

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF "NACL SPEC - CHEM LIMITED"

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of "NACL SPEC - CHEM LIMITED" ("the Company"), which comprise the Balance Sheet as at 31st March, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

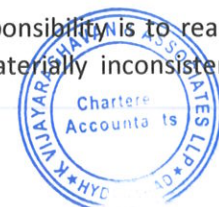
We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Shareholder's information but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the



standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also



responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position in its standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in



writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) The Company has not declared or paid any dividend during the year in accordance with Section 123 of the Companies Act, 2013.

For K Vijayaraghavan & Associates LLP

Chartered Accountants

Firm Registration No. S200040/004718S



K. Ragunathan

Partner

Membership No. 213723

UDIN: 22213723ALLEJF9640

Place: Hyderabad

Date: 15-06-2022

Annexure A to the Independent Auditors' Report

(Referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report to the members of **NACL SPEC - CHEM Limited** of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
 - (a)
 - A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
 - B. The Company does not have any Intangible Assets. Accordingly, clause 3(i)(a)(B) of the Order is not applicable.
 - (b) The Company has a programme of physical verification of Property, Plant and Equipment and right-of-use assets by which Property, Plant and Equipment and right-of-use assets are verified in a phased manner over a period of three years. In accordance with this programme, certain Property, Plant and Equipment were verified by the Management during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) The Company does not have any immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.
 - (d) The Company has not revalued its Property, Plant and Equipment (including right-of-use assets) during the year. Accordingly, clause 3(i)(d) of the Order is not applicable.
 - (e) There are no proceedings which have been initiated during the year or are pending against the Company as at 31st March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii.
 - (a) The Company does not have any inventory. Accordingly, clause 3(ii)(a) of the Order is not applicable.
 - (b) The Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate at any points of time during the year, from banks or financial institutions on the basis of the security of current assets. Accordingly, clause 3(ii)(b) of the Order is not applicable.



- iii. The Company has neither made any investments in / provided guarantees or security / granted loans or advances in the nature of loans, secured or unsecured loans to companies, firms, Limited Liability Partnerships, other parties. Accordingly,
- (a) The Company has not provided any loans or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year. Accordingly, clause 3(iii)(a)(A) and 3(iii)(a)(B) of the Order is not applicable.
 - (b) The Company has neither made any investments nor has given or provided any securities or guarantees. Accordingly, clause 3(iii)(b) of the Order is not applicable.
 - (c) The Company has not granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties. Accordingly, clause 3(iii)(c) of the Order is not applicable.
 - (d) The Company has not granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties. Accordingly, clause 3(iii)(d) of the Order is not applicable.
 - (e) The Company has not granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties. Accordingly, clause 3(iii)(e) of the Order is not applicable.
 - (f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Accordingly, clause 3(iii)(f) of the Order is not applicable.
- iv. The Company has not given any loans or guarantees/ made any investments within the meaning of section 185 and 186 of the Companies Act, 2013. Accordingly, clause 3(iv) of the Order is not applicable.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits as per the directives issued by the reserve bank of India and sections 73 to 76 of the Companies Act, 2013 and the rules thereunder. Accordingly, clause 3(v) of the Order is not applicable.
- vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Accordingly, clause 3(vi) of the Order is not applicable.



vii. In respect of statutory dues:

- (a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues including Goods and Service tax, Provident fund, Employees' State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues applicable to it with the appropriate authorities;

There were no undisputed amounts payable in respect of Goods and Service tax, Provident fund, Employees' State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues in arrears as at 31st March 2022 for a period of more than six months from the date they became payable.

- (b) There are no statutory dues relating to Goods and Service tax, Provident fund, Employees' State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues which have not been deposited on account of any dispute.

viii. The Company does not have any transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 OF 1961).

ix.

