



NACL Industries Limited

# Resilient, Repositioned & Raring



Annual Report 2023-24

## Resilient, Repositioned & Raring

The theme "Resilient, Repositioned & Raring" captures the essence of our company's journey over the past year. It reflects our ability to withstand unprecedented challenges, adapt to a rapidly changing landscape, and prepare to rise and seize a new set of opportunities with renewed purpose and vitality.

### Resilient

In a year marked by global economic uncertainties, geopolitical tensions, and industry-specific adversities, our resilience has been a vital asset. We have successfully navigated turbulent times by leveraging our strengths, staying true to our core values, and responding swiftly to external context. This resilience is evident in our ability to continue delivering value to our stakeholders, despite the severe headwinds faced.

### Repositioned

Recognizing the need to adapt to the evolving market conditions, we have strategically repositioned our businesses to ensure long-term growth and sustainability. This involves diversifying our product portfolio, accessing new markets, and embracing innovation in a wider sense across functions and products. By repositioning ourselves, we have laid a solid foundation for future growth, ensuring that we are well-prepared to capitalize on emerging opportunities and mitigate risks.

### Raring

With renewed focus and strategic repositioning, we are raring to move forward with confidence. Our readiness to seize new opportunities is fuelled by our commitment to continuous improvement, and the pursuit of excellence. As we look ahead, we are excited about the myriad possibilities for distinguishing ourselves, compete in the future and eager to surge ahead.

Together, these elements underscore our strategic journey and set the tone for the coming year, highlighting our commitment to adaptability, growth and enduring success.



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## About NACL

NACL, established as an agrochemical player in 1993, began its journey as an active ingredient manufacturer. Over the years, the Company has built a substantial presence in domestic retail, B2B, and exports, forming solid and long-standing relationships with many large multinational customers.

The Company has also positioned itself as a reliable player in the formulations business, offering over 66 products for all major crops. Its product portfolio spans all key categories, including insecticides, herbicides, fungicides, and plant growth regulators.



### Mission

To be a trusted name in providing high quality products and solutions to the farming community

To be a trusted custom & contract manufacturing partner

To be a model company in meeting the expectations of all stakeholders



### Values

Concern

Commitment

Quality

Integrity

1,400+  
Employee Strength

30  
Years of Experience

4  
Manufacturing Units

5  
Million Farmers (Customers)

31  
Geographical Presence

66+  
Branded Products



## Our Business Model

### Value the Company Creates for Customers Globally

NACL Industries Ltd. delivers significant value to its customers worldwide by offering 66 branded agrochemical products that cater to various crop protection needs. With a direct-to-retail approach, the company ensures the availability of these products through 47 NACL stock points and thousands of retail outlets across India. Additionally, NACL supports farmers globally through its knowledge-based outreach programs, providing essential training and resources to enhance agricultural productivity and ensure sustainable farming practices.



### Key Resources

NACL's key resources include its state-of-the-art R&D centre, which drives innovation in product & process development and ensures the company remains at the forefront of agrochemical technology. The company operates technical manufacturing plants with a combined production capacity of 23,000 TPA, providing a steady supply of high-quality products.

Additionally, NACL's formulation unit and packaging facility, capable of handling 12,000 KL of liquids, 5,600 MT of powders, and 35,475 MT of granules, are key-assets meeting its customer needs.

### Processes

NACL Industries follows a comprehensive process that begins with robust research and development, creating innovative and effective agrochemical products. The manufacturing process is streamlined across multiple plants, ensuring high production capacity and quality control. The company's direct-to-retail distribution strategy ensures that products reach end-users efficiently, supported by extensive farmer outreach programs that help customers optimise the use of these products for better yields.



### Revenue Formula

NACL Industries Ltd. generates revenue by leveraging its large-scale production capabilities and efficient distribution network to achieve economies of scale. The company's direct-to-retail approach reduces intermediaries, enhancing profit margins. By continuously innovating through its R&D efforts and maintaining high production standards, NACL ensures customer loyalty and market competitiveness, which drives steady revenue growth. With 22% of its revenue coming from international markets, NACL's diversified geographical reach further stabilises its income stream.



## Message from the Chairperson



The year under review presented unprecedented challenges, testing our resilience and adaptability. However, our unwavering commitment to innovation, sustainability, and collaboration has enabled us to navigate these obstacles and emerge stronger.

### Dear Shareholders,

It is my privilege to present to you the performance of our Company for FY 2024. I hope this letter finds you in good health and high spirits. As we reflect on the achievements and challenges of the past year, I am confident in our collective ability to navigate the future with resilience. Together, we will continue to overcome obstacles and seize opportunities, driving strong and sustainable business outcomes for our organization.

### Global Landscape

The past year has been characterized by a complex interplay of global economic, geopolitical, and technological dynamics. The global economy is projected to grow at a steady pace of 3.2% in 2024, mirroring the growth seen in 2023. India, as one of the fastest-growing economies, is poised to achieve a GDP growth rate of 7.6% in FY 2023-24. However, this positive outlook is tempered by ongoing geopolitical tensions and supply chain disruptions, which have created a challenging environment for businesses worldwide.

Despite these headwinds, there are areas of growth and resilience, particularly in emerging markets like Asia, where strong economic performance has been driven by robust domestic consumption and strategic government stimulus measures. In contrast, developed economies are grappling with issues such as inflation, rising interest rates, and continued geopolitical uncertainties.

The technological landscape has evolved rapidly, with advancements in artificial intelligence, automation, and digitalization reshaping industries globally. These innovations present significant opportunities for growth but also pose challenges, including potential job displacement and

increased cybersecurity risks. In this ever-changing global environment, businesses must be agile, embrace innovation, and build resilience to navigate these challenges and seize emerging opportunities.

### Indian Landscape

India continues to solidify its position as one of the world's fastest-growing major economies. With a projected GDP growth rate of 7.6% for FY 2023-24, the country remains a bright spot in an otherwise uncertain global economy. This robust growth is underpinned by a strong focus on domestic consumption, infrastructure development, and favorable government policies aimed at fostering a conducive business environment.

However, the journey is not without its challenges. Inflationary pressures, fluctuating commodity prices, and global economic uncertainties have tested the resilience of Indian businesses. Despite these challenges, India's economic fundamentals remain strong, bolstered by a young demographic profile, increasing urbanization, and a rapidly expanding digital economy.

The Indian government's commitment to reforms and initiatives, such as the 'Make in India' campaign and the continued push for digitalization and innovation, is laying the groundwork for sustainable long-term growth. As we navigate through this dynamic landscape, our focus remains on leveraging these opportunities to drive innovation, enhance operational efficiency, and deliver value to our stakeholders.

### Agriculture Sector

The agriculture sector remains the backbone of India's economy, playing a critical role in the livelihood of millions and

contributing significantly to the nation's GDP. Over the past year, the sector has demonstrated remarkable resilience amid evolving challenges, including climate variability, fluctuating market dynamics, and the increasing demand for sustainable farming practices.

Despite these hurdles, there have been notable advancements. Technological innovation and digitalization have begun to transform agricultural practices, enhancing productivity and efficiency. The adoption of precision farming, use of advanced agrochemicals, and access to real-time market information have empowered farmers to make more informed decisions, optimize resource use, and increase yield.

Additionally, government initiatives focused on supporting farmers, improving rural infrastructure, and promoting sustainable practices have provided a much-needed boost to the sector. As we look ahead, our focus remains on driving innovation and sustainability in agriculture, leveraging our expertise to support farmers in overcoming challenges and ensuring food security for the nation.

## Agrochemical Sector

The agrochemical sector remains a critical driver of agricultural productivity and sustainability, offering vital solutions that help farmers protect crops, enhance yields, and improve food quality. Over the past year, the sector has navigated numerous challenges, including geopolitical tensions, supply chain disruptions, and evolving regulatory landscapes. Despite these hurdles, the demand for high-quality agrochemicals has remained strong, fueled by the need to feed a growing global population and address the impacts of climate change.

Looking ahead, we foresee growth opportunities in the agrochemical sector, particularly in emerging markets where agricultural modernization is advancing rapidly. Our dedication to quality, sustainability, and innovation positions us well to seize these opportunities and strengthen our industry leadership. We remain committed to delivering innovative solutions to our customers and building a resilient business model capable of withstanding global uncertainties.

In recent years, geopolitical disruptions have caused inventory build-ups and price volatility in the agrochemical industry. Although supply chain disruptions initially led to these issues, conditions began to stabilize with a return to normalcy. However, increased production and oversupply from China have exerted downward pressure on prices. In 2023, the global agrochemical market contracted by over 10%, while Indian agrochemical exports fell by 22% during FY 2023-24. Additionally, adverse climatic conditions and uneven rainfall have negatively impacted domestic demand.

Despite these challenges, the Indian crop protection sector has demonstrated resilience. Prudent economic policies, strong consumer demand, and a robust macroeconomic environment have helped mitigate negative impacts, allowing for a cautiously optimistic outlook for the Indian agrochemical industry.

## NACL Performance

Despite macroeconomic challenges and industry headwinds, NACL's domestic retail business showed remarkable resilience in FY 2023-24, achieving a 3% increase in sales to ₹85,896 lakh, up from ₹83,755 lakh the previous year. This performance significantly outpaces the industry average growth of 6-7% and represents a compound annual growth rate (CAGR) of approximately 16% over the past three years. Our ability to navigate adversity and capitalize on market opportunities can be attributed to strategic initiatives, including enhanced field marketing, new product launches, focused key account management, supportive trade policies, and a strengthened sales and marketing team.

The international business faced significant headwinds in FY 2023-24, primarily due to reduced demand from multinational corporations (MNCs) amid global economic challenges and droughts affecting key agricultural regions. This downturn contributed to the company's overall performance. While international sales revenue declined, our focus on formulation and active ingredient exports yielded positive results. We achieved a 250% increase in volume and a 150% rise in sales revenue through this strategy. Looking ahead, we remain committed to expanding our international presence by introducing new active ingredients to key accounts and increasing volumes with national importers.

The year under review presented unprecedented challenges, testing our resilience and adaptability. However, our unwavering commitment to innovation, sustainability, and collaboration has enabled us to navigate these obstacles and emerge stronger. As we look ahead, we are more determined than ever to continue our journey of growth and contribute meaningfully to the industries we serve.

## Towards a Sustainable Future:

Our commitment to community well-being will remain steadfast. We will continue our vital initiatives in Srikakulam and Ethakota where the Company's factories are situated, focusing on providing purified drinking water, supporting educational institutions and students, and delivering essential medical assistance. Our infrastructure development projects will further enhance community living standards, with efforts aimed at uplifting and sustaining the well-being of our surrounding communities.

## Acknowledgements

We extend our heartfelt thanks to our dedicated teams, valued customers, and loyal shareholders. Your steadfast support has been crucial in shaping our journey and achieving our successes. As we look ahead, we are confident in our long-term prospects and are eager to seize new opportunities to drive the Company forward.

**K Lakshmi Raju**  
Chairperson

## Message from the Managing Director & CEO



The Company will continue to strengthen its position in the Crop Protection chemicals business, seeking and building stronger and trusting relationships with global companies and international markets for Actives, Inters & Formulations, with strategic investments in development and production assets, high-performance teams and robust processes. The Company is also working to consolidate its position in the domestic branded formulations business. In addition, the Company is investing in building new businesses in the adjacency, venturing into areas such as specialty crop nutrition, fluorinated materials and others.

### **Dear Shareholders & Stakeholders,**

It's a privilege to share my reflections on the performance of your Company for FY 2023-24, a year of considerable significance in many ways. While the Company faced some extraordinary and intertwined challenges during the year, it remains resilient and reassured, having weathered unprecedented adversities, implemented direction-setting development plans and improvements, and readied itself not only to bounce back with the turning of the tide but be counted among those who are set to ride the crest and sustain their position.

### **Macro & Micro conditions**

Global macro environment in FY 2023-24 was characterized by overarching trends such as slower growth, higher inflation, elevated interest rates, continued geopolitical tensions, supply chain constraints and recessionary fears. Despite these conditions, India remained one of the fastest-growing economies and arguably on the way to figure among the top three economies of the world by GDP, in not too distant future.

Agriculture sector globally stays vibrant, serving food / feed / fuel markets effectively, and remaining a critical driver of economic growth. With increased strife in geopolitics, food security concerns have come to the fore again. Sustainable practices in agriculture, a sector accounting for about a fourth of global employment, have been a subject of much discussion, as more food and fuel needs to be produced in the time to come, while conserving water, soil, energy and other resources.

Reports indicate that production of major commodities - wheat, coarse grains, rice, oilseeds, cotton & others - remained stable. This steady state is attributed to advancements in

agricultural practices, technological improvements and generally favourable climate and market conditions.

Global agrochemical sector faced notable headwinds in FY 2023-24. The industry experienced a major destocking phenomenon, driven by the need to liquidate excess inventory in various channels. Higher cost of borrowing, among other such conditions, compounded the situation, leading to demand contraction for production enterprises, decreased sales and lower product prices. Crop Protection companies, particularly in India, also had to contend with exceptional input price volatility as well as timely availability. However, it is greatly encouraging that Indian Crop Protection chemicals industry is reported to have grown into a \$5.5 bil. industry by way of domestic business, and of similar size in terms of Exports, making it the second largest exporter after China.

### **Performance Overview**

Despite the collective resolve in navigating unusual adversities, the Company witnessed a setback in being able to uphold the exceptional performance achieved consistently in recent years.

For FY 2023-24, the Company reported revenue of Rs.1,787 cr., reflecting a 16% decrease from the previous year's Rs.2,125 cr., with all lines of business...domestic branded Retail, Exports, and domestic B2B, facing deceleration in one sense or the other. Profitability also got impacted with the Company reporting a net loss of Rs.58 cr., compared to PAT (Profit after Tax) of Rs. 94 cr. last year.

Domestic Retail business continued to maintain its pole position, backed by new products and marketing & distribution investments, and leading the charge in the Company by growing at CAGR of about 16%. Last year's

situation was rather peculiar when product prices dropped so steeply that despite significant uptrend in volume growth, sales turnover and profit were down.

Export business fell short of expectations, largely on account of reduced off-take by key multinational customers, preoccupied with destocking and demand related pressures. However, exports to other markets have been growing, with new registrations and market investments beginning to show results.

Manufacturing units in Srikakulam & Ethakota in AP and Dahej in Gujarat reported lesser production on account of softening of demand. However, plants implemented measures for productivity improvement, energy conservation, effluent reduction and operational cost saving, while scaling up new products and implementing improved processes, maintaining high accent on quality, safety and sustainability, in keeping with advanced certifications on all these fronts.

The Company's R&D facility in Hyderabad has been growing in size, capability and standing, developing competitive and reliable processes for AIs & Intermediates for Herbicides, Insecticides and Fungicides, for Export and Domestic markets. Number of new formulations were developed for Retail as well as Export markets. The Company's GLP facility has been expanding with increased work coming from external customers. The Company has been securing a number of domestic and international registrations for its products, which should help in improving market share in the time ahead. The Company has been pursuing number of projects for backward integration, developing and making intermediates locally, not only to ringfence sourcing risk but also to achieve better competitiveness.

As a sensitive and responsible corporate entity, NACL is dedicated to making an enduring difference to communities through well-planned and delivered initiatives in education, healthcare, rural development and environmental safety.

## Way Forward & Outlook

The Company will continue to strengthen its position in the flagship Crop Protection chemicals business, seeking and building stronger and trusting relationships with global companies and international markets for Actives, Inters & Formulations, with strategic investments in development and production assets, high-performance teams and robust processes. The Company is also working to consolidate its position in the domestic branded formulations business in India. In addition, the Company is investing in building new businesses in the adjacency, venturing into areas such as speciality crop nutrition, fluorinated materials and others.

## Conclusion

On behalf of the Board and the Management, I express wholehearted appreciation and gratitude to our employees, business partners, customers, vendors, shareholders and all stakeholders for their trust, dedication, and contribution. The Company's accent on Compliance and Governance remains high and as we enter the next phases of our progression, when the landscape presents new opportunities through regenerative agriculture / precision farming / green materials / drones / bio-control / gene-editing / AI and others, I am confident the Company is fit and eager to be in the forefront pushing the boundaries of growth, innovation and sustainability!

**M. Pavan Kumar**

Managing Director & Chief Executive Officer

## Our Global Reach

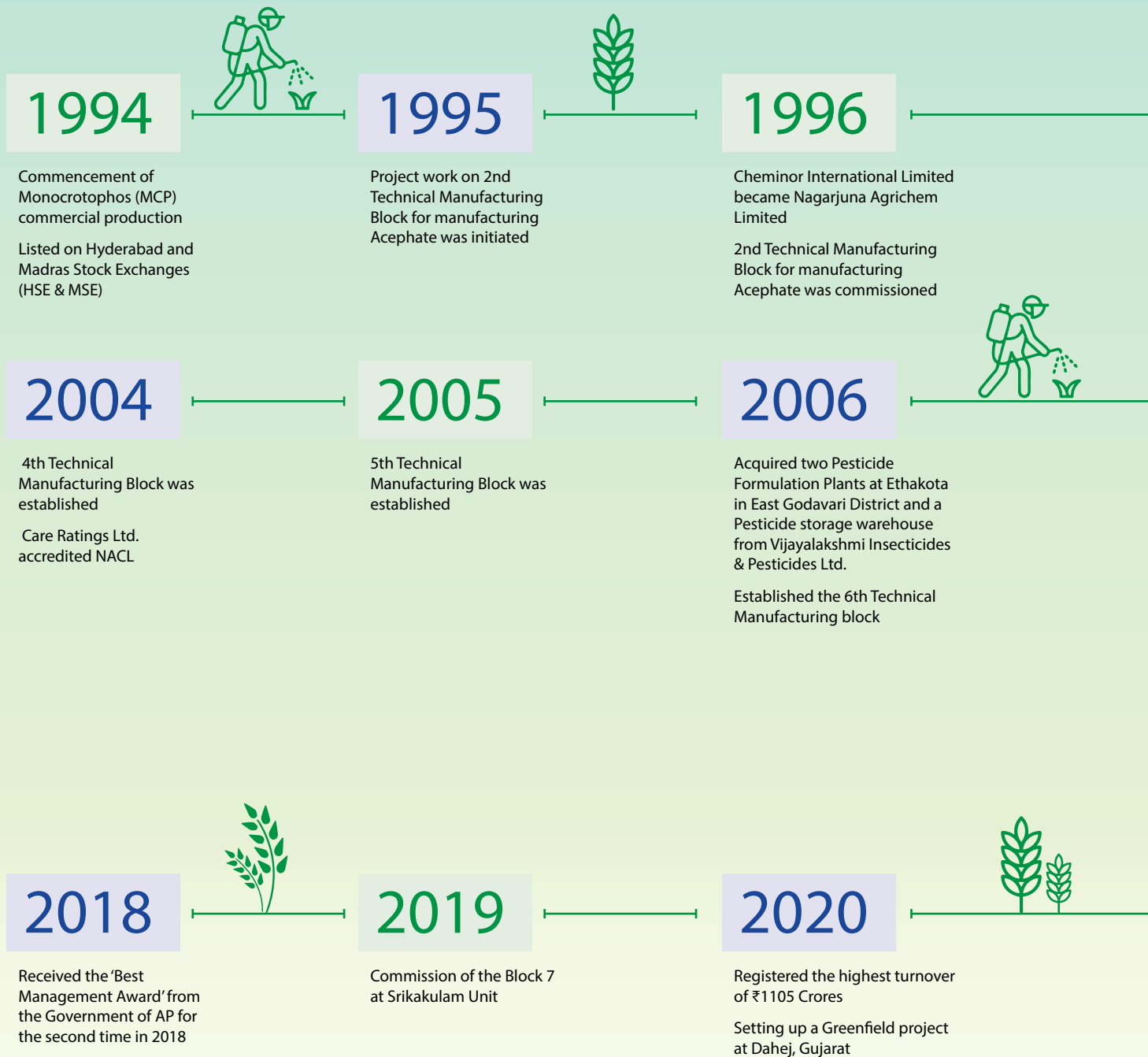
NACL Industries Ltd.'s export destinations cover a wide range of markets, from highly developed regions like the USA, Japan, and Australia, where agricultural productivity is driven by advanced technologies and large-scale farming, to emerging markets in Africa, Southeast Asia, and Latin America, where increasing crop yields to ensure food security is a primary focus.



