

# Independent Auditor's Report

## To the Members of NACL Industries Limited

### Report on the Audit of the Standalone Financial Statements

#### Qualified Opinion

We have audited the standalone financial statements of NACL Industries Limited (the "Company") which comprise the standalone balance sheet as at 31 March 2024, 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 material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for effects of the matter described in the Basis for Qualified Opinion section of our report, 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 31 March 2024, and its loss and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

#### Basis for Qualified Opinion

We draw attention to note 44 to the standalone financial statements. The Company has trade receivables aggregating to INR 7,796 lakhs as at 31 March 2024 (netted off with subsequent collections up to the date of this report), for which we have received unreliable responses to our independent balance confirmation

requests from some of these customers. Management is initiating an independent investigation into this matter, pending which, it has made a provision of INR 1,880 lakhs against these receivables. Pending such investigation, we are unable to determine whether any adjustments to these standalone financial statements are necessary.

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. In addition to the matter described in the Basis for Qualified Opinion, we have determined the matters described below to be the key audit matter to be communicated in our report.

#### Revenue Recognition - Existence

See Note 3.1 and Note 22 to standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company recognises revenue from sale of farm inputs based on the terms and conditions of transactions which vary with different customers.</p> <p>We identified the recognition of revenue from sale of goods as a key audit matter because:</p> <p>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.</p> <p>Hence, there could be a risk of revenue being recognised before the control has been transferred to the customer.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>1. Assessed the appropriateness of the revenue recognition policies for compliance with Ind AS 115 - Revenue from contracts with customers.</li> <li>2. Tested the design, implementation and operating effectiveness of key internal financial controls with respect to revenue recognition.</li> <li>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.</li> <li>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.</li> <li>5. Evaluated manual journals, sample selected based on specified risk-based criteria posted to revenue to identify unusual or irregular items.</li> <li>6. Evaluated the adequacy of disclosures made in the standalone financial statements.</li> </ol>

## 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.



## 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, except for the matter described in the Basis for Qualified Opinion paragraph, 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 except for the effects of the matter described in the Basis for Qualified Opinion paragraph above and for the matters stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
    - 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. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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 31 March 2024 and 21 May 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.
    - f. the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis of Qualified Opinion paragraph above and in the paragraph 2A(b) above on reporting under Section 143(3)(b) and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
    - g. 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 31 March 2024 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 its knowledge and belief, other than 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 its knowledge and belief, other than 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 performed that have been considered reasonable and appropriate in the circumstances, 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.
    - f. Based on our examination which included test checks, except for the instances mentioned below, the Company has used accounting softwares for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective softwares:
      - (a) The feature of recording audit trail (edit log) facility was not enabled at the database layer to log any direct data changes and for certain fields/ tables of the accounting software used for financial reporting.
      - (b) In the absence of independent auditor's report in relation to controls at service organisation for accounting software used for maintaining the books of account relating to payroll process, which is operated by a third-party service provider, we are unable to comment whether audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software.
- Further, for the accounting softwares for which audit trail (edit log) feature was enabled and operated, we did not come across any instance of audit trail feature being tampered with.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Place: Kochi  
Date: 06 June 2024

**Baby Paul**  
Partner  
Membership No.: 218255  
ICAI UDIN:24218255BKFWGU6762

## Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of NACL Industries Limited for the year ended 31 March 2024

(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 and Right-of-Use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (i) (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 and Right-of-Use assets 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 and right-of-use assets 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 material 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 except as follows:

Quarter	Name of bank	Particulars	Amount as per books of account (in INR lakhs)	Amount as reported in the quarterly return/ statement (in INR lakhs)	Amount of difference (in INR lakhs)	Whether return/ statement subsequently rectified
Sep 2023	HDFC, Axis, RBL, SVC, SBM, Karnataka Bank, Shinhan, Bandhan, Bajaj Finance, Yes Bank, Bank of Bahrian and Kuwait, Kotak Mahindra Bank and Indus Ind Bank, Doha Bank.	Sundry creditors	52,503	51,971	532	Yes

- (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 partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(c) to 3(iii)(f) of the Order are not applicable to the Company. The Company has made investments in companies 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 partnerships 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 lakhs)
Aggregate amount during the year	
– Subsidiary*	2,000
Balance outstanding as at balance sheet date	
– Subsidiary*	18,500

\*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 during the year are, prima facie, not prejudicial to the interest of the Company.
- (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 1 July 2017, these statutory dues has 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, though there have been slight delays in a few cases of deposit of professional tax.

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 31 March 2024 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 lakhs)	Amount paid under protest (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1994	Excise duty	13	5	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), Visakhapatnam
Finance Act, 1994	Service Tax	15	1	2006-07 to 2010-11	The Commissioner (Appeals), Guntur, Central Tax & Customs
Sales Tax Act	Sales Tax	33	8	2013-14 and 2015-16	Hon'ble High Court of Andhra Pradesh
Sales Tax Act	Sales Tax	32	5	2012-13 to 2014-15	Assistant Commissioner, Indore
Sales Tax Act	Sales Tax	17	6	2011-12, 2013-14 and 2014-15	Hon'ble High Court of Telangana
Sales Tax Act	Sales Tax	11	11	2012-13 and 2016-17	Assistant Commissioner, Ghaziabad
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	6	2019-20	Appellate Authority, Haryana
Goods and Services Tax Act, 2017	Goods and Services Tax	25	2	2017-18	Additional Commissioner (Appeals), Ghaziabad
Goods and Services Tax Act 2017	Goods and Services Tax	64	6	2017-18	Additional Commissioner of Central Tax (Appeals), Andhra Pradesh
Goods and Services Tax Act 2017	Goods and Services Tax	14	-	2017-18, 2019-20	Additional Commissioner of GST & Central Excise (Appeals), Tamilnadu



Name of the statute	Nature of the dues	Disputed amount (₹ in lakhs)	Amount paid under protest (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Goods and Services Tax Act 2017	Goods and Services Tax	8	-	2017-18	Additional Commissioner of Revenue LTU, Kolkata
Goods and Services Tax Act 2017	Goods and Services Tax	2	1	2017-18	Commissioner (Appeals), Ahmedabad
Goods and Services Tax Act 2017	Goods and Services Tax	1	-	2017-18	Deputy Commissioner of State Tax (Appeals), Assam
Goods and Services Tax Act 2017	Goods and Services Tax	16	-	2017-18	The Joint Commissioner of Commercial Taxes (Appeals), Karnataka
Goods and Services Tax Act 2017	Goods and Services Tax	112	9	2017-18	The Additional Commissioner of State tax (Appeals), Vijayawada
Goods and Services Tax Act 2017	Goods and Services Tax	8	-	2018-19	The Joint Commissioner of State Taxes (Appeals), Telangana
The Income Tax Act, 1961	Income Tax	257	79	2015-16, 2016-17, 2017-18, 2019-20, 2021-22	Commissioner of Income Tax, Appeals, Delhi
Electricity Act 2003	Electricity Duty	3	3	2008-09	Hon'ble Supreme Court
The Indian Stamp Act, 1899	Stamp Duty	132	17	2002-03	Hon'ble High Court of Telangana

- (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, associate as defined under the Act. The Company did not hold any investment in any joint venture (as defined under the Act) during the year ended 31 March 2024.
- (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, associate (as defined under the Act). The Company did not hold any investment in any joint venture (as defined under the Act) during the year ended 31 March 2024.
- (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) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, except as mentioned in our Basis for Qualified Opinion section of our main audit report and note 44 to the financial statements, no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.  
(b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.  
(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.  
(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.  
(d) There is no Core Investment Company (CIC) as part of the Group. Accordingly, clause 3(xvi)(d) of the Order is not applicable.
- (xvii) The Company has incurred cash losses of INR 2,327 lakhs in the current financial year; however, no cash loss was incurred in the previous year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- Also refer to the Other Information paragraph of our main audit report which explains that the other information comprising the information included in annual report is expected to be made available to us after the date of this auditor's report.
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

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

**Baby Paul**  
Partner  
Membership No.: 218255  
ICAI UDIN:24218255BKFWGU6762

Place: Kochi  
Date: 06 June 2024





## **Annexure B to the Independent Auditor's Report on the standalone financial statements of NACL Industries Limited for the year ended 31 March 2024**

### **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)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

#### **Qualified Opinion**

We have audited the internal financial controls with reference to financial statements of NACL Industries Limited ("the Company") as of 31 March 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, except for the effects of the material weakness described in paragraph (a) of the Basis for Qualified Opinion section of our report below on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to financial statements 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") and except for the possible effects of the material weaknesses described in paragraphs (a) and (b) of the Basis for Qualified Opinion section of our report below, the Company's internal financial controls with reference to financial statements were operating effectively as of 31 March 2024.

We have considered the material weakness identified and reported above in determining nature, timing, and extent of audit tests applied in our audit of the 31 March 2024 financial statements of the Company, and the material weakness has affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

#### **Basis for Qualified opinion**

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at 31 March 2024:

- a) The Company did not have appropriate internal controls for review and reconciliation of customer balances, which could potentially result in material misstatement in revenues, trade receivables, related balances and expenses.
- b) The Company's internal financial controls over establishing customer credit limits were not operating effectively, which could potentially result in material misstatement in revenues, trade receivables, related balances and expenses.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

#### **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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls 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

Place: Kochi  
Date: 06 June 2024

**Baby Paul**  
Partner  
Membership No.: 218255  
ICAI UDIN:24218255BKFWGU6762

# Standalone Balance Sheet

as at 31<sup>st</sup> March, 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
<b>I ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	4	23,280	20,760
(b) Capital work-in-progress	4	786	2,417
(c) Right-of-use assets	4A	40	286
(d) Intangible assets	5	476	190
(e) Intangible assets under development	5	1,840	1,542
(f) Financial assets			
(i) Investments	6	11,437	10,652
(ii) Other financial assets	7	548	520
(g) Deferred tax assets (net)	19	639	-
(h) Other tax assets (net)	13	1,047	459
(i) Other non-current assets	8	151	356
<b>Total non-current assets</b>		<b>40,244</b>	<b>37,182</b>
<b>2 Current assets</b>			
(a) Inventories	9	33,243	48,418
(b) Financial assets			
(i) Trade receivables	10	78,092	77,054
(ii) Cash and cash equivalents	11	3,198	3,993
(iii) Bank balances other than (ii) above	12	3,358	3,197
(iv) Other financial assets	7	576	301
(c) Other current assets	8	8,188	5,039
<b>Total current assets</b>		<b>126,655</b>	<b>138,002</b>
<b>Total assets</b>		<b>166,899</b>	<b>175,184</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity share capital	14	1,992	1,988
(b) Other equity	15	50,655	55,753
<b>Total equity</b>		<b>52,647</b>	<b>57,741</b>
<b>2 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	4,076	8,131
(ii) Lease liabilities	39	-	43
(iii) Other financial liabilities	17	62	107
(b) Provisions	18	1,479	1,312
(c) Deferred tax liabilities (net)	19	-	915
<b>Total non-current liabilities</b>		<b>5,617</b>	<b>10,508</b>
<b>3 Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	60,711	49,534
(ii) Lease liabilities	39	43	271
(iii) Trade payables	20		
(a) total outstanding dues of micro enterprises and small enterprises		4,296	3,685
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		26,641	43,205
(iv) Other financial liabilities	17	14,339	6,836
(b) Other current liabilities	21	1,892	1,720
(c) Provisions	18	565	400
(d) Current tax liabilities (net)	13	148	1,284
<b>Total current liabilities</b>		<b>108,635</b>	<b>106,935</b>
<b>Total liabilities</b>		<b>114,252</b>	<b>117,443</b>
<b>Total equity and liabilities</b>		<b>166,899</b>	<b>175,184</b>

See accompanying notes forming part of the standalone financial statements

As per our Report of even date attached  
For B S R and Co  
Chartered Accountants  
(Firm Registration No. 128510W)

for and on behalf of the Board of Directors  
**NACL Industries Limited**  
CIN: L24219TG1986PLC016607

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

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

**Baby Paul**  
Partner  
Membership No. 218255

**R.K.S.Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary

Place : Kochi  
Date : June 6, 2024

Place : Hyderabad  
Date : June 6, 2024

## Standalone Statement of Profit and Loss

for the year ended March 31, 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>I INCOME</b>			
Revenue from operations	22	178,084	211,600
Other income	23	990	1,255
<b>Total income</b>		<b>179,074</b>	<b>212,855</b>
<b>II EXPENSES</b>			
Cost of materials consumed	24	127,181	159,188
Purchases of stock-in-trade		10,026	4,628
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	5,004	(3,778)
Employee benefits expense	26	12,596	11,994
Finance costs	27	6,010	4,409
Depreciation and amortisation expense	28	1,835	2,594
Other expenses	29	22,635	20,046
<b>Total expenses</b>		<b>185,287</b>	<b>199,081</b>
<b>III (Loss)/profit before tax (I - II)</b>		<b>(6,213)</b>	<b>13,774</b>
<b>IV Tax expense</b>			
(i) Current tax	13.3	-	3,573
(ii) Deferred tax	13.3	(1,517)	(78)
<b>Total tax expense</b>		<b>(1,517)</b>	<b>3,495</b>
<b>V (Loss)/profit for the year (III - IV)</b>		<b>(4,696)</b>	<b>10,279</b>
<b>VI Other comprehensive loss</b>			
Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit obligation	32	(139)	(112)
(b) Income tax relating to items that will not be reclassified to profit or loss	13.3	35	28
Items that will be reclassified to profit or loss			
(a) Effective portion of (loss)/gain on designated portion of hedging instrument in a cash flow hedge		(9)	33
(b) Income tax relating to items that will be reclassified to profit or loss	13.3	2	(8)
<b>Total other comprehensive loss for the year, net of tax</b>		<b>(111)</b>	<b>(59)</b>
<b>VII Total comprehensive (loss)/ income for the year (V + VI)</b>		<b>(4,807)</b>	<b>10,220</b>
<b>VIII Earnings per equity share of ₹ 1 each</b>			
Basic (₹)	36	(2.36)	5.18
Diluted (₹)	36	(2.36)	5.17

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)

**Baby Paul**  
Partner  
Membership No. 218255

**R.K.S.Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary

Place : Kochi  
Date : June 6, 2024

Place : Hyderabad  
Date : June 6, 2024



# Standalone Statement of Changes in Equity

for the year ended March 31, 2024

(All amounts in ₹ lakhs, unless otherwise stated)

## A. Equity share capital (Refer Note 14)

Particulars	Number of shares	Amount
<b>Balance as at 1 April 2023</b>	<b>198,841,843</b>	<b>1,988</b>
Changes in equity share capital during the year	327,334	4
<b>Balance as at March 31, 2024</b>	<b>199,169,177</b>	<b>1,992</b>
<b>Balance as at 1 April 2022</b>	<b>198,307,464</b>	<b>1,983</b>
Changes in equity share capital during the year	534,379	5
<b>Balance as at March 31, 2023</b>	<b>198,841,843</b>	<b>1,988</b>

**B. Other equity (Refer Note 15)**

Particulars	Reserves and surplus				Items of other comprehensive income			Total
	General reserve	Capital reserve	Securities premium	Share Options Outstanding Account	Retained earnings	Equity instruments through other comprehensive income	Effective portion of cash flow hedges	
<b>Balance as at 1 April 2023</b>	<b>4,175</b>	<b>21</b>	<b>13,755</b>	<b>222</b>	<b>38,056</b>	<b>(499)</b>	<b>23</b>	<b>55,753</b>
Profit for the year	-	-	-	-	(4,696)	-	-	(4,696)
Other Comprehensive Income for the year, net of tax	-	-	-	-	(104)	-	(7)	(111)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,800)</b>	<b>-</b>	<b>(7)</b>	<b>(4,807)</b>
<b>Transactions with owners of the Company</b>								
<b>Contributions and distributions</b>								
Share based payments (Refer Note 14)	-	-	-	118	-	-	-	118
Exercise of employee stock options	-	-	159	(71)	-	-	-	88
Payment of dividends	-	-	-	-	(497)	-	-	(497)
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>159</b>	<b>47</b>	<b>(497)</b>	<b>-</b>	<b>-</b>	<b>(291)</b>
<b>Balance as at March 31, 2024</b>	<b>4,175</b>	<b>21</b>	<b>13,914</b>	<b>269</b>	<b>32,759</b>	<b>(499)</b>	<b>16</b>	<b>50,655</b>
<b>Balance as at 1 April 2022</b>	<b>4,175</b>	<b>21</b>	<b>13,506</b>	<b>159</b>	<b>29,052</b>	<b>(499)</b>	<b>(2)</b>	<b>46,412</b>
Profit for the year	-	-	-	-	10,279	-	-	10,279
Other Comprehensive Income for the year, net of tax	-	-	-	-	(84)	-	25	(59)
Total comprehensive income for the year	-	-	-	-	10,195	-	25	10,220
<b>Transactions with owners of the Company</b>								
<b>Contributions and distributions</b>								
Share based payments (Refer Note 14)	-	-	-	174	-	-	-	174
Exercise of employee stock options	-	-	249	(111)	-	-	-	138
Payment of dividends	-	-	-	-	(1,191)	-	-	(1,191)
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>249</b>	<b>63</b>	<b>(1,191)</b>	<b>-</b>	<b>-</b>	<b>(879)</b>
<b>Balance as at March 31, 2023</b>	<b>4,175</b>	<b>21</b>	<b>13,755</b>	<b>222</b>	<b>38,056</b>	<b>(499)</b>	<b>23</b>	<b>55,753</b>

**See accompanying notes forming part of the standalone financial statements**

**As per our Report of even date attached**  
**For B S R and Co**  
Chartered Accountants  
(Firm Registration No. 128510W)

for and on behalf of the Board of Directors  
**NACL Industries Limited**  
CIN: L24219TG1986PLC016607

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

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

**Baby Paul**  
Partner  
Membership No. 218255

**R.K.S.Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary

Place : Kochi  
Date : June 6, 2024

Place : Hyderabad  
Date : June 6, 2024



# Standalone Statement of Cash flows

for the year ended March 31, 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	(6,213)	13,774
<b>Adjustments for:</b>		
Depreciation and amortisation expense	1,835	2,594
Finance costs	6,010	4,409
Interest income	(280)	(205)
Excess provisions no longer required, written back (net)	(15)	(15)
Loss allowances on trade receivables	1,728	702
Trade receivables written off (net)	176	5
Net loss on disposal of property, plant and equipment	6	89
Intangible assets under development written off	145	104
Share-based payments	118	174
Unwinding of Guarantee commission	(54)	(125)
Gain on derecognition of leases	-	(3)
Unrealised forex gain	(118)	(126)
<b>Operating profit before working capital changes</b>	<b>3,338</b>	<b>21,377</b>
<b>Working capital adjustments</b>		
Decrease/ (Increase) in Inventories	15,175	(7,347)
Increase in Trade receivables	(2,762)	(24,723)
(Increase)/ Decrease in Other financial assets	(305)	389
(Increase)/ Decrease in in Other assets	(3,171)	2,041
(Decrease)/ Increase in Trade payables	(15,957)	9,519
Increase in Provisions	193	280
Increase in Other financial liabilities	7,666	102
Increase in Other liabilities	172	76
<b>Cash generated from operations</b>	<b>4,349</b>	<b>1,714</b>
Income taxes paid (net)	(1,724)	(2,677)
<b>Net cash flows generated from / (used in) operating activities (A)</b>	<b>2,625</b>	<b>(963)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment, intangible assets, capital work-in-progress and intangible assets under development	(3,158)	(4,868)
Proceeds from sale of property, plant and equipment	2	10
Investments in subsidiaries	(785)	(2,800)
Movement in other deposits and margin money (net)	(157)	73
Interest income received	280	228
<b>Net cash used in investing activities (B)</b>	<b>(3,818)</b>	<b>(7,357)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of employee stock options	92	143
Proceeds from non-current borrowings	1,940	4,000
Repayment of non-current borrowings	(5,261)	(3,178)
Movement in current borrowings (net)	10,476	12,582
Payment of principal portion on lease liabilities	(271)	(280)
Interest on lease liabilities paid	(20)	(50)
Dividend paid	(497)	(1,191)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Finance costs paid	(6,054)	(4,148)
<b>Net cash flow generated from financing activities (C)</b>	<b>405</b>	<b>7,878</b>
<b>Net Decrease in cash and cash equivalents (D) = (A+B+C)</b>	<b>(788)</b>	<b>(442)</b>
Cash and cash equivalents at the beginning of the year (E)	3,993	4,455
Effect of movements in exchange rates on cash and cash equivalents (F)	(7)	(20)
<b>Cash and cash equivalents at the end of the year (G) = (D)+(E)+(F) (Refer Note 11)</b>	<b>3,198</b>	<b>3,993</b>

**Note:**

**1. Reconciliation of liabilities from financing activities**

Particulars	As at April 1, 2023	Proceeds	Payments	Non-cash movement*	As at March 31, 2024
Non-current borrowings (including current maturities)	12,901	1,940	(11,315)	5,986	9,512
Current borrowings	44,764	10,476	-	35	55,275
Lease liabilities	314	-	(271)	-	43
Interest on lease liabilities	-	-	(20)	20	-
<b>Total liabilities from financing activities</b>	<b>57,979</b>	<b>12,416</b>	<b>(11,606)</b>	<b>6,041</b>	<b>64,830</b>

**Reconciliation of liabilities from financing activities**

Particulars	As at April 1, 2022	Proceeds	Payments	Non-cash movement*	As at March 31, 2023
Non-current borrowings (including current maturities)	11,758	4,000	(7,326)	4,469	12,901
Current borrowings	32,325	12,582	-	(143)	44,764
Lease liabilities	499	-	(280)	95	314
Interest on lease liabilities	-	-	(50)	50	-
<b>Total liabilities from financing activities</b>	<b>44,582</b>	<b>16,582</b>	<b>(7,656)</b>	<b>4,471</b>	<b>57,979</b>

\* 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)

**Baby Paul**  
Partner  
Membership No. 218255

Place : Kochi  
Date : June 6, 2024

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 : June 6, 2024

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

**Satish Kumar Subudhi**  
Company Secretary

# Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, 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 approved for issue by the Company's Board of Directors on June 06, 2024. 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;
- 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

## Notes forming part of the Standalone Financial Statements

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 lakhs, 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.

