



NACL INDUSTRIES LIMITED

NACL Industries Limited (“Company” or “Issuer”) was originally incorporated as ‘East India Finance Limited’, a public limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the Registrar of Companies, West Bengal at Calcutta on November 11, 1986. Further, the name of our Company was changed to “Chem Agro International Limited”, and a fresh certificate of incorporation consequent upon change of name was issued on January 11, 1993 by the Registrar of Companies, West Bengal at Calcutta. Subsequently, the name was changed to “Nagarjuna Agrichem Limited” and a fresh certificate of incorporation consequent upon change of name was issued on September 26, 1996 by the Registrar of Companies, Andhra Pradesh at Hyderabad. Finally, the name of our Company was changed to “NACL Industries Limited”, and a fresh certificate of incorporation reflecting the new name was issued on September 4, 2017 by the Registrar of Companies, Telangana at Hyderabad. For details in relation to the changes in name and registered office of our Company, refer to “**General Information**” beginning on page 50.

Registered and Corporate Office: Plot no.12-A, C-Block, Lakshmi Towers, No.8-2-248/1/7/78,
Nagarjuna Hills, Panjagutta, Hyderabad, Telangana, India, 500082

Contact person: Satish Kumar Subudhi, Company Secretary and Compliance Officer

Telephone: +91 7836094227 | **E-mail id:** info@naci.murugappa.com | **Website:** www.naclind.com

Corporate Identity Number: L24219TG1986PLC016607

PROMOTER OF OUR COMPANY: COROMANDEL INTERNATIONAL LIMITED

**FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF NACL INDUSTRIES LIMITED
("COMPANY" OR "ISSUER") ONLY**

**NEITHER OUR COMPANY NOR OUR PROMOTER OR ANY OF OUR DIRECTOR HAVE BEEN DECLARED AS A WILFUL
DEFAULTERS OR A FRAUDULENT BORROWERS BY THE RBI OR ANY OTHER GOVERNMENT AUTHORITY**

ISSUE OF UP TO [●] FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹1 EACH OF OUR COMPANY (THE "RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹[●] PER RIGHTS EQUITY SHARE) ("ISSUE PRICE") AGGREGATING UP TO ₹25,000.00 LAKHS# ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] ([●]) RIGHTS EQUITY SHARE FOR EVERY [●] ([●]) FULLY PAID-UP EQUITY SHARES OF ₹1 EACH OF OUR COMPANY ("EQUITY SHARES") HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●], [●] ("RECORD DATE") (THE "ISSUE"). FOR FURTHER DETAILS, PLEASE REFER TO "TERMS OF THE ISSUE" ON PAGE 88.

Assuming full subscription of the Issue. Subject to finalization of Basis of Allotment

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk with such investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors shall rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. Specific attention of the investors is invited to "Risk Factors" beginning on page 22 before making an investment in this Issue.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, and that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE", and together with BSE, the "Stock Exchanges"). Our Company has received "in-principle" approvals from NSE and BSE for listing the Rights Equity Shares through their letters dated [●] and [●], respectively. Our Company will also make applications to NSE and BSE to obtain trading approvals for the Rights Entitlements as required under the SEBI ICDR Master Circular. For the purposes of the Issue, the Designated Stock Exchange is National Stock Exchange of India Limited.

REGISTRAR TO THE ISSUE



KFin Technologies Limited

301, The Centrium, 3rd Floor, 57, Lal Bahadur Shastri Road, Nav Pada, Kurla, Mumbai, Maharashtra, India, 400070.

Tel. No.: 91-40-67162222/18003094001

Email: nacl.rights@kfinance.com

Website: www.kfinance.com

Contact Person: M Murali Krishna

SEBI registration no.: INR000000221

ISSUE SCHEDULE

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	[●]
ISSUE OPENING DATE	[●]
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS	[●]
DATE OF CLOSURE OF OFF-MARKET TRANSFER OF RIGHTS ENTITLEMENTS*	[●]
ISSUE CLOSING DATE**	[●]
DATE OF FINALISATION OF BASIS OF ALLOTMENT	[●]
DATE OF ALLOTMENT	[●]
DATE OF CREDIT OF RIGHTS EQUITY SHARES	[●]
DATE OF LISTING	[●]

* Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee(s) on or prior to the Issue Closing Date.

Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates, requires or implies or unless otherwise specified, shall have the meaning as provided below.

References to any legislation, act, regulation, rule, guideline, clarification or policy shall be to such legislation, act, regulation, rule, guideline or policy as amended, supplemented or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision. The words and expressions used in this Draft Letter of Offer, but not defined herein shall have the meaning ascribed to such terms under the SEBI ICDR Regulations, the SEBI Listing Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder.

*The following list of capitalised terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive. However, terms used in the sections entitled “**Summary of the Draft Letter of Offer**”, “**Risk Factors**”, “**Statement of Possible Special Tax Benefits**” and “**Terms of the Issue**” on pages 15, 22, 68 and 88 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.*

GENERAL TERMS

TERM	DESCRIPTION
“Company”, “our Company”, “the Company”, “the Issuer” or “NACL”	NACL Industries Limited, a company incorporated under the Companies Act, 1956 and having its registered and corporate office at Plot No. 12-A, C-Block, Lakshmi Towers, NO.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta, Hyderabad, Telangana, India, 500 082.
“We”, “Us” or “Our” or “our Group”	Unless the context otherwise indicates or implies or unless otherwise specified, refers to our Company, along with our Subsidiaries, as applicable, on a consolidated basis.

COMPANY RELATED TERMS

TERM	DESCRIPTION
“Articles of Association” or “Articles”	Articles of association of our Company, as amended from time to time.
“Audit Committee”	The committee of the Board of Directors constituted as our Company’s audit committee in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”) and Section 177 of the Companies Act, 2013.
“Audited Consolidated Financial Information”	The audited consolidated financial statements of our Company and its subsidiaries (together referred to as the “ Group ”) as at and for the years ended March 31, 2025 and March 31, 2024, audited by our then statutory auditor M/s. B S R and Co, Chartered Accountants, which comprises the consolidated balance sheet as at March 31, 2025 and March 31, 2024, 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 for the year then ended, and a summary of material accounting policies and other explanatory information prepared in accordance with the Indian Accounting Standards (“ Ind AS ”) notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act.
“Auditors” or “Statutory Auditors”	The current statutory auditors of our Company, being M/s S. R. Batliboi & Associates LLP., Chartered Accountants.
“Board of Directors” or “Board” or “our Board”	The board of directors of our Company. For details see, “ Our Management – Board of Directors ” on page 76.
“Chairman”	The chairman of the Board of Directors of our Company, being, Arun Alagappan. For details, see “ Our Management - Board of Directors ” on page 76.
“Chief Financial Officer” or “CFO”	Chief Financial Officer of our Company being N Shankar. For details, see “ Our Management - Details of Key Managerial Personnel and Senior Management ” on page 76.

TERM	DESCRIPTION
“Chief Executive Officer” or “CEO” or “Managing Director” or “MD”	Chief Executive Officer and Managing Director of our Company being Raghuram Devarakonda. For details, see “ <i>Our Management - Details of Key Managerial Personnel and Senior Management</i> ” on page 76.
“Company Secretary and Compliance Officer”	The company secretary and compliance officer of our Company being, Satish Kumar Subudhi. For details, see “ <i>Our Management - Details of Key Managerial Personnel and Senior Management</i> ” on page 76.
“Directors”	The directors on our Board, as may be appointed from time to time as described in section titled “ <i>Our Management - Board of Directors</i> ” on page 76.
“Equity Shares”	Equity shares of our Company of face value of ₹1 each.
“Executive Director”	The executive Director of our Company, appointed as per the Companies Act, 2013 and the SEBI LODR Regulations. For details of our Executive Director, see “ <i>Our Management - Board of Directors</i> ” on page 76
“ESOP”	Employee Stock Options Plan
“Independent Chartered Accountant”	Independent Chartered Accountant being B Y & Associates, Chartered Accountants
“Independent Director(s)”	The non-executive, independent Directors of our Company, appointed as per the Companies Act, 2013 and the SEBI LODR Regulations. For details, see “ <i>Our Management - Board of Directors</i> ” on page 76
“Group Companies”	Group companies of our Company as determined in terms of Regulation 2(1)(t) of SEBI ICDR Regulations
“Key Managerial Personnel”	Key managerial personnel of our Company determined in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations, and as described in section titled “ <i>Our Management - Details of Key Managerial Personnel and Senior Management</i> ” on page 76.
“Managing Director”	The managing director of our Company being, Raghuram Devarakonda. For details, see “ <i>Our Management - Board of Directors</i> ” on page 76.
“Materiality Threshold”	An amount equivalent to 5% of the average of absolute value of profit after tax, as per the audited consolidated financial statements of our Company for Fiscals 2023, 2024 and 2025, which is determined to be ₹409.82 lakhs, being the lower of (i) 2% of turnover as per the Fiscal 2025 Audited Consolidated Financial Statements, (ii) 2% of net worth as per the Fiscal 2025 Audited Consolidated Financial Statements, and (iii) 5% of the average absolute value of profit after tax, as per the audited consolidated financial statements of our Company for Fiscals 2023, 2024 and 2025, adopted by our Board of Directors/ Securities Issue Committee through its resolution dated December 1, 2025 for the purposes of disclosures in this Draft Letter of Offer, where applicable,
“Memorandum of Association” or “Memorandum”	Memorandum of association of our Company, as amended from time to time.
“Non-Executive Independent Director(s)”	The Non-Executive Independent Directors of our Company, as described in section titled “ <i>Our Management - Board of Directors</i> ” on page 76.
“Promoter”	The promoter of our Company being Coromandel International Limited, which is our holding company in terms of the Companies Act, 2013.
“Promoter Group”	Unless the context requires otherwise, the promoter group of our Company as determined in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations
“Registered and Corporate Office”	Plot No. 12-A, C-Block, Lakshmi Towers, NO.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta, Hyderabad, Telangana, India, 500082.
“Registrar of Companies”/ “RoC”	Registrar of Companies, Telangana at Hyderabad having its office at 2 nd Floor, Corporate Bhawan, GSI Post, Nagole, Bandlaguda, Hyderabad-500068, Telangana.
“Securities Issue Committee”	The Securities Issue Committee being the sub-committee of our Board of Directors, consisting members Suresh Subramanian, S Sankarasubramanian and Raghuram Devarakonda
“Senior Management”	Senior management personnel of our Company determined in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations. For details, see “ <i>Our Management - Details of Key Managerial Personnel and Senior Management</i> ” on page 76.

TERM	DESCRIPTION
“Subsidiary” or “Subsidiaries”	The subsidiaries of our Company, identified in accordance with the Companies Act, 2013, being namely: LR Research Laboratories Private Limited, Nagarjuna Agrichem (Australia) Pty Limited, NACL Spec-Chem Limited, NACL Multichem Private Limited, NACL Industries (Nigeria) Limited and NACL Agri Solutions Private Limited
“Shareholder”/ “Equity Shareholders”	The Equity Shareholders of our Company, from time to time.
“Unaudited Consolidated Financial Results”	The consolidated unaudited financial results of our Company and its Subsidiaries, as at and for the six months period ended September 30, 2025 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 ‘Interim Financial Reporting’ (‘Ind AS 34’), prescribed under section 133 of the Companies Act, 2013, other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI Listing Regulations.

ISSUE RELATED TERMS

TERM	DESCRIPTION
Additional Rights Equity Shares	The Rights Equity Shares applied for or allotted under this Issue in addition to the Rights Entitlement
“Allotment” or “Allot” or “Allotted”	Allotment of Rights Equity Shares pursuant to the Issue
Allotment Account(s)	The account(s) opened with the Banker(s) to the Issue, into which the Application Money, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013
Allotment Account Bank(s) or Refund Bank	Bank which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being Axis Bank Limited
Allotment Advice	The note or advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue after approval of the Basis of Allotment by the Designated Stock Exchange
Allotment Date	Date on which the Allotment is made pursuant to the Issue
Allottee(s)	Person(s) to whom the Rights Equity Shares are Allotted pursuant to the Issue
Applicant(s) or Investor(s)	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to make an application for the Rights Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer
Application	Application made through submission of the Application Form or plain paper application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in the Issue
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
Application Supported by Blocked Amount or ASBA	Application (whether physical or electronic) used by Applicant(s) to make an application authorizing the SCSB to block the Application Money in a specified bank account maintained with the SCSB
ASBA Account	An account maintained with SCSBs and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper Application
ASBA Applicant / ASBA Investor	As per the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, all investors (including renouncee) shall make an application for a rights issue only through ASBA facility
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011, SEBI ICDR Master Circular (to the extent it pertains to the rights issue process) and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard.
Banker to the Issue	Axis Bank Limited

TERM	DESCRIPTION
Banker to the Issue Agreement	Agreement dated December 01, 2025 entered into by and among our Company, the Registrar to the Issue and the Banker to the Issue for among other things, collection of the Application Money from Applicants/Investors and transfer of funds to the Allotment Account, on the terms and conditions thereof
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in consultation with the Designated Stock Exchange in this Issue, as described in <i>“Terms of the Issue”</i> beginning on page 88.
Controlling Branches or Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Registrar to the Issue and the Stock Exchanges, a list of which is available on SEBI’s website, updated from time to time, or at such other website(s) as may be prescribed by the SEBI from time to time
Demat Suspense Account	[•]
Demographic Details	Details of Investors including the Investor’s address, PAN, DP ID, Client ID, bank account details and occupation, where applicable
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996
Designated SCSB Branch(es)	Such branches of the SCSBs which shall collect the Applications, used by the ASBA Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time
Designated Stock Exchange	The designated stock exchange for the Issue, being National Stock Exchange of India Limited.
“Draft Letter of Offer” or “DLOF”	The draft letter of offer dated December 01, 2025 issued by our Company, including any addenda or corrigenda as may be issued thereto, in accordance with the SEBI ICDR Regulations, 2018, as amended and filed with the Stock Exchanges
Eligible Equity Shareholder(s)	Equity Shareholders as on the Record Date. Please note that only those Equity Shareholders who have provided an Indian address to our Company are eligible to participate in the Issue. For details, see <i>“Notice to Investors”</i> and <i>“Restrictions on Purchases and Resales”</i> beginning on pages 6 and 111, respectively.
Equity Shareholder(s) or Shareholders	Holder(s) of the Equity Shares of our Company
FEMA Rules	Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, issued by the Ministry of Finance, Government of India, as amended
Fraudulent Borrower	Fraudulent Borrower(s) as defined under Regulations 2(1)(III) of the SEBI ICDR Regulations
Gross Proceeds or Issue Proceeds	The gross proceeds raised through the Issue.
“Issue” or “Rights Issue”	This issue of up to [•]* Rights Equity Shares for cash at a price of ₹[•] per Rights Equity Share (including a premium of ₹[•] per Rights Equity Share) aggregating up to ₹25,000.00* lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [•] ([•]) Rights Equity Shares for every [•] ([•]) Equity Shares held by the Eligible Equity Shareholders on the Record Date <i>*Assuming full subscription in the Issue, subject to finalization of the Basis of Allotment.</i>
Issue Closing Date	[•]
Issue Materials	Collectively, this Draft Letter of Offer, the Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue
Issue Opening Date	[•]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations
Issue Price	₹[•] per Equity Share, including premium of ₹[•] per Equity Share
Issue Size	The issue of up to [•] Rights Equity Shares of face value ₹1 each, aggregating up to ₹25,000.00 Lakhs <i>(Assuming full subscription in the Issue. Subject to finalization of the Basis of Allotment)</i>
Letter of Offer/LOF	The letter of offer dated [•], 2025 issued by our Company in relation to this Issue in accordance with the SEBI ICDR Regulations, 2018, as amended

TERM	DESCRIPTION
Listing Agreements	The uniform listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations
Monitoring Agency	[•]
Monitoring Agency Agreement	Agreement dated [•], 2025 entered between our Company and the Monitoring Agency in relation to monitoring of Gross Proceeds
Multiple Application Forms	More than one application form submitted by an Eligible Equity Shareholder/ Renouncee/ Specific Investor (if applicable), in respect of the same Rights Entitlement available in their demat account. However, additional applications in relation to Additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple applications.
Net Proceeds	Issue Proceeds less the estimated Issue related expenses. For details, see “Objects of the Issue” beginning on page 58
Off Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by transferring its Rights Entitlements through off market transfer through a depository participant in accordance with the SEBI ICDR Master Circular, circulars issued by the Depositories from time to time and other applicable laws. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee(s) on or prior to the Issue Closing Date.
On Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by trading its Rights Entitlements over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI ICDR Master Circular, circulars issued by the Stock Exchanges from time to time and other applicable laws, on or before [•]
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for the Rights Equity Shares in the Issue, subject to terms and conditions set out in the Issue Materials to be decided prior to the filing of the Letter of Offer, being [•]
Registrar or Share Transfer Agent or Registrar to the Company	XL Softech Systems Limited
Registrar Agreement	Agreement dated December 01, 2025 between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue
Registrar to the Issue	KFin Technologies Limited
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation in accordance with the SEBI ICDR Master Circular
Renunciation Period	The period during which the Eligible Equity Shareholders can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [•], in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee(s) on or prior to the Issue Closing Date
Rights Entitlement(s)	Number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being [•] ([•]) Rights Equity Shares for every [•] ([•]) Equity Shares held by an Eligible Equity Shareholder on the Record Date
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlement(s) are also accessible on the website of our Company
Rights Equity Shares	Equity Shares of our Company to be Allotted pursuant to this Issue
Rights Equity Shareholders	Holder of the Rights Equity Shares pursuant to this Issue
SEBI ICDR Master Circular	SEBI master circular (SEBI/HO/CFD/PoD-1/P/CIR/2024/0154) dated November 11, 2024
“SEBI Listing Regulations” or “SEBI LODR Regulations”	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

TERM	DESCRIPTION
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SEBI Rights Issue Circular	SEBI circular, bearing reference number SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/31 dated March 11, 2025
“Self-Certified Syndicate Banks” or “SCSBs”	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , as applicable, or such other website as updated from time to time
Specific Investor(s)	Regulation 77B of the SEBI ICDR Regulations defines specific investor(s) as any investor who is eligible to participate in the Issue (a) whose name has been disclosed by our Company in terms of Regulation 84(1)(f)(i) of the SEBI ICDR Regulations; or (b) whose name has been disclosed by our Company in terms of sub-clause 84(1)(f)(ii) of the SEBI ICDR Regulations.
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed i.e. BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE)
Transfer Date	The date on which the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter	Wilful defaulter as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations
Working Days	All days on which commercial banks in Hyderabad are open for business. Further, in respect of the Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Hyderabad are open for business. Furthermore, in respect of the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI

INDUSTRY RELATED TERMS

TERM	DESCRIPTION
ANF	Agitated Nutsche Filters
CAAQMS	Continuous Ambient Air Quality Monitoring Systems
CEMS	Continuous Emissions Monitoring Systems
CIBRC	Central Insecticides Board and Registration Committee
GLP	Good Laboratory Practice
GM	Genetically modified
Formulations	Products containing technical grade ingredients along with auxiliaries in definite proportion obtaining well-defined target properties
NGCMA	National GLP Compliance Monitoring Authority
Technicals	Commercial form of the active ingredient used for manufacturing formulated pesticide products
ZLD	Zero Liquid Discharge

CONVENTIONAL AND GENERAL TERMS OR ABBREVIATIONS

TERM	DESCRIPTION
“₹” or “Rs.” or “Rupees” or “INR”	Indian Rupee
B2B	Business-to-business
CAPEX	Capital Expenditure
CSR	Corporate social responsibility
DCS	Distributed Control System
DP	Depository Participant
DPIIT	Department for Promotion of Industry and Internal Trade.
DSIR	Department of Scientific and Industrial Research
FCNR	Foreign Currency Non-Resident
FDI	Foreign Direct Investment.

TERM	DESCRIPTION
FEMA	Foreign Exchange Management Act
FPI	Foreign Portfolio Investor
FVCI	Foreign Venture Capital Investor
GAAP	Generally Accepted Accounting Principles
GIR	General Investor Reference
GoI	Government of India
HTDS	High Total Dissolved Solids
IEPF	Investor Education and Protection Fund
IFSC Code	Indian Financial System Code
IPR	Intellectual Property Rights
ISO	International Organization for Standardization
MICR	Magnetic Ink Character Recognition
MoEF	Ministry of Environment, Forest and Climate Change
MT	Metric Ton
NACH	National Automated Clearing House
NBFC-SI	Systemically Important Non-Banking Financial Companies
NDI	Non-Debt Instruments
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NRE	Non-Resident External.
NRO	Non-Resident Ordinary
OCB	Overseas Corporate Body.
OCI	Overseas Citizen of India
OHC	Occupational Health Centers
RBI	Reserve Bank of India
R&D	Research & Development
RTGS	Real-Time Gross Settlement.
SA	Standards on Auditing
SCORES	SEBI Complaints Redress System
SOFR	Secured Overnight Financing Rate
STT	Securities Transaction tax
“US” or “USA” or “United States”	United States of America, its territories or possessions, any state of the United States, and the District of Columbia
VCF	Venture Capital Fund.
VP	Vice President

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, Application Form, Rights Entitlement Letter and any other offering material (collectively, the “Issue Materials”) and the issue of Rights Entitlement as well as Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Letter of Offer, the Rights Entitlement Letter or Application Form may come or who receive Rights Entitlement and propose to renounce or apply for Rights Equity Shares in the Issue are required to inform themselves about and observe such restrictions. For more details, see **“Restrictions on Purchases and Resales”** beginning on page 112.

Pursuant to the requirements of the SEBI ICDR Regulations and other applicable laws, the Rights Entitlements will be credited to the demat account of the Eligible Equity Shareholders who are Equity Shareholders as on the Record Date, however, the Issue Materials will be sent/ dispatched only to such Eligible Equity Shareholders who have provided an Indian address to our Company and only such Eligible Equity Shareholders are permitted to participate in the Issue. In case such Eligible Equity Shareholders have provided their valid e-mail address to our Company, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas Shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent the Issue Materials.

The credit of Rights Entitlement does not constitute an offer, invitation to offer or solicitation for participation in the Issue, whether directly or indirectly, and only dispatch of the Issue Materials shall constitute an offer, invitation or solicitation for participation in the Issue in accordance with the terms of the Issue Materials. Further, receipt of the Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in (i) the United States or (ii) any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Draft Letter of Offer, the Letter of Offer, and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or re-distributed, in part or full. Accordingly, persons receiving a copy of the Issue Materials should not distribute or send the Issue Materials in or into any jurisdiction or the United States where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If the Issue Materials are received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares. For more details, see **“Restrictions on Purchases and Resales”** beginning on page 112.

Investors can also access this Draft Letter of Offer, the Letter of Offer and the Application Form from the websites of our Company, the Registrar and the Stock Exchange.

Our Company, the Registrar and the Registrar to the Issue will not be liable for non-dispatch of physical copies of Issue Materials, including the Letter of Offer, the Rights Entitlement Letter and the Application Form, in the event the Issue Materials have been sent to the registered email addresses of such Eligible Equity Shareholders available with the Registrar in their records.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials may not be distributed, in whole or in part, in (i) the United States, or (ii) any jurisdiction other than India except in accordance with legal requirements applicable in such jurisdiction

Any person who purchases or renounces the Rights Entitlements or makes an application to acquire the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that such person is outside the United States or such jurisdiction and is eligible to subscribe and authorized to purchase or sell the Rights Entitlements or acquire Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person’s jurisdiction and in India, without the requirement for our Company or our affiliates to make any filing or registration in the United States or any other jurisdiction (other than in India). In addition, each purchaser or seller of Rights Entitlements and the Rights Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in the **“Restrictions on Purchases and Resales”** section beginning on page 112.

Our Company, in consultation with the Registrar to the Issue, reserves the right to treat as invalid any Application Form that: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or any other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including that such person submitting and/or renouncing the Application Form is outside the United States and that such person is

eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with the Issue; (iii) where a registered Indian address is not provided; or (iv) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

Neither the receipt of this Draft Letter of Offer nor any sale of Rights Equity Shares hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information. The contents of this Draft Letter of Offer should not be construed as legal, tax, business, financial or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, our Company is not making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Entitlements or the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by any regulatory authority, nor has any regulatory authority passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence in certain jurisdictions.

The Issue Materials are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE U.S. STATE SECURITIES LAWS. ACCORDINGLY, THE RIGHTS ENTITLEMENTS (INCLUDING THEIR CREDIT) AND THE EQUITY SHARES ARE ONLY BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" IN RELIANCE ON REGULATIONS UNDER THE U.S. SECURITIES ACT ("REGULATIONS") AND IN COMPLIANCE WITH THE APPLICABLE LAWS OF THE JURISDICTION WHERE THOSE OFFERS AND SALES OCCUR. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR THE RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY OR TRANSFER ANY OF THE EQUITY SHARES OR RIGHTS ENTITLEMENT. THERE IS NO INTENTION TO REGISTER ANY PORTION OF THE ISSUE OF ANY OF THE SECURITIES DESCRIBED HEREIN IN THE UNITED STATES OR TO CONDUCT A PUBLIC OFFERING OF SECURITIES IN THE UNITED STATES. ACCORDINGLY, ANY DOCUMENTS RELATING TO THE ISSUE SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation or purchase of the Equity Shares and/ or Rights Entitlements from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States or from any other jurisdiction where it would be illegal to make an offer of securities under this Draft Letter of Offer or where any action would be required to be taken to permit the Issue. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer, the Application Form and other applicable Issue Materials primarily to the e-mail addresses of the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires or sells the Rights Entitlements or makes an application for the Rights Equity Shares will be deemed to have represented, declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the purchase or sale of the Rights Entitlements, it will not be, in the United States and is authorized to acquire or sell the Rights Entitlement and subscribe to the Rights Equity Shares in compliance with all applicable laws and regulations.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any other federal or state securities commission in the United States, the securities authorities of any non-United States jurisdiction or any other U.S. or non-U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in certain other jurisdictions.

The above information is given for the benefit of the Applicants / Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer.

In making an investment decision, investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to (i) the 'US' or 'U.S.' or the 'United States' are to the United States of America, its territories and possessions, any state of the United States, and the District of Columbia; (ii) 'India' are to the Republic of India and its territories and possessions; and (iii) the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

Unless otherwise specified, any time mentioned in this Draft Letter of Offer is in Indian Standard Time. Unless indicated otherwise, all references to a year in this Draft Letter of Offer are to a Calendar Year. Unless stated otherwise, all references to page numbers in this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer. In this Draft Letter of Offer, references to the singular also refer to the plural and one gender also refers to any other gender, where applicable.

Financial Data

Unless stated otherwise, or unless the context requires otherwise, the financial data in this Draft Letter of Offer is derived from the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results. Our Company prepares its Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results in accordance with Ind AS, Companies Act, 2013 and other applicable statutory and/or regulatory requirements. Our Company publishes its Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

Our Company's Financial Year commences on April 1 of each calendar year and ends on March 31 of the following calendar year. Unless otherwise stated, references in this Draft Letter of Offer to a particular 'Financial Year' or 'Fiscal Year' or 'Fiscal' are to the financial year ended March 31 of that year. For details of the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results, see "**Financial Statements**" beginning on page 79.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. All figures in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Unless stated otherwise, throughout this Draft Letter of Offer, our Company has presented all numerical information in "lakh" units or in whole numbers where the numbers have been too small to represent in lakh. One lakh represents 1,00,000.

Non-GAAP Measures

We have included certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance (collectively "**Non-GAAP Financial Measures**", and each, a "**Non-GAAP Financial Measure**") in this Draft Letter of Offer, which are as net worth, return on net worth, net asset value per Equity Share and Return on Capital Employed. These Non-GAAP Financial Measures are not required by or presented in accordance with Ind AS. We compute and disclose such Non-GAAP Financial Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of other companies in our industry. Further, these Non-GAAP Financial Measures are not a measurement of our financial performance or liquidity under Ind AS, GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, GAAP, IFRS or US GAAP. Other companies may calculate these Non-GAAP Financial Measures differently from us, limiting its usefulness as a comparative measure. However, these Non-GAAP Financial Measures may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies. Accordingly, such Non-GAAP Financial Measures have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our financial position or results of operations as reported under GAAP. For further details, see "**Risk Factors – Significant differences exist between Ind AS used to prepare our financial information and other accounting principles, such as IFRS and US GAAP, which may be material to investors' assessments of our financial condition**" on page 45.

Currency of Presentation

All references to

- ‘INR’, ‘₹’, ‘Indian Rupees’ and ‘Rupees’ are to the legal currency of the Republic of India;
- ‘US\$’, ‘USD’, ‘\$’ and ‘U.S. Dollars’ are to the legal currency of the United States of America.

Our Company has presented certain numerical information in this Draft Letter of Offer in “lakh” or “Lac” units. One lakh represents 1,00,000.

Exchange Rates for Foreign Currency:

This Draft Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

Currency [#]	As of September 30, 2025 (in ₹)	As on March 31, 2025 ⁽¹⁾	As on March 31, 2024 ⁽¹⁾	As on March 31, 2023 ⁽¹⁾
1 USD	88.79	85.58**	83.37*	82.23

Source: www.fbil.org.in

*March 28, 2024 is considered, since March 31, 2024 being a non-trading day.

*March 28, 2025 is considered, since March 31, 2025 being a non-trading day.

(1) All figures are rounded up to two decimals

FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft Letter of Offer that are not statements of historical fact constitute ‘forward-looking statements’. Investors can generally identify forward-looking statements by terminology such as ‘aim’, ‘anticipate’, ‘believe’, ‘continue’, ‘can’, ‘could’, ‘estimate’, ‘expect’, ‘expected to’, ‘intend’, ‘is likely’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘pursue’, ‘shall’, ‘should’, ‘will’, ‘would’, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company’s expected financial conditions, result of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts. These forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Company’s expectations include, among others:

- We are subject to strict technical specifications, quality requirements, and regular inspections and audits by our customers, including various multinational corporations. Our failure to comply with the quality standards and technical specifications prescribed by such customers may lead to loss of business from such customers and could negatively impact our reputation, which would have an adverse impact on our business prospects and results of operations;
- Our revenue from operations decreased by 16% Fiscal 2024 and 30% during Fiscal 2025, primarily due to lower business activity, seasonality-linked fluctuations and operational constraints, which consequently resulted in incurring losses during the same period. Any continuation of such conditions may adversely affect our business, results of operations and financial condition;
- We are required to comply with the applicable regulations of the international markets to which we export our products, as well as obtain registrations from international agencies through our customers to enable exports of our products to other jurisdictions. Further, our international operations are subject to regulatory risks that could adversely affect our business and results of operations;
- Our agrochemicals business is subject to climatic conditions, the overall area under cultivation and the cropping pattern adopted by the farming community. Seasonal variations and unfavourable local and global weather patterns may have an adverse effect on our business, results of operations and financial condition;
- The manufacturing units of our Company are concentrated in the state of Andhra Pradesh and the inability to operate and grow our business in other regions may have an adverse effect on our business, financial condition, results of operations, cash flows and future business prospects;
- We require certain approvals and licenses in the ordinary course of business, including certain registrations from the Central Insecticides Board and Registration Committee (“CIBRC”) and certain other regulatory authorities for our products manufactured and sold in India as well as for exports to other jurisdictions. Any failure to successfully obtain any material registrations or renew or maintain our material statutory and regulatory permits and approvals required to operate our business and manufacturing facilities would adversely affect our operations, results of operations and financial condition;
- Our statutory auditors have identified certain observations in their auditor reports;
- We may be subject to significant risks and hazards when operating and maintaining our manufacturing facilities, including the risks arising from the manufacture, use and storage of various flammable, corrosive or hazardous substances;
- We are dependent on our R&D activities for our future success. If we do not successfully develop new products or continue our product portfolio expansion in a timely and cost-effective manner, our business, financial condition, cash flows and results of operations may be adversely affected.
- We will continue to depend on our dealer network for the distribution of our products. Any inability to expand or effectively manage or any disruption in our dealer network will adversely affect our business and results of operations

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the sections entitled “**Risk Factors**” on page 22.

The forward-looking statements contained in this Draft Letter of Offer are based on the beliefs of our Company’s management, as well as the assumptions made by, and information currently available to, the management of our Company. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Draft Letter of Offer or the respective dates indicated in this Draft Letter of Offer, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company’s underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

In accordance with SEBI and Stock Exchange requirements, our Company will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions for the Rights Equity Shares by the Stock Exchanges.

