transactions with the related parties, are carried at an arm's length price and is also required to maintain prescribed information and documents to support such assessment. The appropriate method to be adopted will depend on the nature of transactions / class of transactions, class of associated persons, functions performed and other factors as prescribed. Based on certain internal analysis carried out, management believes that transactions entered into with the related parties were carried out at arms length prices. The Company is in the process of carrying out the transfer pricing study for the financial year ended March 31, 2023. In opinion of the management, the same would not have an impact on these financial statements. Accordingly, these financial statements do not include the effect of the transfer pricing implications, if any.

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 31. Contingent liabilities, Guarantee and Capital Commitments

#### A. Contingent Liabilities

S.No. Particulars	As at March 31, 2023	As at March 31, 2022
(i) Claims against the Company not acknowledged as debts in respect of the matters under dispute:		
Excise duty (refer note (a) below)	29	29
Service tax (refer note (b) below)	15	15
Income tax (refer note (c) below)	608	606
Sales tax (refer note (d) below)	94	101
Goods and Service tax (refer note (e) below)	31	31
Export benefits (MEIS) (refer note (f) below)	1,231	1,032
(ii) Others (refer note (g) below)	141	141
<b>Total</b>	<b>2,149</b>	<b>1,955</b>

#### Notes:

- The Company has disputed various demands raised by excise duty authorities for the Financial years 2004-05 to 2006-07 and 2008-09 which are pending at various stages of appeals. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial position.
- The Company has disputed various demands raised by service tax authorities for the Financial years 2006-07 to 2010-11, which are pending at various stages of appeals. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial position.
- The Company has disputed various demands raised by income tax authorities for the assessment years 2004-05 to 2007-08; 2009-10 and 2016-17 to 2018-19 which are pending at various stages of appeals. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial position.
- The Company has disputed various demands raised by sales tax authorities for the financial years 2012-13 to 2017-18, which are pending at various stages of appeals. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial position.
- The Company has disputed various demands raised by Goods and Service Tax authorities for the financial year 2017-2018 and 2019-20, which are pending at various stages of appeals. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial position.
- The Company has disputed the demands raised by Director general of foreign trade (DGFT) office for the excess exports benefits availed by the company for earlier years and these are pending at appeal stage. The company has also disputed the penalty levied by the Office of the Commissioner of Customs (Adjudication) in respect of the same matter and the appeal is pending before Customs, Excise and Service Tax Appellate Tribunal (CESTAT). The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- 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 does not expect the outcome of these proceedings to have a material adverse effect on its financial position.

#### B. Guarantee

The Company has given guarantee for the term loan availed by the NACL Spec-chem Limited (wholly owned subsidiary) to HDFC Bank Limited and Axis Bank Limited of ₹16,500 Lakh (March 31, 2022: ₹8,466 Lakh).

#### C. Commitments

S.No. Particulars	As at March 31, 2023	As at March 31, 2022
(i) Estimated amount of contracts, remaining to be executed on capital account and not provided for (net of advance)	283	367
<b>Total</b>	<b>283</b>	<b>367</b>

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 32. Defined benefit plans

#### a) 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 ₹649 Lakh (March 31, 2022: ₹564 Lakh).

##### - Gratuity (funded):

Amount recognised in statement of profit and loss in respect of gratuity ₹170 Lakh (March 31, 2022: ₹122 Lakh).

#### b) 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 for 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. These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. The gratuity plan is funded. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan and the Company contributes to LIC.

Amounts recognised in statement of profit and loss in respect of these defined benefit i.e. Gratuity plans are as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	122	91
Net interest expense	48	31
<b>Components of defined benefit costs recognised in statement of profit or loss</b>	<b>170</b>	<b>122</b>
Re-measurement on the net defined benefit liability:		
- Return on plan assets (greater)/less than discount rate	-	(1)
- Actuarial losses arising from Demographic Assumptions	33	-
- Actuarial gain arising from experience adjustments	(100)	176
- Actuarial losses arising from changes in financial assumptions	179	(32)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>112</b>	<b>143</b>
<b>Total</b>	<b>282</b>	<b>265</b>

#### Defined Benefit Obligation (DBO)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Present value of DBO at the beginning of the year	989	804
Current service cost	122	91
Interest cost	68	52
Actuarial losses arising from Demographic Assumptions	33	-
Actuarial gain arising from experience adjustments	(100)	176
Actuarial losses arising from changes in financial assumptions	179	(32)
Benefits paid	(120)	(102)
<b>Present value of DBO at the end of the year</b>	<b>1,171</b>	<b>989</b>

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

#### Fair value of plan assets

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Fair value of plan assets at the beginning of the year	274	350
Interest income	19	21
Employer contributions	128	4
Benefits paid	(120)	(102)
Return on plan assets (greater)/less than discount rate	-	1
<b>Present value of plan assets at the end of the year</b>	<b>301</b>	<b>274</b>

#### Plan assets

Particulars	As at March 31, 2023	As at March 31, 2022
Investment with Life insurance corporation of India	100%	100%

#### Amounts recognised in the Balance Sheet

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of DBO at the end of the year	1,171	989
Fair value of plan assets at the end of the year	301	274
<b>Funded status of the plans – liability</b>	<b>870</b>	<b>715</b>
<b>Liability recognised in the Balance Sheet</b>	<b>870</b>	<b>715</b>
Non current	711	594
Current	159	121

#### Assumptions

Particulars	Gratuity plan	
	As at March 31, 2023	As at March 31, 2022
Discount rate	7.50%	7.32%
Expected rate of salary increase	6.00%	3.00%
Attrition rate	8%	1% to 3%
Retirement age	58 years	58 years
Mortality table	Mortality Rate (as % of IALM (2012-14) Ult. Mortality Table)	

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	1,171	-
Salary escalation - up by 1%	1,245	6.33%
Salary escalation - down by 1%	1,103	-5.80%
Attrition rate - up by 1%	1,175	0.33%
Attrition rate - down by 1%	1,167	-0.37%
Discount rate - up by 1%	1,109	-5.32%
Discount rate - down by 1%	1,241	5.95%



## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

### Expected maturity analysis of cash flows on an undiscounted basis

Particulars	As at March 31, 2023	As at March 31, 2022
Maturity profile of Defined Benefit Obligations		
Within 1 year	161	121
Year 2	171	87
Year 3	147	113
Year 4	133	98
Year 5	132	98
> 5 years	1,248	456

Expected contribution to the post employee benefits plan during the next financial year is expected to be ₹160 Lakh (March 31, 2022: ₹120 Lakh)

The weighted average duration of the defined benefit obligation is 6.62 years (March 31, 2022: 7.97 years)

### (c) Compensated absences:

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Since the compensated absences do not fall due wholly within twelve months after the end of the year in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of the year, the benefit is classified as a long-term employee benefit. During the year ended March 31, 2023, the Company has incurred an expense on compensated absences amounting to ₹402 Lakh (March 31, 2022: ₹213 Lakh). The Company determines the expense for compensated absences basis the actuarial valuation of the present value of the obligation, using the Projected Unit Credit Method.

## 33. Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act 2006

The amount due to micro, small and medium enterprises as defined under "Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to micro, small and medium enterprises are as under:

Particulars	As at March 31, 2023	As at March 31, 2022
(i) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	3,685	1,891
(ii) The amount of interest paid by the buyer under the Act along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(v) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23	-	-

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 34. Financial instruments

#### 34.1 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.

#### Gearing ratio

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current borrowings	8,131	8,777
Current borrowings including current maturities of non-current borrowings	49,534	35,306
Cash and cash equivalents	(3,993)	(4,455)
<b>Net debt (Refer note (i) below)</b>	<b>53,672</b>	<b>39,628</b>
Equity (Refer note (ii) below)	57,741	48,395
<b>Net debt to equity ratio</b>	<b>0.93</b>	<b>0.82</b>

#### Notes:

- Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.
- Equity includes issued equity capital, securities premium and all other reserves.

#### 34.2 Financial instruments by category

Particulars	As at March 31, 2023			As at March 31, 2022		
	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
<b>Financial assets</b>						
Investments in preference shares	-	1	-	-	1	-
Other financial assets	812	-	-	1,190	-	-
Derivative financial asset	-	9	-	-	-	-
Trade receivables	77,054	-	-	52,897	-	-
Cash and cash equivalents	3,993	-	-	4,455	-	-
Other bank balances	3,197	-	-	3,283	-	-
<b>Total</b>	<b>85,056</b>	<b>10</b>	<b>-</b>	<b>61,825</b>	<b>1</b>	<b>-</b>
<b>Financial liabilities</b>						
Borrowings (refer note (i) below)	57,665	-	-	44,083	-	-
Lease liabilities	314	-	-	499	-	-
Derivative financial liability	-	-	-	-	24	-
Other financial liabilities	6,943	-	-	6,802	-	-
Trade payables	46,890	-	-	37,358	-	-
<b>Total</b>	<b>1,11,812</b>	<b>-</b>	<b>-</b>	<b>88,742</b>	<b>24</b>	<b>-</b>

#### Notes:

- Borrowings include non-current and current borrowings (Refer Note 16)
- The management assessed that fair value of cash and cash equivalents, trade receivables, other current financial assets, trade payables, current 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. For non-current borrowings, the valuation model considers the present value of expected payments discounted using the borrowing rate provided by the banks/ financial institutions. The own non-performance risk was assessed to be insignificant.
- Investments (unquoted) are measured at fair value through initial designation in accordance with Ind AS 109.

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 34.3 Fair Value by hierarchy

#### Valuation technique and key inputs

##### Level 1

Quoted prices (unadjusted) in an active market 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).

Quantitative disclosures of fair value measurement hierarchy-Level 2 for financial instruments:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Financial Instruments</b>		
Derivative financial liability	-	24
Derivative financial asset	9	-

The Company enters into derivative financial instruments with various counterparties principally, banks with investment grade credit ratings. Foreign exchange forward contracts and interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, etc. As at March 31, 2023 the mark-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had insignificant impact on the hedge effectiveness assessment for derivatives designated in hedge relationships.

##### 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, 2023	As at March 31, 2022
<b>Financial Assets</b>		
Unquoted preference shares	1	1

The fair values of the unquoted preference 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 preference investments.

#### Valuation inputs and relationships to fair value:

The following table summarises the valuation technique used in measuring the fair value of the financial instruments, as well as the significant unobservable inputs used. The total value of investments in unquoted preference shares are not material. Hence quantitative disclosures are not disclosed.

Particulars	Significant-unobservable inputs	Valuation process	Sensitivity of the inputs to fair value
Investment in unquoted preference shares	Earnings growth rate	i) Earnings growth factor for unlisted preference 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.

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### Transfer between Level 1 and 2:

There have been no transfers from Level 2 to Level 1 or vice-versa in 2022-23 and no transfers in either direction in 2021-22.

### 34.4 Financial risk management

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

#### 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 Company monitors and manages its financial risks by analysing its foreign exchange exposures. The Company, in accordance with its Board approved risk management policies and procedures, enters into foreign exchange forward contracts to manage its exposure in foreign exchange rates.

The following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of March 31, 2023:

Particulars	US Dollars	₹(in Lakh)	EURO	₹(in Lakh)	Total (₹Lakh)
Cash and cash equivalents	10,99,583	904	-	-	904
Trade receivables	2,53,60,731	20,839	-	-	20,839
Borrowings	(1,99,98,002)	(16,432)	-	-	(16,432)
Trade payables	(1,46,11,271)	(12,006)	-	-	(12,006)
<b>Net assets/(liabilities)</b>	<b>(81,48,959)</b>	<b>(6,695)</b>	-	-	<b>(6,695)</b>

The following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of March 31, 2022:

Particulars	US Dollars	₹(in Lakh)	EURO	₹(in Lakh)	Total (₹Lakh)
Cash and cash equivalents	7,58,742	575	-	-	575
Trade receivables	2,14,45,466	16,252	62,582	53	16,305
Borrowings	(1,94,63,835)	(14,751)	-	-	(14,751)
Trade payables	(1,14,15,775)	(8,652)	-	-	(8,652)
<b>Net assets/(liabilities)</b>	<b>(86,75,402)</b>	<b>(6,576)</b>	<b>62,582</b>	<b>53</b>	<b>(6,523)</b>



## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### Sensitivity analysis:

For the year ended March 31, 2023 and March 31, 2022, every increase / decrease of ₹1 in the respective foreign currencies compared to functional currency of the Company would impact profit before tax by ₹81 Lakh/ (₹81 Lakh) and ₹87 Lakh/ (₹87 Lakh) respectively and Impact Equity, net of tax by ₹61 Lakh/ (₹61 Lakh) and ₹64 Lakh/ (₹64 Lakh) 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.

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Variable rate instruments</b>		
Non-current borrowings	8,131	8,777
Current borrowings	49,534	35,306
	<b>57,665</b>	<b>44,083</b>
Effect of interest rate swap	(9)	24
	<b>57,656</b>	<b>44,107</b>

### Interest rate swap contract:

Under Interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amount. Such contract enables Company to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest is based on the outstanding balances at the end of the reporting period.

### Details of the interest rate swap contracts:

Particulars	Loan amount (in USD)	Fair Value of Interest Rate Swap as at March 31, 2023	Fair Value of Interest Rate Swap as at March 31, 2022	Coupon / Interest Rate	Fixed Interest Rate
US Dollar	35,50,000	9	(24)	Libor + 4%	7.50%

### Sensitivity analysis:

For the year ended March 31, 2023 and March 31, 2022, every increase / decrease of 1% in the respective interest rate compared to existing rate of interest of the Company would impact profit before tax by ₹650 Lakh/ (₹650 Lakh) and ₹425 Lakh/ (₹425 Lakh) respectively and Impact Equity, net of tax by ₹486 Lakh/ (₹486 Lakh) and ₹318 Lakh/ (₹318 Lakh) respectively.

### 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, monitoring the creditworthiness and establishing credit limits of customers to which the Company grants credit terms in the normal course of business. The company collects security deposits from its dealer customers which act as security against the outstanding trade receivables from such dealer customers. In the event of default, these security deposits can be adjusted against the uncollectible trade receivables from such dealer customers. 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.

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 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 and 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 Impairment loss on trade receivables

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	528	293
Provision for impairment loss made during the year	702	572
Provision reversed against trade receivables write-off / recovery	(452)	(337)
<b>Balance at the end of the year</b>	<b>778</b>	<b>528</b>

- (iii) The concentration of risk with respect to trade receivables is reasonably low, as Company's customers are located in several jurisdictions representing large number of minor receivables operating in independent markets. Trade receivable amounting to ₹14,020 Lakh (March 31, 2022: ₹10,865 Lakh) is due from customers who represent more than 5% of total trade receivables.

The Company's exposure to credit risk for trade receivables by geographic region is as follows:

Gross Trade receivables	As at March 31, 2023	As at March 31, 2022
India	56,993	37,173
Outside India	20,839	16,252
<b>Total</b>	<b>77,832</b>	<b>53,425</b>

- (iv) The following table provides information about the exposure to credit risk and ECLs for trade receivables as at March 31, 2023.

Ageing Bucket	Weighted-average loss rate	Gross carrying amount	Loss allowance	Net Trade receivables
Not due	0.31%	58,805	185	58,620
Less than 6 months	1.00%	15,999	160	15,839
6 months - 1 year	6.82%	2,127	145	1,982
1 - 2 years	31.96%	901	288	613
<b>Total</b>		<b>77,832</b>	<b>778</b>	<b>77,054</b>

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at March 31, 2022.

Ageing Bucket	Weighted-average loss rate	Gross carrying amount	Loss allowance	Net Trade receivables
Not due	0.18%	40,338	73	40,265
Less than 6 months	0.74%	11,688	86	11,602
6 months - 1 year	7.51%	506	38	468
1 - 2 years	37.07%	893	331	562
<b>Total</b>		<b>53,425</b>	<b>528</b>	<b>52,897</b>

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 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.

### 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 ₹12,172 Lakh and ₹11,638 Lakh as of March 31, 2023 and March 31, 2022 respectively.

The working capital position of the Company:

Particulars	As at March 31, 2023	As at March 31, 2022
Current assets	1,38,002	1,09,552
Current liabilities	1,06,935	81,875
<b>Working capital</b>	<b>31,067</b>	<b>27,677</b>

The table below provides details regarding the contractual maturities of significant financial liabilities on an undiscounted basis as at March 31, 2023:

Particulars	Carrying value	Less than 1 year	1-5 years	above 5 years
Trade payables	46,890	46,890	-	-
Borrowings and interest thereon	57,665	53,664	8,522	508
Lease liabilities	314	296	49	-
Other current financial liabilities	6,836	6,836	-	-
Other non-current financial liabilities	107	-	107	-
<b>Total</b>	<b>1,11,812</b>	<b>1,07,686</b>	<b>8,678</b>	<b>508</b>

The table below provides details regarding the contractual maturities of significant financial liabilities on an undiscounted basis as at March 31, 2022:

Particulars	Carrying value	Less than 1 year	1-5 years	above 5 years
Trade payables	37,358	37,358	-	-
Borrowings and interest thereon	44,083	37,717	9,471	527
Lease liabilities	499	282	253	-
Other current financial liabilities	6,650	6,650	-	-
Other non-current financial liabilities	176	-	176	-
<b>Total</b>	<b>88,766</b>	<b>82,007</b>	<b>9,900</b>	<b>527</b>

The Company's obligation towards payment of borrowings has been included in note 16.