#### Reverse Factoring

Presentation of amounts related to supply chain financing arrangements in the balance sheet and in the statement of cash flows

### 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:

(All amounts in ₹ lakhs, unless otherwise stated)

### 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 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 forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

notes to the financial statements.

## Employee Stock option plan (ESOP)

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in 'Share based payment' reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share

## 3. Material 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 of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs plus any initial direct costs and an estimate of costs to



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate at the lease commencement date.

Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### 3.4 Insurance claims

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

### 3.5 Foreign currencies transactions and translations

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

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

### 3.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to

get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in standalone statement of profit and loss in the period in which they are incurred.

## 3.7 Employee benefits

### Defined contribution plans

A defined contribution plan is a post-employment benefit plan where the Company's legal or constructive obligation is limited to the amount that it contributes to a separate legal entity. Contributions in respect of Employees Provident Fund, Employee's State Insurance scheme and Pension Fund which are defined contribution schemes, are made to a fund administered through Regional Provident Fund Commissioner and are charged as an expense based on 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.



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 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.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

#### Deferred Tax

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

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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.

### 3.11 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 1 April 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.

### 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	15	10 – 15 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years
Office equipment	5 years	5 years
Computers	3 – 6 years	3 – 6 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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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 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

## Notes forming part of the Standalone Financial Statements

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.

#### (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

(All amounts in ₹ lakhs, unless otherwise stated)

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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 standalone statement of profit and loss and is included in the "other income" line item.

### Hedge accounting:

The Company designates derivative contracts in a cash flow hedging relationship by applying the hedge accounting principles designated in a hedging relationship, used to hedge its risks associated with change in interest rates on the recognised liability.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk. These derivative contracts are stated at the fair value at each reporting date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit and loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to statement of profit and loss in the periods when the hedged item affects profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in statement of profit and loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated 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 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



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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 Changes in material accounting policies

#### Material accounting policy information

The Company adopted Disclosure of Accounting Policies (Amendments to Ind AS 1) from 01 April 2023. Although the amendments did not result in any changes in the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

### 3.20 Recent Pronouncements

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.





## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 4. Property, plant and equipment and capital work-in-progress

#### 4.1 Carrying amounts of:

Particulars	As at March 31, 2024	As at March 31, 2023
Freehold Land	2,512	2,512
Buildings	4,636	4,332
Plant and equipment	15,610	13,434
Furniture and fixtures	102	85
Vehicles	104	111
Office equipment	114	98
Computers	202	188
<b>Total</b>	<b>23,280</b>	<b>20,760</b>
Capital work-in-progress	786	2,417

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 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, 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/ Capitalisation	-	-	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
Add: Additions	-	521	3,335	27	15	40	106	4,044	2,135
Less: Disposals/ Capitalisation	-	-	3	1	13	1	24	42	3,766
Balance as at March 31, 2024	2,512	7,524	46,195	685	200	372	781	58,269	786

### 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, 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	-
Add: Depreciation	-	217	1,157	10	21	24	87	1,516	-
Less: Disposals	-	-	1	1	12	1	19	34	-
Balance as at March 31, 2024	-	2,888	30,585	583	96	258	579	34,989	-

### 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, 2024	2,512	4,636	15,610	102	104	114	202	23,280	786
Balance as at March 31, 2023	2,512	4,332	13,434	85	111	98	188	20,760	2,417

### Notes:

- Above includes opening gross block of ₹ 2,446 lakhs (March 31, 2023; ₹ 2,273 lakhs), additions amounting to ₹ 104 lakhs (March 31, 2023; ₹ 111 lakh) and net block amounting to ₹ 1,062 lakhs (March 31, 2023; ₹ 999 lakhs) in respect of in-house research and development.
- Refer Note 16 for details of property, plant and equipment hypothecated or pledged.
- Refer Note 43 for disclosures relating to title deeds of immovable properties, benami properties and revaluation during the year.

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

- (iv) During the year, the Company based on technical evaluation has reassessed and revised the useful lives of certain plant and equipment and as a result, there is an increase in the expected useful lives. This change in the useful lives of the said assets has been accounted for as a change in accounting estimate and has been recognised prospectively with effect from April 1, 2023. The impact of the change is lower depreciation of ₹ 866 lakhs for the year ended March 31, 2024 in the Statement of Profit and Loss.

The effect of these changes on actual and expected depreciation expense is as follows:

Particulars	Year ended March 31, 2024	Year ended March 31, 2025	Year ended March 31, 2026	Year ended March 31, 2027	Year ended March 31, 2028	Later
(Decrease) increase in depreciation expense	(866)	(494)	(427)	(367)	(279)	2,433

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 4.5 Ageing for capital work-in-progress as at March 31, 2024 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	745	32	9	-	786
Projects temporarily suspended	-	-	-	-	-

### Projects whose completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2024:

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project 1	-	10	-	-	10
Project 2	21	-	-	-	21
Project 3	2	-	-	-	2
Project 4	45	-	-	-	45

There are no projects where completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2024, other than as disclosed above.

### 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	-	-	-	-	-

### Projects whose completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2023:

Particulars	To be completed in				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 projects where completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2023, other than as disclosed above.

## 4A. Right of use assets

### 4A.1 Carrying amounts of:

Particulars	As at March 31, 2024	As at March 31, 2023
Buildings	26	218
Vehicles	14	68
<b>Total</b>	<b>40</b>	<b>286</b>



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 4A.2 Movement of Right of use assets:

Particulars	Buildings	Vehicles	Total
<b>Carrying amounts</b>			
<b>Balance as at March 31, 2022</b>	<b>542</b>	<b>351</b>	<b>893</b>
Add: Additions	140	-	140
Less: Derecognition of right-of-use assets (Refer note below)	165	61	226
<b>Balance as at March 31, 2023</b>	<b>517</b>	<b>290</b>	<b>807</b>
Add: Additions	-	-	-
Less: Disposals	-	54	54
<b>Balance as at March 31, 2024</b>	<b>517</b>	<b>236</b>	<b>753</b>

### 4A.3 Accumulated depreciation:

Particulars	Buildings	Vehicles	Total
<b>Balance as at March 31, 2022</b>	<b>214</b>	<b>218</b>	<b>432</b>
Add: Depreciation expense	208	65	273
Less: Derecognition of right-of-use assets (Refer note below)	123	61	184
<b>Balance as at March 31, 2023</b>	<b>299</b>	<b>222</b>	<b>521</b>
Add: Depreciation expense	192	54	246
Less: Disposals	-	54	54
<b>Balance as at March 31, 2024</b>	<b>491</b>	<b>222</b>	<b>713</b>

### 4A.4 Net Carrying amounts:

Particulars	Buildings	Vehicles	Total
<b>Balance as at March 31, 2024</b>	<b>26</b>	<b>14</b>	<b>40</b>
<b>Balance as at March 31, 2023</b>	<b>218</b>	<b>68</b>	<b>286</b>

- (i) Derecognition of the right-of-use assets is as a result of cancellation of the leases.
- (ii) The aggregate depreciation expense on Right of use assets is included under depreciation and amortisation expense in the Standalone Statement of Profit and Loss for the year ended March 31, 2024 and March 31, 2023.
- (iii) Refer Note 43 for disclosure relating to revaluation during the year.

## 5. Other intangible assets and intangible assets under development (IAUD)

### 5.1 Carrying amounts of:

Particulars	As at March 31, 2024	As at March 31, 2023
Computer software	-	-
Developed products	476	190
<b>Total</b>	<b>476</b>	<b>190</b>
Intangible assets under development	1,840	1,542

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 5.2 Movement of intangible assets:

Particulars	Computer software	Developed products	Total	Intangible assets under development
Cost				
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
Add: Additions	-	396	396	839
Less: Write off/ Disposals	-	-	-	541
Balance as at March 31, 2024	379	1,353	1,732	1,840

### 5.3 Accumulated amortisation:

Particulars	Computer software	Developed products	Total	Intangible assets under development
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	-
Add: Amortisation	-	110	110	-
Less: Disposals	-	-	-	-
Balance as at March 31, 2024	379	877	1,256	-

### 5.4 Net Carrying amounts:

Particulars	Computer software	Developed products	Total	Intangible assets under development
Balance as at March 31, 2024	-	476	476	1,840
Balance as at March 31, 2023	-	190	190	1,542

### 5.5 Ageing for Intangible assets under development as at March 31, 2024 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	697	380	240	523	1,840
Projects temporarily suspended	-	-	-	-	-

### 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	-	-	-	-	-

Note:

- 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.
- Refer note 38 for capitalisation of revenue expenditure.





# Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 6. Non-current investments

Particulars	Nominal value	Number of shares	As at March 31, 2024	Number of shares	As at March 31, 2023
<b>Trade</b>					
<b>Unquoted equity investments (all fully paid)</b>					
<b>(a) Investment in subsidiaries at cost</b>					
Nagarjuna Agrichem (Australia) Pty Limited	AUD 1	64,734	32	64,734	32
LR Research Laboratories Private Limited	₹ 10	10,000	1	10,000	1
NACL Spec-Chem Limited [Refer notes (i) below]	₹ 1	20,000,000	451	20,000,000	451
NACL Multi-Chem Private Limited	₹ 1	100,000	1	100,000	1
NACL Agri-Solutions Private Limited [Refer notes (ii) below]	₹ 1	10,000,000	100	-	-
<b>(b) Investment in associate at cost</b>					
Nasense Labs Private Limited	₹ 10	6,127,513	816	6,127,513	816
<b>(c) Other equity investment at fair value through other comprehensive income</b>					
SVC Co-operative Bank Limited	₹ 25	100	*	100	*
<b>Total equity investments (A)</b>			<b>1,401</b>		<b>1,301</b>
<b>Investment in preference shares at fair value through other comprehensive income</b>					
Nagaarjuna Shubho Green Technologies Private Limited					
10% cumulative redeemable preference shares	₹ 100	500,000	1	500,000	1
<b>Total other investments (B)</b>			<b>1</b>		<b>1</b>
<b>Unquoted investment in compulsory convertible debentures carried at cost</b>					
NACL Spec-Chem Limited					
0.01% cumulative convertible debentures [Refer note (iii) below]	₹ 100,000	9,300	9,300	9,300	9,300
NACL Multi-Chem Limited					
0.01% cumulative convertible debentures [Refer note (iv) below]	₹ 100,000	735	735	50	50
<b>Total other investments (C)</b>			<b>10,035</b>		<b>9,350</b>
<b>Total unquoted investments (A) + (B) + (C)</b>			<b>11,437</b>		<b>10,652</b>
Aggregate value of unquoted investments			11,936		11,151
Aggregate amount of impairment in value of investments			(499)		(499)
Aggregate carrying value of unquoted investments			11,437		10,652

\*Less than lakh

- i) Includes guarantee provided by the Company during the previous 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 lakhs is accounted as deemed investments and added to the cost of investments held in the subsidiary.
- ii) The Company subscribed share capital ₹ 100 lakh (comprising 1,00,00,000 number of equity shares of ₹ 1 each) during the year.
- iii) The Company subscribed Compulsory Convertible Debentures (CCD) ₹ Nil (March 31, 2023: ₹ 9,300 lakhs) [comprising Nil (March 31, 2023: 9,300 number)] number of CCD of ₹ 1,00,000 each) during the year.
- iv) The Company subscribed Compulsory Convertible Debentures (CCD) ₹ 685 lakhs (March 31, 2023: ₹ 50 lakhs) [comprising 685 (March 31, 2023: 50 number)] number of CCD of ₹ 1,00,000 each) during the year.

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 7. Other financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Non-current</b>		
Security deposits (Refer note 30)	541	511
Derivative assets	7	9
<b>Total</b>	<b>548</b>	<b>520</b>
<b>Current</b>		
Insurance claims receivable	13	-
Receivables from related parties (Refer note 30)		
- Reimbursement of expenses	563	301
<b>Total</b>	<b>576</b>	<b>301</b>

### 8. Other assets

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Non-current</b>		
Capital advances	49	264
Balance with government authorities	85	70
Prepayments	17	22
<b>Total</b>	<b>151</b>	<b>356</b>
<b>Current</b>		
Advance to suppliers	679	1,134
Balance with government authorities	1,873	2,735
Prepayments	603	368
Export Incentive receivable	207	142
Right to recover returned goods	4,824	653
Advance to employees	2	7
<b>Total</b>	<b>8,188</b>	<b>5,039</b>

### 9. Inventories

Particulars	As at March 31, 2024	As at March 31, 2023
Raw materials (Refer note (i) below)	11,154	20,884
Work-in-progress	2,217	3,384
Finished goods (Refer note (ii) below)	15,825	20,578
Stock-in-trade	2,237	1,321
Packing materials	866	992
Stores and spares	944	1,259
<b>Total</b>	<b>33,243</b>	<b>48,418</b>

Notes:

- (i) Raw materials includes goods-in-transit of ₹1,293 lakhs (March 31, 2023: ₹ 6,919 lakhs)
- (ii) The cost of finished goods recognised as an expense includes provision for near expiry stock aggregated to ₹69 lakhs (March 31, 2023: ₹ 20 lakhs) and write off on account of expired stock aggregated to ₹15 lakhs (March 31, 2023: ₹ 100 lakhs).
- (iii) Refer Note 16 for details of Inventories hypothecated or pledged.

# Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 10. Trade receivables

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Current</b>		
(a) Considered good - Secured	1,213	952
(b) Considered good - Unsecured	78,820	76,880
(c) Credit impaired	-	-
	<b>80,033</b>	<b>77,832</b>
Less: Loss allowance	1,941	778
<b>Total</b>	<b>78,092</b>	<b>77,054</b>
<b>Of the above, trade receivables from related parties are as below:</b>		
Trade receivables due from related parties	2,377	381
Less: Loss allowance	-	-
<b>Net trade receivables</b>	<b>2,377</b>	<b>381</b>

Refer note 30 for terms and conditions of trade receivables owing from related parties.

- (i) No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member, other than as disclosed above.
- (ii) Refer note 16 for details of trade receivables hypothecated or pledged.
- (iii) Ageing for trade receivables as at March 31, 2024 is as follows:

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Trade receivables</b>							
Undisputed trade receivables – considered good	62,788	13,647	2,209	1,389	-	-	<b>80,033</b>
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
	<b>62,788</b>	<b>13,647</b>	<b>2,209</b>	<b>1,389</b>	<b>-</b>	<b>-</b>	<b>80,033</b>
Less: Loss allowance	(329)	(655)	(352)	(605)	-	-	<b>(1,941)</b>
	<b>62,459</b>	<b>12,992</b>	<b>1,857</b>	<b>784</b>	<b>-</b>	<b>-</b>	<b>78,092</b>

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Ageing for trade receivables as at March 31, 2023 is as follows:

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Trade receivables</b>							
Undisputed trade receivables – considered good	58,805	15,999	2,127	901	-	-	77,832
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
	<b>58,805</b>	<b>15,999</b>	<b>2,127</b>	<b>901</b>	<b>-</b>	<b>-</b>	<b>77,832</b>
Less: Loss allowance	(185)	(160)	(145)	(288)	-	-	(778)
	<b>58,620</b>	<b>15,839</b>	<b>1,982</b>	<b>613</b>	<b>-</b>	<b>-</b>	<b>77,054</b>

### 11. Cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	3	5
Balances with banks		
in Current accounts	531	156
in Cash credit accounts	2,289	2,928
in Export earning foreign currency accounts	375	904
<b>Total</b>	<b>3,198</b>	<b>3,993</b>

### 12. Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
In earmarked accounts		
Unclaimed dividend accounts (Refer note (i) below)	61	57
Margin money / deposit [Refer note (ii) below and note 41]	3,297	3,140
<b>Total</b>	<b>3,358</b>	<b>3,197</b>

#### Notes:

#### (i) Unclaimed dividend accounts

If the dividend has not been claimed within 30 days from the date of declaration, the Company is required to transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the Company with a scheduled bank to be called "Unpaid Dividend Account". The unclaimed dividend lying in such account is required to be transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government after a period of seven years from the date of declaration.

#### (ii) Margin money / deposit

Amounts in margin money represents deposit with bank against the bank guarantees issued to Hon'ble High Court of Delhi.



# Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 13. Income tax

### 13.1 Other income tax assets (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Income tax assets	1,047	459

### 13.2 Current income tax liabilities (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Current income tax liabilities (net)	148	1,284

### 13.3 Tax expense

#### A. Income tax expense recognised in the statement of profit and loss

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Current tax</b>		
In respect of current year	-	3,632
Tax of earlier years	-	(59)
<b>Total (A)</b>	-	<b>3,573</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(1,517)	(78)
<b>Total (B)</b>	<b>(1,517)</b>	<b>(78)</b>
<b>Total tax expense (A)+(B)</b>	<b>(1,517)</b>	<b>3,495</b>

#### B. Deferred tax benefit/ (expense) recognised in the other comprehensive income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Deferred tax benefit/ (expense) recognised directly in equity consists of:</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurement of defined benefit obligation	35	28
<b>Items that will be reclassified to profit or loss</b>		
Effective portion of loss on designated portion of hedging instrument in a cash flow hedge	2	(8)
<b>Total</b>	<b>37</b>	<b>20</b>

#### C. Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>(Loss)/ profit before tax</b>	<b>(6,213)</b>	<b>13,774</b>
Enacted rate in India	25.17%	25.17%
<b>Computed expected tax expense</b>	<b>(1,564)</b>	<b>3,467</b>
<b>Adjustments:</b>		
Effect of expenses that are not deductible in determining taxable profit	41	68
Tax of earlier years	-	(59)
Others	6	19
<b>Income tax expense</b>	<b>(1,517)</b>	<b>3,495</b>
Effective tax rate	24.41%	25.37%

# Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 14. Equity share capital

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised share capital:</b>	250,000,000	2,500	250,000,000	2,500
Fully paid up equity shares of ₹ 1 each				
<b>Issued, subscribed and fully paid up capital</b>	199,169,177	1,992	198,841,843	1,988
Fully paid up equity shares of ₹ 1 each				
	<b>199,169,177</b>	<b>1,992</b>	<b>198,841,843</b>	<b>1,988</b>

### Notes:

#### 14.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
<b>Balance at the beginning of the year</b>	<b>198,841,843</b>	1,988	<b>198,307,464</b>	1,983
Add: Issue of equity shares under Company's employee stock option plan	327,334	4	534,379	5
<b>Balance at the end of the year</b>	<b>199,169,177</b>	<b>1,992</b>	<b>198,841,843</b>	<b>1,988</b>

#### 14.2 Rights, preferences and restrictions attached to equity shares:

The Company has only one class of issued, subscribed and fully paid up equity shares having a face value of ₹ 1 each per share. Each holder of equity shares is entitled to one vote per share. The dividend (other than interim dividend) proposed, if any, by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

#### 14.3 Shares held by holding/ultimate holding company (i.e., parent of the Group) and/or their subsidiaries/associates

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
KLR Products Limited (Holding Company and Ultimate Holding Company)	113,623,500	1,136	113,623,500	1,136

#### 14.4 Details of Promoter shareholdings:

##### As at 31 March 2024

Promoter Name	No. of shares at the commencement of the year	% of total shares	No. of shares at the end of the year	% of total shares	% change during the year
KLR Products Limited (Holding Company)	113,623,500	57.14%	113,623,500	57.05%	-0.09%
Mrs. K Lakshmi Raju	12,705,860	6.39%	12,705,860	6.38%	-0.01%
Bright Town Investment Advisor Private Limited	586,499	0.29%	586,499	0.29%	0.00%

# Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

As at 31 March 2023

Promoter Name	No. of shares at the commencement of the year	% of total shares	No. of shares at the end of the year	% of total shares	% change during the year
KLR Products Limited (Holding Company)	113,623,500	57.30%	113,623,500	57.14%	-0.15%
Mrs. K Lakshmi Raju	12,705,860	6.41%	12,705,860	6.39%	-0.02%
Bright Town Investment Advisor Private Limited	586,499	0.30%	586,499	0.29%	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, 2024		For the year ended March 31, 2023	
	Number of shares held	% of shareholding	Number of shares held	% of shareholding
KLR Products Limited (Holding Company)	113,623,500	57.05%	113,623,500	57.14%
Mrs. K Lakshmi Raju	12,705,860	6.38%	12,705,860	6.39%
Krishi Rasayan Exports Private Limited	15,625,000	7.85%	15,625,000	7.86%
Rajesh Kumar Agarwal and Atul Churiwal (jointly representing Agro Life Science Corporation, a registered Partnership Firm)	15,625,000	7.85%	15,625,000	7.86%

## 14.6 Shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestment:

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
Under Employee Stock Option Scheme - 2015 (11,50,000 equity shares of INR 1 each)	21,500	*	45,500	*
Under Employee Stock Option Scheme - 2020 (25,00,000 equity shares of INR 1 each)	1,303,330	13	1,486,665	15

\*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 Nomination and Remuneration 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, 2024		For the year ended March 31, 2023	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Options outstanding at the beginning of the year	45,500	8	101,543	8
Options forfeited / lapsed during the year	-	-	-	-
Options granted during the year	-	-	-	-
Options exercised during the year	(24,000)	8	(56,043)	8
Options outstanding at the end of the year	21,500	8	45,500	8
Options vested but not exercised at the end of the year	7,500	8	-	-



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, 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, 2024	As at March 31, 2023
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 3	29	29
- Grant 4	28	28
- Grant 5	26	26
Weighted average share price at the date of exercise	78	89
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 3	-	2.12
- Grant 4	2.65	2.99
- Grant 5	2.70	3.21

### 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 Nomination and Remuneration 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, 2024		For the year ended March 31, 2023	
	Number of options	Weighted- average exercise price	Number of options	Weighted- average exercise price
Options outstanding at the beginning of the year	1,486,665	53	1,580,001	41
Options granted during the year	265,000	65	520,000	66
Options forfeited / lapsed during the year	(145,001)	72	(135,000)	47
Options exercised during the year	(303,334)	29	(478,336)	29
Options outstanding at the end of the year	1,303,330	59	1,486,665	53
Options exercisable at the end of the year	445,003	45	96,667	29