SUMMARY OF THIS DRAFT LETTER OF OFFER

The following is a general summary of certain disclosures included in this Draft Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Letter of Offer, including, the “*Risk Factors*”, “*Capital Structure*”, “*Objects of the Issue*” and “*Financial Statements*” beginning on pages 22, 55, 58 and 79, respectively.

SUMMARY OF THE BUSINESS OF THE ISSUER

Since 1993, our Company is in the business of crop protection and manufactures both Technicals (active ingredient) and Formulations. We manufacture all kinds of pesticides, insecticides, acaricides, herbicides, fungicides and other plant growth chemicals. Our Company has a range of branded formulations, which it sells mainly in the Indian market through its large retail dealer network spread across India. Further, our Company exports Technicals and Formulations and does toll manufacture for certain multinational companies.

Over the years, we have expanded and have built a presence across domestic retail (B2C) and institutional sales in the domestic and, and export markets (B2B), supported by long-standing relationships directly with farmers and several domestic and multinational customers. Our Company has also positioned itself as a reliable player in the formulations business, offering over 60 products, as at September 30, 2025, that addresses the needs of major crops.

Our Strengths

Comprehensive and a diversified range of product portfolio and revenue mix

Our product portfolio in the agrochemical sector includes a diverse range of technical products across three main categories: insecticides, fungicides, and herbicides. These technicals form the active ingredients in various formulations that cater to the needs of modern agriculture, ensuring effective crop protection and yield enhancement. Further, we offer diverse agrochemical formulations designed to address various agricultural challenges such as insect infestations, fungal diseases, weed growth and plant growth management. Each category includes a variety of products tailored to specific needs.

Some of our technical product offerings includes:

• Profenofos Technical	• Tricyclazole Technical
• Propiconazole Technical	• Thifluzamide Technical
• Flucarbazone-Sodium Technical	

Some of our formulation product offerings includes:

INSECTICIDES	FUNGICIDES	HERBICIDES
PROFEX SUPER	OSCAR	ERAZE
NAGARJUNA 4G	INDEX	ERAZE STRONG
FURY	SIVIC	ROZZER
CANNON	COMBI PLUS	WEED SWEEP
PROFEX	RESULT	IMAX

Our products include solutions suited to different climates, soil types and seed varieties across geographies where we operate. Our business model is built to capture value at every stage of the crop protection lifecycle. We believe that our comprehensive and diversified product portfolio has helped us maintain a balanced operating revenue stream without reliance on a single product.

Our agrochemical products can be broadly classified into i) Technicals (active ingredient); and ii) Formulations. Our formulation segment is supported by product registrations and registered intellectual property. While our own branded products are brought to farmers across the country via dealer network spread national wide across regions, our Company also partners with multinational companies by supplying critical active ingredients for their global products. We also serve institutional buyers in India. This diversified approach maximizes our market reach and strengthens our competitive position.

Our in-house capabilities across the process value chain, covering R&D, product development, registration, manufacture of active ingredients and formulation, packaging, marketing and distribution, are geared towards creating innovative and differentiated solutions.

Track record of R&D and product development capabilities

The R&D centre of our Company situated near Hyderabad, Telangana serves as a hub for innovation. At the R&D centre, continuous innovation is our core focus, allowing us to develop effective and value-driven agricultural solutions. Our

experienced team and robust infrastructure provide the expertise to handle complex chemistries, ensuring our products are both advanced and reliable. Our R&D centre holds 'Good Laboratory Practice' (GLP) accreditation from the National GLP Compliance Monitoring Authority (NGCMA) under the Department of Science and Technology, Government of India and also recognised by the Department of Scientific and Industrial Research (DSIR), a nodal agency of the Government of India.

For the six months period ended September 30, 2025 and Fiscal 2025 and Fiscal 2024, our capital expenditure towards research and development costs was ₹3 lakhs, ₹610 lakhs and ₹104 lakhs, respectively. As of the date of this Draft Letter of Offer, we have filed for over 70 patents. We are committed to being a trusted partner and to delivering a dynamic portfolio of solutions that provide significant value to our customers in the agrochemical industry.

Advanced manufacturing facilities with focus on environment, health and safety

We have 4 (four) manufacturing units located across the states of Andhra Pradesh, Telangana and Gujarat. The details of our manufacturing units are as under:

Manufacturing Unit	Address	Leased/owned	Products
UNIT 1	Plot.no.177, Arinama Akkivalasa, Etherla Mandal, Srikakulam, Srikakulam, Andhra Pradesh, 532403.	Owned	Insecticides, fungicides, herbicides and fine chemicals
UNIT 2 powder and granules	D. No. 1-48, Ethakota Village, Ravulapalem Mandal, Dr. B.R. Ambedkar Konaseema District - 533 238, India.	Owned	Formulations and packaging facilities for handling production of powders, granules and prills
UNIT 3			
Liquids	D. No: 4-208, Ganti raod, Ethakota Village, Ravulapalem Mandal, Dr. B.R. Ambedkar Konaseema District - 533 238, India.	Owned	It specialises in various Formulations such as emulsifiable concentrates, soluble concentrates, wettable powders, granules and prills. Also, formulates various insecticides, herbicides, fungicides and nematocides
Powders			
Granules			
UNIT 4*	Industrial Plot No. D-2/11/B/3/2, GIDC Estate, Dahej-II Industrial Area, Bharuch, Gujarat, India.	Leased	Insecticides, fungicides and intermediates

**Unit 4 is under our wholly owned subsidiary, NACL Spec-Chem Limited.*

All our manufacturing units are certified under ISO 9001: 2015, ISO 14001:2015 and ISO 45001: 2018 (OHSAS) for quality management, environment management, customer satisfaction and complaint management, occupational health and safety management system, respectively.

An audit and review process is also undertaken by certain of our customers, which may involve inspection of our manufacturing facilities and equipment, review of the manufacturing processes and raw materials, technical review of the specification of products, review of our logistical capabilities, and inspection and review of the products.

We have dedicated teams for pollution prevention and recovery of by-products. Our manufacturing processes are focused towards reducing raw material consumption, solvent consumption and water consumption resulting in reduced effluent and solid hazardous waste.

Our technical manufacturing units have implemented Zero Liquid Discharge (ZLD) system with a Distributed Control System (DCS), enabling wastewater recovery and reuse, thereby making them zero discharge units. Our Company has also installed multi-stage scrubbers, online pH and VOC meters, Continuous Emissions Monitoring Systems (CEMS), and Continuous Ambient Air Quality Monitoring Systems (CAAQMS) to control emission. Solid hazardous wastes are sent to a common hazardous waste treatment and disposal facility. Further, by eliminating unnecessary waste generation, our Company has achieved zero HTDS effluent for one product, and reduced HTDS effluents in others, and recovered value-added salts for reuse and commercial sale.

We are committed to safeguarding the health and safety of our employees. To this end, we conduct periodic preventive maintenance of equipment at our facilities. Our employees and workers are trained in the operation and maintenance of plant and equipment and those whose duties involve the handling of chemicals are also educated on safety methods for handling chemicals. Also, our facilities are equipped with fire detection and prevention systems, structured Permit-to-Work protocols, and comprehensive emergency preparedness measures.

Further, all our manufacturing sites are fully equipped or access to Occupational Health Centers (OHCs) functional 24/7 with trained medical staff. As part of preventive measures, we conduct comprehensive medical examinations and periodic health surveillance for employees.

Our Company has historically made investments to increase our manufacturing capacity and invested ₹2,199 lakhs and ₹4,461 lakhs and ₹2,072 lakhs in Fiscal 2025 and Fiscal 2024 and for the six months period ended September 30, 2025 towards plant and equipment.

Experienced promoter and management with deep industry expertise and proven track record.

We have professional and experienced whole-time director, key managerial personnel and senior management with considerable experience in the agrochemicals industry, responsible for devising business strategies, developing new products, integrating systems, processes and technologies, diversifying and expanding our business, and maintaining a customer-focused approach. Our whole-time director, key managerial personnel and senior management are supported by a qualified pool of employees, which includes our quality assurance and R&D teams. Collectively, the key managerial personnel and senior management have demonstrated an ability to manage and scale our operations. For further details, see “***Our Management***” on page 76.

Further, with the acquisition of the majority ownership (53.08%) of our Company by Coromandel International Limited, we became a part of the Murugappa Group. We believe that under the guidance of Coromandel International Limited, our holding company and our Promoter, and the broader Murugappa Group, our Company is well positioned to stabilise operations and unlock future opportunities.

Established dealer network with strong branded products and stable relationship with our institutional customers

Our Company has a pan-India sales and dealer presence in 20 states with a dedicated sales force that provides customer service and undertakes product promotion. As of September 30, 2025, our network comprised of over 6,500 dealers having access to stock depots supporting the distribution of our branded products in 20 states of India. Our diverse dealer network enables us to deliver sufficient quantities of agrochemical products to farmers with short lead-time, which is critical, particularly given the seasonal nature of cropping.

As of September 30, 2025, our Company had a sales and marketing team of 342 employees who analyse industry trends, develop strategies to differentiate our products, direct sales effort, generate leads, build and maintain relationships with key customers and provide customer service and support. Our sales and marketing team coordinates with our dealer network on a regular basis to understand demand patterns and also offers them incentive structures and fixed payment terms to grow our product sales. Our sales and marketing team is responsible for managing institutional sales and branded sales, the dealer channel and product promotion at the farmer level.

We are recognized as a ‘Four Star Export House’ under the Foreign Trade Policy of the Ministry of Commerce and Industry, and our marketing team generates business orders and understands the requirements of our customers outside India. As on September 30, 2025, we export our products to approximately 18 customers across over 15 countries located in Asia, Africa, Australia and USA.

Our Company has a mobile application, which is a useful tool for employees. It provides access to sales data, order management, financial information, and other relevant metrics. This empowers users to make informed decisions, improve efficiency, and enhance customer relationships. Overall, the app supports improved decision-making and operational control.

Strong and recognizable brands are a key attribute in our industry, which increase customer confidence and influences a purchase decision. Since incorporation, we have built several brands by leveraging the strength of our marketing and dealer network.

As on the date of this Draft Letter of Offer, we have six Subsidiaries, out of which one is located in Australia, one is located in Nigeria and four are located in India. Our overseas subsidiaries in Nigeria and Australia are used to hold own registrations and also for giving authorisation to multiple customers for import of products, thus enabling us to expand our market reach, drive growth, and open new avenues for business development in domestic as well as overseas markets.

For Fiscal 2025 and Fiscal 2024 and for the six months period ended on September 30, 2025, our dealer sales (B2C) representing our branded products business was ₹64,266.00 lakhs, ₹85,896.00 lakhs and ₹38,641.00 lakhs, respectively, which constituted 52%, 48% and 43% of our revenue from operations for those periods, respectively. We are able to generate demand for our brands through our marketing activities, which are directed towards dealer partners and farmers. These activities include a broad range of advertising and promotional initiatives such as meetings with farmers and dealers, promotions at point-of-sale locations, field demonstrations, hoardings, direct marketing activities. These activities and initiatives provide an effective platform to market and sell our products.

We also carry out institutional (B2B) sales of agrochemical products across India and in international markets. We participate in various international and domestic agrochemical exhibitions and industry conferences to market our products. We sell bulk products to our institutional customers. Further, as of September 30, 2025, we had a portfolio of more than 10 institutional products, which we sold to more than 163 customers. Our B2B business also enables economies of scale, diversifies our customer base and provides a buffer against seasonal fluctuations. For Fiscal 2025 and Fiscal 2024 and for the six months period ended on September 30, 2025, domestic sales from our B2B business were ₹26,121 lakhs, ₹48,805 lakhs and ₹17,504 lakhs, respectively, which constituted 21%, 27% and 19% of our revenue from operations for those periods. While our B2B export sales representing institutional sales for Fiscal 2025 and Fiscal 2024 and for the six months period ended on September 30, 2025 was ₹30,956 lakhs, ₹40,922 lakhs and ₹33,808 lakhs, respectively.

Long-term relationships with suppliers of raw materials

We have strong relationships with our suppliers for all our raw material requirements. During the six months period ended on September 30, 2025, we have maintained relationships with over 30 vendors across China, Hong Kong, Taiwan, the United States and Canada of which approximately 6 suppliers have been associated with us for more than 10 years and 11 suppliers have been associated with us for between five and 10 years. In addition, we enter into arrangements with other suppliers to source their products.

With the scale and volume of our B2B and B2C businesses, and the established relationships with our suppliers, we believe we are able to negotiate favourable commercial terms for our raw materials.

STRATEGIES

Drive innovation and adaptability

We intend to increase our R&D investment to develop new products that align with emerging market trends and advanced formulations. This would help us stay responsive to regulatory changes and customer feedback, enabling us to continuously refine offerings and maintain compliance. We intend to continue investing in product registrations, process know-how and brand building.

Strengthen global reach

While we have a significant domestic presence, we intend to continue to expand our international reach by entering new geographies and strengthening our customer network. We aim to leverage our existing partnerships with MNCs to tap into newer export markets.

Continue to embrace digital technology

We intend to leverage the use of digital technology and AI to enhance customer connections and increase operational efficiency. This would enable us to reach new customers, build brand awareness, and enhance customer engagement.

Enhance our manufacturing capabilities

Our Company targets certain cost-reduction and maintenance capital expenditure (“Capex”) projects to support its ongoing and future business operations. The proposed Capex, includes purchase of land at Srikakulam and other infrastructure projects primarily aimed at improving operational efficiency, energy optimisation, process automation, cost rationalisation, structural strengthening, and ensuring enhanced compliance and sustainability.

MANUFACTURING

Our products are manufactured in the form of prills, powders, flakes and liquid. They are offered in 25 kg packaging. Additionally, our liquid products are available in drums of 200 litres, 220 litres and 800 litres, as well as in bulk tanker loads. The major machines used for production includes reactor, distillatory, ANFs, condensers, centrifuge, filters, dryer and tanks.

INFRASTRUCTURE FACILITIES

We maintain five storage facilities across Hyderabad, Kolkata and Nagpur as regional warehouses, in addition to storage facilities located at our manufacturing plants, for storing our key raw materials.

CAPACITY AND CAPACITY UTILIZATION

Manufacturing Unit (MT/ KL)	For the six months period ended September 30, 2025			Fiscal 2025			Fiscal 2024		
	Installed Capacity	Actual processing	Utilized capacity (%)	Installed Capacity	Actual processing	Utilized capacity (%)	Installed Capacity	Actual processing	Utilized capacity (%)
UNIT 1	8,220	6,812	83%	16,775	7,695	46%	16,228	10,399	64%
UNIT 2	6,000	5,118	85%	12,000	7,040	59%	12,000	10,046	84%

Manufacturing Unit (MT/ KL)	For the six months period ended September 30, 2025			Fiscal 2025			Fiscal 2024		
	Installed Capacity	Actual processing	Utilized capacity (%)	Installed Capacity	Actual processing	Utilized capacity (%)	Installed Capacity	Actual processing	Utilized capacity (%)
UNIT 3	20,538	11,527	56%	41,075	16,741	41%	41,075	21,062	51%
UNIT 4	3,535	1,688	48%	6,060	1,985	33%	5,580	3,712	67%

Note –

1) As certified by Chartered Engineer, Kondru Dhanapati Rao, vide their certificate dated December 01, 2025

2) Installed capacity is at the end of the period/ Fiscal

COMPETITION

The Indian agrochemical industry is competitive and includes a number of established market participants. Our position in relation to our competitors will depend upon effective marketing initiatives, retail distribution, product mix and our ability to anticipate and respond to various competitive factors facing the industry, including pricing strategies by competitors, our ability to source raw materials cost effectively and from high-quality supply sources, make required investments to improve our dealer network, eliminate redundancies and increase production at low-cost. For details, see “**Risk Factors**” on page 22.

EMPLOYEES

As of September 30, 2025, we employed over 950 permanent employees at our facilities in India.

INTELLECTUAL PROPERTY RIGHTS

As on the date of this Draft Letter of Offer, our Company has obtained trademark registrations for several of our branded products and has additional trademark applications under various stages of processing. We have also filed multiple patent applications covering our products and process technologies.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (“CSR”) has been an integral part of our Company’s culture, and we have been associated, both directly and indirectly, with initiatives that contribute to the development of society. We also believe that we have a larger responsibility towards making a difference within our industry and also the society at large. Our initiatives include providing public utility services, skills development, promotion of rural development and undertaking watershed development, etc. Our CSR Committee discusses and reviews our CSR activities and CSR policy.

For the year under review, our Company carried out several CSR activities in the areas/villages surrounding the factories of the Company. Such activities include providing RO water supply to surrounding villages, undertaking village and community development, offering scholarships to merit students, contributing to Vidhya Volunteer Scheme, supporting street lightning and bore-well maintenance, developing school facilities, community centers and bus shelters in the surrounding villages of the factories, and providing medical services, vocational courses and conducting various medical camps.

INTENTION AND EXTENT OF PARTICIPATION BY OUR PROMOTER AND PROMOTER GROUP WITH RESPECT TO (I) THEIR RIGHTS ENTITLEMENT; (II) THEIR INTENTION TO SUBSCRIBE OVER AND ABOVE THEIR RIGHTS ENTITLEMENT; AND (III) THEIR INTENTION TO RENOUNCE THEIR RIGHTS ENTITLEMENT, TO SPECIFIC INVESTOR(S).

Our Promoter has confirmed that they will (i) subscribe to the full extent of their Rights Entitlements in the Issue in accordance with the minimum public shareholding norms prescribed under the SEBI Listing Regulations, and (ii) subscribe to additional Equity Shares, if any, as well as to any unsubscribed portion, including any unsubscribed portion of the promoter group in the Issue up to the total Issue Size subject to meeting requirements under the SEBI Takeover Regulations. Accordingly, our Promoter and members of the promoter group have no intention to renounce their Rights Entitlement in the Issue in favour of any Specific Investor(s).

The acquisition of Rights Equity Shares by our Promoter and other members of our Promoter Group, shall be eligible for exemption from open offer requirements, subject to our Company meeting the pricing criteria and other conditions, if any in terms of Regulation 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations, and the Issue shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

ALLOCATION IN THE EVENT OF UNDER-SUBSCRIPTION

We do not intend to allot the under-subscribed portion of the Rights Equity Shares in this Issue to any Specific Investor(s).

DETAILS OF THE COMPANY, ITS PROMOTER OR DIRECTORS BEING A WILLFUL DEFAULTER OR A FRAUDULENT BORROWER

None of our Company, our Promoter or any of our Directors are or have been identified as Wilful Defaulters or Fraudulent Borrowers as defined under the SEBI ICDR Regulations.

SUMMARY OF OUTSTANDING LITIGATION

As on the date of this Draft Letter of Offer, neither our Company nor our Promoter or Directors have been issued any show cause notice(s) by SEBI or the Adjudicating Officer in a proceeding for imposition of penalty, nor have any prosecution proceedings been initiated against them by SEBI.

A summary of outstanding legal proceedings involving our Company and our Subsidiaries as on the date of this Draft Letter of Offer is set forth in the table below:

Name	Proceedings involving criminal liability	Tax proceedings	Proceedings before regulatory authorities involving violations of statutory regulations	Matters involving economic offences where proceedings have been initiated	Civil proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold	Other pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position	Aggregate amount involved (₹in Lakhs)*
Company							
By our Company	576	41	5	-	-	-	13,183.55
Against our Company	3	1	9	-	-	-	115.00
Subsidiaries							
By our Subsidiaries	-	-	-	-	-	-	-
Against our Subsidiaries	-	-	-	-	-	-	-

Notes –

- 576 criminal complaints have been initiated under the Negotiable Instruments Act, 1881 by the Company primarily in relation to dishonour of cheques by certain dealers. These proceedings form part of the Company's recovery mechanism.
- Nine regulatory matters pertain to alleged misbranding under the Insecticides Act, 1968, primarily involving allegations of non-compliance with statutory requirements relating to labelling, composition declarations or packaging. These matters are currently under review by the regulatory authorities.

OTHER CONFIRMATIONS

Except as stated below, our Company has been in compliance with the SEBI Listing Regulations, during the three years immediately preceding the date of this Draft Letter of Offer -

Sr. No.	Compliance Requirements (Regulations/circulars/guidelines including specific clauses)	Relevant financial year	Status
1.	Regulation 33 - In terms of Regulation 33 of the SEBI Listing Regulations, annual audited financial results are required to be submitted within sixty days from the end of the financial year. However, the submission was made with a delay of seven days, resulting in non-compliance with the prescribed timeline under Regulation 33.	2023-24	A fine of ₹41,300 (inclusive of GST) was remitted by the Company to each of the Stock Exchanges in respect of this non-compliance.

2.	Regulation 18(2) (a) - Regulation 18(2)(a) requires that the audit committee meet at least four times in a year, with not more than 120 days elapsing between any two meetings. The stock exchange observed a deviation from this requirement and issued a warning letter bearing reference number NSE/LIST/COMP/NACLIND/01/2024-2025, dated February 07, 2025.	2024-25	No further communication received.
3.	Regulation 29(1) - In terms of Regulation 29(1) of the SEBI Listing Regulations, a listed entity is required to give prior intimation of at least two working days (excluding the date of intimation and the date of the meeting) to the stock exchanges regarding a meeting of the Board of Directors in which financial results (quarterly, half-yearly or annual) are proposed to be considered. However, the prior intimation for the relevant Board Meeting was submitted with an inadvertent delay, resulting in non-compliance with Regulation 29(1).	2025-26	The Company has paid a fine of ₹11,800 (inclusive of GST) to each of the stock exchanges. Our Company has, through its letters each dated November 30, 2025, requested the Stock Exchanges to consider a waiver of the fines levied in respect of the above-mentioned inadvertent delay.

Note - With reference to NSE letter - NSE NO. NSE/LIST-SOP/COMB/FINES/1340 and BSE email dated November 21, 2024, pursuant to alleged non-compliance with Regulation 19 (concerning the constitution of the Nomination and Remuneration Committee) of the SEBI Listing Regulations, and the consequent imposition of a penalty. The Company had filed a clarification letter dated November 22, 2024 seeking waiver for the said penalty imposition. Subsequently, the same was reversed vide letter NSE/LIST/C/2025/0248 dated February 28, 2025.

SECTION II-RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider each of the following risk factors and all the information disclosed in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Rights Equity Shares. The risks described below are those that we consider to be most significant to our business, cash flows, results of operations and financial conditions as of the date of this Draft Letter of Offer. However, they may not be exhaustive or are not the only risks relevant to us or Equity Shares or the industry in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also materially impair our business prospects, cash flows, results of operations and financial condition. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks mentioned below. If any or a combination of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business prospects, cash flows, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and you may lose all or part of the value of your investment.

*Any potential Investor in the Rights Equity Shares should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to legal and regulatory environment which may differ significantly from that in other jurisdictions. In making an investment decision, prospective Investors must rely on their own examination of us and the terms of the Issue, including the merits and risks involved. Investors should consult their respective tax, financial and legal advisors about the particular consequences of an investment in this Issue. In order to obtain a complete understanding about us, investors should read this section in conjunction with **“Summary of this Draft Letter of Offer”** and **“Financial Statements/Financial Results”**, on pages 15 and 79, respectively, as well as the other financial information included in this Draft Letter of Offer.*

*This Draft Letter of Offer also contains certain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Letter of Offer. For details, see **“Forward Looking Statements”** on page 13.*

*Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Unaudited Consolidated Financial Results and Audited Consolidated Financial Information included in this Draft Letter of Offer. For further information, see **“Financial Statements/Financial Results”** on page 192. Our financial year ends on March 31 of each year, and references to a ‘Financial Year’ or ‘Fiscal’ or ‘Fiscal Year’ are to the twelve months ended March 31 of that year.*

The Unaudited Consolidated Financial Results are not indicative of future operating results and are not comparable with the Audited Consolidated Financial Statements.

In this section, unless the context otherwise indicates or implies, “we”, “us” and “our” refer to our Company together with our Subsidiaries, and references to the “Company” are to NACL Industries Limited only.

INTERNAL RISKS

- 1. We are subject to strict technical specifications, quality requirements, and regular inspections and audits by our customers, including various multinational corporations. Our failure to comply with the quality standards and technical specifications prescribed by such customers may lead to loss of business from such customers and could negatively impact our reputation, which would have an adverse impact on our business prospects and results of operations.***

Our product portfolio includes agricultural solutions, including crop protection products such as, insecticides, herbicides, fungicides and plant growth regulators/ bio stimulants (collectively, the **“Products”**).

The manufacture of the Products is complex, and we may experience problems during the manufacturing of the Products for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, manufacturing quality concerns, issues with raw materials, lack of technical know-how, natural disasters or other environmental factors which may lead to our failure in complying with the quality standards and technical specifications prescribed by our customers. Given the nature of the Products and the sector in which we operate, our customers impose stringent standards for product quality. Any failure on our part to maintain the applicable standards and manufacture products according to prescribed specifications, may lead to loss of reputation and goodwill of our Company. Rejection of our Products may require us to incur additional costs, which may not be borne by the customer, which could adversely affect our reputation, business and our financial condition.

Further, our arrangements with customers may require us to strictly adhere to the know-how and technical specifications mentioned therein. In particular, certain customers require us to obtain prior approval from the customer in order to make any material changes in the manufacturing or test processes. In addition, customers could

also terminate our arrangements or seek payment from us in the event we are unable to deliver the quantity of product ordered. Failure to adhere to the know-how and technical specifications mentioned in our contracts may lead to cancellation of existing and future orders or expose us to warranty claims. During the disclosed financial period, none of our existing orders were cancelled or terminated by customers on account of any quality-related issues, nor were any warranty claims raised against us. However, there can be no assurance that we will not receive quality-related complaints or warranty claims in the future.

In addition, prior to placing the orders, certain customers undertake an audit and review process. This may involve inspection of our manufacturing facilities and equipment, review of the manufacturing processes and raw materials, technical review of the specification of the proposed product, review of our logistical capabilities, and inspection and review of the samples of our products. The finished product delivered by us is further subject to laboratory validation by certain customers. We are therefore subject to a stringent quality control mechanism at each stage of the manufacturing process and are required to maintain the quality and precision level for each product. As a result, we incur expenses to maintain our quality assurance systems in our manufacturing facilities and manufacturing processes. Although no material instances of deviations have been reported during the audit and review process undertaken by certain of our customers, we cannot assure that such deviations will not occur in the future.

2. *Our revenue from operations decreased by 16% Fiscal 2024 and 30% during Fiscal 2025, primarily due to lower business activity, seasonality-linked fluctuations and operational constraints, which consequently resulted in incurring losses during the same period. Any continuation of such conditions may adversely affect our business, results of operations and financial condition.*

Our revenue from operations declined from ₹2,11,551 lakhs in Fiscal 2023 to ₹1,77,873 lakhs in Fiscal 2024, representing a decline of 15.92% and further reduced by 30.60% to ₹1,23,452 lakhs in Fiscal 2025. Accordingly, we incurred a loss of ₹5,889 lakhs in Fiscal 2024 and a loss of ₹9,213 lakhs in Fiscal 2025, as compared to a profit after tax of ₹9,487 lakhs in Fiscal 2023. This decrease was primarily due to lower business volumes during the period, seasonality-linked fluctuations in demand and lower levels of drawdown under our sanctioned borrowings, which, we believe, was partly on account of banks reducing the amounts available for utilisation under our sanctioned limits pursuant to their internal credit assessments and lending considerations. Further, among others, we also witnessed a significant fall in our export revenue, due to post-COVID inventory buildup in the supply chain leading to reduced customer procurement and lower price realisations.

There can be no assurance that similar reductions in revenue or business activity will not recur in the future. Any continued or further moderation, including due to seasonality or other internal or external factors, may adversely affect our operations, profitability, cash flows, lender perception and access to Company.

3. *We are required to comply with the applicable regulations of the international markets to which we export our products, as well as obtain registrations from international agencies through our customers to enable exports of our products to other jurisdictions. Further, our international operations are subject to regulatory risks that could adversely affect our business and results of operations.*

We export our products globally, including to countries such as USA, Colombia, Brazil, Ethiopia, Nigeria, Kenya, Thailand, Vietnam, Philippines and Australia. These jurisdictions are governed by their respective laws and require us or our customers to obtain approvals/ registrations from the respective relevant authorities. As of September 30, 2025, we have presence across over 15 countries. For Fiscal 2025, Fiscal 2024 and the six months ended September 30, 2025, our revenue from exports amounted to ₹30,956 lakhs, ₹40,922 lakhs and ₹33,808 lakhs, respectively, representing 25.08%, 23.01% and 37.34% of our revenue from operations for the corresponding periods.

We undertake these exports either by registering our products with the respective regulatory authority directly or through our customers, who obtain registration of our products with their respective regulatory authorities. For instance, for exporting our products to the USA, our customers are required to register our products with the United States Environmental Protection Agency. The name of our Company appears on the product label as the “source” or “manufacturer” for these products intended for sale in a particular country. We are also required to comply with the local packaging disclosure requirements for the direct export and sale of our Formulations.

Each applicable authority may impose its own requirements and may refuse to grant registration, even if a product has already been approved in another country. Although there have been no instances during the disclosed financial period, we cannot assure that there will be no refusals in the future, and any such refusals may cause economic losses to our Company. Even after obtaining the requisite regulatory or governmental approvals and registrations, our products may remain subject to continued governmental oversight including in relation to quality control. In addition, after a period of time, in certain countries, the products are re-evaluated for their continued use and additional data may be required in relation to their safety aspects, which may become more stringent.

There can be no assurance that we or our dealers or customers will be able to obtain the necessary approvals to import and sell our products, or that we will be able to register or re-register our products in the countries where we export or ensure quality control of these products. While there have been no incidents of failure to obtain the necessary approvals by our distributors, dealers, customers or by us during the disclosed financial period, any such incidents of failures could negatively impact our sales and lead to a slowdown in our business. If we are unable to do so in a cost effective and timely manner, it would restrict our ability to buy and sell our products in the relevant markets, which could have an adverse effect on our business, financial condition and results of operations.

In addition, our international operations are subject to risks that are specific to each country and region in which we operate, as well as risks associated with international operations in general. These risks include complying with changes in the laws, regulations and policies in the overseas jurisdictions, including restrictions on trade, import and export license requirements, and tariffs and taxes, intellectual property enforcement issues and changes in foreign trade and investment policies. Any developments in the global agrochemicals industry or the industries in which our customers operate could have an impact on our sales from exports.

From time to time, tariffs, quotas and other tariff and non-tariff trade barriers may be imposed on our products in jurisdictions in which we operate or seek to sell our products. As a result, we may also be prohibited from engaging with certain restricted countries or entities that may be added to a sanction list maintained by the Government of India or other foreign governments, such as the Specially Designated Nationals and Blocked Persons list maintained by the Office of Foreign Assets Control of the US Department of Treasury in the United States.

4. *Our agrochemicals business is subject to climatic conditions, the overall area under cultivation and the cropping pattern adopted by the farming community. Seasonal variations and unfavourable local and global weather patterns may have an adverse effect on our business, results of operations and financial condition.*

We are engaged in the manufacture of agrochemical Technicals (active ingredients) and Formulations, and as a result, our business is sensitive to weather conditions such as drought, floods, cyclones, force majeure and natural disasters, as well as events such as pest infestations. The weather can affect the presence of disease and pest infestations in the short term on a regional basis, and accordingly, may adversely affect demand for crop protection products.

Our results of operations are significantly affected by weather conditions in the agricultural regions in which our products are used. The most important determinant of our sales is the volume of crops planted each season. Adverse conditions early in the season, especially drought conditions, can result in significantly lower than normal plantings of crops and therefore lower demand for crop protection products. This can result in our sales in a particular region varying substantially from year to year. Weather conditions can also result in earlier or later plantings and affect the levels of pest infestations, which may affect both the timing and volume of our sales or the product mix. Adverse weather conditions may also cause volatility in the prices of commodities, which may affect farmers' decisions about the types and quantum of crops to plant and may consequently affect the sales of our agrochemical Technicals and Formulations. Further, we may be subjected to decreased availability of water, which could impact our manufacturing operations. The increasing concern over climate change may also result in enhanced regional and global legal and regulatory requirements to reduce or mitigate the effects of greenhouse gases, as well as more stringent regulation of water rights. In the event that such regulations are enacted and are more aggressive than the sustainability measures that we are currently undertaking to monitor our emissions, improve our energy efficiency, and reduce and reuse water, we may experience significant increases in our costs of operations.