- (a) The Company has not defaulted in the repayment of loans or borrowings and the interest thereon. Our opinion with respect to the same is not modified.
- (b) The Company has not been declared a wilful defaulter by any bank or financial institution or lender or government or government authority. Accordingly, clause 3(ix)(b) of the Order is not applicable.
- (c) The Company has applied the term loans for the purpose for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, the Company has no funds raised on short-term basis. Accordingly, clause 3(ix)(d) of the Order is not applicable.
- (e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates and joint venture as defined in the Act. Accordingly, clause 3(ix)(e) of the Order is not applicable.
- (f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, associates and joint ventures. Accordingly, clause 3(ix)(f) of the Order is not applicable.

x.

- (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable.



- (b) The Company has complied with the requirements of section 42 and section 62 of the Companies Act, 2013 in respect of its preferential allotment of private placement or convertible debentures (Fully, partially or optionally convertible). The funds so raised were utilized for the purpose for which they were raised.
- xi.
- (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and up to the date of this report.
- (c) The Company has not received any whistleblower complaints during the year. Accordingly, clause 3(xi)(c) of the order is not applicable.
- xii. The Company is not a Nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.
- xiii. The Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with related parties, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. Based on the size and business activity, the Company does not have any requirement for an internal audit system. Accordingly, clause 3(xiv)(a) and clause 3(xiv)(b) of the Order is not applicable.
- xv. In our opinion, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi.
- (a) In our opinion, The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clauses 3(xvi)(a), 3(xvi)(b) and 3(xvi)(c) of the Order are not applicable.
- (d) In our opinion, there is no Core Investment Company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has incurred INR 5,56,800 in cash losses during the financial year end and INR 2,78,006 in cash losses during the preceding financial year.



- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx.
- (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on any projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) and (6) of Section 135 of the said Act. Accordingly, clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable for the year.

For K Vijayaraghavan & Associates LLP
Chartered Accountants
Firm Registration No. S200040/004718S




K. Raguathan
Partner
Membership No. 213723
UDIN: 22213723ALLEJF9640

Place: Hyderabad
Date: 15-6-2022

Annexure B to the Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **NACL SPEC – CHEM Limited** of even date)

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

We have audited the internal financial controls over financial reporting of **NACL SPEC – CHEM Limited** ("the Company") as of 31st March 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (b) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K Vijayaraghavan & Associates LLP
Chartered Accountants
Firm Registration No. S200040/004718S



K. Rangunathan
Partner

Membership No. 213723
UDIN: 22213723ALLEJF9640

Place: Hyderabad
Date:15-6-2022

NACL SPEC-CHEM LIMITED**Balance Sheet as at***(Amount expressed in ₹ in hundreds unless otherwise stated)*

Particulars	Note No	31-Mar-22	31-Mar-21
Assets			
Non-current assets			
(a) Property, Plant and Equipment	3	27,031	114
(b) Capital work-in-progress	3	9,500,717	97,862
(c) Right of Use Asset	4	2,869,758	2,900,223
(d) Financial Assets			
(i) Other Financial asset	5	3,500	-
(e) Other non-current assets	6	865,646	12,500
Current assets			
(a) Inventories		-	-
(b) Financial Assets		-	-
(i) Cash and cash equivalents	7	2,489,749	140,763
(c) Current Tax Assets (Net)	8	2,077	-
(d) Other current assets	5	1,162,241	97,842
Total Assets		16,920,719	3,249,304
Equity and Liabilities			
Equity			
(a) Equity Share capital	9	200,000	200,000
(b) Other Equity	10	200,573	-2,786
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	11	13,147,053	1,779,157
(ii) Other financial liabilities	12	1,818,947	1,220,843
Current liabilities			
(a) Financial Liabilities			
(i) Other financial liabilities	12	1,543,240	46,540
(b) Other current liabilities	14	9,906	5,550
(c) Provisions	15	1,000	-
Total Equity and Liabilities		16,920,719	3,249,304
Summary of significant accounting policies	1&2		
The accompanying notes are an integral part of the financial statements	3 to 21		