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, 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, 2024	As at March 31, 2023
Risk free Interest Rate (%)	4.32 - 7.39	4.32 - 7.39
Expected life (years)	5 to 6	3 to 4
Expected volatility (%)	36.00 - 66.38	47.69 - 66.38
Dividend yield (%)	0.54	0.49
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	75
- Grant 7	88	88
- Grant 8	82	82
- Grant 9	75	-
Weighted average share price at the date of exercise	76	89
Range of fair value of options at the grant date	28.36 - 46.37	28.36 - 45.81
Range of exercise prices for options outstanding	29 - 82	29 - 82
Weighted average remaining contractual life		
- Grant 1	1.35	2.72
- Grant 2	1.73	3.07
- Grant 3	-	3.24
- Grant 4	1.61	3.61
- Grant 5	1.47	3.90
- Grant 6	2.06	4.07
- Grant 7	1.91	3.91
- Grant 8	3.00	5.00
- Grant 9	3.03	-

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** 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 Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 15. Other equity

Particulars	As at March 31, 2024	As at March 31, 2023
General reserve	4,175	4,175
Capital reserve	21	21
Securities premium account	13,914	13,755
Reserve for equity instruments through other comprehensive income	(499)	(499)
Share Options Outstanding Account	269	222
Effective portion of cash flow hedges	16	23
Retained earnings	32,759	38,056
<b>Total</b>	<b>50,655</b>	<b>55,753</b>

### 15.1 Other equity

Particulars	As at March 31, 2024	As at March 31, 2023
<b>General reserve</b>		
Opening balance	4,175	4,175
Change for the year	-	-
<b>Closing balance</b>	<b>4,175</b>	<b>4,175</b>
<b>Capital reserve</b>		
Opening balance	21	21
Change for the year	-	-
<b>Closing balance</b>	<b>21</b>	<b>21</b>
<b>Securities premium</b>		
Opening balance	13,755	13,506
Add: Amount received on exercise of employee stock options	88	138
Add: Amount transferred from Share options outstanding account	71	111
Add: Premium on allotment of equity shares upon conversion of share warrants	-	-
<b>Closing balance</b>	<b>13,914</b>	<b>13,755</b>
<b>Reserve for equity instruments through other comprehensive income</b>		
Opening balance	(499)	(499)
Change for the year	-	-
<b>Closing balance</b>	<b>(499)</b>	<b>(499)</b>
<b>Share Options Outstanding Account</b>		
Opening balance	222	159
Add: Change for the year	118	174
Less: Amount transferred to securities premium on exercise of employee stock options	71	111
<b>Closing balance</b>	<b>269</b>	<b>222</b>
<b>Effective portion of cash flow hedge reserve</b>		
Opening balance	23	(2)
Change for the year	(7)	25
<b>Closing balance</b>	<b>16</b>	<b>23</b>
<b>Retained earnings</b>		
Opening balance	38,056	29,052
<b>Add: Profit for the year</b>	<b>(4,696)</b>	<b>10,279</b>
Add: Other comprehensive income arising from remeasurement of defined benefit obligation (net of taxes)	(104)	(84)

# Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2024	As at March 31, 2023
	33,256	39,247
Less: Dividends (Refer Notes below)	497	1,191
<b>Closing balance</b>	<b>32,759</b>	<b>38,056</b>
<b>Total</b>	<b>50,655</b>	<b>55,753</b>

## Nature and purpose of reserves:

- General Reserves:** General reserve was created through an annual transfer of profits from retained earnings in accordance with applicable regulations. General reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.
- Capital reserve:** This represents capital subsidy received from government in earlier years for promotion of investment in backward areas.
- Security premium:** Security premium represents the amount received in excess of the face value of the equity shares. The utilisation of the security premium reserve is governed by the relevant provisions of the Companies Act, 2013 ("Act").
- Reserve for equity instruments through other comprehensive income:** This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.
- Share Options Outstanding Account:** This reserve relates to share options granted by the Company to its employees under its employee share option plans.
- Effective portion of cash flow hedge reserve:** When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction.
- Retained earnings:** Retained earnings represents the Company's undistributed earnings after taxes.

## Notes:

- In respect of the year ended March 31, 2023, shareholders approved at the Annual General Meeting held on September 22, 2023 a final dividend of ₹ 0.25 per equity share. The total amount paid with respect to final dividend is ₹ 497 lakhs.
- 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.

## 16. Borrowings

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Non current</b>		
<b>Secured - at amortised cost</b>		
Term loans		
from banks [Refer note (a) below]	2,742	4,714
from financial institution [Refer note (a) below]	1,334	3,417
<b>Total - non current</b>	<b>4,076</b>	<b>8,131</b>
<b>Current</b>		
<b>Secured - at amortised cost</b>		
Repayable on demand from banks [Refer note (b) below]	47,830	44,764
Current maturities of non-current borrowings	5,436	4,770
Interest accrued but not due		
<b>Unsecured - at amortised cost</b>		
from banks [Refer note (c) below]	7,445	-
<b>Total - current</b>	<b>60,711</b>	<b>49,534</b>

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### Notes:

#### (a) Terms of repayment of term loans

##### Term loan I

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Term loan - External Commercial Borrowing	185	911	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 221,875 (March 31, 2023: USD 1,109,375)

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. Interest rate is fully hedged against variable to fixed rate interest swap contract for a fixed rate of 7.50% p.a. (March 31, 2023: 7.50% p.a.) with lending bank.

##### Term loan II

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Working Capital Term loan I - Rupee	2,098	3,147	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 is 3 months Marginal Cost of Funds based Lending Rate (MCLR) plus 0.45% p.a.

##### Term loan III

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Term Loan - Rupee	500	1,167	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 is 6 months Marginal Cost of Funds based Lending Rate (MCLR) plus 0.10% p.a.

##### Term loan IV

Particulars	As at March 31, 2024	As at March 31, 2023	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 is 3 months Marginal Cost of Funds based Lending Rate (MCLR) plus 0.30% p.a.

##### Term loan V

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Term Loan - Rupee	1,212	-	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 8 quarterly instalments starting from July 2023 and the last installment is being payable in April 2025.

Rate of interest is 3 months Marginal Cost of Funds based Lending Rate (MCLR) plus 1.75% p.a.

# Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## Term loan VI

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Term Loan - Rupee	750	1,500	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 is 1 year Marginal Cost of Funds based Lending Rate (MCLR) plus 3.50% p.a.

## Term loan VII

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Term Loan - Rupee	2,667	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 is Repo plus 3.10% p.a.

## (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, Shinhan Bank Limited, Axis Bank Limited, Bank of Bahrain and Kuwait B.S.C., SBM Bank (India) Limited, Yes Bank Limited, Kotak Mahindra Bank Limited, Doha Bank and Qatar National Bank 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.

Rate of interest on Rupee loans repayable on demand is in the range of 5.25% to 10.8% p.a. (March 31, 2023: 5.75% to 9.75% p.a.)

## (c) Unsecured loans :

The Company participates in a supply chain financing arrangement (SCF) with banks, which is disclosed under borrowings. The principal purpose of this arrangement is to provide funding to the Company, and accordingly the Company derecognizes original liabilities upon banks paying the Company's suppliers. Payments to the suppliers by the banks are presented as part of operating activities and payments to the banks by the Company are presented as part of financing activities.

- (d) During the year ended 31 March 2024, there has been a deviation with respect to certain ratios such as Debt Service Coverage ratio and EBIDTA of the Company in comparison to the prescribed limits as per the respective loan agreements. The management has however obtained a confirmation prior to the approval of the financial statements from such lenders on the satisfactory discharge of its debt servicing obligations and that the existing repayment schedules as per the sanction terms would continue. Accordingly, borrowings continue to be classified in accordance with the terms of the repayment schedule agreed with the lenders.

**Note:** The Company has not made any defaults in repayment of principal and interest on the above loans.

## 17. Other financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Non current</b>		
Guarantee obligation	62	107
<b>Total - non current</b>	<b>62</b>	<b>107</b>
<b>Current</b>		
Payable on purchase of property, plant and equipment	342	500
Trade deposits from dealers	1,711	1,423
Guarantee obligation	45	54
Insurance claim received (Refer note 41)	2,926	2,926
Amounts due to customers	9,254	1,876
Unclaimed dividend (Refer note below)	61	57
<b>Total - current</b>	<b>14,339</b>	<b>6,836</b>

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### Note:

There are no amounts of unclaimed dividend due for remittance to the Investor Education and Protection Fund as on March 31, 2024 and March 31, 2023 respectively.

### 18. Provisions (Refer note 32)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Non current</b>		
Gratuity liability	785	711
Compensated absences	694	601
<b>Total - non current</b>	<b>1,479</b>	<b>1,312</b>
<b>Current</b>		
Gratuity liability	260	159
Compensated absences	305	241
<b>Total - current</b>	<b>565</b>	<b>400</b>

### 19. Deferred tax assets/ liabilities (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred tax assets (net)	639	-
Deferred tax liabilities (net)	-	915
<b>Total</b>	<b>639</b>	<b>915</b>

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Deferred tax liabilities</b>		
Property, plant and equipment	(1,526)	(1,348)
Intangible assets and Intangible assets under development	(536)	(344)
Right of use assets	(10)	(72)
Others	-	(2)
<b>Deferred tax assets</b>		
Employee related provisions	546	460
Loss allowances on trade receivables	489	196
Lease liabilities	11	79
Investments in preference shares measured at FVTOCI	116	116
Unabsorbed depreciation and business loss	1,549	-
<b>Net deferred tax assets/(liabilities)</b>	<b>639</b>	<b>(915)</b>



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### Movement in deferred tax assets and liabilities for the year ended March 31, 2024

Particulars	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax liabilities:</b>				
Property, plant and equipment	(1,348)	(178)		(1,526)
Intangible assets and Intangible assets under development	(344)	(192)		(536)
Right of use assets	(72)	62		(10)
Others	(2)	-	2	-
	<b>(1,766)</b>	<b>(308)</b>	<b>2</b>	<b>(2,072)</b>
<b>Deferred tax assets:</b>				
Employee related provisions	460	51	35	546
Loss allowances on trade receivables	196	293	-	489
Lease liabilities	79	(68)	-	11
Investments in preference shares measured at FVTOCI	116	-	-	116
Unabsorbed depreciation and business loss (Refer note ii below)	-	1,549	-	1,549
	<b>851</b>	<b>1,825</b>	<b>35</b>	<b>2,711</b>
<b>Net deferred tax assets/ (liabilities)</b>	<b>(915)</b>	<b>1,517</b>	<b>37</b>	<b>639</b>

### Movement in deferred tax assets and liabilities for the year ended March 31, 2023

Particulars	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax liabilities:</b>				
Property, plant and equipment	(1,388)	40	-	(1,348)
Intangible assets and Intangible assets under development	(265)	(79)	-	(344)
Right of use assets	(116)	44	-	(72)
Others	-	-	(2)	(2)
	<b>(1,769)</b>	<b>5</b>	<b>(2)</b>	<b>(1,766)</b>
<b>Deferred tax assets:</b>				
Employee related provisions	359	73	28	460
Loss allowances on trade receivables	133	63	-	196
Lease liabilities	125	(46)	-	79
Investments in preference shares measured at FVTOCI	116	-	-	116
Others	23	(17)	(6)	-
	<b>756</b>	<b>73</b>	<b>22</b>	<b>851</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>(1,013)</b>	<b>78</b>	<b>20</b>	<b>(915)</b>

(i) There are no unrecognised deferred tax assets and liabilities as at 31 March 2024 and 31 March 2023.

(ii) In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods, the Company has recognised deferred tax assets as there is convincing evidence that sufficient taxable profit will be available against which the unabsorbed depreciation and business loss can be utilised by the entity. It is expected that any reversals of the deferred tax liability would be offset against the reversal of the deferred tax assets.

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 20. Trade payables

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues to micro enterprises and small enterprises	4,296	3,685
Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer note (ii) below)	26,641	43,205
<b>Total</b>	<b>30,937</b>	<b>46,890</b>
Of the above trade payables amounts due to related parties are as below:		
Trade Payables due to related parties	2,271	1,926

Notes:

- 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.
- The dues above include acceptances against the letter of credit issued to bank amounting to ₹ 2,171 lakhs as at March 31, 2024 (March 31, 2023: ₹ 4,234 lakhs).
- Ageing for trade payables outstanding as at March 31, 2024 is as follows:

Particulars	Outstanding for the following periods from the due date of payment						Total
	Unbilled	Not due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Micro enterprises and small enterprises	-	4,282	14	-	-	-	4,296
Others	4,250	13,607	8,777	7	-	-	26,641
Disputed - Micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>4,250</b>	<b>17,889</b>	<b>8,791</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>30,937</b>

Ageing for trade payables outstanding as at March 31, 2023 is as follows:

Particulars	Outstanding for the following periods from the due date of payment						Total
	Unbilled	Not due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Micro enterprises and small enterprises	-	3,685	-	-	-	-	3,685
Others	1,091	30,959	11,155	-	-	-	43,205
Disputed - Micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>1,091</b>	<b>34,644</b>	<b>11,155</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,890</b>

### 21. Other liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Current</b>		
Advances from customers [Refer note 22 (E)]	1,062	701
Statutory payables	830	1,019
<b>Total</b>	<b>1,892</b>	<b>1,720</b>

# Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 22. Revenue from operations

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale of products [refer note (A) below]	175,873	209,771
Other operating revenue [refer note (D) below]	2,211	1,829
<b>Total</b>	<b>178,084</b>	<b>211,600</b>

### Notes:

#### (A) Revenue for the year ended March 31, 2024 and March 31, 2023 includes:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale of manufactured products	156,140	205,545
Sale of stock-in-trade	19,733	4,226
<b>Total</b>	<b>175,873</b>	<b>209,771</b>

#### (B) Reconciliation of revenue from sale of products with the contracted price:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Revenue from contracts with customers as per the contracted price</b>	<b>205,020</b>	<b>233,036</b>
Adjustments made to contracted price on account of :-		
a. Rebates/ incentives/ discounts	(13,507)	(16,922)
b. Sales returns	(15,640)	(6,343)
<b>Total Revenue from contract with customers</b>	<b>175,873</b>	<b>209,771</b>

#### (C) Disaggregation of revenue information:

The table below presents disaggregated revenues from contracts with customers by customers and geography. The company believes that the this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected.

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Manufactured Products</b>		
Domestic		
Dealer sales	82,243	79,529
Institutional sales	34,320	41,640
Exports		
Institutional sales	39,577	84,376
<b>Total Manufactured Products</b>	<b>156,140</b>	<b>205,545</b>
<b>Stock-in-trade</b>		
Domestic		
Dealer sales	3,653	4,226
Institutional sales	15,473	-
Exports		
Institutional sales	607	-
<b>Total Stock-in-trade</b>	<b>19,733</b>	<b>4,226</b>
<b>Total Sales</b>	<b>175,873</b>	<b>209,771</b>

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### (D) Other operating revenue

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on overdue trade receivables	1,719	1,091
Sale of by-products	142	419
Export incentives	217	196
Scrap sales and others	133	123
<b>Total</b>	<b>2,211</b>	<b>1829</b>

### (E) Contract balances

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Trade receivables, net	78,092	77,054
Contract liabilities (Advances from customers)	1,062	701

Note: The amount of ₹ 701 lakhs included in contract liabilities at March 31, 2023 has been recognised as revenue during the year ended March 31, 2024 (March 31, 2023: ₹ 1,082 lakhs).

No information is provided about remaining performance obligations at March 31, 2024 or at March 31, 2023 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, 2024	For the year ended March 31, 2023
Interest income under the effective interest method:		
- Bank deposits	267	194
Unwinding of discount on deposits	13	11
Unwinding of guarantee commission	54	61
Other non-operating income:		
Insurance claims	-	4
Trade receivables written off, recovered	321	100
Excess provisions no longer required, written back (net)	15	15
Net gain on foreign currency transactions and translations	83	398
Guarantee commission	115	69
Miscellaneous income	122	403
<b>Total</b>	<b>990</b>	<b>1,255</b>

### 24. Cost of materials consumed

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Raw material consumption	117,641	150,504
Packing material consumption	9,540	8,684
<b>Total</b>	<b>127,181</b>	<b>159,188</b>



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 25. Changes in inventories of finished goods, work in progress and stock-in-trade

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Opening balance</b>		
Work-in-progress	3,384	3,471
Finished goods	20,578	16,750
Stock-in-trade	1,321	1,284
<b>Total opening balance</b>	<b>25,283</b>	<b>21,505</b>
<b>Closing balance</b>		
Work-in-progress	2,217	3,384
Finished goods	15,825	20,578
Stock-in-trade	2,237	1,321
<b>Total closing balance</b>	<b>20,279</b>	<b>25,283</b>
<b>Total increase in inventories</b>	<b>5,004</b>	<b>(3,778)</b>

### 26. Employee benefits expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	10,596	10,143
Contribution to provident and other funds (Refer note 32)	947	819
Employee share based payments	118	174
Staff welfare expenses	935	858
<b>Total</b>	<b>12,596</b>	<b>11,994</b>

Note: Refer note 38 for capitalisation of salary cost to Intangible assets under development.

### 27. Finance costs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expense on financial liabilities measured at amortised cost	4,422	2,931
Other interest expenses	328	329
Interest on lease liabilities	20	50
Interest expense on financial assets measured at amortised cost	12	13
Other borrowing costs	1,228	1,086
<b>Total</b>	<b>6,010</b>	<b>4,409</b>

### 28. Depreciation and amortisation expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation of property, plant and equipment (Refer note 4)	1,516	2,281
Add: Depreciation of right of use assets (Refer note 4A)	246	273
Add: Amortisation of intangible assets (Refer note 5)	110	103
	<b>1,872</b>	<b>2,657</b>
Less: Depreciation capitalised during the year (Refer note 38)	37	63
<b>Total</b>	<b>1,835</b>	<b>2,594</b>

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 29. Other expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Consumption of stores and spare parts	973	1,266
Repairs and maintenance		
Buildings	158	246
Plant and machinery	632	765
Others	66	49
Other manufacturing costs	1,498	1,455
Power and fuel	4,954	5,742
Rent	183	139
Rates and taxes	93	110
Communication expenses	93	81
Travel and conveyance	1,484	1,199
Legal and professional charges	866	615
Insurance	370	382
Directors' sitting fees	24	27
Auditors' remuneration (Refer note (i) below)	79	66
Product development expenses	266	110
Trade receivables written off	741	457
Reversal of loss allowance on trade receivables	(565)	(452)
Loss allowance on trade receivables	1,728	702
Royalty	1,017	1,222
Marketing expenses	3,133	1,698
Freight outward and handling charges	3,410	2,654
Net loss on disposal of property, plant and equipment	6	89
Intangible assets under development written off	145	104
Corporate social responsibility expenses (Refer note (ii) below)	213	133
Miscellaneous expenses	1,068	1,187
<b>Total</b>	<b>22,635</b>	<b>20,046</b>

Note: Refer note 38 for capitalisation of other expenses to Intangible assets under development.

Notes:

(i) Auditors' remuneration (net of applicable taxes) comprises of:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Statutory audit	40	36
Limited review fee	17	13
Tax audit	4	5
Certification fee	2	2
Others	10	8
Out of pocket expenses	6	2
<b>Total</b>	<b>79</b>	<b>66</b>

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### (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.

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
1. Amount required to be spent by the company during the year	212	133
2. Amount approved by the Board to be spent during the year	212	133
3. Amount of expenditure incurred		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	213	133
4. Shortfall at the end of the year	-	-
5. Total of previous years shortfall	-	-
6. Reason for shortfall	N.A.	N.A.
7. Nature of CSR activities	Educational systems strengthening, Promoting health care and providing medical support in rural areas and Integrated water resource management.	
8. Details of related party transactions	-	-

### 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 for the year ended March 31, 2024 and March 31, 2023.

#### (i) Details of subsidiaries and associate:

Names	Nature of relationship	Country of incorporation	Percentage of holding as at	
			March 31, 2024	March 31, 2023
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%
NACL Agri-Solutions Private Limited	Subsidiary	India	100%	-
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary	Australia	100%	100%
NACL Industries (Nigeria) Limited *	Subsidiary	Nigeria	100%	100%
Nasense Labs Private Limited	Associate	India	26%	26%

\* Incorporated on January 13, 2023. The Company is yet to transfer funds towards share capital of NACL Industries (Nigeria) Limited as on March 31, 2024.

#### (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 Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### (iii) Key Managerial Personnel (KMP) :

Name	Designation
Mr. M Pavan Kumar	Managing Director and Chief Executive Officer
Mr. C. Varada Rajulu	Non-Executive Director *
Mr. RKS 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	Non-executive Director, Nominee Director
Mr. Rajesh Kumar Agarwal	Non-executive Director, Nominee Director
Mr. Santanu Mukherjee	Independent Director (appointed w.e.f. July 27, 2023)
Mr. Raj Kaul	Non-executive Director (appointed w.e.f. May 6, 2023)
Dr. M Lakshmi Kantam	Independent Director (appointed w.e.f. January 23, 2024)

\* Ceased to be Executive Director and appointed as non-executive director with effect from June 24, 2023

### (B) Transactions during the year :

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>(i) Sales</b>		
a. Krishi Rasayan Exports Private Limited	443	726
b. Agro Life Sciences Corporation	23	64
c. NACL Spec-Chem Limited	7,124	280
<b>(ii) Rent Income</b>		
a. NACL Multi-Chem Private Limited	4	*
b. NACL Spec-Chem Limited	*	*
c. NACL Agri-Solutions Private Limited	6	*
<b>(iii) Other Income</b>		
a. NACL Spec-Chem Limited	6	65
b. NACL Multi-Chem Private Limited	*	-
<b>(iv) Purchases</b>		
a. Nasense Labs Private Limited	92	190
b. Krishi Rasayan Exports Private Limited	2,545	3,286
c. Agro Life Sciences Corporation	41	-
d. Agma Energy Private Limited	666	306
e. NACL Spec-Chem Limited	10,942	3,811
<b>(v) Purchase of stores &amp; spares</b>		
a. NACL Spec-Chem Limited	6	-



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>(vi) Professional charges</b>		
a. Nagarjuna Agrichem (Australia) Pty Limited, Australia	12	12
<b>(vii) Investments</b>		
a. NACL Spec-Chem Limited	-	2,800
b. NACL Multi-Chem Private Limited	685	-
c. NACL Agri-Solutions Private Limited	100	-
<b>(viii) Dividend paid</b>		
a. KLR Products Limited	284	682
b. Krishi Rasayan Exports Private Limited	39	94
c. Agro Life Sciences Corporation	39	94
d. Bright Town Investment Advisor Private Limited	1	4
<b>(ix) Guarantee given</b>		
a. NACL Spec-Chem Limited	2,000	8,034
<b>(x) Guarantee commission</b>		
a. NACL Spec-Chem Limited	115	69
<b>(xi) Reimbursement of expense</b>		
a. NACL Spec-Chem Limited	2	30
b. NACL Multi-Chem Private Limited	32	-
c. KLR Products Limited	*	-
<b>(xii) Shared service cost</b>		
a. NACL Spec-Chem Limited	-	201
<b>(xiii) Transaction with Key Managerial Personnel</b>		
a. Rent paid	140	146
b. Sitting fees	24	27
c. Dividend paid	32	76
d. Security deposit given / (refunded)	-	(5)
e. Short-term employee benefits	383	555
f. Share-based payments	22	27
g. Professional charges	90	-
h. Reimbursement of expenses	9	-
<b>(xiv) Provision for credit impaired trade receivables</b>		
a. Nasense Labs Private Limited	-	(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 Company. The proportionate amount of these Post-employment benefits and other long term benefits is ₹ 8 lakhs and ₹ 13 lakhs respectively recognised in employee benefits for the year ended March 31, 2024.