In key markets such as China, Brazil, and Russia, the agrochemical sector is robust, supported by extensive agricultural activities that require significant inputs to maximise output. These diverse agricultural landscapes present NAEL Industries with opportunities to cater to the growing demand for agrochemicals across various geographies, each with its own unique farming needs and growth potential.



## Milestones



1998

Started exporting the products manufactured from the Technical Manufacturing Plant

2001

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

2003

SAP (Enterprise Resource Planning) was successfully implemented

2010

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

2012

State-of-the-Art Research & Development Center launched at Shadnagar, Telangana

Increased focus on branded business and crop segment, geographic expansion both in domestic and export business. International collaborations with global players, registration approvals in countries in SE Asia and Africa

Co-marketing partnership with leading Japanese chemical companies for Herbicide - Sirius & PGR Atonik. Started exporting our brands to African countries

2017

Renamed as NAFL Industries Limited and got listed on NSE

Awarded the 'Suraksha Puraskar' Award by the National Safety Council of India

Featured among the top ten Indian Crop Protection Products Manufacturing Companies

2021

Turnover reached a new height of around ₹1200 Crores

Awarded with the 'Responsible Care' logo by Indian Chemical Council

The R&D facility situated at Nandigama Village, Hyderabad was accredited for Good Laboratory Practices (GLP)

2022

Registered highest-ever turnover of ₹1640 Crores for the 3rd consecutive year

Received Agri-Business Summit Agri (ABSA) award 2022 under the category 'Company of the Year'

Commenced commercial production at Dahej with a capacity of 6,000MT

2023

Registered highest-ever turnover of ₹2116 Crores

PAT crosses the ₹100 Crores landmark

Commissioned a new plant at Dahej

## Board of Directors



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

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



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

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



**Mr. Sudhakar Kudva**  
Independent Director

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



**Mr. Raghavender Mateti**  
Independent Director

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



**Mr. N. Vijayaraghavan**  
Independent Director

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



**Mr. Ramakrishna Mudholkar**  
Independent Director

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



**Ms. Veni Mocherla**  
Independent Director

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



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

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



**Mr. Raj Kaul**

**Non – Executive and  
Non – Independent Director**

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



**Mr. Santanu Mukherjee**  
**Independent Director**

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



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

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



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

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



**Mr. Atul Churiwal**  
**Investor Nominee Director**

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



**Prof. M. Lakshmi Kantam**  
**Independent Director**

Prof. M. Lakshmi Kantam holds a B.Sc., M.Sc. & Ph.D degree. Prof. M. Lakshmi Kantam is a seasoned professional with over 40 years of research experience in design and development of Catalysts & Process Chemistry. Currently she is serving as the Dr. B. P Godrej Distinguished Professor of Green Chemistry and Sustainability Engineering at the Department of Chemical Engineering, Institute of Chemical Technology, Mumbai, India. She served as Director at CSIR-IICT, Hyderabad. She is currently serving as Board member at Godavari Bio Refineries Limited, Prasol Chemicals Limited and Vinati Organics Limited.

# Products

## Technicals

NACL’s 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. Here’s a breakdown of NACL’s technical product offerings:

### Insecticides

NACL’s insecticides provide broad protection against pests across various crops. Profenofos and Lambda-Cyhalothrin are key products for controlling lepidopterous larvae and sucking insects. Imidacloprid and Thiamethoxam are neonicotinoids effective against a range of sucking pests. Bifenthrin offers contact and residual action, while Omethoate is widely used against aphids and thrips in fruits and vegetables.

#### Products:

- Profenofos
- Lambda-Cyhalothrin
- Imidacloprid
- Bifenthrin
- Thiamethoxam
- Omethoate

### Fungicides

NACL’s fungicides protect crops from a wide range of fungal diseases. Myclobutanil and Propiconazole are effective against powdery mildew and rust. Tricyclazole is essential in rice for controlling blast disease. Thifluzamide and Difenconazole offer broad-spectrum control, while Azoxystrobin and Tebuconazole provide preventive and curative action against various fungal pathogens.

#### Products:

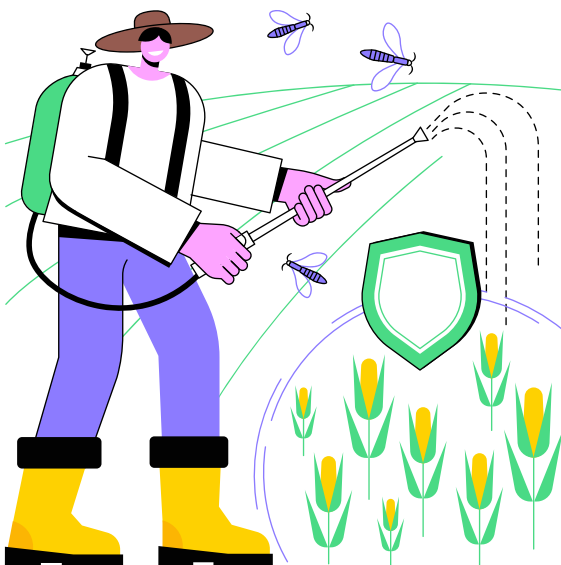
- Myclobutanil
- Propiconazole
- Tricyclazole
- Thifluzamide
- Difenconazole
- Azoxystrobin
- Tebuconazole

### Herbicides

NACL’s herbicides are vital for weed management in crops like rice and wheat. Pretilachlor and Bispyribac Sodium effectively control grasses and broadleaf weeds in rice. Metribuzin is used in potatoes and soybeans, while Clodinafop-Propargyl and Quizalofop ethyl target grass weeds. Flucarbazone sodium ensures effective control of grassy weeds in wheat and barley.

#### Products:

- Pretilachlor
- Bispyribac Sodium
- Metribuzin
- Clodinafop-Propargyl
- Quizalofop ethyl
- Flucarbazone sodium



## Formulations

NACL offers diverse agrochemical formulations designed to address various agricultural challenges. The company's product portfolio is categorised into four main types: Insecticides, Fungicides, Herbicides, and Plant Growth Regulators. Each category includes a variety of products tailored to specific needs.

### Insecticides

NACL's insecticide formulations are engineered to protect crops from a wide range of pests, ensuring healthy crop growth and maximising yield. These products are developed to act swiftly and effectively against common agricultural pests.



#### Products:

- BUSHI
- CAIRO
- CANNON
- DXTAR
- DXTAR FS
- ENNOVA
- FENNY
- FORCE SUPER
- FORCE
- FURY
- HURRICANE PLUS
- NAGARJUNA 4G
- NAGARJUNA MIDA
- NAGARJUNA SPICE
- PEST LOCK
- PROFEX
- PROFEX SUPER
- PYMET
- QUICK SP
- STATUS
- SYNDICATE
- TASK GR
- TASK SC
- TRUST
- WARRIOR PLUS
- MONOCROWN

### Fungicides

NACL's fungicides are formulated to prevent and control fungal diseases that can severely impact crop health. These formulations are crucial in safeguarding crops from infections and ensuring a stable yield.



#### Products:

- COMBI PLUS
- FONT
- INDEX
- MASS PLUS
- OSCAR
- RESULT
- SIVIC
- SLOGAN
- SUBTLE
- ZEB
- ZEN
- KAZAN
- TEEKA
- TRICA

### Herbicides

NACL's herbicide range is designed to manage unwanted weeds that compete with crops for nutrients, water, and light. These products help farmers maintain cleaner fields and improve crop productivity.



#### Products:

- ERAZE
- ERAZE - N
- ERAZE PLUS
- ERAZE STRONG
- GLOBUS
- GLOBUS SG
- GOEMON
- IMAX
- NAGARJUNA CUBIT
- NAGARJUNA DICAUGHT
- NAGARJUNA DICAUGHT PLUS
- NAGASTRA
- NAGASTRA STRONG
- NARILON
- POINT
- RHINO
- ROZZER
- SENIOR
- SIRIUS
- SMASH
- SURYA
- TEMBOGUARD

### Plant Growth Regulators

NACL's plant growth regulators enhance crop growth and yield by optimising plant development. These products help achieve better crop quality and quantity.



#### Products:

- ATONIK
- GALLANT EG
- GALLANT GOLD



## NACL's Strategies

NACL's strategies focus on expanding capacity, entering new markets, and enhancing manufacturing efficiency. The company emphasises R&D, global collaborations, and brand investment to drive growth and innovation. With a farmer-centric approach and digital marketing, NACL aims to strengthen customer engagement, supported by leadership development initiatives for organisational success.

### Capacity Expansion

Implementing a substantial strategy to enhance capacity in agrochemicals, speciality chemicals, and advanced intermediaries to meet increasing demand.

### Geographical Expansion

Tapping into new geographies and expanding the distribution network to reach a broader customer base.

### Efficient Manufacturing

Focusing on efficient and responsible manufacturing practices to ensure sustainable and high-quality production.

### R&D and Growth

Leveraging R&D and manufacturing capabilities for sustainable and profitable growth, driving innovation and market leadership.

### Global Collaborations

Strengthening and enhancing global collaborations to build strategic partnerships and expand market influence.

### Investment in Brand

Continuing investment in product registrations, process know-how, and brand building to strengthen market presence.

### Farmer-Centric Approach

Developing and selling products with a farmer-centric approach to better meet the needs of the end-users.

### Digital Marketing

Leveraging digital marketing strategies to enhance customer connection and engagement in the modern marketplace.

### Leadership Development

Implementing human development initiatives focused on leadership skill development to drive organisational success.

## Key Advantages of NACL

NACL's key advantages include a cutting-edge R&D team, strong governance, and consistent growth. With a diverse product portfolio, enduring business relations, and a robust value chain, NACL maintains a vast distribution network and strong brand equity, ensuring quality and market competitiveness while meeting diverse agricultural needs.

### Research & Development

NACL's R&D team is equipped with state-of-the-art, GLP-accredited facilities, enabling the development of differentiated products and cost-efficient manufacturing processes.

### Product Portfolio

We boast a robust, diversified, and expanding product portfolio, encompassing insecticides, herbicides, fungicides, and plant growth regulators, catering to varied agricultural needs.

### Distribution Network

NACL's extensive market reach is supported by a large base of retailers and distributors, ensuring broad availability of our products.

### Governance & Leadership

Our leadership comprises accomplished Board Members and seasoned professionals with decades of industry experience, ensuring a long-standing record of enlightened governance and mature business processes.

### Enduring Business Relations

NACL has established long-standing and trusted relationships with multinational and domestic companies, reinforcing our reputation as a reliable partner.

### Digital Marketing

Leveraging digital marketing strategies to enhance customer connection and engagement in the modern marketplace.

### Consistent Growth

NACL has demonstrated sustained improvement across all key performance parameters over multiple quarters, showcasing our commitment to continuous progress.

### Strong Value Chain

Our well-developed presence across R&D, intermediate, technical-grade materials, formulations manufacturing, exports, brand marketing, and intensive farmer and customer engagement underpins our strong value chain.

### Brand Equity

Our brand is synonymous with quality and service, fostering distinct consumer preferences based on its market competitiveness.

## Review of Performance

### Net Worth

(₹ in Lakhs)

FY	Net Worth (₹ in Lakhs)
FY24	52,647
FY23	57,741
FY22	48,395
FY21	41,458
FY20	35,053

### Revenue from Operations

(₹ in Lakhs)

FY	Revenue from Operations (₹ in Lakhs)
FY24	1,78,084
FY23	2,11,600
FY22	1,63,335
FY21	1,19,137
FY20	1,01,489

### Profit After Tax

(₹ in Lakhs)

FY	Profit After Tax (₹ in Lakhs)
FY24	(4,696)
FY23	10,279
FY22	7,604
FY21	5,029
FY20	1,577

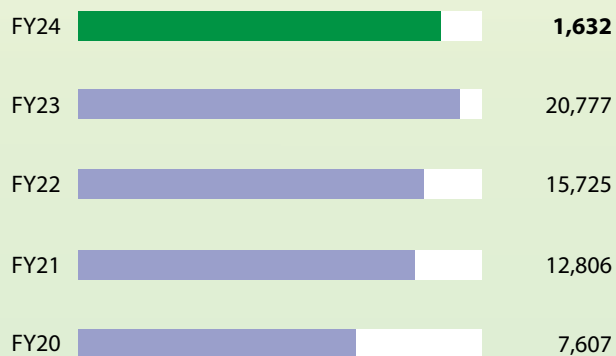
### Return on Capital Employed

(%)

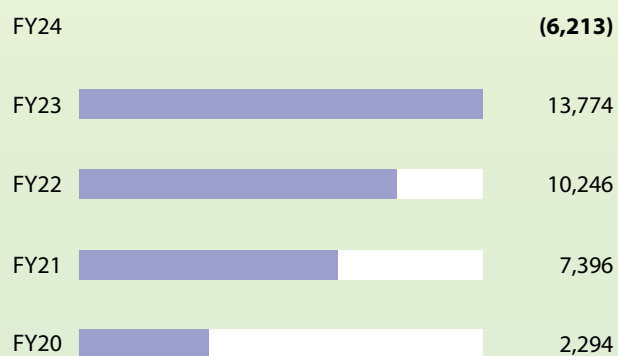
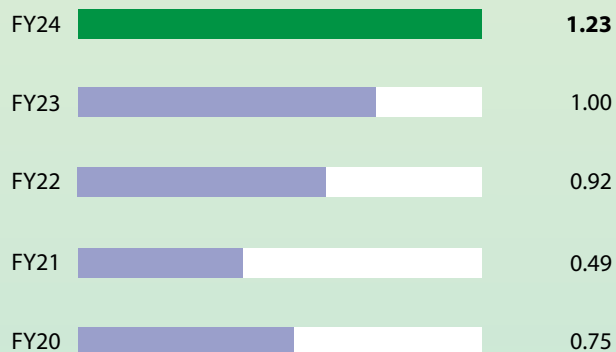
FY	Return on Capital Employed (%)
FY24	0
FY23	15
FY22	14
FY21	16
FY20	8

**EBIDTA**

(₹ in Lakhs)

**Profit Before Tax**

(₹ in Lakhs)

**Debt Equity Ratio****Return on Equity**

(%)



## Research & Development

At our R&D centre, innovation and excellence converge to break barriers and pave the way for cutting-edge agricultural solutions. With a relentless focus on precision and compliance, NACL is forging a path of progress in the agrochemical industry, exemplifying our commitment to delivering nothing short of the best to our valued customers.

### Strategically Positioned for Innovation

Situated close to Hyderabad, our state-of-the-art R&D centre spans a 4-acre campus. This facility is the creative hub for our nearly 70-strong R&D team, inspiring them to develop innovative ideas and craft niche products and solutions. Our strategic positioning and conducive ecosystem allow us to stay ahead of the competition.

### Advanced Infrastructure and Compliance

Our R&D centre has cutting-edge infrastructure and advanced equipment, including GC, GC-MS, FTIR, HPLC-UV, and PDA detectors. This allows us to undertake a wide range of studies in compliance with internationally recognised guidelines. We adhere to EC, OECD, OPPTS, and SANCO guidelines and methods endorsed by esteemed organisations such as FAO, WHO, AOAC, and CIPAC. Our operations are aligned with the OECD principles of Good Laboratory Practices.

### Comprehensive Expertise in Key Areas

- Batch Analyses with Impurity Profiling
- Method Development
- Method Validation
- Product Chemistry
- Product Stability Studies

Each study is meticulously conducted following comprehensive Standard Operating Procedures (SOPs) developed by our proficient team, ensuring adherence to national and international guidelines, standards, and specifications.

### Accolades and Recognition

The R&D facility at NACL has earned the prestigious 'Good Laboratory Practice' accreditation, issued by NGCMA under the Department of Science and Technology, Government of India. Registration authorities across OECD countries, including the USA, Canada, Australia, Japan, the UK, and Germany, widely recognize this accreditation, which highlights the credibility of our data.



## Environment, Health, and Safety (EHS)

At NACL Industries Limited, our unwavering commitment to Environment, Health, and Safety (EHS) is the cornerstone of our Operations. We are dedicated to delivering high-quality products and services that reflect our values of responsibility and sustainability. By integrating stringent EHS standards throughout the Operations, we ensure that our practices not only meet but exceed industry expectations, fostering trust and reliability among stakeholders.



### Environment

In the year 2023-2024, we have made significant progress in our environmental sustainability efforts. Building on our previous achievements, we have further optimized our Zero Liquid Discharge (ZLD) systems. These systems now consume approximately 15% less energy and require no additional chemicals, thanks to the implementation of advanced vacuum distillation technology. This innovation has dramatically reduced our freshwater consumption and wastewater discharge, showcasing our commitment to minimizing our environmental footprint.

Our environmental stewardship is also evident in our adoption of the 4R approach: Reduce, Recycle, Reuse, and Recover. This strategy has been instrumental in guiding various projects aimed at minimizing waste, maximizing resource efficiency, and optimizing overall sustainability. These initiatives ensure that we continue to reduce our environmental impact while contributing positively to the communities in which we operate.

### Health

The health and well-being of our employees remain a top priority at NACL Industries Limited. In 2023-2024, we have strengthened our commitment to proactive health management by conducting comprehensive health check-ups before employment, ensuring that potential issues are addressed early. This proactive approach is a critical component of our broader strategy to mitigate risks and safeguard our workforce.

Our Occupational Health Centres (OHCs) are equipped with advanced medical technology and provide 24/7 access to medical care. These centres are regularly updated and meticulously maintained, ensuring they remain at the forefront of medical practice. Additionally, we have established robust protocols to manage mass medical emergencies, demonstrating our preparedness to respond effectively to any health-related situation.

Our health initiatives go beyond addressing immediate health risks; they prioritize the long-term well-being of



our employees. By fostering a safe and nurturing work environment, we ensure that our workforce remains healthy, productive, and well-prepared to meet both current challenges and future growth opportunities.

### Safety

Safety is deeply embedded in the culture of NACL Industries Limited and continues to be a top priority in 2023-2024. We have implemented advanced technology to ensure the secure handling and movement of raw materials and finished

products, placing the safety of our employees, stakeholders, and surrounding communities at the forefront of our operations.

Regular safety awareness sessions, comprehensive training programs, and routine audits are critical components of our safety strategy. These measures ensure that safety practices are continually reinforced and updated across our organization. Our commitment to safety has been recognized with the prestigious Best Safety Performer Award from CII, underscoring





our dedication to maintaining a safe working environment.

Our facilities are equipped with state-of-the-art safety infrastructure, including advanced fire detection and prevention systems, ensuring that we are prepared for any potential hazards. Safety at NACL is not just a protocol but a continuous process. It involves regular training sessions, simulations, and audits to institutionalize safety practices across our organization.

We actively involve our workforce in safety-related activities, such as Safety Week and Fire Week celebrations, at both plant and corporate levels. These initiatives reinforce our collective responsibility to maintain a safe and secure work environment. By fostering a strong safety culture, we minimize the risk of accidents, legal liabilities, and financial losses, contributing to the overall stability and success of our organization.