Further, the sales of agrochemical products are seasonal due to monsoon with the demand for pesticides generally higher during the monsoon season in India and other jurisdictions where our products are exported. Lack of monsoon in a particular year may result in a decline in demand for our products. As a result of such seasonal fluctuations, our sales and results of operations may vary by fiscal quarter and may not be relied upon as indicators of the sales or results of operations of other fiscal quarters, or of our future performance. Any significant reduction in the area under cultivation for these crops may significantly reduce demand for our products. Further, the demand for our products depends on the cropping pattern, which may vary year on year for these major crops. Any significant changes in the cultivable area and the cropping pattern for these crops may impact our sales and profitability.

5. *The manufacturing units of our Company are concentrated in the state of Andhra Pradesh and the inability to operate and grow our business in other regions may have an adverse effect on our business, financial condition, results of operations, cash flows and future business prospects.*

The manufacturing units of our Company are located in the state of Andhra Pradesh. Any materially adverse social, political or economic development, natural calamities, civil disruptions, or changes in the policies of the state government or local governments in these regions could adversely affect manufacturing operations and require a modification of our business strategy, or require us to incur significant capital expenditure or suspend our operations. Any such adverse development affecting continuing operations at the manufacturing facilities of our Company could result in significant loss due to an inability to meet customer requirements and production schedules, which could

materially affect our business reputation within the industry. The occurrence of, or our inability to effectively respond to, any such events or effectively manage the competition in the region, could have an adverse effect on our business, results of operations, financial condition, cash flows and future business prospects.

6. ***We require certain approvals and licenses in the ordinary course of business, including certain registrations from the Central Insecticides Board and Registration Committee ("CIBRC") and certain other regulatory authorities for our products manufactured and sold in India as well as for exports to other jurisdictions. Any failure to successfully obtain any material registrations or renew or maintain our material statutory and regulatory permits and approvals required to operate our business and manufacturing facilities would adversely affect our operations, results of operations and financial condition.***

We are required to obtain and maintain various statutory and regulatory permits, approvals, licenses and registrations to operate our business, some of which may have expired and have been applied for and certain of which are due to expire in the near future. As per Section 9 of the Insecticides Act, any person desiring to import or manufacture any insecticide may apply to the registration committee, i.e. CIBRC, for registration of such insecticide and there is a separate registration for each insecticide. Accordingly, we submit our Technicals and Formulations to the CIBRC for their approval where they undertake testing to check the composition and purity profile of our Technicals and Formulations before granting registrations. In addition, under Section 13 of the Insecticides Act, any person desiring to manufacture, sell, stock or exhibit for sale or distribute any insecticide, is required to make an application to the licensing officer of the respective state authority for the grant of license. As of the date of this Draft Letter of Offer, we have obtained registrations and licenses to manufacture from the CIBRC and other relevant authorities for sale of our products in India.

In addition, as of the date of this Draft Letter of Offer, we have also applied for registration from the CIBRC for the registration of certain Technicals and Formulations for manufacturing and sale, which are pending at various stages. This registration process increases our cost of developing new products and does not guarantee that we will be successful in selling these products after their registration is granted. Further, submission of an application to a regulatory authority does not itself guarantee a grant of such application. Although, we have duly obtained such approvals for manufacturing and exporting the products we manufacture and distribute in India and in the international markets, there can be no assurance that we will be able to maintain or obtain the necessary approvals or registrations in the future. If we are unable to successfully obtain registrations in a timely manner, we may lose the market opportunities which may result in our delay or failure to recover the costs incurred towards seeking registrations and other related activities and may adversely affect our operations and profitability. In the future, we will be required to renew such licenses, permits and approvals and obtain new permits and approvals for any proposed operations or products. Although there have been no instances of failure to obtain or renew any material permits and approvals, we cannot guarantee that we will be able to successfully obtain or renew such material permits and approvals in the future. While we believe that we will be able to renew or obtain all such material permits and approvals as and when required, there can be no assurance that the relevant authorities will issue any of such permits or approvals in the timeframe anticipated by us or at all. Further, these permits, licenses and approvals could be subject to several conditions, and we cannot assure you that we would be able to continuously meet such conditions or be able to prove compliance with such conditions to the statutory authorities, and this may lead to cancellation, revocation or suspension of relevant permits, licenses or approvals and the inability to renew, maintain or obtain any material permits, licenses, registrations or approvals in the future may result in the interruption of a part or all of our operations and have a material adverse effect on our business, financial condition and results of operations. Further, the approvals, licenses, permits and registrations may be revoked in the event of any non-compliance with any terms or conditions imposed thereof.

7. ***Our statutory auditors have identified certain observations in their auditor reports.***

Our statutory auditors have noted a few observations in their auditor reports including emphasis of matters and qualification as highlighted in the table below:

Fiscal 2025

- *We draw attention to note 43 to the standalone financial statements for the year ended 31 March 2025. The Company carried trade receivables aggregating to ₹7,796 lakhs as at 31 March 2024 (netted off with subsequent collections up to the date of the auditor's report for the year ended 31 March 2024), for which we had received unreliable responses to our independent balance confirmation requests, for the audit of the financial statements for the year ended 31 March 2024, from some of these customers.*

Note 43 to the standalone financial statements also describes the subsequent actions taken by the management. The management has estimated the resultant net exposure as ₹1,978 lakhs. This exposure is fully provided for in the Company's books of account as of 31 March 2025.

Our opinion is not modified in respect of this matter.

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

We draw attention to Note 30 to the standalone financial statements for the year ended 31 March 2025, according to which the managerial remuneration paid to the whole-time director of the Company (amounting to ₹16 lakhs) and consequently, the total managerial remuneration for the financial year (amounting to ₹207 lakhs) exceeds the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013 by ₹15 lakhs. As per the provisions of the Act, the excess remuneration is subject to the approval of the shareholders, which the Company is in the process of obtaining by means of Postal Ballot. 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.

Our report on the Companies (Auditor's Report) Order, 2020 was modified with respect to cash losses incurred and delays in repayment of term loan borrowings for the year ended March 31, 2025.

Our report on reporting under section 143(3) of Companies Act, 2013 with respect to audit trail was modified.

Fiscal 2024

• ***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.

Our report on the Companies (Auditor's Report) Order, 2020 was modified with respect to cash losses incurred and differences in quarterly returns being filed with banks for the year ended March 31, 2024.

Our report on reporting under section 143(3) of Companies Act, 2013 with respect to audit trail was modified.

We cannot assure you that our Statutory Auditors' reports for any future financial years will not contain qualifications, remarks, comments or emphasis of matter or that such qualifications, remarks, comments or emphasis of matter will not require any adjustment in our financial statements for such future periods/years or otherwise affect our results of operations in such future periods/years.

8. ***We may be subject to significant risks and hazards when operating and maintaining our manufacturing facilities, including the risks arising from the manufacture, use and storage of various flammable, corrosive or hazardous substances.***

Certain raw materials that we use, as well as our finished goods, are toxic, corrosive and flammable and require specialized handling and storage, failing which we may be exposed to fires or other industrial accidents. For instance, certain raw materials and products that we use and manufacture, such as bromine, chlorine and solvents, are highly toxic in nature and therefore require specialised care during storage and handling. While we believe that we have necessary controls and processes in place, any failure of such systems, mishandling of hazardous chemicals or any adverse incident related to the use of these chemicals or otherwise during the manufacturing process or storage of products and raw materials, may cause industrial accidents, fire, loss of human life, damage to our and third-party property and/or, environmental damage. For instance, our manufacturing unit 1 at Srikakulam was shut down for approximately six months due to a fire accident during Fiscal 2013. While we have not faced any similar events since then, we cannot assure you that we will not be exposed to such accidents in the future.

If any such industrial accident, loss of human life or environmental damage were to occur, we could be subject to significant penalties, actionable claims, and, in some cases, criminal prosecution. In addition to adversely affecting our reputation, such accidents may result in a loss of our property and/or disruption of our manufacturing operations, which may have a material adverse effect on our results of operations and financial condition. During the disclosed financial period, we did not experience any such industrial accidents, loss of human life, or incidents of environmental damage at our manufacturing facilities.

9. ***We are dependent on our R&D activities for our future success. If we do not successfully develop new products or continue our product portfolio expansion in a timely and cost-effective manner, our business, financial condition, cash flows and results of operations may be adversely affected.***

The agrochemicals industry is characterized by technological advancements, the introduction of innovative products, price fluctuations and intense competition. The laws and regulations applicable to the development of our products, and our customers' product and service needs, change from time to time, and regulatory changes may render our

products and technologies non-compliant or obsolete. Our ability to anticipate changes in technology and regulatory standards, understand industry trends and requirements, changes in consumer preferences and to successfully develop and introduce new and enhanced products to create new or address unidentified needs among our current and potential customers in a timely manner, is a significant factor in our ability to remain competitive. Research and development (“R&D”) is integral to our business and we are continuously engaged in developing new processes for manufacturing our products and improving or optimising and streamlining our production processes. Our R&D efforts may not result in new technologies or products being developed on a timely basis or meet the needs of our customers as effectively as competitive offerings.

Our Company has invested substantial effort, funds and other resources towards its R&D activities and we have set-up a R&D centre, located near Hyderabad which serves as a hub for innovation. Our R&D centre is accredited with the 'Good Laboratory Practice' (GLP) accreditation from NGCMA under the Department of Science and Technology, Government of India. For the six months period ended September 30, 2025 and Fiscal 2025 and Fiscal 2024, our capital expenditure towards research and development costs was ₹3 lakhs, ₹610 lakhs and ₹104 lakhs, respectively. However, our ongoing investments in R&D for new products and processes may result in higher costs without a proportionate increase in revenues. Delays in any part of the R&D process, our inability to obtain necessary regulatory approvals for our products or failure of a product to be successful at any stage could adversely affect our business. There can be no assurance that we will be able to secure the necessary technological knowledge, through our own R&D or through technical assistance agreements or through strategic acquisitions that will allow us to continue to develop our product portfolio or that we will be able to respond to industry trends by developing and offering cost effective products. Consequently, any failure on our part to successfully introduce new products and processes may have an adverse effect on our business, results of operations and financial condition. Further, our competitors may develop competing technologies that gain market acceptance before or instead of our products. We are also subject to the risks generally associated with new product introductions, including lack of market acceptance, delays in product development and failure of products to operate properly which may lead to increased warranty claims. Further, to enable smooth operations at our R&D centre, we are also highly dependent on skilled workforce. The loss of the services of such skilled personnel or our inability to recruit or train a sufficient number of experienced personnel may have an adverse effect on our financial results and business prospects. For further details, see **“Risk Factors - Our Directors, Senior Management and other Key Managerial Personnel are critical to our continued success and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition”** on page 42.

10. *We will continue to depend on our dealer network for the distribution of our products. Any inability to expand or effectively manage or any disruption in our dealer network will adversely affect our business and results of operations.*

As of September 30, 2025, we distribute our products through our dealer network which comprised of over 150 institutional business partners (B2B) and over 6,500 working domestic distributors (B2C), supported by stock depots and sales/branch offices supporting the distribution of our products in India. Our future growth depends on expanding our dealer network particularly our domestic markets through different sales and distribution channels as well as effective management of our dealer network. As a result, we rely, and will continue to rely, to a significant extent, on the relationships we have with our dealers and channel partners. We continuously seek to increase the penetration of our products by appointing new dealers and channel partners targeted at different customer groups and geographies. We cannot assure you that we will be able to successfully identify or appoint new dealers/channel partners or effectively manage our existing dealer network. If the terms offered to such dealer/channel partners by our competitors are more favourable than those offered by us, the dealer/channel partners may decline to distribute our products and terminate their arrangements with us. Further, we do not have exclusive or long-term arrangements with our dealer and channel partners. We may be unable to appoint replacement to our dealer/channel partners in a timely fashion, or at all, which may reduce our sales volumes and adversely affect our results of operations.

Further, if our competitors provide better rates to our customers, it could result in customers favouring the products of other agrochemical manufacturers including our direct competitors. In addition, our competitors may have access to a wider base of customers than our Company or have exclusive arrangements with certain dealer/channel partners who may be unable to stock and distribute our products, which may limit our ability to expand our dealer network. Similarly, our competitors may adopt innovative dealer models, which could be more effective than the dealer models adopted by us, resulting in a reduction in the sales of our product.

11. *Any downgrade of our debt rating by an independent agency may adversely affect our ability to raise financing.*

The cost and availability of capital, among other factors, is also dependent on our short-term and long-term credit ratings. Credit ratings reflect the opinion of the rating agency on our management, track record, diversified clientele, increase in scale and operations and margins and operating cycle. We have received a credit rating of CRISIL AA/Stable for our long-term bank facilities and CRISIL A1+ for our short-term bank facilities from CRISIL Ratings

Limited. In the past, we have experienced downgrading in our credit ratings. For instance, our credit rating was downgraded from CRISIL A-/ Negative to CRISIL BB +/- Negative for our long-term bank facilities during Fiscal 2025.

While our credit ratings improved during the current Fiscal, there can be no assurances that our ratings would not be subject to downgrade in the future. Any downgrade in our credit ratings or our inability to obtain such credit rating in a timely manner or any non-availability of credit ratings, or poor ratings, could increase borrowing costs, imposing additional terms and conditions in any future financing or refinancing arrangements, give our lenders the right to review the facilities availed by us under our financing arrangements and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business, results of operations, financial condition and cash flows.

- 12. We use the “NACL” logo pursuant to a licence, and any non-renewal or termination of such licence may adversely affect our brand and operations.**



We use the “NAGARJUNA NACL” logo pursuant to a trademark licence agreement dated August 7, 2025, entered into with our erstwhile promoter, KLR Products Limited, under which we have been granted a non-exclusive, non-transferable, non-assignable and royalty-free licence (“**License**”) for a term of one year.

This Licence is limited in duration, non-exclusive and subject to various conditions. There can be no assurance that the Licence will be renewed on similar terms, or at all, or that they will not be terminated or modified. Any non-renewal, termination or adverse modification of the Licence may require us to discontinue the use of this logo, undertake rebranding, incur additional expenditure and could adversely affect our brand visibility, business operations, reputation and results of operations.

- 13. Our inability to collect receivables and default in payment from our customers could result in the reduction of our profits and affect our cash flows.**

The majority of our sales are to customers on an open credit basis, with standard payment terms of generally between 90 to 120 days in formulation sales, 60 days to 90 days in technical sales, and up to 90 days in export sales. The trade receivables during the disclosed financial period are as under:

Particulars	Six months period ended September 30, 2025*	Fiscal 2025	Fiscal 2024
Trade receivables (₹in lakhs)	51,859	31,511	76,669
% of gross revenue from operations	57%	26%	43%

**not annualized*

While we generally monitor the ability of our customers’ ability to pay these open credit arrangements and limit the credit, we extend to what we believe is reasonable based on an evaluation of each customer’s financial condition and payment history, we may still experience losses because of a customer being unable to pay. As a result, while we maintain what we believe to be a reasonable allowance for doubtful receivables for potential credit losses based upon our historical trends and other available information, there is a risk that our estimates may not be accurate. For instance, against the trade receivables of ₹7,796 lakhs as at March 31, 2024 for which unreliable responses to their independent balance confirmation requests were received, our Company has to provide for an amount of ₹1,978 lakhs, to fully cover the net exposure. If we are unable to collect customer receivables or if the provisions for doubtful receivables are inadequate, it could have a material adverse effect on our business, financial condition and results of operations.

Adverse macroeconomic conditions may lead to financial stress, including insolvency, among our customers and dealers, resulting in delayed payments, requests for revised payment terms, or defaults, which could increase our receivables and working capital requirements. Farmers, in particular, may be impacted by factors beyond their control, such as severe monsoons, droughts or depressed crop prices, which may weaken their financial ability to pay dealers for products already sold and used. Any increase in bad debts or payment defaults by customers or dealers may require higher operating working capital, increase our interest costs and adversely affect our business, results of operations and cash flows.

14. *The present Promoter, Coromandel International Limited is involved in a similar line of business activity in which the issuer Company is engaged, which may create a conflict of interest. Further, we do not enjoy contractual protection by way of a non-compete or other agreement or arrangement with our corporate promoter.*

Our Promoter, Coromandel International Limited acquired 10,68,96,146 Equity Shares representing 53.07% of the then Share Capital from the erstwhile promoters and acquired 5,500 Equity Shares (representing 0.003% of the then Equity Share Capital) from Krishi Rasayan Exports Private Limited and 5,500 Equity Shares (representing 0.003% of the then Equity Share Capital) from Agro Life Science Corporation, both non-promoter shareholders, pursuant to the Share Purchase Agreement dated March 12, 2025. Further, our Promoter also acquired 5,435 Equity Shares (representing 0.003% of the then Equity Share Capital) from the public shareholders at an Offer Price, who tendered their shares under the open offer pursuant to and in compliance with the provisions of Regulation 3(1) and Regulation 4 of the SEBI Takeover Regulations. Pursuant to such acquisition, our Promoter and holding company holds 53.08% of the paid-up capital of the Company.

Our Promoter and holding company, Coromandel International Limited, is engaged in the business of manufacturing and marketing of plant nutrient and crop protection solutions, including fertilisers, crop protection products, bio-pesticides, specialty nutrients and organic fertilisers. Our Company has not entered into any agreement or arrangement with our corporate promoter restricting it from manufacturing or selling products that may compete with our product portfolio or target customer base. Accordingly, there can be no assurance that our promoter will not undertake activities that compete with our existing or future business or that its interests will not, at times, conflict with ours. Any such present or future conflict of interest could have a material adverse effect on our reputation, business, results of operations and financial condition.

15. *Our agrochemical products may face competition from alternative crop protection methods, including biotechnology-based products, pest-resistant seeds and genetically modified crops.*

Alternative plant supplements and crop protection measures, such as, biotechnology products, pest resistant seeds or genetically modified (“GM”) crops, may reduce the demand of our products. In particular, GM crops are crops whose DNA has been altered to provide certain desirable characteristics. The characteristics are usually targeted at higher yields, lower sensitivity to weather conditions, and resistance to common pests. In particular, significant research is being carried out to develop and commercialize seed traits that carry resistance to many of the pests, such as insects and fungi, for which farmers currently use crop protection products. Successful commercialization of such traits may result in reduced demand for certain of our products. Conversely, there have been instances where species of weeds and insects have evolved resistance to agrochemicals products designed to control or eradicate them. Such resistance may reduce demand for the affected product, and this reduction may not be offset by increased sales of alternative products. If we fail to adapt our products range to respond to such developments, demand for our products or their price may decline, which could adversely affect our business and results of operations.

16. *Inability to meet the quality standard norms prescribed by the central and state governments in India as well as governments of other countries where we export our products, could result in the sales of our products being banned or suspended or becoming subject to significant compliance costs, which could have a material adverse effect on our business growth and prospects, results of operations, financial condition, and cash flows.*

The quality of the majority of our products manufactured are open to independent verification by Government agencies including the respective governments of the countries where we export our products. Regulatory authorities, including the relevant state authorities under the Insecticides Act, 1968, may carry out inspection of our premises, plant, equipment, machinery, manufacturing or other processes and sample checks on any material or substance in relation to our product at short notice or without notice. The Government authorities could impose fines or issue show cause notices to our Company if the samples are not in conformity with the prescribed quality norms. Any failure of quality control and/ or the required level of packaging disclosures by our Company could lead to suspension of sales of those batches and/ or a ban on our products. While our Company has not faced any suspension/ ban on sale of any product, by the central and state governments in India due to failure to meet prescribed quality standards, during the disclosed financial period, there can be no assurance that our products will not face any suspension/ ban in the future. Any such order passed by the governmental authorities in India or in the countries that we export our products, could generate adverse publicity about our Company and our products, which could have a material adverse effect on our business growth and prospects, financial condition, results of operations, and cash flows.

17. *Our insurance coverage may not adequately protect us against all losses or the insurance cover may not be available for all the losses as per the terms of the insurance policy, which could adversely affect business, financial condition and results of operations.*

Our operations are subject to various risks inherent to the agro-chemicals industry and to the sale and maintenance of inventory of products, as well as other risks such as theft, robbery, acts of terrorism and other force majeure events. We maintain insurance coverage for anticipated risks which are standard for our type of business and operations. Our

insurance cover for property and equipment, as on September 30, 2025 was ₹87,643 lakhs and the inventory as on September 30, 2025 was ₹46,682 lakhs, while our book value of property, equipment was ₹40,722 lakhs as of September 30, 2025 and that of our inventory was ₹33,721 lakhs. Our insurance policies cover our manufacturing units, R&D facility, and offices from losses in the case of among others, natural calamities, fire, special perils, burglary and theft. We have also obtained directors' and officers' liability insurance. We have obtained various insurance policies covering the life and health of our employees. There are many events that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part, or on time. To the extent that we suffer loss or damage, or successful assertion of one or more large claims against us for events for which we are not insured, or which exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial performance and cash flows could be adversely affected.

For instance, on June 30, 2012, a fire incident occurred at our Srikakulam plant (Unit 1), pursuant to which we lodged an insurance claim. The insurer disputed the claim, leading us to initiate arbitration proceedings. Although an arbitral award was passed in our favour, the insurer challenged the award before the High Court of Delhi. Subsequently, the Hon'ble High Court of Delhi, vide its order dated February 13, 2025, dismissed the insurer's appeal and upheld the arbitral award in favour of the Company. While the High Court upheld the arbitral award in our favour in this instance, there can be no assurance that insurance claims made by us in the future will not be contested, delayed or denied, or that we will be able to maintain adequate insurance coverage for all potential losses.

18. Our Company have a history of net losses, negative earnings per share ("EPS") and return on capital employed. Historical financial loss may impact future growth prospects and investor confidence, which could result in limited access to capital and operational constraints.

Our Company have a history of net losses, negative EPS and return on capital employed. The following table sets forth our loss, our basic and diluted EPS and return on capital employed for the year:

Particulars	Fiscal 2025	Fiscal 2024
Profit / (loss) after tax for the year (in ₹lakhs)	(9,213)	(5,889)
Earnings per share (basic and diluted) (₹)	(4.62)	(2.96)
Return on Capital Employed (in %)	(7%)	0%

We incurred losses for Fiscal 2025 and Fiscal 2024 as a result of, among others, significant fall in our export revenue, due to post-COVID inventory buildup in the supply chain leading to reduced customer procurement and lower price realisations. However, we have witnessed profit after tax for the six-months period ended September 30, 2025 of ₹1,559 lakhs. While past losses do not necessarily predict future performance, they may reflect vulnerabilities that could persist if not adequately addressed. Factors such as fluctuating market demand, competitive pressures, rising operational costs, or economic downturns could exacerbate financial instability. Any failure by us to achieve or sustain profitability on a consistent basis, may have an adverse impact on the value of our Equity Shares. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected.

19. We have experienced negative cash flows in the past and we may continue to have negative cash flows in the future. If we experience insufficient cash flows to meet required payments on our debt and working capital requirements, our business and results of operations could be adversely affected.

We have in the past experienced, and may in the future, experience negative cash flows from operating activities. The following table sets forth certain information relating to our cash flows on a consolidated basis for the periods indicated:

(in ₹lakhs)

Particulars	Six months period ended September 30, 2025	Fiscal 2025	Fiscal 2024
Net cash flow from/ (used in) operating activities	(8,941)	46,898	5,040

We may in the future experience negative operating cash flows. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact on our ability to operate our business and implement our growth plans. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected.

20. *Our Company and Subsidiaries are involved in various litigations. An unfavourable outcome in any of these matters could negatively affect our business, operations, financial condition, and cash flows.*

There are outstanding legal proceedings involving our Company and our Subsidiaries. These proceedings are pending at levels of adjudication before various courts, including certain criminal cases that have been filed by and against our Company. As on the date of this Draft Letter of Offer, neither our Company nor our Promoter or Directors have been issued any show-cause notice(s) by SEBI or the Adjudicating Officer in a proceeding for imposition of penalty, further, there are no prosecution proceedings that have been initiated against them by SEBI. For further details please see “**Summary of this Draft Letter of Offer - Summary of outstanding litigation**” on page 19. Further, from time to time, we receive notices and communications from tax authorities in relation to various matters, including certain matters that may be significant. We evaluate and contest such matters, where appropriate, based on the advice of legal and other professional advisors. While we believe that we have valid grounds to defend our positions, any unfavourable decision in these or other proceedings could have a material adverse effect on our business, financial condition, and results of operations.

However, no legal notice, complaint or other communication has been served on the Company by any judicial forum or authority or opposite party as on the date of this Draft Letter of Offer. In the event that any summons or relevant case documents are served upon us, we cannot assure you that these matters will not result in any adverse findings, investigations, enquiries or any other legal actions against us and will not affect our business, results of operations or financial conditions.

We are, and may in the future be, party to other litigation and legal, tax and regulatory proceedings, the outcome of which may affect our business, results of operations, financial condition and prospects. There can be no assurance that we will be successful in any of these legal proceedings, and any adverse rulings could affect our business and financial condition, particularly if the disputed amounts are significant. Litigation may also deplete our financial resources. Changes in law or unfavourable regulatory decisions could lead to increased provisions and liabilities.

21. *We may provide guarantees to lenders on behalf of our Subsidiaries, and any failure to repay such loans by our Subsidiaries, may affect our business, results of operations and financial condition.*

In certain case we may provide guarantees to lenders for financing provided to our Subsidiaries. As of September 30, 2025, we provided ₹10,046 lakhs of guarantees for repayment of their outstanding principal amount of indebtedness to lenders on behalf of our Subsidiaries. In the event our Subsidiaries are not able to repay such loans we may be required to repay the loans availed, which may affect our business, results of operations and financial condition.

22. *We derive a significant part of our revenue from select customers. The loss of revenues from such customers, could have an adverse impact on our financial condition.*

We depend on key customers for a significant portion of our B2B revenues. For the Fiscal 2025, Fiscal 2024 and for the six months period ended September 30, 2025, our top ten customers contributed 26%, 26% and 32% of our total revenue from operations. We expect that we will continue to rely on select customers for the foreseeable future for a significant part of our revenues.

There can be no assurance that we will be able to maintain or increase the level of business that we currently derive from our significant customers. The loss of one or more of these customers, or a material reduction in the volume of orders placed by them, could occur for a variety of reasons, including changes in their demand patterns, adverse market conditions affecting their operations, procurement consolidation, pricing pressures, product substitution, delays or disruptions in our supply chain, or dissatisfaction with our pricing, product quality or delivery timelines. Further, our customers may choose to diversify their vendor base, consolidate procurement, or manufacture competing products in-house, any of which could reduce the volume of business they award to us.

Any deterioration in our relationship with key customers, or any inability on our part to meet their evolving requirements, could adversely affect our business, results of operations, financial condition and cash flows. In addition, customer concentration increases our exposure to credit risk, delayed payments and the financial instability of such customers, all of which could also adversely impact our business.

23. *Our operations are labour intensive and we may be subject to unionization, work stoppages or increased labour costs, which could adversely affect our business and results of operations. Our success also depends on our ability to attract, hire, train and retain skilled workers who are experienced in our manufacturing operations.*

The success of our operations depends on availability of labour and maintaining a good relationship with our workforce. As of September 30, 2025, we had 1,414 permanent employees and 1,259 contract labourers. We may be subject to industrial unrest, slowdowns and increased wage costs, which may adversely affect our business and results of operations.

Our success also depends on our ability to attract, hire, train and retain skilled workers who are experienced in manufacturing operations.

Our operations require a pool of technically skilled workers for manufacturing and project execution activities. Any inability to attract or retain such skilled personnel, including supervisors, engineers and technicians, whether due to industry-wide talent shortages, increased competition, or higher wage expectations, could impact our productivity, quality of output, and ability to meet customer timelines. Further, if we are unable to provide adequate training or upskilling to our workforce in line with operational requirements, our operating efficiency and cost structure may be adversely affected.

Further, the Government of India has, with effect from November 21, 2025, implemented four labour codes, namely, (i) The Code on Wages, 2019, (ii) The Industrial Relations Code, 2020, (iii) The Code on Social Security, 2020 and (iv) The Occupational Safety, Health and Working Conditions Code, 2020. Such codes will replace the existing legal framework governing rights of workers and labour relations. We may be exposed to additional compliance requirements, and any failure to comply may result in penalties, sanctions, or even enforced shutdowns by the relevant authorities, which could materially and adversely affect our operations.

Further, we engage independent contractors through whom we engage contract labour for performance of certain functions at our manufacturing units as well as at our offices. Although we do not engage these labourers directly, it is possible under Indian laws that we may be held responsible for wage payments to labourers engaged by contractors, should a contractor default on payment of wages. Further, under the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, we may be directed to absorb some of these contract labourers as our employees. Any such orders from a court or any other regulatory authority may adversely affect our results of operations.

Work stoppages or slowdowns experienced due to labour unrest or strikes could have an adverse effect on our business, results of operations and financial condition. For instance, three of our employees have filed proceedings before the industrial tribunal, one of which has been further appealed before the Andhra Pradesh High Court, seeking reinstatement and claiming back wages. While we have not experienced any major prolonged disruption in our business operations due to disputes or other problems with our work force in the past, there can be no assurance that we will not experience any such disruption in the future.

24. *We may become involved in claims concerning intellectual property rights, including our ability to protect our brands through intellectual property, and we could suffer significant litigation or related expenses in defending our own intellectual property rights or defending claims that we infringed the rights of others.*

We depend on the brands we have created and their brand value for our business and operations. As on the date of this Draft Letter of Offer, we have been granted over 125 trademark registrations for our branded products and are in the process of obtaining registrations for certain trademarks. As of the date of this Draft Letter of Offer, we have applied for over 70 patents. We believe that our trademarks are important assets to our business. The use of our trademarks or logos by third parties could adversely affect our reputation, which could in turn adversely affect our business and results of operations. Therefore, we may have to take measures to protect our intellectual property by relying on Indian laws and initiating legal proceedings. However, such measures may not be adequate to prevent unauthorized use of our intellectual property by third parties and thus, we may not be able to prevent infringement of our intellectual property. Further, the application of laws governing intellectual property rights in India is uncertain and evolving, and could involve substantial risks to us. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe on our rights, which may have an adverse effect on our business, results of operations, financial condition and cash flows. In addition, our current and future trademarks are subject to expiration, and we cannot guarantee that we will be able to renew all of them prior to expiration. Our inability to renew registration of certain trademarks and loss of such trademarks could have an adverse effect on our business, results of operations, financial condition and cash flows.

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing any existing third-party intellectual property rights which may force us to alter our offerings. We may also be susceptible to claims from third parties asserting infringement and other related claims. If similar claims are raised in the future, these claims could result in costly litigation, divert management's attention

and resources, subject us to significant liabilities and require us to enter into potentially expensive royalty or licensing agreements or to cease certain offerings. Further, necessary licenses may not be available to us on satisfactory terms, if at all. Any of the foregoing could have an adverse effect on our business, results of operations, financial condition and cash flows.

While the pending registration of our trademarks and patents do not currently have a material effect on our business, we cannot assure you that there will not be instances where our applications for intellectual property may be opposed, which may have a material adverse effect on our business.

25. *We may not succeed in continuing to establish, maintain and strengthen our brands and our reputation could be harmed by complaints and negative publicity which could materially and adversely affect customer acceptance of our products and our revenue and prospects.*

Our B2C business and prospects depend on our ability to develop, maintain and strengthen our brands which, depends heavily on the success of our marketing efforts, in which we have relied primarily on the relationships with the distributors and growers, demonstration of products, customer meetings and visits, product launches, advertisements, and word of mouth. To further promote our brand, we may be required to change our marketing practices, which could result in substantially increased advertising expenses, including the need to use traditional media such as television, radio and print.