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### (C) Outstanding balances as at the year end

Particulars	As at March 31, 2024	As at March 31, 2023
<b>(i) Reimbursement of expenses</b>		
a. NACL Spec-Chem Limited	553	299
b. NACL Multi-Chem Private Limited	9	1
c. LR Research Laboratories Private Limited	1	1
<b>(ii) Trade receivables</b>		
a. Nasense Labs Private Limited	-	108
b. Krishi Rasayan Exports Private Limited	330	198
c. Agro Life Sciences Corporation	-	75
d. NACL Spec-Chem Limited	2,047	-
<b>(iii) Trade payables</b>		
a. Nagarjuna Agrichem (Australia) Pty Limited, Australia	16	14
b. Krishi Rasayan Exports Private Limited	1,737	1,578
c. Agro Life Sciences Corporation	49	-
d. Agma Energy Private Limited	469	175
e. NACL Spec-Chem Limited	-	159
<b>(iv) Security deposits</b>		
a. Key Managerial Personnels	70	70
<b>(v) Investments</b>		
a. Nagarjuna Agrichem (Australia) Pty Limited, Australia	32	32
b. LR Research Laboratories Private Limited	1	1
c. NACL Spec-Chem Limited	9,751	9,751
d. NACL Multi-Chem Private Limited	736	51
e. NACL Agri-Solutions Private Limited	100	-
f. Nasense Labs Private Limited	816	816
<b>(vi) Guarantee</b>		
a. NACL Spec-Chem Limited	18,500	16,500

\* less than a lakh

### 31. Contingent liabilities, Guarantee and Capital Commitments

#### A. Contingent Liabilities

S.No.	Particulars	As at	
		March 31, 2024	March 31, 2023
(i)	Claims against the Company not acknowledged as debts in respect of the matters under dispute:		
	Excise duty (Refer note (a) below)	17	29
	Service tax (Refer note (b) below)	15	15
	Income tax (Refer note (c) below)	618	608
	Sales tax (Refer note (d) below)	94	94
	Goods and Service tax (Refer note (e) below)	248	31
	Export benefits (MEIS) (Refer note (f) below)	199	1,231
(ii)	Others (Refer note (g) below)	135	141
	<b>Total</b>	<b>1,326</b>	<b>2,149</b>

#### Notes:

- (a) 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.

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

- (b) 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.
- (c) The Company has disputed various demands raised by income tax authorities for the assessment years 2004-05 to 2007-08; 2009-10; 2016-17 to 2018-19; 2020-21 and 2022-23 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.
- (d) The Company has disputed various demands raised by sales tax authorities for the financial years 2012-13 to 2016-17, 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.
- (e) The Company has disputed various demands raised by Goods and Service Tax authorities for the financial year 2017-2018 to 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.
- (f) The disputed amount of ₹ 1,032 lakhs as on March 31, 2023 pertaining to the demand raised by Director general of foreign trade (DGFT) office for the excess exports benefits availed by the company for earlier years. During the year ended 31 March 2024, vide final order dated December 31, 2023, the Company has received a favourable order from Additional Director general of foreign trade. The Company 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 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 ₹ 18,500 lakhs (March 31, 2023: ₹ 16,500 lakhs).

### C. Commitments

S.No.	Particulars	As at March 31, 2024	As at March 31, 2023
(i)	Estimated amount of contracts, remaining to be executed on capital account and not provided for (net of advance)	236	283
	<b>Total</b>	<b>236</b>	<b>283</b>

### 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 ₹ 738 lakhs (March 31, 2023: ₹ 649 lakhs).

##### - Gratuity (funded):

Amount recognised in statement of profit and loss in respect of gratuity ₹ 209 lakhs (March 31, 2023: ₹ 170 lakhs).

#### 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 year determined. The Gratuity fund is administered through a scheme of Life Insurance Corporation of India (LIC).

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.

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, 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, 2024	For the year ended March 31, 2023
Current service cost	150	122
Net interest expense	59	48
<b>Components of defined benefit costs recognised in statement of profit or loss</b>	<b>209</b>	<b>170</b>
Re-measurement on the net defined benefit liability:		
- Return on plan assets excluding interest income	7	-
- Actuarial losses arising from Demographic Assumptions	-	33
- Actuarial gain arising from experience adjustments	110	(100)
- Actuarial losses arising from changes in financial assumptions	22	179
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>139</b>	<b>112</b>
<b>Total</b>	<b>348</b>	<b>282</b>

### Defined Benefit Obligation (DBO)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Present value of DBO at the beginning of the year	1,171	989
Current service cost	150	122
Interest cost	85	68
Actuarial losses arising from Demographic Assumptions	-	33
Actuarial losses / (gains) arising from experience adjustments	110	(100)
Actuarial losses arising from changes in financial assumptions	22	179
Benefits paid	(76)	(120)
<b>Present value of DBO at the end of the year</b>	<b>1,462</b>	<b>1,171</b>

### Fair value of plan assets

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Fair value of plan assets at the beginning of the year	301	274
Interest income	26	19
Employer contributions	173	128
Benefits paid	(76)	(120)
Return on plan assets excluding interest income	(7)	-
<b>Present value of plan assets at the end of the year</b>	<b>417</b>	<b>301</b>

### Major Category of Plan Assets as a % of the Total Plan Assets

In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.



# Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## Reconciliation of net Defined Benefit Liability / (Asset)

Particulars	As at March 31, 2024	As at March 31, 2023
Net Defined Benefit Liability / (Asset) at the beginning of the year	870	715
Current service cost	150	122
Interest cost	59	49
Return on plan assets excluding interest income	7	-
Actuarial losses arising from Demographic Assumptions	-	33
Actuarial losses / (gains) arising from experience adjustments	110	(100)
Actuarial losses arising from changes in financial assumptions	22	179
Employer contributions	(173)	(128)
<b>Net Defined Benefit Liability / (Asset) at the end of the year</b>	<b>1,045</b>	<b>870</b>
Non current	785	711
Current	260	159

## Assumptions

Particulars	Gratuity plan	
	As at March 31, 2024	As at March 31, 2023
Discount rate	7.22%	7.50%
Expected rate of salary increase	6.00%	6.00%
Attrition rate	8%	8%
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	For the year ended March 31, 2024	
	DBO	Percentage Change
Under base scenario	1,462	-
Salary escalation - up by 1%	88	6.02%
Salary escalation - down by 1%	(85)	-5.81%
Attrition rate - up by 1%	1	0.07%
Attrition rate - down by 1%	(6)	-0.41%
Discount rate - up by 1%	(79)	-5.40%
Discount rate - down by 1%	83	5.68%
Mortality Rates - Up by 10%	*	0.01%
Mortality Rates - Down by 10%	*	-0.01%

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

For the year ended March 31, 2023		
Scenario	DBO	Percentage Change
Under base scenario	1,171	-
Salary escalation - up by 1%	74	6.32%
Salary escalation - down by 1%	(68)	-5.81%
Attrition rate - up by 1%	4	0.34%
Attrition rate - down by 1%	(4)	-0.34%
Discount rate - up by 1%	(62)	-5.29%
Discount rate - down by 1%	70	5.98%
Mortality Rates - Up by 10%	*	0.02%
Mortality Rates - Down by 10%	*	-0.02%

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, 2024	As at March 31, 2023
Maturity profile of Defined Benefit Obligations		
Within 1 year	266	161
Year 2	171	171
Year 3	165	147
Year 4	172	133
Year 5	154	132
> 5 years	1,480	1,248

Expected contribution to the post employee benefits plan during the next financial year is expected to be ₹ 209 lakhs (March 31, 2023: ₹ 160 lakhs)

The weighted average duration of the defined benefit obligation is 7 years (March 31, 2023: 6.62 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, 2024, the Company has incurred an expense on compensated absences amounting to ₹ 276 lakhs (March 31, 2023: ₹ 402 lakhs). 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.



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 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, 2024	As at March 31, 2023
(i) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	4,296	3,685
(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	-	-

### 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, 2024	As at March 31, 2023
Non-current borrowings	4,076	8,131
Current borrowings including current maturities of non-current borrowings	60,711	49,534
Cash and cash equivalents	(3,198)	(3,993)
<b>Net debt (Refer note (i) below)</b>	<b>61,589</b>	<b>53,672</b>
Equity (Refer note (ii) below)	52,647	57,741
<b>Net debt to equity ratio</b>	<b>1.17</b>	<b>0.93</b>

#### 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 Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 34.2 Financial instruments by category

Particulars	As at March 31, 2024			As at March 31, 2023		
	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
<b>Financial assets</b>						
Investments in preference shares	-	1	-	-	1	-
Other financial assets	1,117	-	-	812	-	-
Derivative financial asset	-	7	-	-	9	-
Trade receivables	78,092	-	-	77,054	-	-
Cash and cash equivalents	3,198	-	-	3,993	-	-
Other bank balances	3,358	-	-	3,197	-	-
<b>Total</b>	<b>85,765</b>	<b>8</b>	<b>-</b>	<b>85,056</b>	<b>10</b>	<b>-</b>
<b>Financial liabilities</b>						
Borrowings (refer note (i) below)	64,787	-	-	57,665	-	-
Lease liabilities	43	-	-	314	-	-
Other financial liabilities	14,401	-	-	6,943	-	-
Trade payables	30,937	-	-	46,890	-	-
<b>Total</b>	<b>110,168</b>	<b>-</b>	<b>-</b>	<b>111,812</b>	<b>-</b>	<b>-</b>

#### Notes:

- (i) Borrowings include non-current and current borrowings (Refer Note 16)
- (ii) The management assessed that fair value of cash and cash equivalents, trade receivables, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments, and hence these are carried at amortised cost. For non-current borrowings, the valuation model considers the present value of expected payments discounted using the borrowing rate provided by the banks/ financial institutions. The own non-performance risk was assessed to be insignificant.
- (iii) Investments (unquoted) are measured at fair value through initial designation in accordance with Ind AS 109.

### 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, 2024	As at March 31, 2023
Financial Instruments		
Derivative financial asset	7	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, 2024 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 Standalone Financial Statements

(All amounts in ₹ lakhs, 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, 2024	As at March 31, 2023
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.

### Transfer between Level 1 and 2:

There have been no transfers from Level 2 to Level 1 or vice-versa in 2023-24 and no transfers in either direction in 2022-23.

## 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

Market is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises of foreign currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns.

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### Foreign currency exposure

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. 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, 2024:

Particulars	US Dollars	₹ (in lakhs)	EURO	₹ (in lakhs)	Total (₹ lakhs)
Cash and cash equivalents	449,523	375	-	-	375
Trade receivables	14,259,437	11,892	138,400	124	12,016
Borrowings	(14,804,834)	(12,349)	-	-	(12,349)
Trade payables	(5,687,663)	(4,750)	-	-	(4,750)
<b>Net assets/(liabilities)</b>	<b>(5,783,537)</b>	<b>(4,832)</b>	<b>138,400</b>	<b>124</b>	<b>(4,708)</b>

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 lakhs)	EURO	₹ (in lakhs)	Total (₹ lakhs)
Cash and cash equivalents	1,099,583	904	-	-	904
Trade receivables	25,360,731	20,839	-	-	20,839
Borrowings	(19,998,002)	(16,432)	-	-	(16,432)
Trade payables	(14,611,271)	(12,006)	-	-	(12,006)
<b>Net assets/(liabilities)</b>	<b>(8,148,959)</b>	<b>(6,695)</b>	<b>-</b>	<b>-</b>	<b>(6,695)</b>

### Sensitivity analysis:

For the year ended March 31, 2024 and March 31, 2023, every increase / decrease of ₹ 1 in the respective foreign currencies compared to functional currency of the Company would impact profit before tax by ₹ 57 lakhs/ (₹ 57 lakhs) and ₹ 81 lakhs/ (₹ 81 lakhs) respectively and Impact Equity, net of tax by ₹ 43 lakhs/ (₹ 43 lakhs) and ₹ 61 lakhs/ (₹ 61 lakhs) respectively.

### Interest rate risk:

The Company draws term loans, working capital demand loans, avails cash credit, foreign currency borrowings including buyer's credit, packing credit etc. for meeting its funding requirements. The Company manages the interest rate risk by maintaining appropriate mix/ portfolio of borrowings having 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, 2024	As at March 31, 2023
<b>Fixed rate instruments</b>		
Financial assets	3,297	3,140
Current borrowings	7,445	-
<b>Variable rate instruments</b>		
Non-current borrowings	4,076	8,131
Current borrowings	53,266	49,534
	<b>57,342</b>	<b>57,665</b>
Effect of interest rate swap	(185)	(911)
	<b>57,157</b>	<b>56,754</b>

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 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 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, 2024	Fair Value of Interest Rate Swap as at March 31, 2023	Coupon / Interest Rate	Fixed Interest Rate
US Dollar	3,550,000	185	911	ON SOFR + 4%+ 0.42826% on USD Notional	7.50%

### Sensitivity analysis:

For the year ended March 31, 2024 and March 31, 2023, 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 ₹ 583 lakhs/ (₹ 583 lakhs) and ₹ 650 lakhs/ (₹ 650 lakhs) respectively and Impact Equity, net of tax by ₹ 436 lakhs/ (₹ 436 lakhs) and ₹ 486 lakhs/ (₹ 486 lakhs) 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.

### Expected credit loss (ECL):

- (i) The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom the Company grants credit terms in the normal course of business. The credit period on sale of goods varies with seasons and markets and generally ranges between 30 to 180 days. Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed annually.

As a practical expedient, the Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL allowance (or reversal) during the year is recognised in the statement of profit and loss.

- (ii) Movement in the Impairment loss on trade receivables

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	778	528
Provision for impairment loss made during the year	1,904	707
Provision reversed against trade receivables write-off / recovery	(741)	(457)
Balance at the end of the year	1,941	778

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

- (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 ₹ 6,711 lakhs (March 31, 2022: ₹ 10,865 lakhs) 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, 2024	As at March 31, 2023
India	68,017	56,993
Outside India	12,016	20,839
<b>Total</b>	<b>80,033</b>	<b>77,832</b>

- (iv) The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2024.

Ageing Bucket	Weighted-average loss rate	Gross carrying amount	Loss allowance	Net Trade receivables
Not due	0.52%	62,788	329	62,459
Less than 6 months	4.80%	13,647	655	12,992
6 months - 1 year	15.93%	2,209	352	1,857
1 - 2 years	43.56%	1,389	605	784
<b>Total</b>		<b>80,033</b>	<b>1,941</b>	<b>78,092</b>

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2023.

Ageing Bucket	Weighted-average loss rate	Gross carrying amount	Loss allowance	Net Trade receivables
Not due	0.31%	58,805	185	58,620
Less than 6 months	1.00%	15,999	160	15,839
6 months - 1 year	6.82%	2,127	145	1,982
1 - 2 years	31.96%	901	288	613
<b>Total</b>		<b>77,832</b>	<b>778</b>	<b>77,054</b>

### 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 ₹ 9,262 lakhs and ₹ 12,172 lakhs as of March 31, 2024 and March 31, 2023 respectively.

The working capital position of the Company:

Particulars	As at March 31, 2024	As at March 31, 2023
Current assets	126,655	138,002
Current liabilities	108,635	106,935
<b>Working capital</b>	<b>18,020</b>	<b>31,067</b>



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

The table below provides details regarding the contractual maturities of significant financial liabilities on an undiscounted basis as at March 31, 2024:

Particulars	Carrying value	Less than 1 year	1-5 years	above 5 years
Trade payables	30,937	30,937	-	-
Borrowings and interest thereon	64,787	65,121	4,411	-
Lease liabilities	43	49	-	-
Other current financial liabilities	14,339	14,339	-	-
Other non-current financial liabilities	62	-	62	-
<b>Total</b>	<b>110,168</b>	<b>110,446</b>	<b>4,473</b>	<b>-</b>

The table below provides details regarding the contractual maturities of significant financial liabilities on an undiscounted basis as at March 31, 2023:

Particulars	Carrying value	Less than 1 year	1-5 years	above 5 years
Trade payables	46,890	46,890	-	-
Borrowings and interest thereon	57,665	53,664	8,522	508
Lease liabilities	314	296	49	-
Other current financial liabilities	6,836	6,836	-	-
Other non-current financial liabilities	107	-	107	-
<b>Total</b>	<b>111,812</b>	<b>107,686</b>	<b>8,678</b>	<b>508</b>

The Company's obligation towards payment of borrowings has been included in note 16.

### 35. Ratios

The following are analytical ratios for the year ended March 31, 2024 and March 31, 2023

Particulars	Numerator	Denominator	As at March 31, 2024	As at March 31, 2023	Variance
Current ratio	Current assets	Current liabilities	1.17	1.29	-9.66%
Debt-Equity ratio	Debt consists of borrowings and lease liabilities	Total equity	1.23	1.00	22.64%
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	0.36	2.61	-86.26%#
Return on equity ratio	Profit for the year	Average shareholders equity	-9%	19%	-143.92%#
Inventory turnover ratio	Revenue from operations	Average inventory	4.36	4.73	-7.77%
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	2.26	3.22	-30.02%*
Trade payables turnover ratio	Net purchases	Average trade payables	3.16	4.09	-22.78%
Net capital turnover ratio	Revenue from operations	Working capital	7.26	7.20	0.72%
Net profit ratio	Profit for the year	Revenue from operations	-3%	5%	-154.28%#
Return on capital employed	Earnings before interest and taxes	Capital employed = Tangible net worth + borrowings + lease liabilities + deferred tax liabilities	0%	15%	-101.15%#
Return on investment	Income generated from investments	Time weighted average investments	0%	0%	-

# Reduction in profitability of the Company during the year is on account lower global demand and falling prices leading to lower revenues and lower realisable value of inventories.

\* Reduction in revenue from operations is on account lower global demand and falling prices.

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 36. Earnings per share

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit for the year attributable to shareholders of the Company	(4,696)	10,279
Basic:		
Number of shares outstanding at the year end	199,169,177	198,841,843
Weighted average number of equity shares	198,939,532	198,415,888
Earnings per share (₹)	(2.36)	5.18
Diluted:		
Effect of potential equity shares on employee stock options outstanding	365,217	520,675
Weighted average number of equity shares outstanding	199,304,749	198,936,563
Earnings per share (₹)	(2.36)	5.17

**Note:** EPS is calculated based on profit after tax excluding the other comprehensive income.

### 37. Research and development expense charged to Statement of Profit and Loss account:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Employee benefits expense	85	52
Depreciation	9	1
Other expenses	126	95
<b>Total</b>	<b>220</b>	<b>148</b>

### 38. Development expense capitalised:

#### Revenue Expenditure capitalised during the year under respective heads:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Employee benefits expense	570	381
Depreciation	37	63
Other expenses	232	206
<b>Total</b>	<b>839</b>	<b>650</b>

### 39. Leases:

The Company leases office buildings and vehicles. The leases pertain to office buildings and vehicle leases typically run for a period of 3 to 5 years, with an option to renew the lease after that date. Lease payments are renegotiated at renewal date reflect market rentals except for vehicle leases.

The Company has certain leases with lease terms of less than 12 months or with low value. The Company applies short term lease and lease of low value assets recognition exemption for these leases. The incremental borrowing rate for lease liabilities is ranging from 7.62% to 9.67%.

i) The following is the movement in lease liabilities during the year ended:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening balance	314	499
Add: Lease liabilities recognised during the year	-	140
Less: Lease liabilities derecognised during the year	-	(45)
Add: Interest cost accrued during the year	20	50
Less: Payment of lease liabilities including interest	(291)	(330)
Balance at the end of the year	<b>43</b>	<b>314</b>
Non-current lease liability	-	43
Current liability	<b>43</b>	<b>271</b>



# Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

ii) Amount recognised in statement of profit and loss:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation	246	273
Interest expense	20	50
Expenses relating to short-term leases	183	139
<b>Total</b>	<b>449</b>	<b>462</b>

iii) Maturity analysis of lease liabilities on an undiscounted basis:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Less than one year	49	296
One to five years	-	49
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 that was disposed 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 ₹ 1,649 lakhs (includes interest) and Business Interruption Policy claim of ₹ 1,277 lakhs (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 financial year 2021-22, the amount deposited by the Insurance Company has been released by the Court in favour of 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.

## 42. Subsequent events

FY 22-23: The Board of Directors in its meeting held on May 22, 2023 have recommended a final dividend of ₹ 0.25 per equity share of ₹ 1 each. The recommended equity dividend is subject to the approval by the shareholders at the Annual General Meeting and has not been included as a liability in the standalone financial statements as of 31 March 2023.