As per our Report of even date

For **K Vijayaraghavan & Associates LLP**

Chartered Accountants

Firm Registration No: 0047185/S200040


**K.Ragunathan**

Partner

Membership No.: 213723

Place: Hyderabad

Date: 15-6-2022

On behalf of the Board of Directors of

NACL Spec-Chem Limited

Harish C. Bijlwan

Director

DIN: 03149388

Place: Hyderabad

Date: 15-6-2022

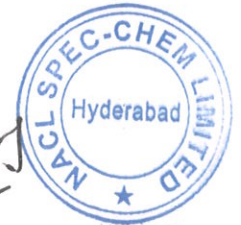

Amit Tapařia

Director

DIN: 06973894

Place: Hyderabad

Date: 15-6-2022



NACL SPEC-CHEM LIMITED

Statement of Profit and Loss for the period ended

(Amount expressed in ₹ in hundreds unless otherwise stated)

Particulars	Note No.	31-Mar-22	31-Mar-21
I Revenue from Operations		-	-
II Other Income	15	308,517	1,550
III Total Income (I+II)		308,517	1,550
IV Expenses			
a) Finance costs	16	337,683	-
b) Depreciation and amortization expenses	17	814	6
c) Other expenses	18	5,975	4,330
Total expenses (IV)		344,472	4,336
V Profit/(loss) before exceptional items and tax (III-IV)		-35,955	-2,786
VI Exceptional Items		-	-
VII Profit/ (loss) before tax(V-VI)		-35,955	-2,786
VIII Tax expense:			
(a) Current tax		-	-
(b) Deferred tax		-	-
IX Profit/(Loss) for the period(VII-VIII)		-35,955	-2,786
X Other Comprehensive Income			
A. (i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B. (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XI Total Income for the period (IX+X)		-35,955	-2,786
XII Earning per equity share			
(i) Basic		-0.18	-0.01
(ii) Diluted		-0.18	-0.01

As per our Report of even date

For **K Vijayaraghavan & Associates LLP**
Chartered Accountants
Firm Registration No: 004718S/S200040

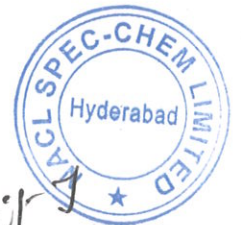



K. Ragunathan
Partner
Membership No.: 213723
Place: Hyderabad
Date: 15-6-2022

On behalf of the Board of Directors of
NACL Spec-Chem Limited



Harish C. Bijlwan
Director
DIN: 03149388
Place: Hyderabad
Date: 15-6-2022





Amit Taparia
Director
DIN: 06973894
Place: Hyderabad
Date: 15-6-2022

NACL Spec-Chem Limited
Cash Flow Statement for the period ended
(Amount expressed in ₹ in hundreds unless otherwise stated)


Particulars	31-Mar-22	31-Mar-21
A. Cash flows from operating activities		
Profit/ (Loss) before taxation	-35,955	-2,786
<i>Adjustments for:</i>		
Depreciation & Ammortization	814	6
Other Finance expenditure	29,573	-
Operating profit before working capital changes	-5,568	-2,780
Changes in Working Capital		
(Increase) / decrease in Finance assets	-3,500	-110,342
(Increase) / decrease in other current assets	-1,064,399	-
(Increase) / decrease in Right to use assets	30,465	-2,900,223
(Increase) / decrease in Other Current Finance Liability	1,496,700	-
(Increase) / decrease in Other non current assets	-643,405	-
Increase / (decrease) in trade payables	-	46,541
Increase / (decrease) in other Current Liabilities	5,356	5,550
Cash Generated from Operations	-184,351	-2,961,254
Less: Tax paid for previous year	-2,077	-
Net Cash Generated from Operations (A)	-186,428	-2,961,254
B. Cash flow from Investing Activities		
Investment in property, plant and equipment	-27,731	-120
Capital Work-in-progress	-9,402,855	-97,862
Net Cash Used in Investing Activities (B)	-9,430,586	-97,982
C. Cash flow from Financing Activities		
Proceeds from issue of equity share capital	-	200,000
Proceeds from non-current borrowings	11,966,000	3,000,000
Net cash used in financing activities (C)	11,966,000	3,200,000
Net Increase in cash and cash equivalents (A + B + C)	2,348,986	140,763
Cash equivalent at the beginning of the period	140,763	-
Cash equivalent at the end of the period	2,489,749	140,763