Furthermore, our reputation and brand are vulnerable to many threats that can be difficult or impossible to predict or control, and costly or impractical to remediate. Since we are a consumer facing brand, and particularly given the popularity of social media, any negative publicity about us, such as complaints by our customers or reviews that compare us unfavourably to competitors, alleged misconduct, unethical business practices, safety breaches, or other improper activities, or rumours relating to our business, directors, officers, employees, or shareholders, can harm our reputation, business, and results of operations. These allegations, even if unproven, may lead to inquiries, investigations, or other legal actions against us by regulatory or government authorities as well as private parties and could cause us to incur significant costs to defend ourselves. Any negative market perception or publicity regarding our suppliers or other business partners that we closely cooperate with, or any regulatory inquiries or investigations and lawsuits initiated against them, may also have an impact on our brand and reputation, or subject us to regulatory inquiries or investigations or lawsuits.

Our Company has in the past been subject to negative media publicity which has in turn affected our business operations. For instance, in Fiscal 2025, we faced issues relating to dealers in North India leading to negative press and it impacted our business with those dealers. However, such instances have not had any material impact on our business.

Negative publicity arising from complaints or service quality issues of our peers in the industry in which we operate, including our competitors, may also negatively impact our reputation and brand. If we are unable to maintain a good reputation or further enhance our brand recognition, our ability to attract and retain a critical mass of customers, third-party partners, and key employees could be harmed and, as a result, our business, financial position, and results of operations could be materially and adversely affected.

26. *Any change in Government policies towards the agriculture sector or a reduction in subsidies and incentives provided to farmers could adversely affect our business and results of operations.*

Our business is closely linked to the performance of the agriculture sector and the purchasing power of farmers. Government policies, including minimum support prices, input subsidies, credit availability, crop procurement mechanisms, and overall budgetary allocation to agriculture, play a critical role in determining farm income levels. Any adverse change in such policies, including a reduction or withdrawal of subsidies and incentives available to farmers, changes in crop procurement or pricing policies, restrictions on exports, or a decline in public spending on agriculture and rural development, may reduce farmers' ability or willingness to purchase crop protection products. Such changes could, in turn, adversely affect the demand for our products and impact our business, financial condition and results of operations. Further, uncertainty or instability arising from policy changes affecting the agriculture sector may also negatively impact our sales and distributor offtake. There can be no assurance that future changes in agricultural or related policies will not adversely affect our operations.

27. *An inability to comply with repayment and other covenants in our financing agreements may lead to, among others, accelerated repayment schedules and enforcement of security, which may adversely affect our business, results of operations, financial condition, cash flows and credit rating.*

We have entered into agreements for our borrowings with certain lenders. As of September 30, 2025, our total borrowings were ₹49,949 lakhs. These borrowings include secured fund-based facilities, along with unsecured loans. Our financing agreements governing our borrowings include conditions and restrictive covenants that require us to obtain consents, no-objections or waivers from lenders prior to carrying out specified activities or entering into certain

transactions. Such restrictive covenants include but are not limited to, requirements that we obtain consent from the lenders prior to undertaking certain matters including altering our capital structure, effecting any scheme of amalgamation or reconstitution, restructuring or changing the management and repayment and/or prepayment of various borrowing facilities availed by the Company. While we have obtained necessary consents from our lenders as required under our loan/financing documentation, for undertaking the Issue and related actions, we cannot assure you that we will be able to obtain such approvals in the future to undertake such activities as and when required or to comply with such covenants or other covenants in the future.

Further, these debt obligations are typically secured by a combination of security interests. We are required to create charge over our present and future current assets and certain of our movable and immovable fixed assets and furnish guarantees. The security allows our lenders to inter-alia sell the relevant assets in the event of our default. Further, our financing agreements also stipulate inter alia financial covenants required to be maintained by us during the duration of the facilities. Any inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, financial condition, cash flows and credit rating. For instance, during the Fiscal 2025, our Company has delayed in repayment of principal and interest for an amount of ₹754 lakhs towards few of its lenders. While our lenders have not enforced any event of default remedies, there can be no assurance that they will not enforce the event of default clauses forming part of our borrowing arrangements and recall the loans and/or facilities advanced to us in the future. Further, any fluctuations in the interest rates may directly impact the interest costs of such loans and could adversely affect our financial condition.

Any failure to service our indebtedness, perform any condition or covenant or comply with the restrictive covenants could lead to a termination of one or more of our credit facilities, default, acceleration of amounts due under such facilities and cross-defaults under certain of our other financing agreements, any of which may adversely affect our ability to conduct our business and have a material adverse effect on our financial condition and results of operations.

28. *We have in the past entered into related party transactions and will continue to do so in the future.*

We have in the past entered into related party transactions with respect to among others loans taken, corporate guarantee, purchase and sales, lease rent, etc, in compliance with applicable laws.

In the ordinary course of our business, we enter into and will continue to enter into transactions with related parties subject to compliance with applicable laws. While we believe that all such related party transactions that we have entered into are conducted on an arms' length basis in accordance with the Companies Act and other applicable regulations pertaining to the evaluation and approval of such transactions and all related party transactions that we may enter are subject to Board or shareholder approval, as necessary under the Companies Act and the SEBI Listing Regulations, in the interest of the Company and its minority shareholders and in compliance with the SEBI Listing Regulations, however, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Accordingly, we cannot assure you that these arrangements in the future, or any future related party transactions that we may enter into, individually or in the aggregate, will not have an adverse effect on our business, financial condition, results of operations, cash flows and prospects. Further, any future transactions with our related parties could potentially involve conflicts of interest which may be detrimental to our Company. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favour. There can be no assurance that our Directors and executive officers will be able to address such conflicts of interests or others in the future.

29. *We are subject to risks associated with rejection of supplied products, and consequential claims and associated product liability costs due to defects in our products, which could generate adverse publicity or adversely affect our business, results of operations or financial condition.*

Defects, if any, in our products could lead to rejection of supplied products and consequential financial claims. Accordingly, we are exposed to risks associated with product liability claims if the use of our products results in personal injury. The products that we produce are subject to risks such as contamination, adulteration and product tampering during their production, transportation or storage. We face the risk of loss resulting from, and the adverse publicity associated with, product liability lawsuits, whether or not such claims are valid. While our crop protection products are researched before being commercialized, there is no certainty of their long-term effects on soil or water supplies and any unknown adverse effects caused by such products could adversely affect our business and reputation. Also, see ***“Risk Factors - We are subject to strict technical specifications, quality requirements, and regular inspections and audits by our customers, including various multinational corporations. Our failure to comply with the quality standards and technical specifications prescribed by such customers may lead to loss of business from such customers and could negatively impact our reputation, which would have an adverse impact on our business prospects and results of operations”*** on page 21.

We may also be subject to claims resulting from manufacturing defects or negligence in storage or handling, which may lead to the deterioration of our products, or from defects arising from deterioration in our quality. Further, while

we seek to conform our products to meet a variety of contractual specifications and regulatory requirements, there can be no assurance that product liability claims or recall claims against us will not arise, whether due to product malfunctions, defects, or other causes. Product liability claims, regardless of their merits or the ultimate success of the defense against them, are expensive. Even unsuccessful product liability claims would likely require us to incur substantial amounts on litigation, divert our management's time, adversely affect our goodwill and impair the marketability of our products.

30. *A shortage or non-availability of essential utilities such as electricity, steam and water could affect our manufacturing operations and have an adverse effect on our business, results of operations and financial condition.*

Our business operations are heavily dependent on the continuous supply of electricity, steam and water which are critical to our manufacturing operations. While our steam requirements are met through captive boilers and our power requirements are met through the local state power grid through interstate open access, we cannot assure you that these will be sufficient or that we will not face a shortage of electricity despite these arrangements. Further, most of our water requirement is met with either surface water or water recycling and reuse. Any shortage or non-availability of water or electricity could result in temporary shut-down of a part, or all, of our operations at the location experiencing such shortage. Such shut-downs could, particularly if they are for prolonged periods, have an adverse effect on our business, results of operations and financial condition. Moreover, if we are required to operate for extended periods of time on diesel-generator sets or if we are required to source water from third parties, our cost of operations would be higher during such period which could have an adverse impact on our profitability.

31. *We have experienced delays in complying with certain provisions of the SEBI Listing Regulations and also transfer of unpaid dividend in the past, and any future non-compliance may result in penalties or regulatory action.*

We are required to comply with various provisions of the SEBI Listing Regulations, including timely disclosures and filings with the stock exchanges. In October 2025, there was an instance of an inadvertent delay in furnishing the prior intimation of a meeting of our Board of Directors due to an unintentional miscalculation of the applicable “working days” requirement under Regulation 29 of the SEBI Listing Regulations. In this instance, the Stock Exchanges imposed a fine of ₹10,000 each, which we have remitted, along with submissions seeking waiver of the penalty. This was an isolated occurrence and has not had any material adverse effect on our operations. However, any future delay or non-compliance with the SEBI Listing Regulations may expose us to additional penalties, adverse observations from the stock exchanges, or reputational harm. There can be no assurance that we will not face similar instances of non-compliance in the future.

Further, pursuant to the provisions of Section 124(6) and 125 of the Companies Act, 2013 (the “Act”) read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, it is statutorily required on the part of the Company to transfer of all shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more in the name of Investor Education and Protection Fund Authority (IEPF Authority). Accordingly, the Company was required to transfer an amount of ₹4 lakhs being the unpaid dividend amount out of the dividend declared for Fiscal 2017 to the IEPF by July 13, 2024. However, our Company has delayed the transfer to the IEPF by 320 days as of May 28, 2025. Any delay or non-compliance with the provisions may expose us to penalties, legal consequences, or reputational harm.

32. *A portion of our revenues and purchases are denominated in foreign currencies. As a result, we are exposed to foreign currency exchange risks which may adversely impact our results of operations.*

We have material exposure to foreign exchange-related risks since a portion of our consolidated revenue from operations are in foreign currency, including the US Dollar. The table set forth below provides gross revenue by geographical segment and as a percentage of our gross revenue from operations during Fiscal 2025, Fiscal 2024, and for the six months period ended September 30, 2025:

Revenue by Geographical Segment	Six months period ended September 30, 2025		Fiscal 2025		Fiscal 2024	
	₹in lakhs	% of revenue from operations	₹in lakhs	% of revenue from operations	₹in lakhs	% of revenue from operations
Within India	56,722	63%	92,496	75%	1,36,951	77%
Outside India	33,808	37%	30,956	25%	40,922	23%
Total	90,030	100%	1,23,452	100%	1,77,873	100%

A portion of our expenses, cost of any imported raw material and other operating expenses as well as certain of our capital expenditure on equipment imported are denominated in US Dollar, and other foreign currencies. The exchange rate between the Indian Rupee and foreign currencies, primarily the USD, has fluctuated in the past and our results of operations have been impacted by such fluctuations in the past and may be impacted by such fluctuations in the future. For example, during times of strengthening of the Indian Rupee, we expect that our overseas sales and revenue will generally be negatively impacted, as foreign currency received will be translated into fewer Indian Rupees. However, the converse positive effect of depreciation in the Indian Rupee may not be sustained or may not show an appreciable impact in our results of operations in any given financial period due to other variables impacting our business and results of operations during the same period. Accordingly, any appreciation or depreciation of the Indian Rupee against these currencies can impact our results of operations. We may from time to time be required to make provisions for foreign exchange differences in accordance with accounting standards.

Our ability to foresee future foreign currency fluctuations is limited. Further, due to the time gap between the accounting of purchases and actual payments, the foreign exchange rate at which the purchase is recorded in the books of accounts may vary with the foreign exchange rate at which the payment is made, thereby benefiting or affecting us negatively, depending on the appreciation or depreciation of the Rupee. We may, therefore, be exposed to risks arising from exchange rate fluctuations and we may not be able to pass on all losses on account of foreign currency fluctuations to our customers, and as a result, may suffer losses on account of foreign currency fluctuations. There is no guarantee that we may be able to manage our foreign currency risk effectively or mitigate exchange exposures, at all times and our inability may harm our results of operations and cause our results to fluctuate and/or decline. Further, certain markets in which we sell our products may be subject to foreign exchange repatriation and exchange control risks, which may result in either delayed recovery or even non-realization of revenue. In addition, the policies of the RBI may also change from time to time, which may limit our ability to effectively hedge our foreign currency exposures and may have an adverse effect on our results of operations and cash flows.

We currently do not have a formal hedging policy. However, we enter into hedging arrangements, from time to time, such as, forward exchange contracts, to hedge payments under our foreign currency borrowings or foreign currency payables. In Fiscal 2025, Fiscal 2024 and for the six months period ended September 30, 2025, we recorded foreign currency exchange gain / (loss) (Net) of ₹120 lakhs, ₹84 lakhs, and ₹(163) lakhs, respectively, due to these fluctuations in foreign currency. Any action that we may take and any amounts that we spend or invest in order to hedge the risks to our business due to fluctuations in currencies may not adequately hedge against any losses and we cannot assure you of the sufficiency of these procedures or whether the procedures we have in place will be successful in managing our foreign currency exposure.

33. *We do not own our Registered and Corporate Office and also the manufacturing unit 4 is leased by our wholly-owned Subsidiary, NACL Spec-Chem Limited.*

As on the date of this Draft Letter of Offer, our Company owns Manufacturing Unit 1, Manufacturing Unit 2 and Manufacturing Unit 3. Our Registered Office, Corporate Office, regional warehouses and sales offices are, however, operated from leased premises. Further, the manufacturing unit of our wholly owned subsidiary, NACL Spec-Chem Limited (Unit 4), is operated from premises taken on lease from GIDC. There can be no assurance that our Company will be able to successfully renew the said lease agreements in a timely manner or at all or on terms favourable to us. Further, there can be no assurance that we will not face any disruption of our rights as a lessee and that such lease agreements will not be terminated prematurely by the lessor. Any such non-renewal or early termination or any disruption of our rights as lessee will adversely affect our business, financial conditions and results of operations.

34. *We have certain contingent liabilities that have not been provided for in our financial statements, which if they materialise, may adversely affect our financial condition.*

The following table and notes set forth the principal components of our contingent liabilities for Fiscal 2025:

(₹in lakhs)

Particulars	Fiscal 2025
(i) Claims against the Group not acknowledged as debts in respect of the matters under dispute	
Excise duty	17
Service tax	15
Income tax	616
Sales tax	94
Goods and Service tax	441
Export benefits (MEIS)	199
(ii) Others	135

Our contingent liabilities may become actual liabilities. If a significant portion of these liabilities materialize, it could have an adverse effect on our business, results of operations and financial condition. Further, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current fiscal year or in the future. For further information, see “**Financial Information**” on page 79.

35. *An inability to procure the desired quality, quantity of our raw materials in a timely manner and at reasonable costs, or at all, may have a material adverse effect on our business, results of operations and financial condition.*

Our ability to remain competitive, maintain costs and profitability depend, in part, on our ability to source and maintain a stable and sufficient supply of raw materials at acceptable prices. The raw materials of our Company are bulk chemicals, intermediates and solvents. Accordingly, we depend on external suppliers for all these raw materials required for production and we typically purchase raw materials on a purchase order basis and place such orders with them in advance on the basis of our anticipated requirements. As a result, the success of our business is significantly dependent on maintaining good relationships with our raw material suppliers. For the Fiscal 2025, Fiscal 2024 and for the six months period ended September 30, 2025, our top ten suppliers contributed approximately 33%, 39% and 34% respectively of our total purchases. The absence of long-term supply contracts subject us to risks such as price volatility caused by various factors such as commodity market fluctuations, currency fluctuations, climatic and environmental conditions, production and transportation cost, changes in domestic as well as international government policies, and regulatory and trade sanctions. We also import a certain quantity of raw materials from international suppliers. As a result, we continue to remain susceptible to the risks arising out of raw material price fluctuations as well as import duties, which could result in a decline in our operating margins. See “**Risk Factors - Restrictions on import of raw materials and an increase in shipment cost may adversely impact our business and results of operations**” on page 40. If we cannot fully offset increases in raw material prices with increases in the prices for our products, we will experience lower margins, which will have a material adverse effect on our results of operations and financial condition. In the absence of such contracts, we are also exposed to the risk of unavailability of certain raw materials in desired quantities and qualities, in a timely manner or at all.

Although we have not faced significant disruptions in the procurement of raw materials in the past, the COVID-19 pandemic temporarily affected our ability to source raw materials from certain vendors, located both internationally and domestically, who were unable to transport raw materials to us. There can be no assurance that we will procure the quantities and quality of raw materials commensurate with our requirements in the future. For the six months period ended September 30, 2025 and in Fiscals 2025, 2024, the cost of materials consumed (including increase/decrease in inventory of finished goods, work-in-progress and traded goods and purchase of stock-in-trade) represented 67%, 74% and 78%, respectively, of our revenue from operations. There can be no assurance that a particular supplier will continue to supply us with raw materials in the future. Any delay in supplying finished products to customers, dealers and/ or distributors in accordance with the terms and conditions agreed with them, such as delivery within a specified time, as a result of delayed raw material supply, could result in the customer, dealer and/ or distributor refusing to accept our products, which could have an adverse effect on our business and reputation.

Further, we cannot assure you that we will be able to enter into new or continue our existing arrangements with suppliers on terms acceptable to us, which could have an adverse effect on our ability to source raw materials in a commercially viable and timely manner, if at all, which may impact our business and profitability. Further, we rely on historical trends and other indicators to purchase the required quantities of raw materials. We, therefore, run the risk of purchasing more raw materials than necessary, which could expose us to risks associated with prolonged storage of some of these materials, and materially affect our results of operations. Conversely, if our customers, dealers and/ or distributors place orders for greater quantities of products compared to their historical requirements, we may not be able to adequately source the necessary raw materials in a timely manner, and may not have the required available manufacturing capacity to meet such demand. In addition, if all or a significant number of our suppliers for any particular raw material are unable or unwilling to meet our requirements or our estimates fall short of the demand, we could suffer shortages or significant cost increases. Continued supply disruptions could exert pressure on our costs, and we cannot assure you that all or part of any increased costs can be passed along to our customers, dealers and/ or distributors in a timely manner or at all, which could negatively affect our business, overall profitability and financial performance.

36. *A slowdown or shutdown in our manufacturing operations or under-utilization of our manufacturing plant could have an adverse effect on our business, results of operations and financial condition.*

Our business is dependent upon our ability to manage our manufacturing plant and run it at optimum utilization levels, subject to various operating risks, including those beyond our control, such as the unavailability of raw material, the breakdown and failure of equipment, industrial accidents, labour disputes or shortage of labour, pandemic or epidemic, severe weather conditions and natural disasters. For instance, our production was impacted during Fiscal 2020 and Fiscal 2021, on account of COVID-19 pandemic. Further, our manufacturing unit 1 at

Srikakulam was shut down for approximately six months due to a fire accident during Fiscal 2013. While we have not faced any similar events since then, we cannot assure you that we will not be exposed to such accidents in the future.

Though there has been no significant malfunction or breakdown of our machinery, we currently incur certain repair and maintenance costs on our machinery, any substantial expenditure on repair and maintenance of our machinery may cause delays in our operations. If we are unable to repair malfunctioning machinery in a timely manner or at all, our operations may need to be suspended until we procure machinery to replace the same. In addition, we are required to carry out planned shutdowns of our plant for maintenance, statutory inspections and testing, capacity expansion and equipment upgrades. Further, extended periods of business disruption could, as a consequence, result in a loss of customers.

Our capacity utilization is affected by the customer's product requirements, and procurement practice followed by, our customers. In case of lack of demand, we may not be able to utilise our expanded capacity efficiently. Under-utilization of our manufacturing capacity over extended periods, or significant under-utilization in the short term, or an inability to fully realize the benefits of our recently implemented capacity expansion, could materially and adversely impact our business, growth prospects and future financial performance. For instance, our Srikakulam technical plant achieved an annual production of 7,695 MT during Fiscal 2025, compared to 10,399 MT in Fiscal 2024. The decline in output was primarily due to subdued demand for various Active Ingredients (AIs), despite productivity improvements in recent years. Further, our Ethakota formulation unit recorded production of 23,781 MT/KL during Fiscal 2025, 23.55% lower than Fiscal 2024's recorded production of 31,108 MT/KL. The unit has been undertaking various initiatives for debottlenecking, productivity enhancement, safety, and quality improvements. Our inability to effectively respond to and rectify any disruption, in a timely manner and at an acceptable cost, could lead to the slowdown or shutdown of our operations or the under-utilization of our manufacturing plant, which in turn may have an adverse effect on our business, results of operations and financial condition.

37. *Our failure to keep our technical knowledge confidential could erode our competitive advantage. Further, failure to maintain confidential information of our customers could adversely affect our results of operations and/or, damage our reputation.*

We possess extensive technical knowledge about our products. Our technical knowledge is a significant independent asset, which may not be adequately protected by intellectual property rights such as patent registration. As a result, we cannot be certain that our technical knowledge will remain confidential in the long-run. Certain technical knowledge may be leaked, either inadvertently or wilfully, at various stages of the manufacturing process. While there have not been any incidents of technical knowledge being leaked, any such leakage, could cause economic losses and could have a material adverse effect on our business. A significant number of our employees have access to confidential processes and product and customer information and there can be no assurance that this information will remain confidential. Moreover, certain of our employees may leave us and join our various competitors. Although we include non-disclosure clauses in our employee agreements/ appointment letters, we cannot guarantee that we will be able to successfully enforce such agreements. The agreements with our customers include clauses on confidentiality, however, there can be no assurance that such agreements will be successful in protecting our technical knowledge or the confidential information of our customers. In the event of any breach or alleged breach of our confidentiality agreements with our customers, the customers may terminate their engagements with us or initiate litigation for breach of contract. The potential damage from such leak is higher for our Company, as our processes and products are not patented, and thus we may have no recourse against copies of our processes and products that enter the market subsequent to such leakages. In the event that confidential technical information in respect of our products or business becomes available to third parties or to the public, any competitive advantage we may have over other companies could be harmed. If a competitor is able to reproduce or otherwise capitalize on our technology, it may be difficult, expensive or impossible for us to obtain necessary legal protection. Consequently, any leakage of confidential technical information could have an adverse effect on our business, results of operations, financial condition and future prospects.

38. *Our business is working capital intensive. If we experience insufficient cash flows from our operations or are unable to borrow to meet our working capital requirements, it may materially and adversely affect our business and results of operations.*

Our business requires significant amount of working capital primarily as a considerable amount of time passes between purchase of raw materials, the sale of our finished products and the subsequent recovery of payments from customers. As a result, we are required to maintain sufficient stock at all times in order to meet manufacturing requirements, thus increasing our storage and working capital requirements. Our total working capital as of Fiscal 2025, Fiscal 2024 and for the six months period ended September 30, 2025 was ₹21,103 lakhs, ₹49,611 lakhs and ₹33,558 lakhs, respectively. Consequently, there could be situations where the total funds available may not be

sufficient to fulfil our commitments, and hence we may need to incur additional indebtedness in the future, or utilize internal accruals to satisfy our working capital needs. Our future success depends on our ability to continue to secure and successfully manage sufficient amounts of working capital. The actual amount of our future capital requirements may differ from estimates as a result of, among other factors, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, technological changes and additional market developments. Further, our ability to arrange financing and the costs of capital for such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner.

As we pursue our growth plan, we may be required to raise additional funds by incurring further indebtedness or issuing additional equity to meet our capital expenditures in the future. If we experience insufficient cash flows or are unable to borrow funds on a timely basis, or, at all, to meet our working capital and other requirements, or to pay our debts, it could materially and adversely affect our business and results of operations. Management of our working capital requirements involves the timely payment of, or rolling over of, our short-term indebtedness and securing new and additional loans on acceptable terms, or re-negotiation of our payment terms for, our trade payables, collection of trade receivables and preparing and following accurate and feasible budgets for our business operations. If we are unable to manage our working capital requirements, our business, results of operations, financial condition, and cash flows could be materially and adversely affected. There can be no assurance that we will be able to effectively manage our working capital. Should we fail to effectively implement sufficient internal control procedures and management systems to manage our working capital and other sources of financing, we may have insufficient capital to maintain and grow our business, and we may breach the terms of our financing agreements with banks, face claims under cross default provisions and be unable to obtain new financing, any of which would have a material adverse effect on our business, results of operations and financial condition and cashflows.

39. *We face competition from both domestic as well as multinational corporations and our inability to compete effectively may have a material adverse impact on our business, financial condition and results of operations.*

We face competition in our business based on pricing, relationships with customers, product quality, customization, and innovation. We face pricing pressures from companies that are able to produce such products at competitive costs and consequently, may supply their products at cheaper prices. We are unable to assure you that we shall be able to meet the pricing pressures imposed by such domestic or multinational competitors which would adversely affect our business, financial condition and results of operations. Additionally, some of our competitors may have greater financial, research and technological resources, larger sales and marketing teams and more established reputation. They may also be in a better position to identify market trends, adapt to changes in industry, innovate and develop new products, offer competitive prices due to economies of scale and ensure product quality and compliance.

40. *Our operations are subject to environmental and workers' health and safety laws and regulations. We may have to incur material costs to comply with these regulations or suffer material liabilities or damages in the event of an incident or non-compliance with environment and other similar laws and regulations which may have a material adverse effect on our reputation, business, financial condition and results of operations.*

Our operations are subject to extensive environmental and hazardous waste management laws and regulations, including the Environmental Protection Act, 1986, as amended (the “**Environment Act**”), the Air Act, the Water Act, the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, as amended, and other regulations promulgated by the Ministry of Environment, Forest and Climate Change, Government of India (“**MoEF**”) and various statutory and regulatory authorities and agencies in India. Further, the agrochemical industry is subject to strict regulations with respect to a range of environmental matters including limitations on land use, licensing requirements, management of materials used in manufacturing activities, the storage of inflammable and hazardous substances and associated risks, the storage, treatment and disposal of wastes, remediation of contaminated soil and groundwater, air quality standards, water pollution and discharge of hazardous materials into the environment. The discharge or emission of chemicals, dust or other pollutants into the air, soil or water that exceed permitted levels and cause damage to others may give rise to liabilities towards the government and third parties, and may result in our incurring costs to remedy any such discharge or emissions.

Environmental laws and regulations in India have become and continue to be more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment, and emissions management and other expenditure to comply with environmental standards. Any failure on our part to comply with any existing or future regulations applicable to us may result in legal proceedings, including public interest litigation, being commenced against us, third party claims or the levy of regulatory fines. Further, any violation of the environmental laws and regulations may result in fines, criminal sanctions, revocation of operating permits, or shutdown of our manufacturing facilities.

We are also subject to the laws and regulations governing employees in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and termination of employees, contract labour and work permits. There is a risk that we may fail to comply with such regulations, which could lead to enforced shutdowns and other sanctions imposed by the relevant authorities, as well as the withholding or delay in receipt of regulatory approvals for our new products. We cannot assure you that we will not be involved in future litigation or other proceedings, or be held liable in any litigation or proceedings including in relation to safety, health and environmental matters, the costs of which may be significant.

As a consequence of unanticipated regulatory or other developments, future environmental and regulatory related expenditures may vary substantially from those currently anticipated. We cannot assure you that our costs of complying with current and future environmental laws and other regulations will not adversely affect our business, results of operations or financial condition. In addition, we could incur substantial costs, our products could be restricted from entering certain markets, and we could face other sanctions, if we were to violate or become liable under environmental laws or if our products become non-compliant with applicable regulations. Our potential exposure includes fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean-up costs. The amount and timing of costs under environmental laws are difficult to predict.

41. Resistance from certain activist groups and regulatory authorities to usage of crop protection chemicals and the inappropriate application of our products from farmers as well as regulatory action due to pollution or other environmental concerns may adversely affect our business, financial condition and results of operations.

Some crop protection chemical products, which may include some of our products, are facing increasing resistance from certain activist groups and regulatory authorities because of concerns over their alleged effects on food safety and the environment. These groups attempt to influence and, in some cases, litigate against governmental regulatory bodies to restrict the use of crop protection chemical products in their jurisdictions. There can be no assurance that such resistance would not continue to spread in the future and any future resistance could adversely affect our business, financial condition and results of operation.

Further, farmers are required to be educated with the latest information on crop management, such as the appropriate kind of pesticide, its dosage and quantity and the frequency of its application, in order to apply pesticides, including our products, appropriately and effectively. Although the majority of our packaging contains information about the optimum dosage and usage method, lack of education and awareness among farmers may lead to an inappropriate application of our products, which could result in crop damage, and other serious consequences. There can be no assurance that incidents involving inappropriate use of our products will not occur in the future, or that farmers will be adequately educated on the safe use of our products. Any inappropriate application of our products could result in a potential consumer dispute and adversely affect our brand image, prospects, business, financial condition and results of operations.

42. We are dependent on third-parties for certain operations, such as transportation of raw materials, delivery of our finished products and hazardous waste management.

Our success depends on the supply and transport of the various raw materials required for our manufacturing facilities and of our finished products from our manufacturing facilities to our customers, dealers and/ or distributors, which are subject to various uncertainties and risks. We use third party transportation providers for the supply of certain of our raw materials and delivery of certain products to domestic customers. We are also dependent on such third-party freight and transportation providers for the delivery of certain products to customers outside India. Transportation strikes or global shipping disruption, if any, could have an adverse effect on supplies and deliveries to and from our dealers, distributors, customers and suppliers. While there have not been any incident of transportation strikes for the disclosed financial period, any such instance could cause economic losses and have a material impact on our business operations.

In addition, raw materials and finished products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. Our export products are required to be transported by road to reach the ports and similarly, our imported raw materials are required to be transported to us through rail and road from the ports. Any unforeseen delays in transit time would result in failure to meet our shipment deadlines, which may result in an increase in supply chain costs, such as storage and warehousing. Any delay in delivery of raw materials and products could result in the customers, dealers and/ or distributors refusing to accept our products, which could adversely affect our business and results of operations. In addition, any compensation received from insurers or third-party transportation providers may be insufficient to cover the cost of any delays and will not repair damage to our relationships with our affected dealers. We may also be affected by an increase in fuel costs, as it will have a corresponding impact on freight charges levied by our third-party transportation providers. Our transport charges were ₹2,112 lakhs, ₹3,251 lakhs, ₹3,025 lakhs, representing 2.3%, 2.6% and 1.7%, respectively, of our revenue from operations for the six months period ended September 30, 2025 and in Fiscals 2025, 2024, respectively. This could require us to expend considerable resources in addressing our distribution requirements, including by way of

absorbing these excess freight charges to maintain our selling price, which could adversely affect our results of operations, or passing these charges on to our customers, which could adversely affect demand for our products.

Further, our Company disposes hazardous waste and also enters into arrangements with certain government approved third parties. However, any improper disposal of hazardous waste by such third parties could result in non-compliance with the relevant hazardous waste management laws and regulations, which may result in liabilities for our Company and require us to incur costs to remedy any such improper disposal, adversely affecting our business, results of operations, and financial conditions.

43. *Restrictions on import of raw materials and an increase in shipment cost may adversely impact our business and results of operations.*

We import a substantial amount of our raw materials from outside India. Our raw material imports for the six months period ended September 30, 2025 and in Fiscals 2025, 2024, respectively, and represented 32%, 24% and 26%, respectively of our purchases. Any restrictions, either from the Central or state governments of India, or from countries which we import from, on such imports may adversely affect our business, prospects, financial condition and results of operations. Some of our raw material imports are regulated by the Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989, that, inter alia, allows the concerned authority to direct safety measures if it deems that the chemicals proposed to be imported may cause major accidents, or stop the import of chemicals based on safety and environmental considerations. There can be no assurance that such regulations would not be made more stringent which would consequently restrict our ability to import raw materials from other jurisdictions. Further, there can be no assurance that, under these circumstances, we will be successful in identifying alternate suppliers for raw materials or whether we will be able to source the raw materials at favourable terms in a timely manner. Any restriction on import of raw materials could have an adverse effect on our ability to deliver products to our customers, business and results of operations. Any increase in import tariff will increase expenses which in turn may impact our business and results of operations.

44. *Any violation of the Metrology Act and the Metrology Rules by us may lead to fines and penalties, or seizure and forfeiture of our products which could adversely affect our business.*

All of our products and the packaging of our products are required to comply with the standards of weight, measurement and numbers prescribed under the Metrology Act and the Metrology Rules. If we fail to comply with such standards, or fail to obtain a license from the respective controller as mandated under the Metrology Act, or fail to obtain the verification of weights and measures by government approved test centres under the Metrology Act, fines and penalties may be imposed on us. In addition, there could be seizure and forfeiture of our products, which could adversely affect our operations. While we have not been subject to any violation in the past, we cannot assure you that we will not be subject to any violation.

