

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

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.

Place: Hyderabad

Date: May 22, 2023

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. Commissioner (Appeals)
Finance Act, 1994	Service Tax	15	-	2006-07 to 2010-11	The Commissioner (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 whistleblower 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.

For **B S R and Co**
Chartered Accountants
Firm's Registration No.: 128510W

Place: Hyderabad
Date: May 22, 2023

Arpan Jain
Partner
Membership No.: 125710
ICAI UDIN: 23125710BGYBQN9591

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
I ASSETS			
1 Non-current assets			
(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
Total non-current assets		37,182	31,984
2 Current assets			
(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
Total current assets		1,38,002	1,09,552
Total assets		1,75,184	1,41,536
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	14	1,988	1,983
(b) Other equity	15	55,753	46,412
Total equity		57,741	48,395
2 Non-current liabilities			
(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
Total non-current liabilities		10,508	11,266
3 Current Liabilities			
(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
Total current liabilities		1,06,935	81,875
Total liabilities		1,17,443	93,141
Total equity and liabilities		1,75,184	1,41,536

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

Place : Hyderabad
Date : May 22, 2023

Place : 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
I INCOME			
Revenue from operations	22	2,11,600	1,63,335
Other income	23	1,255	1,640
Total income		2,12,855	1,64,975
II EXPENSES			
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
Total expenses		1,99,081	1,54,729
III Profit before tax (I - II)		13,774	10,246
IV Tax expense			
(i) Current tax	13.1	3,573	2,691
(ii) Deferred tax	13.1	(78)	(49)
Total tax expense		3,495	2,642
V Profit for the year (III - IV)		10,279	7,604
VI Other comprehensive income / (loss)			
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)
Total other comprehensive loss for the year, net of tax		(59)	(43)
VII Total comprehensive income for the year (V + VI)		10,220	7,561
VIII Earnings per equity share of ₹1 each			
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

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NACL Industries Limited
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R.K.S. Prasad
Chief Financial Officer

Place : 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
Balance as at April 1, 2022	19,83,07,464	1,983
Changes in equity share capital during the current year	5,34,379	5
Balance as at March 31, 2023	19,88,41,843	1,988
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
Balance as at March 31, 2022	19,83,07,464	1,983

B. Other equity (Refer Note 15)

Particulars	Reserves and surplus					Share warrants	Total
	General reserve	Capital reserve	Securities premium	Share Options Outstanding Account	Retained earnings		
Balance as at April 1, 2022	4,175	21	13,506	159	29,052	(499)	(2)
Profit for the year	-	-	-	-	10,279	-	-
Other Comprehensive Income for the year, net of tax	-	-	-	-	(84)	-	25
Total comprehensive income for the year	-	-	-	-	10,195	-	25
Transactions with owners of the Company							
Contributions and distributions							
Share based payments (Refer Note 14)	-	-	-	174	-	-	-
Exercise of employee stock options	-	-	249	(111)	-	-	-
Payment of dividends	-	-	-	-	(1,191)	-	(1,191)
Total transactions with owners of the Company	-	-	249	63	(1,191)	-	(879)
Balance as at March 31, 2023	4,175	21	13,755	222	38,056	(499)	23
Balance as at April 1, 2021	4,175	21	12,687	71	22,643	(499)	(66)
Profit for the year	-	-	-	-	7,604	-	-
Other Comprehensive Income for the year, net of tax	-	-	-	-	(107)	-	64
Total comprehensive income for the year	-	-	-	-	7,497	-	64
							7,561

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		
Transactions with owners of the Company									
Contributions and distributions									
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)
Total transactions with owners of the Company	-	-	-	-	819	88	(1,088)	-	(154) (335)
Balance as at March 31, 2022	4,175	21	13,506	159	29,052	(499)	(2)	-	46,412

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

Place : Hyderabad

Date : May 22, 2023

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
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	13,774	10,246
Adjustments for:		
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
Operating profit before working capital changes	21,377	16,573
Working capital adjustments		
(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 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
Cash generated from/ (used in) operations	1,714	(8,823)
Income taxes paid (net)	(2,677)	(2,737)
Net cash flow used in operating activities (A)	(963)	(11,560)
B. CASH FLOW FROM INVESTING ACTIVITIES		
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
Net cash used in investing activities (B)	(7,357)	(11,094)
C. CASH FLOW FROM FINANCING ACTIVITIES		
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)
Net cash flow from / (used in) financing activities (C)	7,878	20,442
Net Decrease in cash and cash equivalents (D) = (A+B+C)	(442)	(2,212)

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
Cash and cash equivalents at the end of the year (G) = (D)+(E)+(F) (Refer Note 11)	3,993	4,455
Note:		
1. Reconciliation of liabilities from financing activities		
Particulars	As at March 31, 2022	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
Total liabilities from financing activities	44,582	16,582 (7,656) 4,471 57,979

Reconciliation of liabilities from financing activities

Particulars	As at March 31, 2021	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
Total liabilities from financing activities	20,288	25,489 (4,549) 3,354 44,582

* 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
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M. Pavan Kumar
Managing Director & CEO
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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 standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

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

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)

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

(All amounts in ₹ Lakh, unless otherwise stated)

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.

Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

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 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

Notes forming part of the standalone financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

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

(All amounts in ₹ Lakh, unless otherwise stated)

(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

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

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
Total	20,760	20,354
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
Carrying amount									
Balance as at March 31, 2021	2,508	6,329	38,895	629	172	272	624	49,429	2,748
Add: Additions	-	466	3,410	4	3	49	116	4,048	1,673
Less: Disposals	-	-	77	1	11	5	29	123	3,466
Balance as at March 31, 2022	2,508	6,795	42,228	632	164	316	711	53,354	955
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
Balance as at March 31, 2023	2,512	7,003	42,863	659	198	333	699	54,267	2,417

4.3 Accumulated depreciation:

Particulars	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total	Capital work-in- progress
Balance as at March 31, 2021									
-	2,273	27,253	526	76	221	508	30,857	-	-
Add: Depreciation	-	193	1,930	41	16	19	59	2,258	-
Less: Disposals	-	-	73	-	11	5	26	115	-
Balance as at March 31, 2022	-	2,466	29,110	567	81	235	541	33,000	-
Add: Depreciation	-	205	1,942	18	19	22	75	2,281	-
Less: Disposals	-	-	1,623	11	13	22	105	1,774	-
Balance as at March 31, 2023	-	2,671	29,429	574	87	235	511	33,507	-

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
Total	286	461

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
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
Total	190	109
Intangible assets under development	1,542	1,179

5.2 Movement of intangible assets:

Particulars	Computer software	Developed products	Total	Intangible assets under development
Cost				
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
Balance as at March 31, 2021	379	1,208	1,587	-
Add: Amortisation	-	65	65	-
Less: Disposals	-	597	597	-
Balance as at March 31, 2022	379	676	1,055	-
Add: Amortisation	-	103	103	-
Less: Disposals	-	12	12	-
Balance as at March 31, 2023	379	767	1,146	-

5.4 Net Carrying amounts:

Particulars	Computer software	Developed products	Total	Intangible assets under development
Balance as at March 31, 2023	-	190	190	1,542
Balance as at March 31, 2022	-	109	109	1,179

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
Trade					
Unquoted equity investments (all fully paid)					
(a) Investment in subsidiaries at cost					
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) Investment in associate at cost					
Nasense Labs Private Limited	₹10	61,27,513	816	61,27,513	816
(c) Other equity investment at fair value through other comprehensive income					
SVC Co-operative Bank Limited	₹25	100	*	100	*
Total equity investments (A)				1,301	1,289
Investment in preference shares at fair value through other comprehensive income					
Nagaarjuna Shubho Green Technologies Private Limited					
10% cumulative redeemable preference shares	₹100	5,00,000	1	5,00,000	1
Total other investments (B)				1	1
Unquoted investment in compulsory convertible debentures carried at cost					
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
Total other investments (C)				9,350	6,486
Total unquoted investments (A) + (B) + (C)				10,652	7,776
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 guarantee 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
Non-current		
Security deposits (refer note below)	511	408
Derivative assets	9	-
Total	520	408
Current		
Insurance claims receivable	-	323
Receivables from related parties (refer note 30)		
- Reimbursement of expenses	301	241
Others	-	218
Total	301	782

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
Non-current		
Capital advances	264	165
Balance with government authorities	70	75
Prepayments	22	33
Total	356	273
Current		
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
Total	5,039	7,064

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
Total	48,418	41,071

Notes:

- (i) Raw materials includes goods-in-transit of ₹6,919 Lakh (March 31, 2022: ₹1,393 Lakh)
- (ii) Finished goods written off during the year on account of expired stock aggregated to ₹100 Lakh (March 31, 2022: ₹15 Lakh)
- (iii) 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
Current		
(a) Considered good - Secured	952	698
(b) Considered good - Unsecured	76,880	52,727
(c) Credit impaired	-	-
	77,832	53,425
Less: Loss allowance	778	528
Total	77,054	52,897
Particulars	As at March 31, 2023	As at March 31, 2022
Of the above, trade receivables from related parties are as below:		
Trade receivables due from related parties	381	1,184
Less: Loss allowance	-	166
Net trade receivables	381	1,018

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 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	
Trade receivables							
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	-	-	-	-	-	-	-
	58,805	15,999	2,127	901	-	-	77,832
Less: Loss allowance	(185)	(160)	(145)	(288)	-	-	(778)
	58,620	15,839	1,982	613	-	-	77,054

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	
Trade receivables							
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	-	-	-	-	-	-	-
	40,338	11,688	506	893	-	-	53,425
Less: Loss allowance	(73)	(86)	(38)	(331)	-	-	(528)
	40,265	11,602	468	562	-	-	52,897

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
Total	3,993	4,455

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
Total	3,197	3,283

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	-	-
Income-tax liabilities (net)	1,284	398

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
Current tax		
In respect of current year	3,632	2,691
Tax of earlier years	(59)	-
Total (A)	3,573	2,691
Deferred tax		
In respect of current year	(78)	(49)
Total (B)	(78)	(49)
Total tax expense (A)+(B)	3,495	2,642

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
Deferred tax expense recognised directly in equity consists of:		
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)
Total	20	14

C. Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	13,774	10,246
Enacted rate in India	25.17%	25.17%
Computed expected tax expense	3,467	2,579
Adjustments:		
Effect of expenses that are not deductible in determining taxable profit	68	15
Tax of earlier years	(59)	-
Others	19	48
Income tax expense	3,495	2,642
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
Authorised share capital:	25,00,00,000	2,500	25,00,00,000	2,500
Fully paid up equity shares of ₹1 each				
Issued, subscribed and fully paid up capital	19,88,41,843	1,988	19,83,07,464	1,983
Fully paid up equity shares of ₹1 each				
	19,88,41,843	1,988	19,83,07,464	1,983

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
Balance at the beginning of the year	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
Balance at the end of the year	19,88,41,843	1,988	19,83,07,464	1,983

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
Total	55,753	46,412

15.1 Other equity

Particulars	As at March 31, 2023	As at March 31, 2022
General reserve		
Opening balance	4,175	4,175
Change for the year	-	-
Closing balance	4,175	4,175
Capital reserve		
Opening balance	21	21
Change for the year	-	-
Closing balance	21	21
Securities premium		
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
Closing balance	13,755	13,506

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
Reserve for equity instruments through other comprehensive income		
Opening balance	(499)	(499)
Change for the year	-	-
Closing balance	(499)	(499)
Share warrants (Refer Note 14.8)		
Opening balance	-	154
Allotment of equity shares upon conversion of share warrants	-	(154)
Closing balance	-	-
Share Options Outstanding Account		
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
Closing balance	222	159
Effective portion of cash flow hedges		
Opening balance	(2)	(66)
Change for the year	25	64
Closing balance	23	(2)
Retained earnings		
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)
Less: Dividends (Refer Notes below)	39,247	30,140
Closing balance	38,056	29,052
Total	55,753	46,412
Nature of reserves:		
(a) 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.		
(b) Capital reserve: This represents capital subsidy received from government in earlier years for promotion of investment in backward areas.		
(c) 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").		
(d) 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.		
(e) Share warrants: This represents the moneys received against the share warrants.		
(f) Share Options Outstanding Account: This reserve relates to share options granted by the Company to its employees under its employee share option plans.		
(g) 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.		
(h) 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:

1. 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.

2. 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
Non current		
Secured - at amortised cost		
Term loans		
from banks [refer note (a) below]	4,714	7,277
from financial institution [refer note (a) below]	3,417	1,500
Total - non current	8,131	8,777
Current		
Secured - at amortised cost		
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
Total - current	49,534	35,306

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
Non current		
Guarantee obligation	107	152
Derivative liabilities	-	24
Total - non current	107	176
Current		
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
Total - current	6,836	6,650

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
Non current		
Gratuity liability	711	594
Compensated absences	601	445
Total - non current	1,312	1,039
Current		
Gratuity liability	159	121
Compensated absences	241	160
Total - current	400	281

19. Deferred tax liability (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax liability (net)	915	1,013
Total	915	1,013

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
Deferred tax liabilities		
Property, plant and equipment	1,692	1,653
Others	2	-
Deferred tax assets		
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)
Deferred tax liability (net)	915	1,013

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
Deferred tax liabilities:				
Property, plant and equipment	1,653	39	-	1,692
Others	-	-	2	2
Deferred tax assets:				
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	-
Deferred tax liabilities (net)	(640)	(117)	(22)	(779)
Deferred tax liabilities (net)	1,013	(78)	(20)	915

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
Deferred tax liabilities:				
Property, plant and equipment	1,623	30	-	1,653
Deferred tax assets:				
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)
Deferred tax liabilities (net)	(547)	(79)	(14)	(640)
Deferred tax liabilities (net)	1,076	(49)	(14)	1,013

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
Total	46,890	37,358
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	-	-	-	-	-	-	-
Total	1,091	34,644	11,155	-	-	-	46,890

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	-	-	-	-	-	-	-
Total	1,078	33,487	2,721	15	1	56	37,358

21. Other liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Current		
Advances from customers	701	1,082
Statutory payables	1,019	562
Total	1,720	1,644

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
Total	2,11,600	1,63,335

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
Total	2,09,771	1,59,779

(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
Revenue from contracts with customers as per the contracted price	2,33,036	1,74,958
Adjustments made to contracted price on account of:-		
a. Rebates/ incentives/ discounts	(16,922)	(12,965)
b. Sales returns	(6,343)	(2,214)
Total Revenue from contract with customers	2,09,771	1,59,779

(C) Disaggregation of revenue information:

The table below presents disaggregated revenues from contracts with customers by customers and geography. The company believes that 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
Manufactured Products		
Domestic		
Dealer sales	79,529	62,624
Institutional sales	41,640	33,879
Exports		
Institutional sales	84,376	60,049
Total Manufactured Products	2,05,545	1,56,552
Stock-in-trade		
Domestic		
Dealer sales	4,226	3,227
Total Stock-in-trade	4,226	3,227
Total Sales	2,09,771	1,59,779

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
Total	1,829	3,556

(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
Total	1,255	1,640

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
Total	1,59,188	1,23,767

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
Total opening balance	21,505	11,388
Closing balance		
Work-in-progress	3,384	3,471
Finished goods	20,578	16,750
Stock-in-trade	1,321	1,284
Total closing balance	25,283	21,505
(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)
Total increase in inventories	(3,778)	(10,117)

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
Total	11,994	9,993

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
Total	4,409	2,984

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
	2,657	2,575
Less: Depreciation capitalised during the year	63	80
Total	2,594	2,495