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 35. Ratios

The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022

Particulars	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	Variance
Current ratio	Current assets	Current liabilities	1.29	1.34	-3.55%
Debt-Equity ratio	Debt consists of borrowings and lease liabilities	Total equity	1.00	0.92	9.00%
Debt service coverage ratio	Earning for debt service = Profit for the year + Non-cash operating expenses + Interest + Other non-cash adjustments	Debt service = Interest and lease payments + Principal repayments	2.59	3.56	-27.26%*
Return on equity ratio	Profit for the year	Average shareholders equity	19%	17%	14.05%
Inventory turnover ratio	Revenue from operations	Average inventory	4.73	5.11	-7.49%
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	3.22	3.74	-13.84%
Trade payables turnover ratio	Net purchases	Average trade payables	4.09	4.66	-12.08%
Net capital turnover ratio	Revenue from operations	Working capital	7.20	6.33	13.89%
Net profit ratio	Profit for the year	Revenue from operations	5%	5%	4.35%
Return on capital employed	Earnings before interest and taxes	Capital employed = Tangible net worth + borrowings + lease liabilities + deferred tax liabilities	15%	14%	10.63%
Return on investment	Income generated from investments	Time weighted average investments	0%	0%	-

\* Increase in borrowings to finance working capital requirements

### 36. Earnings per share

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit for the year attributable to shareholders of the Company	10,279	7,604
<b>Basic:</b>		
Number of shares outstanding at the year end	19,88,41,843	19,83,07,464
Weighted average number of equity shares	19,84,15,888	19,78,88,202
<b>Earnings per share (₹)</b>	<b>5.18</b>	<b>3.84</b>
<b>Diluted:</b>		
Effect of potential equity shares on employee stock options outstanding	5,20,675	4,37,086
Weighted average number of equity shares outstanding	19,89,36,563	19,83,25,288
<b>Earnings per share (₹)</b>	<b>5.17</b>	<b>3.83</b>

**Note:** EPS is calculated based on profits excluding the other comprehensive income.



## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 37. Research and development expense charged to Statement of Profit and Loss account:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Employee benefits expense	52	15
Depreciation	1	5
Other expenses	95	80
<b>Total</b>	<b>148</b>	<b>100</b>

### 38. Development expense capitalised:

Revenue Expenditure capitalised during the year under respective heads:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Employee benefits expense	381	241
Depreciation	63	80
Other expenses	206	153
<b>Total</b>	<b>650</b>	<b>474</b>

### 39. Leases:

The Company leases office buildings and vehicles. The leases pertain to office buildings and vehicle leases typically run for a period of 3 to 5 years, with an option to renew the lease after that date. Lease payments are renegotiated at renewal date reflect market rentals except for vehicle leases.

The Company has certain leases with lease terms of less than 12 months or with low value. The Company applies short term lease and lease of low value assets recognition exemption for these leases. The incremental borrowing rate for lease liabilities is ranging from 7.62% to 9.67%.

#### i) The following is the movement in lease liabilities during the year ended:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening balance	499	390
Add: Lease liabilities recognised during the year	140	364
Less: Lease liabilities derecognised during the year	(45)	-
Add: Interest cost accrued during the year	50	65
Less: Payment of lease liabilities including interest	(330)	(320)
<b>Balance at the end of the year</b>	<b>314</b>	<b>499</b>
Non-current lease liability	43	261
Current liability	271	238

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### ii) Amount recognised in statement of profit and loss:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation	273	252
Interest expense	50	65
Expenses relating to short-term leases	139	138
<b>Total</b>	<b>462</b>	<b>455</b>

### iii) Maturity analysis of lease liabilities on an undiscounted basis:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Less than one year	296	282
One to five years	49	253
More than five years	-	-

### 40. Operating Segments:

The Company publishes the standalone financial statements of the Company along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

### 41. Insurance claim

An Appeal has been filed by the Insurance Company (The Oriental Insurance Company Limited) against the Arbitration Award in favour of the Company, before the Hon'ble High Court of Delhi. Pending final disposal of the above appeal, the Company has filed the Execution Petitions before Hon'ble High Court of Delhi for deposit of awarded amount in Material Damage (MD) Claim of ₹1,048 Lakh (includes interest) and Business Interruption Policy claim of ₹1,352 Lakh (includes interest) with the Court. With respect to the execution petition filed by the Company in both the cases, the Hon'ble High Court of Delhi has passed an order vide its order dated March 19, 2021 & April 9, 2021 directed the Insurance Company to deposit the awarded amount towards Material Damage claim & Business Interruption Policy respectively together with the interest upto the date of deposit with Court. During the previous year, the amount deposited by the Insurance Company has been released by the Court to the Company after submission of equivalent bank guarantee. As the matter is subjudice and as advised by its legal council, the Company has not recognized the deposit amount received as income and the interest cost, if any in the books of account.

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

42. During the year, the Company has reclassified the following items to appropriately reflect economic substance and nature of transaction and accordingly the comparative amounts for previous year has also been reclassified.

Particulars	As at March 31, 2022
a. Rebates payables earlier presented in "Trade payables" (refer note 20), now presented in "Amounts due to customers" (refer note 17)	1,388
b. Refund liability earlier presented in "Trade payables" (refer note 20), now presented in "Amounts due to customers" (refer note 17)	645
c. Right to recover returned goods earlier presented in "Trade payables" (refer note 20), now presented in "other current assets" (refer note 8)	503
d. Interest accrued on deposits earlier presented in "other financial assets" (refer note 7), now presented in "other bank balances" (refer note 12)	73
e. Trade deposits from dealers earlier presented in "Other non-current financial liabilities", now presented in "other current financial liabilities" (refer note 17)	1,164
f. Interest accrued but not due earlier presented in "Other current financial liabilities" (refer note 17), now presented in "current borrowings" (refer note 16)	31
g. Freight rebates earlier presented in "other expenses" (refer note 29), now presented in Revenue from operations (refer note 22)	681
h. Reimbursement of expenses earlier presented in "other current assets" (refer note 8), now presented in "other financial assets" (refer note 7)	241
i. Part of Investments earlier presented in "Prepayments" (refer note 8), now presented in "Investments" (refer note 6)	2,016

### 43. Additional regulatory information

- (i) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.
- (ii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries."
- (iv) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- (v) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- (vi) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

## Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

- (vii) The Company is not declared wilful defaulter by and bank or financials institution or lender during the year.
- (viii) The Company does not have any charges which are yet to be registered with ROC beyond the statutory period. The Company does not have any satisfaction of charges which are yet to be registered with the ROC beyond the statutory period except for:

Charge Holder name and ID	Amount	Location of Registrar
Bank of Baroda - 90261984	2,040	Hyderabad
Canara Bank - 90247742	604	Hyderabad
ICICI Bank limited - 90262175	150	Hyderabad

The satisfaction of above charges is pending for registration due to procedural delays at the ROC Hyderabad and the Company is currently following up with the ROC to complete the registration of such satisfaction.

- (ix) Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.
- (x) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was obtained.
- (xi) The title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment and capital work-in progress are held in the name of the Company as at the balance sheet date.
- (xii) The Company has not revalued any of its property, plant and equipment (including right-of-use-assets) and intangible assets during the year.
- (xiii) The Company does not have any transactions with companies which are struck off.
- (xiv) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

As per our Report of even date attached  
**For B S R and Co**  
Chartered Accountants  
(Firm Registration No. 128510W)

for and on behalf of the Board of Directors  
**NACL Industries Limited**  
CIN: L24219TG1986PLC016607

**Arpan Jain**  
Partner  
Membership No. 125710

**M. Pavan Kumar**  
Managing Director & CEO  
(DIN: 01514557)

**Raghavender Mateti**  
Director  
(DIN: 06826653)

**R.K.S. Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary

Place : Hyderabad  
Date : May 22, 2023

Place : Hyderabad  
Date : May 22, 2023



# Independent Auditor's Report

## To the Members of NACL Industries Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of NACL Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associate, which comprise the consolidated balance sheet as at March 31, 2023, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by the other auditors and based on the separate financial statements of the subsidiary and associate referred to in the other matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at March 31, 2023, of its consolidated profit and other

comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group and its associate in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (b) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

#### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and auditor's report thereon. The Holding Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

#### Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and 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 each company 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 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 financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing

the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of each company.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in

#### Revenue Recognition - Existence

See Note 3.2 and Note 22 to consolidated financial statements

#### The key audit matter

The Group recognises revenue from sale of farm inputs based on the terms and conditions of transactions which vary with different customers.

We identified the recognition of revenue from sale of goods as a key audit matter because:

Revenue is one of the key performance indicators of the Company. There could be pressure to meet the expectations of investors/ other stakeholders for the reporting period.

Hence, there could be a risk of revenue being recognised before the control has been transferred to the customer.

#### How the matter was addressed in our audit

Our audit procedures included the following:

1. Assessed the appropriateness of the revenue recognition policies for compliance with Ind AS 115 - Revenue from contracts with customers.
2. Tested the design, implementation and operating effectiveness of key internal financial controls with respect to revenue recognition.
3. Performed testing of selected statistical samples of revenue transactions recorded during the year by verifying the underlying documents such as sales invoices and dispatch documents/ acknowledged delivery receipts/shipping documents.
4. Tested revenue transactions recorded before the year end date and revenue reversal transactions recorded after the year end date, selected on a sample basis using statistical sampling, to assess revenue is recognised in the period in which control is transferred.
5. Evaluated manual journals, sample selected based on higher risk-based criteria posted to revenue to identify unusual or irregular items.
6. Evaluated the adequacy of disclosures made in the consolidated financial statements.

the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of such entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (b) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters

- a. The consolidated financial statements of the Group and its associate for the year ended March 31, 2022 were audited by the predecessor auditor whose report dated May 12, 2022 had expressed an unmodified opinion.

- b. We did not audit the financial statements of three subsidiaries, whose financial statements reflects total assets (before consolidation adjustments) of ₹26,228 Lakh as at March 31, 2023, total revenues (before consolidation adjustments) of ₹2,132 Lakh and net cash outflows (before consolidation adjustments) amounting to ₹2,636 Lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the reports of the other auditor.

- c. The financial statements of two subsidiaries, whose financial statements reflects total assets (before consolidation adjustments) of ₹16 Lakh as at March 31, 2023, total revenues (before consolidation adjustments) of ₹12 Lakh and net cash inflows (before consolidation adjustments) amounting to ₹2 Lakh for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. The consolidated financial statements also include the Group's share of net profit and other comprehensive income of ₹140 Lakh for the year ended March 31, 2023, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us or by other auditors. These unaudited financial statements have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and 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 financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to the financial statements certified by the Management.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, 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 financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2023 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 with reference to financial statements of the Holding Company and its subsidiary companies, incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. 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, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the "Other Matters" paragraph:

- a. The consolidated financial statements disclose the impact of pending litigations as at March 31, 2023 on the consolidated financial position of the Group, its associate. Refer Note 31 to the consolidated financial statements.
- b. The Group, its associate did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2023.
- c. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2023.
- d. (i) The respective management of the Holding Company and its subsidiary companies, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies that, to the best of their knowledge and belief, as disclosed in the Note 42 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary companies, to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiary companies, ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The respective management of the Holding Company and its subsidiary companies, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies that, to the best of their knowledge and belief, as disclosed in the Note 42 to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiary companies, from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary companies, shall directly or indirectly, lend or invest in other persons or entities identified in any manner



whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

- e. The final dividend paid by the Holding Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

The interim dividend declared and paid by the Holding Company during the year and until the date of this audit report is in compliance accordance with Section 123 of the Act.

As stated in Note 14 to the consolidated financial statements, the Board of Directors of the Holding

Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company or any of such subsidiary companies, only with effect from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R and Co**

Chartered Accountants

Firm's Registration No.: 128510W

**Arpan Jain**

Partner

Membership No.: 125710

ICAI UDIN: 23125710BGYBQO1527

Place: Hyderabad

Date: May 22, 2023

### Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of NACL Industries Limited for the year ended March 31, 2023

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

(xxi) In our opinion and according to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements, have unfavourable remarks given by the respective auditors in their reports under the Companies (Auditor's Report) Order, 2020 (CARO):

Name of the entities	CIN	Holding Company/ Subsidiary/ JV/ Associate	Clause number of the CARO report which is unfavourable or qualified or adverse
NACL Spec-Chem Limited	U24290TG2020PLC 140201	Subsidiary	Clause (xvii)
NACL Multichem Private Limited	U24299TG2020PTC 140342	Subsidiary	Clause (xvii)
LR Research Laboratories Private Limited	U73100TG2011PTC 076023	Subsidiary	Clause (xvii)

The above does not include comments, if any, in respect of the following entities as the CARO report relating to them has not been issued by its auditor till the date of principal auditor's report.

Name of the entities	CIN	Subsidiary/ JV/ Associate
Nasense Labs Private Limited	U24231TG1995PTC019809	Associate

For **B S R and Co**

Chartered Accountants

Firm's Registration No.: 128510W

**Arpan Jain**

Partner

Membership No.: 125710

ICAI UDIN: 23125710BGYBQO1527

Place: Hyderabad

Date: May 22, 2023

## Annexure B to the Independent Auditor's Report on the consolidated financial statements of NACL Industries Limited for the year ended March 31, 2023

### Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

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

#### Opinion

In conjunction with our audit of the consolidated financial statements of NACL Industries Limited (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and such companies incorporated in India under the Act which are its subsidiary companies and its associate, as of that date.

In our opinion and based on the consideration of reports of the other auditors on internal financial controls with reference to financial statements of subsidiary companies, as were audited by the other auditors, the Holding Company and such companies incorporated in India, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The respective Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. 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 Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.

#### Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 consolidated 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 consolidated financial statements.

#### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to three subsidiary companies, which are companies

incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

The internal financial controls with reference to financial statements insofar as it relates to one subsidiary company and associate, which are companies incorporated in India and included in these consolidated financial statements, have not been audited either by us or by other auditors. In our opinion and according to the information and explanations given to us by the Management, such unaudited subsidiary company and associate are not material to the Holding Company.

Our opinion is not modified in respect of above matters.

For **B S R and Co**  
Chartered Accountants  
Firm's Registration No.: 128510W

**Arpan Jain**  
Partner

Membership No.: 125710  
ICAI UDIN: 23125710BGYBQO1527

Place: Hyderabad

Date: May 22, 2023



## Consolidated Balance Sheet

as at March 31, 2023

(All amounts in ₹ Lakh, unless otherwise stated)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
<b>I ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	4	36,924	20,381
(b) Right-of-use assets	4A	3,125	3,331
(c) Capital work-in-progress	4	5,526	10,456
(d) Intangible assets	5	190	109
(e) Intangible assets under development	5	1,542	1,179
(f) Investments accounted for using the equity method	6A	1,403	1,262
(g) Financial assets			
(i) Investments	6B	1	1
(ii) Other financial assets	7	694	412
(h) Deferred tax assets (net)	19	144	-
(i) Income-tax assets (net)	13	466	474
(j) Other non-current assets	8	356	929
<b>Total non-current assets</b>		<b>50,371</b>	<b>38,534</b>
<b>2 Current assets</b>			
(a) Inventories	9	49,101	41,071
(b) Financial assets			
(i) Trade receivables	10	77,151	52,897
(ii) Cash and cash equivalents	11	4,148	6,994
(iii) Bank balances other than (ii) above	12	3,197	3,283
(iv) Other financial assets	7	-	541
(c) Other current assets	8	7,559	8,231
<b>Total current assets</b>		<b>1,41,156</b>	<b>1,13,017</b>
<b>Total assets</b>		<b>1,91,527</b>	<b>1,51,551</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity share capital	14	1,988	1,983
(b) Other equity	15	55,406	46,854
<b>Total equity</b>		<b>57,394</b>	<b>48,837</b>
<b>2 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	20,345	17,243
(ii) Lease liabilities	37	43	261
(iii) Other financial liabilities	17	-	24
(b) Provisions	18	1,323	1,039
(c) Deferred tax liabilities (net)	19	915	1,013
<b>Total non-current liabilities</b>		<b>22,626</b>	<b>19,580</b>
<b>3 Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	51,739	35,363
(ii) Lease liabilities	37	271	238
(iii) Trade payables	20		
(a) total outstanding dues of micro enterprises and small enterprises		5,029	1,891
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		43,422	35,470
(iv) Other financial liabilities	17	7,623	7,839
(b) Other current liabilities	21	1,738	1,654
(c) Provisions	18	401	281
(d) Income-tax liabilities (net)	13	1,284	398
<b>Total current liabilities</b>		<b>1,11,507</b>	<b>83,134</b>
<b>Total liabilities</b>		<b>1,34,133</b>	<b>1,02,714</b>
<b>Total equity and liabilities</b>		<b>1,91,527</b>	<b>1,51,551</b>