## Sustainability 2023-2024

NACL prioritizes sustainability as a cornerstone of its business strategy and a key driver of long-term success. The company is committed to reducing its environmental impact through a range of eco-friendly initiatives integrated in its operations.

A central element of NACL's sustainability strategy is the reduction of its carbon footprint. This objective is pursued through investments in energy-efficient technologies and a shift towards renewable energy sources, including solar power and cogeneration systems. The company continuously refines its manufacturing processes to minimize energy consumption and greenhouse gas emissions. This commitment to clean

energy not only lowers operational costs but also supports global climate change mitigation efforts.

Waste management is another vital component of NACL's sustainability approach. The company has enacted comprehensive waste reduction programs aimed at minimizing waste generation throughout the production cycle. Adopting a circular economy model, NACL focuses on reusing, recycling, and recovering materials to lessen landfill dependency and preserve natural resources. Additionally, hazardous waste is managed with stringent protocols to ensure safe handling, storage, and disposal, thereby mitigating environmental impacts.

NACL also acknowledges the significance of social responsibility within its sustainability framework. The company actively engages with local communities to foster environmental stewardship and promote social and economic development. Initiatives include enhancing education, healthcare, and livelihoods in the regions where NACL operates. By cultivating robust stakeholder relationships, NACL ensures that its sustainability efforts are inclusive and beneficial to all.

Through its dedication to energy efficiency, waste reduction, sustainable agriculture, and community engagement, NACL aims to positively impact the environment and society while pursuing sustainable growth. These efforts are aligned with global sustainability objectives, underscoring NACL's commitment to responsible corporate citizenship and industry leadership.

# Human Capital

The Human Potential Development (HPD) department is dedicated to fostering a workplace environment that attracts, retains, and nurtures talent, ensuring every employee can contribute effectively and grow professionally. The HPD strategy is driven by several key priorities: attracting and retaining talent, succession planning, fostering a performance-driven culture, upskilling and reskilling, digitalising HR processes, enhancing employee engagement, and strengthening employer branding.



## Upskilling and Reskilling

Recognising the rapid changes in technology and industry demands, upskilling and reskilling are key HPD priorities. During the year, 428 training programs were conducted, benefiting employees across various levels and functions. This included 279 programs focused on skill and function development, 86 behavioural training sessions, 42 leadership training programs, and 21 sessions aimed at emotional well-being.

**428**  
Total Training Programs

**279**  
Skill & Function Development

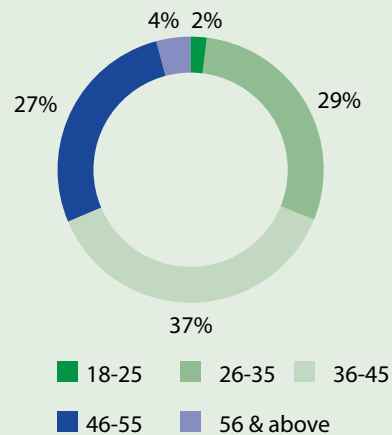
**86**  
Behavioral Training

**42**  
Leadership Training

**21**  
Trainings for Emotional Wellbeing

## Diversity and Inclusion

The organisation is committed to fostering diversity and inclusion within its workforce. Efforts are made to ensure representation across different age groups, and the organization regularly conducts knowledge-sharing workshops to leverage the experience of its diverse talent pool.





### Attracting and Retaining Talent

HPD uses comprehensive talent management strategy that includes competitive salaries, benefits, and a well-structured appraisal system based on functional objectives, KRAs and KPIs. Additionally, employee engagement programs such as reward and recognition, innovation projects, position descriptions, performance discussions, games, sports, celebrations on National events, cultural events, etc. play a crucial role in boosting morale and enhancing employee satisfaction.

### Succession Planning

To ensure the continuity of leadership, the organisation has implemented a robust succession planning process. This involves identifying potential leaders within the organisation,

providing them with the necessary training and mentorship, and preparing them for future leadership roles. During the year, nine leadership training programs and eighteen mentoring sessions were conducted to strengthen this pipeline of future leaders.

### Performance-Driven Culture

A culture that emphasises performance is crucial for achieving organisational objectives. The HPD department has established a performance-driven culture by aligning individual performance goals with organisational objectives. Performance is regularly reviewed through structured discussions, and performance improvement plans are implemented wherever necessary.

### Digitalisation of HPD Processes

The digitalisation of HPD processes aims to enhance the efficiency and effectiveness of human potential development. By implementing advanced HRMS systems, such as a Helpdesk for grievance redressal and digital platforms for performance appraisals and employee engagement, HPD has streamlined its processes, reduced administrative burdens, and improved the overall employee experience.

### Employee Engagement

Employee engagement is pivotal in maintaining a motivated workforce. The organization has launched various engagement initiatives, including cultural and recreational activities, long service awards, and children's academic excellence awards. These initiatives foster a sense of belonging among employees.

### Employer Branding

Strengthening employer branding is critical to attracting top talent and retaining existing employees. Through strategic branding initiatives, the organisation positions itself as a desirable workplace known for its inclusive culture, professional growth opportunities, and employee-centric policies.

#### Key Leadership Initiatives

Key leadership initiatives during the year included a series of leadership training programs, mentoring, and skill development activities aimed at fostering the next generation of leaders. These programs are designed to build a robust leadership framework that aligns with the organisation's long-term strategic goals.

9

Leadership Trainings

18

Mentoring Sessions

4

Skill & Personality Development

5

Ongoing Initiatives

3

Key Outcomes Achieved

## Awards and Recognitions

Srikakulam Unit bagged the prestigious “**Suraksha Puraskar**” Award for the year 2017 from the National Safety Council of India, for its best safety practices.

Bagged the “**Greentech Environment Silver Award**” for the year 2018 from New Delhi-based Greentech Foundation, for its best efforts towards environment protection and conservation.

Ethakota Unit bagged the prestigious **SAFETY AWARD** for the years 2018,2019 & 2020 from the National Safety Council of India, for its best safety practices.

The manufacturing units situated at Srikakulam and Ethakota, Andhra Pradesh have been conferred with the “**Best Management Award**” by the Government of Andhra Pradesh for the years 2015 & 2018.

Srikakulam won **CII National Award in Water Management** for the year 2019.

Srikakulam Unit bagged the prestigious “**Andhra Pradesh Industry Champion Award 2021**” from the Government of Andhra Pradesh.

Received **Agri Business Summit Agri (ABSA)** award 2022 under the category "Company of the year" from the Honorable Agriculture Minister for Telangana Mr. S. Niranjan Reddy

## ISO Certifications



### ISO 9001:2015

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



### ISO 14001:2015

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



### ISO 45001:2018

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



**Best Safety Performer Award -2023**



**8th CII National Kaizen Circle Competition 2024 Award**



**Received Special Appreciation Award from ISTD for L&D**

# NABL Accreditations



R&D Facility



Ethakota Unit



Srikakulam Unit



RC Certificate



GLP Certificate



RC Certificate

## Corporate Information

### Board of Directors

**Mrs. K. Lakshmi Raju**  
Chairperson, Director & Promoter

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

**Mr. Sudhakar Kudva**  
Director

**Mr. N. Vijayaraghavan**  
Director

**Mr. Raghavender Mateti** (Retired effective August 08, 2024)  
Director

**Mr. N. Sambasiva Rao**  
Director

**Mr. Ramkrishna Mudholkar**  
Director

**Ms. Veni Mocherla**  
Director

**Mr. Raj Kaul**  
Director

**Mr. Santanu Mukherjee**  
Director

**Mr. C. Varada Rajulu**  
Director

**Dr. M. Lakshmi Kantam**  
Director

**Mr. Atul Churiwal**  
Investor Nominee Director

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

### Chief Financial Officer

Mr. R. K. S. Prasad

### Vice President – Legal & Company Secretary

Mr. Satish Kumar Subudhi

### Statutory Auditors

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

### Cost Auditors

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

### Share Transfer Agents

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

### Our Bankers

HDFC Bank  
The SVC Co-Op Bank  
Bank of Bahrain and Kuwait  
RBL Bank  
SBM Bank (India) Ltd  
Doha Bank  
Yes Bank  
Shinhan Bank  
Kotak Mahindra Bank  
Axis Bank  
IndusInd Bank  
Bajaj Finance  
Qatar National Bank (Q.P.S.C.)

### Registered Office

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

### Factory - Technical

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

### Factory – Formulation

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

### R & D Centre

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

### Factory - Technical

NACL Spec-Chem Limited  
Dahej-II Industrial Estate, plot no. D-2/11/D/3/2  
GIDC Estate, Dahej-II Industrial Area, Taluke Vagra,  
Bharuch, Gujarat-392130, India

### Corporate Identification Number

L24219TG1986PLC016607

### Listing

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

## AGM Notice

**NOTICE** is hereby given that the 37<sup>th</sup> Annual General Meeting of **M/s. NACL Industries Limited** will be held on Wednesday, the September 25, 2024 at 10.00 a.m. (IST) through Video Conference ('VC') facility/Other Audio-Visual Means ('OAVM'), to transact the following business. The venue of the meeting shall be deemed to be the Registered Office of the Company at Plot No.12-A, "C"- Block, Lakshmi Towers, No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta, Hyderabad – 500082, Telangana State.

### ORDINARY BUSINESS:

- 1) **To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2024 and the Reports of Directors and Auditors thereon and in this regard, pass the following resolutions as an Ordinary Resolutions:**

- a) "RESOLVED THAT the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2024 and the Reports of Directors and Auditors thereon be and are hereby considered and adopted."
- b) "RESOLVED THAT the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2024 and the Report of Auditors thereon be and are hereby considered and adopted."

- 2) **To appoint a Director in place of Mr. Raj Kaul (DIN: 00394139), who retires by rotation and being eligible, offer himself for re-appointment and in this regard, pass the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Raj Kaul (DIN: 00394139), who retires by rotation at this meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

### SPECIAL BUSINESS:

- 3) **To ratify the remuneration of the Cost Auditors for the financial year ending March 31, 2025 and in this regard, pass the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration of ₹ 8,00,000/- (Rupees Eight Lakhs only) plus applicable taxes and out-of-pocket expenses incurred in connection with the Cost Audit to be paid to M/s. K. Narasimha Murthy & Co., Cost Accountants, appointed as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2025, as approved by the Board of Directors based on the recommendation of the Audit Committee, be and is hereby ratified."

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

- 4) **To approve the payment of advisory fees to Mr. Raj Kaul, Non-Executive and Non-Independent Director exceeding fifty percent (50%) of the total remuneration payable to all the Non-Executive Directors and in this regard, pass the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to Sections 188, 197(4) and other applicable provisions, if any, of the Companies Act, 2013 (the Act), read with Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time and Regulation 17(6)(a) & (ca) and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of the members of the Company be and is hereby accorded to the payment of remuneration to Mr. Raj Kaul (DIN: 00394139), Non-Executive and Non-Independent Director (a "related party" holding office and a place of profit under Section 188(1)(f) of the Companies Act, 2013) by way of fixed advisory fees an amount not exceeding USD 75,000 per year (approx. ₹ 60,00,000 per annum), in addition to fee payable to him for attending the meetings of the Board or Committees thereof, plus reimbursement of travel, out of pocket expenses and incidental expenses, which is exceeding fifty percent (50%) of the total annual remuneration / fees payable to all the Non-Executive Directors during the Financial Year 2024-25."

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

- 5) **Continuation of Mr. Atul Churiwal (DIN: 00180595) as Non-Executive and Investor Nominee Director of the Company**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013 ('the Act') read with Regulation 17 (1D) and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company, consent of the Members be and is hereby accorded for continuation of Mr. Atul Churiwal (DIN: 00180595) as Non-Executive and Investor Nominee Director of the Company, who shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers to any committee of directors with power to further delegate to or any other Officer(s)/ Authorized Representative(s) of the Company to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

- 6) **Continuation of Mr. Rajesh Kumar Agarwal (DIN: 00210719) as Non-Executive and Investor Nominee Director of the Company**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013 (‘the Act’) read with Regulation (17D) and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company, consent of the Members be and is hereby accorded for continuation of Mr. Rajesh Kumar Agarwal (DIN: 00210719) as Non-Executive and Investor Nominee Director of the Company, who shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers to any committee of directors with power to further delegate to or any other Officer(s)/ Authorized Representative(s) of the Company to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**By order of the Board**

Place: Hyderabad  
Date: August 30,2024

**Satish Kumar Subudhi**  
Vice President – Legal & Company  
Secretary  
(FCS-9085)

## Notes:

- 1) The Ministry of Corporate Affairs ('MCA') vide its General Circular Nos. 14/2020 dated April 08, 2020; 17/2020 dated April 13, 2020; 22/2020 dated June 15, 2020; 33/2020 dated September 28, 2020; 39/2020 dated December 31, 2020; 10/2021 dated June 23, 2021; 20/2021 dated December 08, 2021; 3/2022 dated May 5, 2022 and 11/2022 dated December 28, 2022 and 09/2023 dated September 25, 2023 including any other circular issued in this regard ('relevant Circulars'), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Secretarial Standard-2 issued by the Institute of Company Secretaries of India and other applicable laws and regulations, if any, that the Resolution as set out in this Notice is proposed for consideration by the Members of the Company (collectively referred to as 'MCA Circulars') permitted the holding of the Annual General Meeting ('AGM') through Video Conferencing ('VC') facility or other audio visual means ('OAVM'), without the physical presence of the Members at a common venue. Further, the Securities and Exchange Board of India (SEBI) vide its Circular dated May 12, 2020 and January 15, 2021 (SEBI Circulars) has also granted certain relaxations. In compliance with the provisions of the Companies Act, 2013 ('Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), MCA Circulars and SEBI Circulars, the 37<sup>th</sup> AGM of the Company is being held through VC/OAVM on Wednesday, September 25, 2024 at 10.00 a.m. (IST). The deemed venue for 37<sup>th</sup> AGM shall be the Registered Office of the Company situated at Plot No. 12-A, "C" Block, Lakshmi Towers, Nagarjuna Hills, Panjagutta, Hyderabad-500082.
- 2) **Since this AGM is being held pursuant to the MCA and SEBI Circulars through VC/OAVM, the facility for appointment of proxies by the members will not be available for this AGM. Accordingly, the proxy form, attendance slip, and route map of AGM are not annexed to this Notice.**
- 3) **Explanatory Statement:**  
The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, ("Act") relating to the Special Business Items are given below and forms part hereof.
- 4) **Director proposed to be appointed/re-appointed:**  
Details of Directors retiring by rotation or seeking appointment/re-appointment at the ensuing Meeting are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India (ICSI).
- 5) **Book Closure:**  
The Company has opted not to close the Register of Members and the Share Transfer Books for the purpose of their AGM.
- 6) **Unclaimed Dividend and Transfer of shares to IEPF:**
  - a) The Members are hereby informed that the Company would transfer the dividends, which remains unpaid/unclaimed for a period of 7 (seven) years, to the Investors Education and Protection Fund (IEPF) constituted by the Central Government under Section 125 of the Companies Act, 2013.
  - b) During the year, an unclaimed dividend amount of ₹ 6,17,030 of the Company for FY 2015-16 has been transferred to the IEPF.
  - c) The Shareholders are advised to send their requests for payment of unpaid dividend pertaining to the years from FY 2016-17 (Final Dividend) to FY 2022-23 (Final Dividend) to the Share Transfer Agent (RTA) office or to the Registered Office of the Company at Hyderabad, for issue of cheques/demand drafts before the due dates for transfer to the IEPF. The Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company, as on September 22, 2023 (i.e. date of previous Annual General Meeting), on the website of the Company [www.naclind.com](http://www.naclind.com) and also on the website of Ministry of Corporate Affairs.
  - d) **Transfer of Shares to IEPF Suspense Account:**  
The attention of the members is drawn to the provisions of Section 124(6) of the Act which require a Company to transfer in the name of IEPF Authority all shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more.  
In accordance with the aforesaid provision of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has already transferred all shares, in respect of which dividend declared for the financial year 2015-16, has not been paid or claimed by the members for 7 (seven) consecutive years or more. Members are advised to visit the website [www.naclind.com](http://www.naclind.com) to ascertain details of shares transferred in favour of IEPF authority.
  - e) The dividend amount and shares transferred to the IEPF can be claimed by the concerned members from the IEPF Authority after complying with the procedure prescribed under the IEPF Rules. The details of the unclaimed dividends are also available on the Company's website at [www.naclind.com](http://www.naclind.com) and the said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link [www.iepf.gov.in](http://www.iepf.gov.in).
- 7) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
- 8) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020, May 05, 2020, June 05, 2020, September 28, 2020, December 31, 2020, June 23, 2021, December 08, 2021, May 05, 2022, December 28, 2022 and September 25, 2023 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
- 9) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the

AGM through VC/OAVM will be made available to at least 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

**10)** In view of the MCA Circulars and SEBI Circulars, the Notice of 37<sup>th</sup> AGM along with the Annual Report 2023-24 has been sent only through electronic mode to all members whose email addresses are registered with the Company/ Depository Participants for communication purposes. The Annual Report 2023-24 has been uploaded on the website of the Company at [www.naclind.com](http://www.naclind.com) under Investor Relations section and may also be accessed on the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The Notice is also available on the website of the CDSL at [www.evotingindia.com](http://www.evotingindia.com).

**11) Members Nomination:**

- a) Members are advised to avail themselves of nomination facility as per Section 72 of the Companies Act, 2013. Facility for making nomination is available for the Members in respect of the shares held by them.
- b) Members holding shares and who have not yet registered their nomination are requested to register the same by submitting Form ISR-3 or Form SH-13. Further, a member who desires to cancel the earlier nomination and record fresh nomination may submit the same in Form No.SH-14. Both the forms for "Nominations" and "Cancellation or Variation of Nomination" can be availed from the RTA or can be downloaded from the Company's website.
- c) Members holding shares in physical form are requested to submit the forms to the Company's Share Registrars and Transfer Agents (RTA). The members holding shares dematerialized form are requested to file the Nomination/Cancellation or Variation in Nomination forms with their respective Depository Participants in the prescribed form.

**12) Important Communication to Members:**

- a) All communications relating to the shares may be addressed to our Share Transfer Agent (RTA) Office i.e., M/s. XL Softech Systems Limited, (Unit: NACL Industries Limited) No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500034, Telangana; Telephone No: 040-23545913/914/915; Fax No.040-23553214, e-mail ID: [xlfield@gmail.com](mailto:xlfield@gmail.com).
- b) The members may please visit the Company's Website: [www.naclind.com](http://www.naclind.com) to find more information about the Company.
- c) The Ministry of Corporate Affairs, Government of India has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its Members. To support this Green Initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository

Participants. Members who hold shares in physical form are requested to register their e-mail addresses by submitting the e-mail Registrations Form attached with this Annual Report.

- d) Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS)/National Electronic Fund Transfer (NEFT), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's RTA, to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to RTA.
- e) In terms of the SEBI Listing Regulations, securities of listed companies can only be transferred in dematerialized form with effect from April 01, 2019, except transmission or transposition of shares. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holding to dematerialized form. Members can contact the Company or RTA of the Company for assistance in this regard.
- f) The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit their PAN details to their respective Depository Participants. Members holding shares in physical form are requested to submit their PAN details to the Company or its RTA.
- g) **Updation of PAN and other details:**

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

and to the RTA in case the shares are held in physical form, quoting their folio number. Changes intimated to the DP will then be automatically reflected in the Company's records.