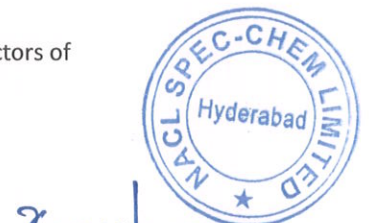
For **K Vijayaraghavan & Associates LLP**
Chartered Accountants
Firm Registration No: 004718S/S200040




K.Ragnathan
Partner
Membership No.: 213723
Place: Hyderabad
Date: 15-6-2022

On behalf of the Board of Directors of
NACL Spec-Chem Limited


Amit Taparia
Director
DIN: 06973894
Place: Hyderabad
Date: 15-6-2022




Harish C. Bijlwan
Director
DIN: 03149388
Place: Hyderabad
Date: 15-6-2022

NACL SPEC-CHEM LIMITED

Statement of Changes in Equity for the period ended

(Amount expressed in ₹ in hundreds Except Part A of SOCE)

A. Equity Share Capital

Particulars	No. of Shares	Amount
Balance as at 31st March, 2021	20,000,000	20,000,000
Changes in Equity Share Capital During the Year	-	-
Balance as at 31st March, 2022	20,000,000	20,000,000

B. Other Equity

Particulars	Retained Earning	Total
Balance as at 31st March, 2021	-2,786	-2,786
Total comprehensive Income for the year	-	-
Deemed Capital Contributions	239,314	-
Profit/(Loss) for the year	-35,955	-35,955
Balance as at 31st March, 2022	200,573	-38,741

For K Vijayaraghavan & Associates LLP

Chartered Accountants

Firm Registration No: 004718S/S200040




K.Ragunathan

Partner

Membership No.: 213723

Place: Hyderabad

Date: 15-6-2022

On behalf of the Board of Directors of

NACL Spec-Chem Limited


Harish C. Bijlwan

Director

DIN: 03149388

Place: Hyderabad

Date: 15-6-2022


Amit Taparia

Director

DIN: 06973894

Place: Hyderabad

Date: 15-6-2022

NACL Spec-Chem Limited
Significant Accounting Policies

1 Company Information

NACL Spec-chem Limited is a Public Limited company incorporated on 27 April 2020. It is classified as Non-govt company and is registered at Registrar of Companies, Hyderabad. Its authorized share capital is Rs. 20,000,000 and its paid up capital is Rs. 20,000,000. The objects of the company are to manufacture, formulate, process, mine, import, export, purchase, market, sell, barter in, carry on business and otherwise deal in all kinds of chemicals, synthetic and bio-organic pesticides, insecticides, acaricides, weedicides, herbicides, fungicides, nematocides, rodenticides, biological insecticides, bactericides, molluscicides, insect hormones, plant growth chemicals and nutrients, anti feedants, anti-bacterials, repellants, attractants, chemosterllants, bio products, bio-stimulants, bio-control, seed dressing materials, soil, seed and grain fumigants, industrial and agricultural chemicals, including technical pesticides and formulations, including raw materials, intermediates, derivatives, by-products, relatedfit and loss statement for the year during which suc

2 Significant Accounting Policies

(a) Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 ('the Act') and the Ind AS notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

(b) Use of estimates

The preparation of the financial statements is in conformity with Indian GAAP, which requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and such differences are recognised in the period in which the results are ascertained.

(c) Cash flow statement

The company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash, that are subject to an insignificant risk of change in value within a maturity within three months or less from the date of financial liability.

(d) Other Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the enterprise and the amount can be measured reliably.