### See accompanying notes forming part of the standalone financial statements

As per our Report of even date attached

**For B S R and Co**

Chartered Accountants

(Firm Registration No. 128510W)

for and on behalf of the Board of Directors

**NACL Industries Limited**

CIN: L24219TG1986PLC016607

**M. Pavan Kumar**  
Managing Director & CEO  
(DIN: 01514557)

**Raghavender Mateti**  
Director  
(DIN: 06826653)

**Arpan Jain**  
Partner  
Membership No. 125710

**R.K.S. Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary

Place : Hyderabad  
Date : May 22, 2023

Place : Hyderabad  
Date : May 22, 2023

## Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

(All amounts in ₹ Lakh, unless otherwise stated)

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>I INCOME</b>			
Revenue from operations	22	2,11,551	1,63,335
Other income	23	999	1,342
<b>Total income</b>		<b>2,12,550</b>	<b>1,64,677</b>
<b>II EXPENSES</b>			
Cost of materials consumed	24	1,59,165	1,23,767
Purchases of stock-in-trade		4,628	7,540
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	(4,052)	(10,117)
Employee benefits expense	26	12,177	10,008
Finance costs	27	4,733	2,665
Depreciation and amortisation expense	28	2,815	2,496
Other expenses	29	20,381	18,054
<b>Total expenses</b>		<b>1,99,847</b>	<b>1,54,413</b>
<b>III Profit before share of profit of associate and income tax (I - II)</b>		<b>12,703</b>	<b>10,264</b>
<b>IV Share of profit / (loss) from associate, net of tax</b>		<b>138</b>	<b>(280)</b>
<b>V Profit before tax (III + IV)</b>		<b>12,841</b>	<b>9,984</b>
<b>VI Tax expense</b>			
(i) Current tax	13.1	3,575	2,691
(ii) Deferred tax	13.1	(221)	(49)
<b>Total tax expense</b>		<b>3,354</b>	<b>2,642</b>
<b>VII Profit for the year (V - VI)</b>		<b>9,487</b>	<b>7,342</b>
<b>VIII Other comprehensive income / (loss)</b>			
Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit obligation	32	(109)	(151)
(b) Income tax relating to items that will not be reclassified to profit or loss	13.1	28	36
Items that will be reclassified to profit or loss			
(a) Effective portion of gain on designated portion of hedging instrument in a cash flow hedge		33	86
(b) Income tax relating to items that will be reclassified to profit or loss	13.1	(8)	(22)
<b>Total other comprehensive loss for the year, net of tax</b>		<b>(56)</b>	<b>(51)</b>
<b>IX Total comprehensive income for the year (VII + VIII)</b>		<b>9,431</b>	<b>7,291</b>
<b>X Earnings per equity share of ₹1 each</b>			
Basic (₹)	34	4.78	3.71
Diluted (₹)	34	4.77	3.70

### See accompanying notes forming part of the consolidated financial statements

As per our Report of even date attached

**For B S R and Co**

Chartered Accountants

(Firm Registration No. 128510W)

for and on behalf of the Board of Directors

**NACL Industries Limited**

CIN: L24219TG1986PLC016607

**M. Pavan Kumar**  
Managing Director & CEO  
(DIN: 01514557)

**Raghavender Mateti**  
Director  
(DIN: 06826653)

**Arpan Jain**  
Partner  
Membership No. 125710

**R.K.S. Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary

Place : Hyderabad  
Date : May 22, 2023

Place : Hyderabad  
Date : May 22, 2023

## Statement of changes in equity

for the year ended March 31, 2023

(All amounts in ₹ Lakh, unless otherwise stated)

### A. Equity share capital (refer note 14)

Particulars	Number of shares	Amount
<b>Balance as at April 1, 2022</b>	<b>19,83,07,464</b>	<b>1,983</b>
Changes in equity share capital during the current year	5,34,379	5
<b>Balance as at March 31, 2023</b>	<b>19,88,41,843</b>	<b>1,988</b>
Balance as at April 1, 2021	19,62,17,758	1,962
Changes in equity share capital during the current year	20,89,706	21
<b>Balance as at March 31, 2022</b>	<b>19,83,07,464</b>	<b>1,983</b>

### B. Other equity (refer note 15)

Particulars	Reserves and surplus					Items of other comprehensive income		Share warrants	Total
	General reserve	Capital reserve	Securities premium	Share Options Outstanding Account	Retained earnings	Equity instruments through other comprehensive income	Effective portion of cash flow hedges		
<b>Balance as at April 1, 2022</b>	<b>4,175</b>	<b>37</b>	<b>13,506</b>	<b>159</b>	<b>29,478</b>	<b>(499)</b>	<b>(2)</b>	-	<b>46,854</b>
Profit for the year	-	-	-	-	9,487	-	-	-	9,487
Other Comprehensive Income for the year	-	-	-	-	(81)	-	25	-	(56)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>9,406</b>	-	<b>25</b>	-	<b>9,431</b>
<b>Transactions with owners of the Company</b>									
<b>Contributions and distributions</b>									
Share based payments (Refer Note 14)	-	-	-	174	-	-	-	-	174
Exercise of employee stock options	-	-	249	(111)	-	-	-	-	138
Payment of dividends	-	-	-	-	(1,191)	-	-	-	(1,191)
<b>Total transactions with owners of the Company</b>	-	-	<b>249</b>	<b>63</b>	<b>(1,191)</b>	-	-	-	<b>(879)</b>
<b>Balance as at March 31, 2023</b>	<b>4,175</b>	<b>37</b>	<b>13,755</b>	<b>222</b>	<b>37,693</b>	<b>(499)</b>	<b>23</b>	-	<b>55,406</b>
<b>Balance as at April 1, 2021</b>	<b>4,175</b>	<b>37</b>	<b>12,687</b>	<b>71</b>	<b>23,339</b>	<b>(499)</b>	<b>(66)</b>	<b>154</b>	<b>39,898</b>
Profit for the year	-	-	-	-	7,342	-	-	-	7,342
Other Comprehensive Income for the year	-	-	-	-	(115)	-	64	-	(51)
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>7,227</b>	-	<b>64</b>	-	<b>7,291</b>
<b>Transactions with owners of the Company</b>									

## Statement of changes in equity (Contd.)

for the year ended March 31, 2023

(All amounts in ₹ Lakh, unless otherwise stated)

Particulars	Reserves and surplus					Items of other comprehensive income		Share warrants	Total
	General reserve	Capital reserve	Securities premium	Share Options Outstanding Account	Retained earnings	Equity instruments through other comprehensive income	Effective portion of cash flow hedges		
<b>Contributions and distributions</b>									
Share based payments (Refer Note 14)	-	-	-	184	-	-	-	-	184
Exercise of employee stock options	-	-	218	(96)	-	-	-	-	122
Amount received on allotment of share warrants	-	-	601	-	-	-	-	(154)	447
Payment of dividends	-	-	-	-	(1,088)	-	-	-	(1,088)
<b>Total transactions with owners of the Company</b>	-	-	<b>819</b>	<b>88</b>	<b>(1,088)</b>	-	-	<b>(154)</b>	<b>(335)</b>
<b>Balance as at March 31, 2022</b>	<b>4,175</b>	<b>37</b>	<b>13,506</b>	<b>159</b>	<b>29,478</b>	<b>(499)</b>	<b>(2)</b>	-	<b>46,854</b>

### See accompanying notes forming part of the consolidated financial statements

As per our Report of even date attached

**For B S R and Co**  
Chartered Accountants  
(Firm Registration No. 128510W)

for and on behalf of the Board of Directors  
**NACL Industries Limited**  
CIN: L24219TG1986PLC016607

**M. Pavan Kumar**  
Managing Director & CEO  
(DIN: 01514557)

**Raghavender Mateti**  
Director  
(DIN: 06826653)

**Arpan Jain**  
Partner  
Membership No. 125710

**R.K.S. Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary

Place : Hyderabad  
Date : May 22, 2023

Place : Hyderabad  
Date : May 22, 2023



## Consolidated Statement of Cash flows

for the year ended March 31, 2023

(All amounts in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	12,841	9,984
<b>Adjustments for:</b>		
Depreciation and amortisation expense	2,815	2,496
Finance costs	4,733	2,665
Interest income	(207)	(175)
Share of (profit)/ loss from associate	(138)	280
Excess provisions no longer required, written back	(15)	(346)
Loss allowance on trade receivables	702	572
Trade receivables written off (net)	5	670
Loss on sale of property, plant and equipment (net)	89	4
Intangible assets and intangible assets under development written off	104	69
Share-based payments	174	184
Gain on derecognition of leases	(3)	-
Unrealised forex (gain)/ loss	(127)	169
<b>Operating profit before working capital changes</b>	<b>20,973</b>	<b>16,572</b>
<b>Working capital adjustments</b>		
(Increase)/ Decrease in Inventories	(8,030)	(18,241)
(Increase)/ Decrease in Trade receivables	(24,820)	(20,302)
(Increase)/ Decrease in Other financial assets	279	(173)
(Increase)/ Decrease in in Other assets	688	(2,890)
Increase/ (Decrease) in Trade payables	11,077	11,683
Increase/ (Decrease) in Provisions	292	328
Increase/ (Decrease) in Other financial liabilities	102	3,024
Increase/ (Decrease) in Other liabilities	84	309
<b>Cash generated from/ (used in) operations</b>	<b>645</b>	<b>(9,690)</b>
Income taxes paid (net)	(2,681)	(2,738)
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>(2,036)</b>	<b>(12,428)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment and intangible assets including movement in capital advances, capital creditors, capital work-in-progress and intangible assets under development	(14,553)	(13,793)
Proceeds from sale of property, plant and equipment	10	4
Proceeds from sale of investments	-	8
Movement in other deposits and margin money (net)	73	(2,673)
Interest income received	230	115
<b>Net cash used in investing activities (B)</b>	<b>(14,240)</b>	<b>(16,339)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of employee stock options	143	127
Proceeds on conversion of share warrants to equity shares	-	463
Proceeds from non-current borrowings	9,009	13,157
Repayment of non-current borrowings	(3,515)	(1,573)
Movement in current borrowings (net)	13,776	20,798
Payment of lease liabilities	(330)	(320)
Dividend paid	(1,191)	(1,088)
Finance costs paid	(4,442)	(2,612)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>13,450</b>	<b>28,952</b>

## Consolidated Statement of Cash flows (Contd.)

for the year ended March 31, 2023

(All amounts in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Net Increase/ (decrease) in cash and cash equivalents (D) = (A+B+C)</b>	<b>(2,826)</b>	<b>185</b>
Cash and cash equivalents at the beginning of the year (E)	6,994	6,805
Effect of movements in exchange rates on cash and cash equivalents (F)	(20)	4
<b>Cash and cash equivalents at the end of the year (G) = (D)+(E)+(F) (Refer Note 11)</b>	<b>4,148</b>	<b>6,994</b>

### Note:

#### 1. Reconciliation of liabilities from financing activities

Particulars	As at March 31, 2022	Proceeds	Payments	Non-cash movement*	As at March 31, 2023
Non-current borrowings (including current maturities)	20,193	9,009	(3,515)	110	25,797
Current borrowings	32,325	13,776	-	(143)	45,958
Interest on borrowings	88	-	(4,442)	4,683	329
Lease liabilities	499	-	(330)	145	314
<b>Total liabilities from financing activities</b>	<b>53,105</b>	<b>22,785</b>	<b>(8,287)</b>	<b>4,795</b>	<b>72,398</b>

#### Reconciliation of liabilities from financing activities

Particulars	As at March 31, 2021	Proceeds	Payments	Non-cash movement*	As at March 31, 2022
Non-current borrowings (including current maturities)	8,548	13,157	(1,573)	61	20,193
Current borrowings	11,263	20,798	-	264	32,325
Interest on borrowings	100	-	(2,612)	2,600	88
Lease liabilities	390	-	(320)	429	499
<b>Total liabilities from financing activities</b>	<b>20,301</b>	<b>33,955</b>	<b>(4,505)</b>	<b>3,354</b>	<b>53,105</b>

\* Non-cash movement for borrowings represents foreign currency translations and for lease liabilities represents additions to the leases.

2. Statement of Cash flows has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on Statement of Cash flows. Cash and cash equivalents in the Statement of Cash flows comprise cash in hand and balances with banks.

#### See accompanying notes forming part of the consolidated financial statements

As per our Report of even date attached

**For B S R and Co**  
Chartered Accountants  
(Firm Registration No. 128510W)

for and on behalf of the Board of Directors  
**NACL Industries Limited**  
CIN: L24219TG1986PLC016607

**Arpan Jain**  
Partner  
Membership No. 125710

**M. Pavan Kumar**  
Managing Director & CEO  
(DIN: 01514557)

**Raghavender Mateti**  
Director  
(DIN: 06826653)

Place : Hyderabad  
Date : May 22, 2023

Place : Hyderabad  
Date : May 22, 2023

**R.K.S. Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 1. General Information

NACL Industries Limited ("the Company" or "the Parent Company") is a Public Limited Company listed with the BSE Limited and National Stock Exchange of India Limited. The Company's registered office is at Plot No.12-A, "C"- Block, Lakshmi towers, Nagarjuna hills, Panjagutta, Hyderabad, Telangana, India - 500082.

The Company and five 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) 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 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 associate considered for consolidation:

Name of the Company	Relationship	Country of incorporation	Percentage of voting power as at March 31, 2023	Percentage of voting power as at March 31, 2022
LR Research Laboratories Private Limited	Subsidiary	India	100%	100%
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary	Australia	100%	100%
NACL Spec-Chem Limited	Subsidiary	India	100%	100%
NACL Multichem Private Limited	Subsidiary	India	100%	100%
Nasense Labs Private Limited	Associate	India	26%	26%
NACL Industries (Nigeria) Limited*	Subsidiary	Nigeria	100%	-

\* NACL Industries (Nigeria) Limited was incorporated on January 13, 2023. However equity infusion is yet to happen as of March 31, 2023.

### 2. Basis of preparation

#### a. Statement of compliance

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act, 2013 ('Act'). The consolidated financial statements are recommended for approval by the Audit Committee on May 22, 2023 and are approved for issue by the Company's Board of Directors on May 22, 2023. These consolidated financial statements are subjected to approval by the shareholders of the Company.

#### b. Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Item Basis	Measurement
Derivative Financial instruments	Fair Value
Non derivative financial instruments at FVTPL	Fair Value
Debt and equity securities at FVOCI	Fair Value
Net defined benefit (asset)/ liability	Fair Value of plan assets less the present value of the defined benefit obligation. (Note 3.8)

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 Group 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.

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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

fair value hierarchy as the lowest level input that is significant to the entire measurement.

For changes that have occurred between levels in the hierarchy during the year the Group re-assesses categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### c. Current/ Non-current classification

The Group classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when –

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group's normal operating cycle is twelve months.

#### d. Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded to the nearest Lakh, unless otherwise indicated.

#### e. 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.

#### A. 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:

##### Contingencies (refer note 31)

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 consolidated 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.

#### B. Assumptions and estimation uncertainties

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 (refer note 3.16)

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.

##### Refund liability (refer note 3.2)

The Group accepts sales returns as per the policy. Accruals for estimated product returns, which are based on historical experience of actual sales returns and adjustment on account of current market scenario is considered by Group to be reliable estimate of future sales returns.



## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### Measurement of Expected credit loss (ECL) allowance for trade receivables and other financial assets (refer note 3.18)

The Group uses practical expedient when measuring expected credit losses, which is based on a provision matrix that takes into account historical credit loss experience and is adjusted for current estimates.

### Provision for employee benefits (refer notes 3.8, 32)

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.

### Useful lives of Property, plant and equipment (refer note 3.13)

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by Management at the time the asset is acquired and is reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

### Claims, provisions and contingent liabilities (refer note 31)

If any ongoing litigations against the Group with various regulatory authorities and third parties, where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is disclosed in notes to the financial statements.

## 3. Significant accounting policies

### 3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all entities which are controlled by it. 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.

Items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries are combined like to like basis.

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.

The Group does not have any Non-controlling interests.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

### 3.2 Revenue recognition

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the group expects to receive in exchange for those goods. Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch/ delivery depending on the terms of contracts with customers. Revenue is also recognised where goods are ready as per customer request and pending dispatch at the instruction of the customer. In such cases, the products are separately identified as belonging to the customer and the group does not hold the right to redirect the product to another customer. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions,

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 3.3 Other income

- Dividend income from investments is recognised when the right to receive the payment is established.
- Interest income is recognised using the effective interest method. The effective interest rate 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.

### 3.4 Leases

The group's Right-of-use asset classes primarily consist of leases for warehouses and vehicles. The group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether: (i) the contract involves the use of an identified asset (ii) the group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the group has the right to direct the use of the asset.

At the date of commencement of the lease, the group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs plus any initial direct costs and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their

incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers.