## 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).

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

- (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.
- (vii) The Company is not declared wilful defaulter by and bank or financials institution or lender during the year.
- (viii) The Company does not have any charges which are yet to be registered with ROC beyond the statutory period. The Company does not have any satisfaction of charges which are yet to be registered with the ROC beyond the statutory period except for:

Charge Holder name and ID	Amount	Location of Registrar
Bank of Baroda - 90261984	2,040	Hyderabad
Canara Bank - 90247742	604	Hyderabad
ICICI Bank limited - 90262175	150	Hyderabad

The satisfaction of above charges is pending for registration due to procedural delays at the ROC Hyderabad and the Company is currently following up with the ROC to complete the registration of such satisfaction.

- (ix) The Company has borrowings from banks and financial institutions on the basis of security of current assets. Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are not in agreement with the books of accounts to the extent presented as follows. The summary of reconciliation and reasons of material discrepancies is as follows:

Quarter	Name of bank	Particulars	Amount as per books	Amount as reported in the Quarterly return/ statement	Difference	Reason for discrepancy	Whether return/ statement subsequently rectified
Sep-23	HDFC, Axis, RBL, SVC, SBM, Karnataka Bank, Shinhan, Bandhan, Bajaj Finance, Yes Bank, Bank of Bahrain and Kuwait, Kotak Mahindra Bank, Indus Ind Bank and Doha Bank	Sundry creditors	52,503	51,971	532	Uncleared invoices were erroneously excluded in the balance reported	Yes

- (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.
- 44.** The Company has trade receivables from certain customers aggregating to ₹ 7,796 lakhs as at 31 March 2024 (netted off with subsequent collections up to the date of these financial statements), for which the auditors of the Company received unreliable responses to their independent balance confirmation requests from some of these customers. Management is initiating an independent investigation into this matter, pending which, the Company has made a provision of ₹ 1,880 lakhs in the books of account.

**As per our Report of even date attached  
For B S R and Co**  
Chartered Accountants  
(Firm Registration No. 128510W)

**Baby Paul**  
Partner  
Membership No. 218255

Place : Kochi  
Date : June 6, 2024

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 : June 6, 2024

**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

#### Qualified 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 31 March 2024, 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 material 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 subsidiaries and associate referred to in the other matters section below, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, 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 31 March 2024, of its consolidated loss and other comprehensive loss, consolidated changes in equity and consolidated cash flows for the year then ended.

#### Basis for Qualified Opinion

We draw attention to note 43 to the consolidated financial statements. The Company has trade receivables aggregating to INR 7,796 lakhs as at 31 March 2024 (netted off with subsequent collections up to the date of this report), for which we have received unreliable responses to our independent balance confirmation requests from some of these customers. Management is initiating an independent investigation into this matter, pending which, it has made a provision of INR 1,880 lakhs against these receivables. Pending such investigation, we are unable to determine whether any adjustments to these consolidated financial statements are necessary.

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 (a) 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. In addition to the matter described in the Basis for Qualified Opinion, we have determined the matter described below to be the key audit matter to be communicated in our report.

## Revenue Recognition - Existence

### See Note 3.2 and Note 22 to consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Group recognises revenue from sale of farm inputs based on the terms and conditions of transactions which vary with different customers.</p> <p>We identified the recognition of revenue from sale of goods as a key audit matter because:</p> <p>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.</p> <p>Hence, there could be a risk of revenue being recognised before the control has been transferred to the customer.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>1. Assessed the appropriateness of the revenue recognition policies for compliance with Ind AS 115 - Revenue from contracts with customers.</li> <li>2. Tested the design, implementation and operating effectiveness of key internal financial controls with respect to revenue recognition.</li> <li>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.</li> <li>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.</li> <li>5. Evaluated manual journals, sample selected based on higher risk-based criteria posted to revenue to identify unusual or irregular items.</li> <li>6. Evaluated the adequacy of disclosures made in the consolidated financial statements.</li> </ol>

## 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 (a) 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. We did not audit the financial statements of four subsidiaries, whose financial statements reflects total assets (before consolidation adjustments) of ₹ 32,457 lakhs as at 31 March 2024, total revenues (before consolidation adjustments) of ₹ 17,852 lakhs and net cash outflows (before consolidation adjustments) amounting to ₹ 117 lakhs 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.

- b. The financial statements of two subsidiaries, whose financial statements reflects total assets (before consolidation adjustments) of ₹ 17 lakhs as at 31 March 2024, total revenues (before consolidation adjustments) of ₹ 12 lakhs and net cash outflows (before consolidation adjustments) amounting to ₹ 2 lakhs 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 ₹ 108 lakhs and ₹ 4 lakhs, respectively for the year ended 31 March 2024, 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, except for the matter described in the Basis for Qualified Opinion paragraph, 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 except for the effects of the matter described in the Basis for Qualified Opinion paragraph above and for the matters stated in paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
  - 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. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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 31 March 2024 and 21 May 2024 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 31 March 2024 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 31 March 2024 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 31 March 2024.
  - c. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2024.
  - 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 respectively 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 respectively 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.
- f. Based on our examination which included test checks and that performed by the respective auditors of the subsidiary companies incorporated in India whose financial statements have been audited under the Act, except for the instances mentioned below, the Holding Company and its subsidiary companies have used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we and respective auditors of such subsidiary companies did not come across any instance of audit trail feature being tampered with.

Instances of accounting software for maintaining a) its books of account which did not had a feature of recording audit trail (edit log) facility and the same was not operated throughout the year for all relevant transactions recorded in the software

In respect of Holding company:

- (i) The feature of recording audit trail (edit log) facility was not enabled at the database layer to log any direct data changes and for certain fields/ tables of the accounting software used for financial reporting.
- (ii) In the absence of independent auditor's report in relation to controls at service organisation for accounting software used for maintaining the books of account relating to payroll process, which is operated by a third-party service provider, we are unable to comment whether audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software.

(b) In respect of component companies:

In respect of four subsidiary companies, the accounting software used for maintaining its books of account did not have a feature of recording audit trail (edit log) facility at the database layer to log any direct changes.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**For B S R and Co**

Chartered Accountants  
Firm's Registration No.:128510W

**Baby Paul**

Partner

Membership No.: 218255

ICAI UDIN:24218255BKFWGV2430

Place: Kochi

Date: 06 June 2024

**Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of NACL Industries Limited for the year ended 31 March 2024**

**(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 Industries Limited	L24219TG1986PLC016607	Holding Company	Clauses 3(ii)(b), 3(xi)(a) and 3(xvii)
NACL Spec-Chem Limited	U24290TG2020PLC140201	Subsidiary	Clause 3(xvii)
NACL Multichem Private Limited	U24299TG2020PTC140342	Subsidiary	Clause 3(xvii)
LR Research Laboratories Private Limited	U73100TG2011PTC076023	Subsidiary	Clause 3(xvii)
NACL Agri-Solutions Private Limited	U20299TS2023PTC172607	Subsidiary	Clause 3(iii)(f)

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

**Baby Paul**  
Partner  
Membership No.: 218255  
ICAI UDIN:24218255BKFWGV2430

Place: Kochi  
Date: 06 June 2024



## Annexure B to the Independent Auditor's Report on the consolidated financial statements of NACL Industries Limited for the year ended 31 March 2024

### 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)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### Qualified 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 31 March 2024, 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, except for the effects of the material weakness described in paragraph (a) of the Basis for Qualified Opinion section of our report below on the achievement of the objectives of the control criteria, the Holding Company and such companies incorporated in India, have, in all material respects, adequate internal financial controls with reference to financial statements, based on the internal financial controls with reference to financial statements criteria established by the Holding Company and 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") and except for the possible effects of the material weaknesses described in paragraphs (a) and (b) of the Basis for Qualified Opinion section of our report below, the Holding Company's and such companies' internal financial controls with reference to financial statements were operating effectively as of 31 March 2024.

We have considered the material weakness identified and reported above in determining nature, timing, and extent of audit tests applied in our audit of the 31 March 2024 financial statements of the Company, and the material weakness has affected our opinion on the consolidated financial statements of the Company and we have issued a qualified opinion on the consolidated financial statements.

#### Basis for Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31 March 2024:

- The Holding Company did not have appropriate internal controls for review and reconciliation of customer balances, which could potentially result in material misstatement in revenues, trade receivables, related balances and expenses.
- The Holding Company's internal financial controls over establishing customer credit limits were not operating effectively, which could potentially result in material misstatement in revenues, trade receivables, related balances and expenses.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

#### 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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls 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 four 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 the associate, which is a company 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 associate company is 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

**Baby Paul**  
Partner  
Membership No.: 218255  
ICAI UDIN:24218255BKFWGV2430

Place: Kochi  
Date: 06 June 2024

# Consolidated Balance Sheet

as at 31<sup>st</sup> March, 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
<b>I ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	4	39,850	36,924
(b) Capital work-in-progress	4	2,813	5,526
(c) Right-of-use assets	4A	3,532	3,125
(d) Intangible assets	5	476	190
(e) Intangible assets under development	5	1,840	1,542
(f) Investments accounted for using the equity method	6A	1,514	1,403
(g) Financial assets			
(i) Investments	6B	1	1
(ii) Other financial assets	7	693	694
(h) Deferred tax assets (net)	19	1,007	144
(i) Other tax assets (net)	13	1,065	466
(j) Other non-current assets	8	235	356
<b>Total non-current assets</b>		<b>53,026</b>	<b>50,371</b>
<b>2 Current assets</b>			
(a) Inventories	9	34,732	49,101
(b) Financial assets			
(i) Trade receivables	10	76,669	77,151
(ii) Cash and cash equivalents	11	3,232	4,148
(iii) Bank balances other than (ii) above	12	3,361	3,197
(iv) Other financial assets	7	13	-
(c) Other current assets	8	10,794	7,559
<b>Total current assets</b>		<b>1,28,801</b>	<b>1,41,156</b>
<b>Total assets</b>		<b>1,81,827</b>	<b>1,91,527</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity share capital	14	1,992	1,988
(b) Other equity	15	49,118	55,406
<b>Total equity</b>		<b>51,110</b>	<b>57,394</b>
<b>2 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	14,940	20,345
(ii) Lease liabilities	37	-	43
(b) Provisions	18	1,499	1,323
(c) Deferred tax liabilities (net)	19	-	915
<b>Total non-current liabilities</b>		<b>16,439</b>	<b>22,626</b>
<b>3 Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	63,925	51,739
(ii) Lease liabilities	37	43	271
(iii) Trade payables	20		
(a) total outstanding dues of micro enterprises and small enterprises		5,380	5,029
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		27,579	43,422
(iv) Other financial liabilities	17	14,658	7,623
(b) Other current liabilities	21	1,977	1,738
(c) Provisions	18	568	401
(d) Current tax liabilities (net)	13	148	1,284
<b>Total current liabilities</b>		<b>1,14,278</b>	<b>1,11,507</b>
<b>Total liabilities</b>		<b>1,30,717</b>	<b>1,34,133</b>
<b>Total equity and liabilities</b>		<b>1,81,827</b>	<b>1,91,527</b>

See accompanying notes forming part of the standalone financial statements

As per our Report of even date attached  
For B S R and Co  
Chartered Accountants  
(Firm Registration No. 128510W)

for and on behalf of the Board of Directors  
**NACL Industries Limited**  
CIN: L24219TG1986PLC016607

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

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

**Baby Paul**  
Partner  
Membership No. 218255

**R.K.S.Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary

Place : Kochi  
Date : June 6, 2024

Place : Hyderabad  
Date : June 6, 2024

## Consolidated Statement of Profit and Loss

for the year ended March 31, 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>I INCOME</b>			
Revenue from operations	22	1,77,873	2,11,551
Other income	23	856	999
<b>Total income</b>		<b>1,78,729</b>	<b>2,12,550</b>
<b>II EXPENSES</b>			
Cost of materials consumed	24	1,23,490	1,59,165
Purchases of stock-in-trade		10,026	4,628
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	4,919	(4,052)
Employee benefits expense	26	13,437	12,177
Finance costs	27	7,572	4,733
Depreciation and amortisation expense	28	2,724	2,815
Other expenses	29	24,299	20,381
<b>Total expenses</b>		<b>1,86,467</b>	<b>1,99,847</b>
<b>III (Loss)/profit before share of profit of associate and income tax (I - II)</b>		<b>(7,738)</b>	<b>12,703</b>
IV Share of profit from associate, net of tax		108	138
<b>V (Loss)/ profit before tax (III + IV)</b>		<b>(7,630)</b>	<b>12,841</b>
<b>VI Tax expense</b>			
(i) Current tax	13.3	-	3,575
(ii) Deferred tax	13.3	(1,741)	(221)
<b>Total tax expense</b>		<b>(1,741)</b>	<b>3,354</b>
<b>VII (Loss)/ profit for the year (V - VI)</b>		<b>(5,889)</b>	<b>9,487</b>
<b>VIII Other comprehensive loss</b>			
Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit obligation	32	(136)	(109)
(b) Income tax relating to items that will not be reclassified to profit or loss	13.3	35	28
Items that will be reclassified to profit or loss			
(a) Effective portion of (loss)/gain on designated portion of hedging instrument in a cash flow hedge		(9)	33
(b) Income tax relating to items that will be reclassified to profit or loss	13.3	2	(8)
<b>Total other comprehensive loss for the year, net of tax</b>		<b>(108)</b>	<b>(56)</b>
<b>IX Total comprehensive (loss)/ income for the year (VII+VIII)</b>		<b>(5,997)</b>	<b>9,431</b>
<b>X Earnings per equity share of ₹ 1 each</b>			
Basic (₹)	34	(2.96)	4.78
Diluted (₹)	34	(2.95)	4.77

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

**Baby Paul**  
Partner  
Membership No. 218255

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

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

**R.K.S.Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary

Place : Kochi  
Date : June 6, 2024

Place : Hyderabad  
Date : June 6, 2024



# Consolidated Statement of Changes in Equity

for the year ended March 31, 2024

(All amounts in ₹ lakhs, unless otherwise stated)

## A. Equity share capital (Refer Note 14)

Particulars	Number of shares	Amount
<b>Balance as at 1 April 2023</b>	<b>19,88,41,843</b>	<b>1,988</b>
Changes in equity share capital during the year	3,27,334	4
<b>Balance as at March 31, 2024</b>	<b>19,91,69,177</b>	<b>1,992</b>
<b>Balance as at 1 April 2022</b>	<b>19,83,07,464</b>	<b>1,983</b>
Changes in equity share capital during the year	5,34,379	5
<b>Balance as at March 31, 2023</b>	<b>19,88,41,843</b>	<b>1,988</b>

**B. Other equity (Refer Note 15)**

Particulars	Reserves and surplus			Items of other comprehensive income			Total
	General reserve	Capital reserve	Securities premium	Share Options Outstanding Account	Retained earnings	Equity instruments through other comprehensive income	
<b>Balance as at 1 April 2023</b>	<b>4,175</b>	<b>37</b>	<b>13,755</b>	<b>222</b>	<b>37,693</b>	<b>(499)</b>	<b>55,406</b>
Profit for the year	-	-	-	-	(5,889)	-	(5,889)
Other Comprehensive Income for the year, net of tax	-	-	-	-	(101)	-	(108)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,990)</b>	<b>-</b>	<b>(5,997)</b>
<b>Transactions with owners of the Company</b>							
Contributions and distributions							
Share based payments (Refer Note 14)	-	-	-	118	-	-	118
Exercise of employee stock options	-	-	159	(71)	-	-	88
<b>Payment of dividends</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(497)</b>	<b>-</b>	<b>(497)</b>
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>159</b>	<b>47</b>	<b>(497)</b>	<b>-</b>	<b>(291)</b>
<b>Balance as at March 31, 2024</b>	<b>4,175</b>	<b>37</b>	<b>13,914</b>	<b>269</b>	<b>31,206</b>	<b>(499)</b>	<b>49,118</b>
<b>Balance as at 1 April 2022</b>	<b>4,175</b>	<b>37</b>	<b>13,506</b>	<b>159</b>	<b>29,478</b>	<b>(499)</b>	<b>46,854</b>
Profit for the year	-	-	-	-	9,487	-	9,487
Other Comprehensive Income for the year, net of tax	-	-	-	-	(81)	-	(56)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,406</b>	<b>-</b>	<b>9,431</b>
<b>Transactions with owners of the Company</b>							
<b>Contributions and distributions</b>							
Share based payments (Refer Note 14)	-	-	-	174	-	-	174
Exercise of employee stock options	-	-	249	(111)	-	-	138
Payment of dividends	-	-	-	-	(1,191)	-	(1,191)
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>249</b>	<b>63</b>	<b>(1,191)</b>	<b>-</b>	<b>(879)</b>
<b>Balance as at March 31, 2023</b>	<b>4,175</b>	<b>37</b>	<b>13,755</b>	<b>222</b>	<b>37,693</b>	<b>(499)</b>	<b>55,406</b>

**See accompanying notes forming part of the standalone financial statements**

**As per our Report of even date attached**  
**For B S R and Co**  
Chartered Accountants  
(Firm Registration No. 128510W)

for and on behalf of the Board of Directors  
**NACL Industries Limited**  
CIN: L24219TG1986PLC016607

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

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

**Baby Paul**  
Partner  
Membership No. 218255

**R.K.S.Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary

Place : Kochi  
Date : June 6, 2024

Place : Hyderabad  
Date : June 6, 2024

# Consolidated Statement of Cash Flows

for the year ended March 31, 2024

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>(Loss)/Profit before tax</b>	(7,630)	12,841
<b>Adjustments for:</b>		
Depreciation and amortisation expense	2,724	2,815
Finance costs	7,572	4,733
Interest income	(295)	(207)
Share of profit from associate	(108)	(138)
Excess provisions no longer required, written back (net)	(15)	(15)
Loss allowance on trade receivables	1,728	702
Trade receivables written off (net)	176	5
Net loss on disposal of property, plant and equipment	6	89
Intangible assets under development written off	145	104
Share-based payments	118	174
Gain on derecognition of leases	-	(3)
Unrealised forex gain	(118)	(127)
<b>Operating profit before working capital changes</b>	<b>4,303</b>	<b>20,973</b>
<b>Working capital adjustments</b>		
Decrease/ (Increase) in Inventories	14,369	(8,030)
Increase in Trade receivables	(1,242)	(24,820)
(Increase)/ Decrease in Other financial assets	(14)	279
(Increase)/ Decrease in Other assets	(3,257)	688
(Decrease)/ Increase in Trade payables	(15,496)	11,077
Increase in Provisions	207	292
Increase in Other financial liabilities	7,666	102
Increase in Other liabilities	239	84
<b>Cash generated from operations</b>	<b>6,775</b>	<b>645</b>
<b>Income taxes paid (net)</b>	<b>(1,735)</b>	<b>(2,681)</b>
<b>Net cash flows generated from / (used in) operating activities (A)</b>	<b>5,040</b>	<b>(2,036)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment, intangible assets, capital work-in-progress and intangible assets under development	(3,901)	(14,553)
Proceeds from sale of property, plant and equipment	2	10
Movement in other deposits and margin money (net)	(160)	73
Interest income received	293	230
<b>Net cash used in investing activities (B)</b>	<b>(3,766)</b>	<b>(14,240)</b>

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of employee stock options	92	143
Proceeds from non-current borrowings	1,940	9,009
Repayment of non-current borrowings	(6,185)	(3,515)
Movement in current borrowings (net)	11,063	13,776
Payment of principal portion on lease liabilities	(956)	(280)
Interest on lease liabilities	(20)	(50)
Dividend paid	(497)	(1,191)
Finance costs paid	(7,620)	(4,442)
<b>Net cash flow (used in)/generated from financing activities (C)</b>	<b>(2,183)</b>	<b>13,450</b>
<b>Net decrease in cash and cash equivalents (D) = (A+B+C)</b>	<b>(909)</b>	<b>(2,826)</b>
<b>Cash and cash equivalents at the beginning of the year (E)</b>	<b>4,148</b>	<b>6,994</b>
<b>Effect of movements in exchange rates on cash and cash equivalents (F)</b>	<b>(7)</b>	<b>(20)</b>
<b>Cash and cash equivalents at the end of the year (G) = (D)+(E)+(F) (Refer Note 11)</b>	<b>3,232</b>	<b>4,148</b>

**Note:**

**1. Reconciliation of liabilities from financing activities**

Particulars	As at April 1, 2023	Proceeds	Payments	Non-cash movement*	As at March 31, 2024
Non-current borrowings (including current maturities)	26,126	1,940	(13,805)	7,548	21,809
Current borrowings	45,958	11,063	-	35	57,056
Lease liabilities	314	-	(956)	685	43
Interest on lease liabilities	-	-	(20)	20	-
<b>Total liabilities from financing activities</b>	<b>72,398</b>	<b>13,003</b>	<b>(14,781)</b>	<b>8,288</b>	<b>78,908</b>

**Reconciliation of liabilities from financing activities**

Particulars	As at April 1, 2022	Proceeds	Payments	Non-cash movement*	As at March 31, 2023
Non-current borrowings (including current maturities)	20,281	9,009	(7,957)	4,793	26,126
Current borrowings	32,325	13,776	-	(143)	45,958
Lease liabilities	499	-	(280)	95	314
Interest on lease liabilities	-	-	(50)	50	-
<b>Total liabilities from financing activities</b>	<b>53,105</b>	<b>22,785</b>	<b>(8,287)</b>	<b>4,795</b>	<b>72,398</b>

\* 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

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

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

**Baby Paul**  
Partner  
Membership No. 218255

**R.K.S.Prasad**  
Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary

Place : Kochi  
Date : June 6, 2024

Place : Hyderabad  
Date : June 6, 2024



# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, 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 six of its subsidiaries (the Company and its subsidiaries together referred to as 'the Group') are in the business of crop protection and manufactures both Technicals (Active Ingredient) and Formulations. It manufactures all kinds of pesticides, insecticides, acaricides, herbicides, fungicides and other plant growth chemicals. The Group's formulation business is mainly in the Indian market and sells through its large retail dealer network spread across India. The Group has a range of branded formulations. It also exports technicals and formulations and does toll manufacture for certain multinational companies.