(e) Property, plant and equipment

Property, plant and equipment are stated at their original cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use. Capital work in progress includes advances paid to acquire fixed assets and cost incurred on fixed assets not ready for intended use before the balance sheet date.

Subsequent expenditure related to an item of fixed asset and the cost of replacement of spares/ major inspection relating to Property, Plant & Equipment is capitalised/added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When parts of an item of Property, Plant & Equipment have different useful lives, they are accounted for as separate items (major components). All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the profit and loss statement for the year during which such expenses are incurred.



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(f) **Leases**

Leases other than finance lease have been classified as operating leases. Leases, where the lesser effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Lease payments are recognized as an expense in the Profit and Loss statement based on the terms of lease agreement.

(h) **Earnings per share**

Basic & Diluted earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders (after deducting attributable taxes and preference dividend, if any) of the company by weighted average number of equity shares outstanding at the end of financial year.



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NACL Spec-Chem Limited

Notes to accounts for the period ended

(Amount expressed in ₹ in hundreds unless otherwise stated)

3. Property, plant and equipment and capital work-in-progress

3.1 Property, Plant and Equipment

a) Movement of property, plant and equipment:

Particulars	Plant and equipment	Furniture and fixtures	Office equipment	Computers	Total
Cost	-	-	-	120	120
Balance as at 31st March. 2021	-	-	-	120	120
Add: Additions	4,654	15,605	2,757	4,715	27,731
Less: Disposals	-	-	-	-	-
Balance as at 31st March. 2022	4,654	15,605	2,757	4,835	27,851

b) Accumulated depreciation:

Particulars	Plant and equipment	Furniture and fixtures	Office equipment	Computers	Total
Balance as at 31st March. 2021	-	-	-	6	6
Less: Disposals	-	-	-	-	-
Add: Depreciation expense	73	386	126	229	815
Balance as at 31st March. 2022	73	386	126	235	821

c) Carrying amounts:

Particulars	Plant and equipment	Furniture and fixtures	Office equipment	Computers	Total
Balance as at 31st March, 2022	4,581	15,219	2,631	4,600	27,031
Balance as at 31st March, 2021	-	-	-	114	114

3.2 Capital Work in Progress

a) Movement of Capital work-in-progress:

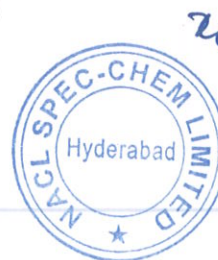
Particulars	Amount
Balance as at 31st March. 2021	97,862
Add: Additions	9,402,855
Less: Disposals	-
Balance as at 31st March. 2022	9,500,717

b) Capital-work-in progress ageing Schedule:

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	9,402,855	97,862	-	-	9,500,717
Projects temporarily suspended	-	-	-	-	-
Total	9,402,855	97,862	-	-	9,500,717



Audited



2022

4. Right of use of assets

a) Movement of Right of use of assets:

Particulars	Lease Land	Total
Cost or deemed cost		
Add: Additions	2,914,162	2,914,162
Less: Termination during the year	-	-
Balance as at 31st March. 2021	2,914,162	2,914,162
Add: Additions	-	-
Less: Termination during the year	-	-
Balance as at 31st March. 2022	2,914,162	2,914,162

b) Accumulated amortisation:

Particulars	Lease Land	Total
Less: Termination during the year	-	-
Add: Amortisation expense	13,939	13,939
Balance as at 31st March. 2021	13,939	13,939
Less: Termination during the year	-	-
Add: Amortisation expense	30,465	30,465
Balance as at 31st March. 2022	44,404	44,404

c) Carrying amounts:

Particulars	Lease Land	Total
Balance as at 31st March. 2022	2,869,758	2,869,758
Balance as at 31st March. 2021	2,900,223	2,900,223

The Company has adopted Ind AS 116 "Leases" with the inception of the lease being October 15, 2020 and has discounted lease payments using the incremental borrowing rate for measuring the lease liability.