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data related to sale returns. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other financial liabilities and the right to recover returned goods is included in other current assets. The Group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

At contract inception, since for most of the contracts it is expected that the period between the transfer of the promised goods or services to a customer and payment for these goods or services by the customer will be one year or less, practical expedient in Ind AS 115 have been applied and accordingly the Group does not adjust the promised amount of consideration for the effects of any significant financing component.

### Contract balances

**Contract assets:** The Group classifies its right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset where the right to consideration is unconditional upon passage of time.

**Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is received.

### Other operating revenue

Revenue from operations includes "Other Operating Revenue" which consists of export incentives, interest on overdue trade receivables, scrap and by-products sales.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same and the Group will comply with the conditions associated with the relevant scheme. Interest on overdue trade receivables is accrued on a time basis, by reference to the outstanding overdue trade receivables.

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carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate at the lease commencement date.

Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### 3.5 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.

### 3.6 Foreign currencies transactions and translations

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 translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

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

### Foreign operations

On consolidation, the assets and liabilities of foreign operations are translated into Indian rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for

consolidation are recognised in OCI and accumulated in the equity (as exchange differences on translating the financial statements of a foreign operation). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in Consolidated Statement of Profit or Loss.

### 3.7 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.

### 3.8 Employee benefits

#### Defined contribution plans

A defined contribution plan is a post-employment benefit plan where the Group's legal or constructive obligation is limited to the amount that it contributes to a separate legal entity. Contributions in respect of Employees Provident Fund, Employee's State Insurance scheme 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.

#### 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 by a qualified actuary.

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. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). Remeasurement recognised in other comprehensive

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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 the consolidated statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate determined by reference to market yields at the end of the reporting period on government bonds.

### Compensated absences

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. Compensated absences expected to be maturing after 12 months from the date of balance sheet are classified as non-current.

### 3.9 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, during the vesting 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.

### 3.10 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 earnings per share is computed by dividing the profit (considered in determination of basic earnings per share) after considering the effect of interest and other financing costs or income (net of attributable taxes) associated with dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per share adjusted for the weighted average number of equity shares that would have been issued upon conversion of all dilutive potential equity shares.

### 3.11 Taxation

Income tax expense comprises current tax expense and deferred tax expense. 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.

#### Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

#### Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits. 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.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will



## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

### 3.12 Statement of Cash flows and 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 / (loss) 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.

### 3.13 Property, plant and equipment

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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 which are qualifying assets as per Ind AS 23, Borrowing costs.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes materials cost and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

#### Transition to Ind AS

The cost property, plant and equipment at April 1, 2016, the Group's date of transition to Ind AS, was determined with reference to its carrying value recognised as per the previous GAAP (deemed cost), as at the date of transition to Ind AS.

#### Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

#### Depreciation

Depreciation is calculated on the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the statement of profit and loss. Depreciation on additions/(disposals) is provided on a pro-rata basis i.e. from/ (upto) the date on which asset is ready for use/ (disposed off).

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Asset	Management's estimate of useful life	Useful life as per Schedule II
Buildings	30 – 60 years	30 – 60 years
Plant and equipment	7 – 20 years	7 – 20 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years
Office equipment	5 years	5 years
Computers	3 years	3 years

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. Freehold Land is not depreciated.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are

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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.

### 3.14 Intangible assets

Intangible assets are measured on initial recognition at cost and subsequently are carried at cost less accumulated amortisation and accumulated 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 under development are carried at cost, comprising direct cost and related incidental expenses. Intangible assets under development are capitalised only when 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.

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.

#### Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and these future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other expenditure is recognised in profit or loss as incurred.

#### Amortisation

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:

- Computer software is amortised over a period of 3 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.

### 3.15 Impairment of Non-financial assets

The Group assesses at each reporting date whether there is an indication that non-financial asset (excluding inventories, contract assets and deferred tax assets)/ cash generating unit (CGU) may be impaired. If any indication exists the Group estimates the recoverable amount of such assets/ CGU and if carrying amount exceeds the recoverable amount, impairment is recognised.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount is the higher of the fair value less cost to sell and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect other assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.16 Inventories

Inventories are valued at lower of cost, calculated on "Weighted average" basis and net realisable value. Cost incurred in bringing each product to its present location and condition are accounted as follows:

Raw Materials, Packing Materials, Stores and Spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Finished goods and work-in-progress: Cost includes direct materials, labour and a proportion of manufacturing overheads based on the normal operating capacity, but excludes borrowing costs.

Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price of inventories less all the estimated costs of completion and the costs necessary to make the sale.

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in the production of finished products are not written down below cost except in cases when a decline in the price of materials indicates that the cost of the finished products shall exceed the net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

### 3.17 Contingent liabilities

Provisions are recognised only when there is a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation 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

Contingent asset is not recognised in consolidated financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

### 3.18 Financial Instruments

#### (i) Initial recognition and Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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. However, trade receivables that do not contain a significant financing component are measured at transaction price.

#### (ii) Subsequent Measurement

##### Non-derivative financial instruments:

##### a. Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost using the effective interest method if it is held with in 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. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

##### 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. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

##### 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,

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

hedge its risks associated with change in interest rates on the recognised liability.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk. These derivative contracts are stated at the fair value at each reporting date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit and loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to statement of profit and loss in the periods when the hedged item affects profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in statement of profit and loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in statement of profit and loss.

#### 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

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 within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### Derivative financial instruments:

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

#### 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.

#### Hedge accounting:

The Group designates derivative contracts in a cash flow hedging relationship by applying the hedge accounting principles designated in a hedging relationship, used to



## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

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 Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. 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.

### Impairment of 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 and 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 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 loss allowance (or reversal) during the year is recognised in the consolidated statement of profit and loss.

### 3.19 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.

### 3.20 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

#### Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its financial statements.

#### Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group does not expect this amendment to have any significant impact in its financial statements.

#### Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 4. Property, plant and equipment and capital work-in-progress

#### 4.1 Carrying amounts of:

Particulars	As at March 31, 2023	As at March 31, 2022
Freehold Land	2,512	2,508
Buildings	11,104	4,329
Plant and equipment	22,686	13,123
Furniture and fixtures	181	79
Vehicles	111	83
Office equipment	117	84
Computers	213	175
<b>Total</b>	<b>36,924</b>	<b>20,381</b>
Capital work-in-progress	5,526	10,456

#### 4.2 Reconciliation of carrying amount:

Particulars	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total	Capital work-in- progress
<b>Cost</b>									
<b>Balance as at March 31, 2021</b>	<b>2,508</b>	<b>6,329</b>	<b>38,895</b>	<b>629</b>	<b>172</b>	<b>272</b>	<b>624</b>	<b>49,429</b>	<b>2,846</b>
Add: Additions	-	466	3,415	19	3	52	121	4,076	11,076
Less: Disposals	-	-	77	1	11	5	29	123	3,466
<b>Balance as at March 31, 2022</b>	<b>2,508</b>	<b>6,795</b>	<b>42,233</b>	<b>647</b>	<b>164</b>	<b>319</b>	<b>716</b>	<b>53,382</b>	<b>10,456</b>
Add: Additions	4	7,047	11,722	124	52	59	128	19,136	13,660
Less: Disposals	-	-	1,705	11	18	23	116	1,873	18,590
<b>Balance as at March 31, 2023</b>	<b>2,512</b>	<b>13,842</b>	<b>52,250</b>	<b>760</b>	<b>198</b>	<b>355</b>	<b>728</b>	<b>70,645</b>	<b>5,526</b>

#### 4.3 Accumulated depreciation:

Particulars	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total	Capital work-in- progress
<b>Balance as at March 31, 2021</b>	-	<b>2,273</b>	<b>27,253</b>	<b>526</b>	<b>76</b>	<b>221</b>	<b>508</b>	<b>30,857</b>	-
Add: Depreciation	-	193	1,930	42	16	19	59	2,259	-
Less: Disposals	-	-	73	-	11	5	26	115	-
<b>Balance as at March 31, 2022</b>	-	<b>2,466</b>	<b>29,110</b>	<b>568</b>	<b>81</b>	<b>235</b>	<b>541</b>	<b>33,001</b>	-
Add: Depreciation	-	272	2,077	22	19	25	79	2,494	-
Less: Disposals	-	-	1,623	11	13	22	105	1,774	-
<b>Balance as at March 31, 2023</b>	-	<b>2,738</b>	<b>29,564</b>	<b>579</b>	<b>87</b>	<b>238</b>	<b>515</b>	<b>33,721</b>	-

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 4.4 Net Carrying amount:

Particulars	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total	Capital work-in-progress
Balance as at March 31, 2023	2,512	11,104	22,686	181	111	117	213	36,924	5,526
Balance as at March 31, 2022	2,508	4,329	13,123	79	83	84	175	20,381	10,456

#### Notes:

- Above includes opening gross block of ₹2,273 Lakh (March 31, 2022: ₹2,165 Lakh), additions amounting to ₹111 Lakh (March 31, 2022: ₹152 Lakh) and net block amounting to ₹999 Lakh (March 31, 2022: ₹925 Lakh) in respect of in-house research and development.
- Refer Note 16 for detail of Property, plant and equipment hypothecated or pledged.
- Refer Note 42 for disclosures relating to title deeds of immovable properties, benami properties and revaluation during the year.

### 4.5 Ageing for capital work-in-progress as at March 31, 2023 is as follows:

Particulars	Amount of Capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	3,359	2,167	-	-	5,526
Projects temporarily suspended	-	-	-	-	-

### CWIP Completion schedule for overdue projects as of March 31, 2023:

Particulars	Amount of capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Project 1	488	-	-	-	488
Project 2	47	-	-	-	47
Project 3	17	-	-	-	17

There are no other projects where completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2023.

### Ageing for capital work-in-progress as at March 31, 2022 is as follows:

Particulars	Amount of Capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	10,229	227	-	-	10,456
Projects temporarily suspended	-	-	-	-	-

There are no projects where completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2022.

## 4A. Right of use assets

### 4A.1 Carrying amounts of:

Particulars	As at March 31, 2023	As at March 31, 2022
Leasehold Land	2,839	2,870
Buildings	218	328
Vehicles	68	133
<b>Total</b>	<b>3,125</b>	<b>3,331</b>

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 4A.2 Reconciliation of carrying amount:

Particulars	Leasehold Land	Buildings	Vehicles	Total
<b>Carrying amount</b>				
Balance as at March 31, 2021	2,914	574	501	3,989
Add: Additions	-	364	-	364
Less: Derecognition of right-of-use assets*	-	396	150	546
Balance as at March 31, 2022	2,914	542	351	3,807
Add: Additions	-	140	-	140
Less: Derecognition of right-of-use assets*	-	165	61	226
Balance as at March 31, 2023	2,914	517	290	3,721

### 4A.3 Accumulated depreciation:

Particulars	Leasehold Land	Buildings	Vehicles	Total
Balance as at March 31, 2021	14	437	289	740
Add: Depreciation	30	173	79	282
Less: Derecognition of right-of-use assets*	-	396	150	546
Balance as at March 31, 2022	44	214	218	476
Add: Depreciation	31	208	65	304
Less: Derecognition of right-of-use assets*	-	123	61	184
Balance as at March 31, 2023	75	299	222	596

### 4A.4 Net Carrying amounts:

Particulars	Leasehold Land	Buildings	Vehicles	Total
Balance as at March 31, 2023	2,839	218	68	3,125
Balance as at March 31, 2022	2,870	328	133	3,331

\* Derecognition of the right-of-use assets is as a result of cancellation of the leases.

## 5. Other intangible assets and intangible assets under development (IAUD)

### 5.1 Carrying amounts of:

Particulars	As at March 31, 2023	As at March 31, 2022
Computer software	-	-
Developed products	190	109
<b>Total</b>	<b>190</b>	<b>109</b>
Intangible assets under development (IAUD)	1,542	1,179

### 5.2 Movement of intangible assets:

Particulars	Computer software	Developed products	Total	Intangible assets under development
<b>Cost</b>				
Balance as at March 31, 2021	379	1,357	1,736	799
Add: Additions	-	25	25	474
Less: Write off/ Disposals	-	597	597	94
Balance as at March 31, 2022	379	785	1,164	1,179
Add: Additions	-	187	187	650
Less: Write off/ Disposals	-	15	15	287
Balance as at March 31, 2023	379	957	1,336	1,542



## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 5.3 Accumulated amortisation:

Particulars	Computer software	Developed products	Total	Intangible assets under development
<b>Balance as at March 31, 2021</b>	<b>379</b>	<b>1,208</b>	<b>1,587</b>	-
Add: Amortisation	-	65	65	-
Less: Disposals	-	597	597	-
<b>Balance as at March 31, 2022</b>	<b>379</b>	<b>676</b>	<b>1,055</b>	-
Add: Amortisation	-	103	103	-
Less: Disposals	-	12	12	-
<b>Balance as at March 31, 2023</b>	<b>379</b>	<b>767</b>	<b>1,146</b>	-

### 5.4 Net Carrying amounts:

Particulars	Computer software	Developed products	Total	Intangible assets under development
<b>Balance as at March 31, 2023</b>	-	<b>190</b>	<b>190</b>	<b>1,542</b>
<b>Balance as at March 31, 2022</b>	-	<b>109</b>	<b>109</b>	<b>1,179</b>

### 5.5 Ageing for Intangible assets under development as at March 31, 2023 is as follows:

Particulars	Amount of intangible assets under development for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	592	355	341	254	1,542
Projects temporarily suspended	-	-	-	-	-

### Ageing for Intangible assets under development as at March 31, 2022 is as follows:

Particulars	Amount of intangible assets under development for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	452	441	77	209	1,179
Projects temporarily suspended	-	-	-	-	-

#### Note:

- (a) All IAUD require certain milestones to be achieved which include receipt of approvals from relevant authority. The age of respective IAUD is within the time period such milestones would take and accordingly, the management has considered that there are no delays in executing respective IAUD projects. Further, these IAUD projects have not exceeded the budgeted cost.
- (b) Refer note 36 for capitalisation of revenue expenditure.

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 6A. Investments accounted for using the equity method

Particulars	Nominal value	Number of shares	As at March 31, 2023	Number of shares	As at March 31, 2022
<b>Interests in associate</b>					
Nasense Labs Private Limited	₹10	61,27,513	1,403	61,27,513	1,262
<b>Total</b>			<b>1,403</b>		<b>1,262</b>

### 6B. Non-current investments

Particulars	Nominal value	Number of shares	As at March 31, 2023	Number of shares	As at March 31, 2022
<b>Other equity investment at fair value through other comprehensive income</b>					
<i>Unquoted</i>					
SVC Co-operative Bank Limited	₹25	100	*	100	*
<b>Total equity investments (A)</b>			<b>-</b>		<b>-</b>
<b>Investment in preference shares at fair value through other comprehensive income</b>					
<i>Unquoted</i>					
Nagaarjuna Shubho Green Technologies Private Limited 10% cumulative redeemable preference shares	₹100	5,00,000	1	5,00,000	1
<b>Total other investments (B)</b>			<b>1</b>		<b>1</b>
<b>Total (A) + (B)</b>			<b>1</b>		<b>1</b>
Aggregate value of unquoted investments			500		500
Aggregate amount of impairment in value of investments			(499)		(499)
Aggregate carrying value of unquoted investments			<b>1</b>		<b>1</b>

\*less than a Lakh

### 7. Other financial assets (refer note 40)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-current</b>		
Security deposits (refer note below)	685	412
Derivative assets	9	-
<b>Total</b>	<b>694</b>	<b>412</b>
<b>Current</b>		
Insurance claims receivable	-	323
Others	-	218
<b>Total</b>	<b>-</b>	<b>541</b>

#### Note:

Security deposits include rental deposit aggregating ₹70 Lakh (March 31, 2022: ₹75 Lakh) with Smt. K. Lakshmi Raju, Chairperson of the Parent Company.

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 8. Other assets

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-current</b>		
Capital advances	264	821
Advances other than capital advances:		
Balance with government authorities	70	75
Prepayments	22	33
<b>Total</b>	<b>356</b>	<b>929</b>
<b>Current</b>		
Advance to suppliers	1,137	426
Balance with government authorities	5,209	5,505
Prepayments	411	312
Export Incentive receivable	142	1,481
Right to recover returned goods (refer note 40)	653	503
Advance to employees	7	4
<b>Total</b>	<b>7,559</b>	<b>8,231</b>

### 9. Inventories

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials (refer note (i) below)	21,245	17,811
Work-in-progress	3,453	3,471
Finished goods (refer note (ii) below)	20,783	16,750
Stock-in-trade	1,321	1,284
Packing materials	1,014	690
Stores and spares	1,285	1,065
<b>Total</b>	<b>49,101</b>	<b>41,071</b>

#### Notes:

- Raw materials includes goods-in-transit of ₹6,919 Lakh (March 31, 2022: ₹1,393 Lakh)
- Finished goods written off during the year on account of expired stock aggregated to ₹100 Lakh (March 31, 2022: ₹15 Lakh)
- Refer Note 16 for details of Inventories hypothecated or pledged.