### List of subsidiaries and associate considered for consolidation:

Name of the Company	Relationship	Country of incorporation	Percentage of voting power as at March 31, 2024	Percentage of voting power as at March 31, 2023
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%	100%
NACL Agri-Solutions Private Limited	Subsidiary	India	100%	-

\* NACL Industries (Nigeria) Limited was incorporated on January 13, 2023. However, equity infusion is yet to happen as of March 31, 2024.

## 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 approved for issue by the Company's Board of Directors on June 06, 2024. These consolidated financial statements are subjected to approval by the shareholders of the Company.

### b. Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Item Basis	Measurement
Derivative Financial instruments	Fair Value
Non derivative financial instruments at FVTPL	Fair Value
Debt and equity securities at FVOCI	Fair Value
Net defined benefit (asset)/ liability	Fair Value of plan assets less the present value of the defined benefit obligation. (Note 3.8)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for similar assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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 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 lakhs, 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.

#### 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.

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## **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.

Items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries are combined like to like basis.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group does not have any Non-controlling interests.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

## **3.2 Revenue recognition**

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the group expects to receive in exchange for those goods. Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch/ delivery depending on the terms of contracts with customers. Revenue is also recognised where goods are ready as per customer request and pending dispatch at the instruction of the customer. In such cases, the products are separately identified as belonging to the customer and the group does not hold the right to redirect the product to another customer. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers.

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data related to sale returns. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other financial liabilities and the right to recover returned goods is included in other current assets. The Group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

## **3. Material accounting policies**

### **3.1 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and all entities which are controlled by it. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Entities controlled by the Company are consolidated from the date control commences until the date control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

At contract inception, since for most of the contracts it is expected that the period between the transfer of the promised goods or services to a customer and payment for these goods or services by the customer will be one year or less, practical expedient in Ind AS 115 have been applied and accordingly the Group does not adjust the promised amount of consideration for the effects of any significant financing component.

### Contract balances

**Contract assets:** The Group classifies its right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset where the right to consideration is unconditional upon passage of time.

**Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is received.

### Other operating revenue

Revenue from operations includes "Other Operating Revenue" which consists of export incentives, interest on overdue trade receivables, scrap and by-products sales.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same and the Group will comply with the conditions associated with the relevant scheme. Interest on overdue trade receivables is accrued on a time basis, by reference to the outstanding overdue trade receivables.

### 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 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



# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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 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

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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 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

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

The cost property, plant and equipment at 1 April 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	15 years	10 – 15 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years
Office equipment	5 years	5 years
Computers	3 – 6 years	3 – 6 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 consolidated statement of profit and loss.

## 3.14 Intangible assets

Intangible assets are measured on initial recognition at cost and subsequently are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Cost of an intangible asset comprises of purchase price and attributable expenditure on making the asset ready for its intended use.

Intangible assets under development are carried at cost, comprising direct cost and related incidental expenses. Intangible assets under development are capitalised only when technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Group has an intention and ability to complete and use the asset and the costs can be measured reliably. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis

for preparing the asset for its intended use.

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

## Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and these future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other expenditure is recognised in profit or loss as incurred.

## Amortisation

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

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

- Computer software is amortised over a period of 3 years
- Developed products are amortised over a period of 3 years

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

## 3.15 Impairment of Non-financial assets

The Group assesses at each reporting date whether there is an indication that non-financial asset (excluding inventories, contract assets and deferred tax assets)/ cash generating unit (CGU) may be impaired. If any indication exists the Group estimates the recoverable amount of such assets/ CGU and if carrying amount exceeds the recoverable amount, impairment is recognised.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount is the higher of the fair value less cost to sell and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect other assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 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.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in the production of finished products are not written down below cost except in cases when a decline in the price of materials indicates that the cost of the finished products shall exceed the net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

### 3.17 Contingent liabilities

Provisions are recognised only when there is a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reasonable estimate of the amount of obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). Contingent liabilities are disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the Group or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

#### Contingent assets

Contingent asset is not recognised in consolidated financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

### 3.18 Financial Instruments

#### (i) Initial recognition and Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are recognised when a Group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit and loss. However, trade receivables that do not contain a significant financing component are measured at transaction price.

#### (ii) Subsequent Measurement

##### Non-derivative financial instruments:

##### a. Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost using the effective interest method if it is held with in a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

##### b. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not



## Notes forming part of the Consolidated Financial Statements

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

(All amounts in ₹ lakhs, unless otherwise stated) 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

## Notes forming part of the Consolidated Financial Statements

asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in consolidated statement of profit and loss if such gain or loss would have otherwise been recognised in consolidated statement of profit and loss on disposal of that financial asset.

### Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The 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

(All amounts in ₹ lakhs, unless otherwise stated)

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 Changes in material accounting policies

#### Material accounting policy information

The Group adopted Disclosure of Accounting Policies (Amendments to Ind AS 1) from 01 April 2023. Although the amendments did not result in any changes in the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

### 3.21 Recent accounting pronouncements

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.



## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 4. Property, plant and equipment and capital work-in-progress

#### 4.1 Carrying amounts of:

Particulars	As at March 31, 2024	As at March 31, 2023
Freehold Land	2,512	2,512
Buildings	11,249	11,104
Plant and equipment	25,422	22,686
Furniture and fixtures	204	181
Vehicles	104	111
Office equipment	134	117
Computers	225	213
Total	39,850	36,924
Capital work-in-progress	2,813	5,526

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 4.2 Movement of property, plant and equipment

Particulars	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total	Capital work-in-progress
<b>Carrying amount</b>									
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/ Capitalisation	-	-	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
Add: Additions	-	631	4,461	43	15	46	112	5,308	2,580
Less: Disposals/ Capitalisation	-	-	3	1	13	1	24	42	5,293
Balance as at March 31, 2024	2,512	14,473	56,708	802	200	400	816	75,911	2,813

### 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, 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	-
Add: Depreciation	-	486	1,723	20	21	29	95	2,374	-
Less: Disposals	-	-	1	1	12	1	19	34	-
Balance as at March 31, 2024	-	3,224	31,286	598	96	266	591	36,061	-

### 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, 2024	2,512	11,249	25,422	204	104	134	225	39,850	2,813
Balance as at March 31, 2023	2,512	11,104	22,686	181	111	117	213	36,924	5,526

#### Notes:

- Above includes opening gross block of ₹ 2,446 lakhs (March 31, 2023; ₹ 2,273 lakhs), additions amounting to ₹ 104 lakhs (March 31, 2023; ₹ 111 lakh) and net block amounting to ₹ 1,062 lakhs (March 31, 2023; ₹ 999 lakhs) in respect of in-house research and development.
- Refer Note 16 for detail of Property, plant and equipment hypothecated or pledged.
- Refer Note 42 for disclosures relating to title deeds of immovable properties, benami properties and revaluation during the year.
- During the year, the Parent Company based on technical evaluation has reassessed and revised the useful lives of certain plant and equipment and as a result, there is an increase in the expected useful lives. This change in the useful lives of the said assets has been accounted for as a change in accounting estimate and has been recognised prospectively with effect from April 1, 2023. The impact of the change is lower depreciation of ₹ 866 lakhs for the year ended March 31, 2024 in the Statement of Profit and Loss.



## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

The effect of these changes on actual and expected depreciation expense is as follows:

Particulars	Year ended March 31, 2024	Year ended March 31, 2025	Year ended March 31, 2026	Year ended March 31, 2027	Year ended March 31, 2028	Later
(Decrease) increase in depreciation expense	(866)	(494)	(427)	(367)	(279)	2,433

### 4.5 Ageing for capital work-in-progress as at March 31, 2024 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	1,190	991	632	-	2,813
Projects temporarily suspended	-	-	-	-	-

### Projects whose completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2024:

Particulars	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Project 1	-	10	-	-	10
Project 2	21	-	-	-	21
Project 3	2	-	-	-	2
Project 4	45	-	-	-	45

There are no projects where completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2024, other than as disclosed above.

### 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	-	-	-	-	-

### Projects whose completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2023:

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	v2-3 years	More than 3 years	
Project 1	488	-	-	-	488
Project 2	47	-	-	-	47
Project 3	17	-	-	-	17

There are no projects where completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2023, other than as disclosed above.

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 4A. Right of use assets

#### 4A.1 Carrying amounts of:

Particulars	As at March 31, 2024	As at March 31, 2023
Leasehold Land	3,492	2,839
Buildings	26	218
Vehicles	14	68
Total	3,532	3,125

#### 4A.2 Movement of Right of use assets:

Particulars	Leasehold Land	Buildings	Vehicles	Total
Carrying amount				
<b>Balance as at March 31, 2022</b>	<b>2,914</b>	<b>542</b>	<b>351</b>	<b>3,807</b>
Add: Additions	-	140	-	140
Less: Derecognition of right-of-use assets (Refer note below)	-	165	61	226
Balance as at March 31, 2023	2,914	517	290	3,721
Add: Additions	684	-	-	684
Less: Disposals	-	-	54	54
Balance as at March 31, 2024	3,598	517	236	4,351

#### 4A.3 Accumulated depreciation:

Particulars	Leasehold Land	Buildings	Vehicles	Total
Balance as at March 31, 2022	44	214	218	476
Add: Depreciation expense	31	208	65	304
Less: Derecognition of right-of-use assets (Refer note below)	-	123	61	184
Balance as at March 31, 2023	75	299	222	596
Add: Depreciation expense	31	192	54	277
Less: Disposals	-	-	54	54
Balance as at March 31, 2024	106	491	222	819

#### 4A.4 Net Carrying amounts:

Particulars	Leasehold Land	Buildings	Vehicles	Total
Balance as at March 31, 2024	3,492	26	14	3,532
Balance as at March 31, 2023	2,839	218	68	3,125

- Derecognition of the right-of-use assets is as a result of cancellation of the leases.
- The aggregate depreciation expense on Right of use assets is included under depreciation and amortisation expense in the Consolidated Statement of Profit and Loss for the year ended March 31, 2024 and March 31, 2023.
- Refer Note 42 for disclosure relating to revaluation during the year.



# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 5. Other intangible assets and intangible assets under development (IAUD)

### 5.1 Carrying amounts of:

Particulars	As at March 31, 2024	As at March 31, 2023
Computer software	-	-
Developed products	476	190
<b>Total</b>	<b>476</b>	<b>190</b>
Intangible assets under development	1,840	1,542

### 5.2 Movement of intangible assets:

Particulars	Computer software	Developed products	Total	Intangible assets under development
Cost				
<b>Balance as at March 31, 2022</b>	<b>379</b>	<b>785</b>	<b>1,164</b>	<b>1,179</b>
Add: Additions	-	187	187	650
Less: Write off/ Disposals	-	15	15	287
<b>Balance as at March 31, 2023</b>	<b>379</b>	<b>957</b>	<b>1,336</b>	<b>1,542</b>
Add: Additions	-	396	396	839
Less: Write off/ Disposals	-	-	-	541
<b>Balance as at March 31, 2024</b>	<b>379</b>	<b>1,353</b>	<b>1,732</b>	<b>1,840</b>

### 5.3 Accumulated amortisation:

Particulars	Computer software	Developed products	Total	Intangible assets under development
<b>Balance as at March 31, 2022</b>	<b>379</b>	<b>676</b>	<b>1,055</b>	-
Add: Amortisation	-	103	103	-
Less: Write off/ Disposals	-	12	12	-
<b>Balance as at March 31, 2023</b>	<b>379</b>	<b>767</b>	<b>1,146</b>	-
Add: Amortisation	-	110	110	-
Less: Write off/ Disposals	-	-	-	-
<b>Balance as at March 31, 2024</b>	<b>379</b>	<b>877</b>	<b>1,256</b>	-

### 5.4 Net Carrying amounts:

Particulars	Computer software	Developed products	Total	Intangible assets under development
Balance as at March 31, 2024	-	476	476	1,840
Balance as at March 31, 2023	-	190	190	1,542

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 5.5 Ageing for Intangible assets under development as at March 31, 2024 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	697	380	240	523	1,840
Projects temporarily suspended	-	-	-	-	-

### 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	-	-	-	-	-

#### 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.

### 6A. Investments accounted for using the equity method

Particulars	Nominal value	Number of shares	As at March 31, 2024	Number of shares	As at March 31, 2023
Interests in associate					
Nasense Labs Private Limited	₹ 10	61,27,513	1,514	61,27,513	1,403
<b>Total</b>			<b>1,514</b>		<b>1,403</b>

### 6B. Non-current investments

Particulars	Nominal value	Number of shares	As at March 31, 2024	Number of shares	As at March 31, 2023
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
<b>Total other investments (B)</b>			<b>1</b>		<b>1</b>
<b>Total (A) + (B)</b>			<b>1</b>		<b>1</b>
Aggregate value of unquoted investments			500		500
Aggregate amount of impairment in value of investments			(499)		(499)
<b>Aggregate carrying value of unquoted investments</b>			<b>1</b>		<b>1</b>

\*Less than a Lakh





# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 7. Other financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Non-current</b>		
Security deposits (Refer note 30)	686	685
Derivative assets	7	9
<b>Total</b>	<b>693</b>	<b>694</b>
<b>Current</b>		
Insurance claims receivable	13	-
<b>Total</b>	<b>13</b>	<b>-</b>

## 8. Other assets

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Non-current</b>		
Capital advances	133	264
Balance with government authorities	85	70
Prepayments	17	22
<b>Total</b>	<b>235</b>	<b>356</b>
<b>Current</b>		
Advance to suppliers	677	1,137
Balance with government authorities	4,400	5,209
Prepayments	676	411
Export Incentive receivable	215	142
Right to recover returned goods	4,824	653
Advance to employees	2	7
<b>Total</b>	<b>10,794</b>	<b>7,559</b>

## 9. Inventories

Particulars	As at March 31, 2024	As at March 31, 2023
Raw materials (refer note (i) below)	11,848	21,245
Work-in-progress	2,362	3,453
Finished goods (refer note (ii) below)	16,039	20,783
Stock-in-trade	2,237	1,321
Packing materials	876	1,014
Stores and spares	1,370	1,285
<b>Total</b>	<b>34,732</b>	<b>49,101</b>

### Notes:

- Raw materials includes goods-in-transit of ₹ 1,293 lakhs (March 31, 2023: ₹ 6,919 lakhs)
- The cost of finished goods recognised as an expense includes provision for near expiry stock aggregated to ₹ 69 lakhs (March 31, 2023: ₹ 20 lakhs) and write off on account of expired stock aggregated to ₹ 15 lakhs (March 31, 2023: ₹ 100 lakhs).
- Refer Note 16 for details of Inventories hypothecated or pledged.

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 10. Trade receivables

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Current</b>		
(a) Considered good - Secured	952	952
(b) Considered good - Unsecured	77,658	76,977
(c) Credit impaired	-	-
	<b>78,610</b>	<b>77,929</b>
Less: Loss allowance	1,941	778
<b>Total</b>	<b>76,669</b>	<b>77,151</b>
<b>Of the above, trade receivables from related parties are as below:</b>		
Trade receivables due from related parties	330	381
Less: Loss allowance	-	-
<b>Net trade receivables</b>	<b>330</b>	<b>381</b>

Refer note 30 for terms and conditions of trade receivables owing from related parties.

- (i) No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member, other than as disclosed above.
- (ii) Refer note 16 for details of trade receivables hypothecated or pledged.
- (iii) Ageing for trade receivables as at March 31, 2024 is as follows:

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	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	61,365	13,647	2,209	1,389	-	-	78,610
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
	<b>61,365</b>	<b>13,647</b>	<b>2,209</b>	<b>1,389</b>	<b>-</b>	<b>-</b>	<b>78,610</b>
Less: Loss allowance	(329)	(655)	(352)	(605)	-	-	(1,941)
	<b>61,036</b>	<b>12,992</b>	<b>1,857</b>	<b>784</b>	<b>-</b>	<b>-</b>	<b>76,669</b>

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## Ageing for trade receivables as at March 31, 2023 is as follows:

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
<b>Trade receivables</b>							
Undisputed trade receivables – considered good	58,902	15,999	2,127	901	-	-	77,929
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
	<b>58,902</b>	<b>15,999</b>	<b>2,127</b>	<b>901</b>	<b>-</b>	<b>-</b>	<b>77,929</b>
Less: Loss allowance	(185)	(160)	(145)	(288)	-	-	(778)
	<b>58,717</b>	<b>15,839</b>	<b>1,982</b>	<b>613</b>	<b>-</b>	<b>-</b>	<b>77,151</b>

## 11. Cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Cash on hand</b>	3	5
Balances with banks		
in Current accounts	565	296
in Cash credit accounts	2,289	2,928
in Export earning foreign currency accounts	375	904
in demand deposit accounts with original maturity of less than 3 months	-	15
<b>Total</b>	<b>3,232</b>	<b>4,148</b>

## 12. Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
In earmarked accounts		
Unclaimed dividend accounts (Refer note (i) below)	61	57
Margin money / deposit [Refer note (ii) below and note 39]	3,300	3,140
<b>Total</b>	<b>3,361</b>	<b>3,197</b>

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 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 to Hon'ble High Court of Delhi.

## 13. Income tax

### 13.1 Other income tax assets (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Income tax assets	1,065	466

### 13.2 Current income tax liabilities (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Current income tax liabilities (net)	148	1,284

### 13.3 Tax expense

#### A. Income tax expense recognised in the statement of profit and loss

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current tax		
In respect of current year	-	3,634
Tax of earlier years	-	(59)
Total (A)	-	3,575
Deferred tax		
Origination and reversal of temporary differences	(1,742)	(221)
<b>Total (B)</b>	<b>(1,742)</b>	<b>(221)</b>
<b>Total tax expense (A)+(B)</b>	<b>(1,742)</b>	<b>3,354</b>

#### B. Deferred tax benefit/ (expense) recognised in the other comprehensive income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Deferred tax benefit/ (expense) recognised directly in equity consists of:		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit obligation	35	28
Items that will be reclassified to profit or loss		
Effective portion of loss on designated portion of hedging instrument in a cash flow hedge	2	(8)
<b>Total</b>	<b>37</b>	<b>20</b>



# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## C. Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(Loss)/ profit before tax	(7,738)	12,703
Enacted rate in India	25.17%	25.17%
Computed expected tax expense	(1,947)	3,197
Adjustments:		
Effect of expenses that are not deductible in determining taxable profit	83	68
Tax of earlier years	-	(59)
Differences in tax rates	116	84
Others	7	64
Income tax expense	(1,741)	3,354
Effective tax rate	22.51%	26.40%

## 14. Equity share capital

Particulars	As at March 31, 2024		As at March 31, 2023	
	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	19,91,69,177	1,992	19,88,41,843	1,988
Fully paid up equity shares of ₹ 1 each				
	19,91,69,177	1,992	19,88,41,843	1,988

### 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, 2024		For the year ended March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	19,88,41,843	1,988	19,83,07,464	1,983
Add: Issue of equity shares under Parent Company's employee stock option plan	3,27,334	4	5,34,379	5
Balance at the end of the year	19,91,69,177	1,992	19,88,41,843	1,988

#### 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, 2024		As at March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
KLR Products Limited (Holding Company and Ultimate Holding Company)	11,36,23,500	1,136	11,36,23,500	1,136

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 14.4 Details of Promoter shareholdings:

#### As at March 31, 2024

Promoter Name	No. of shares at the commencement of the year	% of total shares	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	57.14%	11,36,23,500	57.05%	-0.09%
Mrs. K Lakshmi Raju	1,27,05,860	6.39%	1,27,05,860	6.38%	-0.01%
Bright Town Investment Advisor Private Limited	5,86,499	0.29%	5,86,499	0.29%	0.00%

#### As at March 31, 2023

Promoter Name	No. of shares at the commencement of the year	% of total shares	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	57.30%	11,36,23,500	57.14%	-0.15%
Mrs. K Lakshmi Raju	1,27,05,860	6.41%	1,27,05,860	6.39%	-0.02%
Bright Town Investment Advisor Private Limited	5,86,499	0.30%	5,86,499	0.29%	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, 2024		For the year ended March 31, 2023	
	Number of shares held	% of shareholding	Number of shares held	% of shareholding
KLR Products Limited (Holding Company)	11,36,23,500	57.05%	11,36,23,500	57.14%
Mrs. K Lakshmi Raju	1,27,05,860	6.38%	1,27,05,860	6.39%
Krishni Rasayan Exports Private Limited	1,56,25,000	7.85%	1,56,25,000	7.86%
Rajesh Kumar Agarwal and Atul Churiwal (jointly representing Agro Life Science Corporation, a registered Partnership Firm)	1,56,25,000	7.85%	1,56,25,000	7.86%

### 14.6 Shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestment:

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
Under Employee Stock Option Scheme - 2015 (11,50,000 equity shares of INR 1 each)	21,500	*	45,500	*
Under Employee Stock Option Scheme - 2020 (25,00,000 equity shares of INR 1 each)	13,03,330	13	14,86,665	15

\*less than a lakh

### 14.7 "Nagarjuna Agrichem Limited-Employee Stock Option Scheme-2015"

- The Parent Company set up the "Nagarjuna Agrichem Limited-Employee Stock Option Scheme-2015" (hereinafter referred to as "ESOS-2015") and earmarked 11,50,000 number of equity shares of ₹ 1 each for issue to employees. The plan was approved in financial year 2015-16 and is administered by the Nomination and Remuneration Committee of the Board of Directors.
- Under the ESOS-2015 scheme, options are granted to eligible employees at an exercise price, which shall not be less than the face value of the equity shares of the Company. These options vest over a period of one to five years and exercisable by the employees within two years of vesting.

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### iii) Summary of employee stock options:

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Options outstanding at the beginning of the year	45,500	8	1,01,543	8
Options forfeited / lapsed during the year	-	-	-	-
Options granted during the year	-	-	-	-
Options exercised during the year	(24,000)	8	(56,043)	8
Options outstanding at the end of the year	21,500	8	45,500	8
Options exercisable at the end of the year	7,500	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.