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
Total	20,046	18,067

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
Total	66	55

(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
(i) Sales		
a. Krishi Rasayan Exports Private Limited	726	2,747
b. Agro Life Sciences Corporation	64	360
c. NACL Spec-Chem Limited	280	-
(ii) Rent Income		
a. NACL Multi-Chem Private Limited	*	*
b. NACL Spec-Chem Limited	*	*
(iii) Other Income		
a. NACL Spec-Chem Limited	65	-
(iv) Purchases		
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
(v) Professional charges		
a. LR Research Laboratories Private Limited	-	27
b. Nagarjuna Agrichem (Australia) Pty Limited, Australia	12	12
(vi) Investments		
a. NACL Spec-Chem Limited	2,800	3,500
b. NACL Multi-Chem Private Limited	-	50
(vii) Dividend paid		
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
(viii) Guarantee given		
a. NACL Spec-Chem Limited	8,034	8,466
(ix) Guarantee commission		
a. NACL Spec-Chem Limited	69	-
(x) Reimbursement of expense		
a. NACL Spec-Chem Limited	30	-
(xi) Shared service cost		
a. NACL Spec-Chem Limited	201	-
(xii) Transaction with Key Managerial Personnel		
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
(xiii) Provision for credit impaired trade receivables		
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
(i) Reimbursement of expenses		
a. NACL Spec-Chem Limited	299	239
b. NACL Multi-Chem Private Limited	1	1
c. LR Research Laboratories Private Limited	1	1
(ii) Trade receivables		
a. Nasense Labs Private Limited	108	332
b. Krishi Rasayan Exports Private Limited	198	571
c. Agro Life Sciences Corporation	75	281
(iii) Trade payables		
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	-
(iv) Security deposits		
a. Key Managerial Personnels	70	75
(v) Investments		
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
(vi) Gurantee		
a. NACL Spec-Chem Limited	16,500	8,466
(vii) Provision for credit impaired trade receivables		
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
Total	2,149	1,955

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
Total	283	367

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
Components of defined benefit costs recognised in statement of profit or loss	170	122
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)
Components of defined benefit costs recognised in other comprehensive income	112	143
Total	282	265

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)
Present value of DBO at the end of the year	1,171	989

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
Present value of plan assets at the end of the year	301	274

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
Funded status of the plans - liability	870	715
Liability recognised in the Balance Sheet	870	715
Non current	711	594
Current	159	121

Assumptions

Particulars	Gratuity plan	
Particulars	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)
Net debt (Refer note (i) below)	53,672	39,628
Equity (Refer note (ii) below)	57,741	48,395
Net debt to equity ratio	0.93	0.82

Notes:

- (i) Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.
- (ii) Equity includes issued equity capital, securities premium and all other reserves.

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
Financial assets						
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	-	-
Total	85,056	10	-	61,825	1	-
Financial liabilities						
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	-	-
Total	1,11,812	-	-	88,742	24	-

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.

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
Financial Instruments		
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
Financial Assets		
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)
Net assets/(liabilities)	(81,48,959)	(6,695)	-	-	(6,695)

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)
Net assets/(liabilities)	(86,75,402)	(6,576)	62,582	53	(6,523)

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
Variable rate instruments		
Non-current borrowings	8,131	8,777
Current borrowings	49,534	35,306
	57,665	44,083
Effect of interest rate swap	(9)	24
	57,656	44,107

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 creditworthiness 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)
Balance at the end of the year	778	528

(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
Total	77,832	53,425

(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
Total		77,832	778	77,054

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
Total		53,425	528	52,897

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	Current liabilities
Current assets	1,38,002	1,09,552		
Current liabilities	1,06,935	81,875		
Working capital	31,067	27,677		

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	-
Total	1,11,812	1,07,686	8,678	508

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	-
Total	88,766	82,007	9,900	527

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
Basic:		
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
Earnings per share (₹)	5.18	3.84
Diluted:		
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
Earnings per share (₹)	5.17	3.83

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
Total	148	100

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
Total	650	474

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)
Balance at the end of the year	314	499
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
Total	462	455

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 any bank or financial 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)

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

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

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.

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.

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.

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

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.

Place: Hyderabad
Date: May 22, 2023

For B S R and Co
Chartered Accountants
Firm's Registration No.: 128510W

Arpan Jain
Partner
Membership No.: 125710
ICAI UDIN: 23125710BGYBQO1527

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

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

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
I ASSETS			
1 Non-current assets			
(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
Total non-current assets		50,371	38,534
2 Current assets			
(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
Total current assets		1,41,156	1,13,017
Total assets		1,91,527	1,51,551
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	14	1,988	1,983
(b) Other equity	15	55,406	46,854
Total equity		57,394	48,837
2 Non-current liabilities			
(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
Total non-current liabilities		22,626	19,580
3 Current Liabilities			
(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
Total current liabilities		1,11,507	83,134
Total liabilities		1,34,133	1,02,714
Total equity and liabilities		1,91,527	1,51,551

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
Place : Hyderabad
Date : May 22, 2023