### 10. Trade receivables

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Current</b>		
(a) Considered good - Secured	952	698
(b) Considered good - Unsecured	76,977	52,727
(c) Credit impaired	-	-
	<b>77,929</b>	<b>53,425</b>
Less: Loss allowance	778	528
<b>Total</b>	<b>77,151</b>	<b>52,897</b>

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Of the above, trade receivables from related parties are as below:</b>		
Trade receivables due from related parties	381	1,184
Less: Loss allowance	-	166
<b>Net trade receivables</b>	<b>381</b>	<b>1,018</b>

Refer note 30 for terms and conditions of trade receivables owing from related parties.

(i) No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person.

(ii) Refer note 16 for details of trade receivables hypothecated or pledged.

(iii) Ageing for trade receivables - current outstanding as at March 31, 2023 is as follows:

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Trade receivables</b>							
Undisputed trade receivables – considered good	58,902	15,999	2,127	901	-	-	77,929
Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
	<b>58,902</b>	<b>15,999</b>	<b>2,127</b>	<b>901</b>	<b>-</b>	<b>-</b>	<b>77,929</b>
Less: Loss allowance	(185)	(160)	(145)	(288)	-	-	(778)
	<b>58,717</b>	<b>15,839</b>	<b>1,982</b>	<b>613</b>	<b>-</b>	<b>-</b>	<b>77,151</b>

Ageing for trade receivables - current outstanding as at March 31, 2022 is as follows:

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Trade receivables</b>							
Undisputed trade receivables – considered good	40,338	11,688	506	893	-	-	53,425
Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
	<b>40,338</b>	<b>11,688</b>	<b>506</b>	<b>893</b>	<b>-</b>	<b>-</b>	<b>53,425</b>
Less: Loss allowance	(73)	(86)	(38)	(331)	-	-	(528)
	<b>40,265</b>	<b>11,602</b>	<b>468</b>	<b>562</b>	<b>-</b>	<b>-</b>	<b>52,897</b>



## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 11. Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	5	7
Balances with banks		
in Current accounts	296	2,550
in Cash credit accounts	2,928	869
in Export earning foreign currency accounts	904	575
in demand deposit accounts with original maturity of less than 3 months	15	2,993
<b>Total</b>	<b>4,148</b>	<b>6,994</b>

### 12. Other bank balances (refer note 40)

Particulars	As at March 31, 2023	As at March 31, 2022
In other deposit accounts		
Term deposits with original maturity of more than 3 months but less than 12 months	-	173
In earmarked accounts		
Unclaimed dividend accounts (refer note (i) below)	57	36
Margin money / deposit [refer note (ii) below and note 39]	3,140	3,074
<b>Total</b>	<b>3,197</b>	<b>3,283</b>

#### Notes:

#### (i) Unclaimed dividend accounts

If the dividend has not been claimed within 30 days from the date of declaration, the Group is required to transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the Group with 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 bank guarantees issued by them.

### 13. Income tax

#### Income-tax assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Tax assets	466	474

#### Income-tax liabilities (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for tax	1,284	398
Less: Tax assets	-	-
<b>Income-tax liabilities (net)</b>	<b>1,284</b>	<b>398</b>

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 13.1 Tax expense

#### A. Income tax expense recognised in the statement of profit and loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Current tax</b>		
In respect of current year	3,634	2,691
Tax of earlier years	(59)	-
<b>Total (A)</b>	<b>3,575</b>	<b>2,691</b>
<b>Deferred tax</b>		
In respect of current year	(221)	(49)
<b>Total (B)</b>	<b>(221)</b>	<b>(49)</b>
<b>Total tax expense (A)+(B)</b>	<b>3,354</b>	<b>2,642</b>

#### B. Deferred tax expense recognised in the other comprehensive income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Deferred tax expense recognised directly in equity consists of:</b>		
Tax effect on actuarial gains/losses on defined benefit obligation	28	36
Tax effect on effective portion of profit / loss on designated portion of hedging instrument in a cash flow hedge	(8)	(22)
<b>Total</b>	<b>20</b>	<b>14</b>

#### C. Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Profit before tax</b>	<b>12,703</b>	<b>10,264</b>
Enacted rate in India	25.17%	25.17%
<b>Computed expected tax expense</b>	<b>3,197</b>	<b>2,583</b>
<b>Adjustments:</b>		
Effect of expenses that are not deductible in determining taxable profit	68	15
Tax of earlier years	(59)	-
Differences in tax rates	84	-
Others	64	44
<b>Income tax expense</b>	<b>3,354</b>	<b>2,642</b>
Effective tax rate	26.40%	25.74%

### 14. Equity share capital

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised share capital:</b>	25,00,00,000	2,500	25,00,00,000	2,500
Fully paid up equity shares of ₹1 each				
<b>Issued, subscribed and fully paid up capital</b>	19,88,41,843	1,988	19,83,07,464	1,983
Fully paid up equity shares of ₹1 each				
	<b>19,88,41,843</b>	<b>1,988</b>	<b>19,83,07,464</b>	<b>1,983</b>

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### Notes:

#### 14.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
<b>Balance at the beginning of the year</b>	<b>19,83,07,464</b>	<b>1,983</b>	<b>19,62,17,758</b>	<b>1,962</b>
Add: Issue of equity shares under Parent Company's employee stock option plan	5,34,379	5	5,09,706	5
Add: Issue of equity shares upon conversion of share warrants (Refer Note 14.8 below)	-	-	15,80,000	16
<b>Balance at the end of the year</b>	<b>19,88,41,843</b>	<b>1,988</b>	<b>19,83,07,464</b>	<b>1,983</b>

#### 14.2 Rights, preferences and restrictions attached to equity shares:

The Parent Company has only one class of issued, subscribed and fully paid up equity shares having a face value of ₹1 each per share. Each holder of equity shares is entitled to one vote per share. The dividend (other than interim dividend) proposed, if any, by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. 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 number of equity shares held by the shareholders.

#### 14.3 Shares held by holding/ultimate holding company (i.e., parent of the Group) and/or their subsidiaries/associates

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
KLR Products Limited (Holding Company)	11,36,23,500	1,136	11,36,23,500	1,136

#### 14.4 Details of Promoter shareholdings:

##### As at March 31, 2023

Promoter Name	No. of shares at the commencement of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
KLR Products Limited (Holding Company)	11,36,23,500	-	11,36,23,500	57.14%	-0.15%
Mrs. K. Lakshmi Raju	1,27,05,860	-	1,27,05,860	6.39%	-0.02%
Bright Town Investment Advisor Private Limited	5,86,499	-	5,86,499	0.29%	0.00%

##### As at March 31, 2022

Promoter Name	No. of shares at the commencement of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
KLR Products Limited (Holding Company)	11,36,23,500	-	11,36,23,500	57.30%	-0.61%
Mrs. K. Lakshmi Raju	1,11,25,860	15,80,000	1,27,05,860	6.41%	0.74%
Bright Town Investment Advisor Private Limited	5,86,499	-	5,86,499	0.30%	0.00%

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

#### 14.5 Details of shares held by each shareholder holding more than 5% of the aggregate shares in the Company:

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Number of shares held	% of shareholding	Number of shares held	% of shareholding
KLR Products Limited (Holding Company)	11,36,23,500	57.14%	11,36,23,500	57.30%
Mrs. K. Lakshmi Raju	1,27,05,860	6.39%	1,27,05,860	6.41%
Krishi Rasayan Exports Private Limited	1,56,25,000	7.86%	1,56,25,000	7.88%
Rajesh Kumar Agarwal and Atul Churiwal (jointly representing Agro Life Science Corporation, a registered Partnership Firm)	1,56,25,000	7.86%	1,56,25,000	7.88%

#### 14.6 Shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestment:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
Under Employee Stock Option Scheme - 2015 (11,50,000 equity shares of ₹1 each)	45,500	*	1,01,543	1
Under Employee Stock Option Scheme - 2020 (25,00,000 equity shares of ₹1 each)	14,86,665	15	15,80,001	16

\*less than a Lakh

#### 14.7 Nagarjuna Agrichem Limited-Employee Stock Option Scheme-2015

- The Parent Company set up the "Nagarjuna Agrichem Limited-Employee Stock Option Scheme-2015" (hereinafter referred to as "ESOS-2015") and earmarked 11,50,000 number of equity shares of ₹1 each for issue to employees. The plan was approved in financial year 2015-16 and is administered by the Compensation Committee of the Board of Directors.
- Under the ESOS-2015 scheme, options are granted to eligible employees at an exercise price, which shall not be less than the face value of the equity shares of the Company. These options vest over a period of one to five years and exercisable by the employees within two years of vesting.
- Summary of employee stock options:

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Number of options	Weighted- average exercise price	Number of options	Weighted- average exercise price
Options outstanding at the beginning of the year	1,01,543	8	2,01,250	8
Options forfeited / lapsed during the year	-	-	(10,203)	8
Options granted during the year	-	-	10,203	8
Options exercised during the year	(56,043)	8	(99,707)	8
Options outstanding at the end of the year	45,500	8	1,01,543	8
Options exercisable at the end of the year	-	-	6,340	8

#### iv) Fair value of shares granted during the year:

Options were priced using Black-Scholes Merton Options 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.



## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

The following assumptions were used for calculation of fair value of grants as per Black-Scholes Merton Options Pricing model:

Particulars	As at	
	March 31, 2023	March 31, 2022
Risk free Interest Rate (%)	4.32 - 6.70	4.32 - 6.70
Expected life (years)	6	6
Expected volatility (%)	64.18 - 68.51	64.18 - 68.51
Dividend yield (%)	0.50	0.50
Price of the underlying share in market at the time of the option grant (₹)		
-Grant 1	17	17
-Grant 2	18	18
-Grant 3	29	29
-Grant 4	28	28
-Grant 5	26	26
-Grant 6	40	40
-Grant 7	39	39
-Grant 8	90	90
Weighted average share price at the date of exercise	89	90
Range of fair value of options at the grant date	10.14 - 81.49	10.14 - 81.49
Exercise prices for options outstanding	8	8
Weighted average remaining contractual life (in years)		
-Grant 1	-	2.50
-Grant 2	-	-
-Grant 3	2.12	2.62
-Grant 4	2.99	3.46
-Grant 5	3.21	3.71
-Grant 6	-	-
-Grant 7	-	-
-Grant 8	-	2.84

### 14.7.1 "Nagarjuna Agrichem Limited-Employee Stock Option Scheme-2020"

- The Parent Company set up the "NACL Industries Limited-Employee Stock Option Scheme-2020" (hereinafter referred to as "ESOS-2020") and earmarked 25,00,000 number of equity shares of ₹1 each for issue to employees. The plan was approved in financial year 2020-21 and is administered by the Compensation Committee of the Board of Directors.
- Under the ESOS-2020 scheme, options are granted to eligible employees at an exercise price, which shall not be less than the face value of the equity shares of the Parent Company. These options vest over a period of one to four years and exercisable by the employees within one year of vesting.
- Summary of employee stock options:

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Number of options	Weighted- average exercise price	Number of options	Weighted- average exercise price
Options outstanding at the beginning of the year	15,80,001	41	16,50,000	29
Options granted during the year	5,20,000	66	4,10,000	76
Options forfeited / lapsed during the year	(1,35,000)	47	(70,000)	29
Options exercised during the year	(4,78,336)	29	(4,09,999)	29
Options outstanding at the end of the year	14,86,665	53	15,80,001	41
Options exercisable at the end of the year	96,667	29	66,668	29

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

- Fair value of shares granted during the year:

Options were priced using Black Scholes Merton Options 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 Merton Options Pricing model:

Particulars	As at	
	March 31, 2023	March 31, 2022
Risk free Interest Rate (%)	4.32 - 7.39	4.32 - 6.02
Expected life (years)	3 to 4	4
Expected volatility (%)	47.69 - 66.38	64.18 - 66.38
Dividend yield (%)	0.49	0.50
Price of the underlying share in market at the time of the option grant (₹)		
-Grant 1	39	39
-Grant 2	39	39
-Grant 3	77	77
-Grant 4	92	92
-Grant 5	81	81
-Grant 6	75	-
-Grant 7	88	-
-Grant 8	82	-
Weighted average share price at the date of exercise	89	92
Range of fair value of options at the grant date	28.36 - 45.81	15.32 - 54.32
Range of exercise prices for options outstanding	29 - 82	29 - 82
Weighted average remaining contractual life:		
-Grant 1	2.72	3.20
-Grant 2	3.07	3.54
-Grant 3	3.24	3.91
-Grant 4	3.61	4.33
-Grant 5	3.90	4.77
-Grant 6	4.07	-
-Grant 7	3.91	-
-Grant 8	5.00	-

For details of the related employee benefits expense, see Note 26 and for details of closing share options outstanding account liability, see Note 15.

### 14.8 Allotment of equity shares upon conversion of share warrants:

The Board of Directors and the Shareholders, in their meetings held on August 12, 2020 and September 07, 2020 respectively, approved inter-alia issuance of 5,000,000 share warrants (of face value of ₹1 each) on preferential basis to Mrs. K. Lakshmi Raju, Promoter (hereinafter referred to as "Investor") in accordance with Section 42 and 62(1)(c) of the Companies Act, 2013 read with Chapter V of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2018. Consequently, the Company allotted 5,000,000 Warrants during the financial year 2020-21 to the aforesaid Investor against receipt of 25% of Issued price of ₹39 per Warrant. i.e ₹ 9.75 per Warrant aggregating ₹488 Lakh.

During the previous year, warrant holder exercised their options of converting 1,580,000 warrants by submitting the necessary Warrant Exercise Application Form along with paying the balance consideration amount of ₹29.25 per warrant (i.e. 75% of the issue price) aggregating ₹463 Lakh). Accordingly, the Company has allotted 1,580,000 equity shares in the ratio of one Equity Share for each Warrant exercised, on April 8, 2021.

The total amount aggregating ₹463 Lakh has been utilised by the Company before the previous year end.

**14.9** No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the balance sheet date. No shares have been bought back during the period of five years immediately preceding the balance sheet date.

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 15. Other equity

Particulars	As at March 31, 2023	As at March 31, 2022
General reserve	4,175	4,175
Capital reserve	37	37
Securities premium	13,755	13,506
Reserve for equity instruments through other comprehensive income	(499)	(499)
Share warrants	-	-
Share Options Outstanding Account	222	159
Effective portion of cash flow hedges	23	(2)
Retained earnings	37,693	29,478
<b>Total</b>	<b>55,406</b>	<b>46,854</b>

#### 15.1 Other equity

Particulars	As at March 31, 2023	As at March 31, 2022
<b>General reserve</b>		
Opening balance	4,175	4,175
Change for the year	-	-
<b>Closing balance</b>	<b>4,175</b>	<b>4,175</b>
<b>Capital reserve</b>		
Opening balance	37	37
Change for the year	-	-
<b>Closing balance</b>	<b>37</b>	<b>37</b>
<b>Securities premium</b>		
Opening balance	13,506	12,687
Add: Amount received on exercise of employee stock options	138	122
Add: Amount transferred from Share options outstanding account	111	96
Add: Premium on allotment of equity shares upon conversion of share warrants	-	601
<b>Closing balance</b>	<b>13,755</b>	<b>13,506</b>
<b>Reserve for equity instruments through other comprehensive income</b>		
Opening balance	(499)	(499)
Change for the year	-	-
<b>Closing balance</b>	<b>(499)</b>	<b>(499)</b>
<b>Share warrants (Refer Note 14.8)</b>		
Opening balance	-	154
Allotment of equity shares upon conversion of share warrants	-	(154)
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Share Options Outstanding Account</b>		
Opening balance	159	71
Add: Change for the year	174	184
Less: Amount transferred to securities premium on exercise of employee stock options	111	96
<b>Closing balance</b>	<b>222</b>	<b>159</b>

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Effective portion of cash flow hedges</b>		
Opening balance	(2)	(66)
Change for the year	25	64
<b>Closing balance</b>	<b>23</b>	<b>(2)</b>
<b>Retained earnings</b>		
Opening balance	29,478	23,339
Add: Profit for the year	9,487	7,342
Add: Other comprehensive income arising from remeasurement of defined benefit obligation (net of taxes)	(81)	(115)
	38,884	30,566
Less: Dividends (Refer Notes below)	1,191	1,088
<b>Closing balance</b>	<b>37,693</b>	<b>29,478</b>
<b>Total</b>	<b>55,406</b>	<b>46,854</b>

#### Nature of reserves:

- General Reserves:** General reserve was created through an annual transfer of profits from retained earnings in accordance with applicable regulations. General reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.
- Capital reserve:** This represents capital subsidy received from government in earlier years for promotion of investment in backward areas.
- Security premium:** Security premium represents the amount received in excess of the face value of the equity shares. The utilisation of the security premium reserve is governed by the relevant provisions of the Companies Act, 2013 ("Act").
- 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.
- Share warrants:** This represents the moneys received against the share warrants.
- Share Options Outstanding Account:** This reserve relates to share options granted by the Company to its employees under its employee share option plans.
- Effective portion of cash flow hedge reserve:** When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction.
- Retained earnings:** Retained earnings represents the Company's undistributed earnings after taxes.