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, 2024	As at March 31, 2023
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 3	29	29
-Grant 4	28	28
-Grant 5	26	26
Weighted average share price at the date of exercise	78	89
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 3	-	2.12
-Grant 4	2.65	2.99
-Grant 5	2.70	3.21

### 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 20,00,000 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 Nomination and Remuneration 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 Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### iii) Summary of employee stock options:

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Options outstanding at the beginning of the year	14,86,665	53	15,80,001	41
Options granted during the year	2,65,000	65	5,20,000	66
Options forfeited / lapsed during the year	(1,45,001)	72	(1,35,000)	47
Options exercised during the year	(3,03,334)	29	(4,78,336)	29
Options outstanding at the end of the year	13,03,330	59	14,86,665	53
Options exercisable at the end of the year	4,45,003	45	96,667	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, 2024	As at March 31, 2023
Risk free Interest Rate (%)	4.32 - 7.39	4.32 - 7.39
Expected life (years)	5 to 6	3 to 4
Expected volatility (%)	36.00 - 66.38	47.69 - 66.38
Dividend yield (%)	0.54	0.49
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	75
-Grant 7	88	88
-Grant 8	82	82
-Grant 9	75	-
Weighted average share price at the date of exercise	76	89
Range of fair value of options at the grant date	28.36 - 46.37	28.36 - 45.81
Range of exercise prices for options outstanding	29 - 82	29 - 82
Weighted average remaining contractual life		
-Grant 1	1.35	2.72
-Grant 2	1.73	3.07
-Grant 3	-	3.24
-Grant 4	1.61	3.61
-Grant 5	1.47	3.90
-Grant 6	2.06	4.07
-Grant 7	1.91	3.91
-Grant 8	3.00	5.00
-Grant 9	3.03	-

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 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 ₹ lakhs, unless otherwise stated)

## 15. Other equity

Particulars	As at March 31, 2024	As at March 31, 2023
General reserve	4,175	4,175
Capital reserve	37	37
Securities premium	13,914	13,755
Reserve for equity instruments through other comprehensive income	(499)	(499)
Share Options Outstanding Account	269	222
Effective portion of cash flow hedges	16	23
Retained earnings	31,206	37,693
<b>Total</b>	<b>49,118</b>	<b>55,406</b>

### 15.1 Other equity

Particulars	As at March 31, 2024	As at March 31, 2023
<b>General reserve</b>		
Opening balance	4,175	4,175
Change for the year	-	-
<b>Closing balance</b>	<b>4,175</b>	<b>4,175</b>
<b>Capital reserve</b>		
Opening balance	37	37
Change for the year	-	-
<b>Closing balance</b>	<b>37</b>	<b>37</b>
<b>Securities premium</b>		
Opening balance	13,755	13,506
Add: Amount received on exercise of employee stock options	88	138
Add: Amount transferred from Share options outstanding account	71	111
Add: Premium on allotment of equity shares upon conversion of share warrants	-	-
<b>Closing balance</b>	<b>13,914</b>	<b>13,755</b>
<b>Reserve for equity instruments through other comprehensive income</b>		
Opening balance	(499)	(499)
Change for the year	-	-
<b>Closing balance</b>	<b>(499)</b>	<b>(499)</b>
<b>Share Options Outstanding Account</b>		
Opening balance	222	159
Add: Change for the year	118	174
Less: Amount transferred to securities premium on exercise of employee stock options	71	111
<b>Closing balance</b>	<b>269</b>	<b>222</b>
<b>Effective portion of cash flow hedge reserve</b>		
Opening balance	23	(2)
Change for the year	(7)	25
<b>Closing balance</b>	<b>16</b>	<b>23</b>
<b>Retained earnings</b>		
Opening balance	37,693	29,478

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at March 31, 2024	As at March 31, 2023
Add: Profit for the year	(5,889)	9,487
Add: Other comprehensive income arising from remeasurement of defined benefit obligation (net of taxes)	(101)	(81)
	31,703	38,884
Less: Dividends (Refer Notes below)	497	1,191
<b>Closing balance</b>	<b>31,206</b>	<b>37,693</b>
<b>Total</b>	<b>49,118</b>	<b>55,406</b>

### Nature and purpose of reserves:

- General Reserves: General reserve was created through an annual transfer of profits from retained earnings in accordance with applicable regulations. General reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.
- Capital reserve: This represents capital subsidy received from government in earlier years for promotion of investment in backward areas.
- Security premium: Security premium represents the amount received in excess of the face value of the equity shares. The utilisation of the security premium reserve is governed by the relevant provisions of the Companies Act, 2013 ("Act").
- Reserve for equity instruments through other comprehensive income: This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.
- Share Options Outstanding Account: This reserve relates to share options granted by the Company to its employees under its employee share option plans.
- Effective portion of cash flow hedge reserve: When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction.
- Retained earnings: Retained earnings represents the Company's undistributed earnings after taxes.

### Notes:

- In respect of the year ended March 31, 2023, shareholders approved at the Annual General Meeting held on September 22, 2023 a final dividend of ₹ 0.25 per equity share. The total amount paid with respect to final dividend is ₹ 497 lakhs.
- 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.

## 16. Borrowings

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Non current</b>		
Secured - at amortised cost		
Term loans		
from banks [Refer note (a) below]	13,606	16,928
from financial institution [Refer note (a) below]	1,334	3,417
<b>Total - non current</b>	<b>14,940</b>	<b>20,345</b>
<b>Current</b>		
Secured - at amortised cost		
Repayable on demand from banks [Refer note (b) below]	49,611	45,958
Current maturities of non-current borrowings	6,869	5,781
<b>Unsecured - at amortised cost</b>		
from banks [Refer note (c) below]	7,445	-
<b>Total - current</b>	<b>63,925</b>	<b>51,739</b>

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## Notes:

### (a) Terms of repayment of term loans

#### Term loan I

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Term loan - External Commercial Borrowing	185	911	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 221,875 (March 31, 2023: USD 1,109,375)			
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. Interest rate is fully hedged against variable to fixed rate interest swap contract for a fixed rate of 7.50% p.a. (March 31, 2023: 7.50% p.a.) with lending bank.			

#### Term loan II

Particulars	As at arch 31, 2024	As at March 31, 2023	Year of maturity
Working Capital Term loan I - Rupee	2,098	3,147	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 is 3 months Marginal Cost of Funds based Lending Rate (MCLR) plus 0.45% p.a.			

#### Term loan III

Particulars	As at arch 31, 2024	As at March 31, 2023	Year of maturity
Term Loan - Rupee	500	1,167	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 is 6 months Marginal Cost of Funds based Lending Rate (MCLR) plus 0.10% p.a.			

#### Term loan IV

Particulars	As at March 31, 2024	As at March 31, 2023	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 is 3 months Marginal Cost of Funds based Lending Rate (MCLR) plus 0.30% p.a.			

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### Term loan V

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Term Loan - Rupee	1,212	-	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 8 quarterly instalments starting from July 2023 and the last installment is being payable in April 2025.

Rate of interest is 3 months Marginal Cost of Funds based Lending Rate (MCLR) plus 1.75% p.a.

### Term loan VI

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Term Loan - Rupee	750	1,500	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 is 1 year Marginal Cost of Funds based Lending Rate (MCLR) plus 3.50% p.a.

### Term loan VII

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Term Loan - Rupee	2,667	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 is Repo plus 3.10% p.a.

### Term loan VIII

Particulars	As at March 31, 2024	As at March 31, 2023	Balance payment period
Term Loan - Rupee	8,978	9,726	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 linked to 3 months Repo plus 4.25% p.a.

### Term loan IX

Particulars	As at March 31, 2024	As at March 31, 2023	Balance payment period
Term Loan - Rupee	3,236	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 to 3 months Repo plus 4.25% p.a.

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, 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, Shinhan Bank Limited, Axis Bank Limited, Bank of Bahrain and Kuwait B.S.C., SBM Bank (India) Limited, Yes Bank Limited, Kotak Mahindra Bank Limited, Doha Bank and Qatar National Bank 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.

Rate of interest on Rupee loans repayable on demand is in the range of 5.25% to 10.8% p.a. (March 31, 2023: 5.75% to 9.75% p.a.)

Subsidiary loans repayable on demand from banks (includes Cash Credit Facilities and buyers credit availed under non fund based limits) from HDFC Bank Limited and 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 in the range of 9.60% to 10.8% p.a. (March 31, 2023: 9.70% p.a.)

## (c) Unsecured loans :

The Group participates in a supply chain financing arrangement (SCF) with banks, which is disclosed under borrowings. The principal purpose of this arrangement is to provide funding to the Group, and accordingly the Group derecognizes original liabilities upon banks paying the Group's suppliers. Payments to the suppliers by the banks are presented as part of operating activities and payments to the banks by the Company are presented as part of financing activities.

- (d) During the year ended 31 March 2024, there has been a deviation with respect to certain ratios such as Debt Service Coverage ratio and EBIDTA of the Parent Company in comparison to the prescribed limits as per the respective loan agreements. The management has however obtained a confirmation prior to the approval of the financial statements from such lenders on the satisfactory discharge of its debt servicing obligations and that the existing repayment schedules as per the sanction terms would continue. Accordingly, borrowings continue to be classified in accordance with the terms of the repayment schedule agreed with the lenders.

Note: The Group has not made any defaults in repayment of principal and interest on the above loans.

## 17. Other financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Current</b>		
Payable on purchase of property, plant and equipment	706	1,341
Trade deposits from dealers	1,711	1,423
Insurance claim received (Refer note 39)	2,926	2,926
Amounts due to customers	9,254	1,876
Unclaimed dividend (Refer note below)	61	57
<b>Total - current</b>	<b>14,658</b>	<b>7,623</b>

### Note:

There are no amounts of unclaimed dividend due for remittance to the Investor Education and Protection Fund as on March 31, 2024 and March 31, 2023 respectively.

## 18. Provisions (Refer note 32)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Non current</b>		
Gratuity liability	796	717
Compensated absences	703	606
<b>Total - non current</b>	<b>1,499</b>	<b>1,323</b>
<b>Current</b>		
Gratuity liability	260	159
Compensated absences	308	242
<b>Total - current</b>	<b>568</b>	<b>401</b>

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 19. Deferred tax assets/ liabilities (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred tax assets (net)	(1,007)	(144)
Deferred tax liabilities (net)	-	915
Total	(1,007)	771

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Deferred tax liabilities:</b>		
Property, plant and equipment	(497)	(185)
<b>Deferred tax assets:</b>		
Employee related provisions	6	3
Unabsorbed depreciation and business	828	326
Others	31	-
	<b>865</b>	<b>329</b>
<b>Net deferred tax assets/ (liabilities)</b>	<b>368</b>	<b>144</b>
<b>Deferred tax liabilities</b>		
Property, plant and equipment	(1,489)	(1,311)
Intangible assets and Intangible assets under development	(573)	(381)
Right of use assets	(10)	(72)
Others	-	(2)
<b>Deferred tax assets</b>		
Employee related provisions	546	460
Loss allowances on trade receivables	489	196
Lease liabilities	11	79
Investments in preference shares measured at FVTOCI	116	116
Unabsorbed depreciation and business loss	1,549	-
<b>Net deferred tax assets/ (liabilities)</b>	<b>639</b>	<b>(915)</b>

## Movement in deferred tax assets and liabilities for the year ended March 31, 2024

Particulars	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax liabilities:</b>				
Property, plant and equipment	(185)	(312)		(497)
<b>Deferred tax assets:</b>				
Employee related provisions	3	3	-	6
Unabsorbed depreciation and business loss (Refer note ii below)	326	502	-	828
Others	-	31	-	31
	<b>329.00</b>	<b>536</b>	<b>-</b>	<b>865</b>
<b>Net deferred tax assets/ (liabilities)</b>	<b>144</b>	<b>224</b>	<b>-</b>	<b>368</b>
<b>Deferred tax liabilities:</b>				
Property, plant and equipment	(1,311)	(178)		(1,489)
Intangible assets and Intangible assets under development	(381)	(192)		(573)
Right of use assets	(72)	62		(10)
Others	(2)	-	2	-
	<b>(1,766)</b>	<b>(308)</b>	<b>2</b>	<b>(2,072)</b>



# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax assets:</b>				
Employee related provisions	460	51	35	546
Loss allowances on trade receivables	196	293	-	489
Lease liabilities	79	(68)	-	11
Investments in preference shares measured at FVTOCI	116	-	-	116
Unabsorbed depreciation and business loss (Refer note ii below)	-	1,549	-	1,549
Others	-	-	-	-
	851	1,825	35	2,711
<b>Net deferred tax assets/ (liabilities)</b>	<b>(915)</b>	<b>1,517</b>	<b>37</b>	<b>639</b>

## Movement in deferred tax assets and liabilities for the year ended March 31, 2023

Particulars	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax liabilities:</b>				
Property, plant and equipment	-	(185)	-	(185)
<b>Deferred tax assets:</b>				
Employee related provisions	-	3	-	3
Unabsorbed depreciation and business loss (refer note ii below)	-	326	-	326
	-	329	-	329
<b>Net deferred tax assets/liabilities)</b>	<b>-</b>	<b>144</b>	<b>-</b>	<b>144</b>
<b>Deferred tax liabilities:</b>				
Property, plant and equipment	(1,388)	77	-	(1,311)
Intangible assets and Intangible assets under development	(265)	(116)	-	(381)
Right of use assets	(116)	44	-	(72)
Others	-	-	(2)	(2)
	(1,769)	5	(2)	(1,766)
<b>Deferred tax assets:</b>				
Employee related provisions	359	73	28	460
Loss allowances on trade receivables	133	63	-	196
Lease liabilities	125	(46)	-	79
Investments in preference shares measured at FVTOCI	116	-	-	116
Unabsorbed depreciation and business loss (Refer note ii below)	-	-	-	-
Others	23	(17)	(6)	-
	756	73	22	851
<b>Net deferred tax assets/ (liabilities)</b>	<b>(1,013)</b>	<b>78</b>	<b>20</b>	<b>(915)</b>

- (i) There are no unrecognised deferred tax assets and liabilities as at 31 March 2024 and 31 March 2023.
- (ii) In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods, the Group has recognised deferred tax assets as there is convincing evidence that sufficient taxable profit will be available against which the unabsorbed depreciation and business loss can be utilised by the Group. It is expected that any reversals of the deferred tax liability would be offset against the reversal of the deferred tax assets.

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 20. Trade payables

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues to micro enterprises and small enterprises	5,380	5,029
Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer note (ii) below)	27,579	43,422
<b>Total</b>	<b>32,959</b>	<b>48,451</b>
Of the above trade payables amounts due to related parties are as below:		
Trade Payables due to related parties	<b>2,255</b>	<b>1,753</b>

### 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 ₹ 2,171 lakhs as at March 31, 2024 (March 31, 2023: ₹ 4,234 lakhs).
- Ageing for trade payables outstanding as at March 31, 2024 is as follows:

Particulars	Outstanding for the following periods from the due date of payment						Total
	Unbilled dues	Not due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Micro enterprises and small enterprises	-	4,711	667	2	-	-	5,380
Others	4,250	11,794	11,526	9	-	-	27,579
Disputed - Micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>4,250</b>	<b>16,505</b>	<b>12,193</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>32,959</b>

### Ageing for trade payables outstanding as at March 31, 2023 is as follows:

Particulars	Outstanding for the following periods from the due date of payment						Total
	Unbilled dues	Not due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Micro enterprises and small enterprises	-	3,685	1,345	-	-	-	5,030
Others	1,091	30,830	11,500	-	-	-	43,421
Disputed - Micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>1,091</b>	<b>34,515</b>	<b>12,845</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,451</b>

## 21. Other liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Current		
Advances from customers [Refer note 22 (E)]	1,062	701
Deferred revenue	40	-
Statutory payables	875	1,037
<b>Total</b>	<b>1,977</b>	<b>1,738</b>

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 22. Revenue from operations

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale of products [Refer note (A) below]	1,75,623	2,09,700
Other operating revenue [Refer note (D) below]	2,250	1,851
Total	1,77,873	2,11,551

### Notes:

#### (A) Revenue for the year ended March 31, 2024 and March 31, 2023 includes:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale of manufactured products	1,71,533	2,05,474
Sale of stock-in-trade	4,090	4,226
Total	1,75,623	2,09,700

#### (B) Reconciliation of revenue from sale of products with the contracted price:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from contracts with customers as per the contracted price	2,04,770	2,32,965
Adjustments made to contracted price on account of :		
a. Rebates/ incentives/ discounts	(13,507)	(16,922)
b. Sales returns	(15,640)	(6,343)
Total Revenue from contract with customers	1,75,623	2,09,700

#### (C) Disaggregation of revenue information:

The table below presents disaggregated revenues from contracts with customers by customers and geography. The Group believes that the this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected.

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Manufactured Products		
Domestic		
Dealer sales	82,243	79,529
Institutional sales	48,805	41,569
Exports	-	
Institutional sales	40,315	84,376
<b>Total Manufactured Products</b>	<b>1,71,363</b>	<b>2,05,474</b>
Stock-in-trade		
Domestic		
Dealer sales	3,653	4,226
Exports		
Institutional sales	607	-
<b>Total Stock-in-trade</b>	<b>4,260</b>	<b>4,226</b>
<b>Total Sales</b>	<b>1,75,623</b>	<b>2,09,700</b>

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### (D) Other operating revenue

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on overdue trade receivables	1,719	1,091
Sale of by-products	148	420
Export incentives	232	196
Scrap sales and others	151	144
<b>Total</b>	<b>2,250</b>	<b>1,851</b>

### (E) Contract balances

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivables, net	76,669	77,151
Contract liabilities (Advances from customers)	1,062	701

Note: The amount of ₹701 lakhs included in contract liabilities at March 31, 2023 has been recognised as revenue during the year ended March 31, 2024 (March 31, 2023: ₹ 1,082 lakhs).

No information is provided about remaining performance obligations at March 31, 2024 or at March 31, 2023 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, 2024	For the year ended March 31, 2023
Interest income under the effective interest method:		
- Bank deposits	282	196
Unwinding of discount on deposits	13	11
Other non-operating income:		
Insurance claims	-	4
Trade receivables written off, recovered	321	100
Excess provisions no longer required, written back (net)	15	15
Net gain on foreign currency transactions and translations	84	398
Miscellaneous income	141	275
<b>Total</b>	<b>856</b>	<b>999</b>

### 24. Cost of materials consumed

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Raw material consumption	1,13,746	1,50,476
Packing material consumption	9,744	8,689
<b>Total</b>	<b>1,23,490</b>	<b>1,59,165</b>



# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 25. Changes in inventories of finished goods, work in progress and stock-in-trade

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening balance		
Work-in-progress	3,453	3,471
Finished goods	20,783	16,750
Stock-in-trade	1,321	1,284
<b>Total opening balance</b>	<b>25,557</b>	<b>21,505</b>
Closing balance		
Work-in-progress	2,362	3,453
Finished goods	16,039	20,783
Stock-in-trade	2,237	1,321
<b>Total closing balance</b>	<b>20,638</b>	<b>25,557</b>
<b>Total increase in inventories</b>	<b>4,919</b>	<b>(4,052)</b>

## 26. Employee benefits expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	11,190	10,273
Contribution to provident and other funds (Refer note 32)	1,002	834
Employee share based payments	118	174
Staff welfare expenses	1,127	896
<b>Total</b>	<b>13,437</b>	<b>12,177</b>

Note: Refer note 36 for capitalisation of salary cost to Intangible assets under development.

## 27. Finance costs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expense on financial liabilities measured at amortised cost	5,703	3,238
Other interest expenses	329	329
Interest on lease liabilities	20	50
Interest expense on financial assets measured at amortised cost	12	13
Other borrowing costs	1,508	1,103
<b>Total</b>	<b>7,572</b>	<b>4,733</b>

Note 36 for capitalisation of other expenses to Intangible assets under development.

## 28. Depreciation and amortisation expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation of property, plant and equipment (Refer Note 4)	2,374	2,494
Add: Depreciation of Right of use assets (Refer Note 4A)	277	304
Add: Amortisation of intangible assets (Refer Note 5)	110	103
	<b>2,761</b>	<b>2,901</b>
Less: Depreciation capitalised during the year (Refer Note 36)	37	86
<b>Total</b>	<b>2,724</b>	<b>2,815</b>

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 29. Other expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Consumption of stores and spare parts	1,044	1,276
Repairs and maintenance		
Buildings	159	246
Plant and machinery	643	766
Others	70	49
Other manufacturing costs	2,072	1,569
Power and fuel	5,663	5,844
Rent	184	139
Rates and taxes	99	114
Communication expenses	100	82
Travel and conveyance	1,496	1,212
Legal and professional charges	944	641
Insurance	437	396
Directors' sitting fees	24	27
Auditors' remuneration	90	73
Product development expenses	266	110
Trade receivables written off	741	457
Reversal of loss allowance on trade receivables	(565)	(452)
Loss allowance on trade receivables	1,728	702
Royalty	1,017	1,222
Marketing expenses	3,133	1,701
Freight outward and handling charges	3,424	2,654
Net loss on disposal of property, plant and equipment	6	89
Intangible assets under development written off	145	104
Corporate social responsibility expenses	213	133
Miscellaneous expenses	1,166	1,227
<b>Total</b>	<b>24,299</b>	<b>20,381</b>

Note: Refer note 36 for capitalisation of other expenses to Intangible assets under development.

## 30. Related party disclosures :

### Parent and ultimate controlling party:

The company's parent company is KLR Products limited and the ultimate controlling party is Mrs. K Lakshmi Raju for the year ended March 31, 2024 and March 31, 2023.