Place : Hyderabad
Date : May 22, 2023

Satish Kumar Subudhi
Company Secretary

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
I INCOME			
Revenue from operations	22	2,11,551	1,63,335
Other income	23	999	1,342
Total income		2,12,550	1,64,677
II EXPENSES			
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
Total expenses		1,99,847	1,54,413
III Profit before share of profit of associate and income tax (I - II)		12,703	10,264
IV Share of profit / (loss) from associate, net of tax		138	(280)
V Profit before tax (III + IV)		12,841	9,984
VI Tax expense			
(i) Current tax	13.1	3,575	2,691
(ii) Deferred tax	13.1	(221)	(49)
Total tax expense		3,354	2,642
VII Profit for the year (V - VI)		9,487	7,342
VIII Other comprehensive income / (loss)			
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)
Total other comprehensive loss for the year, net of tax		(56)	(51)
IX Total comprehensive income for the year (VII + VIII)		9,431	7,291
X Earnings per equity share of ₹ 1 each			
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)

Arpan Jain
Partner
Membership No. 125710

Place : Hyderabad
Date : May 22, 2023

R.K.S. Prasad
Chief Financial Officer

Place : 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
Balance as at April 1, 2022	19,83,07,464	1,983
Changes in equity share capital during the current year	5,34,379	5
Balance as at March 31, 2023	19,88,41,843	1,988
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
Balance as at March 31, 2022	19,83,07,464	1,983

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		
Balance as at April 1, 2022	4,175	37	13,506	159	29,478	(499)	(2)	-	46,854
Profit for the year	-	-	-	-	9,487	-	-	-	9,487
Other Comprehensive Income for the year	-	-	-	-	(81)	-	25	-	(56)
Total comprehensive income for the year	-	-	-	-	9,406	-	25	-	9,431
Transactions with owners of the Company									
Contributions and distributions									
Share based payments (Refer Note 14)	-	-	-	174	-	-	-	-	174
Exercise of employee stock options	-	-	249	(111)	-	-	-	-	138
Payment of dividends	-	-	-	-	(1,191)	-	-	-	(1,191)
Total transactions with owners of the Company	-	-	249	63	(1,191)	-	-	-	(879)
Balance as at March 31, 2023	4,175	37	13,755	222	37,693	(499)	23	-	55,406
Balance as at April 1, 2021	4,175	37	12,687	71	23,339	(499)	(66)	154	39,898
Profit for the year	-	-	-	-	7,342	-	-	-	7,342
Other Comprehensive Income for the year	-	-	-	-	(115)	-	64	-	(51)
Total comprehensive income for the year	-	-	-	-	7,227	-	64	-	7,291
Transactions with owners of the Company									

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		
Contributions and distributions									
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)
Total transactions with owners of the Company	-	-	-	-	819	88	(1,088)	-	(154) (335)
Balance as at March 31, 2022	4,175	37	13,506	159	29,478	(499)	(2)	-	46,854

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

Place : Hyderabad

Place : Hyderabad

Date : May 22, 2023

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
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	12,841	9,984
Adjustments for:		
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
Operating profit before working capital changes	20,973	16,572
Working capital adjustments		
(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 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
Cash generated from/ (used in) operations	645	(9,690)
Income taxes paid (net)	(2,681)	(2,738)
Net cash flow from/ (used in) operating activities (A)	(2,036)	(12,428)
B. CASH FLOW FROM INVESTING ACTIVITIES		
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
Net cash used in investing activities (B)	(14,240)	(16,339)
C. CASH FLOW FROM FINANCING ACTIVITIES		
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)
Net cash flow from / (used in) financing activities (C)	13,450	28,952

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
Net Increase/ (decrease) in cash and cash equivalents (D) = (A+B+C)	(2,826)	185
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
Cash and cash equivalents at the end of the year (G) = (D)+(E)+(F) (Refer Note 11)	4,148	6,994

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
Total liabilities from financing activities	53,105	22,785	(8,287)	4,795	72,398

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
Total liabilities from financing activities	20,301	33,955	(4,505)	3,354	53,105

* 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: L2419TG1986PLC016607

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

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

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)

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.

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.

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

Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

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

Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

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

Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

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)

Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

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,

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

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

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
Total	36,924	20,381
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
Cost									
Balance as at March 31, 2021	2,508	6,329	38,895	629	172	272	624	49,429	2,846
Add: Additions	-	466	3,415	19	3	52	121	4,076	11,076
Less: Disposals	-	-	77	1	11	5	29	123	3,466
Balance as at March 31, 2022	2,508	6,795	42,233	647	164	319	716	53,382	10,456
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
Balance as at March 31, 2023	2,512	13,842	52,250	760	198	355	728	70,645	5,526

4.3 Accumulated depreciation:

Particulars	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total	Capital work-in- progress
Balance as at March 31, 2021									
Balance as at March 31, 2021	-	2,273	27,253	526	76	221	508	30,857	-
Add: Depreciation	-	193	1,930	42	16	19	59	2,259	-
Less: Disposals	-	-	73	-	11	5	26	115	-
Balance as at March 31, 2022	-	2,466	29,110	568	81	235	541	33,001	-
Add: Depreciation	-	272	2,077	22	19	25	79	2,494	-
Less: Disposals	-	-	1,623	11	13	22	105	1,774	-
Balance as at March 31, 2023	-	2,738	29,564	579	87	238	515	33,721	-

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:

- (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 detail of Property, plant and equipment hypothecated or pledged.
- (iii) 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
Total	3,125	3,331