#### Notes:

- In respect of the year ended March 31, 2023, the Board of directors recommended a final dividend of ₹0.25 per share be paid on fully paid equity shares. The recommended 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. The total estimated amount to be paid with respect to dividend is ₹497 Lakh.  
  
In respect of the year ended Mar 31, 2022, the Board of directors recommended a final dividend of ₹0.15 per share be paid on fully paid equity shares, which was approved by the shareholders at the Annual General Meeting held on September 29, 2022. The total amount paid with respect to the final dividend of FY 21-22 in FY 22-23 was ₹298 Lakh.
- FY 2022-23: The Board of Directors in its meeting held on October 21, 2022 and on January 31, 2023 approved interim dividend of ₹0.30 and ₹0.15 per Equity Share of ₹1 each respectively. These amounts are paid within the financial year 2022-23.  
  
FY 2021-22: The Board of Directors in its meeting held on August 5, 2021, October 29, 2021 and on January 28, 2022 approved interim dividend of ₹0.10, ₹0.15 and ₹0.15 per Equity Share of ₹1 each respectively. These amounts are paid within the financial year 2021-22.



## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 16. Borrowings (refer note 40)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non current</b>		
<b>Secured - at amortised cost</b>		
Term loans		
from banks [refer note (a) below]	16,928	15,743
from financial institution [refer note (a) below]	3,417	1,500
<b>Total - non current</b>	<b>20,345</b>	<b>17,243</b>
<b>Current</b>		
<b>Secured - at amortised cost</b>		
Repayable on demand from banks [refer note (b) below]	45,958	32,325
Current maturities of non-current borrowings	5,452	2,950
Interest accrued but not due	329	88
<b>Total - current</b>	<b>51,739</b>	<b>35,363</b>

#### Notes:

#### (a) Terms of repayment of term loans

##### RBL Bank Limited

Particulars	As at March 31, 2023	As at March 31, 2022	Year of maturity
Term loan - External Commercial Borrowing	911	1,514	FY 2024-25

Secured by: first ranking pari-passu charge on present and future property, plant and equipments of the Parent Company, second ranking pari-passu charge on present and future stock and book debts of the parent company and is guaranteed by Smt. K. Lakshmi Raju, Director of the Parent Company.

Loan is denominated in foreign currency - USD 1,109,375 (March 31, 2022: USD 1,996,875) Repayable in 16 quarterly instalments starting from August 2020 and the last installment is being payable in May 2024.

Interest rate is determined based on 6 months London interbank offer rate (LIBOR) plus 400 basis points and is payable monthly. The same is hedged against variable to fixed rate swap contract for a fixed rate of 7.50% p.a. (March 31, 2022: 7.50% p.a.) with RBL Bank Limited.

##### RBL Bank Limited

Particulars	As at March 31, 2023	As at March 31, 2022	Year of maturity
Working Capital Term loan I - Rupee	3,147	4,196	FY 2025-26

Secured by: 100% guaranteed by National Credit Guarantee Trustee Company Limited (NCGTC), second ranking pari-passu charge on current assets and property, plant and equipments of the Parent Company, both present and future.

Repayable in 16 quarterly instalments starting from April 2022 and the last installment is being payable in January 2026.

Rate of interest 9.25% p.a. (March 31, 2022: 8.20% p.a.) (3 months Marginal Cost of Funds based Lending Rate (MCLR) plus 0.45% p.a.)

##### RBL Bank Limited

Particulars	As at March 31, 2023	As at March 31, 2022	Year of maturity
Term Loan - Rupee	1,167	1,833	FY 2024-25

Secured by: first ranking pari-passu charge on present and future property, plant and equipments of the Parent Company, second ranking pari-passu charge on present and future stock and book debts of the parent company and is guaranteed by Smt. K. Lakshmi Raju, Director of the Company.

Repayable in 12 quarterly instalments starting from March 2022 and the last installment is being payable in December 2024.

Rate of interest 9.60% p.a. (March 31, 2022: 7.95% p.a.) (6 months Marginal Cost of Funds based Lending Rate (MCLR) plus 0.10% p.a.)

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### RBL Bank Limited

Particulars	As at March 31, 2023	As at March 31, 2022	Year of maturity
Working Capital Term loan II - Rupee	1,934	1,934	FY 2027-28

Secured by: 100% guaranteed by National Credit Guarantee Trustee Company Limited (NCGTC), second ranking pari-passu charge on current assets and property, plant and equipments of the Parent Company, both present and future.

Repayable in 48 equal monthly instalments starting from April 2024 and the last installment is being payable in March 2028.

Rate of interest 9.25% p.a. (March 31, 2022: 7.95% p.a.) (3 months Marginal Cost of Funds based Lending Rate (MCLR) plus 0.30% p.a.)

### Bajaj Finance Limited

Particulars	As at March 31, 2023	As at March 31, 2022	Year of maturity
Term Loan - Rupee	1,500	2,250	FY 2024-25

Secured by: first ranking pari-passu charge on present and future property, plant and equipments of the Parent Company, second ranking pari-passu charge on present and future stock and book debts of the parent company.

Repayable in 16 quarterly instalments starting from April 2021 and the last installment is being payable in January 2025.

Rate of interest 9.80% p.a. (March 31, 2022: 10.45% p.a.) (1 year Marginal Cost of Funds based Lending Rate (MCLR) plus 3.50% p.a.)

### Bajaj Finance Limited

Particulars	As at March 31, 2023	As at March 31, 2022	Year of maturity
Term Loan - Rupee	4,000	-	FY 2025-26

Secured by: first ranking pari-passu charge on present and future property, plant and equipments of the Parent Company, second ranking pari-passu charge on present and future stock and book debts of the parent company.

Repayable in 12 quarterly instalments starting from June 2023 and the last installment is being payable in February 2026.

Rate of interest 9.60% p.a. (March 31, 2022: NA) (Repo plus 3.10% p.a.)

### HDFC Bank Limited

Particulars	As at March 31, 2023	As at March 31, 2022	Balance payment period
Term Loan - Rupee	9,726	8,466	FY 2027-28

Secured by: first ranking pari-passu charge on present and future fixed assets of the subsidiary company, second ranking pari-passu charge on present and future stock and book debts of the subsidiary company and financial guarantee from NACL Industries Limited, Parent Company.

Repayable in 22 quarterly instalments starting from December 2022 and the last installment is being payable in March 2028.

Rate of interest 10.35% p.a. (March 31, 2022: 8.25% p.a.) (linked to 3 months Repo plus 4.25% p.a.)

### Axis Bank Limited

Particulars	As at March 31, 2023	As at March 31, 2022	Balance payment period
Term Loan - Rupee	3,412	-	FY 2027-28

Secured by: first ranking pari-passu charge on present and future fixed assets of the subsidiary company, second ranking pari-passu charge on present and future stock and book debts of the subsidiary company and financial guarantee from NACL Industries Limited, Parent Company.

Repayable in 22 quarterly instalments from December 2022 and the last installment is being payable in March 2028.

Rate of interest 10.35% p.a. (linked to 3 months Repo plus 4.25% p.a.)

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### (b) Loans repayable on demand:

Loans repayable on demand from banks (includes Cash Credit Facilities, Working capital demand loan and packing credit foreign currency facilities, buyers credit availed under non fund based limits) from HDFC Bank Limited, SVC Co-operative Bank Limited, RBL Bank Limited, Karnataka Bank Limited, Shinhan Bank Limited, Axis Bank Limited, Bandhan Bank Limited, Bank of Bahrain and Kuwait B.S.C., SBM Bank (India) Limited, Yes Bank Limited and Kotak Mahindra Bank Limited are secured by way of hypothecation of current assets comprising stock in trade, book debts and stores and spares, of parent company's, both present and future. The aforesaid facilities are further secured by second charge on the Parent Company's immovable and movable properties, both present and future, ranking pari-passu with other working capital lenders. The facilities availed from the Karnataka Bank Limited are guaranteed by Smt. K. Lakshmi Raju, Director of the Parent Company.

Rate of interest on Rupee loans repayable on demand is in the range of 5.75% to 9.75% p.a. (March 31, 2022: 5.75% to 8.75% p.a.)

Subsidiary loans repayable on demand from banks (includes Cash Credit Facilities and buyers credit availed under non fund based limits) from Axis 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 movable properties, both present and future and financial guarantee from NACL Industries Limited, Holding Company.

Rate of interest on Rupee loans repayable on demand is 9.70% p.a.

### 17. Other financial liabilities (refer note 40)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non current</b>		
Derivative liabilities	-	24
<b>Total - non current</b>	-	<b>24</b>
<b>Current</b>		
Payable on purchase of property, plant and equipment	1,341	1,680
Trade deposits from dealers	1,423	1,164
Insurance claim received (refer note 39)	2,926	2,926
Amounts due to customers	1,876	2,033
Unclaimed dividend (refer note below)	57	36
<b>Total - current</b>	<b>7,623</b>	<b>7,839</b>

#### Note:

There are no amounts of unclaimed dividend due for remittance to the Investor Education & Protection Fund.

### 18. Provisions (refer note 32)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non current</b>		
Gratuity liability	717	594
Compensated absences	606	445
<b>Total - non current</b>	<b>1,323</b>	<b>1,039</b>
<b>Current</b>		
Gratuity liability	159	121
Compensated absences	242	160
<b>Total - current</b>	<b>401</b>	<b>281</b>

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 19. Deferred tax assets and liabilities (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax liabilities (net)	915	1,013
Deferred tax assets (net)	(144)	-

#### The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Deferred tax liabilities</b>		
Property, plant and equipment	185	-
<b>Deferred tax assets:</b>		
Employee related provisions	(3)	-
Business loss and unabsorbed depreciation carried forward	(326)	-
	<b>(329)</b>	-
<b>Deferred tax assets (net)</b>	<b>(144)</b>	-
Deferred tax liabilities		
Property, plant and equipment	1,692	1,653
Others	2	-
<b>Deferred tax assets</b>		
Employee related provisions	(460)	(359)
Loss allowances on trade receivables	(196)	(133)
Leases	(7)	(9)
Investments in preference shares measured at FVTOCI	(116)	(116)
Others	-	(23)
	<b>(779)</b>	<b>(640)</b>
<b>Deferred tax liabilities (net)</b>	<b>915</b>	<b>1,013</b>

#### Movement in deferred tax assets and liabilities for the year ended March 31, 2023

Particulars	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax liabilities:</b>				
Property, plant and equipment	-	185	-	185
<b>Deferred tax assets:</b>				
Employee related provisions	-	(3)	-	(3)
Business loss and unabsorbed depreciation carried forward	-	(326)	-	(326)
	-	<b>(329)</b>	-	<b>(329)</b>
<b>Deferred tax assets (net)</b>	-	<b>(144)</b>	-	<b>(144)</b>
<b>Deferred tax liabilities:</b>				
Property, plant and equipment	1,653	39	-	1,692
Others	-	-	2	2
<b>Deferred tax assets:</b>				
Employee related provisions	(359)	(73)	(28)	(460)
Loss allowances on trade receivables	(133)	(63)	-	(196)
Leases	(9)	2	-	(7)
Investments in preference shares measured at FVTOCI	(116)	-	-	(116)
Others	(23)	17	6	-
	<b>(640)</b>	<b>(117)</b>	<b>(22)</b>	<b>(779)</b>
<b>Deferred tax liabilities (net)</b>	<b>1,013</b>	<b>(78)</b>	<b>(20)</b>	<b>915</b>



## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### Movement in deferred tax assets and liabilities for the year ended March 31, 2022

Particulars	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax liabilities:</b>				
Property, plant and equipment	1,623	30	-	1,653
<b>Deferred tax assets:</b>				
Employee related provisions	(316)	(7)	(36)	(359)
Loss allowances on trade receivables	(74)	(59)	-	(133)
Leases	(10)	1	-	(9)
Investments in preference shares measured at FVTOCI	(116)	-	-	(116)
Others	(31)	(14)	22	(23)
	<b>(547)</b>	<b>(79)</b>	<b>(14)</b>	<b>(640)</b>
<b>Deferred tax liabilities (net)</b>	<b>1,076</b>	<b>(49)</b>	<b>(14)</b>	<b>1,013</b>

**Note:** There are no unrecognised deferred tax assets and liabilities as at March 31, 2023 and March 31, 2022.

### 20. Trade payables (refer note 40)

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues to micro enterprises and small enterprises	5,029	1,891
Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note (ii) below)	43,422	35,470
<b>Total</b>	<b>48,451</b>	<b>37,361</b>
Of the above trade payables amounts due to related parties are as below:		
Trade Payables due to related parties	1,753	3,515

#### Notes:

- The average credit period on purchases ranges from 90 days - 120 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.
- The dues above include acceptances against the letter of credit issued to bank amounting to ₹4,234 Lakh as at March 31, 2023 (March 31, 2022: ₹6,537 Lakh).
- Ageing for trade payables outstanding as at March 31, 2023 is as follows:

Particulars	Unbilled dues	Not due	Outstanding for the following periods from the due date of payment				Total
			Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Micro enterprises and small enterprises	-	3,685	1,344	-	-	-	5,029
Others	1,091	30,830	11,501	-	-	-	43,422
Disputed - Micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>1,091</b>	<b>34,515</b>	<b>12,845</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,451</b>

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

Ageing for trade payables outstanding as at March 31, 2022 is as follows:

Particulars	Unbilled dues	Not due	Outstanding for the following periods from the due date of payment				Total
			Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Micro enterprises and small enterprises	-	1,891	-	-	-	-	1,891
Others	1,078	31,599	2,721	15	1	56	35,470
Disputed - Micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>1,078</b>	<b>33,490</b>	<b>2,721</b>	<b>15</b>	<b>1</b>	<b>56</b>	<b>37,361</b>

### 21. Other current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Advances from customers	701	1,082
Statutory payables	1,037	572
<b>Total</b>	<b>1,738</b>	<b>1,654</b>

### 22. Revenue from operations (refer note 40)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of products [refer note (A) below]	2,09,700	1,59,779
Other operating revenue [refer note (D) below]	1,851	3,556
<b>Total</b>	<b>2,11,551</b>	<b>1,63,335</b>

#### Notes:

#### (A) Revenue for the year ended March 31, 2023 and March 31, 2022 includes:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of manufactured products	2,05,474	1,56,552
Sale of traded products	4,226	3,227
<b>Total</b>	<b>2,09,700</b>	<b>1,59,779</b>

#### (B) Reconciliation of revenue from sale of products with the contracted price:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Revenue from contracts with customers as per the contracted price</b>	<b>2,32,965</b>	<b>1,74,907</b>
Adjustments made to contracted price on account of :-		
a. Rebates/ incentives/ discounts	(16,922)	(12,914)
b. Sales returns	(6,343)	(2,214)
<b>Total Revenue from contracts with customers</b>	<b>2,09,700</b>	<b>1,59,779</b>

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### (C) Disaggregation of revenue information:

The table below presents disaggregated revenues from contracts with customers by customers and geography. The Group believes that the this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Manufactured Products</b>		
Domestic		
Dealer sales	79,529	62,624
Institutional sales	41,569	33,879
Exports		
Institutional sales	84,376	60,049
<b>Total Manufactured Products</b>	<b>2,05,474</b>	<b>1,56,552</b>
<b>Traded Products</b>		
Domestic		
Dealer sales	4,226	3,227
<b>Total Traded Products</b>	<b>4,226</b>	<b>3,227</b>
<b>Total Sales</b>	<b>2,09,700</b>	<b>1,59,779</b>

### (D) Other operating revenue

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest on overdue trade receivables	1,091	699
Sale of by-products	420	1,726
Export incentives	196	1,000
Scrap sales	144	131
<b>Total</b>	<b>1,851</b>	<b>3,556</b>

### (E) Contract balances

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables, net	77,151	52,897
Contract liabilities (Advances from customers)	701	1,082

The amount of ₹1,082 Lakh included in contract liabilities at March 31, 2022 has been recognised as revenue during the year ended March 31, 2023 (March 31, 2022: ₹781 Lakh)

No information is provided about remaining performance obligations at March 31, 2023 or at March 31, 2022 that have an original expected duration of one year or less, as allowed by Ind AS 115.