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NACL Spec-Chem Limited

Notes to accounts for the period ended

(Amount expressed in ₹ in hundreds except note no. 9)

5 Financial Assets

Particulars	31-Mar-22	31-Mar-21
Non Current		
Deposits	3,500	-
Total	3,500	-
Current		
Balance with customs, central excise etc.,	1,162,241	97,842
Total	1,162,241	97,842

6 Other Non Current Assets

Particulars	31-Mar-22	31-Mar-21
Prepaid Expenses	209,741	-
Advance to material suppliers and others	655,905	12,500
Total	865,646	12,500

7 Cash And Cash Equivalents

Particulars	31-Mar-22	31-Mar-21
Cash at Bank	2,489,749	140,763
Total	2,489,749	140,763

8 Current Tax Assets (Net)

Particulars	31-Mar-22	31-Mar-21
TDS & TCS Receivable	2,077	-
Total	2,077	-

9 Equity Share capital

Particulars	31-Mar-22	
	No. of Shares	Amount
Authorised		
200,00,000 Equity shares of ₹ 1 each	20,000,000	20,000,000
Total of Authorised Share Capital	20,000,000	20,000,000
Issued, subscribed and paid-up capital		
200,00,000 Equity shares of ₹ 1 each	20,000,000	20,000,000
Total of Issued Subscribed and fully paid up share capital	20,000,000	20,000,000

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	31-Mar-22	
	No of Shares	Value
At the beginning of the period	20,000,000	20,000,000
Issued during the period	-	-
Outstanding at the end of the period	20,000,000	20,000,000

(b) The company has only one class of shares referred to as equity shares with a face value of Rs 1/- each. Each holder of equity share is entitled to one vote per share held.

In the event of liquidation of the company, the equity shareholders shall be entitled receive any of the remaining assets of the company in proportion to the number of equity shares held by the share holders, after distribution of all preferential amounts.



Audit



2021

(c) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	31-Mar-22	
	%	No. of shares
NACL Industries Limited (Holding Company)	100%	19,999,994

(d) Shares held by promoters at the end of the year

Promoters Name	31-Mar-22		31-Mar-21		% change during the year
	No. of Shares	Amount	No. of Shares	Amount	
NACL Industries Limited	19,999,994	19,999,994	19,999,994	19,999,994	-
V. V. N. Raju	1	1	1	1	-
Puram Narender	1	1	1	1	-
M. V. S. Samba Siva Rao	1	1	1	1	-
Masthan Vara Prasads Raju Chintalapati	1	1	1	1	-
Madhumati Pagolu	1	1	1	1	-
Manikya Rao Dusari	1	1	1	1	-
Total	20,000,000	20,000,000	20,000,000	20,000,000	-

10 Reserves & Surplus

Particulars	31-Mar-22	31-Mar-21
Opening Balance	-2,786	-
Loss during the period	-35,955	-2,786
Deemed Capital Contribution	239,314	-
Total	200,573	-2,786

11 Borrowings

Particulars	31-Mar-22	31-Mar-21
Non Current		
Compulsory Convertible Debentures	4,681,053	1,779,157
Loan from Bank (Refer Note 11.1)	8,466,000	-
Total Non Current Financial	13,147,053	1,779,157

Note 11.1

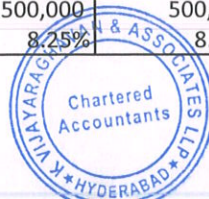
Total term loan sanctioned is of ₹ 1,00,00,00,000 which is secured by Corporate Guarantee (upto 80% of the loan Amount) given by NACL Industries Limited(Holding Company).The loan is secured at an interest rate of 8.25% per annum. The loan is under moratorium period for 18 months from the date of issue and is secured by First Pari-passu Charge on all existing and future assets of the company. Commission Charges for guarantor (holding Company) is assumed at 0.75% and discounted at 8.25% (Term loan rate), the commission charges has not been capitalised as they are notional in nature.The fair value of the corporate guarantee aggregating to 2,39,31,410 has been accounted as deemed investment in equity.