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

### 13) Listing Fees:

The Company has paid the Listing Fees for the year 2024-25 to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), the Stock Exchange(s) where the Company's shares are listed.

### 14) THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

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

**Step 2:** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- i) The voting period begins on Sunday, September 22, 2024 (9.00 a.m.) and ends on Tuesday, September 24, 2024 (5.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, September 13, 2024 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

- iii) Pursuant to **SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

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

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

- iv) In terms of SEBI circular **no. SEBI/HO/CFD/CMD/ CIR/P/2020/242** dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

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

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL Depository</b>	<p>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab.</p> <p>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</p> <p>3) If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</p> <p>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a>.</li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cDSLindia.com">helpdesk.evoting@cDSLindia.com</a> or contact at toll free no. 1800 21 09911
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at : 022 - 4886 7000 and 022 - 2499 7000

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

- 6) If you are a first-time user follow the steps given below:

**For Physical shareholders and other than individual shareholders holding shares in Demat.**

PAN Enter your 10 digit alpha-numeric \*PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

- Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.

Dividend Bank Details **OR** Date of Birth (DOB) Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.

- If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

- vi) After entering these details appropriately, click on "SUBMIT" tab.
- vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

- xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

- xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

- xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- xvi) There is also an optional provision to upload BR/ POA if any uploaded, which will be made available to scrutinizer for verification.

**xvii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required mandatorily to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [investors@naclind.com](mailto:investors@naclind.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**15) INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

- The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
- The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
- Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
- Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.

5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**16) PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/ MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective **Depository Participant (DP)**
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 21 09911.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.

evoting@cdslindia.com or call toll free no. 1800 21 09911.

**17) Documents open for inspection:**

- a) A certificate from the Secretarial Auditors of the Company certifying that the “Nagarjuna Agrichem Ltd- Employee Stock Scheme-2015” (ESOS-2015) and “NACL Employees Stock Option Scheme, 2020” (ESOS-2020), are being implemented in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the resolutions passed by the members, is required to be placed at the AGM. Such certificate will be available for inspection by the members in electronic mode before and during the AGM; and
- b. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Act will be available for inspection by the members in electronic mode before and during the AGM.
- c. The Business Advisory Agreement dated May 05, 2023 entered with Mr.Raj Kual, Non-Executive and Non-Independent Director is available for inspection in electronic mode before and during the AGM.

**18) Other Instructions:**

- I. Mr.S.Srikanth, Partner (M.No. A22119), representing M/s. B S S & Associates, Practicing Company Secretaries, Hyderabad, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- II. The Scrutinizer after scrutinizing the votes through remote e-voting as well as the e-voting during the AGM will, not later than 48 hours of conclusion of the Meeting, make a consolidated Scrutinizer's Report of the votes cast in favour or against, if any and submit the same forthwith to the Chairman or a person duly authorized by the Chairman who shall counter sign the same and declare the results of the voting.
- III. The results of the voting shall be declared on or after the Annual General Meeting of the Company. The results declared, along with the Scrutinizer's Report, shall be placed on the Company's website [www.naclind.com](http://www.naclind.com) and be communicated to the Stock Exchanges where the Company's shares are listed, i.e., BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), stock exchanges where the Company's share are listed.
- IV. Members may address any query to the Company Secretary at the Registered Office of the Company, Tel. No.040-24405100, email: [investors@naclind.com](mailto:investors@naclind.com), Website: [www.naclind.com](http://www.naclind.com).
- V. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQ”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 1800 21 09911.

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

### Item No.3:

The Board of Director of the Company, on recommendation of the Audit Committee, has approved the appointment of the Cost Auditors namely M/s K. Narasimha Murthy & Co., Cost Accountants, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2025, at a remuneration of ₹ 8,00,000/- (Rupees Eight Lakhs only) plus applicable taxes and out-of-pocket expenses incurred in connection with the Cost Audit. In accordance with the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 ("hereinafter referred as Act") read with the Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No.3 of the Notice. The Board commends the Ordinary Resolution set out at Item No.3 of the Notice for approval and ratification by the Shareholders.

None of the Directors/Key Managerial Personnel of the Company/ their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out in Item No. 3 of the Notice.

### Item No.4:

Mr. Raj Kaul was appointed as a Non-Executive and Non-Independent Director, effective May 05, 2023. Subsequently, the Company has entered into a Business Advisory Agreement with Mr. Raj Kaul for a period of three years effective from May 05, 2023. Under this agreement, Mr. Raj Kaul will receive an advisory fees not exceeding USD 75,000 (approximately ₹60 lakh per annum), in addition to fee payable to him for attending the meetings of the Board or Committees thereof, plus reimbursement of travel, out of pocket expenses and incidental expenses along with applicable taxes, at the 36<sup>th</sup> Annual General Meeting of the Company held on September 22, 2023, the members had approved the same.

As per Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, a listed entity is required to obtain the approval of members of the Company every year by way of Special Resolution for payment of remuneration to a single Non-Executive Director exceeding 50% of the total remuneration payable to all Non-Executive Directors of the Company.

In this regards, the Company is availing the advisory services from Mr. Raj Kaul and the remuneration being proposed to be paid to him is on par with the fee for advisory services rendering by other professionals holding similar industry specific qualification, experience and knowledge. As the remuneration payable to Mr. Raj Kaul in the Financial Year 2024-25 is likely to exceed fifty percent of the total annual remuneration payable to all Non-Executive Directors of the Company, consent of the Members is accordingly sought for passing a Special Resolution as set out at Item No. 4 of the Notice. The Board also commends the said resolution.

Save and except Mr.Raj Kaul himself and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel of the Company/ their relatives are in any way concerned or interested financially or otherwise, in the resolution set out at the Item No. 4 of the Notice.

### Item No. 5

The Members may note that pursuant to SEBI's amendment dated July 15, 2023, applicable with effect from April 1, 2024 read with Regulation 17(1D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the continuation of a Director

serving on the Board of Directors of a listed entity shall be subject to the approval by the Members at a general meeting at least once in every five (5) years from the date of their appointment or reappointment, as the case may be.

Further, the continuation of director serving on the Board of Directors of a listed entity as on March 31, 2024, without the approval of the Members for a period of last five (5) years or more shall be subject to the approval of Members in the first general meeting to be held after March 31, 2024.

Mr. Atul Churiwal (DIN: 00180595) was appointed as the Investor Nominee Director of the Company w.e.f. May 29, 2019 not liable to retire by rotation.

Therefore, Mr. Atul Churiwal can continue as Investor Nominee Director of the Company w.e.f. May 28, 2024 only if Members approve continuation of his appointment as Nominee Director of the Company.

Members may note that Mr. Atul Churiwal, was appointed as Investor Nominee Director on the Board of the Company w.e.f. May 29, 2019 nominated by the Investors in terms of 'Shareholders cum Share Subscription Agreement dated 08<sup>th</sup> February, 2019' read with amended Articles of Association of the Company.

In view of the above, the approval of the Members hereby required for the continuation of Mr. Atul Churiwal as Non Executive and Investor Nominee Director of the Company, who shall not be liable to retire by rotation.

Considering the above, the Board recommends his continuation as Nominee Director by way of Ordinary Resolution as set out in Item no 5 of this Notice.

Save and except Mr. Atul Churiwal and his relatives, to the extent of their shareholding, none of the Directors or Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

### Item No. 6

The Members may note that pursuant to SEBI's amendment dated July 15, 2023, applicable with effect from April 1, 2024 read with Regulation 17(1D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the continuation of a Director serving on the Board of Directors of a listed entity shall be subject to the approval by the Members at a general meeting at least once in every five (5) years from the date of their appointment or reappointment, as the case may be.

Further, the continuation of director serving on the Board of Directors of a listed entity as on March 31, 2024, without the approval of the Members for a period of last five (5) years or more shall be subject to the approval of Members in the first general meeting to be held after March 31, 2024.

Mr. Rajesh Kumar Agarwal (DIN: 00210719) was appointed as the Investor Nominee Director of the Company w.e.f. May 29, 2019 not liable to retire by rotation.

Therefore, Mr. Rajesh Kumar Agarwal can continue as Investor Nominee Director of the Company w.e.f. May 28, 2024 only if Members approve continuation of his appointment as Nominee Director of the Company.

Members may note that Mr. Rajesh Kumar Agarwal, was appointed of as Investor Nominee Director on the Board of the Company w.e.f. May 29, 2019 nominated by the Investors in terms of 'Shareholders cum Share Subscription Agreement dated 08<sup>th</sup>

February, 2019' read with amended Articles of Association of the Company.

In view of the above, the approval of the Members hereby required for the continuation of Mr. Rajesh Kumar Agarwal as Non-Executive and Investor Nominee Director of the Company, who shall not be liable to retire by rotation.

Considering the above, the Board recommends his continuation as Investor Nominee Director by way of Ordinary Resolution as set out in Item no 6 of this Notice.

Save and except Mr. Rajesh Kumar Agarwal and his relatives to the extent of their shareholding, none of the Directors or Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

**By order of the Board**

Place: Hyderabad

Date: August 30, 2024

**Satish Kumar Subudhi**

Vice President – Legal & Company

Secretary

(FCS 9085)

**Registered Office:**

CIN: L24219TG1986PLC016607

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

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

Hyderabad-500082, Telangana State, INDIA.

Ph.040-24405100

e-mail: [investors@naclind.com](mailto:investors@naclind.com): Website: [www.naclind.com](http://www.naclind.com).

## ANNEXURE TO NOTICE

### Details of Directors seeking appointment/re-appointment at the AGM

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

<b>Name of the Director</b>	<b>Mr. Raj Kaul</b>
Directors Identification Number (DIN)	00394139
Age	81 years
Date of first Appointment/re-appointment	May 05, 2023
Qualifications	BSc Engg. (Honors) and Post Graduate - Marketing from IIM, Ahmedabad
Brief Profile including expertise in specified functional areas.	Having more than 40 years of rich experience in the agrochemical industry and has served on the Board of leading corporates such as Bayer Crop Science Limited and PI Industries Limited
Nature of Expertise in functional area	agrochemical industry
Terms and conditions of appointment / re-appointment	As mentioned in the Explanatory Statement.
Details of remuneration last drawn during the FY 2023-24 (*).	Rs.46,75,204.50 (After Deducting TDS)
Details of remuneration sought to be paid	\$75,000 per annum (approx. ₹ 60 Lakhs PA)
No. of Board Meetings attended during the year.	4 (Four)
Relationship between Directors inter-se	Nil
Shareholding in the Company as on March 31, 2024	Nil
List of other Companies in which Directorship held as on March 31, 2024 (excluding Foreign, Private and Section 8 Companies).	Nil
List of Listed Entities from which the person has resigned in the past three years.	Nil
Chairperson/Member of the Mandatory Committees of the Board of the Other Companies on which he is a Director as on March 31, 2024.	Nil
In case of independent directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements	NA

\* Sitting fees paid for attending the Board and Committee(s) Meetings held during the FY 2023-24.

# Directors Report

## Dear Members,

Your Directors have pleasure in presenting the 37<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2024.

## Operating Results:

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

(₹ in lakhs)

Particulars	Consolidated		Standalone	
	2023-24	2022-23	2023-24	2022-23
Total Income (including Other Income)	1,78,729	2,12,550	179,074	2,12,855
Profit/(Loss) before share of profit from Associate, Finance Cost, Depreciation and Tax	2,558	20,251	1,632	20,777
Finance Cost	7,572	4,733	6,010	4,409
Depreciation and Amortization Expense	2,724	2,815	1,835	2,594
Profit/(Loss) before share of profit from Associate, exceptional items and Tax	(7,738)	12,703	(6,213)	13,774
Share of profit/(Loss) from Associate	108	138	-	-
Profit/(Loss) before tax	(7,630)	12,841	(6,213)	13,774
Current Tax	-	3,575	-	3,573
Deferred Tax	(1,741)	(221)	(1,517)	(78)
Profit/(Loss) for the year	(5,889)	9,487	(4,696)	10,279
Other Comprehensive Income	(108)	(56)	(111)	(59)
Total Comprehensive Income	(5,997)	9,431	(4,807)	10,220
Balance of profit brought forward from previous year	37,693	29,478	38,056	29,052
<b>TOTAL</b>	<b>31,696</b>	<b>38,909</b>	<b>33,249</b>	<b>39,272</b>
<b>Appropriation</b>				
Dividend on equity shares	497	1,191	497	1,191
Less: Effective portion of cash flows hedges	(7)	25	(7)	25
Balance profit carried forward to balance sheet	31,206	37,693	32,759	38,056

## Performance Overview:

After achieving record turnover growth for the past four consecutive years, the company faced a contraction in the year under review. The consolidated revenue reached ₹ 1,78,729 lakhs, reflecting a 16% decline compared to the previous year's revenue of ₹ 2,12,550 lakhs. On the profitability front, the company encountered a loss before exceptional items and taxes, amounting to ₹ (7,630) lakhs for the year under review. This marks a significant drop from the previous year's profit of ₹ 12,841 lakhs. Furthermore, the company's financial performance deteriorated into a net loss after tax, with this year's loss standing at ₹ (5,889) lakhs, compared to a profit of ₹ 9,487 lakhs in the previous year. This downturn in performance is primarily attributed to navigating through significant headwinds in the Crop Protection sector amidst a storm of challenges.

## Transfer to Reserves

The Company has not transferred any amount to the General Reserve during the year under review.

## Dividend & Dividend Distribution Policy:

The Directors have not recommended any dividend for the year under review.

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

## Domestic Markets:

NACL's domestic retail business empowers Indian farmers with sustainable and affordable crop protection solutions. Over the past three years, the company's retail business has grown at a CAGR of approximately 16% (compared to industry's growth rate of 6% to 7%) leveraging its strong brand equity, a large field force, and an extensive distribution network across India. In FY 2023-24, our team embraced a farmer-centric approach, educating them through comprehensive field marketing programs and fostering a win-win environment. We are also committed to building long-term, sustainable relationships with key channel partners through dealer club programs.

During the monsoon season (June-September) of 2023, India received 94% of its Long-Period Average (LPA) rainfall. While the forecast predicted 96% ± 4% of the LPA, actual rainfall was close to the forecast. However, uneven rainfall distribution and prolonged dry spells affected sales. Additionally, the 2023 Northeast Monsoon brought varied rainfall patterns, ranging from near-normal to below-normal, with some areas experiencing heavy rainfall events.

Despite all the challenges, the Company has achieved domestic sales of ₹ 1,35,689 lakhs (out of which domestic retail sales are ₹ 85,896 lakhs) for the year under review against ₹ 1,25,395 lakhs (out of which domestic retail sales were ₹ 83,755 lakhs) in the previous year, a growth of about 8%. This growth can be attributed to our consistent efforts in enhancing field marketing activities, introducing new products, focusing on key account management, implementing supportive trade policies, and strengthening our sales and marketing team.

#### **Insecticides:**

During the year under review, the domestic retail business in the insecticides category achieved a revenue of ₹48,715 lakhs, compared to ₹ 48,834 lakhs in the previous year.

The insecticides market in India for 2023-24 saw significant growth due to major pest outbreaks, such as fall armyworm in maize, whitefly in cotton, and brown planthopper in paddy. Erratic climate patterns, including unpredictable rainfall and temperature fluctuations, particularly affected regions like Punjab and Haryana, further exacerbating these issues.

In response to these challenges, we launched two new products: "Bushi," designed to combat mite infestations, and "Suraksha SC," aimed at controlling lepidopteran pests. Bushi has been highly effective against mite outbreaks in crops such as tea and vegetables, while Suraksha SC has provided critical relief against lepidopteran pests in cotton and pulses. These products underscore our commitment to delivering advanced, targeted solutions to support farmers as they navigate evolving agricultural challenges.

#### **Herbicides:**

The domestic retail business in the herbicide category achieved a revenue of ₹ 16,445 lakhs during the year under review, compared to ₹ 16,287 lakhs in the previous year.

The herbicide product line is experiencing rapid growth in the Indian market, driven by increasing adoption among farmers who aim to reduce costs and address challenges related to labor availability. This trend is expected to continue, encouraging us to expand our portfolio across key crops such as paddy, sugarcane, maize, wheat, and soybean. This strategic expansion is reflected in the significant growth of our herbicide product line over the past year. Furthermore, the Company successfully launched two new products, "Rozzer" and "Temboguard," which are combination solutions designed to effectively control weeds in maize crops.

#### **Fungicides:**

The fungicide category within the domestic retail business generated a revenue of ₹ 16,809 lakhs during the year under review, an increase from ₹ 15,502 lakhs in the previous year.

Despite relatively low demand for fungicides due to favorable weather conditions for crops like grapes, chili, potato, and tomato, the Company experienced notable growth. This success was driven by a strong product portfolio and effective marketing activities. Additionally, the Company expanded its offerings with the introduction of a new product, "Teeka," designed to combat downy mildew in grapes and late blight in potatoes and tomatoes.

#### **Plant Growth Regulators:**

The PGR/Bio Stimulant category within the domestic retail business achieved a revenue of ₹3,926 lakhs for the year under review, compared to ₹3,132 lakhs in the previous year, registering a growth of approximately 25%. This remarkable increase can be attributed to the superior performance of the products and vigorous marketing efforts.

#### **International Market:**

The agrochemical industry faced significant challenges in 2023-24, grappling with high-priced inventory and continuous price declines that made it difficult for buyers to stock confidently or set stable selling prices. This adverse environment led to a 1.9% contraction in the global crop protection market, shrinking from \$80.5 billion to \$78.9 billion. The Middle East and Africa were the hardest hit, experiencing a sharp 7% decline, followed by Asia at 4%, North America at 2.2%, and Latin America at 0.7%. Europe was the only region to show growth, with a modest increase of 2%. Major multinational companies struggled due to reduced demand, exacerbated by high inventory levels and slower stock replenishment by distributors. Persistent price drops compelled these Companies to implement strict cost controls and improve sourcing efficiencies. A notable indicator of the industry's difficulties is the paradox where volume growth occurred, but sales revenue declined as prices stabilized at levels seen in 2021-22.

In response to these challenging market conditions, NACL embarked on a strategy to develop dual growth engines aimed at strengthening its international operations and reducing the risks associated with over-reliance on a single segment. The first growth engine focused on continuing the Key Accounts business, which primarily involves supplying active ingredients to large multinational corporations (MNCs) globally. Concurrently, the company launched a targeted effort to build a portfolio of registrations with national importers in key markets across Asia, Africa, and Latin America. This approach was designed to expand beyond active ingredients to include both generic and differentiated formulations, catering to regional and national players.

Despite strategic initiatives, NACL faced challenges in the international market during FY 2023-24. International sales revenue shrinking to nearly half of the previous year's figures, totaling ₹40,184 Lakhs. This decline was primarily attributed to reduced demand from key accounts due to minimal restocking by channels in major markets and decreased sales of high-value products. Additionally, there was a substantial drop in demand for one of the company's high-value products, Propiconazole, which saw significant declines in both price and volume across key markets such as the U.S., Australia, and Eastern Europe.

However, there were promising developments. The new growth engine, focusing on the export of formulations and active ingredients to national players in Asia and Africa, delivered encouraging results, with a remarkable 250% increase in volume and a 150% rise in sales revenue. Furthermore, the company successfully obtained approvals for over 25 new registrations during the fiscal year.

Looking forward, NACL remains optimistic that both growth engines will drive future expansion. The company plans to introduce new active ingredients and intermediates to its key accounts while scaling up volumes with national importers as more registrations for its generic and differentiated formulations are secured.

By pursuing this dual strategy, NACL is positioning itself to navigate the challenging market environment effectively and capitalize on new opportunities for sustained growth.