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
Carrying amount				
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
Total	190	109
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
Cost				
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
Balance as at March 31, 2021	379	1,208	1,587	-
Add: Amortisation	-	65	65	-
Less: Disposals	-	597	597	-
Balance as at March 31, 2022	379	676	1,055	-
Add: Amortisation	-	103	103	-
Less: Disposals	-	12	12	-
Balance as at March 31, 2023	379	767	1,146	-

5.4 Net Carrying amounts:

Particulars	Computer software	Developed products	Total	Intangible assets under development
Balance as at March 31, 2023	-	190	190	1,542
Balance as at March 31, 2022	-	109	109	1,179

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
Interests in associate					
Nasense Labs Private Limited	₹10	61,27,513	1,403	61,27,513	1,262
Total			1,403		1,262

6B. Non-current investments

Particulars	Nominal value	Number of shares	As at March 31, 2023	Number of shares	As at March 31, 2022
Other equity investment at fair value through other comprehensive income					
Unquoted					
SVC Co-operative Bank Limited	₹25	100	*	100	*
Total equity investments (A)			-		-
Investment in preference shares at fair value through other comprehensive income					
Unquoted					
Nagaarjuna Shubho Green Technologies Private Limited 10% cumulative redeemable preference shares	₹100	5,00,000	1	5,00,000	1
Total other investments (B)			1		1
Total (A) + (B)			1		1

Aggregate value of unquoted investments			500		500
Aggregate amount of impairment in value of investments			(499)		(499)
Aggregate carrying value of unquoted investments			1		1

*less than a Lakh

7. Other financial assets (refer note 40)

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Security deposits (refer note below)	685	412
Derivative assets	9	-
Total	694	412
Current		
Insurance claims receivable	-	323
Others	-	218
Total	-	541

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
Non-current		
Capital advances	264	821
Advances other than capital advances:		
Balance with government authorities	70	75
Prepayments	22	33
Total	356	929
Current		
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
Total	7,559	8,231

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
Total	49,101	41,071

Notes:

- (i) Raw materials includes goods-in-transit of ₹6,919 Lakh (March 31, 2022: ₹1,393 Lakh)
- (ii) Finished goods written off during the year on account of expired stock aggregated to ₹100 Lakh (March 31, 2022: ₹15 Lakh)
- (iii) Refer Note 16 for details of Inventories hypothecated or pledged.

10. Trade receivables

Particulars	As at March 31, 2023	As at March 31, 2022
Current		
(a) Considered good - Secured	952	698
(b) Considered good - Unsecured	76,977	52,727
(c) Credit impaired	-	-
	77,929	53,425
Less: Loss allowance	778	528
Total	77,151	52,897

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
Of the above, trade receivables from related parties are as below:		
Trade receivables due from related parties	381	1,184
Less: Loss allowance	-	166
Net trade receivables	381	1,018

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	
Trade receivables							
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	-	-	-	-	-	-	-
	58,902	15,999	2,127	901	-	-	77,929
Less: Loss allowance	(185)	(160)	(145)	(288)	-	-	(778)
	58,717	15,839	1,982	613	-	-	77,151

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	
Trade receivables							
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	-	-	-	-	-	-	-
	40,338	11,688	506	893	-	-	53,425
Less: Loss allowance	(73)	(86)	(38)	(331)	-	-	(528)
	40,265	11,602	468	562	-	-	52,897

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
Total	4,148	6,994

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
Total	3,197	3,283

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)	As at March 31, 2023	As at March 31, 2022
Particulars		
Tax assets	466	474
Income-tax liabilities (net)		
Particulars		
Provision for tax	1,284	398
Less: Tax assets	-	-
Income-tax liabilities (net)	1,284	398

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
Current tax		
In respect of current year	3,634	2,691
Tax of earlier years	(59)	-
Total (A)	3,575	2,691
Deferred tax		
In respect of current year	(221)	(49)
Total (B)	(221)	(49)
Total tax expense (A)+(B)	3,354	2,642

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
Deferred tax expense recognised directly in equity consists of:		
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)
Total	20	14

C. Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	12,703	10,264
Enacted rate in India	25.17%	25.17%
Computed expected tax expense	3,197	2,583
Adjustments:		
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
Income tax expense	3,354	2,642
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
Authorised share capital:				
Fully paid up equity shares of ₹1 each	25,00,00,000	2,500	25,00,00,000	2,500
Issued, subscribed and fully paid up capital	19,88,41,843	1,988	19,83,07,464	1,983
Fully paid up equity shares of ₹1 each				
	19,88,41,843	1,988	19,83,07,464	1,983

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
Balance at the beginning of the year	19,83,07,464	1,983	19,62,17,758	1,962
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
Balance at the end of the year	19,88,41,843	1,988	19,83,07,464	1,983

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

- i) 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.
- ii) 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.
- 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	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	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 (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)

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.