Note 11.2

Debentures have been issued under the following terms

Certificate No	1	2	3	4
No of Debentures	2800	200	500	500
Date of Issue	30-10-21	01-03-21	01-06-21	03-07-21
Interest	0.01%	0.01%	0.01%	0.01%
Face Value (in RS)	2,800,000	200,000	500,000	500,000
Term loan borrowing rate	8.25%	8.25%	8.25%	8.25%

Certificate No	5	6	7	8
No of Debentures	500	500	500	1000
Date of Issue	02-09-21	03-07-21	11-03-22	11-03-22
Interest	0.01%	0.01%	0.01%	0.01%
Face Value (in RS)	500,000	500,000	500,000	1,000,000
Term loan borrowing rate	8.25%	8.25%	8.25%	8.25%



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Note 11.3

The interest payable on debenture is notional (0.01% p.a.), hence Term Loan borrowing rate (8.25% p.a) has been considered as the discounting rate for computation of Fair Value of Compulsory Convertible Debentures.

Interest on debenture(Expense) and amortization of derivative component (Income) are notional in nature and hence will offset each other on an yearly basis.

12 Other Financial Liabilities

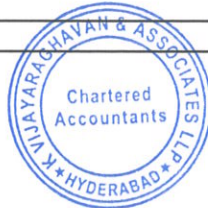
Particulars	31-Mar-22	31-Mar-21
Non Current		
Debentures (Derivative)	1,818,947	1,220,843
Total Non Current Financial	1,818,947	1,220,843
Current		
Interest on Term Loan Payable	57,406	-
Payable on purchase of property, plant and equipment		
Capital Payables	1,485,834	46,540
Total Current Financial	1,543,240	46,540

13 Other Liabilities

Particulars	31-Mar-22	31-Mar-21
Current		
Statutory Dues Payable	9,906	5,550
Total Current Liabilities	9,906	5,550

14 Provisions

Particulars	31-Mar-22	31-Mar-21
Current		
Provision for Audit fees	1,000	-
Total Current Liabilities	1,000	-



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For



NACL Spec-Chem Limited

Notes to accounts for the period ended

(Amount expressed in ₹ in hundreds except note no. 9)

15 Other Income

Particulars	31-Mar-22	31-Mar-21
Unwinding of discount on 0.01% cumulative convertible debentures	308,110	1,550
Miscellaneous Income	407	-
Total	308,517	1,550

16 Finance Cost

Particulars	31-Mar-22	31-Mar-21
Other Finance Expense	29,573	-
Notional Interest on Debenture	308,110	-
Total	337,683	-

17 Depreciation and Amortisation Expenses

Particulars	31-Mar-22	31-Mar-21
Depreciation of Property, Plant and Equipment	814	6
Total	814	6

18 Other Expenses

Particulars	31-Mar-22	31-Mar-21
Lease Rentals	142	142
Professional and consultancy charges	50	250
Pre-incorporation expenses	-	3,388
Audit Fee	1,000	250
Statutory Expenses	500	228
Internet & telephone charges	-	48
Courier Charges	24	-
Printing and Stationery	1,639	-
Licences and Renewals	70	-
Subscriptions	525	15
Bank Charges	10	10
Miscellaneous expenses	2,015	-
Total	5,975	4,330

Note:	31-Mar-22	31-Mar-21
i) Auditor's Remuneration (Net of Taxes) Comprises of:		
For Statutory Audit	1,000	250
Total Auditor's Remuneration	1,000	250

19 Earnings per share

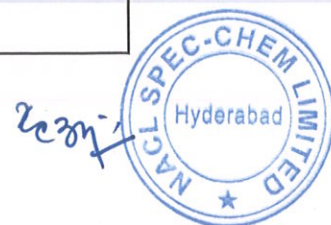
Basic and Diluted EPS

Particulars	31-Mar-22	31-Mar-21
Net profit/(loss) for the year attributable to equity share holders	-35,955	-2,786
Weighted average number of Equity Shares	20,000,000	20,000,000
Par value per Share	1.00	1
Earnings per share from continuing operations	-0.18	-0.01
Diluted	-0.18	-0.01

The Compulsory convertible Debentures are convertible into variable number of equity shares based on the market value as on the date of Conversation. Hence the number of shares to be considered for diluted EPS cannot be determined as on 31st March 2022. As a result the diluted EPS does not consider the impact of such potential equity shares.