## Plant Operations:

The Srikakulam technical plant witnessed an annual production of 9,392 MT during the year under review, a decrease from 10,290 MT in the previous year. Despite significant improvements in productivity and asset utilization in previous years, the drop in fungicide demand impacted overall output. Nevertheless, the plant continued to implement initiatives aimed at energy conservation, effluent reduction, and cost savings. The Zero Liquid Discharge facility operated efficiently throughout the year.

Ethakota formulation unit has been able to satisfactorily meet the market demand effectively with a production of 33,096 MT/KL during the year under review, 38% higher than the previous year's production of 24,002 MT/KL. This unit has been actively engaged in debottlenecking, enhancing productivity, and maintaining high standards of safety and quality.

Safety, quality and overall efficiency improvements remain key priorities across all manufacturing facilities. Both units have fostered a positive working environment, leading to improved productivity and strong relationships at all levels.

## Credit Rating:

The CRISIL Ratings Limited (CRISIL) vide the letter dated July 23, 2024 has assigned the rating for the Long-Term Bank facilities and Short-Term Bank facilities of the Company, the details of which are given herein below:

- a) Long-term Bank facilities: CRISIL A-/Negative(Outlook revised from 'Stable'; Rating Reaffirmed); and
- b) Short-term Bank facilities: CRISIL A2+(Reaffirmed).

## Fire Insurance Claim:

In relation to the appeal filed by The Oriental Insurance Company Limited against the Arbitration Award in favor of the Company, the Company has submitted Execution Petitions to the Hon'ble High Court of Delhi. These petitions seek the deposit of awarded amounts for Material Damage (MD) Claim of ₹1,649 lakhs (including interest) and Business Interruption Policy Claim: ₹1,277 lakhs (including interest). The Hon'ble High Court of Delhi, through orders dated March 19, 2021, and April 09, 2021, directed the Insurance Company to deposit the awarded amounts, including interest up to the date of deposit, with the Court. During the financial year 2021-22, the Court released the deposited amounts to the Company following the submission of equivalent bank guarantees.

As the matter remains sub-judice and based on legal counsel's advice, the Company has not recognized the received deposit amount or any associated interest costs, if any in the books of account.

## Subsidiary Companies:

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

After successfully commissioning and commercializing the first phase of the project, with a capacity of 6,000 MTPA in the previous year, NSCL is striving to achieve its full design capacity. The plant has been producing its intended products effectively.

The total revenue of the Company for the year ended March 31, 2024 was ₹ 18,473 Lakhs as against ₹ 2,082 Lakhs for the previous year. The Company had incurred a loss after tax of ₹1243 Lakhs as against the loss of ₹754 Lakhs for the previous year.

During the year under review, NSCL received approval for an Environmental Clearance (EC) amendment introducing the 5F category and subsequently obtained the Consent for Establishment (CFE) from the Gujarat Pollution Control Board (GPCB) for the amended EC. Additionally, NACL Spec-Chem Ltd. was honored with the Gold Award at the QCFI Surat Chapter Safety Convention 2024. The Quality Circle Forum of India (QCFI), a leading institution in the Quality Circle Movement and an active participant in international forums, organizes this annual safety convention.

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

NMPL has recently commissioned a new line for the powder form of nutrients, marking an expansion in their manufacturing capabilities. The company has successfully launched an advanced formulation of Zinc HEDP, which is now being manufactured and marketed. This product has received positive feedback from customers, reflecting its high quality and effectiveness in meeting agricultural nutritional needs.

Looking ahead, NMPL is developing an advanced formulation of Iron HEDP, showcasing their commitment to innovation and product portfolio expansion. The successful onboarding of new customers further strengthens NMPL's market presence and underscores its dedication to providing top-tier agricultural solutions.

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

The total revenue of the LRRPL for the year ended March 31, 2024 was Nil as against ₹ Nil Lakhs for the previous year.

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

NAAPL was initially established to hold local registrations on behalf of the Company to facilitate the sale of its products in Australia. For the financial year ending March 31, 2024, NAAPL reported total revenue of ₹ 12 Lakhs, compared to ₹ 12 Lakhs in the previous year. The company achieved a profit after tax of ₹ 4 Lakhs, up from ₹ 2 Lakhs in the previous year.

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

Incorporated on January 13, 2023, NINL is a wholly-owned subsidiary of the Company. NINL was established to hold local registrations on behalf of the Company to facilitate the sale of its products in Nigeria. These registrations are granted by local government bodies to entities established within each country.

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

NASPL has recently commissioned the production of nutrients in liquid form, further enhancing its product offerings in the agricultural sector. The company has successfully launched an advanced formulation of Zinc Oxide SC, which is now being manufactured and marketed. This product has received positive feedback from the market for its effectiveness and quality.

In addition to this successful launch, NASPL is developing advanced formulations of Boron Ethanolamine and Concentrated Liquid Calcium. These developments highlight NASPL's commitment to continuous innovation. The company has also onboarded new customers, reinforcing its growing market presence and dedication to providing high-quality solutions tailored to the needs of modern agriculture.

### New Products Launched:

The Company has successfully commercialized the manufacturing of the following new Formulations:

- 1) Bushi – Pyridaben 20% WP
- 2) Nagarjuna Suraksha GR – Chlorantraniliprole 0.4% GR
- 3) Teeka – Cyazofamid 34.5% SC
- 4) Temboguard – Tembotrione 34.4 SC
- 5) Rozzer – Topramezone 336 g/L

### Research & Development:

At the R&D Centre in Shadnagar, near Hyderabad, product development and process improvement innovations are being driven with a focus on the process development of active ingredients (AIs) and intermediates for herbicides, insecticides, and fungicides, as well as their formulations. In alignment with the 'Make in India' initiative, processes are being advanced for various generic products, which are at different stages of development.

The R&D facilities in Hyderabad, along with the Quality Control Lab in Srikakulam and Ethakota, have achieved significant milestones, receiving the ISO 17025:2017 Certificate of Accreditation from the National Accreditation Board for Testing and Calibration of Laboratories (NABL). These facilities are also recognized by the Department of Scientific and Industrial Research (DSIR), Government of India.

A key area of R&D efforts is the development and registration of novel formulation products. It is noteworthy that GLP certification was obtained in 2021, allowing the conduction of studies that support global registration, particularly in Africa and Southeast Asia. This GLP certification was successfully renewed in the year under review and is valid until 2027.

The R&D Centre plays a pivotal role in facilitating both domestic and international product registrations through rigorous testing and comprehensive documentation. To date, 518 registrations have been secured within India and 120 for export markets.

### Environment Protection and Sustainability:

The Company continues to uphold high standards in environmental management, with its manufacturing facilities operating well within the stipulated norms, owing to the efficient operation of the Zero Liquid Discharge (ZLD) facilities at Srikakulam and Ethakota. The Srikakulam manufacturing site is equipped with online effluent and emission monitoring devices that continuously upload data to the Pollution Control Board's website, ensuring transparency and compliance. Both sites have also expanded the plantation areas within the factory premises, further contributing to environmental sustainability.

The Company maintains its commitment to excellence in quality, environmental, safety, and health management systems, as evidenced by its certifications: ISO 9001:2015 for Quality Management, ISO 14001:2015 for Environmental Management, and ISO 45001:2018 for Occupational Health and Safety Management Systems. Additionally, both the Srikakulam and Ethakota units are accredited by the National Accreditation Board for Testing and Calibration of Laboratories (NABL), affirming their adherence to stringent standards.

### Responsible Care (RC):

Your Company has successfully implemented the Responsible Care 7 Codes of Management Practices across all its sites

and has secured the recertification of the RC Logo from the Indian Chemical Council (ICC) for another three years. This achievement underscores the Company's commitment to the safe and sustainable management of chemicals and processes, demonstrating our adherence to the highest standards of environmental, health, and safety practices in the chemical industry.

### Energy Efficiency and Emission Reduction:

Your Company has made significant strides in adopting energy-efficient technologies at both the Ethakota and Srikakulam sites, resulting in a marked reduction in operational costs and carbon emissions. At the Ethakota site, the transition from diesel to LPG for boiler fuel, and at the Srikakulam site, the shift from furnace oil to LPG for incineration and hot oil systems, have collectively resulted in an impressive 50% cost savings compared to the previous year's expenses. Additionally, these changes have significantly reduced carbon emissions, demonstrating your Company's commitment to sustainable practices.

On an organization-wide level, there have been notable improvements in specific consumption metrics:

- Specific Energy Consumption: Increased by only 0.02% in FY 2022-23 and then significantly decreased by 28.75% in FY 2023-24.
- Specific Power Consumption: Rose by 5.48% in FY 2022-23 and further decreased by 25.18% in FY 2023-24.
- Specific Water Consumption: Decreased by 3.05% in FY 2022-23 and further reduced by 4.82% in FY 2023-24.
- Specific Carbon Emissions: Slightly increased by 0.35% in FY 2022-23, followed by a substantial reduction of 19.20% in FY 2023-24.
- Specific Hazardous Waste Generation: Increased by 18.06% in FY 2022-23, but subsequently decreased by 21.44% in FY 2023-24.

These initiatives reflect our commitment to sustainable practices and our continuous efforts to optimize resource usage and reduce environmental impact.

### Water Conservation and Reuse:

Your Company's commitment to responsible water management is demonstrated through the implementation of water harvesting systems at all sites. Rainwater is effectively collected and stored for reuse, primarily for plantation and utility purposes, ensuring efficient water usage and sustainability.

### Health and Safety:

The Company's Environment, Health, and Safety (EHS) and Sustainability team is dedicated to fostering a culture of safety and environmental awareness at all our plants. To enhance safety consciousness, the team regularly organizes events such as National Safety Week, World Environment Day, Fire Service Week, and Electrical Safety Week. Additionally, it keeps employees informed and engaged through EHS newsletters, safety flashes, safety contacts, and cautionary notes.

In the year under review, the Company introduced initiatives such as Suraksha Sammelan and the Safety Monthly Star program to recognize and reward outstanding safety practices across all sites. These initiatives are designed to motivate our workforce and reinforce our commitment to maintaining a safe and healthy working environment.

### Share Capital:

During the year under review, your Company has allotted 24,000 fully paid equity shares, under Nagarjuna Agrichem Ltd.,- Employee Stock Option Scheme-2015 ("ESOS-2015 Scheme") and 3,03,334 fully paid equity shares under NACL Employee Stock Option Scheme-2020 ("ESOS-2020 Scheme"), upon exercise of Stock Options by the Eligible Employees of the Company under the respective ESOS Schemes and these shares were duly admitted for trading on the Stock Exchange(s). The equity shares issued pursuant to the above Employee Stock Option Schemes rank pari-passu with the existing equity shares of the Company.

Subsequent to the above allotments, the paid up capital of your Company stand increased from ₹ 19,88,41,843/- (comprising of 19,88,41,843 fully paid up equity shares of ₹ 1/- per equity share) to ₹ 19,91,69,177/- (comprising of 19,91,69,177 fully paid up equity shares of ₹ 1/- per equity share).

### Employee Stock Option Schemes:

The Company has aforesaid two stock option schemes i.e the ESOS-2015 Scheme and the ESOS-2020 Scheme. Both schemes are in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

#### a) ESOS-2015 Scheme:

During the year under review, the Company has allotted 24,000 fully paid equity shares to the Eligible Employees upon exercise of the vested stock options.

#### b) ESOS-2020 Scheme:

During the year under review, the Company granted 2,65,000 stock options under the ESOS-2020 Scheme to eligible employees. Each option entitles the holder to apply for one equity share of the Company. Upon the exercise of the vested stock options, the Company allotted 3,03,334 fully paid equity shares to these eligible employees.

In compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, a certificate from the Secretarial Auditor of the Company confirming that the ESOS-2015 Scheme and ESOS 2020 Scheme are being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the resolutions passed by the members, will be placed at the ensuing Annual General Meeting. The applicable disclosure, as stipulated under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as on March 31, 2024 with regard to the ESOS-2015 & ESOS-2020 is attached as **Annexure-I**.

### Material Changes and Commitments:

Except the changed specifically described in this report, there have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

### Subsidiary and Associate Companies and Consolidation of Financial Statements:

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), along with other applicable provisions of the Companies Act, 2013 ("Act") and as per Indian Accounting Standards (Ind AS 110 – "Consolidated Financial Statements"), the Audited Consolidated Financial Statements for the year ended on March 31, 2024 are provided in this Annual Report. The Company has prepared consolidated financial statements by incorporating

the financial statements of its wholly owned subsidiaries M/s. NACL Spec-Chem Limited, M/s.NACL Multichem Private Limited, M/s.LR Research Laboratories Private Limited, M/s.Nagarjuna Agrichem (Australia) Pty, Ltd., and M/s.NACL Agri-Solutions Private Limited with its financial statements in line-by-line basis. The investments of the Company in M/s.Nasense Labs Private Limited, an Associate Company, have been accounted for in these consolidated financial statements under the equity method in accordance with Ind AS 28 – "Investments in Associates and Joint Ventures".

The Statement required under Section 134 of the Act is attached as **Annexure - II** (Form AOC-1) to this Directors' Report.

No other Company has become/ceased to be Subsidiary or Joint Venture or Associate Company during the year under review. Except the changes specifically described in this report, there has been no material change in the nature of the business of the aforesaid Subsidiaries and Associate.

During the year under review, the Company has no Subsidiary which can be considered as material in terms of the Listing Regulations.

In accordance with the provisions of Section 136(1) of the Act, read with Regulation 46 of the Listing Regulations the following have been placed on the website of the Company [www.naclind.com](http://www.naclind.com)

- Annual Report of the Company, containing therein its Standalone and the Consolidated Financial Statements; and
- Annual accounts of each of the Subsidiary Companies.

### Internal Financial Control Systems and their adequacy:

The Company has in place adequate internal financial controls commensurate with the size and complexity of its operations. During the year, such controls were tested and no reportable material weakness in the design or operations were observed. The Company has policies and procedure in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of accounting records and the timely preparation of reliable financial information.

The Company has adopted accounting policies which are in line with the Indian Accounting Standards and the Act. These are in accordance with generally accepted accounting principles in India. Changes in policies, if required, are made in consultation with the Auditors and are approved by the Audit Committee.

The Company's internal audit systems are geared towards ensuring adequate internal controls commensurate with the size and needs of the business, with the objective of efficient conduct of operations through adherence to the Company's policies, identifying areas of improvement, evaluating the reliability of financial statements, ensuring compliances with applicable laws and regulations and safeguarding of assets from unauthorized use.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory, Cost and Secretarial Auditors, including audit of the internal financial controls over financial reporting by the Statutory Auditors, and the reviews performed by Management and the relevant Board and Committees including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2023-24, except the controls the Auditors identified in relation to the Qualification/ Comment (as given below) in their respective reports.

**Auditors:****a) Statutory Auditor and Audit Reports:**

M/s. BSR and Co. (Firm Registration No. 128510W), Chartered Accountants, were appointed as Statutory Auditors of the Company at the 35<sup>th</sup> Annual General Meeting held on September 29, 2022 for a period of 5 years commencing from the conclusion of 35<sup>th</sup> Annual General Meeting till the conclusion of 40<sup>th</sup> Annual General Meeting to be held in the year 2027. The firm has consented and confirmed that the appointment is within the limit specified under section 141(3)(g) of the Companies Act, 2013. The Statutory Auditors have also confirmed that they are not disqualified to be appointed as such in terms of the proviso to section 139(1), 141(2) and 141(3) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

The statutory Auditors Report forms part of the Annual Report. The notes on the financial statement referred to in the Auditors Report are self-explanatory and do not call for any further comments.

**Statutory Auditors' Qualification / Comment on the Company's Standalone financial statements**

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

**Board's response to the Statutory Auditors' Qualification / Comment on the Company's Standalone financial statements**

The Company/Group carried trade receivables aggregating to ₹ 7,796 lakhs as at March 31, 2024 (netted off with subsequent collections up to the date of the auditor's report for the year ended March 31, 2024), for which the auditors of the Company/Group had received unreliable responses to their independent balance confirmation requests, for audit of the financial statements for the year ended March 31, 2024, from some of these customers.

Subsequently, the management has instituted an independent investigation into the matter and has also undertaken steps including but not limited to conducting internal investigation, terminating the Company/Group's employee allegedly involved in the matter and carrying out balance confirmation and reconciliation procedures with the customers. The Audit Committee approved the engagement of M/s Ernst & Young LLP (E&Y) for a forensic audit to address the auditors' concerns about trade receivables irregularities.

The management has assessed the resultant impact on the financial results of the Company/ Group in its best estimate. Based on the same, the net exposure is estimated at ₹ 1,978 lakhs. This exposure is fully provided for in the Company/ Group's books of account as of June 30, 2024 (which includes the provision for expected credit loss of ₹ 1,880 lakhs that was recognized during the quarter ended March 31, 2024). The Company/ Group also has received a legal opinion clarifying that the concerned dealer-customers' claim is not legally tenable, and the Company/ Group is well within its rights to proceed with legal action to claim its entitlement.

**b) Cost Auditor:**

Pursuant to Section 148 of the Companies Act, 2013, the Board of Directors of the Company, on the recommendation of the Audit Committee appointed M/s. K. Narasimha Murthy & Co., Cost Accountants, Hyderabad to conduct cost audits relating to Insecticides (Technical Grade and Formulations), of the Company for the year ended March 31, 2025. The Company has received their written consent that the appointment will be in accordance with the applicable provisions of the Act, and rules framed thereunder. Pursuant to the provisions of Section 148 of the Act read with Rules made thereunder, members are requested to consider the ratification of the remuneration of ₹ 8 Lakhs payable to M/s. K. Narasimha Murthy & Co., Cost Accountants, Hyderabad, for the financial year 2024-25.

Your Company is maintaining all the cost records referred above and M/s. K. Narasimha Murthy & Co., Cost Auditors, have issued a cost audit report for FY 2023 which does not contain any qualification, reservation or adverse remarks and the same report were duly filed with the Central Government.

**Cost Auditors Report for financial year ended March 31, 2024 and the Qualification.**

In light of Statutory Auditors qualification in their report, the Cost Auditors of the Company have also included the qualification in their Audit Report for the year 2023-24, detailing the following audit qualification:

*"The Company has Trade Receivables aggregating to ₹ 7796 Lakhs as at 31st March, 2024 (netted off with subsequent collections up to 6th June, 2024) for which the Financial Auditors of the Company received unreliable responses to their independent balance confirmation requests from some of the Customers. Management is initiating an Independent Investigation in this matter, pending which, it has made a Provision of ₹ 1880 Lakhs against these Receivables. Pending such Investigation, we are unable to determine whether any adjustments to the Standalone Financials are necessary"*

**Board's response to the Cost Auditor Qualification:**

Please refer to the Board's response under point (a) of the Statutory Auditor's and Audit Reports. The Board's reply remains consistent with the response provided to the Statutory Auditor's report in the aforementioned point (a).

**c) Internal Auditor:**

The Board of Directors of the Company has appointed M/s. M.Bhaskara Rao & Co., Chartered Accountants, Hyderabad, as Internal Auditors to conduct internal audit of the Company for the financial year ended March 31, 2024 and their reports are reviewed by the Audit Committee from time to time. The Internal Auditors monitor and evaluate the efficiency of the internal control system of the Company, its compliance with applicable laws/regulations, accounting procedure and policies. Based on the reports of the Internal Auditor, corrective actions will be undertaken, thereby strengthening the controls. Significant audit observations and action plans were presented to the Audit Committee of the Board on a quarterly basis.