45. *Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control. Further, we may not be able to utilise the proceeds from this Issue in a timely manner or at all.*

We intend to use the Net Proceeds for the purposes described in “*Objects of the Issue*” on page 58, including prepayment and / or re-payment of all, or a portion of, certain outstanding borrowings, including some of the working capital facilities from certain banks and financial institutions availed by our Company and our Subsidiaries. Our funding requirements are based on management estimates and our current business plans, and have not been appraised by any bank or financial institution. The deployment of the Net Proceeds will be at the discretion of our Board. However, the deployment of the Issue proceeds will be monitored by a monitoring agency appointed pursuant to the SEBI ICDR Regulations. We may have to reconsider our estimates or business plans due to changes in underlying factors, some of which are beyond our control, such as interest rate fluctuations, changes in input cost, inability to identify suitable location for our manufacturing facilities at favourable terms and other financial and operational factors.

Accordingly, prospective investors in the Issue will need to rely upon our management’s judgment with respect to the use of proceeds. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business and results of operations. Our internal management estimates may exceed fair market value or the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate capital expenditure and may have an adverse impact on our business, financial condition, results of operations and cash flows.

Various risks and uncertainties, such as economic trends and business requirements, competitive landscape, as well as general factors affecting our results of operations, financial condition and access to capital and including those set forth in this section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our

business. Accordingly, use of the Net Proceeds for other purposes identified by our management may not result in actual growth of our business, increased profitability or an increase in the value of our business and your investment.

Further, certain information contained in this Draft Letter of Offer, such as our funding requirements and our intended use of the proceeds of the Issue, in addition to not being appraised by any bank, financial institution or agency are based on management estimates and internal management information systems and our business plan. We may also have to revise our funding estimates, future projects and the estimated commencement and completion dates of our future plans depending on future contingencies and events, including, among others: changes in laws and regulations; competition; receipt of statutory and regulatory approvals and permits; the ability of third parties to complete their services on schedule and on budget; delays, cost overruns or modifications to our future projects; commencement of new projects and new initiatives; and changes in our business plans due to prevailing economic conditions. Accordingly, the schedule of implementation of the objects for which funds are being raised in this Issue is subject to the risk of unanticipated delays in implementation and cost overruns. As a consequence of any increased costs, our actual deployment of funds may be higher than our management estimates and may cause an additional burden on our finance plans, as a result of which, our business, financial condition, results of operations and cash flows could be materially and adversely impacted

Further, as regards the utilisation of Net Proceeds for prepayment and / or re-payment of all, or a portion of, certain outstanding borrowings availed by our Company and our wholly owned Subsidiary, NACL Spec-Chem Limited, the identification of loans to be repaid and / or prepaid will be based on various factors, including the factors specified in the section “*Objects of the Issue*” on page 58.

46. *The availability of counterfeit products passed off by others as our products, could adversely affect our reputation, goodwill and results of operations.*

Entities in India and international locations could pass off their own products as ours, including counterfeit or pirated products. For example, certain entities could imitate our brand names, packaging materials or attempt to create look-alike products. As a result, our market share could be reduced due to replacement of demand for our products and adversely affect our goodwill. Counterfeit products are frequently unsafe or ineffective and can be potentially life-threatening. The proliferation of unauthorized copies of our products, and the time and attention lost to defending claims and complaints about spurious products, could decrease our revenue and have an adverse effect on our reputation, goodwill and results of operations. While there have been instances of counterfeit/ look-alike products being passed off by certain entities as our products in the market, such instances have not had any material impact on our business.

47. *The Net Proceeds of the Issue will be utilized for the repayment and/or prepayment of certain borrowings availed by our Company and for investment in our wholly owned Subsidiary, NACL Spec-Chem Limited, for repayment and/or prepayment, in part or full, of certain outstanding borrowings availed by such wholly owned Subsidiary.*

We intend to utilise ₹10,400 Lakhs and ₹8,300 Lakhs, towards the repayment, and/or prepayment, in full or in part, of certain outstanding borrowings availed by our Company and for investment in our wholly owned Subsidiary, NACL Spec-Chem Limited, respectively, for the purposes of repayment and/or prepayment, in part or full, of certain outstanding borrowings availed by such wholly owned Subsidiary. For further details, see “*Objects of the Issue*” on page 58. The borrowings to be repaid or prepaid will be based on various factors, including: (i) the cost of borrowing, including applicable interest rates; (ii) the maturity profile and remaining tenor of such borrowings; (iii) any conditions restricting our ability to prepay/repay the borrowings and time taken to fulfil, or obtain waivers for fulfilment of such conditions, or relating to the terms of repayment; (iv) levy of any prepayment penalties; (v) provisions of any laws, rules and regulations governing such borrowings; and (vi) other commercial considerations, including the amount of the loan outstanding.

Accordingly, the Net Proceeds apportioned for repayment/prepayment of all or portion of certain outstanding borrowings availed by our Company and for investment in our wholly owned Subsidiary, NACL Spec-Chem Limited, for the purposes of repayment and/or prepayment, in part or full, of certain outstanding borrowings availed by such wholly owned Subsidiary, NACL Spec-Chem Limited, will not be available for capital expenditure or creation of tangible assets. While such utilization of the Net Proceeds will help reduce our outstanding indebtedness on a consolidated basis and debt servicing costs, we cannot assure you that it will enable utilization of the internal accruals for further investment towards business growth and expansion in an efficient manner. Any delay in, or inability to, deploy the Net Proceeds in a timely or efficient manner may adversely affect our business, cash flows and results of operations.

We may have to revise our funding requirements and the deployment of the Net Proceeds from time to time on account of various factors, such as the timing of completion of the Offer, change in costs, financial and market conditions, our management’s analysis of business requirements and economic trends, fund requirements in our operations, interest rate fluctuations, competitive landscape as well as general factors affecting our results of

operations, financial condition, business and strategy, access to capital and other commercial or external factors which may not be within the control of our management as disclosed in the section “*Objects of the Issue*” on page 58. These factors may lead to a rescheduling and revising the funding requirement for a particular Object or increasing or decreasing the amounts earmarked towards any of the Objects at the discretion of our management, subject to compliance with applicable laws. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business and the results of operations.

48. *Our Directors, Senior Management and other Key Managerial Personnel are critical to our continued success and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.*

We are dependent on our Directors, Senior Management and other Key Managerial Personnel as well as persons with technical expertise for setting our strategic business direction and managing our business. We believe that the inputs and experience of our management team are valuable for the development of our business and operations and the strategic directions taken by our Company. We are also dependent on our Key Managerial Personnel for the day-to-day management of our business operations.

We cannot assure you that we will be able to retain these personnel or find adequate replacements in a timely manner, or at all. For instance, we recently experienced a change in our management team pursuant to the resignation of our Chief Financial Officer, Anish Mathew, and N Shankar has been appointed in his place with immediate effect. While movements at senior levels occur from time to time and that such transition are not unusual, any change involving key or senior managerial personnel may result in a temporary redistribution of responsibilities among existing team members and increased demands on them during the transition period.

Our ability to address future business challenges and sustain growth depends on our capacity to attract, recruit and train experienced and skilled professionals. Competition for individuals with specialized knowledge and experience is intense in our industry, which may affect our ability to recruit and retain qualified personnel. The loss of services of any Senior Management or Key Managerial Personnel, our inability to recruit or train a sufficient number of experienced personnel, or our inability to manage attrition levels in different employee categories, may have an adverse effect on our business prospects, financial results and operational performance. Further, as we continue to expand our operations and develop new products, we will need to continue to attract and retain experienced management personnel. If we are unable to attract and retain qualified personnel, our results of operations and business growth may be adversely affected.

The table below sets forth the attrition rate for our employees for the Fiscals indicated:

Particulars	Six months ended September 30, 2025	Fiscal 2025	Fiscal 2024
Attrition rate ⁽¹⁾ %	17 %	16%	8%

Note:

Attrition rate is calculated as the number of employees who have resigned during the period/ year, divided by the sum of the number of employees at the beginning of the period/ year and the number of employees who joined during the period/ year.

49. *Any failure of our information technology systems could adversely affect our business and operations.*

We have information technology systems that support our business processes such as, amongst others, enterprise resource planning solution. These systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, natural disasters, and similar events, even with our disaster recovery system in place. Disruption or failure of our information technology systems could have a material adverse effect on our operations. A large-scale information technology malfunction could disrupt our business or lead to disclosure of sensitive company information. In addition, it is possible that a malfunction of our data system security measures could enable unauthorized persons to access sensitive business data, including information relating to our intellectual property or business strategy or those of our customers. While there has not been any instance of such malfunction or disruptions, such instances could cause economic losses for which we could be held liable.

Effective response to such disruptions will require effort and diligence from our employees to mitigate adverse effect on our information technology systems. In addition, our systems and proprietary data stored electronically may be vulnerable to computer viruses, cybercrime, computer hacking and similar disruptions from unauthorized tampering. If such unauthorized use of our systems were to occur, data related to our product formulas, product development and other proprietary information could be compromised. The occurrence of any of these events could adversely affect our business, interrupt our operations, subject us to increased operating costs and expose us to litigation.

50. *If we fail to maintain an effective system of internal controls, we may not be able to successfully manage, or accurately report, our financial risks.*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting for external purposes, including with respect to record keeping and transaction authorization. In recent years, we have focused on improving the internal controls of the businesses. Due to our inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report financial results accurately and in a timely manner or to detect and prevent fraud, which could have a material adverse effect on our business, results of operations, cash flows and financial condition.

51. *Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.*

We have not declared dividend during Fiscal 2024 and Fiscal 2025 due to loss incurred by our Company. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act, 2013. We may retain all future earnings, if any, for use in the operations and expansion of the business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including, among others, our future earnings, financial condition, cash requirements, business prospects, and any other financing arrangements. We cannot assure you that we will be able to pay dividends in the future. Accordingly, realization of a gain on shareholders' investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value.

52. *Certain of our Key Managerial Personnel and Senior Management Personnel have interests in our Company in addition to their normal remuneration or benefits and reimbursement of expenses incurred.*

Certain of our Key Managerial Personnel and Senior Management Personnel have interests in our Company that are in addition to reimbursement of expenses and normal remuneration payable to them. Certain of our Key Managerial Personnel and Senior Management Personnel may be deemed to be interested to the extent of Equity Shares held by them, as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares. We cannot assure you that our Key Managerial Personnel and Senior Management Personnel will exercise their rights as shareholders to the benefit and best interest of our Company. For further details of such interests, see "***Our Management***" and "***Financial Information***" on pages 76 and 79, respectively.

53. *After the completion of the Issue, our Promoter will continue to collectively hold substantial shareholding in our Company.*

After completion of the Issue, Coromandel International Limited, our Promoter and holding company, will continue to hold substantial shareholding and exercise significant influence over our Company, which may limit the ability of other shareholders to influence key decisions and may restrict strategic transactions such as mergers.

As on the date of this Draft Letter of Offer, our Promoter and holding company, Coromandel International Limited, holds 53.08% of our pre-Issue Equity Share capital. Our Promoter, pursuant to its letter dated December 01, 2025, has confirmed that it will: (i) subscribe to the full extent of its Rights Entitlements in the Issue, in compliance with the minimum public shareholding requirements under the SEBI Listing Regulations; and (ii) subscribe to additional Equity Shares, including any unsubscribed portion of the Issue, up to the total Issue Size, subject to compliance with the SEBI Takeover Regulations. Accordingly, our Promoter has confirmed that it does not intend to renounce its Rights Entitlement in the Issue in favour of any specific investor(s).

Consequently, following completion of the Issue, our Promoter and holding company will continue to hold a significant shareholding in our Company and may continue to exercise substantial influence over matters requiring shareholder approval, including the appointment and removal of directors and approval of corporate actions. Such influence may, among other things, have the effect of delaying, deterring or preventing a change of control of our Company, a change in management or the consummation of certain strategic transactions, including mergers, business combinations, sale of material assets, strategic investments or other significant corporate actions, unless supported by our Promoter and holding company. The interests of our Promoter, as a significant shareholder, may differ from those of other shareholders. Any such divergence may adversely affect our ability to pursue opportunities,

execute our business strategy or undertake strategic corporate actions in the manner or timeframe desired by other shareholders.

- 54. *Our inability to successfully implement some or all our business strategies in a timely manner or at all could have an adverse effect on our business. Further, our inability to effectively manage any of these issues may adversely affect our business growth and, as a result, impact our businesses, financial condition and results of operations.***

Our success will depend largely on our ability to effectively implement our business and growth strategies. We cannot assure that we will be able to execute our strategies in a timely manner or within budget estimates or that we will meet the expectations of our customers and other stakeholders. We believe that our business and growth strategies will place significant demands on our management and other resources and will require us to develop and improve operational, financial and other internal controls. Further, our business and growth strategies may require us to incur further indebtedness. Any inability to manage our business and growth strategies could adversely affect our business, financial condition and results of operations. In addition, we believe that our ability to implement our business and growth strategies will also depend on our ability to expand the capacity at our existing manufacturing facilities or setting up new manufacturing facilities. Further, the increased installed manufacturing capacity at these facilities may not, in the future, be adequate for us to implement our business and growth strategies. In addition, our proposed expansion plans may be subject to time and cost overruns.

Our inability to maintain our growth or failure to successfully implement our growth strategies within time and cost expectations could have an adverse impact on the results of our operations, our financial condition and our business prospects.

- 55. *The information relating to the installed capacity of our manufacturing facilities included in this Draft Letter of Offer are based on various assumptions and estimates and future production and capacity may vary.***

Information relating to the installed manufacturing capacity of our facilities included in this Draft Letter of Offer are based on various assumptions and estimates of our management that have been taken into account by an independent chartered engineer in the calculation of the installed manufacturing capacity of our manufacturing facilities. These assumptions and estimates include the standard capacity calculation practice of specialty chemicals industry after examining the reactor capacities and other ancillary equipment installed at the facilities, the period during which the manufacturing facilities operated in a year, expected operations, availability of raw materials, expected utilization levels, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies. Further, the requirements of our customers are not restricted to one type of product and therefore variations in demand for certain types of products also requires us to make certain changes in our manufacturing processes thereby affecting our production schedules. We often increase capacity to meet the anticipated demand of our customers or significantly reduce production of certain products depending on potential orders. Certain products require lesser process time whereas certain products require more process time in the same manufacturing set-out that we have installed. Accordingly, actual production levels and rates may differ significantly from the installed capacity information of our facilities or historical installed capacity information of our facilities depending on the product type. Further, the installed capacity, capacity utilisation and other related information may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to capacity information that may be computed and presented by other specialty chemical companies. Undue reliance should not be placed on our historical installed capacity information for our existing facilities included in this Draft Letter of Offer.

EXTERNAL RISKS

- 58. *The occurrence of natural calamities, climate change and health epidemics and pandemic disease could adversely affect our results of operations, cash flows and financial condition. In addition, hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.***

The occurrence of natural calamities such as cyclones, storms, floods, earthquakes, droughts, fires and explosions, as well as man-made disasters, including industrial accidents, chemical leaks, acts of terrorism, war, geopolitical crises, civil unrest, military actions and industrial actions, could adversely affect our manufacturing operations, supply chain and logistics. Health epidemics or pandemics, including the recent example of COVID-19, may disrupt manufacturing activities, labour availability, movement of goods, demand patterns or overall economic activity, any of which could adversely affect our business, results of operations and financial condition.

Climate change may also impact our operations through extreme weather events, variability in monsoon patterns, higher input or compliance costs (including environmental, safety and sustainability-related requirements), and potential disruption to agricultural activity in key regions, which could affect demand for agrochemicals.

Further, increased political instability, including the threat or occurrence of terrorist attacks, enhanced national security measures, or regional conflicts, may affect the Indian economy, investor sentiment or the functioning of

financial markets, which in turn could adversely impact our business. Any prolonged civil unrest, local disturbances or disruptions to transportation networks in regions where our manufacturing facilities, suppliers or customers are located could also adversely affect our operations, supply chain, financial condition and the market price of our Equity Shares.

59. *Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely affect the market price of the Equity Shares.*

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents and issuances of shares to non-residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If such issuances or transfers of shares are not in compliance with such requirements or fall under any of the specified exceptions, then prior approval of the RBI will be required. We have undertaken or recorded such transactions in the past based on a *bona fide* interpretation of the law. We cannot assure you that our interpretation would be upheld by the Indian regulators. Any change in such interpretation could impact the ability of our Company to attract foreign investors.

In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilizing the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. We cannot assure you that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

60. *Significant differences exist between Ind AS used to prepare our financial information and other accounting principles, such as IFRS and US GAAP, which may be material to investors' assessments of our financial condition.*

Our Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results included in this Draft Letter of Offer is presented in conformity with Ind AS. Ind AS differs from accounting principles with which prospective investors may be familiar, such as Indian GAAP, IFRS and US GAAP.

We have not attempted to quantify the effect of US GAAP or IFRS on the financial data included in this Draft Letter of Offer, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the Ind AS included in this Draft Letter of Offer, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should be limited accordingly.

RISKS RELATING TO OUR EQUITY SHARES AND THIS ISSUE

61. *There is no public market for the Rights Equity Shares or Equity Shares outside India.*

After this Issue, there will continue to be no public market for our Equity Shares in the United States or any country other than India. In addition, the holders of the partly paid-up Rights Equity Shares will not be able to trade in these shares till they are credited to the holders' account as fully paid-up, and thereafter there will also be no public market for the Rights Equity Shares outside of India. We cannot assure you that the face value of the Rights Equity Shares will correspond to the price at which the Rights Equity Shares will trade subsequent to this Issue. This may also affect the liquidity of our Rights Equity Shares and Equity Shares and restrict your ability to sell them.

62. *Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.*

Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncees may not be able to apply if the renunciation is not completed through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see "*Terms of the Issue*" on page 88.

63. *The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form may lapse in case they fail to furnish the details of their demat account to the Registrar.*

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (b) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (c) credit of the Rights Entitlements returned, reversed or failed; or (d) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any. The Rights Entitlements of the Eligible Equity Shareholders holding Equity Shares in physical form who do not furnish the details of their demat account to the Registrar not later than two clear Working Days prior to the Issue Closing Date, shall lapse. For details, please see “*Terms of the Issue*” on page 88.

64. *You may not receive the Equity Shares that you subscribe in this Issue until two days after the date on which this Issue closes, which will subject you to market risk.*

The Equity Shares that you may be Allotted in this Issue may not be credited to your demat account with the depository participants until approximately two days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. We cannot assure you that the Equity Shares allocated to you will be credited to your demat account, or that trading in such Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

65. *Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.*

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political, or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the Applicant's decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their Applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Rights Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

66. *Our Company will not distribute the Letter of Offer and other Issue related materials to overseas shareholders who have not provided an address in India for service of documents.*

We will distribute the Issue Material to the shareholders who have provided an address in India for service of documents. The Issue Material will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in various overseas jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, this Draft Letter of Offer will be sent only to their valid e-mail address and in case of such Eligible Equity Shareholders who have not provided their e-mail address, then this Draft Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

While the Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail, presently, there is lack of clarity under the Companies Act, 2013 and the rules thereunder with respect to distribution of Issue Material in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdiction. While our Company will request its shareholders to provide an address in India for the purposes of distribution of Issue Material, our Company cannot assure that the regulator would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject our Company to fines or penalties.

- 67. *We may, at any time in the future, make further issuances of Equity Shares and this may significantly dilute your future shareholding, or our Promoter and other major shareholders may undertake sale of Equity Shares which may affect the trading price of our Equity Shares.***

Any future equity issuances by us, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of our Equity Shares, which may lead to other adverse consequences for us including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception that such issuance or sales of shares may occur, may lead to dilution of your shareholding, significantly affecting the trading price of our Equity Shares and our ability to raise capital through an issue of our securities. There can be no assurance that such future issuance by us will be at a price equal to or more than the Issue Price. Further, there can be no assurance that we will not issue further shares or that the major shareholders will not dispose of, pledge or otherwise encumber their shares.

- 68. *No market for the Rights Entitlements may develop and the price of the Rights Entitlements may be volatile***

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the price of the Equity Shares, as described herein, may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements. Since the trading of the Rights Entitlements will be on a separate segment compared to the Equity Shares on the floor of the Stock Exchanges, the trading of Rights Entitlements may not track the trading of Equity Shares.

- 69. *You may be subject to Indian taxes arising out of capital gains on the sale of the Rights Equity Shares.***

Under the current Indian tax laws and regulations, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Additionally, a securities transaction tax ("STT") is levied both at the time of transfer and acquisition of the equity shares (unless exempted under a prescribed notification), and the STT is collected by an Indian stock exchange on which equity shares are sold. Any capital gain realized on the sale of listed equity shares on the stock exchanges held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains tax in India. Such long-term capital gains exceeding ₹125,000 arising from the sale of listed equity shares on the stock exchange are subject to tax at the rate of 12.50% (plus applicable surcharge and cess). This beneficial provision is, inter alia, subject to payment of STT. Further, any capital gains realized on the sale of listed equity shares of an Indian company, held for more than 12 months, which are sold using any platform other than a recognized stock exchange and on which no STT has been paid, will be subject to long-term capital gains tax in India at the rate of 12.50% (plus applicable surcharge and cess).

Further, any capital gains realized on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India at the rate of 20.00% (plus applicable surcharge and cess), subject to STT being paid at the time of sale of such shares. Otherwise, such gains will be taxed at the applicable rates. Capital gains arising from the sale of the Rights Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder, subject to certain conditions. Tax laws are subject to change, and investors should consult their own tax advisors.

SECTION III- INTRODUCTION

THE ISSUE

The Issue has been authorised by way of resolution passed by our Board of Directors on December 01, 2025, pursuant to section 62(1)(a) and other applicable provisions of the Companies Act, 2013. The terms and conditions of the Issue including the Rights Entitlement, Issue Price, Record Date, timing of the Issue and other related matters, have been approved by a resolution passed by our Board of Directors/ Securities Issue Committee at its meeting held on [•], 2025.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section entitled “*Terms of the Issue*” beginning on page 88.

Particulars	Details of Equity Shares
Rights Equity Shares being offered by our Company	[•]* Rights Equity Shares
Rights Entitlement for the Rights Equity Shares	[•] ([•]) Rights Equity Share(s) for every [•] Equity Shares held on the Record Date
Fractional Entitlement	For Equity Shares being offered on a rights basis under the Issue if the shareholding of any of the Eligible Equity Shareholders is less than [•] ([•]) Equity Shares or is not in multiple of [•] ([•]) Equity Shares, the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment one additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any
Record Date	[•]
Face Value per Equity Share	₹1/- each
Issue Price	₹[•] per Rights Equity Share (including premium of ₹[•] per Rights Equity Share)
Issue Size	Up to ₹25,000 Lakhs**
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank pari passu in all respects with the Equity Shares of our Company
Equity Shares issued, subscribed, paid-up and outstanding prior to the Issue	20,15,11,479*** Equity Shares of face value of ₹1 each. For details, see “ <i>Capital Structure</i> ” on page 55
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	[•]* Equity Shares
Security Codes for the Equity Shares	ISIN: INE295D01020 BSE: 524709 NSE: NACLIND
ISIN for Rights Entitlements^	[•]
Terms of the Issue	For further information, see “ <i>Terms of the Issue</i> ” beginning on page 88
Use of Issue Proceeds	For further information, see “ <i>Objects of the Issue</i> ” beginning on page 88

*To be updated on finalization of the Issue Price.

**Assuming full subscription in the Issue and Allotment. Subject to finalization of Basis of Allotment.

***Includes 86,667 Equity Shares issued pursuant to exercise of options under ESOS-2020 which is pending for trading approval from the Stock Exchanges. The Company has made application on November 19, 2025 with the Stock Exchanges

^Our Company would obtain a separate ISIN for the Rights Equity Shares, as may be required under applicable laws

Terms of Payment

Due Date	Face Value (₹)	Premium (₹)	Amount payable per Rights Equity Shares (including premium) (₹)
On Application (i.e., along with the Application Form)	1.00	[•]	[•]

GENERAL INFORMATION

NACL Industries Limited (“**Company**” or “**Issuer**”) was originally incorporated as ‘East India Finance Limited’, a public limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the Registrar of Companies, West Bengal at Calcutta on November 11, 1986. Further, the name of our Company was changed to “Chem Agro International Limited”, and a fresh certificate of incorporation consequent upon change of name was issued on January 11, 1993 by the Registrar of Companies, West Bengal at Calcutta. Subsequently, the name was changed to “Nagarjuna Agrichem Limited” and a fresh certificate of incorporation consequent upon change of name was issued on September 26, 1996 by the Registrar of Companies, Andhra Pradesh at Hyderabad. Finally, the name of our Company was changed to “NACL Industries Limited”, and a fresh certificate of incorporation reflecting the new name was issued on September 4, 2017 by the Registrar of Companies, Telangana at Hyderabad.

REGISTERED AND CORPORATE OFFICE OF OUR COMPANY

NACL Industries Limited

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

Telephone: +91- 7836094227

E-mail: info@nacl.murugappa.com

Website: <https://naclind.com/>

Corporate Identity Number: L24219TG1986PLC016607

Registration Number: 016607

REGISTRAR OF COMPANIES

Registrar of Companies, Telangana
2nd Floor, Corporate Bhawan, GSI Post,
Nagole, Bandlaguda, Hyderabad-500068, Telangana.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Satish Kumar Subudhi is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

Satish Kumar Subudhi

Company Secretary and Compliance Officer
Plot No. 12-A, C-Block, Lakshmi Towers,
NO.8-2-248/1/7/78, Nagarjuna Hills,
Panjagutta, Hyderabad, Telangana, India, 500082.

Telephone: +91- 7836094227

E-mail: cs-nacl@nacl.murugappa.com

Website: <https://naclind.com/>

CHIEF FINANCIAL OFFICER

N Shankar is the Chief Financial Officer of our Company. His contact details are as follows:

N Shankar

Chief Financial Officer
Plot No. 12-A, C-Block, Lakshmi Towers,

NO.8-2-248/1/7/78, Nagarjuna Hills,
Panjagutta, Hyderabad, Telangana, India, 500082.

Telephone: +91- 7836094227

E-mail: cs-nacl@nacl.murugappa.com

Website: <https://naclind.com/>

LEGAL COUNSEL TO THE ISSUE AS TO INDIAN LAW
JSA ADVOCATES AND SOLICITORS

One Lodha Place, 27th Floor
Senapati Bapat Marg, Lower Parel
Mumbai - 400 013, India

Telephone: +91 22 4341 8900

E-mail: mumbai@jsalaw.com

Website: <https://www.jsalaw.com/>

ADVISOR TO THE ISSUE

FEDEX SECURITIES PRIVATE LIMITED

B 7, 3rd Floor, Jay Chambers, Dayaldas Road,
Vile Parle (East), Mumbai - 400 057, Maharashtra, India

Telephone: +91 81049 85249

E-mail: mb@fedsec.in

Website: www.fedsec.in

STATUTORY AUDITOR OF OUR COMPANY

M/S S. R. BATLIBOI & ASSOCIATES LLP,

Chartered Accountants

The Skyview 10, 18th Floor, North Lobby
Survey No. 83/1, Raidurgam
Hyderabad – 500032, India

Telephone: +91 40 6141 6000

Email: srba@srb.in

Peer Review Number: 017127

Firm Registration Number: 101049W/E300004

BANKER TO THE ISSUE

AXIS BANK LIMITED

6-3-879/B, First Floor G Pulla Reddy Building,
Green Lands, Begumpet Road, Hyderabad - 500016

Telephone: +91 8142200081

Email: Hyderabad.branchhead@axisbank.com

Website: www.axis.bank.in

Contact Person: Venkata Sudhakar Chellapilla

REGISTRAR TO THE ISSUE

KFIN TECHNOLOGIES LIMITED

301, The Centrium, 3rd Floor,

57, Lal Bahadur Shastri Road, Nav Pada,

Kurla (West), Kurla, Mumbai, Maharashtra, India, 400070

Telephone: +91 40-67162222/18003094001

Email: nacl.rights@kfintech.com

Website: www.kfintech.com

Contact Person: M Murali Krishna

SEBI Registration No.: INR000000221

Investor Grievance e-mail: inward.ris@kfintech.com

REGISTRAR TO COMPANY

XL SOFTECH SYSTEMS LIMITED

3, Sagar Society, Road No. 2,

Banjara Hills, Hyderabad, Telangana -500034

Telephone: + 040-23545913/914/915

Email: ccare@xlsofttech.com

Website: www.xlsofttech.com

Contact Person: K Ramesh

Investor Grievance e-mail: xlfield@gmail.com

BANKER TO OUR COMPANY	
AXIS BANK LIMITED Corporate Banking Branch, First Floor, G Pullareddy Building, Greenlands, Begumpet, Hyderabad-500016 Telephone: +91 8828204324 Email: Narsimha.Balannari@axisbank.com Website: www.axis.bank.in Contact Person: Narsimha Balannari	HDFC BANK LTD "Bank House", 8th Floor, M.No.6-3-244/A & 246, Road No.1, Banjara Hills, Hyderabad. Telephone: +91 9989278693 Email: ashok.maniyar@hdfcbank.com Website: https://www.hdfc.bank.in Contact Person: Ashok Maniyar
RBL BANK LIMITED Survey No 88, Krishe Sapphire, Ground Floor, MSR Block, Hitech City Main Road, Madhapur, Hyderabad Telephone: +91 8096163777 Email: Sasidhar.Macharla@rbl.bank.in Website: www.rblbank.in Contact Person: Sasidhar Macharla	SBM BANK (INDIA) LIMITED 6-3-109,1ST Floor, TSR Tower, Raj Bhavan Road, Somajiguda, Hyderabad – 500082. Telephone: +91 040-23300782 Email: cad@sbmbank.co.in Website: www.sbmbank.co.in Contact Person: Selvakumar Varadarajan
YES BANK LIMITED Lancor Westminster, Ground Floor, No. 108, Dr. Radhakrishnan Salai, Mylapore, Chennai, Tamil Nadu - 600004 Telephone: +91 9840812119 Email: kannan.manivachagam@yes.bank.in Website: www.yes.bank.in	SVC CO-OPERATIVE BANK LIMITED Amurtha Estates, Ground Floor, Somajiguda, Hyderabad. Telephone: +91 8712007783 Email: galivk@svcbank.com Website: NA Contact Person: Vijayanand K. Gali

BANKER TO OUR COMPANY	
Contact Person: Kannan Manivachagam	
SHINHAN BANK, INDIA SLN Terminus, Gachibowli, Serilingampally Mandal Ranga Reddy Dist, Hyderabad Telephone: +91 8008511161 Email: chandrasekhar@shinhan.com Website: www.shinhanbankindia.com Contact Person: Chandra Sekhar	KOTAK MAHINDRA BANK 6-3-1109/1/P/202,2nd Floor, Jewel Pavani Towers Rajbhavan Road, Estates - Ground Floor, Somajiguda, Hyderabad Telephone: +91 9894591100 Email: manimozhi.r@kotak.com Website: www.kotak.bank.in Contact Person: Manimozhi.R

EXPERTS

Our Company has received the written consent of B Y & Associates, Independent Chartered Accountants, holding a valid peer review certificate issued by the Institute of Chartered Accountants of India (“ICAI”), vide their letter dated December 01, 2025, to the inclusion of their name in this Draft Letter of Offer, the Letter of Offer, the Application Form, and other issue-related documents, and in respect of (i) the statement of possible special tax benefits available to our Company and its shareholders dated December 01, 2025; and (ii) the certificates issued by them in their capacity as Independent Chartered Accountants to our Company, and such consent has not been withdrawn as of the date of this Draft Letter of Offer.

Our Company has received a written consent dated December 01, 2025 from Kondru Dhanapathi Rao, Chartered Engineer, to include his name as an “expert” as defined under section 2(38) and 26(5) of the Companies Act, 2013 to the extent and in his capacity as the independent chartered engineer and in respect of the certificate issued by him and included in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of offer.

The term “expert” and “consent” does not represent an “expert” or “consent” within the meaning under the U.S. Securities Act.

SELF-CERTIFIED SYNDICATE BANKS

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

REGISTRAR AND SHARE TRANSFER AGENTS

The list of the RTAs eligible to accept ASBA Forms from Bidders (other than UPI Bidders) at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the website of BSE at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx>, as updated from time to time.