### (i) Details of subsidiaries and associate:

Names	Nature of relationship
LR Research Laboratories Private Limited	Subsidiary
NACL Spec-Chem Limited	Subsidiary
NACL Multi-Chem Private Limited	Subsidiary
NACL Agri-Solutions Private Limited	Subsidiary
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary
NACL Industries (Nigeria) Limited *	Subsidiary
Nasense Labs Private Limited	Associate



# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, 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	Non-Executive Director *
Mr. RKS 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	Non-executive Director, Nominee Director
Mr. Rajesh Kumar Agarwal	Non-executive Director, Nominee Director
Mr. Santanu Mukherjee	Independent Director (appointed w.e.f. July 27, 2023)
Mr. Raj Kaul	Non-executive Director (appointed w.e.f. May 6, 2023)
Dr. M Lakshmi Kantam	Independent Director (appointed w.e.f. January 23, 2024)

\* Ceased to be Executive Director and appointed as non-executive director with effect from June 24, 2023

## (B) Transactions during the year :

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>(i) Sales</b>		
a. Krishi Rasayan Exports Private Limited	443	726
b. Agro Life Sciences Corporation	23	64
<b>(ii) Purchases</b>		
a. Nasense Labs Private Limited	92	190
b. Krishi Rasayan Exports Private Limited	2,545	3,286
c. Agro Life Sciences Corporation	41	-
d. Agma Energy Private Limited	666	306
<b>(iii) Dividend paid</b>		
a. KLR Products Limited	284	682
b. Krishi Rasayan Exports Private Limited	39	94
c. Agro Life Sciences Corporation	39	94
d. Bright Town Investment Advisor Private Limited	1	4
<b>(iv) Reimbursement of expense</b>		
a. KLR Products Limited	*	-
<b>(v) Transaction with Key Managerial Personnel</b>		
a. Rent paid	140	146
b. Sitting fees	24	27



## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
c. Dividend paid	32	76
d. Security deposit given / (refunded)	-	(5)
e. Short-term employee benefits	383	555
f. Share-based payments	22	27
g. Professional charges	90	-
h. Reimbursement of expenses	9	-
(vi) Provision for credit impaired trade receivables		
a. Nasense Labs Private Limited	-	(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 benefits is ₹ 8 lakhs and ₹ 13 lakhs respectively recognised in employee benefits for the year ended March 31, 2024.

### (C) Outstanding balances as at the year end

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Trade receivables		
a. Nasense Labs Private Limited	-	108
b. Krishi Rasayan Exports Private Limited	330	198
c. Agro Life Sciences Corporation	-	75
(ii) Trade payables		
a. Krishi Rasayan Exports Private Limited	1,737	1,578
b. Agro Life Sciences Corporation	49	-
c. Agma Energy Private Limited	469	175
(iii) Security deposits		
a. Mrs. K Lakshmi Raju	70	70
(iv) Investments		
a. Nasense Labs Private Limited	1,514	1,403

## 31. Contingent liabilities and Capital Commitments

### A. Contingent Liabilities

S.No.	Particulars	As at	
		March 31, 2024	March 31, 2023
(i)	Claims against the Group not acknowledged as debts in respect of the matters under dispute:		
	Excise duty (Refer note (a) below)	17	29
	Service tax (Refer note (b) below)	15	15
	Income tax (Refer note (c) below)	618	608
	Sales tax (Refer note (d) below)	94	94
	Goods and Service tax (Refer note (e) below)	415	31
	Export benefits (MEIS) (Refer note (f) below)	199	1,231
(ii)	Others (Refer note (g) below)	135	141
	Total	1,493	2,149

### 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 ₹ lakhs, 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; 2016-17 to 2018-19; 2020-21 and 2022-23 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 2012-13 to 2016-17, 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 to 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 disputed amount of ₹ 1,032 lakhs as on March 31, 2023 pertaining to the demand raised by Director general of foreign trade (DGFT) office for the excess exports benefits availed by the Parent Company for earlier years. During the year ended March 31, 2024, vide final order dated December 31, 2023, the Parent Company has received a favourable order from Additional Director general of foreign trade. The Parent Company 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 Parent 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, 2024	March 31, 2023
(i)	Estimated amount of contracts, remaining to be executed on capital account and not provided for (net of advance)	292	572
	<b>Total</b>	<b>292</b>	<b>572</b>

### 32. Defined benefit plans

#### a) Contribution to provident fund and other funds

##### Provident fund

The Group makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the fund administered and managed by the Government of India. The Group's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 785 lakhs (March 31, 2023: ₹ 658 lakhs).

##### Gratuity (funded):

Amount recognised in statement of profit and loss in respect of gratuity ₹ 214 lakhs (March 31, 2023: ₹ 176 lakhs).

#### 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 year 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 ₹ lakhs, 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, 2024	For the year ended March 31, 2023
Current service cost	154	128
Net interest expense	60	49
Components of defined benefit costs recognised in statement of profit or loss	<b>214</b>	<b>177</b>
Re-measurement on the net defined benefit liability:		
- Return on plan assets excluding interest income	7	-
- Actuarial losses arising from Demographic Assumptions	-	33
- Actuarial gains arising from experience adjustments	110	(100)
- Actuarial losses arising from changes in financial assumptions	22	179
Components of defined benefit costs recognised in other comprehensive income	139	112
<b>Total</b>	<b>353</b>	<b>289</b>

### Defined Benefit Obligation (DBO)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Present value of DBO at the beginning of the year	1,177	989
Current service cost	154	128
Interest cost	86	68
Actuarial losses arising from Demographic Assumptions	-	33
Actuarial losses / (gains) arising from experience adjustments	110	(100)
Actuarial losses arising from changes in financial assumptions	22	179
Benefits paid	(79)	(120)
Present value of DBO at the end of the year	<b>1,470</b>	<b>1,177</b>

### Fair value of plan assets

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Fair value of plan assets at the beginning of the year	301	274
Interest income	26	19
Employer contributions	173	128
Benefits paid	(76)	120)
Return on plan assets excluding interest income	(7)	-
Present value of plan assets at the end of the year	<b>417</b>	<b>301</b>

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## Major Category of Plan Assets as a % of the Total Plan Assets

In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

## Reconciliation of net Defined Benefit Liability / (Asset)

Particulars	As at March 31, 2024	As at March 31, 2023
Net Defined Benefit Liability / (Asset) at the beginning of the year	876	715
Current service cost	154	128
Interest cost	60	49
Return on plan assets excluding interest income	7	-
Actuarial losses arising from Demographic Assumptions	-	33
Actuarial losses / (gains) arising from experience adjustments	110	(100)
Actuarial losses arising from changes in financial assumptions	22	179
Employer contributions	(173)	(128)
Net Defined Benefit Liability / (Asset) at the end of the year	1,056	876
Non current	796	717
Current	260	159

## Assumptions

Particulars	Gratuity plan	
	As at March 31, 2024	As at March 31, 2023
Discount rate	7.22%	7.50%
Expected rate of salary increase	6.00%	6.00%
Attrition rate	8%	8%
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	For the year ended March 31, 2024	
	DBO	Percentage Change
Under base scenario	1,470	-
Salary escalation - up by 1%	92	6.26%
Salary escalation - down by 1%	(83)	-5.65%
Attrition rate - up by 1%	4	0.27%
Attrition rate - down by 1%	(2)	-0.14%
Discount rate - up by 1%	(77)	-5.24%
Discount rate - down by 1%	87	5.92%
Mortality Rates - Up by 10%	*	0.01%
Mortality Rates - Down by 10%	*	-0.01%

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

For the year ended March 31, 2023		
Scenario	DBO	Percentage Change
Under base scenario	1,177	-
Salary escalation - up by 1%	74	6.29%
Salary escalation - down by 1%	(69)	-5.86%
Attrition rate - up by 1%	3	0.25%
Attrition rate - down by 1%	(4)	-0.34%
Discount rate - up by 1%	(63)	-5.35%
Discount rate - down by 1%	70	5.95%
Mortality Rates - Up by 10%	*	0.02%
Mortality Rates - Down by 10%	*	-0.02%

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, 2024	As at March 31, 2023
Duration of Defined Benefit Obligations		
Within 1 year	266	161
Year 2	171	171
Year 3	165	147
Year 4	172	133
Year 5	154	132
> 5 years	1,480	1,248

Expected contribution to the post employee benefits plan during the next financial year is expected to be ₹ 209 lakhs (March 31, 2023: ₹ 160 lakhs)

The weighted average duration of the defined benefit obligation is 7 years (March 31, 2023: 6.62 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 31 March 2024, the Group has incurred an expense on compensated absences amounting to ₹ 295 lakhs (March 31, 2023: ₹ 409 lakhs). 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.

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## Gearing ratio

Particulars	As at March 31, 2024	As at March 31, 2023
Non-current borrowings	14,940	20,345
Current borrowings including current maturities of non-current borrowings	63,925	51,739
Cash and cash equivalents	(3,232)	(4,148)
Net debt (Refer note (i) below)	75,633	67,936
Equity (Refer note (ii) below)	51,110	57,394
<b>Net debt to equity ratio</b>	<b>1.48</b>	<b>1.18</b>

### 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.

## 33.2 Financial instruments by category

Particulars	As at March 31, 2024			As at March 31, 2023		
	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
Financial assets						
Investments in preference shares	-	1	-	-	1	-
Other financial assets	699	-	-	685	-	-
Derivative financial asset	-	7	-	-	9	-
Trade receivables	76,669	-	-	77,151	-	-
Cash and cash equivalents	3,232	-	-	4,148	-	-
Other bank balances	3,361	-	-	3,197	-	-
<b>Total</b>	<b>83,961</b>	<b>8</b>	<b>-</b>	<b>85,181</b>	<b>10</b>	<b>-</b>
Financial liabilities						
Borrowings (refer note (i) below)	78,865	-	-	72,084	-	-
Lease liabilities	43	-	-	314	-	-
Other financial liabilities	14,658	-	-	7,623	-	-
Trade payables	32,959	-	-	48,451	-	-
<b>Total</b>	<b>1,26,525</b>	<b>-</b>	<b>-</b>	<b>1,28,472</b>	<b>-</b>	<b>-</b>

### Notes:

(i) Borrowings include non-current and current borrowings (Refer Note 16)

(ii) The management assessed that fair value of cash and cash equivalents, trade receivables, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments, and hence these are carried at amortised cost. For non-current borrowings, the valuation model considers the present value of expected payments discounted using the borrowing rate provided by the banks/ financial institutions. The own non-performance risk was assessed to be insignificant.

(iii) Investments (unquoted) are measured at fair value through initial designation in accordance with Ind-AS 109.

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 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, 2024	As at March 31, 2023
Financial Liabilities		
Derivative financial asset	7	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, 2024 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, 2024	As at March 31, 2023
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 Group 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 Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## Transfer between Level 1 and 2:

There have been no transfers from Level 2 to Level 1 or vice-versa in 2023-24 and no transfers in either direction in 2022-23.

## 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.

### Market risk

Market is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises of foreign currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns.

### Foreign currency exposure

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. 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, 2024:

Particulars	US Dollars	₹ (in lakhs)	EURO	₹ (in lakhs)	Total (₹ lakhs)
Cash and cash equivalents	4,49,523	375	-	-	375
Trade receivables	1,44,73,937	12,071	1,38,400	124	12,195
Borrowings	(1,48,04,834)	(12,349)	-	-	(12,349)
Trade payables	(56,87,663)	(4,750)	-	-	(4,750)
Net assets/(liabilities)	(55,69,037)	(4,653)	1,38,400	124	(4,529)

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 lakhs)	EURO	₹ (in lakhs)	Total (₹ lakhs)
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)

### Sensitivity analysis:

For the year ended March 31, 2024 and March 31, 2023, every increase / decrease of ₹ 1 in the respective foreign currencies compared to functional currency of the Company would impact profit before tax by ₹ 54 lakhs/ (₹ 54 lakhs) and ₹ 84 lakhs/ (₹ 84 lakhs) respectively and Impact Equity, net of tax by ₹ 40 lakhs/ (₹ 40 lakhs) and ₹ 63 lakhs/ (₹ 63 lakhs) respectively.



## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 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, 2024	As at March 31, 2023
Fixed rate instruments		
Financial assets	3,300	3,140
Current borrowings	7,445	-
Variable rate instruments		
Non-current borrowings	14,940	20,345
Current borrowings	56,480	51,739
	<b>1,420</b>	<b>72,084</b>
Effect of interest rate swap	(185)	(911)
	<b>71,235</b>	<b>71,173</b>

### 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 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, 2024	Fair Value of Interest Rate Swap as at March 31, 2023	Coupon / Interest Rate	Fixed Interest Rate
US Dollar	35,50,000	185	911	ON SOFR + 4%+ 0.42826% on USD Notional	7.50%

### Sensitivity analysis:

For the year ended March 31, 2024 and March 31, 2023, 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 ₹ 901 lakhs/ (₹ 901 lakhs) and ₹ 1,225 lakhs/ (₹ 1,225 lakhs) respectively and Impact Equity, net of tax by ₹ 674 lakhs/ (₹ 674 lakhs) and ₹ 916 lakhs/ (₹ 916 lakhs) 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):

- The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom the Group grants credit terms in the normal course of business. The credit period on sale of goods varies with seasons and markets and generally ranges between 30 to 180 days. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed annually.

As a practical expedient, the Group uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL allowance (or reversal) during the year is recognised in the statement of profit and loss.

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### (ii) Movement in the Impairment loss on trade receivables

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	778	528
Provision for impairment loss made during the year	1,904	707
Provision reversed against trade receivables write-off / recovery	(741)	(457)
Balance at the end of the year	1,941	778

(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 ₹ 6,711 lakhs (March 31, 2023: ₹ 14,020 lakhs) is due from customers who represent more than 5% of total trade receivables.

The Group's exposure to credit risk for trade receivables by geographic region is as follows:

Gross Trade receivables	As at March 31, 2024	As at March 31, 2023
India	66,539	57,090
Outside India	12,071	20,839
<b>Total</b>	<b>78,610</b>	<b>77,929</b>

(iv) The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2024.

Ageing Bucket	Weighted-average loss rate	Gross carrying amount	Loss allowance	Net Trade receivables
Not due	0.54%	61,365	329	61,036
Less than 6 months	4.80%	13,647	655	12,992
6 months - 1 year	15.93%	2,209	352	1,857
1 - 2 years	43.56%	1,389	605	784
<b>Total</b>		<b>78,610</b>	<b>1,941</b>	<b>76,669</b>

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2023.

Ageing Bucket	Weighted-average loss rate	Gross carrying amount	Loss allowance	Net Trade receivables
Not due	0.31%	58,902	185	58,717
Less than 6 months	1.00%	15,999	160	15,839
6 months - 1 year	6.82%	2,127	145	1,982
1 - 2 years	31.96%	901	288	613
<b>Total</b>		<b>77,929</b>	<b>778</b>	<b>77,151</b>

### 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 ₹ 9,262 lakhs and ₹ 12,172 lakhs as of March 31, 2024 and March 31, 2023 respectively.

The working capital position of the Group:

Particulars	As at March 31, 2024	As at March 31, 2023
Current assets	1,28,801	1,41,156
Current liabilities	1,14,278	1,11,507
<b>Working capital</b>	<b>14,523</b>	<b>29,649</b>

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

The table below provides details regarding the contractual maturities of financial liabilities presented on an undiscounted basis as at March 31, 2024:

Particulars	Carrying value	Less than 1 year	1-5 years	above 5 years
Trade payables	32,959	32,959	-	-
Borrowings and interest thereon	78,865	69,681	17,220	-
Lease liabilities	43	49	-	-
Other current financial liabilities	14,658	14,658	-	-
Total	1,26,525	1,17,347	17,220	-

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 Group's obligation towards payment of borrowings has been included in note 16.

### 34. Earnings per share

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit for the year attributable to shareholders of the Parent Company	(5,889)	9,487
Basic:		
Number of shares outstanding at the year end	19,91,69,177	19,88,41,843
Weighted average number of equity shares	19,89,39,532	19,84,15,888
Earnings per share (₹)	(2.96)	4.78
Diluted:		
Effect of potential equity shares on employee stock options outstanding	3,65,217	5,88,131
Weighted average number of equity shares outstanding	19,93,04,749	19,89,36,563
Earnings per share (₹)	(2.95)	4.77

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, 2024	For the year ended March 31, 2023
Employee benefits expense	156	52
Depreciation	19	1
Other expenses	136	95
Total	311	148

### 36. Development expense capitalised:

Revenue expenditure capitalised during the year under respective heads:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Employee benefits expense	570	381
Depreciation	37	63
Other expenses	286	206
Total	893	650

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 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, 2024	For the year ended March 31, 2023
Opening balance	314	499
Add: Lease liabilities recognised during the year	-	140
Less: Lease liabilities derecognised during the year	-	(45)
Add: Interest cost accrued during the year	20	50
Less: Payment of lease liabilities including interest	(291)	(330)
Balance at the end of the year	43	314
Non-current lease liability	-	43
Current liability	43	271

ii) Amount recognised in statement of profit and loss:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation	277	304
Interest expense on lease liabilities	20	50
Expenses relating to short-term leases	184	139
<b>Total</b>	<b>481</b>	<b>493</b>

iii) Maturity analysis of lease liabilities on an undiscounted basis:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Less than one year	49	296
One to five years	-	49
More than five years	-	-

### 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, 2024	For the year ended March 31, 2023
India	1,34,701	1,25,324
Outside India	40,922	84,376
<b>Total</b>	<b>1,75,623</b>	<b>2,09,700</b>

The Group's revenue includes ₹ 23,284 lakhs (March 31, 2023: ₹ 58,985 lakhs) 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 FY 2023-24 or 2022-23.

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 39. Insurance claim

An Appeal has been filed by the Insurance Company (The Oriental Insurance Company Limited) against the Arbitration Award that was disposed in favour of the Parent Company, before the Hon'ble High Court of Delhi. Pending final disposal of the above appeal, the Parent Company has filed the Execution Petitions before Hon'ble High Court of Delhi for deposit of awarded amount in Material Damage (MD) Claim of ₹ 1,649 lakhs (includes interest) and Business Interruption Policy claim of ₹ 1,277 lakhs (includes interest) with the Court. With respect to the execution petition filed by the Parent 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 financial year 2021-22, the amount deposited by the Insurance Company has been released by the Court in favour of the Parent Company after submission of equivalent bank guarantee. As the matter is subjudice and as advised by its legal council, the Parent Company has not recognized the deposit amount received as income and the interest cost, if any in the books of account.

### 40. Subsequent events

FY 22-23: The Board of Directors in its meeting held on May 22, 2023 have recommended a final dividend of ₹ 0.25 per equity share of ₹ 1 each. The recommended equity dividend is subject to the approval by the shareholders at the Annual General Meeting and has not been included as a liability in the consolidated financial statements as of 31 March 2023.

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 41. Additional disclosure related to consolidated financial statements:

### List of subsidiaries and associates considered for consolidation

Name of the Company	Relationship	Country of incorporation	Percentage of voting power as at March 31, 2024	Net assets		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income	
				March 31, 2024	Amount in lakhs	March 31, 2024	Amount in lakhs	March 31, 2024	Amount in lakhs	March 31, 2024	Amount in lakhs
				% of consolidated net assets		% of consolidated profit/(loss)		% of consolidated other comprehensive income		% of consolidated total comprehensive income	
NACL Industries Limited	Company	India	100%	103%	52,474	81%	(4,760)	105%	(111)	81%	(4,871)
LR Research Laboratories Private Limited	Subsidiary	India	100%	*	(5)	*	-	-	-	-	-
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary	Australia	100%	*	(21)	*	4	-	-	*	4
NACL Spec-Chem Limited	Subsidiary	India	100%	-4%	(2,005)	21%	(1,243)	-	-	21%	(1,243)
NACL Multichem Private Limited	Subsidiary	India	100%	*	(32)	*	(1)	-	-	*	(1)
NACL Agri-Solutions Private Limited	Subsidiary	India	100%	*	2	*	3	-	-	*	3
NACL Industries (Nigeria) Limited	Subsidiary	Nigeria	100%	-	-	-	-	-	-	-	-
Nasense Labs Private Limited	Associate	India	26%	1%	697	-2%	108	-5%	3	-2%	111
Total					51,110		(5,889)		(108)		(5,997)

\* less than 1%

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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 lakhs	% of consolidated profit/(loss)	Amount in lakhs	% of consolidated other comprehensive income	Amount in lakhs	% of consolidated total comprehensive income	Amount in lakhs
NACL Industries Limited	Company	India	100%	100%	57,663	107%	10,134	105%	(59)	107%	10,075
LR Research Laboratories Private Limited	Subsidiary	India	100%	*	(5)	*	-	-	-	-	-
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary	Australia	100%	*	(25)	*	2	-	-	*	2
NACL Spec-Chem Limited	Subsidiary	India	100%	-1%	(793)	-8%	(754)	-	-	-8%	(754)
NACL Multichem Private Limited	Subsidiary	India	100%	*	(33)	*	(33)	-	-	*	(33)
NACL Industries (Nigeria) Limited	Subsidiary	Nigeria	100%	-	-	-	-	-	-	-	-
Nasense Labs Private Limited	Associate	India	26%	1%	587	1%	138	-5%	3	1%	141
<b>Total</b>					<b>57,394</b>		<b>9,487</b>		<b>(56)</b>		<b>9,431</b>

\* less than 1%

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, 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. Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are not in agreement with the books of accounts to the extent presented as follows. The summary of reconciliation and reasons of material discrepancies is as follows:

Quarter	Name of bank	Particulars	Amount as per books	Amount as reported in the quarterly return/ statement	Difference	Reason for discrepancy	Whether return/ statement subsequently rectified
Sep 2023	HDFC, Axis, RBL, SVC, SBM, Karnataka Bank, Shinhan, Bandhan, Bajaj Finance, Yes Bank, Bank of Bahrain and Kuwait, Kotak Mahindra Bank, Indus Ind Bank and Doha Bank	Sundry creditors	52,503	51,971	532	Uncleared invoices were erroneously excluded in the balance reported	Yes

- (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.



## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

43. The Group has trade receivables from certain customers aggregating to ₹ 7,796 lakhs as at 31 March 2024 (netted off with subsequent collections up to the date of these financial statements), for which the auditors of the Parent Company received unreliable responses to their independent balance confirmation requests from some of these customers. Management is initiating an independent investigation into this matter, pending which, the Group has made a provision of ₹ 1,880 lakhs in the books of account.

**As per our Report of even date attached  
For B S R and Co**  
Chartered Accountants  
(Firm Registration No. 128510W)

**Baby Paul**  
Partner  
Membership No. 218255

Place : Kochi  
Date : June 6, 2024

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 : June 6, 2024

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

**Satish Kumar Subudhi**  
Company Secretary





**NACL Industries Limited**

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

P: 040-2445100  
E: [cs-nacl@naclind.com](mailto:cs-nacl@naclind.com)