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 23. Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income under the effective interest method:		
- Bank deposits	196	167
Unwinding of discount on deposits	11	8
Other non-operating income:		
Insurance claims	4	326
Trade receivables written off, recovered	100	70
Liabilities/ provisions no longer required written back	15	346
Net gain on foreign currency transactions and translations	398	276
Miscellaneous income	275	149
<b>Total</b>	<b>999</b>	<b>1,342</b>

### 24. Cost of materials consumed

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Raw material consumption	1,50,476	1,16,229
Packing material consumption	8,689	7,538
<b>Total</b>	<b>1,59,165</b>	<b>1,23,767</b>

### 25. Changes in inventories of finished goods, work in progress and stock-in-trade

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Opening balance</b>		
Work-in-progress	3,471	2,245
Finished goods	16,750	8,483
Stock-in-trade	1,284	660
<b>Total opening balance</b>	<b>21,505</b>	<b>11,388</b>
<b>Closing balance</b>		
Work-in-progress	3,453	3,471
Finished goods	20,783	16,750
Stock-in-trade	1,321	1,284
<b>Total closing balance</b>	<b>25,557</b>	<b>21,505</b>
(Increase)/ Decrease in Work-in-progress inventory	18	(1,226)
(Increase) in Finished goods inventory	(4,033)	(8,267)
(Increase) in Stock-in-trade inventory	(37)	(624)
<b>Total increase in inventories</b>	<b>(4,052)</b>	<b>(10,117)</b>



## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 26. Employee benefits expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	10,273	8,436
Contribution to provident and other funds (Refer note 32)	834	686
Employee share based payments	174	184
Staff welfare expenses	896	702
<b>Total</b>	<b>12,177</b>	<b>10,008</b>

Note: Refer note 36 for capitalisation of salary cost to Intangible assets under development.

### 27. Finance costs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expense on financial liabilities measured at amortised cost	3,238	1,781
Other interest expenses	329	240
Interest expense on lease liabilities	50	65
Interest expense on financial assets measured at amortised cost	13	11
Other borrowing costs	1,103	568
<b>Total</b>	<b>4,733</b>	<b>2,665</b>

### 28. Depreciation and amortisation expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment (Refer Note 4)	2,494	2,259
Add: Depreciation of Right of use assets (Refer Note 4A)	304	282
Add: Amortisation of intangible assets (Refer Note 5)	103	65
	<b>2,901</b>	<b>2,606</b>
Less: Depreciation capitalised during the year	86	110
<b>Total</b>	<b>2,815</b>	<b>2,496</b>

### 29. Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Consumption of stores and spare parts	1,276	1,213
Repairs and maintenance		
Buildings	246	135
Plant and machinery	766	554
Others	49	51
Other manufacturing costs	1,569	1,584
Power and fuel	5,844	4,784
Rent	139	138
Rates and taxes	114	66
Communication expenses	82	79

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Travel and conveyance	1,212	698
Legal and professional charges	641	470
Insurance	396	348
Directors' sitting fees	27	22
Auditors' remuneration	73	55
Product development expenses	110	69
Trade receivables written off	457	767
Reversal of loss allowance on trade receivables	(452)	(337)
Loss allowance on trade receivables	702	572
Royalty	1,222	723
Marketing expenses	1,701	1,192
Freight outward	2,654	3,517
Net loss on disposal of property, plant and equipment	89	4
Intangible assets and intangible assets under development written off	104	69
Corporate social responsibility expenses	133	59
Miscellaneous expenses	1,227	1,222
<b>Total</b>	<b>20,381</b>	<b>18,054</b>

Note: Refer note 36 for capitalisation of other expenses to Intangible assets under development.

### 30. Related party disclosures :

#### Parent and ultimate controlling party:

The company's parent company is KLR Products limited and the ultimate controlling party is Mrs. K. Lakshmi Raju for the year ended March 31, 2023 and March 31, 2022.

#### (i) Details of subsidiaries and associate:

Names	Nature of relationship	Country of incorporation	Percentage of holding as at	
			March 31, 2023	March 31, 2022
LR Research Laboratories Private Limited	Subsidiary	India	100%	100%
NACL Spec-Chem Limited	Subsidiary	India	100%	100%
NACL Multi-Chem Private Limited	Subsidiary	India	100%	100%
Nagarjuna Agrichem (Australia) Pty Limited, Australia	Subsidiary	Australia	100%	100%
NACL Industries (Nigeria) Limited *	Subsidiary	Nigeria	100%	-
Nasense Labs Private Limited	Associate	India	26%	26%

\* Incorporated on January 13, 2023

#### (ii) Details of other related parties:

Name	Nature of relationship
Bright Town Investment Advisor Private Limited	A company in which a KMP has significant influence
Krishi Rasayan Exports Private Limited	A company in which a KMP has significant influence
Agro Life Sciences Corporation	A company in which a KMP has significant influence
Agma Energy Private Limited	A company in which a KMP has significant influence

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### (iii) Key Managerial Personnel (KMP) :

Name	Designation
Mr. M. Pavan Kumar	Managing Director and Chief Executive Officer
Mr. C. Varada Rajulu*	Whole time Director
Mr. R.K.S. Prasad	Chief Financial Officer (CFO)
Mr. Satish Kumar Subudhi	Company Secretary (CS)
Mrs. K. Lakshmi Raju	Chairperson (Director)
Mr. Sudhakar Kudva	Independent Director
Mr. Raghavender Mateti	Independent Director
Mr. N. Vijayaraghavan	Non- Executive Director
Mr. Ramkrishna Mudholkar	Independent Director
Mr. Sambasiva Rao Nannapaneni	Independent Director
Ms. Veni Mocherla	Independent Director
Mr. Atul Churiwal	Investor Nominee Director
Mr. Rajesh Kumar Agarwal	Investor Nominee Director

\* Appointed with effect from June 24, 2022

### (B) Transactions during the year :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>(i) Sales</b>		
a. Krishi Rasayan Exports Private Limited	726	2,747
b. Agro Life Sciences Corporation	64	360
<b>(ii) Purchases</b>		
a. Nasense Labs Private Limited	190	80
b. Krishi Rasayan Exports Private Limited	3,286	5,258
c. Agro Life Sciences Corporation	-	1,236
d. Agma Energy Private Limited	306	297
<b>(iii) Dividend paid</b>		
a. KLR Products Limited	682	625
b. Krishi Rasayan Exports Private Limited	94	86
c. Agro Life Sciences Corporation	94	86
d. Bright Town Investment Advisor Private Limited	4	3
<b>(iv) Transaction with Key Managerial Personnel</b>		
a. Rent paid	146	170
b. Sitting fees	27	22
c. Proceeds on conversion of share warrants to equity shares	-	463
d. Dividend paid	76	70
e. Security deposit given / (refunded)	(5)	3
f. Short-term employee benefits	555	302
g. Share-based payments	27	20
<b>(ix) Loss allowance on trade receivables</b>		
a. Nasense Labs Private Limited	(166)	166

#### Notes:

- All transactions with these related parties are entered in the normal course of business and are on arm's length basis.
- The managerial personnel are covered by the Group's gratuity policy and are eligible for leave encashment along with the other employees of the Group. The proportionate amount of these Post-employment benefits and other long term benefit payments are not shown separately as these obligations are determined on an actuarial basis for the Group as a whole.

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### (C) Outstanding balances as at the year end

Particulars	As at March 31, 2023	As at March 31, 2022
<b>(i) Trade receivables</b>		
a. Nasense Labs Private Limited	108	332
b. Krishi Rasayan Exports Private Limited	198	571
c. Agro Life Sciences Corporation	75	281
<b>(ii) Trade payables</b>		
a. Krishi Rasayan Exports Private Limited	1,578	2,782
b. Agro Life Sciences Corporation	-	563
c. Agma Energy Private Limited	175	170
<b>(iii) Security deposits</b>		
a. Mrs. K. Lakshmi Raju	70	75
<b>(iv) Investments</b>		
a. Nasense Labs Private Limited	816	816
<b>(v) Loss allowance on trade receivables</b>		
a. Nasense Labs Private Limited	-	166

#### Transfer pricing:

In accordance with the applicable provisions of the Income Tax Act, 1961, the Company is required to use certain specified methods in assessing that the transactions with the related parties, are carried at an arm's length price and is also required to maintain prescribed information and documents to support such assessment. The appropriate method to be adopted will depend on the nature of transactions / class of transactions, class of associated persons, functions performed and other factors as prescribed. Based on certain internal analysis carried out, management believes that transactions entered into with the related parties were carried out at arms length prices. The Company is in the process of carrying out the transfer pricing study for the financial year ended March 31, 2023. In opinion of the management, the same would not have an impact on these financial statements. Accordingly, these financial statements do not include the effect of the transfer pricing implications, if any.

### 31. Contingent liabilities and Capital Commitments

#### A. Contingent Liabilities

S.No. Particulars	As at	
	March 31, 2023	March 31, 2022
(i) Claims against the Group not acknowledged as debts in respect of the matters under dispute:		
Excise duty (refer note (a) below)	29	29
Service tax (refer note (b) below)	15	15
Income tax (refer note (c) below)	608	606
Sales tax (refer note (d) below)	94	101
Goods and Service tax (refer note (e) below)	31	31
Export benefits (MEIS) (refer note (f) below)	1,231	1,032
(ii) Others (refer note (g) below)	141	141
<b>Total</b>	<b>2,149</b>	<b>1,955</b>

#### Notes:

- The Group has disputed various demands raised by excise duty authorities for the Financial years 2004-05 to 2006-07 and 2008-09 which are pending at various stages of appeals. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.



## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

- (b) The Group has disputed various demands raised by service tax authorities for the Financial years 2006-07 to 2010-11, which are pending at various stages of appeals. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- (c) The Group has disputed various demands raised by income tax authorities for the assessment years 2004-05 to 2007-08; 2009-10 and 2016-17 to 2018-19 which are pending at various stages of appeals. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- (d) The Group has disputed various demands raised by sales tax authorities for the financial years 2009-10 to 2017-18, which are pending at various stages of appeals. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- (e) The Group has disputed various demands raised by Goods and Service Tax authorities for the financial year 2017-18 and 2019-20, which are pending at various stages of appeals. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- (f) The Company has disputed the demands raised by Director general of foreign trade (DGFT) office for the excess exports benefits availed by the company for earlier years and these are pending at appeal stage. The company has also disputed the penalty levied by the Office of the Commissioner of Customs (Adjudication) in respect of the same matter and the appeal is pending before Customs, Excise and Service Tax Appellate Tribunal (CESTAT). The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- (g) 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 Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

### B. Commitments

S.No. Particulars	As at March 31, 2023	As at March 31, 2022
(i) Estimated amount of contracts, remaining to be executed on capital account and not provided for (net of advance)	572	367
<b>Total</b>	<b>572</b>	<b>367</b>

### 32. Defined benefit plans

#### a) 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 Group'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 ₹658 Lakh (March 31, 2022: ₹564 Lakh).

##### - Gratuity (funded):

Amount recognised in statement of profit and loss in respect of gratuity ₹176 Lakh (March 31, 2022: ₹122 Lakh).

#### b) Gratuity

In accordance with the 'Payment of Gratuity Act, 1972' of India, the Group, 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 for 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. These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. The gratuity plan is funded. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan and the group contributes to LIC.

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

Amounts recognised in statement of profit and loss in respect of these defined benefit i.e. Gratuity plans are as follows:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	128	91
Net interest expense	49	31
<b>Components of defined benefit costs recognised in statement of profit or loss</b>	<b>177</b>	<b>122</b>
Re-measurement on the net defined benefit liability:		
- Return on plan assets (greater)/less than discount rate	-	(1)
- Actuarial losses arising from Demographic Assumptions	33	-
- Actuarial gains arising from experience adjustments	(100)	176
- Actuarial losses arising from changes in financial assumptions	179	(32)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>112</b>	<b>143</b>
<b>Total</b>	<b>289</b>	<b>265</b>

### Defined Benefit Obligation (DBO)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Present value of DBO at the beginning of the year	989	804
Current service cost	128	91
Interest cost	68	52
Actuarial losses arising from Demographic Assumptions	33	-
Actuarial gains arising from experience adjustments	(100)	176
Actuarial losses arising from changes in financial assumptions	179	(32)
Benefits paid	(120)	(102)
<b>Present value of DBO at the end of the year</b>	<b>1,177</b>	<b>989</b>

### Fair value of plan assets

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Fair value of plan assets at the beginning of the year	274	350
Interest income	19	21
Employer contributions	128	4
Benefits paid	(120)	(102)
Return on plan assets (greater)/less than discount rate	-	1
<b>Present value of plan assets at the end of the year</b>	<b>301</b>	<b>274</b>

### Plan assets

Particulars	As at March 31, 2023	As at March 31, 2022
Investment with Life insurance corporation of India	100%	100%

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### Amounts recognised in the Balance Sheet

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of DBO at the end of the year	1,177	989
Fair value of plan assets at the end of the year	301	274
<b>Funded status of the plans – liability</b>	<b>876</b>	<b>715</b>
<b>Liability recognised in the Balance Sheet</b>	<b>876</b>	<b>715</b>
Non current	717	594
Current	159	121

### Assumptions

Particulars	Gratuity plan	
	As at March 31, 2023	As at March 31, 2022
Discount rate	7.50%	7.32%
Expected rate of salary increase	6.00%	3.00%
Attrition rate	8%	1% to 3%
Retirement age	58 years	58 years
Mortality table	Mortality Rate (as % of IALM (2012-14) Ult. Mortality Table)	

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	1,177	0.00%
Salary escalation - up by 1%	1,245	6.33%
Salary escalation - down by 1%	1,103	-5.80%
Attrition rate - up by 1%	1,175	0.33%
Attrition rate - down by 1%	1,167	-0.37%
Discount rate - up by 1%	1,109	-5.32%
Discount rate - down by 1%	1,241	5.95%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### Expected maturity analysis of cash flows on an undiscounted basis

Particulars	As at March 31, 2023	As at March 31, 2022
Duration of Defined Benefit Obligations		
Within 1 year	161	121
Year 2	171	87
Year 3	147	113
Year 4	133	98
Year 5	132	98
> 5 years	1,248	456

Expected contribution to the post employee benefits plan during the next financial year is expected to be ₹160 Lakh (March 31, 2022: ₹120 Lakh)

The weighted average duration of the defined benefit obligation is 6.62 years (March 31, 2022: 7.97 years)

### (c) Compensated absences:

The Group provides compensated absences benefits to the employees of the Group which can be carried forward to future years. Since the compensated absences do not fall due wholly within twelve months after the end of the year in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of the year, the benefit is classified as a long-term employee benefit. During the year ended March 31, 2023, the Group has incurred an expense on compensated absences amounting to ₹409 Lakh (March 31, 2022: ₹213 Lakh). The Group determines the expense for compensated absences basis the actuarial valuation of the present value of the obligation, using the Projected Unit Credit Method.

## 33. Financial instruments

### 33.1 Capital management

The Group'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 Group ensures optimal credit risk profile to maintain/enhance credit rating. The Group 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 Group 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, 2023	As at March 31, 2022
Non-current borrowings	20,345	17,243
Current borrowings including current maturities of non-current borrowings	51,739	35,363
Cash and cash equivalents	(4,148)	(6,994)
<b>Net debt (Refer note (i) below)</b>	<b>67,936</b>	<b>45,612</b>
Equity (Refer note (ii) below)	57,394	48,837
<b>Net debt to equity ratio</b>	<b>1.18</b>	<b>0.93</b>

### Notes:

- Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.
- Equity includes issued equity capital, securities premium and all other reserves.



## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 33.2 Financial instruments by category

Particulars	As at March 31, 2023			As at March 31, 2022		
	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
<b>Financial assets</b>						
Investments in preference shares	-	1	-	-	1	-
Other financial assets	685	-	-	953	-	-
Derivative financial asset	-	9	-	-	-	-
Trade receivables	77,151	-	-	52,897	-	-
Cash and cash equivalents	4,148	-	-	6,994	-	-
Other bank balances	3,197	-	-	3,283	-	-
<b>Total</b>	<b>85,181</b>	<b>10</b>	<b>-</b>	<b>64,127</b>	<b>1</b>	<b>-</b>
<b>Financial liabilities</b>						
Borrowings (refer note (i) below)	72,084	-	-	52,606	-	-
Lease liabilities	314	-	-	499	-	-
Derivative financial liability	-	-	-	-	24	-
Other financial liabilities	7,623	-	-	7,839	-	-
Trade payables	48,451	-	-	37,361	-	-
<b>Total</b>	<b>1,28,472</b>	<b>-</b>	<b>-</b>	<b>98,305</b>	<b>24</b>	<b>-</b>

#### Notes:

- (i) Borrowings include non-current and current borrowings (Refer Note 16)
- (ii) The management assessed that fair value of cash and cash equivalents, trade receivables, other current financial assets, trade payables, current 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. For non-current borrowings, the valuation model considers the present value of expected payments discounted using the borrowing rate provided by the banks/ financial institutions. The own non-performance risk was assessed to be insignificant.
- (iii) Investments (unquoted) are measured at fair value through initial designation in accordance with Ind-AS 109.

### 33.3 Fair Value by hierarchy

#### Valuation technique and key inputs

##### Level 1

Quoted prices (unadjusted) in an active market 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).

Quantitative disclosures of fair value measurement hierarchy-Level 2 for financial instruments.

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Financial Liabilities</b>		
Derivative financial liability	-	24
Derivative financial asset	9	-

The Group enters into derivative financial instruments with various counterparties principally, banks with investment grade credit ratings. Foreign exchange forward contracts and interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, etc. As at March 31, 2023 the mark-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had insignificant impact on the hedge effectiveness assessment for derivatives designated in hedge relationships.

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 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, 2023	As at March 31, 2022
<b>Financial Assets</b>		
Unquoted preference shares	1	1

The fair values of the unquoted preference 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 preference investments.