COLLECTING DEPOSITORY PARTICIPANTS (CDP)

The list of the CDPs eligible to accept ASBA Forms from Bidders (other than UPI Bidders) at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of BSE at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx>, as updated from time to time.

CREDIT RATING

This is an issue of Equity Shares; credit rating is, therefore, not required.

DEBENTURE TRUSTEE

This is an issue of Equity Shares; the appointment of Debenture trustees is, therefore, not required.

MONITORING AGENCY

Our Company has appointed [•] to monitor the utilization of the Gross Proceeds in terms of Regulation 82 of the SEBI ICDR Regulations. For details in relation to the proposed utilisation of the Net Proceeds, see “*Objects of the Issue*” on page 58.

Name	[•]
Address	[•]
Telephone	[•]
Email ID	[•]
Website	[•]
Contact Person	[•]

INVESTOR GRIEVANCES

Investors are advised to contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related problems such as non-receipt of Application Form and Rights Entitlement Letter/ Letter of Allotment, Split Application Forms, Share Certificate(s) or Refund Orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs, number of Equity Shares applied for, amount blocked, where the Application Form and Rights Entitlement Letter or the plain paper application, in case of Eligible Equity Shareholder, was submitted by the ASBA Investors through ASBA process.

UNDERWRITING

This Issue is not underwritten, and our Company has not entered into any underwriting agreement.

FILING

The Draft Letter of Offer is being filed with the Stock Exchanges as required under the SEBI ICDR Regulations, the SEBI ICDR Master Circular and other circulars issued by SEBI.

Further, the Letter of Offer will be filed with the Stock Exchanges and with the SEBI, for information and dissemination.

CAPITAL STRUCTURE

The share capital of our Company as at the date of this Draft Letter of Offer and the details of the Equity Shares proposed to be issued in the Issue, and the issued, subscribed and paid-up share capital after the Issue is as set forth below:

Sr. No.	Particulars	Aggregate Value at Face Value	Aggregate Value at Issue Price
A.	AUTHORISED SHARE CAPITAL		
	25,00,00,000 Equity Shares of face value ₹1 each	25,00,00,000	NA
B.	ISSUED AND SUBSCRIBED CAPITAL BEFORE THE ISSUE		
	20,15,11,479* Equity Shares of face value ₹1 each	20,15,11,479	NA
C.	PAID-UP SHARE CAPITAL BEFORE THE ISSUE		
	20,15,11,479* Equity Shares of face value ₹1 each	20,15,11,479	NA
D.	PRESENT ISSUE IN TERMS OF THIS DRAFT LETTER OF OFFER ⁽¹⁾		
	[•] Equity Shares of face value ₹1 each	[•]	Up to [•]**
E.	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE ⁽²⁾		
	[•] Equity Shares of face value ₹1 each	[•]**	[•]
SECURITIES PREMIUM ACCOUNT		(in ₹lakhs)	
	Before this Issue ⁽³⁾		15,050
	After the Rights Issue of Equity Shares ⁽²⁾		[•]

*Includes 86,667 Equity Shares issued pursuant to exercise of options under ESOS-2020 which is pending for trading approval from the Stock Exchanges. The Company has made application on November 19, 2025 with the Stock Exchanges.

**To be updated upon finalisation of Issue Price.

(1) The Issue has been authorised by our Board pursuant to a resolution dated December 01, 2025. The terms of the Issue including the Record Date and Rights Entitlement ratio have been approved by the Board of Directors/ Securities Issue Committee pursuant to a resolution dated [•], 2025.

(2) Assuming full subscription in the Issue. Subject to finalisation of Basis of Allotment.

(3) As on date of this Draft Letter of Offer.

Notes to the Capital Structure:

1. **Shareholding pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations**
 - a. The shareholding pattern of our Company as on September 30, 2025, can be accessed on the website of BSE at <https://www.bseindia.com/stock-share-price/nacl-industries-ltd/naclind/524709/qtrid/127.00/shareholding-pattern/Sep-2025/> and NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=NACLIND&tabIndex=equity>.
 - b. The statement showing holding of Equity Shares of persons belonging to the category “Promoter and Promoter Group” including the details of lock-in, pledge of and encumbrance thereon, if any, as on September 30, 2025, can be accessed on the website of BSE at <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=524709&qtrid=127.00&QtrName=Sep-25> and NSE at <https://www.nseindia.com/get-quotes/equity?symbol=NACLIND>.
2. No Equity Shares have been issued by our Company with special voting rights, in the last one year immediately preceding the date of filing this Draft Letter of Offer with the Stock Exchanges.
3. No Equity Shares have been issued by our Company for consideration other than cash, in the last one year immediately preceding the date of filing this Draft Letter of Offer with the Stock Exchanges.
4. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares outstanding as on the date of this Draft Letter of Offer. The Rights Equity Shares, when issued, shall be fully paid-up. Further, the Equity Shares allotted pursuant to the Issue, shall be fully paid up. For details on the terms of this Issue, see “**Terms of the Issue**” on page 88.
5. The ex-rights price of the Rights Equity Shares, as computed in accordance with Regulation 10(4)(b) of the SEBI Takeover Regulations, is ₹[•]/- per Equity Share.
6. Our Company shall ensure that any transaction in the specified securities by our Promoter and members of the Promoter Group during the period between the date of filing this Draft Letter of Offer with the Stock Exchanges and the date of closure of the Issue shall be reported to the Stock Exchange within 24 hours of such transaction.
7. At any given time, there shall be only one denomination of the Equity Shares of our Company.

8. Details of options and convertible securities outstanding as on the date of this Draft Letter of Offer

Except as disclosed below, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Draft Letter of Offer.

Employees Stock Option Scheme

A. Nagarjuna Agrichem Limited- Employee Stock Scheme-2015 (“ESOS-2015”)

Our Company has formulated an employee stock option scheme titled ESOS-2015. The ESOS-2015 has been authorized pursuant to a resolution of the Board dated August 07, 2015 and a resolution passed by shareholders of our Company through AGM dated September 28, 2015. The ESOS-2015 is operated and administered by the Nomination and Remuneration Committee to grant options to eligible employees. As on date, all options under the ESOS-2015 that were granted, were lapsed or vested and exercised and no further options will be granted under the ESOS-2015 and accordingly, the Scheme stands formally closed.

B. NACL Employee Stock Option Scheme - 2020 (“ESOS-2020”)

Our Company has formulated an employee stock option scheme titled ESOS-2020. The ESOS-2020 has been authorized pursuant to a resolution of the Board dated August 12, 2020 and a resolution passed by shareholders of our Company through EGM dated September 07, 2020. The ESOS-2020 is operated and administered by the Nomination and Remuneration Committee to grant options to eligible employees.

Our Company views the ESOS Scheme as instruments that enable the employees to get a share in the value they create for the Company.

As on the date of this Draft Letter of Offer, the details of options pursuant to the ESOS-2020 are as follows:

Particulars	ESOS-2020
Total number of stock options granted	33,00,000
Stock options vested but not exercised	7,18,329
Stock options exercised	17,88,334
Stock options forfeited/lapsed	7,93,337
Money realized by exercise of options (in ₹lakhs)	6,36,95,032
Total number of options outstanding	4,93,337

9. Details of Equity Shares acquired by the promoter and promoter group in the last one year prior to the filing of this Draft Letter of Offer.

Except for the Equity Shares purchased by our Promoter as detailed herein below, our Promoter did not acquire any Equity Share of the Company in the last one year prior to the filing of this Draft Letter of Offer.

Our Promoter, Coromandel International Limited, acquired 10,68,96,146 Equity Shares representing 52.98% of the then Share Capital, at a price of ₹76.70 (Rupees Seventy-Six and Seventy Paise only) per Equity Share for an aggregate consideration of ₹8,19,89,34,398 (Rupees Eight Hundred Nineteen Crores Eighty-Nine Lakhs Thirty-Four Thousand Three Hundred Ninety-Eight only) from the erstwhile promoters and acquired 5,500 Equity Shares (representing 0.003% of the then Equity Share Capital) from Krishi Rasayan Exports Private Limited and 5,500 Equity Shares (representing 0.003% of the then Equity Share Capital) from Agro Life Science Corporation both non-promoter shareholders pursuant to the Share Purchase Agreement dated March 12, 2025. Further, our Promoter also acquired 5,435 Equity Shares from the public shareholders at an Offer Price of ₹76.70 (Rupees Seventy-Six and Seventy Paise only) per Equity Share, who tendered their shares under the open offer pursuant to and in compliance with the provisions of Regulation 3(1) and Regulation 4 of the SEBI Takeover Regulations.

As on the date of this Draft Letter of Offer, members of our Promoter Group hold 18,665 Equity Shares of our Company which represents 0.01% of the issued and paid-up capital of the Company.

10. Details of the Equity Shareholders holding more than 1% of the paid-up and subscribed share capital of the Company

The table below sets forth details of Equity Shareholders holding more than 1% of the paid-up and subscribed share capital of our Company, as of September 30, 2025:

Sr. No.	Name of the Equity Shareholders	Number of Equity Shares held*	Percentage of Equity Shares held (%)
1.	Krishi Rasayan Exports Private Limited	1,56,19,500.00	7.75%

Sr. No.	Name of the Equity Shareholders	Number of Equity Shares held*	Percentage of Equity Shares held (%)
2.	Rajesh Kumar Agarwal	1,56,19,500.00	7.75%
3.	K Lakshmi Raju	1,27,05,860.00	6.31%
4.	KLR Products Limited	67,27,354.00	3.34%
5.	Investor Education and Protection Fund	32,92,307.00	1.63%
	Total	5,39,64,521	26.79%

* The Equity Shares held under distinct folio numbers by Shareholders holding the same PAN are considered as Equity Shares held by a single Shareholder.

OBJECTS OF THE ISSUE

The Issue comprises up to [●] Rights Equity Shares of face value of ₹1 each for a cash price at ₹[●] per Rights Equity Share (including a premium of ₹[●] per Rights Equity Share) aggregating up to ₹25,000.00 lakhs*. For further details, see “*Summary of this Draft Letter of Offer*” and “*The Issue*” on pages 15 and 49, respectively.

**Assuming full subscription in the Issue*

Our Company proposes to utilize the Net Proceeds from the Issue towards funding of the following objects:

1. Repayment and/or prepayment, in full or part, of all or a portion of certain outstanding borrowings availed by our Company, including the interest accrued thereon;
2. Investment in our wholly owned Subsidiary, NACL Spec-Chem Limited, for repayment/prepayment, in part or full, of certain outstanding borrowings availed by our wholly owned Subsidiary, NACL Spec-Chem Limited, including the interest accrued thereon; and;
3. General Corporate Purposes
(together, referred to hereinafter as the “Objects”)

We intend to utilize the gross proceeds raised through the Issue (the “**Issue Proceeds**”) after deducting the Issue related expenses (“**Net Proceeds**”) for the above-mentioned Objects.

The main object clause and objects incidental and ancillary to the main objects set out in our Memorandum of Association enables us to undertake the existing business activities and other activities set out therein, the activities proposed to be funded from the Net Proceeds; and to undertake the activities towards which the loans proposed to be repaid in full or in part from the Net Proceeds were utilized.

ISSUE PROCEEDS

The details of the proceeds from the Issue are provided in the following table:

Particulars	Estimated Amount (₹in Lakhs)
Gross Proceeds from the Issue*	Up to 25,000.00
Less: Issue Related expenses**	[●]
Net Proceeds from the Issue**	[●]

**Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.*

***To be finalized upon determination of the Issue Price and updated in the Letter of Offer. For further details, see “Objects of the Issue - Issue Related Expenses” on page 65.*

Requirement of Funds and Utilization of Net Proceeds

We intend to utilize the Net Proceeds in the following manner:

Particulars	Estimated Amount (₹in Lakhs)
Repayment and/or prepayment, in full or part, of all or a portion of certain outstanding borrowings availed by our Company, including the interest accrued thereon	10,400.00
Investment in our wholly owned Subsidiary, NACL Spec-Chem Limited, for repayment/prepayment, in part or full, of certain outstanding borrowings availed by our wholly owned Subsidiary, NACL Spec-Chem Limited, including the interest accrued thereon	8,300.00
General Corporate Purposes [#]	[●]
Net Proceeds from the Issue*	[●]

[#]The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds

** Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment.*

Proposed Schedule of Implementation and Deployment of Funds

We propose to deploy the Net Proceeds towards the aforesaid objects in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

Particulars	Total estimated costs (in ₹lakhs)	Amount proposed to be deployed from the Net Proceeds (in ₹lakhs)	Estimated schedule of deployment of Net Proceeds (in ₹lakhs)	
			Fiscal 2026	Fiscal 2027
Repayment and/or prepayment, in full or part, of all or a portion of certain outstanding borrowings availed by our Company, including the interest accrued thereon	10,400.00	10,400.00	10,400.00	-
Investment in our wholly owned Subsidiary, NACL Spec-Chem Limited, for repayment/prepayment, in part or full, of certain outstanding borrowings availed by our wholly owned Subsidiary, NACL Spec-Chem Limited, including the interest accrued thereon	8,300.00	8,300.00	8,300.00	-
General Corporate Purposes#	•	•	•	•
Net Proceeds from the Issue*	•	•	•	•

#The amount to be utilized for General corporate purposes will not exceed 25% of the Gross Proceeds.

*Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment.

The funding requirements and deployment of the Net Proceeds as described herein are based on various factors, including our current business plan, management estimates, current circumstances of our business and other commercial and technical factors. However, such fund requirements and deployment of funds have not been appraised by any bank or financial institution. See ***“Risk Factors – Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control. Further, we may not be able to utilise the proceeds from this Issue in a timely manner or at all.”*** on page 40. We may have to revise our funding requirements and deployment of the Net Proceeds from time to time on account of various factors, such as financial and market conditions, business and strategy, regulatory related delays, competitive environment and interest or exchange rate fluctuations, taxes and duties, interest and finance charges, working capital margin, regulatory costs, and other external factors such as changes in the business environment or regulatory climate which may not be within the control of our management. This may entail rescheduling the proposed utilization of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable laws.

Our Board or the Securities Issue Committee retain the right to change the above schedule of implementation and deployment of Net Proceeds, including the manner, method, and timing of deployment of the Net Proceeds, in case of any change in our business requirements and other commercial considerations, subject to compliance with applicable laws.

Subject to applicable laws, in case of a shortfall in raising requisite capital from the Net Proceeds, business considerations may require us to explore a range of options including utilizing our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls. In the event that the estimated utilization of the Net Proceeds in a scheduled Fiscal Year is not completely met, due to the reasons stated above, and any other factors, the same shall be utilized in the subsequent Fiscal Year, as may be determined by our Company in accordance with applicable laws.

If the actual utilization towards the Objects is lower than the proposed deployment, such balance will be used towards general corporate purposes, to the extent that the total amount to be utilised towards general corporate purposes is within the permissible limits in accordance with the SEBI ICDR Regulations.

Means of Finance

The funding requirements mentioned above are based on inter alia our Company’s internal management estimates and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business, and our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment, costs of commodities, interest or exchange rate fluctuations. The funding requirements for the Objects detailed above are proposed to be funded from the Net Proceeds. Since our Company is not proposing to fund any specific project from the Net Proceeds, the requirement

under Regulation 62(1)(c) of the SEBI ICDR Regulations to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance for such projects proposed to be funded from the Net Proceeds, excluding the amount to be raised through the Issue or existing identifiable internal accruals is not applicable.

Details of the Object of the Issue

The details in relation to the Objects of the Issue are set forth below:

1. Repayment and/or prepayment, in full or part, of all or a portion of certain outstanding borrowings availed by our Company, including the interest accrued thereon

Our Company has entered into various borrowing arrangements from time to time, with banks and financial institutions in the ordinary course of business. As of October 31, 2025, our aggregating outstanding borrowings were ₹28,176.00 lakhs. The outstanding borrowing arrangements entered into by our Company includes debt in the form of, *inter alia*, availing working capital term loans and working capital facilities. Our Company proposes to utilize an estimated amount of ₹10,400.00 lakhs from the Net Proceeds towards part or full repayment and/or pre-payment of certain borrowings availed by our Company.

Given the nature of these borrowings and the terms of repayment or prepayment, the aggregate outstanding amounts under these borrowings may vary from time to time and our Company may, in accordance with the relevant repayment schedule, repay or refinance some of their existing borrowings prior to Allotment or avail additional credit facilities. Further, the outstanding amounts under these borrowings as well as the sanctioned limits are dependent on several factors and may vary with our business cycle with multiple intermediate repayments, drawdowns and enhancement of sanctioned limits. Accordingly, our Company may utilize the Net Proceeds for part prepayment of any such refinanced facilities or repayment of any additional facilities obtained by our Company. However, the aggregate amount to be utilized from the Net Proceeds towards repayment and/or prepayment, in part or full, of such borrowings (including refinanced or additional facilities availed, if any), would not exceed ₹10,400.00 lakhs.

We believe that such repayment and/or pre-payment will help reduce our consolidated outstanding indebtedness and improve our profits on both a standalone and a consolidated basis by lowering our debt servicing costs, improve our net debt-to-equity ratio and enable utilization of our accruals for further investment in our business growth and expansion. Additionally, we believe that since our debt-equity ratio will improve, it will enable us to raise further resources at competitive rates in the future to fund potential business development opportunities to grow our business.

The following table provides the details of outstanding borrowings (fund-based) availed by our Company, which may be repaid or prepaid, in full or in part, from the Net Proceeds:

(This page is left blank intentionally)

Sr. No.	Name of the lender	Date of applicable sanction letter	Nature of borrowing	Amount sanctioned as at October 31, 2025 (in ₹lakhs)	Amount outstanding as at October 31, 2025 (in ₹lakhs)	Applicable interest rate as at October 31, 2025	Tenure of borrowing	Re-payment/ schedule	Pre-payment terms	Purpose for which the loan amount was sanctioned
1	HDFC Bank Limited	October 7, 2025	Working Capital demand loan	7,000	7,000	7.85%	90 days from draw down	90 days from draw down	The borrower may prepay any of the outstanding tranches in part or full, subject to payment of prepayment penalty of 2% of the sanctioned amount.	Working capital requirement
2	HDFC Bank Limited	October 7, 2025	Cash Credit	5,400	828	9.20%	On demand	On demand	The borrower may prepay any of the outstanding tranches in part or full, subject to payment of prepayment penalty of 2% of the sanctioned amount.	Working capital requirement
3	Axis Bank Limited	October 14, 2025*	Working Capital demand loan	23000	2,528	10.00%	90 days from draw down	90 days from draw down	Not mentioned in sanction terms.	Working capital requirement
4	Yes Bank Limited	May 3, 2024	Working Capital demand loan	3,000	2,900	8.00%	90 days from draw down	90 days from draw down	Not mentioned in sanction terms.	Working capital requirement
5	SBM Bank (India) Limited	January 23, 2025	Working Capital demand loan	3,000	2,000	9.25%	90 days from draw down	90 days from draw down	Prepayment may be made by the borrower by giving at least 15 business day notice to the lender, Subject to the approval of the bank and prepayment charges is NIL	Working capital requirement
6	Kotak Mahindra Bank Limited	April 21, 2025	Working Capital demand loan	5,000	1,398	14.00%	90 days from draw down	90 days from draw down	Foreclosure of the working capital facilities availed, prior to their expire date or extended date, by way of takeover by another lender, shall attract penal charges of 2% on the limits sanctioned by the bank.	Working capital requirement
7	RBL Bank Limited	May 26, 2025	Working Capital demand loan	1,100	1,094	7.50%	90 days from draw down	90 days from draw down	Not mentioned in sanction terms.	Working capital requirement
8	RBL Bank Limited	May 26, 2025	Pre & post-shipment finance	4,400	3,231	3 SOFR + 150 bps	90 days from draw down	90 days from draw down	Not mentioned in sanction terms.	Working capital requirement
9	SVC Co-operative Bank Limited	February 12, 2025	Cash Credit	3,500	2,401	10.70%	On demand	On demand	Pre-closure charges @3% will be applicable if the facility is taken over by and Bank/ financial institution or prepaid from own funds any time during the currency of the advance on the sanction limit or the outstanding balance whichever is higher in case of credit facilities.	Working capital requirement
10	Shinhan Bank	September 12, 2024	Post-shipment finance	3,400	2,850	3 SOFR + 150 bps	90 days from draw down	90 days from draw down	Not mentioned in sanction terms.	Working capital requirement

Sr. No.	Name of the lender	Date of applicable sanction letter	Nature of borrowing	Amount sanctioned as at October 31, 2025 (in ₹lakhs)	Amount outstanding as at October 31, 2025 (in ₹lakhs)	Applicable interest rate as at October 31, 2025	Tenure of borrowing	Re-payment/ schedule	Pre-payment terms	Purpose for which the loan amount was sanctioned
11	RBL Bank Limited	March 23, 2021	Guaranteed Emergency Credit Line – Working Capital Term Loan	4,197	262	9.25%	60 months from the date of draw down	Quarterly instalment	Not mentioned in sanction terms.	Working capital requirement
12	RBL Bank Limited	March 22, 2022	Guaranteed Emergency Credit Line – Working Capital Term Loan	2,856	1,168	9.25%	72 months from the date of draw down	Monthly instalment	Not mentioned in sanction terms.	Working capital requirement
13	Bajaj Finance Limited	October 21, 2022	General Purpose Corporate Loan	4,000	516	9.20%	12 equal quarterly instalments from the date of draw down	Quarterly instalment	Prepayment premium of 2 % of the amount proposed to be prepaid till 18 months from the date of first draw down No prepayment premium shall be payable thenceforth, if the pre-payment is made out of the internal accruals and / or equity infusion with a prior written notice of 30 days.	General Corporate purpose
TOTAL				69,853	28,176					

As certified by B Y & Associates, Chartered Accountants, pursuant to their certificate dated December 01, 2025

* Axis Bank has sanctioned the enhanced working capital (fund-based) facilities of ₹23,000 Lakhs (enhanced from ₹2,500 Lakhs) on October 14, 2025 and same is accepted by the Company on November 6, 2025.

Our Company has and will consider the following factors for identifying the loans that will be repaid or prepaid out of the Net Proceeds: (i) costs, expenses and charges relating to the facility/ borrowing including interest rates involved; (ii) presence of onerous terms and conditions under the facility; (iii) ease of operation of the facility; (iv) levy of any prepayment penalties and the quantum thereof; (v) terms of pre-payment to lenders, if any; (vi) mix of credit facilities provided by lenders; and (vii) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan.

Some of the financing facilities availed by our Company provide for the levy of a prepayment penalty or charge as disclosed in the table above. In the event that there is any prepayment penalties required to be paid under the terms of relevant financing agreement, such prepayment penalties shall be paid by our Company out of the internal accruals of our Company, as applicable. In case we are unable to raise the Net Proceeds till the due date for repayment of any of the above-mentioned portion of the loans, the funds earmarked for such repayment may be utilized for payment of future instalments of the above-mentioned loan or other loans for an amount not more than the total amount and within the deployment schedule mentioned above.

The amounts outstanding under our borrowing facilities may fluctuate from time to time due to various factors, including intermediate repayments and additional drawdowns. Consequently, the outstanding borrowings under such facilities may vary periodically. Our Company may, from time to time, repay, refinance, enter into new financing arrangements, or draw down funds from existing borrowing facilities. In such cases, the Company may utilize a portion of the Net Proceeds from this offering towards the repayment or prepayment of existing or additional indebtedness, as may be determined based on various commercial considerations as set out above.

For the purposes of the Issue, our Company has intimated and has obtained necessary consents from their respective lenders, as is required under the relevant loan documentation for undertaking activities in relation to this Issue.

2. Investment in our wholly owned Subsidiary, NACL Spec-Chem Limited, for repayment/prepayment, in part or full, of certain outstanding borrowings availed by our wholly owned Subsidiary, NACL Spec-Chem Limited, including the interest accrued thereon

Our wholly owned Subsidiary, NACL Spec-Chem Limited has entered into certain financing arrangements for term loans and working capital facilities to fund its operational requirements. As of October 31, 2025, the total outstanding term loan of our wholly owned Subsidiary, NACL Spec-Chem Limited amounted to ₹9,179.00 lakhs. We intend to utilise an amount of ₹8,300.00 lakhs from the Net Proceeds to make an investment in our wholly owned Subsidiary, NACL Spec-Chem Limited, by way of subscription to compulsorily convertible debentures (“CCDs”). Our wholly owned Subsidiary, NACL Spec-Chem Limited proposes to apply the proceeds from the issuance of such CCDs towards the repayment and/or prepayment, in full or in part, of certain outstanding term loans availed by it from its lenders. This investment will strengthen the subsidiary’s capital structure, reduce its finance costs and improve its overall liquidity position.

Given the nature of the borrowings and the terms of pre-payment or re-payment, the aggregate outstanding amounts under the term loans may vary from time to time and our wholly owned Subsidiary, NACL Spec-Chem Limited may, in accordance with the relevant repayment schedule, repay or refinance some of its existing borrowings prior to filing of the Letter of Offer. Further, the amounts outstanding under the borrowings, including term loans as well as the sanctioned limits are dependent on several factors and may vary with its business cycle with multiple intermediate re-payments, drawdowns and enhancement of sanctioned limits. Additionally, our wholly owned Subsidiary, NACL Spec-Chem Limited may avail additional facilities, repay certain instalments of its borrowings and/ or draw down further funds under existing borrowing facilities, from time to time, after the filing of this Draft Letter of Offer. Accordingly, in case any of the borrowings set out in the table below are pre-paid or further drawn-down prior to the filing of the Letter of Offer, we may utilize the Net Proceeds towards repayment and / or prepayment of such additional indebtedness. In light of the above, if at the time of filing the Letter of Offer, any of the below mentioned loans are repaid in part or full or refinanced or if any additional credit facilities are availed or drawn down or if the limits under the term loan borrowings are increased, then the table below shall be suitably revised to reflect the revised amounts or loans as the case may be which have been availed by it. Also see, “*Risk Factors - The Net Proceeds of the Offer will be utilized for the repayment and/or prepayment of certain borrowings availed by our Company and for investment in our wholly owned Subsidiary, NACL Spec-Chem Limited, for repayment and/or prepayment, in part or full, of certain outstanding term loans availed by it.*” on page 55.

The amount allocated for estimated schedule of deployment of Net Proceeds in a particular Fiscal may be utilized for repayment or prepayment of term loans availed by our wholly owned Subsidiary, NACL Spec-Chem Limited in the subsequent Fiscal, as may be deemed appropriate by our Board, subject to applicable law. our wholly owned Subsidiary, NACL Spec-Chem Limited may also utilize the Net Proceeds for financing any pre-payment fees or penalties levied on our wholly owned Subsidiary, NACL Spec-Chem Limited in relation to this re-payment. The

details of the outstanding term loans as of October 31, 2025, availed by our wholly owned Subsidiary, NACL Spec-Chem Limited, proposed to re-paid or pre-paid, in full or part, from the Net Proceeds are set forth below:

Sr. No.	Name of the lender	Date of applicable sanction letter	Nature of borrowing	Amount sanctioned as at October 31, 2025 (in ₹lakhs)	Amount outstanding as at October 31, 2025 (in ₹lakhs)	Applicable interest rate as at October 31, 2025	Tenure of borrowing	Re-payment/schedule	Pre-payment terms	Purpose for which the loan amount was sanctioned
1	HDFC Bank Limited	August 21, 2021	Term Loan	10,000	6,733	10.75%	84 months from the date of drawdown	Quarterly instalment	Nil Prepaid out of equity / internal accruals 0.50% of the facility amount post one year of commercial production and if paid from equity / internal accruals Other cases, mutually agreed	Capital expenditure – implementation of green field manufacturing facility at Dahej
2	Axis Bank Limited	September 15, 2021	Term Loan	3,500	2,446	10.75%	81 months from the date of drawdown	Quarterly instalment	In case of prepayment, in full or in part by the borrower, the lender will be entitled to charge prepayment premium of 1% after once year from the date of COD on the amount prepaid, except in cases, where the prepayment is made pursuant to written instructions of Axis Bank. 1. The amount of prepaid shall be applied in the inverse order of maturity 2. Any amount prepaid shall not be redrawn NACL Spec-Chem Limited has obtained the waiver of the pre-closure charges.	Capital expenditure – implementation of green field manufacturing facility at Dahej

As certified by B Y & Associates, Chartered Accountants, pursuant to their certificate dated December 01, 2025

Our wholly owned Subsidiary, NACL Spec-Chem Limited may consider the following factors for identifying the loans that will be repaid or pre-paid out of the Net Proceeds: (i) costs, expenses and charges relating to the facility including interest rates involved; (ii) ease of operation with the lender; (iii) terms and conditions of consents and waivers; (iv) provisions of any law, rules, regulations governing such borrowings; and/or (v) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan.

We believe that such pre-payment/ re-payment will help reduce our outstanding indebtedness, debt servicing costs, improve our consolidated financial position, performance and debt-to-equity ratio and enable utilization of our internal accruals for further investment in the growth and expansion of our business. Additionally, we believe that such reduction of our outstanding indebtedness will strengthen our balance sheet and improve our ability to raise further resources in the future to fund our potential business development opportunities. For the purposes of the Issue, our wholly owned Subsidiary, NACL Spec-Chem Limited has obtained the necessary consent from the lenders as is required under the relevant loan documentation for undertaking activities in relation to the Issue, including consequent actions. To the extent our Company deploys the Net Proceeds in our wholly owned Subsidiary, NACL Spec-Chem Limited for the purpose of pre-payment and/or re-payment of all or a portion of the term loans, such deployment will be made by way of subscription to compulsorily convertible debentures ("CCDs").

Some of the financing facilities availed by our wholly owned Subsidiary, NACL Spec-Chem Limited provide for the levy of a prepayment penalty or charge as disclosed in the table above. In the event that there is any prepayment penalties required to be paid under the terms of relevant financing agreement, such prepayment penalties shall be paid by our wholly owned Subsidiary, NACL Spec-Chem Limited, out of internal accruals, as applicable. In case we are unable to raise the Net Proceeds till the due date for repayment of any of the above-mentioned portion of the loans, the funds earmarked for such repayment may be utilized for payment of future instalments of the above-mentioned loan or other loans for an amount not more than the total amount and within the deployment schedule mentioned above.

The amounts outstanding under our borrowing facilities may fluctuate from time to time due to various factors, including intermediate repayments and additional drawdowns. Consequently, the outstanding borrowings under such facilities may vary periodically. Our wholly owned Subsidiary, NACL Spec-Chem Limited may, from time to time, repay, refinance, enter into new financing arrangements, or draw down funds from existing borrowing facilities. In such cases, the wholly owned Subsidiary, NACL Spec-Chem Limited may utilize a portion of the Net Proceeds from this offering towards the repayment or prepayment of existing or additional indebtedness, as may be determined based on various commercial considerations as set out above.

For the purposes of the Issue, our wholly owned Subsidiary, NACL Spec-Chem Limited have intimated and has obtained necessary consents from their respective lenders, as is required under the relevant loan documentation for undertaking activities in relation to this Issue.

3. General Corporate Purposes

Our Company intends to deploy the balance Gross Proceeds, aggregating to ₹[•] lakhs towards general corporate purposes as approved by our management from time to time, subject to such utilisation not exceeding 25% of the Gross Proceeds in compliance with the SEBI ICDR Regulations.

The general corporate purposes for which our Company proposes to utilise Net Proceeds may include, but are not restricted to, driving our business growth,

strategic initiatives, working capital requirements, business development activities, funding growth opportunities, including partnerships, tie-ups, joint ventures, acquisitions and meeting exigencies, investment/loans towards our Subsidiaries, acquiring assets such as plant and machineries, capex (maintenance and expansion), acquiring immovable properties, leasehold improvements, capabilities building, brand building, intangibles, and meeting any other expenses incurred by our Company, as may be approved by the Board or the Securities Issue Committee from time to time, wherever applicable, subject to compliance with applicable laws. Our management will have flexibility, in compliance with all applicable law and regulations, in utilizing the proceeds earmarked for general corporate purposes.

The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time, subject to compliance with applicable law.

In addition to the above, our Company may utilise the Net Proceeds towards other purposes considered expedient and as approved periodically by our Board, subject to compliance with necessary provisions of the Companies Act. Our Company's management shall have flexibility in utilising surplus amounts, if any. Our management will have the discretion to revise our business plan from time to time and consequently our funding requirement and deployment of funds may change. This may also include rescheduling the proposed utilization of Net Proceeds. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilized amount in the subsequent Fiscals.