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20 Related party disclosure**I. Names of related parties:**

Name	Nature of relationship
KLR Products Limited (KLRPL)	Parent of Holding Company
NACL Industries Limited(NACL)	Holding Company
LR Research Laboratories Private Limited (LRLPL)	Subsidiary of Holding Company
NACL Multi-Chem Private Limited (NMCPL)	Subsidiary of Holding Company

(ii) Key Managerial Personnel (KMP) :

Name	Designation
Mr. Harish C. Bijlwan	Director
Mr. Amit Taparia	Director
Mr. Amit Tandon	Director

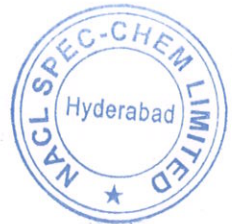
II. Transactions Carried out with Related Parties in Ordinary Course of Business

Related Party Disclosure	Amount
A) Names of the related parties and their relationship: NACL Industries Limited- relationship "Holding Company"	
B) Transactions during the year	
Compulsory Convertible Debentures Issued to NACL Industries Limited	3,500,000
Reimbursement of Expenses to NACL Industries Limited	210,597
Reimbursement for Sale of Scrap (Receivable)	100
Corporate Guarantee	239,314
c) Outstanding Balance as at the end of the year	
Financial Liabilities	6,500,000
Capital Payables	239,538



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NACL Spec-Chem Limited
Notes to accounts for the period ended

21. Ratio Analysis

Particulars	Numerator	Denominator	For March'22	For March'21	Variance	Reasons
(a) Current Ratio	Current Assets	Current Liabilities	2.35	4.58	-49%	The increase in current liabilities is due to increase in capital payables for capital work in progress.
(b) Debt-Equity Ratio	Total Debt	Shareholder's funds	37.36	15.21	146%	During the FY21-22 1- Additional Debentures were issued. 2- Term loan was taken. which has contributed in the increase in Debt portion
(c) Debt Service Coverage Ratio	EBITDA	Principal + Interest	-0.00	-	0%	
(d) Return on Equity Ratio	Profit after Tax	Shareholder's funds	(0.00)	(0.02)	-92%	Deemed capital contribution was accounted during the year which has led to increase in Return On Equity.
(e) Inventory turnover Ratio	Cost of Goods Sold	Average Inventory	NA	NA	NA	NA
(f) Trade Receivables turnover Ratio	Credit Sales	Average Trade Receivables	NA	NA	NA	NA
(g) Trade payables turnover Ratio	Credit Purchases	Average Trade Payables	NA	NA	NA	NA
(h) Net capital turnover Ratio	Sales	Working Capital	-	-	-	-
(i) Net profit Ratio	Net Profit after tax	Sales	-	-	-	-
(j) Return on Capital employed	EBIT	Shareholder's funds + Long term Liabilities	(0.00)	(0.00)	-87%	Increase in Liability has led to decrease in Return on capital
(k) Return on investment	Interest Income	Cost of investment	0	-	0%	NA

For K Vijayaraghavan & Associates LLP
Chartered Accountants

Firm Registration No: 004718S/5200640



LS.S
K.Ragunathan
Partner
Membership No.: 213723
Place: Hyderabad
Date: 15-6-2022

On behalf of the Board of Directors of
NACL Spec-Chem Limited



Reshwan
Harish C. Bijiwan
Director
DIN: 03149388
Place: Hyderabad
Date: 15-6-2022