The Board of Directors, based on the recommendation of the Audit Committee, has re-appointed M/s. M. Bhaskara Rao & Co., Chartered Accountants, Hyderabad, as Internal Auditors for the financial year ending March 31, 2025.

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

Pursuant to Section 204 of the Act read with the Rule 9 of Companies (Appointment and Remuneration of Managerial

Personnel) Rules, 2014, the Board has appointed M/s. B S S & Associates, Company Secretaries, to carry out secretarial audit in terms of the Act for the financial year 2023-24. The secretarial audit report for the FY 2023-24 issued by M/s. B S S & Associates, Practicing Company Secretary in form MR-3 is enclosed to this report as **Annexure – III** and the report does not contain any qualification, reservation, adverse remark or disclaimer. Pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained the Annual Secretarial Compliance Report from M/s. B S S & Associates and submitted the same to the stock exchange where shares of the Company are listed.

### Reporting of Frauds by Auditors:

**Except the below mentioned fraud reported by Statutory Auditors, there is no other such reporting by any of the Auditors i.e., Statutory Auditor, Cost Auditor and Secretarial Auditors.**

The Audit Committee has taken cognizance of the notice dated May 30, 2024 served by the Statutory Auditors under Section 143(12) of the Companies Act, 2013, highlighting discrepancies in trade receivables. As per Rule 13 of the Companies (Audit and Auditors) Rules, 2014, the following details, as reported to the Audit Committee and the Board, are given below:

- (a) Nature of Fraud: The Company/Group carried trade receivables aggregating to ₹ 7,796 lakhs as at March 31, 2024 (netted off with subsequent collections up to the date of the auditor's report for the year ended March 31, 2024), for which the auditors of the Company/Group had received unreliable responses to their independent balance confirmation requests, for audit of the financial statements for the year ended March 31, 2024, from some of these customers
- (b) Approximate Amount Involved: Not ascertainable at this stage.

Following the qualified opinion issued by M/s BSR and Co, Statutory Auditors, under Section 143(12) of the Companies Act, 2013, the management has instituted an independent investigation into the matter and has also undertaken steps including but not limited to conducting internal investigation, terminating the Company/Group's employee allegedly involved in the matter and carrying out balance confirmation and reconciliation procedures with the customers. The Audit Committee approved the engagement of E&Y for a forensic audit to address the auditors' concerns about trade receivables irregularities.

Pursuant to the internal investigation and carried out by E&Y, it has been identified that the former head of North Business Unit (Marketing & Sales) was involved in such fraudulent activities.

The management has assessed the resultant impact on the financial results of the Company/ Group in its best estimate. Based on the same, the net exposure is estimated at ₹ 1,978 lakhs. This exposure is fully provided for in the Company/ Group's books of account as of June 30, 2024 (which includes the provision for expected credit loss of 1,880 lakhs that was recognized during the quarter ended March 31, 2024). The Company/ Group also has received a legal opinion clarifying that the concerned dealer-customers' claim is not legally tenable, and the Company/ Group is well within its rights to proceed with legal action to claim its entitlement.

### Directors:

During the year under review Company's comprises of 14 (Fourteen) Directors, out of which, 3 (three) are Non-Executive, Non-Independent Directors (NEDs) including 1 (one) Woman Director. Further, out of the remaining 11 (Eleven) Directors, 8 (Eight) are Non-Executive Independent Directors including 2(two) Women Independent Directors, 2 (two) are Investors Nominee Directors and 1 (one) is an Executive Director.

However as on the date of this report, Mr. Raghavender Mateti has ceased to be an Independent Director w.e.f August 08, 2024. Mr. Raghavender Mateti completed his tenure as Independent Director for two consecutive terms of five years each.

#### a) Director(s) to retire by rotation:

In accordance with the provisions of Section 152 of the Act, and Articles of Association of the Company, Mr. Raj Kaul, Director (DIN: 00394139) of the Company, who retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

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

#### b) Renewal of consultancy agreement entered with Mr.C.V Rajulu

The Company entered into a Consultancy Arrangement with Mr.C.V. Rajulu, a Non-Executive and Non-Independent Director, for a period of one year ending June 23, 2024. The Board of Directors, through a circular resolution dated May 17, 2024, approved the renewal of the consultancy agreement and the shareholders, subsequently, approved the same through a postal ballot on June 22, 2024.

#### Key Managerial Personnel:

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

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

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

#### c) Independent Directors:

In terms of Sections 149, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory amendment(s), modification(s) or re-enactment thereof for the time being in force), the Independent Director can hold office for a term of up to five (5) consecutive years on the Board of Directors of the Company and shall not be liable to retire by rotation.

All the Independent Directors have given a declaration that they meet the criteria of independence laid down under Section 149(6) of the Act read with Regulation 16(b) of Listing Regulations.

In the opinion of the Board, there has been no change in the circumstances which may affect their status as Independent Directors of the Company and the Board is satisfied of the integrity, expertise, and experience (including proficiency in terms of Section 150(1) of the Act and applicable rules thereunder) of all Independent Directors on the Board.

Further, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors of the Company have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs (IICA).

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

Pursuant to the provisions of the Act, and Listing Regulations, the Board has carried out the evaluation of its own performance and Committees of the Board, the performances of Directors individually, the Executive Director, the Chairperson of the Board etc. Various parameters under the guidance note issued by the Institute of Company Secretaries of India and SEBI, were considered for evaluation and after receiving the inputs from the Directors, the performance evaluation exercise was carried out. The parameters include attendance of Directors at Board and Committee meetings, integrity, credibility, expertise and trustworthiness of Directors, Board's monitoring of various compliances, laying down and effective implementation of various policies, level of engagement and contribution of the Directors, safeguarding the interest of all stakeholders etc. The performance evaluation of the Board as a whole was carried out by the Independent Directors. The performance evaluation of each Independent Director was carried out by the Board. The Directors expressed their satisfaction with the evaluation process.

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

**e) Meeting of Independent Directors:**

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

**f) Familiarization Programme for the Independent Directors:**

In compliance with the requirement of Listing Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their role, rights and responsibility as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. The same is available on the website of the Company i.e., [www.naclind.com](http://www.naclind.com).

Through the Familiarization programme, the Company apprises the Independent Directors about the business model, corporate strategy, business plans and operations of the Company. These Directors are also informed about the financial performance, annual budgets, internal control system, statutory compliances etc. They are also familiarized with Company's vision, core values, ethics and corporate governance practices.

At the time of appointment of Independent Director, necessary information including various documents such as the information's about Company, Memorandum and Articles of Association, Annual Reports for previous years, Investor Presentations and recent Media Releases, Brochures, Organization policies are provided. Further, a formal letter of appointment has also given, explaining fiduciary duties, roles, responsibility and the accompanying liabilities that come with the appointment as an Independent Director of the Company.

On an on-going basis, periodic presentations are made at the Board and Committee meetings, on the performance

updates of the Company, Industry scenario, business strategy, internal control and risks involved and mitigation plan. The Directors are also provided with quarterly update on relevant statutory changes, judicial pronouncements and important amendments.

**Board Meeting:**

During the year under review, 5 (Five) Board Meetings were held. The details of the same are given in the Corporate Governance Report which forms part of this Annual Report. The provisions of the Act and the Listing Regulations were adhered to, while considering the time gap between two meetings.

**Audit Committee:**

The Audit Committee comprising of Mr. Santanu Mukherjee as the Chairman and Mr. Sudhakar Kudva, Mr. Raghavender Mateti, Mr. N. Vijayaraghavan, Mr. N. Sambasiva Rao as the members. The details about the Audit Committee including the brief description of its terms of reference and number of meetings held during the year are mentioned in the Corporate Governance Report. There have been no instances during the year when recommendations of the Audit Committee were not accepted by the Board.

**Criteria for selection of candidates for appointment as Directors, Key Managerial Personnel and Senior Management Personnel.**

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

**Criteria for making payment to Non-Executive Directors of the Company.**

Your Company has laid down well-defined criteria for making payment to Non-Executive Directors of the Company. The details of the same are available at the Company's website at [www.naclind.com](http://www.naclind.com).

**Directors' Responsibility Statement:**

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

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- b) it has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2024 and of the Profit/Loss of the Company for the year ended on that date;
- c) it has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) it has prepared the Annual Accounts of the Company on a 'going concern' basis;
- e) it has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

- f) it has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Corporate Social Responsibility:

Corporate Social Responsibility (CSR) has been an integral part of your Company's culture and it has been associated, directly or indirectly, for contributing towards society's development. For the year under review, the company carried out several CSR activities in the areas surrounding Srikakulam and Ethakota(AP), where its factories are located. Such activities includes RO Water Supply to surrounding Villages, Village & Community Development, Scholarships to Merit students, contribution to Vidhya Volunteer Scheme, street lightning and bore-well maintenance, development of school facilities, community centers and bus shelters in the surrounding villages of the factories, providing medical services and vocational courses and conducting various medical camps, etc. These projects are largely covered under Schedule VII of the Companies Act, 2013 ('Act').

In accordance with the CSR provisions in the Act, the Company has formed a CSR Committee and the CSR Policy is in conformity with the provisions of the Act. The CSR Policy can be accessed on the Company's website at <http://www.naclind.com>. The Annual Report of CSR activities are annexed herewith as **Annexure-IV** and forming part of this Report.

### Change in the nature of business:

There is no change in the nature of business of the Company.

### Significant and Material Orders passed by the Regulators or Courts:

During the year, the Company has not received any significant and material orders passed from Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in future.

### Particulars of Loans, Guarantees or Investments under Section 186:

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

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

### Extracts of Annual Return:

Pursuant to Section 92(3) and 134(3)(a) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extract of the Annual Return of the Company can be accessed on the website of the Company at [www.naclind.com](http://www.naclind.com).

### Risk Management Policy:

Pursuant to the provisions of Section 134, and other applicable provisions if any, of the Act and Listing Regulations, the Company constituted the Risk Management Committee and framed Risk Management Policy, which inter-alia covers implementation and monitoring of the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The details about Committee including the brief description of its terms of reference are given in the Corporate Governance Report. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

### Related Party Transactions:

All the related party transactions are entered into during the financial year were on arm's length basis and in the ordinary course of Company's business and are in compliance with the applicable provisions of the and Regulation 23 of Listing Regulations. The Company has not entered into any contract, arrangement or transactions with any related party which could be considered as material within the meaning of Regulation 23 of the Listing Regulations. Related Party Transactions (RPTs) under IndAS (Indian Accounting Standards) -24 are disclosed in the notes to the financial statement.

Necessary disclosures and the statement of all related party transactions are presented before the Audit Committee and the Board of Directors on a quarterly basis specifying the nature, value and terms and conditions of the transactions. All Related Party Transactions are approved by the Audit Committee and omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. The transactions entered into pursuant to the omnibus approval so granted are reviewed on a quarterly basis by the Audit Committee. The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website [www.naclind.com](http://www.naclind.com). The details of the transactions with Related Parties are provided in the accompanying financial statements.

### Vigil Mechanism/Whistle Blower Policy:

The Company has implemented Whistle Blower Policy to deal with any fraud, irregularity or mismanagement in the Company. The policy enables any employee or Director to directly communicate to the Chairman of the Audit Committee to report any fraud, irregularity or mismanagement in the Company. The policy ensures strict confidentiality while dealing with concerns and also that no discrimination or victimization is meted out to any whistleblower. The Whistle Blower Policy as approved by the Board is uploaded on the Company's website [www.naclind.com](http://www.naclind.com). During the year under review, your Company has not received any complaints under the said policy of the Company. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

### Nomination and Remuneration Policy:

Pursuant to Section 178(3) of the Act, the Company has adopted a policy on Nomination and Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel. The Nomination and Remuneration Committee (NRC) has formulated the criteria for determining qualification, positive attributes and independence of Directors in terms of provisions of Section 178(3) of the Act and as Listing Regulations. The details about the Committee, including the brief description of its terms of reference are given in the Corporate Governance Report.

### Corporate Governance:

In compliance with Regulation 34 read with Para-C of Schedule V of Listing Regulations, a separate report on Corporate Governance has been included in this Annual Report together with the Auditor's Certificate confirming compliance of the Corporate Governance as stipulated under the said Regulations. All the Board members and the Senior Management Personnel have affirmed compliance with the Companies "Code of Conduct for Board and Senior Management Personnel" for the financial year 2023-24.

A certificate signed by the Managing Director & CEO and Chief Financial Officer (CFO) certifying the financial statements and other matters as required under Regulation 17(8) of the Listing Regulations, forms part of this Annual Report.

### Management Discussion and Analysis Report and Business Responsibility Report:

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 16(b) of the Listing Regulations, is presented in a separate section forming part of this Annual Report. A Business Responsibility and Sustainability Report containing the requisite details under Regulation 34 of the Listing Regulations has been included in this Annual Report.

### Policy on Sexual Harassment:

The Company has zero tolerance for sexual harassment at workplace and has adopted a "Policy on Sexual Harassment of Associates" in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, and framed with the objective of providing a safe working environment, where employees feel secure. There were no cases reported during the financial year 2023-24 under the said Policy.

### Brand Protections:

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

### Fixed Deposit:

Your Company has not accepted any fixed deposits from the public during the year under review, and no such amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

### Industrial Relations:

The industrial relations at the factories and head office continued to be cordial.

### Insurance:

All the assets and insurable interests of your Company including inventories, buildings, plant and machinery, enactments are adequately insured.

### Particulars of Employees and Remuneration:

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

Place : Hyderabad  
Date : August 14, 2024

### Compliance with Secretarial Standards:

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

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

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

### The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year

During the year under review, Company has not made any application under the Insolvency and Bankruptcy Code, 2016 (31 of 2016).

### The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the banks or financial institutions along with the reasons thereof

The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof is not applicable.

### Acknowledgement:

Your Directors thank the Company's Bankers and the Financial Institutions for their help and co-operation extended throughout the year. Your Directors place on record their appreciation for the support and co-operation that the Company received from its Shareholders, Customers, Agents, Suppliers, Employees, various Government/Non-Government Departments, Associates and Community in the vicinity of the plants. Your Directors also record their appreciation for the excellent operational performance of the staff of the Company that contributed to the achievements of the Company. The Directors also acknowledge with much gratitude, the continued trust and confidence reposed by the Dealers/Customers of the Company. Your Directors look forward to the future with confidence.

### For and on behalf of the Board

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

**C V Rajulu**  
Director  
(DIN: 09219298)

## ANNEXURE- I TO DIRECTORS REPORT

### EMPLOYEE STOCK OPTION SCHEME (ESOS) DISCLOSURE

[Pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]

#### I) General Disclosures

Disclosure under "Guidance note in Accounting for the employee share based payments" or any other applicable Accounting Standards (AS): For details please refer to notes to Financial Statements, forming part of this Annual Report 2023-24 which can be accessed through the web link: <https://naclind.com/investor-relations/>.

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

S. No.	Particulars	ESOS-2015	ESOS-2020
1.	Date of Shareholder's Approval	September 28, 2015.	September 07, 2020
2.	Total Number of Options approved	11,50,000 (Eleven Lakhs fifty Thousand Only) options. The Option holder is eligible to receive one equity share of ₹ 1/- each for every option granted.	25,00,000 (Twenty Five Lakhs Only) options. The Option holder is eligible to receive one equity share of ₹ 1/- each for every option granted.
3.	Vesting & Exercise Requirements	There shall be a minimum period of one year between the grant of Options and vesting of Options. The vesting of Options spreads over a maximum period of five years after the aforesaid one year from the date of grant. The vested options can be exercised within two years from the date of vesting.	There shall be a minimum period of one/two year(s) between the grant of Options and vesting of Options. The vesting of Options spreads over a maximum period of three years after the aforesaid one/two year(s) from the date of grant. The vested options can be exercised within one year from the date of vesting.
4.	Pricing Formula	As decided by the Nomination Remuneration Committee / Compensation Committee from time to time at the time of grant, subject to a minimum of face value of shares. The exercise price for the Options already granted is ₹ 8/- per Options.	The Nomination Remuneration Committee/ Compensation Committee is empowered to fix the exercise price considering inter-alia the market price of shares as defined in the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and the discount to be offered, which is subject to a minimum of face value of the equity shares of the Company
5.	Maximum term of Options granted	5 years (to be counted after one year from the date of grant as aforesaid)	3 years (to be counted after one/two year(s) from the date of grant as aforesaid)
6.	Sources of Shares	Fresh issue of shares.	Fresh issue of shares.
7.	Variation in terms of ESOS Scheme	NIL	NIL
8.	Methods used for accounting of ESOS	Fair Value	Fair Value
9.	The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed.	Nil	Nil

### III) Option Movement during the year:

S. No	Particulars	ESOS-2015	ESOS-2020
1.	Number of Options outstanding at the beginning of the year	45,500	14,86,665
2.	Number of Options granted during the year	-	2,65,000
3.	Number of Options forfeited/lapsed during the year	-	(1,45,001)
4.	Number of Options vested during the year	24,000	2,03,333
5.	Number of Options exercised during the year	(24,000)	(3,03,334)
6.	Number of shares arising as a result of exercise of options	(24,000)	(3,03,334)
7.	Money realized by exercise of option (INR) if scheme is implemented directly by the Company.	1,92,000	89,36,714
8.	Loan repaid by the Trust during the year form exercise price received.	NA	NA
9.	Number of Options outstanding at the end of the year	21,500	13,03,330
10.	Number of Options exercisable at the end of the year	7,500	4,45,003

### iv Calculation of fair value.

#### A) ESOS – 2015:

- i) Weighted average fair value of options granted during the year whose exercise price is less than market price ₹ 78.

**Note:** The fair value has been calculated using the Black Scholes Option pricing model. For details of the same along with the assumptions used in the model, the Note No 14.7 to the Standalone Financial Statements forming part of this Annual Report may be referred.

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

#### B) ESOS – 2020:

- i) Weighted average fair value of options granted during the year whose exercise price is less than market price ₹ 76.

**Note:** The fair value has been calculated using the Black Scholes Option pricing model. For details of the same along with the assumptions used in the model, the Note No 14.7.1 to the Standalone Financial Statements forming part of this Annual Report may be referred.