ISSUE RELATED EXPENSES

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses and registrar and depository fees. The estimated Issue related expenses are as follows:

Particulars	Expenses (₹lakhs)	As a % of Total Expenses	As a % of Gross Issue Size
Brokerage, selling commission and upload fees	[●]	[●]	[●]
Registrar to the Issue	[●]	[●]	[●]
Legal advisors	[●]	[●]	[●]
Advertising expenses	[●]	[●]	[●]
Regulators including stock exchanges	[●]	[●]	[●]
Printing and distribution of issue stationery	[●]	[●]	[●]
Others (if any, specify)	[●]	[●]	[●]
Total Estimated Issue Expenses*	[●]	[●]	[●]

**Amount will be finalized at the time of filing of the Letter of Offer and determination of Issue Price and other details. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes.*

***Assuming full subscription in the Issue, Allotment and receipt of all Call Monies with respect to the Rights Equity Shares.*

INTERIM USE OF FUNDS

Our Company, will have the flexibility to deploy the Net Proceeds towards the Objects outlined above subject to all applicable laws and regulations. Pending utilization for the purposes described above, our Company will deposit the Net Proceeds only with scheduled commercial banks included in the Second Schedule of the RBI Act, 1934 as may be approved by our Board or Committee. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in the equity shares of any other listed company or for any investment in equity markets.

INTEREST OF PROMOTER AND DIRECTORS IN THE OBJECTS OF THE ISSUE

None of our Promoter or directors are interested in the objects of the Issue except to the extent of their respective Rights Entitlements.

APPRAISAL AND

None of the objects of the Issue for which the Net Proceeds will be utilised have been appraised by any bank, financial institution or any other external agency.

BRIDGE FINANCING FACILITIES

Our Company has not raised any bridge loan from any bank or financial institution as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds.

MONITORING OF UTILIZATION OF FUNDS

Our Company has appointed [●] as the monitoring agency to monitor utilization of proceeds from the Issue, including the proceeds proposed to be utilised towards general corporate purposes. Our Company undertakes to place the Issue proceeds in a separate bank account which shall be monitored by the Monitoring Agency for utilization of the Issue proceeds. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee and before the Board of Directors without any delay, till 100% of the Issue proceeds have been utilized. Our Company will disclose and continue to disclose the utilization of the Issue proceeds, including interim use, under a separate head in its balance sheet for such fiscal periods as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, specifying the purposes for which the Issue proceeds have been utilized. Our Company will indicate instances, if any, of unutilized Gross Proceeds in the balance sheet of our Company for the relevant Financial Years subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Issue proceeds, which shall discuss, monitor and approve the use of the Gross Proceeds along with our Board. Further, pursuant to Regulation 32(5) of the SEBI Listing Regulations, on an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in this Draft Letter of Offer and place it before the Audit Committee and make other disclosures as may be required until such time as the Issue proceeds remain unutilized. Such disclosure shall be made only until such time that all the Issue proceeds have been utilized in full. The statement prepared on an annual basis for utilization of the Issue proceeds shall be certified by the Statutory Auditors of our Company, which shall be submitted by our Company with the Monitoring Agency.

Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilization of the proceeds of the Issue from the Objects; and (ii) details of category wise variations in the actual utilization of the proceeds of the Issue from the Objects. This information will also be published on our website and explanation for such variation (if any) will be included in our Directors' report, after placing it before the Audit Committee.

OTHER CONFIRMATIONS

Except as disclosed above, there are no material existing or anticipated transactions in relation to the utilization of the Net Proceeds with our Promoter, Directors or Key Management Personnel of our Company and no part of the Net Proceeds will be paid as consideration to any of them. Except disclosed above, none of our Promoter, members of Promoter Group or Directors are interested in the Objects of the Issue.

There are no material existing or anticipated transactions in relation to utilization of Net Proceeds with our Promoter, the Promoter Group, our Directors, our Key Managerial Personnel, members of the Senior Management or Associates.

Our Company does not require any material government and regulatory approvals in relation to the Objects of the Issue.

STRATEGIC OR FINANCIAL PARTNERS

There are no strategic or financial partners to the Company for the proposed Objects of the Issue.

KEY INDUSTRY REGULATIONS FOR THE OBJECTS OF THE ISSUE

No additional provisions of any acts, regulations, rules and other laws are or will be applicable to the Company for the proposed Objects of the Issue.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

Date: December 01, 2025

To,

The Board of Directors

NACL Industries Limited

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

Dear Sir/Madam,

Subject: Statement of possible special tax benefits ("the Statement") available to NACL Industries Limited ("the Company") and its shareholders prepared in accordance with the requirement under Schedule VI – Part B- Clause (4) (VIII) (M) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations").

This report is issued in accordance with the Engagement Letter dated November 28, 2025.

We hereby report that the enclosed Annexure II prepared by the Company, initialled by us for identification purpose, states the possible special tax benefits available to the Company and its shareholders under direct and indirect taxes (together "**the Tax Laws**"), presently in force in India as on the signing date, which are defined in Annexure I. These possible special tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and its shareholders to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure II cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company and its shareholders. Further, the preparation of the enclosed Annexure II and its contents is the responsibility of the management of the Company. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed rights issue of partly paid-up equity shares of the Company (the "Proposed Issue") particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on the Statement.

We conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" (the "Guidance Note") issued by the Institute of Chartered



Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

We do not express any opinion or provide any assurance as to whether:

- (i) the Company and its shareholders will continue to obtain these possible special tax benefits in future; or
- (ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/would be met with

The contents of the enclosed Annexures are based on the information, explanation and representations obtained from the Company, and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the Tax Laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.

We hereby give consent to include this report in the Letter of Offer and in any other material used in connection with the Proposed Issue, and it is not to be used, referred to or distributed for any other purpose without our prior written consent.

ICAI UDIN: 25137872BMLCFT6047

For **BY & Associates**

ICAI Firm Registration No. 123423W

Chartered Accountants


CA Maulik N Lodaya

Membership No.: 137872

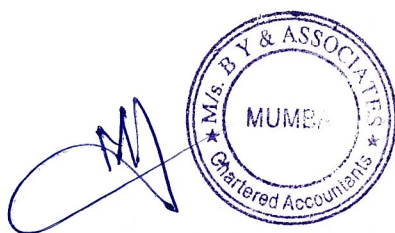
Partner



Place: Mumbai

Annexure – I**List of direct and indirect tax laws ('tax laws')**

Sr. No.	Details of tax laws
1.	Income-tax Act, 1961 and Income-tax Rules, 1962
2.	Central Goods and Services Tax Act, 2017
3.	Integrated Goods and Services Tax Act, 2017
4.	State Goods and Services Tax Act, 2017
5.	Union Territory Goods and Services Tax Act, 2017
6.	Customs Act, 1962 and Customs Tariff Act, 1975 read with respective rules, circulars and notifications made thereunder



Annexure – II

Statement of possible special tax benefits available to NACL Industries Limited ("The Company") and its shareholders under the applicable direct and indirect taxes ("Tax Laws")

Outlined below are the Possible Special Tax Benefits available to the Company and its shareholders under the Tax Laws. These Possible Special Tax Benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company and its shareholders to derive the Possible Special Tax Benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

1) DIRECT TAX LAWS

A) Special tax benefits available to the Company

The following special tax benefits are available to the Company under the Direct Tax Laws:

(i) Lower corporate tax rate under section 115BAA

The Taxation Laws (Amendment) Act, 2019 introduced section 115BAA wherein domestic companies are entitled to avail a concessional tax rate of 22% (plus applicable surcharge and cess) on fulfillment of certain conditions. The option to apply this tax rate was available from Financial Year ('FY') 2019-20 relevant to Assessment Year ('AY') 2020-21 and the option once exercised shall apply to subsequent AYs. The concessional rate is subject to a company not availing any of the following deductions under the provisions of the Act:

- Section 10AA: Tax holiday available to units in a Special Economic Zone.
- Section 32(1)(iia): Additional depreciation;
- Section 32AD: Investment allowance.
- Section 33AB/33ABA: Tea coffee rubber development expenses/site restoration expenses
- Section 35(1)/35(2AA)/ 35(2AB): Expenditure on scientific research.
- Section 35AD: Deduction for capital expenditure incurred on specified businesses.
- Section 35CCC/35CCD: expenditure on agricultural extension /skill development.
- Chapter VI-A except for the provisions of section 80JJAA and section 80M.

The total income of a company availing the concessional rate of 25.168% (i.e., 22% along with surcharge and health and education cess) is required to be computed without set-off of any carried forward loss and depreciation attributable to any of the aforesaid deductions/incentives. A company can exercise the option to apply for the concessional tax rate in its return of income filed under section 139(1) of the Act. Further, provisions of Minimum Alternate Tax ('MAT') under section 115JB of

the IT Act shall not be applicable to companies availing this reduced tax rate, thus, any carried forward MAT credit also cannot be claimed.

The provisions do not specify any limitation/condition on account of turnover, nature of business or date of incorporation for opting for the concessional tax rate. Accordingly, all existing as well as new domestic companies are eligible to avail this concessional rate of tax.

The Company have opted to apply for section 115BAA of the IT Act for the Financial Year 2024-25 (Assessment Year 2025-26).

(ii) Deduction in respect of inter-corporate dividends – Section 80M of the IT Act

Up to 31st March, 2020, any dividend paid to a shareholder by a company was liable to Dividend Distribution Tax ("DDT"), and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT stands abolished and dividend received by a shareholder on or after 1st April, 2020 is liable to tax in the hands of the shareholder. The Company is required to deduct Tax Deducted at Source ("TDS") at applicable rate specified under the Act read with applicable Double Taxation Avoidance Agreement (if any).

With respect to a resident corporate shareholder, a new section 80M has been inserted in the IT Act to remove the cascading effect of taxes on inter-corporate dividends during FY 2020-21 and thereafter. The section provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the IT Act.

The Company has not availed any benefit under the above section.

(iii) Deduction in respect of employment of new employees – Section 80JJAA of the IT Act

Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction, under the provisions of Section 80JJAA of the IT Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

However, the Company have not availed any benefit under the above section.



B) Special tax benefits available to Shareholders

- (i) Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction under Section 80M of the IT Act would be available on fulfilling the conditions (as discussed above). Further, in case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, surcharge would be restricted to 15%, irrespective of the amount of dividend.
- (ii) As per Section 112A of the IT Act, long-term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 12.5% (without indexation). It is worthwhile to note that tax shall be levied only where such capital gains exceed INR 1,25,000 (AY 2025-26 onward).
- (iii) As per Section 111A of the IT Act, short term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 20%.
- (iv) In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.
- (v) Where the gains arising on transfer of shares of the Company are included in the business income of a shareholder and assessable under the head "Profits and Gains from Business or Profession" and such transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the IT Act.
- (vi) As regards the shareholders that are Mutual Funds, under section 10(23D) of the IT Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

Except for the above, the Shareholders of the Company are not entitled to any other special tax benefits under the IT Act.

2) INDIRECT TAX LAWS

A) Special tax benefits available to the Company

The following special tax benefits are available to the Company under the Indirect Tax Laws:



- (i) Exemption from duties of Customs on import of goods under different Preferential Trade Agreements / Free Trade Agreements such as ASEAN, CEPA-Japan, CEPA-South Korea, APTA, subject to fulfilment of conditions prescribed therein;
- (ii) Export incentives under Foreign Trade Policy with respect to duty free import of inputs under Advance Authorization scheme, and import of capital goods under Export Promotion Capital Goods scheme subject to fulfilment of Export Obligation and other conditions prescribed in the relevant notifications;
- (iii) Rebate of taxes / duties on inputs under Remission of Duties and Taxes on Exported Products ("RoDTEP") scheme at the applicable rates;
- (iv) Duty drawback of duty paid on import of materials used in manufacture of exported goods under Section 75 of the Customs Act 1962;
- (v) Supply of goods to merchant exporters on payment of concessional rate of Integrated Goods and Services tax ("IGST") and Central Goods and Services Tax ("CGST") in terms of Notification No. 40/2017-Central Tax (Rate) and Notification No. 41/2017-Integrated Tax (Rate) both dated 23 October 2017 subject to fulfilment of conditions prescribed therein;
- (vi) Refund of IGST in respect of export of goods made on payment of GST;
- (vii) Budgetary support benefits in the state of Jammu and Kashmir as per Notification F. No. 10(1)/2017-DBA-II/NER dated 5th October 2017 issued by Department of Industrial Policy & Promotion ("DIPP") subject to fulfilment of conditions prescribed in the relevant notifications;

B) Special tax benefits available to Shareholders

There are no special tax benefits available to the Shareholders under the Indirect Tax Laws.

Notes:

- 1) The above is as per the current Tax Laws in force in India.
- 2) The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.
- 3) This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

For NACL Industries Limited

Director

Place: Hyderabad

Date: December 01, 2025



SECTION IV: ABOUT THE COMPANY

OUR MANAGEMENT

As on the date of this Draft Letter of Offer, our Board comprises of 7 (seven) Directors, including 1 (one) Managing Director and Chief Executive Officer, 2 (two) Non-Executive Non-Independent Directors and 4 (four) Non-Executive Independent Directors including 1 (one) woman Non- Executive Independent Director. The present composition of our Board and its committees is in accordance with the corporate governance requirements provided under the Companies Act and the SEBI Listing Regulations

OUR BOARD OF DIRECTORS

The following table sets forth the details regarding our Board as on the date of this Draft Letter of Offer:

Sr. No.	Name, Designation, Date of Birth, Address, Occupation, Current term, Period of Directorship, and DIN	Other Directorships
1.	ARUN ALAGAPPAN Date of birth: July 19, 1976 Age: 49 years DIN: 00291361 Designation: Chairman and Non-Executive Non-Independent Director Address: No 10, Chittaranjan Road, Teynampet, Chennai, Tamil Nadu – 600 018 Occupation: Business Date of expiration of the current term: Liable to retire by rotation	Indian Companies: <ol style="list-style-type: none"> 1. Ambadi Investments Limited 2. Coromandel International Limited 3. Southern India Chamber of Commerce & Industry 4. Thirumalai Chemicals Limited 5. LMW Limited Foreign Companies: <ol style="list-style-type: none"> 1. Parry Murray & Company Limited, United Kingdom
2.	RAGHURAM DEVARAKONDA Date of birth: March 17, 1968 Age: 57 years DIN: 09749805 Designation: Managing Director and Chief Executive Officer Address: C1102, Mahindra Windchimes, Bannerghatta main road, opp. BPL Software, Bengaluru, Karnataka – 560 076 Occupation: Service Date of expiration of the current term: August 07, 2028	Indian Companies: <ol style="list-style-type: none"> 1. Coromandel Chemicals Limited 2. Yanmar Coromandel Agrisolutions Private Limited 3. Coromandel Insurance and Multi Services Limited Foreign Companies: <ol style="list-style-type: none"> 1. Coromandel Australia PTY Limited 2. Parry America INC
3.	M LAKSHMI KANTAM Date of birth: March 4, 1955 Age: 70 years DIN: 07831607 Designation: Non- Executive Independent Director Address: H no 1-2-35/1 e 7/b, Street no 3, Habsiguda, Secunderabad, Hyderabad, Telangana – 500 007 Occupation: Professional Date of expiration of the current term: August 07, 2030	Indian Companies: <ol style="list-style-type: none"> 1. Godavari Biorefineries Limited 2. Vinati Organics Limited 3. Prasol Chemicals Limited Foreign Companies: Nil
4.	SANJIV LAL Date of birth: March 6, 1961 Age: 64 years DIN: 08376952 Designation: Non- Executive Independent Director Address: J-20, Hauz Khas, South Delhi, Delhi – 110 016 Occupation: Professional Date of expiration of the current term: August 07, 2030	Indian Companies: Nil Foreign Companies: Nil
5.	S SANKARASUBRAMANIAN Date of birth: May 16, 1969 Age: 56 years DIN: 01592772	Indian Companies: <ol style="list-style-type: none"> 1. Dare Ventures Limited 2. Coromandel International Limited 3. The Fertiliser Association of India.

	Designation: Non-Executive Non-Independent Director Address: Flat no 104, G K Legrand, Plot no 323, 324, 325, Defence Colony, Opp. Andhra Bank, Sainikpuri, Secunderabad, Hyderabad, Telangana – 500 094 Occupation: Service Date of expiration of the current term: Liable to retire by rotation	4. Coromandel Technology Limited 5. Coromandel Chemicals Limited 6. Stuccoedge India Private Limited Foreign Companies: 1. Tunisian Indian Fertiliser SA, Tunisia 2. Foskor (Pty) Limited 3. Baobab Mining & Chemicals Corporation SA
6.	SURESH SUBRAMANIAN Date of birth: July 20, 1960 Age: 65 years DIN: 02070440 Designation: Non-Executive Independent Director Address: 3B, Coral Reef, Apartment, 9/5 Cenotaph Road, 1 st Street, Teynampet, Chennai, Tamil Nadu – 600 018. Occupation: Professional Date of expiration of the current term: August 7, 2030	Indian Companies: 1. Dhaksha Unmanned Systems Private Limited 2. Manikaram Seva Foundation 3. Sundaram Trustee Company Limited 4. Coromandel International Limited 5. Veritas Finance Limited 6. Saksoft Limited 7. Delphi TVS Technologies Limited Foreign Companies: Nil
7.	BALAKRISHNA RAGHAVENDRA RAO Date of birth: June 29, 1963 Age: 62 years DIN: 08508501 Designation: Non-Executive Independent Director Address: Flat No. 403, Sahiti Srividya Ambrosia Apts, Street no 1, Patrika Nagar, Madhapur, Serilingampally, Telangana – 500 081 Occupation: Retired Banker, Professional Date of expiration of the current term: August 7, 2030	Indian Companies: 1. Dhaksha Unmanned Systems Private Limited 2. Baroda BNP Paribas Trustee India Private Limited 3. Modulus Alternative Investment Managers Limited Foreign Companies: Nil

DETAILS OF KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

Sr. No.	Particulars	Designation
Key Managerial Personnel		
1.	Raghuram Devarakonda	Managing Director and CEO
2.	N Shankar	Chief Financial Officer
3.	Satish Kumar Subudhi	Company Secretary and Compliance Officer
Senior Management (excluding Key Managerial Personnel)		
1.	Biju Pillai	Director – R & D
2.	Ravi Kumar Mukala	General Manager –Corporate Development and Strategy
3.	Praveen Dubey	Vice President – B2B Sales & Strategic Sourcing
4.	Amit Taparia	Executive Vice President– Operations
5.	Kannan Upadhyaya	VP- Domestic Retail Sales and Marketing
6.	A. Kuppusamy	Vice President – Registrations, Regulatory Affairs, New Product Development and IPR
7.	Sriniwas CR	Senior Vice President - Human Resources
8.	Narasimha Rao Kothapalli	Senior Vice President – Exports

SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars	Website link
1.	Audited Standalone and Consolidated Financial Statements for the financial year ended March 31, 2025	https://naclind.com/investor-relations/financial-results/right-issue-2025/
2.	Consolidated Unaudited Quarterly Financial Results for the six months period ended September 30, 2025	

FINANCIAL INFORMATION

Set forth below is an extract from Unaudited Consolidated Financial Results for the six months period ended September 30, 2025, the Audited Consolidated Financial Statements for Fiscal 2025, and the Audited Consolidated Financial Statements for Fiscal 2024, prepared in accordance with applicable accounting standards, as disclosed to the Stock Exchanges:

(except for per share data, in ₹lakhs)

Sr. No.	Particulars	As at and for the six months period ended September 30, 2025	As at and for the year ended March 31, 2025	As at and for the year ended March 31, 2024
1.	Revenue from operations	90,530	1,23,452	1,77,873
2.	Other income	113	804	856
3.	Total income	90,643	1,24,256	1,78,729
4.	Net profit/loss before tax and extraordinary items	2,437	(11,924)	(7,630)
5.	Net profit/loss after tax and extraordinary items	1,559	(9,213)	(5,889)
6.	Equity share capital	2,014	2,012	1,992
7.	Reserves and surplus	42,393	40,694	49,118
8.	Net-worth*	44,370	42,669	51,073
9.	Earnings per Share (Basic) (in ₹)	0.77	(4.62)	(2.96)
10.	Earnings per Share (Diluted) (in ₹)	0.77	(4.62)	(2.95)
11.	Return on Net Worth (%)**	4%	(22%)	(12%)
12.	Net Asset Value per Share (in ₹)***	22.03	21.21	25.64

Notes:

*Net-worth is calculated based on the definition given under section 2(57) of the Companies Act, 2013. It includes paid-up share capital plus free reserves and surplus plus securities premium account and excludes non-controlling interest, capital reserve and debenture redemption reserve.

** Return on Net-worth is calculated as Net profit/loss after tax and extraordinary items for the year divided by Net-worth

***Net assets value per equity share (~) is calculated as Net-worth divided Equity share capital

The Audited Consolidated Financial Statements of our Company is uploaded on the website of our Company at <https://naclind.com/>

DETAILED RATIONALE FOR THE ISSUE PRICE

This information shall be provided in the Letter of Offer to be circulated by the Company to the eligible equity shareholders prior to the opening of the Issue.

SECTION VI: REGULATORY APPROVALS AND STATUTORY DISCLOSURES GOVERNMENT AND OTHER APPROVALS

Our Company requires various licences, registrations, permits and approvals issued by relevant central and state authorities under various rules and regulations for carrying on its present business activities. Further, our obligation to obtain and renew such licences, registrations, permits and approvals may arise periodically and applications for such approvals are made/will be made at the appropriate stage.

Our Company is not required to obtain any licenses or approvals from any government or regulatory authority for the purposes of the objects of this Issue. For further details, refer to the chapter titled ***“Objects of the Issue”*** beginning at page 58.

OTHER REGULATORY AND STATUTORY DISCLOSURE

AUTHORITY FOR THE ISSUE

The Issue has been authorised by a resolution of our Board of Directors passed at its meeting held on December 01, 2025, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

This Draft Letter of Offer has been approved by our Board of Directors pursuant to its resolution dated [•], 2025. The terms and conditions of the Issue including the Rights Entitlement, Issue Price, Record Date, timing of the Issue and other related matters, have been approved by a resolution passed by the Securities Issue Committee of the Board of Directors at its meeting held on [•], 2025.

The Board/ Securities Issue Committee, in its meeting held on [•] has resolved to issue the Rights Equity Shares to the Eligible Equity Shareholders, at the Issue Price of ₹[•] per Rights Equity Share (including a premium of ₹[•] per Rights Equity Share) and Rights Entitlement as [•] Rights Equity Shares for every [•] Equity Shares held on the Record Date aggregating up to ₹[•] Lakhs*. The Issue Price of ₹[•] per Rights Equity Share has been arrived at by our Company prior to determination of the Record Date.

** Assuming full subscription in the Issue and subject to finalisation of the basis of allotment.*

Our Company has received in-principle approvals from NSE and BSE in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in the Issue pursuant to their letters, each dated [•], 2025. Our Company will also make applications to NSE and BSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI ICDR Master Circular.

Our Company has been allotted the ISIN: [•] for the Rights Entitlements to be credited to the respective demat accounts of Allottees. For details, see “*Terms of the Issue*” beginning on page 88.

PROHIBITION BY SEBI OR OTHER GOVERNMENTAL AUTHORITIES

Our Company, our Promoter, the members of the Promoter Group and our Directors have not been debarred from accessing capital markets. Further, our Company, our Promoter, the members of the Promoter Group and our Directors are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of our Directors are associated with the securities market in any manner. Further, there is no outstanding action initiated by SEBI against any of our Directors, who have been associated with the securities market.

None of our Directors are declared as fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

As on the date of this Draft Letter of Offer, our Equity Shares are not suspended from trading.

PROHIBITION BY RBI

Neither our Company nor our Promoter or any of our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrowers.

ELIGIBILITY FOR THE ISSUE

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Rights Equity Shares pursuant to the Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking the Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

COMPLIANCE WITH REGULATIONS 61 AND 62 OF THE SEBI ICDR REGULATIONS

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company has made applications to the NSE and BSE and has received their in-principle approvals through their letters, each dated [•] for listing of the Rights Equity Shares to be Allotted pursuant to the Issue.

COMPLIANCE WITH SEBI LISTING REGULATIONS

Except as disclosed below, our Company is in compliance with the SEBI Listing Regulations for a period of last three years immediately preceding the date of filing of this Draft Letter of Offer.

Sr. No.	Compliance Requirements (Regulations/circulars/guidelines including specific clauses)	Relevant financial year	Status
1.	Regulation 33 - In terms of Regulation 33 of the SEBI Listing Regulations, annual audited financial results are required to be submitted within sixty days from the end of the financial year. However, the submission was made with a delay of seven days, resulting in non-compliance with the prescribed timeline under Regulation 33.	2023-24	A fine of ₹41,300 (inclusive of GST) was remitted by the Company to each of the Stock Exchanges in respect of this non-compliance.
2.	Regulation 18(2) (a) - Regulation 18(2)(a) requires that the audit committee meet at least four times in a year, with not more than 120 days elapsing between any two meetings. The stock exchange observed a deviation from this requirement and issued a warning letter bearing reference number NSE/LIST/COMP/NACLIND/01/2024-2025, dated February 07, 2025.	2024-25	No further communication received.
3.	Regulation 29(1) - In terms of Regulation 29(1) of the SEBI Listing Regulations, a listed entity is required to give prior intimation of at least two working days (excluding the date of intimation and the date of the meeting) to the stock exchanges regarding a meeting of the Board of Directors in which financial results (quarterly, half-yearly or annual) are proposed to be considered. However, the prior intimation for the relevant Board Meeting was submitted with an inadvertent delay, resulting in non-compliance with Regulation 29(1).	2025-26	The Company has paid a fine of ₹11,800 (inclusive of GST) to each of the stock exchanges. Our Company has, through its letters each dated November 30, 2025, requested the Stock Exchanges to consider a waiver of the fines levied in respect of the above-mentioned inadvertent delay.

**With reference to NSE letter - NSE NO. NSE/LIST-SOP/COMB/FINES/1340 and BSE email dated November 21, 2024, pursuant to alleged non-compliance with Regulation 19 (concerning the constitution of the Nomination and Remuneration Committee) of the SEBI Listing Regulations, and the consequent imposition of a penalty. The Company had filed a clarification letter dated November 22, 2024 seeking waiver for the said penalty imposition. Subsequently, the same was reversed vide letter NSE/LIST/C/2025/0248 dated February 28, 2025.*

COMPLIANCE WITH PART B OF SCHEDULE VI OF THE SEBI ICDR REGULATIONS

The disclosures in this Draft Letter of Offer are in terms of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last three years immediately preceding the date of filing of this Draft Letter of Offer with the Designated Stock Exchange.
2. The reports, statements and information referred to above are available on the websites of www.naclind.com; and
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances. Accordingly, we have redressed at least ninety-five percent of all complaints received from our investors up to the end of the quarter immediately preceding the month of the Reference Date.

CAUTION

Our Company shall make all information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter

of Offer is current only as of its date. Our Company, accepts no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares.

DISCLAIMER WITH RESPECT TO JURISDICTION

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Hyderabad, Telangana only.

DESIGNATED STOCK EXCHANGE

The Designated Stock Exchange for the purpose of the Issue is National Stock Exchange of India Limited.

DISCLAIMER CLAUSE OF BSE

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to us, post scrutiny of this Draft Letter of Offer shall be included in the Letter of Offer prior to filing with SEBI and the Stock Exchanges.

DISCLAIMER CLAUSE OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED

As required, a copy of this Draft Letter of Offer has been submitted to NSE. The disclaimer clause as intimated by NSE to us, post scrutiny of this Draft Letter of Offer shall be included in the Letter of Offer prior to filing with SEBI and the Stock Exchanges.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE RIGHTS EQUITY SHARES ARE ONLY BEING OFFERED AND SOLD IN “OFFSHORE TRANSACTIONS” AS DEFINED IN, AND IN RELIANCE ON, REGULATION S UNDER THE U.S. SECURITIES ACT TO ELIGIBLE EQUITY SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE IS PERMITTED UNDER THE LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS DRAFT LETTER OF OFFER INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer or where any action would be required to be taken to permit the Issue. Our Company is undertaking the Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Draft Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who purchases or sells Rights Entitlements or makes an application for Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of this Draft Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the purchase or sale of Rights Entitlements, it will not be, in the United States and is authorized to purchase or sell the Rights Entitlement and subscribe to the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or any other jurisdiction where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States and such person is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with the Issue; or (iii) where either a registered Indian address is not provided; or (iv) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

FILING

This Draft Letter of Offer is being filed with the Stock Exchanges as per the provisions of the SEBI ICDR Regulations. Further, the Letter of Offer will be filed with the Stock Exchanges and with SEBI in accordance with SEBI ICDR Regulations.

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements in compliance with the Listing Agreements and the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI circular no. CIR/OIAE/2/2011 dated June 3, 2011 and shall comply with the SEBI circular bearing reference number SEBI/HO/OIAE/CIR/P/2023/156 dated September 20, 2023 and any other circulars issued in this regard.

Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism. Our Company has a Stakeholders' Relationship Committee which meets at least once every year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer of shares and effective exercise of voting rights. XL Softech Systems Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with our Company Secretary and Compliance Officer.

The investor complaints received by our Company are generally disposed of within 21 days from the date of receipt of the complaint. Further, our Company, has redressed all the complaints received for the quarter ending September 30, 2025.

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, please see "*Terms of the Issue*" beginning on page 88.

The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer are as follows:

Registrar to the Issue

KFin Technologies Limited

Selenium Tower-B, Plot no. 31 and 32

Financial District, Nanakramguda, Serilingampally

Hyderabad, Rangareddi 500 032, Telangana, India

Tel: +91 40 6716 2222

Email: nacl.rights@kfintech.com

Website: www.kfintech.com

Investor grievance ID: einward.ris@kfintech.com

Contact Person: M Murali Krishna

SEBI Registration No.: INR000000221

COMPANY SECRETARY AND COMPLIANCE OFFICER

Satish Kumar Subudhi is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

Satish Kumar Subudhi

Company Secretary and Compliance Officer

Plot No. 12-A, C-Block, Lakshmi Towers,

NO.8-2-248/1/7/78, Nagarjuna Hills,

Panjagutta, Hyderabad, Telangana, India, 500082.

Telephone: +91- 7836094227

E-mail: cs-nacl@nacl.murugappa.com

Website: <https://naclind.com/>

OTHER CONFIRMATIONS

Our Company, in accordance with Regulation 79 of the SEBI ICDR Regulations, shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise, to any person for making an Application, and shall not make any payment, whether direct or indirect, whether in the nature of discounts, commission, allowance or otherwise, to any person for making an Application.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in the Issue. Investors should carefully read the provisions contained in this Draft Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Draft Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, Investors proposing to apply in the Issue can apply only through ASBA or any other mode which may be notified by SEBI.

For guidance on the application process through ASBA and resolution of difficulties faced by investors, you are advised to read the frequently asked question on the website of the Registrar at www.kfintech.com and on the website of our Company at <https://naclind.com/>.

Our Company has opened a separate demat suspense escrow account (namely, “[●]”) (“Demat Suspense Account”) and would credit Rights Entitlements on the basis of the Equity Shares: (a) held by Eligible Equity Shareholders which are held in physical form as on Record Date; or (b) which are held in the account of the Investor Education and Protection Fund (“IEPF”) authority; or of which of the Eligible Equity Shareholder whose demat accounts are frozen or where the Equity Shares are lying in the unclaimed/ suspense escrow account / demat suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date or where Equity Shares have been kept in abeyance or where entitlement certificate has been issued or where instruction has been issued for stopping issue or transfer or where letter of confirmation lying in escrow account; or (d) where credit of the Rights Entitlements have returned/reversed/failed for any reason; or (e) where ownership is currently under dispute, including any court or regulatory proceedings or where legal notices have been issued, if any or (f) such other cases where our Company is unable to credit Rights Entitlements for any other reasons.

Our Company shall credit the Rights Entitlements to the Demat Suspense Account on the basis of information available with our Company and to serve the interest of relevant Eligible Equity Shareholders to provide them with a reasonable opportunity to participate in the Issue. The credit of the Rights Entitlements to the Demat Suspense Account by our Company does not create any right in favour of the relevant Eligible Equity Shareholders for transfer of Rights Entitlement to their demat account or to receive any Equity Shares in the Issue.