#### Valuation inputs and relationships to fair value:

The following table summarises the valuation technique used in measuring the fair value of the financial instruments, as well as the significant unobservable inputs used. The total value of investments in unquoted preference shares are not material. Hence quantitative disclosures are not disclosed.

Particulars	Significant-unobservable inputs	Valuation process	Sensitivity of the inputs to fair value
Investment in unquoted preference shares	Earnings growth rate	i) Earnings growth factor for unlisted preference 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 Group would be able to borrow funds on similar terms.	Any increase in discount rate would result in decrease in fair value.

#### Transfer between Level 1 and 2:

There have been no transfers from Level 2 to Level 1 or vice-versa in 2022-23 and no transfers in either direction in 2021-22.

### 33.4 Financial risk management

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

#### Financial risk factors

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 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 Group's inability to meet its financial obligations as they become due.

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 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 Group monitors and manages its financial risks by analysing its foreign exchange exposures. The Group, in accordance with its Board approved risk management policies and procedures, enters into foreign exchange forward contracts and interest rate swaps to manage its exposure in foreign exchange rates.

The following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of March 31, 2023:

Particulars	US Dollars	₹ (in Lakh)	EURO	₹ (in Lakh)	Total (₹ Lakh)
Cash and cash equivalents	10,99,583	904	-	-	904
Trade receivables	2,53,60,731	20,839	-	-	20,839
Borrowings	(2,02,73,742)	(16,659)	-	-	(16,659)
Trade payables	(1,46,11,271)	(12,006)	-	-	(12,006)
<b>Net assets/(liabilities)</b>	<b>(84,24,699)</b>	<b>(6,922)</b>	-	-	<b>(6,922)</b>

The following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of March 31, 2022:

Particulars	US Dollars	₹ (in Lakh)	EURO	₹ (in Lakh)	Total (₹ Lakh)
Cash and cash equivalents	7,58,742	575	-	-	575
Trade receivables	2,14,45,466	16,252	62,582	53	16,305
Borrowings	(1,94,63,835)	(14,751)	-	-	(14,751)
Trade payables	(1,14,15,775)	(8,652)	-	-	(8,652)
<b>Net assets/(liabilities)</b>	<b>(86,75,402)</b>	<b>(6,576)</b>	<b>62,582</b>	<b>53</b>	<b>(6,523)</b>

### Sensitivity analysis:

For the year ended March 31, 2023 and March 31, 2022, every increase / decrease of ₹1 in the respective foreign currencies compared to functional currency of the Group would impact profit before tax by ₹84 Lakh/ (₹84 Lakh) and ₹87 Lakh/ (₹87 Lakh) respectively and Impact Equity, net of tax by ₹63 Lakh/ (₹63 Lakh) and ₹64 Lakh/ (₹64 Lakh) 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/ 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.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Variable rate instruments</b>		
Non-current borrowings	20,345	17,243
Current borrowings	51,739	35,363
	<b>72,084</b>	<b>52,606</b>
Effect of interest rate swap	(9)	24
	<b>72,075</b>	<b>52,630</b>

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### Interest rate swap contract:

Under Interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amount. Such contract enables Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest is based on the outstanding balances at the end of the reporting period.

### Details of the interest rate swap contracts:

Particulars	Loan amount (in USD)	Fair Value of Interest Rate Swap as at March 31, 2023	Fair Value of Interest Rate Swap as at March 31, 2022	Coupon / Interest Rate	Fixed Interest Rate
US Dollar	35,50,000	9	(24)	Libor + 4%	7.50%

### Sensitivity analysis:

For the year ended March 31, 2023 and March 31, 2022, every increase / decrease of 1% in the respective interest rate compared to existing rate of interest of the Group would impact profit before tax by ₹1,225 Lakh/ (₹1,225 Lakh) and ₹425 Lakh/ (₹425 Lakh) respectively and Impact Equity, net of tax by ₹916 Lakh/ (₹916 Lakh) and ₹318 Lakh/ (₹318 Lakh) respectively.

### 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 financial instrument. Credit risk is managed through credit approvals, monitoring the creditworthiness and establishing credit limits of customers to which the Group grants credit terms in the normal course of business. The group collects security deposits from its dealer customers which act as security against the outstanding trade receivables from such dealer customers. In the event of default, these security deposits can be adjusted against the uncollectible trade receivables from such dealer customers. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables and investments.

### Expected 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 and 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 statement of profit and loss.

- (ii) Movement in the Impairment loss on trade receivables

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	528	293
Provision for impairment loss made during the year	702	572
Provision reversed against trade receivables write-off / recovery	(452)	(337)
<b>Balance at the end of the year</b>	<b>778</b>	<b>528</b>

- (iii) The concentration of risk with respect to trade receivables is reasonably low, as Company's customers are located in several jurisdictions representing large number of minor receivables operating in independent markets. Trade receivable amounting to ₹14,020 Lakh (March 31, 2022: ₹10,865 Lakh) is due from customers who represent more than 5% of total trade receivables.



## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

The Group's exposure to credit risk for trade receivables by geographic region is as follows:

Gross Trade receivables	As at March 31, 2023	As at March 31, 2022
India	57,090	37,173
Outside India	20,839	16,252
<b>Total</b>	<b>77,929</b>	<b>53,425</b>

(iv) The following table provides information about the exposure to credit risk and ECLs for trade receivables as at March 31, 2023.

Ageing Bucket	Weighted- average loss rate	Gross carrying amount	Loss allowance	Net Trade receivables
Not due	0.31%	58,902	185	58,717
Less than 6 months	1.00%	15,999	160	15,839
6 months - 1 year	6.82%	2,127	145	1,982
1 - 2 years	31.96%	901	288	613
<b>Total</b>		<b>77,929</b>	<b>778</b>	<b>77,151</b>

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at March 31, 2022.

Ageing Bucket	Weighted- average loss rate	Gross carrying amount	Loss allowance	Net Trade receivables
Not due	0.18%	40,338	73	40,265
Less than 6 months	0.74%	11,688	86	11,602
6 months - 1 year	7.51%	506	38	468
1 - 2 years	37.07%	893	331	562
<b>Total</b>		<b>53,425</b>	<b>528</b>	<b>52,897</b>

### 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.

### 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 liquidity are cash & bank balances, credit facilities and cash generated from operations.

The Group has unutilised credit limits from the banks of ₹12,172 Lakh and ₹11,638 Lakh as of March 31, 2023 and March 31, 2022 respectively.

The working capital position of the Group:

Particulars	As at March 31, 2023	As at March 31, 2022
Current assets	1,41,156	1,13,017
Current liabilities	1,11,507	83,134
<b>Working capital</b>	<b>29,649</b>	<b>29,883</b>

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

The table below provides details regarding the contractual maturities of financial liabilities presented on an undiscounted basis as at March 31, 2023:

Particulars	Carrying value	Less than 1 year	1-5 years	above 5 years
Trade payables	48,451	48,451	-	-
Borrowings and interest thereon	72,084	57,223	25,235	508
Lease liabilities	314	296	49	-
Other current financial liabilities	7,623	7,623	-	-
<b>Total</b>	<b>1,28,472</b>	<b>1,13,593</b>	<b>25,284</b>	<b>508</b>

The table below provides details regarding the contractual maturities of financial liabilities presented on an undiscounted basis as at March 31, 2022:

Particulars	Carrying value	Less than 1 year	1-5 years	above 5 years
Trade payables	37,361	37,361	-	-
Borrowings and interest thereon	52,606	37,717	19,528	1,488
Lease liabilities	499	282	253	-
Other current financial liabilities	7,839	7,839	-	-
Other non-current financial liabilities	24	-	24	-
<b>Total</b>	<b>98,329</b>	<b>83,199</b>	<b>19,805</b>	<b>1,488</b>

The Group's obligation towards payment of borrowings has been included in note 16.

### 34. Earnings per share

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit for the year attributable to shareholders of the Parent Company	9,487	7,342
<b>Basic:</b>		
Number of shares outstanding at the year end	19,88,41,843	19,83,07,464
Weighted average number of equity shares	19,84,15,888	19,78,88,202
<b>Earnings per share (₹)</b>	<b>4.78</b>	<b>3.71</b>
<b>Diluted:</b>		
Effect of potential equity shares on employee stock options outstanding	5,88,131	4,37,086
Weighted average number of equity shares outstanding	19,89,36,563	19,83,25,288
<b>Earnings per share (₹)</b>	<b>4.77</b>	<b>3.70</b>

**Note:** EPS is calculated based on profits excluding the other comprehensive income.

### 35. Research and development expense charged to Statement of Profit and Loss account:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Employee benefits expense	52	15
Depreciation	1	5
Other expenses	95	80
<b>Total</b>	<b>148</b>	<b>100</b>

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 36. Development expense capitalised:

Revenue expenditure capitalised during the year under respective heads:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Employee benefits expense	381	241
Depreciation	63	80
Other expenses	206	153
<b>Total</b>	<b>650</b>	<b>474</b>

### 37. Leases:

The Group leases land, office buildings and vehicles. The land lease runs for a period of 99 years and other leases typically run for a period of 3 to 5 years, with an option to renew the lease at the renewal date. Lease payments are renegotiated at renewal date to reflect market rentals except for vehicle leases.

The Group has certain leases with lease terms of less than 12 months or with low value. The Group applies short term lease and lease of low value assets recognition exemption for these leases. The incremental borrowing rate applied for leases is ranging from 7.62% to 9.67%.

#### i) The following is the movement in lease liabilities during the year ended:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening balance	499	390
Add: Lease liabilities recognised during the year	140	364
Less: Lease liabilities derecognised during the year	(45)	-
Add: Interest cost accrued during the year	50	65
Less: Payment of lease liabilities including interest	(330)	(320)
<b>Balance at the end of the year</b>	<b>314</b>	<b>499</b>
Non-current lease liability	43	261
Current liability	271	238

#### ii) Amount recognised in statement of profit and loss:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation	304	282
Interest expense on lease liabilities	50	65
Expenses relating to short-term leases	139	138
<b>Total</b>	<b>493</b>	<b>485</b>

#### iii) Maturity analysis of lease liabilities on an undiscounted basis:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Less than one year	296	282
One to five years	49	253
More than five years	-	-

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 38. Operating Segments:

Operating segments are components of the Group whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete information is available. All the Group's business activities fall within a single primary segment viz., "sale of farm inputs". Further, the Group sells its products mainly within India where the conditions prevailing are uniform.

#### Geographical Information

The Group operates in India and makes certain sales to customers situated outside India. The revenue from external customers by location of customers is detailed below. All the non-current assets of the Group are situated within India.

Revenue – Sale of products	For the year ended March 31, 2023	For the year ended March 31, 2022
India	1,25,324	99,730
Outside India	84,376	60,049
<b>Total</b>	<b>2,09,700</b>	<b>1,59,779</b>

The Group's revenue includes ₹58,985 Lakh (March 31, 2022: ₹34,238 Lakh) which arose from sales to the Group's largest customer. No other single customer contributed 10 per cent or more to the Group's revenue in either 2022-23 or 2021-22.

### 39. Insurance claim

An Appeal has been filed by the Insurance Company (The Oriental Insurance Company Limited) against the Arbitration Award in favour of the Company, before the Hon'ble High Court of Delhi. Pending final disposal of the above appeal, the Company has filed the Execution Petitions before Hon'ble High Court of Delhi for deposit of awarded amount in Material Damage (MD) Claim of ₹1,048 Lakh (includes interest) and Business Interruption Policy claim of ₹1,352 Lakh (includes interest) with the Court. With respect to the execution petition filed by the Company in both the cases, the Hon'ble High Court of Delhi has passed an order vide its order dated March 19, 2021 & April 9, 2021 directed the Insurance Company to deposit the awarded amount towards Material Damage claim & Business Interruption Policy respectively together with the interest upto the date of deposit with Court. During the previous year, the amount deposited by the Insurance Company has been released by the Court to the Company after submission of equivalent bank guarantee. As the matter is subjudice and as advised by its legal council, the Company has not recognized the deposit amount received as income and the interest cost, if any in the books of account.

### 40. During the year, the Company has reclassified the following items to appropriately reflect economic substance and nature of transaction and accordingly the comparative amounts for previous year has also been reclassified.

Particulars	As at March 31, 2022
a. Rebates payable earlier presented in "Trade payables" (refer note 20), now presented in "Amounts due to customers" (refer note 17)	1,388
b. Refund liability earlier presented in "Trade payables" (refer note 20), now presented in "Amounts due to customers" (refer note 17)	645
c. Right to recover returned goods earlier presented in "Trade payables" (refer note 20), now presented in "other current assets" (refer note 8)	503
d. Interest accrued on deposits earlier presented in "other financial assets" (refer note 7), now presented in "other bank balances" (refer note 12)	73
e. Trade deposits from dealers earlier presented in "Other non-current financial liabilities", now presented in "other current financial liabilities" (refer note 17)	1,164
f. Interest accrued but not due earlier presented in "Other current financial liabilities" (refer note 17), now presented in "current borrowings" (refer note 16)	88
g. Freight rebates earlier presented in "other expenses" (refer note 29), now presented in Revenue from operations (refer note 22)	681



# Notes forming part of the consolidated financial statements

for the year ended March 31, 2023

(All amounts in ₹ Lakh, unless otherwise stated)

## 41. 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, 2023	Net assets		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income	
				March 31, 2023	Amount in Lakh	March 31, 2023	Amount in Lakh	March 31, 2023	Amount in Lakh	March 31, 2023	Amount in Lakh
NACL Industries Limited	Company	India	100%	57,663	10,134	107%	105%	(59)	107%	10,075	
LR Research Laboratories Private Limited	Subsidiary	India	100%	(5)	-	*	-	-	-	-	
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary	Australia	100%	(25)	2	*	-	-	*	2	
NACL Spec-Chem Limited	Subsidiary	India	100%	(793)	(754)	-8%	-	-	-8%	(754)	
NACL Multichem Private Limited	Subsidiary	India	100%	(33)	(33)	*	-	-	*	(33)	
NACL Industries (Nigeria) Limited	Subsidiary	Nigeria	100%	-	-	-	-	-	-	-	
Nasense Labs Private Limited	Associate	India	26%	587	138	1%	-5%	3	1%	141	
<b>Total</b>				<b>57,394</b>	<b>9,487</b>			<b>(56)</b>		<b>9,431</b>	

\* less than 1%

### List of subsidiaries and associates considered for consolidation

Name of the Company	Relationship	Country of incorporation	Percentage of voting power as at March 31, 2022	Net assets		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income	
				March 31, 2022	Amount in Lakh	March 31, 2022	Amount in Lakh	March 31, 2022	Amount in Lakh	March 31, 2022	Amount in Lakh
NACL Industries Limited	Company	India	100%	47,985	7,653	104%	84%	(43)	104%	7,610	
LR Research Laboratories Private Limited	Subsidiary	India	100%	(3)	1	-	-	-	-	1	
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary	Australia	100%	7	4	*	-	-	*	4	
NACL Spec-Chem Limited	Subsidiary	India	100%	401	(36)	*	-	-	*	(36)	
NACL Multichem Private Limited	Subsidiary	India	100%	1	-	*	-	-	*	-	
Nasense Labs Private Limited	Associate	India	26%	446	(280)	-4%	16%	(8)	-4%	(288)	
<b>Total</b>				<b>48,837</b>	<b>7,342</b>			<b>(51)</b>		<b>7,291</b>	

\* less than 1%

## Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

### 42. Additional regulatory information

- The Group does not have any benami property, where any proceeding has been initiated or pending against the Group for holding any benami property.
- The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (ultimate beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- The Group has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
  - provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- None of the entities in the group have been declared wilful defaulter by any bank or financial institution or government or any government authority.
- The group has borrowings from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the group with banks and financial institutions are in agreement with the books of accounts.
- The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was obtained.
- The title deeds of all the immovable properties, (other than immovable properties where the Group is the lessee and the lease agreements are duly executed in favour of the Group) disclosed in the financial statements included in property, plant and equipment and capital work-in progress are held in the name of the Company as at the balance sheet date.
- The Group has not revalued any of its property, plant and equipment (including right-of-use-assets) and intangible assets during the year.
- The Group does not have any transactions with companies which are struck off.
- The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

As per our Report of even date attached  
**For B S R and Co**  
Chartered Accountants  
(Firm Registration No. 128510W)

**Arpan Jain**  
Partner  
Membership No. 125710

Place : Hyderabad  
Date : May 22, 2023

for and on behalf of the Board of Directors  
**NACL Industries Limited**  
CIN: L24219TG1986PLC016607

**M. Pavan Kumar**  
Managing Director & CEO  
(DIN: 01514557)

**R.K.S. Prasad**  
Chief Financial Officer

Place : Hyderabad  
Date : May 22, 2023

**Raghavender Mateti**  
Director  
(DIN: 06826653)

**Satish Kumar Subudhi**  
Company Secretary



**NACL Industries Limited**

Plot No. 12-A  
No. 8-2-248/1/7/78, "C" Block,  
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