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 5,00,000 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 5,00,000 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
Total	55,406	46,854
15.1 Other equity		
Particulars	As at March 31, 2023	As at March 31, 2022
General reserve		
Opening balance	4,175	4,175
Change for the year	-	-
Closing balance	4,175	4,175
Capital reserve		
Opening balance	37	37
Change for the year	-	-
Closing balance	37	37
Securities premium		
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
Closing balance	13,755	13,506
Reserve for equity instruments through other comprehensive income		
Opening balance	(499)	(499)
Change for the year	-	-
Closing balance	(499)	(499)
Share warrants (Refer Note 14.8)		
Opening balance	-	154
Allotment of equity shares upon conversion of share warrants	-	(154)
Closing balance	-	-
Share Options Outstanding Account		
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
Closing balance	222	159

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
Effective portion of cash flow hedges		
Opening balance	(2)	(66)
Change for the year	25	64
Closing balance	23	(2)
Retained earnings		
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
Closing balance	37,693	29,478
Total	55,406	46,854

Nature of reserves:

- (a) **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.
- (b) **Capital reserve:** This represents capital subsidy received from government in earlier years for promotion of investment in backward areas.
- (c) **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").
- (d) **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.
- (e) **Share warrants:** This represents the moneys received against the share warrants.
- (f) **Share Options Outstanding Account:** This reserve relates to share options granted by the Company to its employees under its employee share option plans.
- (g) **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.
- (h) **Retained earnings:** Retained earnings represents the Company's undistributed earnings after taxes.

Notes:

1. 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.
2. 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
Non current		
Secured - at amortised cost		
Term loans		
from banks [refer note (a) below]	16,928	15,743
from financial institution [refer note (a) below]	3,417	1,500
Total - non current	20,345	17,243
Current		
Secured - at amortised cost		
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
Total - current	51,739	35,363

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
Non current		
Derivative liabilities	-	24
Total - non current	-	24
Current		
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
Total - current	7,623	7,839

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
Non current		
Gratuity liability	717	594
Compensated absences	606	445
Total - non current	1,323	1,039
Current		
Gratuity liability	159	121
Compensated absences	242	160
Total - current	401	281

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
Deferred tax liabilities		
Property, plant and equipment	185	-
Deferred tax assets:		
Employee related provisions	(3)	-
Business loss and unabsorbed depreciation carried forward	(326)	-
	(329)	-
Deferred tax assets (net)	(144)	-
Deferred tax liabilities		
Property, plant and equipment	1,692	1,653
Others	2	-
Deferred tax assets		
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)
	(779)	(640)
Deferred tax liabilities (net)	915	1,013

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
Deferred tax liabilities:				
Property, plant and equipment	-	185	-	185
Deferred tax assets:				
Employee related provisions	-	(3)	-	(3)
Business loss and unabsorbed depreciation carried forward	-	(326)	-	(326)
	-	(329)	-	(329)
Deferred tax assets (net)	-	(144)	-	(144)
Deferred tax liabilities:				
Property, plant and equipment	1,653	39	-	1,692
Others	-	-	2	2
Deferred tax assets:				
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	-
	(640)	(117)	(22)	(779)
Deferred tax liabilities (net)	1,013	(78)	(20)	915

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
Deferred tax liabilities:				
Property, plant and equipment	1,623	30	-	1,653
Deferred tax assets:				
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)
	(547)	(79)	(14)	(640)
Deferred tax liabilities (net)	1,076	(49)	(14)	1,013

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
Total	48,451	37,361
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	-	-	-	-	-	-	-
Total	1,091	34,515	12,845	-	-	-	48,451

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	-	-	-	-	-	-	-
Total	1,078	33,490	2,721	15	1	56	37,361

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
Total	1,738	1,654

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
Total	2,11,551	1,63,335

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
Total	2,09,700	1,59,779

(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
Revenue from contracts with customers as per the contracted price	2,32,965	1,74,907
Adjustments made to contracted price on account of :-		
a. Rebates/ incentives/ discounts	(16,922)	(12,914)
b. Sales returns	(6,343)	(2,214)
Total Revenue from contracts with customers	2,09,700	1,59,779

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 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
Manufactured Products		
Domestic		
Dealer sales	79,529	62,624
Institutional sales	41,569	33,879
Exports		
Institutional sales	84,376	60,049
Total Manufactured Products	2,05,474	1,56,552
Traded Products		
Domestic		
Dealer sales	4,226	3,227
Total Traded Products	4,226	3,227
Total Sales	2,09,700	1,59,779

(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
Total	1,851	3,556

(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
Total	999	1,342

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
Total	1,59,165	1,23,767

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
Total opening balance	21,505	11,388
Closing balance		
Work-in-progress	3,453	3,471
Finished goods	20,783	16,750
Stock-in-trade	1,321	1,284
Total closing balance	25,557	21,505
(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)
Total increase in inventories	(4,052)	(10,117)

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
	10,273	8,436
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
Total	12,177	10,008

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
	3,238	1,781
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
Total	4,733	2,665

28. Depreciation and amortisation expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	2,494	2,259
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
	2,901	2,606
Less: Depreciation capitalised during the year	86	110
Total	2,815	2,496

29. Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
	1,276	1,213
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
	1,212	698
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
Total	20,381	18,054