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

### v) Employee wise details of option granted during the year:

- a) Details of grant made during the FY 2023-24 to Key Managerial Personnel and Senior Managerial Personnel:

- 1) ESOS-2020 Scheme:

Name of the Eligible Employee	Designation	No. of options granted	Exercise Price (in ₹)
M Ravi Kumar	DGM	50,000	65
Tarakarama Raghupati	DGM	50,000	65
Walunj Shekar Rajaram	DGM	50,000	65
Murugan Chinnadurai	DGM	50,000	65
Dr Bijju Pillai*	Sr. VP	65000	65

- b) Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during the year: **Nil**

- d) Identified employees who were granted options in any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: **Nil**

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

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

**For and on behalf of the Board**

Place : Hyderabad  
Date : August 14, 2024

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

**C V Rajulu**  
Director  
(DIN: 09219298)

**ANNEXURE- II TO DIRECTORS REPORT****Form No. AOC-1***(Pursuant to proviso to sub-section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014)***Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures****Part "A": Subsidiaries**

(₹ in Lakhs)

Sl. No	Particulars	Name of the Company					
		L.R. Research Laboratories Private Limited Wholly owned Subsidiary)	Nagarjuna Agrichem (Australia) Pty. Limited (Overseas Wholly owned Subsidiary)	NACL Multi-Chem Private Limited (Wholly owned Subsidiary)	NACL Spec-Chem Limited (Wholly owned Subsidiary)	NACL Industries (Nigeria) Limited	NACL Agri-Solutions Private Limited (Wholly owned Subsidiary)
1	Reporting period for the Subsidiary concerned, if different from the Holding Company's reporting period	NA	NA	NA	NA	NA	NA
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	AUD (AUD/INR = 54.11)	INR	INR	Niara	INR
3	Share capital	1.00	32.30	1.00	200.00	*	100
4	Other equity	(5)	(25)	(34)	(2007)	-	2.32
5	Total assets	7	17	772	31,558	-	120.96
6	Total Liabilities	10	6	805	33,365	-	18.64
7	Investments	-	-	-	-	-	-
8	Revenue	-	12	2	17848	-	2.22
9	Profit/(Loss) Before Tax	-	4	(1)	(1466)	-	2.80
10	Tax Expenses	-	-	-	(223)	-	0.48
11	Profit/(Loss) after tax	-	4	(1)	(1243)	-	2.32
12	Proposed Dividend	-	-	-	-	-	-
13	% of shareholding	100%	100%	100%	100%	100%	100%

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

**Note:**

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

**Part “B”: Associates and Joint Ventures**

**Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

<b>Name of Associate</b>	<b>Nasense Labs Private Limited</b>
1. Latest Un-audited Balance Sheet Date	March 31, 2024
2. Shares of Associate/Joint Ventures held by the Company on the year end	Shares @ ₹10/-
No. of Equity Shares	61,27,513
Amount of Investment in Associates/ Joint Venture	₹ 816 Lakhs
Extent of Holding %	26%
3. Description of how there is significant influence	Significant influence means a control of at least 20% of the total shares capital or of business decisions under an agreement. Since the holding of the company is more than 20% hence there is significant influence.
4. Reason why the Associate/ Joint Venture is not consolidated	The investments in M/s Nasense Labs Pvt. Ltd. have been accounted in the consolidated financial statements under the equity method in accordance with Indian Accounting Standard (Ind AS) 28 – Investments in Associates.
5. Net worth attributable to Shareholding as per latest Un-audited Balance Sheet	₹ 1514 Lakhs
6. Profit for the year	₹ 415 Lakhs
i. Considered in Consolidation	₹ 108 Lakhs
ii. Not Considered in Consolidation	₹ 307 Lakhs
Names of associates or joint ventures which are yet to commence operations.	Nil
Names of associates or joint ventures which have been liquidated or sold during the year.	Nil

**for and on behalf of the Board**

Place : Hyderabad  
Date : August 14, 2024

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

**CV Rajulu**  
Director  
(DIN: 09219298)

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

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

## ANNEXURE- III TO DIRECTORS REPORT

### Form No. MR-3

#### Secretarial Audit Report

For the Financial Year ended on March 31, 2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and

**Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,  
The Members,  
NACL Industries Limited,  
(CIN: L24219TG1986PLC016607)  
Plot No.12-A, "C"- Block, Lakshmi Towers,  
No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta,  
Hyderabad, Telangana - 500082.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by NACL Industries Limited (hereinafter called "the Company"), having CIN: L24219TG1986PLC016607. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company, during the audit period covering the financial year ended on March 31, 2024, complied with the statutory provisions listed hereunder and also the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2024 according to the provisions of:

- i) The Companies Act, 2013 (the "Act") and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during the audit period)
- d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (Not applicable to the Company during the audit period)
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the audit period) and
- vi) The Securities and Exchange Board of India (Buy-back of Securities) Regulations 2018; (Not applicable to the Company during the audit period)
- vii) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- viii) The Employees' State Insurance Act, 1948;
- ix) The Employers' Liability Act, 1938;
- x) The Equal Remuneration Act, 1976;
- xi) The Factories Act, 1948;
- xii) Maternity Benefits Act, 1961;
- xiii) Minimum Wages Act, 1948;
- xiv) The Negotiable Instruments Act, 1881;
- xv) The Payment of Bonus Act, 1965;
- xvi) Payment of Gratuity Act, 1972;
- xvii) The Payment of Wages Act, 1936 and other applicable labour laws
- xviii) Laws specially applicable to the industry to which the Company belongs, as identified by the Management:
  - a) Factories Act, 1948, Fertilizer (Control) Order, 1985 and Rules made thereunder;
  - b) The Insecticides Act, 1968 and Rules made there under;
  - c) Explosives Act, 1889 - Gas Cylinder Rules, 1981;
  - d) The Indian Boilers Act, 1923 & the Indian Boilers Regulations, 1950;
  - e) The Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996;
  - f) Environment Protection Act, 1986 and other environmental laws.

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

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

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

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

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

We further report that the Board of Directors of the Company has been duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes

in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

We further report that adequate notice is given to all Directors to schedule the Board and Committee Meetings. Agenda and detailed notes on agenda were sent adequately in advance of the meetings, in case of less than seven days the Company has taken shorter notice consent from Directors / Members of the Board / Committees, and a system exists for seeking and obtaining further information and clarifications as may be required by them on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

Date: 27.05.2024,  
Place: Hyderabad

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

**S.Srikanth**  
Partner  
ACS No.: 22119  
C.P. No.: 7999  
UDIN:A022119F000462944  
Peer review No: 726/2020

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

## 'Annexure A'

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

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, that we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is not an assurance as to the future viability of the Company or of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: 27.05.2024  
Place: Hyderabad

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

**S. Srikanth**  
Partner  
ACS No.: 22119  
C.P. No.: 7999  
UDIN:A022119F000462944  
Peer review No: 726/2020

## ANNEXURE- IV TO DIRECTORS REPORT

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

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

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

We at NACL Industries Limited, act in accordance with the principles of responsible, care and sustainable development to safeguard our employees, customers, stockholders, society and environment. In doing so, we ensure compliance with globally accepted social and ethical standards and values. As an organization, the Company is committed to operate in accordance with the demands of economy, ecology and society.

#### 2. Composition of CSR Committee:

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

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: [www.naclind.com](http://www.naclind.com)
4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. Not Applicable
5. a) Average net profit of the company as per section 135(5) ₹ 10,592.01 Lakhs  
b) Two percent of average net profit of the company as per sub-section (5) of section 135. ₹ 211.84 Lakhs  
c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. Nil  
d) Amount required to be set off for the financial year, if any Nil  
e) Total CSR obligation for the financial year [(b)+(c)-(d)] ₹ 211.84 Lakhs
6. a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) ₹ 212.74 Lakhs  
b) Amount spent in Administrative Overheads Nil  
c) Amount spent on Impact Assessment, if applicable Nil  
d) Total amount spent for the Financial Year [(a)+(b)+(c)] ₹ 212.74 Lakhs  
e) CSR amount spent or unspent for the financial year: Nil

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 212.74 Lakhs	Nil	-	-	Nil	-

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

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	₹ 211.84Lakhs
(ii)	Total amount spent for the Financial Year	₹ 212.74 Lakhs
(iii)	Excess amount spent for the financial year [(ii)-(i)]	₹ 0.90 Lakhs
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

7. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any	Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer	
1.	FY-2020-21	NA	NA	NA	NA	NA	NIL
2.	FY-2021-22	NA	NA	NA	NA	NA	NIL
3.	FY-2022-23	NA	NA	NA	NA	NA	NIL

- 8) Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:  
**No**

If Yes, enter the number of Capital assets created/ acquired- Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner
					CSR Registration Number, if applicable
					Name
					Registered address
Not Applicable					

- 9) Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135. Not Applicable.

**For and on behalf of the Board**

Place : Hyderabad  
Date : August 14, 2024

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

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

## ANNEXURE –V TO DIRECTORS REPORT

The disclosure of remuneration during the year 2023-24 pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014:

1. Ratio of remuneration of each Director to the median remuneration of employees of the Company for the financial year 2023-24 and the Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any in the financial year.

S. No	Name of Director and KMP	Remuneration (₹ in Lakhs)	Ratio median remuneration	% Increase in remuneration in the FY
1)	Mrs.K.Lakshmi Raju, Non-Executive Director**	NA	NA	NA
2)	Mr.Sudhakar Kudva, Independent Directors**	NA	NA	NA
3)	Mr.N.Vijayaraghavan, Independent Directors**	NA	NA	NA
4)	Mr.Raghavender Mateti, Independent Directors**	NA	NA	NA
5)	Mr.Atul Churiwal, Investor Nominee Director**	NA	NA	NA
6)	Mr.Rajesh Kumar Agarwal, Investor Nominee Director**	NA	NA	NA
7)	Mr.Ramkrishna Mudholkar, Independent Directors**	NA	NA	NA
8)	Mr.N.Sambasiva Rao, Independent Directors**	NA	NA	NA
9)	Ms.Veni Mocherla, Independent Directors**	NA	NA	NA
10)	Mr. Raj Kaul, Non-Executive and Non-Independent Director**	NA	NA	NA
11)	Mr.Santanu Mukherjee, Independent Directors**	NA	NA	NA
12)	Ms.Lakshmi Kantam Mannepalli Independent Director**	NA	NA	NA
13)	Mr.M.Pavan Kumar, Managing Director & CEO	197	30.41	-0.46
14)	Mr.R.K.S Prasad, CFO	107	16.52	0.07
15)	Mr.Satish Kumar Subudhi, Vice President – Legal & Company Secretary	62	9.57	0.03
16)	Mr.C.V.Rajulu, Director*	17	2.62	NA

\*The remuneration paid in FY 23-24 was for part of the year. Therefore, percentage increase is not comparable, hence not stated.

\*\*Entitled for sitting fees for attending the Board/ Committee Meetings.

### Notes:

- Employees for the purpose above include all employees excluding employees governed under collective bargaining.
- The Percentage increase in the median remuneration of employees in the financial year: 21.11 %.
- The number of permanent employees on the rolls of the Company: 1399.
- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average percentile increases in the salaries of employees other than the managerial personnel was 9.99%.

### 5. Statement under Section 197 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- Gross remuneration shown above is subject to tax and comprises salary, allowances, commission, incentives, monetary value of perquisites, Company's contribution to provident fund and superannuation fund. In addition to the above, employees are also entitled to gratuity, medical benefits etc. in accordance with Company's Rules.
  - None of the above employee, along with the spouse and dependent children holds more than 2% of the equity shares of the Company.
  - All employees are permanent employee of the Company.
- Employed throughout the financial year and in receipt of remuneration aggregating One Crore and Two Lakhs Rupees per financial year: Mr. M. Pavan Kumar, Managing Director & CEO
- Employed for part of the financial year and in receipt of remuneration aggregating Eight Lakhs and Fifty Thousand Rupees per month or more: Nil

- (d) In terms of Section 136 of the Act, the statement containing particulars of employee as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is open for inspection at the Registered office of the Company. Any shareholder interested obtaining copy of the same may write to the Company Secretary.

**6. Affirmation that the remuneration is as per the Remuneration Policy of the Company:**

It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees, adopted by the Company.

**For and on behalf of the Board**

Place : Hyderabad  
Date : August 14, 2024

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

**C V Rajulu**  
Director  
(DIN: 09219298)

## ANNEXURE –VI TO DIRECTORS REPORT

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

[Pursuant to the provisions of Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014]

#### A. CONSERVATION OF ENERGY:

##### 1. Steps taken or impact on conservation of energy:

- i) Reduction of electricity consumption of street lighting by using Solar street lights.
- ii) Reduction of electricity consumption of conventional light fittings by replacing them with LED light fittings.
- iii) Reduction of electricity consumption of Standard efficiency motor by replacing them with Premium efficiency motor.
- iv) Reduction of electricity consumption of conventional air conditioners by replacing them with 5 star rated inverter split air conditioners
- v) Reduction of electricity consumption of conventional ceiling fans by replacing them with Brushless DC ceiling fans
- vi) Reduction of electricity consumption of street lighting by replacing them with Solar street lights
- vii) Reduction of electricity consumption by Optimizing the size of the motor.
- viii) Reduction of electricity consumption of Belt driven agitators by replacing them with direct driven agitators.
- ix) Reduction of electricity consumption by reducing agitator speeds with gear box replacement

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

Area of Improvement	Improvement	Cost of Project (In ₹ Lakh)	Per Annum Saving (In ₹ Lakh)
Total Plant	Reduction of electricity consumption of street lighting by using Solar street lights 30 W .-12 NO's	2.15	0.57
Total Plant	Replacement of Conventional 125 W MV light fittings with 60 W LED Light fittings- 700 No's	40.00	17.00
Total Plant	Replacement of Standard efficiency motors with premium efficiency motors-15 No's	7.80	5.72
Total Plant	Replacement of Conventional Ceiling Fans with Brushless DC ceiling Fans- 35 No's	1.05	0.09
Boiler	Optimisation of pressure and flow of High boiler RO Plant High pressure pump with VFD , Load reduced from 33KW to 16KW.	2.00	11.42
Block-7	Optimization of flow and pressure of Block-7 process Cooling water Pump with VFD operation	3.70	2.96
Central Utility	Optimization of flow and pressure of Central Utility '1-30 Ch. Brine Primary Pump with VFD operation	0.75	3.15
Central Utility	Optimization of flow and pressure of Central Utility Chilled Water Primary Pump with VFD operation.	1.00	9.15
Block-7	Optimization of flow and pressure of Chilled Water Primary Pump with VFD operation. Load Reduced from 30KW to 12KW	1.00	8.94
Block-7	Chiller Cooling Water Pump (PCT-7002C) Flow Optimization with VFD. Load reduced from 35.02KW to 21.82KW.	2.00	9.25
Block-7	Daikin Chiller secondary Chilled Water Pump (22KW) (PCHW-7001G) Flow Optimization with VFD. Load reduced from 20.04KW to 11.11KW.	1.25	6.65
Block-7	Chilled brine Secondary pump ( PCHB - 7001 D) Flow optimization with VFD. Load reduced from 24.5 KW to 10.22 KW.	2.00	10.00
Boiler	Reduction of running hours of Boiler RO permeate transfer pump to boiler tank, by interlocking with Level	0.10	1.42
Gas incinerator	Replacement of 37 KW CA Blower motor with 30 KW motor.	0.00	2.74
Central Utility	Replacement of 37 KW Daikin chiller primary pump motor with 30 KW motor.	0.00	2.74
Central Utility	Replacement of 45 KW Daikin chiller cooling water Circulation pumps motor with 37 KW motor	0.00	3.10
ZLD	Reduction of VLS pumps motor size from 37 KW to 30 KW	0.00	1.01

Area of Improvement	Improvement	Cost of Project (In ₹ Lakh)	Per Annum Saving (In ₹ Lakh)
Block-3	Reduction of electricity consumption by converting belt drive in to direct drive by changing gear box and motor for R-3019 (18.5 KW Motor) with Direct drive (11 KW motor )	1.20	4.32
Block-4	Reduction of electricity consumption by converting belt drive in to direct drive by changing gear box and motor for R 918 from 18.5 KW to 15 KW	1.80	1.38
Block-5	Optimisation of agitator speed from 92 RPM to 75 RPM by changing gear box and motor for R 5014A, R 5014 B , R 5013	2.35	14.45
<b>Total (In Lakh ₹)</b>		<b>70.15</b>	<b>116.06</b>

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

1	The efforts made towards technology absorption	<ol style="list-style-type: none"> <li>1) Established packed column system to separate AN+TEA from the mixture of (AN+TEA &amp; LB Imp.)</li> <li>2) Implemented auto sampling and inline sampling system at TMX reaction and bromine related processes.</li> <li>3) Installed powder transferring systems at MBZ reaction stage.</li> <li>4) Heat recovery system to generate steam from organic waste.</li> <li>5) Installed a screw conveyor for powder transferring at BSPB Dryer.</li> <li>6) Utilized Comil for grinding powder materials.</li> <li>7) Integrated a dry scrubber in the solvent venting system.</li> <li>8) Replaced ejectors with vacuum pumps.</li> <li>9) Implemented a dry vacuum pump for SOCI2 distillation process in THFM product.</li> </ol>
2	The benefits derived like product improvement, cost reduction, product development or import substitution.	<ol style="list-style-type: none"> <li>a) Specific steam consumption for FY 2022-23 is 14.12 Ton/Ton, whereas SPC for FY 2023-24 is 11.88 Ton/Ton.</li> <li>b) Exports started growing.</li> <li>c) Cost reduction in Environment Management System, with HTDS effluent reduction by 13%.</li> <li>d) Cost reduction in Key RM consumption by ₹ 1000 Lakhs compared to FY 2022-23.</li> <li>e) Introduced Manufacturing Excellence programs and initiatives, achieving ₹ 2520 Lakh sustainable savings for FY 2023-24.</li> </ol>
3	In case of imported technology (imported during the last three (3) years reckoned from the beginning of the financial year)	The Company has not imported any technology during the year
	a) Details of Technology Imported	None
	b) Year of Import	Not applicable
	c) Whether the Technology has been fully absorbed	Not applicable
	d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	Not applicable

**4. The expenditure incurred on Research & Development**

a) Specific areas in which R&D carried out by the Company.	<p>i) Indigenous process development for new products a number of active ingredients and intermediates.</p> <p>ii) R&amp;D work on the existing processes to make them environment friendly and cost effective.</p> <p>iii) For registration of our product, a large number of impurities are required</p>
a) Benefits delivered as a result of the above R&D.	Increased export and domestic business and improved product quality. Registration of new products in India and abroad.
b) Future plans of action.	Introduction of new products through indigenously developed technology for domestic and export market. Process improvement. New areas like pharma intermediates.

<b>5 Expenditure on R&amp;D for the financial year</b>	<b>2023-24</b>	<b>2022-23</b>
a) Capital expenditure	₹ 104 lakhs	₹ 111 lakh
b) Revenue expenses	₹ 1,059 lakhs	₹ 798 lakhs
c) Total expenditure as a percentage of total turnover	0.65%	0.43%

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The foreign exchange earned in terms of actual inflows during the year and the foreign exchange outgo during the year in terms of the actual outflow.

1. Foreign Exchange earned	₹ 40,184 lakhs
2. Foreign Exchange Used	₹ 34,888 lakhs

**For and on behalf of the Board**

Place : Hyderabad  
Date : August 14, 2024

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

**C V Rajulu**  
Director  
(DIN: 09219298)

# Management Discussion and Analysis Report

## Economic Overview:

### Global Economy:

The global economy continues to recover gradually from the impacts of the pandemic and geopolitical global tensions such as the Russia-Ukraine war. While there are signs of progress, the pace of recovery remains slow. The conflict have lead to disruptions in global supply chain, financial constraint, and a spike in prices of critical commodities.

Global economic growth is projected at 3.1% in 2024 and 3.2% in 2025, supported by stronger-than-expected resilience in the US, emerging markets, and fiscal support in China. However, this growth rate remains below the 2000–19 average of 3.8% due to restrictive monetary policies, reduced fiscal support, lower productivity growth and increasing geopolitical fragmentation.

Advanced economies are expected to see growth dip slightly from 1.6% in 2023 to 1.5% in 2024, before rising to 1.8% in 2025, driven by stronger US growth offsetting weaker performance in the Euro area. The Euro area is anticipated to recover from 0.5% growth in 2023 to 0.9% in 2024 and 1.7% in 2025 as inflation eases and household consumption strengthens.

Emerging markets and developing economies are forecasted to grow by 4.1% in 2024 and 4.2% in 2025, reflecting upward revisions in several regions. Global inflation is expected to decline from 6.8% in 2023 to 5.8% in 2024 and 4.4% in 2025, with advanced economies experiencing faster deflation compared to emerging markets.

The key challenge for most economies is managing inflation while adjusting monetary policy as wage and price pressures ease. Renewed focus on fiscal consolidation and structural reforms are crucial for boosting productivity, ensuring debt sustainability, and addressing future economic shocks. Enhanced multilateral coordination will be essential for debt resolution and mitigating climate change impacts.