With respect to the Rights Entitlements credited to the Demat Suspense Account, the Eligible Equity Shareholders are required to provide relevant details / documents as acceptable to our Company or the Registrar (such as applicable regulatory approvals, self-attested PAN and client master sheet of demat account, details/ records confirming the legal and beneficial ownership of their respective Equity Shares, etc.) to our Company or the Registrar no later than two clear Working Days prior to the Issue Closing Date to enable credit of their Rights Entitlements by way of transfer from the Demat Suspense Account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in the Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar, account is active to facilitate the aforementioned transfer. In the event that the Eligible Equity Shareholders are not able to provide relevant details to our Company or the Registrar by the end of two clear Working Days prior to the Issue Closing Date, Rights Entitlements credited to the Demat Suspense Account shall lapse and extinguish in due course and such Eligible Equity Shareholder shall not have any claim against our Company and our Company shall not be liable to any such Eligible Equity Shareholder in any form or manner and such lapsing of Rights Entitlements may dilute and adverse impact the interest of certain Eligible Equity Shareholders.

Further, with respect to Equity Shares for which Rights Entitlements are being credited to the Demat Suspense Account, the Application Form along with the Rights Entitlement Letter shall not be dispatched till the resolution of the relevant issue/concern and transfer of the Rights Entitlements from the Demat Suspense Account to the respective demat account other than in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date who will receive the Application Form along with the Rights Entitlement Letter. Upon submission of such documents /records no later than two clear Working Days prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to Equity Shares pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

OVERVIEW

This Issue and the Right Equity Shares proposed to be issued, are subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI LODR Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice.

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

Pursuant to the requirements of the SEBI ICDR Regulations and other applicable laws, the Rights Entitlements will be credited to the demat account of the Eligible Equity Shareholders who are Equity Shareholders as on the Record Date, however, the Issue Materials will be sent/ dispatched only to such Eligible Equity Shareholders who have provided an Indian address to our Company and only such Eligible Equity Shareholders are permitted to participate in the Issue. The credit of Rights Entitlement does not constitute an offer, invitation to offer or solicitation for participation in the Issue, whether directly or indirectly, and only dispatch of the Issue Materials shall constitute an offer, invitation or solicitation for participation in the Issue in accordance with the terms of the Issue Materials. Furthermore, receipt of the Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in (i) the United States or (ii) any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed, in part or full. Accordingly, persons receiving a copy of the Issue Materials should not distribute or send the Issue Materials in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If the Issue Materials are received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares. For more details, see ***“Restrictions on Purchases and Resales”*** beginning on page 112.

The Application Form, the Rights Entitlement Letter and other Issue Material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue Material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their valid e-mail address, then the Application Form, the Rights Entitlement Letter and other Issue Material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided their Indian address and who have made a request in this regard.

Investors can access the Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe to the Rights Equity Shares under applicable laws) on the websites of:

- (i) our Company at <https://naclind.com/>;
- (ii) the Registrar at www.kfintech.com; and
- (iii) the Stock Exchanges at www.bseindia.com and www.nseindia.com.

To update the respective Indian addresses/e-mail addresses/phone or mobile numbers in the records maintained by the Registrar or by our Company, Eligible Equity Shareholders should visit www.kfintech.com

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.kfintech.com) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company at <https://naclind.com/>.

Please note that neither our Company nor the Registrar shall be responsible for not sending the physical copies of Issue Materials, including the Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of the Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is being filed with the Stock Exchanges and the Letter of Offer will be filed

with the Stock Exchanges and SEBI. Accordingly, Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Issue Materials will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, such Issue Materials must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who purchases or renounces the Rights Entitlements or makes an application to acquire the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is outside the United States and is eligible to subscribe and authorized to purchase or sell the Rights Entitlements or acquire the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates to make any filing or registration (other than in India).

The Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company to the Eligible Equity Shareholders, and in case such Eligible Equity Shareholders have not provided their valid e-mail address, then the Application Form, the Rights Entitlement Letter and other Issue Materials will be physically dispatched, on a reasonable effort basis, to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

- **In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI ICDR Master Circular and the ASBA Circular, all Investors desiring to make an Application in the Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.**

The Application Form can be used by the Eligible Equity Shareholders as well as the Renounees to make Applications in the Issue basis the Rights Entitlement credited in their respective demat accounts.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account. Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Investors are also advised to ensure that the Application Form is correctly filled up stating therein that the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Applicants should carefully fill in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, see ***“Terms of the Issue - Grounds for Technical Rejection”*** on page 96. Our Company, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in the Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in the Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see ***“Terms of the Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process”*** on page 93.

- **Options available to the Eligible Equity Shareholders**

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to in the Issue. If the Eligible Equity Shareholder applies in the Issue, then such Eligible Equity Shareholder can:

- (i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- (ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- (iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- (iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or
- (v) renounce its Rights Entitlements in full.

- **Making of an Application through the ASBA process**

An Investor, wishing to participate in the Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in the Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in the Issue and clear demarcated funds should be available in such account for such an Application.

Our Company, their directors, their employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

DO's FOR INVESTORS APPLYING THROUGH ASBA:

- (a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.
- (b) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
- (c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.
- (f) Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

- (g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- (h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.
- (i) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

DON'Ts FOR INVESTORS APPLYING THROUGH ASBA:

- (a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- (b) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- (c) Do not send your physical Application to the Registrar, the Banker to the Issue (assuming that such Banker to the Issue are not SCSB's), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- (d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
- (e) Do not submit Application Form using third party ASBA account.
- (f) Avoid applying on the Issue Closing Date due to risk of delay/restriction in making any physical Application.
- (g) Do not submit Multiple Application Forms.

APPLICATION BY SPECIFIC INVESTOR(S), IF ANY AND APPLICABLE

In case of renunciation of Rights Entitlement to specific investor(s) by our Promoter or members of the Promoter Group.

Our Promoter or members of the Promoter Group may renounce any portion of their Rights Entitlement to one or more specific investor(s) subject to disclosure of the same in terms of the SEBI ICDR Regulations. The name of the specific investor(s) (i.e. the Renouncee), the name of our Promoter or members of the Promoter Group (i.e., renouncer) and the number of Rights Entitlements renounces in favour of such specific investor(s) shall be disclosed by our Company in the public advertisement at least two days prior to the Issue Opening Date.

In case of such renunciation of Rights Entitlement by our Promoter or members of the Promoter Group to any specific investor, all rights and obligations of the Eligible Equity Shareholders in relation to the Applications and refunds pertaining to the Issue shall apply to the specific investor (i.e., the Renouncee) as well.

Time limit for renouncing of Rights Entitlement by our Promoter and members of the Promoter Group and credit of Rights Entitlement to specific investor should be specified such that the specific investor is able to apply before 11:00 a.m. (Indian Standard Time) on Issue Opening Date. On market Rights Entitlement renunciation may not be possible in such case considering T+2 rolling settlement.

The Application by such specific investor(s) shall be made on Issue Opening Date before 11:00 am (Indian Standard Time) and no withdrawal of such Application by the specific investor(s) shall be permitted. Our Company undertakes to disclose to the Stock Exchanges whether such Specific Investor(s) have made the Application or not, for dissemination on the Issue Opening Date by 11:30 a.m. (Indian Standard Time).

In this regard, our Promoter has confirmed that they will (i) subscribe to the full extent of their Rights Entitlements in the Issue in accordance with the minimum public shareholding norms prescribed under the SEBI Listing Regulations, and (ii) subscribe to additional Equity Shares, if any, as well as to any unsubscribed portion in the Issue up to the total Issue Size subject to meeting requirements under the SEBI Takeover Regulations. Accordingly, our Promoter has no intention to renounce their Rights Entitlement in the Issue in favour of any Specific Investor(s).

As on the date of this Draft Letter of Offer, members of our Promoter Group hold 18,665 Equity Shares of our Company which represents 0.01% of the issued and paid-up capital of the Company. The acquisition of Rights Equity Shares by our Promoter and other members of our Promoter Group, shall be eligible for exemption from open offer requirements, subject to our Company meeting the pricing criteria and other conditions, if any in terms of Regulation 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations, and the Issue shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations.

In case of allotment of any undersubscribed portion of the Rights Issue to specific investor(s)

Our Company may allot any undersubscribed portion (if any) of the Rights Issue to one or more specific investor(s) and the names of such specific investor(s) shall be disclosed by our Company in the public advertisement at least two days prior to the Issue Opening Date. The Application by such specific investor(s) shall be made along with their Application Money before the finalisation of Basis of Allotment for undersubscribed portion of the Rights Issue in co-ordination with our Company and Registrar.

• **Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process**

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to the Issue on plain paper in terms of Regulation 78 of SEBI ICDR Regulations in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to the Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar or the Stock Exchanges. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Please note that in terms of Regulation 78 of SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being NACL Industries Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Folio number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;
4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
5. Number of Equity Shares held as on Record Date;
6. Allotment option – only dematerialised form;
7. Number of Rights Equity Shares entitled to;
8. Number of Rights Equity Shares applied for within the Rights Entitlements;
9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Rights Equity Shares applied for;
11. Total Application amount paid at the rate of ₹[●] per Rights Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE / FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
16. All such Eligible Equity Shareholders shall be deemed to have made the representations, warranties and agreements set forth in **“Restrictions on Purchases and Resales - Representations, Warranties and Agreements by Purchasers”** on page 111, and shall include the following:

“I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold in “offshore transactions” as defined in, and in reliance on, Regulation S under the U.S. Securities Act (“Regulation S”) to Eligible Equity Shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither our Company, nor the Registrar or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar or any other person acting on behalf of our Company have reason to believe is in the United States or is outside of India and ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

*I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled “**Restrictions on Purchases and Resales**” on page 111.*

I/ We acknowledge that our Company, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.kfintech.com

Our Company and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue Closing Date.

• **Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form**

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in the Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two clear Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and/or whose demat account details are not available with our Company or the Registrar, shall be credited in the Demat Suspense Account.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in the Issue:

- (a) The Eligible Equity Shareholders shall visit www.kfintech.com, to upload their client master sheet and also provide the other details as required, no later than two Clear Working Days prior to the Issue Closing Date;
- (b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date; and
- (c) The remaining procedure for Application shall be same as set out in the section entitled “**Terms of the Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process**” on page 93. Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be

allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the Demat Suspense Account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Equity Shares while submitting the Application through ASBA process.

Application for Additional Rights Equity Shares

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in the section entitled ***“Terms of the Issue - Basis of Allotment”*** on page 106.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares unless regulatory approvals are submitted.

Additional general instructions for Investors in relation to making of an Application

- (a) Please read the Letter of Offer carefully to understand the Application process and applicable settlement process.
- (b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, the Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section titled ***“Terms of the Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process”*** on page 93.
- (d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.
- (e) Applications should not be submitted to the Banker to the Issue, our Company or the Registrar.
- (f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-Tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.
- (g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (**“Demographic Details”**) are updated, true and correct, in all respects. Investors applying under the Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under the Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs or the Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the**

Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.

- (h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- (i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- (j) Investors should provide correct DP ID and Client ID/ folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, SCSBs or the Registrar will not be liable for any such rejections.
- (k) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
- (l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in the Issue quoting the name of the first/sole Applicant, folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (m) Investors are required to ensure that the number of Rights Equity Shares applied for by them does not exceed the prescribed limits under the applicable law.
- (n) Do not apply if you are ineligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- (o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (q) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (r) Do not submit Multiple Applications.
- (s) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply in the Issue as an incorporated non-resident must do so in accordance with the FDI Policy and the FEMA NDI Rules, as amended.
- (t) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

• ***Grounds for Technical Rejection***

Applications made in the Issue are liable to be rejected on the following grounds:

- (a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.
- (b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar
- (c) Sending an Application to our Company, Registrar, Banker to the Issue, to a branch of a SCSB which is not a Designated Branch of the SCSB.
- (d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (f) Account holder not signing the Application or declaration mentioned therein.
- (g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.

- (h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- (k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.
- (m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.
- (n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States, and is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with the Issue; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.
- (q) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (r) Application from Investors that are residing in U.S. address as per the depository records.
- (s) Applicants not having the requisite approvals to make Application in the Issue.

• **Multiple Applications**

In case where multiple Applications are made using same demat account in respect of the same set of Rights Entitlement, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Rights Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see ***“Terms of the Issue - Procedure for Applications by Mutual Funds”*** on page 99.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications through ASBA, such Applications may be treated as multiple applications and are liable to be rejected or all the balance shares other than Rights Entitlement will be considered as additional shares applied for, other than multiple applications submitted by any of our Promoter or members of the Promoter Group to meet the minimum subscription requirements applicable to the Issue as described in the section entitled ***“Summary of this Draft Letter of Offer – Intention and extent of participation by our Promoter and Promoter Group with respect to (i) their rights entitlement; (ii) their intention to subscribe over and above their rights entitlement; and (iii) their intention to renounce their rights entitlement to specific investors”*** on page 18.

Procedure for Applications by certain categories of Investors

Procedure for Applications by FPIs

In terms of applicable FEMA NDI Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or

more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard. Further, the aggregate limit of all FPIs investments is up to 49% (sectoral limit) of the paid-up equity share capital of our Company at the time of making such investment.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

- (a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in the Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI.

AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in the Issue. Other categories of AIFs are permitted to apply in the Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA NDI Rules. Applications will not be accepted from NRIs that are ineligible to participate in the Issue under applicable securities laws.

As per the FEMA NDI Rules, an NRI or Overseas Citizen of India ("OCI") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants.

Further, in accordance with press note 3 of 2020, the FDI Policy has been amended to state that all investments by entities incorporated in a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country ("Restricted Investors"), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made. No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or exchange traded funded or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Procedure for Applications by Systemically Important Non-Banking Financial Companies ("NBFC-SI")

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial results is required to be attached to the application.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in the section entitled "**Terms of the Issue - Basis of Allotment**" on page 106.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in the Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor applying through ASBA facility may withdraw their Application post the Issue Closing Date.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board or a committee thereof reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

Rights Entitlements

As your name appears as a beneficial owner in respect of the paid-up and subscribed Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity

Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.kfintech.com) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e. <https://naclind.com/>).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is ISIN: [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the Demat Suspense Account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under the Issue for subscribing to the Rights Equity Shares offered under the Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar no later than two clear Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the Demat Suspense Account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e. www.kfintech.com). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form.

IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

- **Renouncees**

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to the Renouncee(s) as well.

- **Renunciation of Rights Entitlements**

The Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA NDI Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA NDI Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer.

- **Procedure for Renunciation of Rights Entitlements**

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the "On Market Renunciation"); or (b) through an off-market transfer (the "Off Market Renunciation"), during the Renunciation Period.

The Investors should have the demat Rights Entitlements credited / lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Payment Schedule of Rights Equity Shares

₹[●] per Rights Equity Share (including premium of ₹[●] per Rights Equity Share) shall be payable on Application.

Our Company accepts no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

(a) On Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI ICDR Master Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN: [●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN: [●] and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account. The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) Off Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date to enable Renouncees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN: [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

V. MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility. Under the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Draft Letter of Offer and the Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in the Issue.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA NDI Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income Tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.
2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

VI. BASIS FOR THE ISSUE AND TERMS OF THE ISSUE

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement, see ***"The Issue"*** beginning on page 49.

- ***Fractional Entitlements***

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [●] ([●]) Equity Share for every [●] ([●]) Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] ([●]) Equity Shares or not in the multiple of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their Rights Entitlement, if any.

Further, the Eligible Equity Shareholders holding less than [●] ([●]) Equity Shares as on Record Date shall have ‘zero’ entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

- ***Ranking***

The Rights Equity Shares to be issued and Allotted pursuant to the Issue shall be subject to the provisions of this Draft Letter of Offer, the Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under the Issue, shall rank *pari passu* with the existing Equity Shares, in all respects including dividends.

- ***Listing and trading of the Rights Equity Shares to be issued pursuant to the Issue***

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to the Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●] and from the NSE through letter bearing reference number [●] dated [●] for listing of the Rights Equity Shares to be Allotted in the Issue. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 524709) and NSE (Symbol: NACLIND) under the ISIN: INE295D01020. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to the Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within fifteen days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

- ***Subscription to the Issue by our Promoter and members of the Promoter Group***

For details of the intent and extent of subscription by our Promoter and members of the Promoter Group, see “Summary of this Draft Letter of Offer – Intention and extent of participation by our Promoter and Promoter Group with respect to (i) their rights entitlement; (ii) their intention to subscribe over and above their rights entitlement; and (iii) their intention to renounce their rights entitlement to specific investors” on page 18.

- ***Rights of Holders of Equity Shares of our Company***

Subject to applicable laws, Equity Shareholders who have been Allotted Rights Equity Shares pursuant to the Issue shall have the following rights:

- a) *The right to receive dividend, if declared;*
- b) *The right to receive surplus on liquidation;*
- c) *The right to receive offers for rights shares and be allotted bonus shares, if announced;*
- d) *The right to free transferability of Rights Equity Shares;*
- e) *The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Draft Letter of Offer; and*
- f) *Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.*

VII. GENERAL TERMS OF THE ISSUE

- ***Market Lot***

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share.

- ***Joint Holders***

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in the Issue.

- ***Nomination***

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013, read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in the Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

- ***Arrangements for Disposal of Odd Lots***

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Equity Share and hence, no arrangements for disposal of odd lots are required.

- ***Restrictions on transfer and transmission of shares and on their consolidation/splitting***

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant the Issue. However, the Investors should note that pursuant to the provisions of the SEBI Listing Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be affected unless the securities are held in the dematerialized form with a depository.

- ***Notices***

Our Company will send through email and speed post, the Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue Material only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue Material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue Material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided their Indian address and who have made a request in this regard.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide

circulation and one regional language daily newspaper ([•] being the regional language of Hyderabad), where our Registered Office is situated).

This Draft Letter of Offer, the Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

- ***Offer to Non-Resident Eligible Equity Shareholders/Investors***

As per Rule 7 of the FEMA NDI Rules, RBI has given general permission to Indian companies to issue rights equity shares to non-resident equity shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. The permissions available under (i) and (ii) above are not available to investors who have been allotted such shares as Overseas Corporate Bodies. In terms of the FDI Policy and the FEMA NDI Rules, the foreign investment limit applicable to the sector in which our Company operates is 49% under the government approval route. Further, in terms of the applicable FEMA NDI Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., (i) the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our paid-up equity share capital, and (ii) the aggregate limit of all FPIs investments in our Company is up to 49% of the paid-up equity share capital of our Company. As on date of this Draft Letter of Offer, our Company has not obtained the government approval for foreign investment through FDI route in terms of the FEMA NDI Rules. Accordingly, in terms of the FEMA NDI Rules, participation by person resident outside India in the Issue is not permitted through the FDI route and participation by person resident outside India in the Issue is restricted to participation under the foreign portfolio investment route, subject to compliance with conditions and restrictions prescribed under the FEMA NDI Rules, including the individual holding limit of below 10% of the post-Issue paid-up capital of our Company.

Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at nacl.rights@kfintech.com. It will be the sole responsibility of the Investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and our Company will not be responsible for any such allotments made by relying on such approvals.

The Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions. Eligible Equity Shareholders can access this Draft Letter of Offer, the Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company and the Stock Exchanges. Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

An Application made shall be subject to the provisions of FEMA and the FEMA NDI Rules. Further, the shareholding on the basis of which an Eligible Equity Shareholder is entitled to their respective Rights Entitlement, must have been acquired and held as per the provisions of the FEMA NDI Rules.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar to the Issue and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at nacl.rights@kfintech.com.

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 107.

VIII. ISSUE SCHEDULE

Particulars	Day and Date
Last Date for credit of Rights Entitlements	[●]
Issue Opening Date	[●]
Last Date for On Market Renunciation of the Rights Entitlements [#]	[●]
Issue Closing Date*	[●]
Date of Finalization of Basis of Allotment (on or about)	[●]
Date of Allotment (on or about)	[●]
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

[#] Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

* Our Board or the Securities Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar no later than two clear Working Days prior to the Issue Closing Date, i.e., [●], to enable the credit of the Rights Entitlements by way of transfer from the Demat Suspense Account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●].

IX. BASIS OF ALLOTMENT

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.
- Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis having due regard to the number of Rights Entitlement held by them as on Issue Closing Date and in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- Allotment to any specific investor(s) disclosed by our Company in terms of the SEBI ICDR Regulations before opening of the Issue, provided that there is surplus available after making full Allotment under (a), (b), (c) and (d) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment. (f) Allotment to any

other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) (d) and (e) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (e) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in the Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.
4. Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Banker to the Issue to refund such Applicants.

X. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund intimations, if applicable, or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address; along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in Demat Suspense Account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are "officers in default" shall pay interest at such other rate as specified under applicable law from the expiry of such 15 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

XI. PAYMENT OF REFUND

• Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

- (a) Unblocking amounts blocked using ASBA facility.
- (b) **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including a Magnetic Ink Character Recognition ("MICR") code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- (c) **National Electronic Fund Transfer ("NEFT")** – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("IFSC Code"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine-digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped

with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

- (d) **Direct Credit** – Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- (e) **RTGS** – If the refund amount exceeds ₹0.20 million, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
- (f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
- (g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

• Receipt of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates:

- a) Tripartite agreement dated August 05, 2011, amongst our Company, NSDL and the Registrar to the Issue; and
- b) Tripartite agreement dated July 28, 2011, amongst our Company, CDSL and the Registrar to the Issue.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.

4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification. Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, on their registered email address or through physical dispatch.
7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
8. Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.
9. Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, and who have not provided the details of their demat accounts to our Company or to the Registrar at least two clear Working Days prior to the Issue Closing Date, shall not be able to apply in the Issue.

XIII. IMPERSONATION

Attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who –

- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹1.00 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹1.00 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹5.00 million or with both.

XIV. UTILISATION OF ISSUE PROCEEDS

Our Board declares that:

- A. All monies received out of the Issue shall be transferred to a separate bank account;
- B. Details of all monies utilized out of the Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- C. Details of all unutilized monies out of the Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

XV. UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- 1) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.

- 2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within the time limit specified by SEBI.
- 3) The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- 4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- 5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- 6) No further issue of securities shall be made till the securities offered through the Letter of Offer are listed or till the application monies are refunded on account of non-listing, under subscription, etc., other than as disclosed in accordance with Regulation 97 of SEBI ICDR Regulations.
- 7) Adequate arrangements shall be made to collect all ASBA Applications.
- 8) As on date, our Company does not have any convertible debt instruments.
- 9) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

XVI. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1. Please read the Letter of Offer carefully before taking any action. The instructions contained in the Application Form and the Rights Entitlement Letter are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
2. All enquiries in connection with this Draft Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the registered folio number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed "NACL Industries Limited – Rights Issue" on the envelope and postmarked in India) to the Registrar at the following address:

KFin Technologies Limited

301, The Centrium, 3rd Floor, 57,

Lal Bahadur Shastri Road, Nav Pada,

Kurla (West), Kurla, Mumbai, Maharashtra, India, 400070.

Telephone: +91 40 6716 2222

Email: nacl.rights@kfintech.com

Website: www.kfintech.com

Contact Person: M Murali Krishna

SEBI Registration No.: INR000000221

Investor Grievance e-mail: inward.ris@kfintech.com

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/ departments are responsible for granting approval for foreign investment.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The FDI Policy consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy will be valid until the DPIIT issues an updated circular. Further, the sectoral cap applicable to the sector in which our Company operates is 100% which is permitted under the automatic route.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non- resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country ("Restricted Investors"), will require prior approval of the Government, as prescribed in the FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA Rules. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank or fund in India.

Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for the issue as an incorporated non-resident must do so in accordance with the FDI Policy and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations. Investors are cautioned to consider any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer.

RESTRICTIONS ON PURCHASES AND RESALES

Eligibility and Restrictions

General

No action has been taken or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer or any other Issue Material in any jurisdiction where action for such purpose is required, except that this Draft Letter of Offer will be filed with the Stock Exchanges and SEBI.

Pursuant to the requirements of the SEBI ICDR Regulations and other applicable laws, the Rights Entitlements will be credited to the demat account of the Eligible Equity Shareholders who are Equity Shareholders as on the Record Date, however, the Issue Materials will be sent/ dispatched only to such Eligible Equity Shareholders who have provided an Indian address to our Company and only such Eligible Equity Shareholders are permitted to participate in the Issue. The credit of Rights Entitlements does not constitute an offer, invitation to offer or solicitation for participation in the Issue, whether directly or indirectly, and only dispatch of the Issue Material shall constitute an offer, invitation or solicitation for participation in the Issue in accordance with the terms of the Issue Material. Further, receipt of the Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in (i) the United States or (ii) any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Draft Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed, in part or full. Accordingly, persons receiving a copy of the Issue Materials should not distribute or send the Issue Materials in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares.

The Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer and any other Issue Materials may not be distributed, in whole or in part, in or into in (i) the United States or (ii) or any jurisdiction other than India except in accordance with legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, renunciation, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares.

This Draft Letter of Offer and its accompanying documents are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out above and below.

No offer in the United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the U.S Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Rights Equity Shares are only being offered and sold in “offshore transactions” as defined in, and in reliance on, Regulation S under the U.S. Securities Act to Eligible Equity Shareholders located in jurisdictions where such offer and sale is permitted under the laws of such jurisdictions. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Entitlements or Rights Equity Shares for sale in the United States or as a solicitation therein of an offer to buy any of the said securities. Accordingly, you should not forward or transmit this Draft Letter of Offer into the United States at any time.

Representations, Warranties and Agreements by Purchasers

The Rights Entitlements and the Rights Equity Shares offered are being offered in “offshore transactions” as defined, and in reliance on, Regulation S under the U.S. Securities Act. In addition to the applicable representations, warranties and agreements set forth above, each purchaser outside the United States by accepting the delivery of this Draft Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the “purchaser”, which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser (i) is aware that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the U.S. Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/or the Rights Equity Shares are, outside the United States and eligible to subscribe for Rights Entitlements and Rights Equity Shares in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.
2. No offer or sale of the Rights Entitlements or the Rights Equity Shares to the purchaser is the result of any “directed selling efforts” (as defined in Regulation S under the U.S. Securities Act).
3. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares, and the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.
4. The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.
5. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.
6. If any Rights Entitlements were bought by the purchaser or otherwise transferred to the purchaser by a third party (other than our Company), the purchaser was in India at the time of such purchase or transfer.
7. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment.
8. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of this Draft Letter of Offer with SEBI and the Stock Exchanges); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements except in India or the Rights Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations.
9. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.
10. None of the purchaser, any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of our Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.
11. Prior to making any investment decision to exercise the Rights Entitlements and renounce and/or subscribe for the Rights Equity Shares, the Investor (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Draft Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and our Group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below); (iv) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company (including any research reports) (other than, with respect to our Company and any information contained in this Draft Letter of Offer); and (vi) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.

12. Without limiting the generality of the foregoing, (i) the purchaser acknowledges that the Equity Shares are listed on BSE Limited and the National Stock Exchange of India Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and the National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes "Exchange Information"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; and (ii) our Company, any of its affiliates, has not made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements, the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.
13. The purchaser acknowledges that any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Draft Letter of Offer and the Exchange Information (collectively, the "Information"), has been prepared solely by our Company.
14. The purchaser will not hold our Company responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it.
15. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Rights Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this Draft Letter of Offer and the Application Form. The purchaser understands that none of our Company, the Registrar, or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, or any other person acting on behalf of us have reason to believe is in the United States, or is ineligible to participate in this Issue under applicable securities laws.
16. The purchaser subscribed to the Rights Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If in the future the purchaser decides to offer, sell, pledge or otherwise transfer any of the Rights Equity Shares, the purchaser shall only offer, sell, pledge or otherwise transfer such Rights Equity Shares (i) outside the United States in a transaction complying with Rule 903 or Rule 904 of Regulation S and in accordance with all applicable laws of any other jurisdiction, including India or (ii) in the United States pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws.
17. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares.
18. If the purchaser is outside India, the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.
19. If the purchaser is outside India, the purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by all jurisdictions applicable to it, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of all jurisdictions of residence.
20. The purchaser is authorized to consummate the purchase of the Rights Equity Shares sold pursuant to this Issue in compliance with all applicable laws and regulations.
21. Except for the sale of Rights Equity Shares on one or more of the Stock Exchanges, the purchaser agrees, upon a proposed transfer of the Rights Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Rights Equity Shares being sold.
22. The purchaser shall hold our Company harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of its representations, warranties or agreements set forth above and elsewhere in this Draft Letter of Offer. The indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.
23. The purchaser acknowledges that our Company, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered into or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material, and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office between 10 a.m. and 5 p.m. on all working days and will also be available on the website of our Company at <https://naclind.com/> from the date of the Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Registrar Agreement dated December 01, 2025, between our Company and the Registrar to the Issue.
2. Banker to the Issue Agreement dated December 01, 2025, between our Company, Registrar and the Banker to the Issue.
3. Monitoring Agency Agreement dated [•], between our Company and the Monitoring Agency.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended.
2. Certificate of commencement of business dated November 11, 1986, issued to our Company by the RoC.
3. Certificate of incorporation pursuant to change of name of our Company from 'East India Finance Limited' to 'Chem Agro International Limited' dated January 11, 1993.
4. Certificate of incorporation pursuant to change of name of our Company from 'Chem Agro International Limited' to 'Nagarjuna Agrichem Limited' dated September 26, 1996.
5. Certificate of incorporation pursuant to change of name of our Company from 'Nagarjuna Agrichem Limited' to 'NACL Industries Limited' dated September 04, 2017.
6. Consent of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, the Registrar to the Issue, Registrar to the Company, Banker to the Issue, Legal Advisor to the Company as per Indian Law, Advisor to the Issue for inclusion of their names in the Draft Letter of Offer in their respective capacities.
7. Consent letter dated December 01, 2025, from Kondru Dhanapathi Rao, as Chartered Engineer, to include their name in this Draft Letter of Offer, as an "expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of his certificate dated December 01, 2025 on our manufacturing capacity and utilization at our manufacturing units.
8. Consent letter dated December 01, 2025, from B Y & Associates, Chartered Accountants, to include their name in this Draft Letter of Offer, and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in their capacity as an Independent Chartered Accountant to our Company for inclusion of the statement of possible special tax benefits.
9. Statement of possible special tax benefits available to our Company, its shareholders dated December 01, 2025, from the Independent Chartered Accountant included in this Draft Letter of Offer.
10. The Audited Standalone and Consolidated Financial Statements and the audit report dated May 28, 2025 and June 06, 2024, for the financial year ended March 31, 2025 and March 31, 2024, respectively.
11. The Unaudited Consolidated Financial Results of our Company, as at and for the six months period ended September 30, 2025.
12. Resolution of our Board of Directors dated December 01, 2025, approving and adopting the Draft Letter of Offer.
13. Resolution of our Board of Directors/ Securities Issue Committee dated [•], in relation to the terms of the Issue including the Record Date, Issue Price and Rights Entitlement ratio.
14. Resolution of our Board of Directors dated [•], approving and adopting the Letter of Offer.
15. Annual Reports of our Company for the Financial Years 2025, 2024 and 2023.

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Sd/

ARUN ALAGAPPAN

DIN: 00291361

Chairman and Non-Executive Non-Independent Director

Date: December 01, 2025

Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Sd/

RAGHURAM DEVARAKONDA

DIN: 09749805

Managing Director and Chief Executive Officer

Date: December 01, 2025

Place: Chennai

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Sd/

M LAKSHMI KANTAM

DIN: 07831607

Non- Executive Independent Director

Date: December 01, 2025

Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Sd/

SANJIV LAL

DIN: 08376952

Non- Executive Independent Director

Date: December 01, 2025

Place: New Delhi

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Sd/

S SANKARASUBRAMANIAN

DIN: 01592772

Non-Executive and Non-Independent Director

Date: December 01, 2025

Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Sd/

SURESH SUBRAMANIAN

DIN: 02070440

Non-Executive and Independent Director

Date: December 01, 2025

Place: Chennai

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Sd/

BALAKRISHNA RAGHAVENDRA RAO

DIN: 08508501

Non-Executive and Independent Director

Date: December 01, 2025

Place: Hyderabad

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Sd/

N SHANKAR
PAN: APGPS7558N
Chief Financial Officer

Date: December 01, 2025
Place: Chennai