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
(i) Sales		
a. Krishi Rasayan Exports Private Limited	726	2,747
b. Agro Life Sciences Corporation	64	360
(ii) Purchases		
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
(iii) Dividend paid		
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
(iv) Transaction with Key Managerial Personnel		
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
(ix) Loss allowance on trade receivables		
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
(i) Trade receivables		
a. Nasense Labs Private Limited	108	332
b. Krishi Rasayan Exports Private Limited	198	571
c. Agro Life Sciences Corporation	75	281
(ii) Trade payables		
a. Krishi Rasayan Exports Private Limited	1,578	2,782
b. Agro Life Sciences Corporation	-	563
c. Agma Energy Private Limited	175	170
(iii) Security deposits		
a. Mrs. K. Lakshmi Raju	70	75
(iv) Investments		
a. Nasense Labs Private Limited	816	816
(v) Loss allowance on trade receivables		
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	As at 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
Total	2,149	1,955

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
Total	572	367

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
Components of defined benefit costs recognised in statement of profit or loss	177	122
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)
Components of defined benefit costs recognised in other comprehensive income	112	143
Total	289	265

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)
Present value of DBO at the end of the year	1,177	989

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
Present value of plan assets at the end of the year	301	274

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
Funded status of the plans – liability	876	715
Liability recognised in the Balance Sheet	876	715
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)
Net debt (Refer note (i) below)	67,936	45,612
Equity (Refer note (ii) below)	57,394	48,837
Net debt to equity ratio	1.18	0.93

Notes:

(i) Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.

(ii) Equity includes issued equity capital, securities premium and all other reserves.

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
Financial assets						
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	-	-
Total	85,181	10	-	64,127	1	-
Financial liabilities						
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	-	-
Total	1,28,472	-	-	98,305	24	-

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
Financial Liabilities		
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
Financial Assets		
Unquoted preference shares		
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
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.
	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.

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)
Net assets/(liabilities)	(84,24,699)	(6,922)	-	-	(6,922)

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)
Net assets/(liabilities)	(86,75,402)	(6,576)	62,582	53	(6,523)

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
Variable rate instruments		
Non-current borrowings	20,345	17,243
Current borrowings	51,739	35,363
	72,084	52,606
Effect of interest rate swap	(9)	24
	72,075	52,630

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 creditworthiness 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)
Balance at the end of the year	778	528

(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	As at
	March 31, 2023	March 31, 2022
India	57,090	37,173
Outside India	20,839	16,252
Total	77,929	53,425

(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
Total		77,929	778	77,151

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
Total		53,425	528	52,897

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	As at
	March 31, 2023	March 31, 2022
Current assets	1,41,156	1,13,017
Current liabilities	1,11,507	83,134
Working capital	29,649	29,883

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	-	-
Total	1,28,472	1,13,593	25,284	508

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	-
Total	98,329	83,199	19,805	1,488

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
Basic:		
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
Earnings per share (₹)	4.78	3.71
Diluted:		
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
Earnings per share (₹)	4.77	3.70

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
Total	148	100

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
Total	650	474

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)
Balance at the end of the year	314	499
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
Total	493	485

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
Total	2,09,700	1,59,779

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

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	March 31, 2023	March 31, 2023	March 31, 2023
				% of consolidated net assets	Amount in Lakh	% of consolidated other comprehensive income	Amount in Lakh
NACL Industries Limited	Company	India	100%	* 57,663	107%	10,134	105% (59)
LR Research Laboratories Private Limited	Subsidiary	India	100%	* (5)	*	-	-
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary	Australia	100%	* (25)	*	2	-
NACL Spec-Chem Limited	Subsidiary	India	100%	-1% (793)	-8%	(754)	-
NACL Multichem Private Limited	Subsidiary	India	100%	* (33)	*	(33)	-8% (754)
NACL Industries (Nigeria) Limited	Subsidiary	Nigeria	100%	-	-	-	-
Nasense Labs Private Limited	Associate	India	26%	1% 587	1%	138	-5% 3
Total				57,394	9,487	(56)	1% 9,431

* 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	March 31, 2022	March 31, 2022	March 31, 2022
				% of consolidated net assets	Amount in Lakh	% of consolidated other comprehensive income	Amount in Lakh
NACL Industries Limited	Company	India	100%	* 47,985	104%	7,653	84% (43)
LR Research Laboratories Private Limited	Subsidiary	India	100%	* (3)	-	1	-
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary	Australia	100%	* 7	*	4	-
NACL Spec-Chem Limited	Subsidiary	India	100%	1% 401	*	(36)	-
NACL Multichem Private Limited	Subsidiary	India	100%	* 1	*	-	-
Nasense Labs Private Limited	Associate	India	26%	1% 446	-4%	(280)	16% (8)
Total				48,837	7,342	(51)	7,291

* less than 1%

(All amounts in ₹ Lakh, unless otherwise stated)

Notes forming part of the consolidated financial statements

(All amounts in ₹ Lakh, unless otherwise stated)

42. Additional regulatory information

- (i) The Group does not have any benami property, where any proceeding has been initiated or pending against the Group for holding any benami property.
- (ii) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iii) 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:
 - (a) 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
 - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- (iv) 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:
 - (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 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).
- (vi) 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.
- (vii) None of the entities in the group have been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (viii) 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.
- (ix) The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was obtained.
- (x) 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.
- (xi) The Group has not revalued any of its property, plant and equipment (including right-of-use-assets) and intangible assets during the year.
- (xii) The Group does not have any transactions with companies which are struck off.
- (xiii) 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)

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

Place : Hyderabad

Date : May 22, 2023

Satish Kumar Subudhi

Company Secretary



NACL Industries Limited

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