*Source Reference: Department Of Economic Affairs, March 2024; IMF World Economic Outlook Update, January 2024.*

### Indian Economy:

In FY24, the Indian economy grew by 8.2% in real terms, building on the previous two years' momentum of 9.7% and 7.0%. This growth highlights India's resilience and dynamism. The inflation rate is largely controlled, though specific food item prices remain high. Agriculture and allied sector GVA growth slowed to 0.7% from 4.7% due to uneven monsoon rainfall, prompting government measures to stabilize food supply and mitigate inflation.

The trade deficit has decreased from FY23, with the current account deficit at a manageable 0.7% of GDP. India's robust growth continued into FY24, positioning it as the fifth-largest economy globally, surpassing the UK. Nominal GDP growth for FY2023-24 is projected at 9.6%, down from 14.2% the previous year, driven by strong domestic consumption, investment demand, and capital expenditure.

The Reserve Bank of India (RBI) forecasts a 7% real GDP growth rate for 2024-25, supported by recovering rural demand and a strong growth manufacturing sector. Inflation is managed with the Consumer Price Index (CPI) at 5.4%, down from 6.7% the previous year. The World Economic Outlook projects India's growth at 6.8% for 2024-25 and 6.5% for 2025-26.

The 2023-2024 Union Budget emphasizes "Amrit Kaal" through seven priorities, or "Saptarishi," focusing on inclusive development,

expanded social welfare, infrastructure investment, startup support, green growth, youth empowerment, and financial sector strengthening. It includes initiatives for social welfare, healthcare, education, digital connectivity, and modernizing agriculture.

*Source Reference: Department Of Economic Affairs, March 2024; India Brand Equity Foundation, March 2024; Union Budget 2023-2024*

## Agriculture Sector

### Global Agriculture Landscape:

The global agriculture sector is undergoing significant transformation due to climate change, resource scarcity, and volatile commodity prices. With the global population projected to reach 10 billion by 2050, agricultural output must increase by 70% over the next three decades to meet rising demand. This requires a shift towards sustainable farming practices and the adoption of advanced technologies.

As of 2023, global crop production for key commodities has remained steady. Wheat production stood at 789.0 million metric tons for both 2022-23 and 2023-24. Coarse grains production increased from 1,451.5 million metric tons in 2022-23 to 1,500.2 million metric tons in 2023-24. Rice production rose from 515.8 million metric tons in 2022-23 to 520.9 million metric tons in 2023-24. Oilseeds production grew from 637.8 million metric tons in 2022-23 to 657.2 million metric tons in 2023-24, while cotton production slightly decreased from 116.4 million metric tons in 2022-23 to 113.7 million metric tons in 2023-24. Regions such as Asia, Europe, and North America continue to play crucial roles in global production, with Asia particularly significant in rice and wheat.

The precision farming market, valued at USD 9.7 billion in 2023, is projected to grow at a CAGR of 14% through 2030. The agricultural drone market, expected to reach USD 7.6 billion by 2028, is expanding at an annual rate of 15.8%. Investment in AgriTech surged to over USD 60 billion in 2023, driven by efforts to develop climate-smart solutions and sustainable practices.

Emerging markets in Asia and Africa are at the forefront of agricultural modernization. Africa's agricultural production is anticipated to rise by 65% by 2030, while Asia is increasingly using mobile platforms for real-time agricultural data. In India, the use of mobile-based platforms grew by 35% in 2023, aiding farmers in decision-making and improving yields.

Addressing food loss and waste, which accounts for nearly 30% of produced food, is critical for achieving global food security. Effective management of food waste could recover enough food to feed 1.26 billion people, essential for meeting future food needs. Agriculture remains vital for poverty reduction, with sector growth significantly improving incomes among the poorest, underscoring the need for continued investment in agricultural development.

### Indian Agriculture Landscape:

Agriculture plays a vital role in India's economy, with 54.6% of the total workforce engaged in agriculture and allied sector activities. The Agriculture and Allied sector accounts for 18.4% of India's Gross Value Added (GVA) at current prices during 2022-23. The Indian agriculture sector is expected to grow at a CAGR of 7.5% from 2023 to 2028, supported by government initiatives, improved infrastructure, and advancements in agricultural technology.

The Indian agriculture sector has experienced steady growth over the past five years, with an average annual growth rate of

4.2%. However, FY24 estimates reveal a significant slowdown to a seven-year low of just 1.4%. This decline highlights deep-rooted challenges, particularly in rural areas where demand has remained sluggish due to low incomes and high inflation. In June 2023, rural inflation stood at 5.7%, while food inflation surged to 9%, straining the purchasing power of rural households and impacting the demand for essential goods, including Fast-Moving Consumer Goods (FMCG). The adverse effects of climate change, such as unseasonal rains and heat waves, have further aggravated food inflation and undermined agricultural productivity. Additionally, rural real wage growth has been minimal or even negative over the past decade, contributing to the financial strain on rural communities.

Recognizing the critical role of agriculture in India's development, the government has prioritized revitalizing the sector in its recent budget, aligning with the broader goal of achieving "Viksit Bharat" by 2047. The agriculture and allied activities budget allocation increased from approximately INR 1.41 trillion in FY24 to INR 1.52 trillion in FY25. Key initiatives include promoting natural farming, launching new crop varieties, initiating a pulses and oilseeds mission, enhancing vegetable production, strengthening supply chains, and developing digital public infrastructure for agriculture. The agricultural research and development (R&D) allocation is set at around INR 9,941 crore for FY25. However, the success of these initiatives depends heavily on efficient fund utilization and implementation. Promoting high-value agricultural production, adopting inclusive and environmentally sustainable farming practices, and encouraging reforms in marketing and trade are essential for ensuring long-term sustainability. Closer coordination between the central and state governments will be vital to enhancing incomes, livelihoods, and rural growth, with the proposed establishment of an Agriculture Council—similar to the GST Council—offering a potential solution for aligning efforts across states.

In terms of production, India's major agricultural commodities have shown mixed trends. Wheat cultivation saw a significant expansion, leading to a 9.62% increase in production from 104.00 million metric tons in 2022-23 to 114.00 million metric tons in 2023-24. Coarse grains production slightly declined from 56.78 million metric tons in 2022-23 to 56.00 million metric tons in 2023-24. Pulses production remained steady, with a marginal increase from 23.20 million metric tons in 2022-23 to 23.82 million metric tons in 2023-24. Oilseeds production decreased from 34.29 million metric tons in 2022-23 to 31.50 million metric tons in 2023-24. Sugarcane production increased from 348.44 million metric tons in 2022-23 to 350.00 million metric tons in 2023-24, while cotton production grew from 32.49 million bales in 2022-23 to 34.00 million bales in 2023-24. Jute and Mesta production saw a slight increase from 9.60 million bales in 2022-23 to 9.91 million bales in 2023-24. Additionally, the rice production in India increased to 134.00 million metric tons in 2023-24 from 129.47 million metric tons in the previous year, driven by favourable monsoon conditions and enhanced irrigation infrastructure.

The Indian agricultural exports have also seen significant growth. India's agricultural exports are expected to increase by 9% in FY24, supported by strong demand from key markets such as the Middle East, Southeast Asia, and Africa. However, the sector faces challenges in terms of low productivity, inadequate infrastructure, and limited access to credit. In response, the government is implementing initiatives such as the Pradhan Mantri Krishi Sinchai Yojana, Soil Health Card Scheme, and e-NAM to address these challenges and promote sustainable agricultural practices. The Pradhan Mantri Krishi Sinchai Yojana aims to improve irrigation efficiency and expand the irrigated area, while the Soil Health Card Scheme focuses on promoting balanced use of fertilizers and improving soil health. The e-NAM initiative seeks to create a unified national market for agricultural commodities, enhancing transparency and reducing transaction costs for farmers. The

success of these initiatives will be crucial in ensuring the long-term growth and sustainability of the Indian agriculture sector.

### Global Agrochemical Market

The global agrochemical market has shown remarkable growth and resilience, reaching a valuation of approximately USD 280 billion in 2023. This sector, crucial for enhancing agricultural productivity and food security, is projected to expand to around USD 350 billion by 2028, growing at a steady CAGR of 5.0%. The global crop protection chemicals market size reached US\$ 92.2 Billion in 2023. Looking forward, IMARC Group expects the market to reach US\$ 134.7 Billion by 2032, exhibiting a growth rate (CAGR) of 4.2% during 2024-2032. The increasing global population, expanding agricultural practices, rising need for higher crop yields, shifting consumer preferences, technological advancements, government support and regulations, and climate change-induced pest pressure are some of the major factors propelling the market.

Among the Crop Protection chemicals, Herbicides dominate the global market, accounting for nearly 45% of the total share, driven by their indispensable role in controlling weed proliferation across various crops. Meanwhile, fungicides are witnessing a surge in demand, especially with the increasing threats posed by fungal diseases, showing a robust CAGR of 8.3%.

Moreover, the insecticides segment, vital for safeguarding crops from pests, was valued at USD 20.46 billion in 2023 and is anticipated to grow significantly, reaching USD 34.74 billion by 2033 at a CAGR of 5.43%. This growth is fuelled by continuous advancements in chemical formulations and integrated pest management strategies. In addition to these segments, the plant growth regulators market has also gained traction, with a promising forecast of reaching USD 4.6 billion by 2029 at a CAGR of 7.2%. These figures underscore the growing global dependence on agrochemicals to sustain agricultural output amid challenges such as climate change and land degradation.

Emerging markets, particularly in regions like Latin America and Asia-Pacific, are driving a significant portion of the demand due to the rapid adoption of modern farming techniques and the increasing pressure on arable land. Governments and private sectors are investing heavily in research and development, enhancing the efficacy of agrochemicals and minimizing their environmental impact. Sustainable practices, biopesticides, and precision agriculture are also playing crucial roles in the evolution of the global agrochemical market.

### Indian Agrochemical Market

India's agrochemical market is experiencing a robust upward trajectory, valued at approximately USD 11 billion in 2023, and is projected to expand to USD 16 billion by 2028, with a healthy CAGR of 7.2%. This growth is driven by the country's dependence on agriculture, which employs nearly 50% of the workforce and contributes around 15% to its GDP. The herbicides market in India, an essential component in managing weeds for crops such as rice and wheat, is poised to grow from USD 2.5 billion in 2023 to USD 3.5 billion by 2028, driven by a CAGR of 7.2%. Additionally, fungicides and insecticides are seeing similar momentum, with expectations for substantial growth in the coming years.

The Indian government's proactive policies have further spurred this growth, with notable investments in agricultural credit and research and development. The allocation of ₹ 20,00,000 crores towards agricultural credit and ₹ 2,500 crores for sector-specific research signals strong governmental support in boosting agrochemical usage and innovation. Furthermore, the Indian agrochemical industry is transitioning towards more sustainable and environmentally friendly solutions, including bio-based agrochemicals and integrated pest management techniques, aligning with global trends.

India also serves as a significant exporter of agrochemicals, with major markets in Asia, Latin America, and Africa. Indian companies are increasingly focusing on backward integration, advanced formulations, and R&D to compete globally. The sector's growth reflects both domestic demand and export potential, making India a pivotal player in the global agrochemical landscape.

Source: Precedence research, Mordor Intelligence, Food and Agriculture Organization, Fortune Business Insights, Markets and Markets, Indian Council of Agricultural Research and Ministry of Agriculture & Farmers Welfare.

## Strengths, Opportunities and Outlook

### Agrochemical Industry's Growth Potential

India ranks as the fourth-largest producer and exporter of agrochemicals globally, with the industry projected to reach \$8.1 billion by 2025, reflecting robust growth across the value chain. The Indian agrochemical market continues to expand, driven by fundamental factors such as increasing domestic demand, rising export opportunities, and strategic collaborations. The off-patent products and introduction of innovative solutions in product development have further boosted industry dynamics.

The sector is poised for continued growth, supported by the following key drivers:

#### a) Diversification of Product Portfolio

Insecticides dominate the domestic agrochemical market, accounting for 60% of the demand, followed by fungicides and herbicides. This broadening product spectrum underscores the sector's responsiveness to evolving agricultural needs and highlights its adaptability in addressing different crop protection challenges.

#### b) Driving Efficiency and Competitiveness

The Indian agrochemical industry is experiencing a transformation fuelled by mergers, acquisitions, and strategic investments. These initiatives have bolstered operational efficiencies, reduced costs, and accelerated research and development. This, in turn, enhances the industry's competitiveness, positioning it to meet the changing demands of global and domestic agriculture.

#### c) Untapped Potential in Agrochemical Application

Despite its size, India's agrochemical usage remains relatively low at 0.27 kg per hectare, significantly lagging behind developed economies. This gap presents a substantial growth opportunity for the sector to expand its reach and influence over agricultural practices, particularly in crop protection and enhancing yield across agricultural landscapes in India.

#### d) Government-Led Ecosystem Enhancements

The Indian government's support for the agriculture sector continues to positively impact agrochemical usage and demand. Initiatives focusing on crop diversification, soil health, water management, and climate-resilient farming techniques are creating an environment for sustainable agricultural practices. These measures reduce dependency on traditional agrochemicals while encouraging the adoption of advanced, eco-friendly products.

#### e) Technology-Driven Innovation

Emerging technologies such as precision agriculture, drone-based pesticide application, and digital platforms are revolutionizing the agrochemical industry. These innovations allow for the development of precision technologies and digital services tailored to the needs of modern, tech-savvy farmers, thereby creating new growth avenues. This integration of digital tools such as

AI is expected to increase productivity while reducing environmental impact.

#### f) Growth of Contract Farming

Contract farming is gaining traction in India, presenting new collaboration opportunities for agrochemical companies. Provisions for contract farming in the Model Agricultural Produce Market Committee (APMC) Act have been adopted by 15 states. This growing practice facilitates consistent demand for agrochemicals and presents a stable platform for partnerships between agribusinesses and farmers.

#### g) Rising Foreign Investments

The influx of foreign investment into India's agrochemical sector is introducing cutting-edge technologies and innovations. This strengthens the sector's ability to meet diverse agricultural demands sustainably, while also enhancing the global competitiveness of Indian agrochemical products.

#### h) Sustainability and Climate Change Adaptation

The agrochemical industry is increasingly prioritising sustainability, driven by rising environmental awareness and climate change impacts on agriculture. This has led to the development of biopesticides and other eco-friendly solutions that cater to the modern agricultural landscape. As India's agriculture faces the challenges of climate change, the agrochemical sector is innovating resilient solutions, including climate-adaptive products and services, to support sustainable farming practices.

The dynamic nature of India's agrochemical industry necessitates continuous innovation to enhance crop productivity, minimise environmental impact, and meet changing consumer and market demands. While challenges remain, the sector's vast growth potential is undeniable. By adapting to the shifting agricultural landscape and driving innovation, companies in this industry are well-positioned to secure a sustainable and prosperous future.

### Challenges, threat, risk and concerns:

The agrochemical industry in India faces a myriad of complex challenges that shape its growth trajectory and operational landscape. These challenges, which range from regulatory hurdles to environmental concerns, require innovative & strategic responses to adapt sustainable growth within the sector.

#### a) Complexity of the Registration Process

A key obstacle to the agrochemical industry's expansion is the complexity and delays associated with the registration process for new molecules. In ever changing environmental conditions these delays contribute to reduction of product life cycle & elongated R&D timelines and increased costs, impacting both profitability and innovation. To address this, a collaborative effort between the industry, government, and regulatory bodies is required to streamline the approval process and facilitate quicker market entry for new products.

**b) Cost Competitiveness :** Fluctuating unpredictable raw material prices and high production costs, combined with competitive markets, exert significant stress on profit margins. Companies need to manage these cost pressures while maintaining product quality and investing in research and development to stay competitive. Circumvent through this issue requires a combination of supply chain resilience, strategic sourcing, and potential investments in in-house raw material production.

#### c) Scaling and Focus Dilemmas

The absence of a reliable contract manufacturing framework

within the Indian agrochemical sector limits scalability. This challenge diverts resources from critical areas such as product discovery, research, and marketing, affecting overall efficiency. Addressing the concerns & contract manufacturing partnerships could unlock scalability, enabling core manufacturing companies to focus on innovation and expansion, ultimately driving growth and operational excellence.

**d) Safety and Health Concerns**

Safety in the agrochemical industry is a critical concern due to unawareness and inadequate facilities during both manufacturing and usage phases. Improper handling of hazardous chemicals exposes workers and end-users, especially untrained farmers and laborers, to significant health risks. Without proper safety practices, the potential for harm increases throughout the supply chain. To address these challenges, the implementation of stricter safety protocols, enhanced training programs for workers and farmers, and improved access to protective equipments are essential to ensure a safer and more responsible agrochemical industry.

**e) Environmental Impact**

The environment impact of agrochemical production and use continues, in spite of the high cost implementation and maintenance pose challenges for the industry. Adopting air and water pollution control measures, are necessary for compliance with regulatory standards. The erratic weather patterns, such as the unseasonal, unpredictable and drought causes variation in leads to crop damage and lower pest infestation levels, resulting in decreased demand for agrochemicals. Balancing environmental responsibility with economic viability is essential for the long-term sustainability of the industry.

**f) Perception and Adoption Challenges**

The agrochemical industry grapples with multifaceted perception issues, particularly surrounding the environmental and health impacts of chemical usage. Even though India being the lowest user of pesticides, negative perceptions among consumers and farmers, combined with a lack of training on efficient pesticide use, hinders the adoption of agrochemical products. Limited practical knowledge on optimal application techniques further compounds this issue. Addressing these concerns requires concerted efforts to educate stakeholders on proper usage techniques & the benefits of using correct pesticide at correct dose & correct time and the benefits for agrochemicals and proper usage techniques, as well as promoting sustainable practices.

**g) Competition from Imported Agrochemicals**

India's agrochemical market also faces stiff competition from imported products, which benefit from relatively low import duties. This makes it more cost-effective for foreign companies to sell their products in India, posing challenges for domestic manufacturers. Strengthening local manufacturing capabilities and increasing import duties on agrochemicals may help create a more level playing field for Indian companies.

In conclusion, while the Indian agrochemical industry is poised for substantial growth, addressing these challenges through innovation, regulatory reforms, and strategic partnerships is essential for maintaining momentum. By focusing on sustainability, safety, and operational efficiency, the industry can navigate these obstacles and continue its path toward responsible, long-term growth.

**Financial Performance:**

During the year 2023-24, the Revenue from operations 1,78,084 Lakhs reflects an Decrease of 16% over the previous year. The EBIT and Cash Profit stood at 1,632 Lakhs and ₹ (2,861) Lakhs respectively compared to ₹ 20,777 Lakhs and 12,873 Lakhs. The financial performance of Company in 2023-24 was as under:

(₹ in lakhs)

Particulars	2023-24	2022-23
Revenue from Operations	1,78,084	2,11,600
EBITDA margin	1%	10%
Profit before depreciation, tax (as % of revenue from operations)	-2%	8%
Return on Capital Employed	0%	15%
Return on Net Worth	-9%	19%
Earnings per share (FV ₹1 each)	-2.36	5.18
Book Value per share	26	29

**Significant Changes in Financial Ratios**

The details of significant changes in the key financial ratios as compared to the immediately previous financial year, along with detailed explanations, are reported here under:

Ratios	2023-24	2022-23	Change	Reason for change
Current Ratio	<b>1.17</b>	1.29	<b>-10%</b>	Reduction in profitability of the Company during the year is on account lower global demand and falling prices leading to lower revenues and lower realisable value of inventories
Debt Equity Ratio	<b>1.23</b>	1.00	<b>23%</b>	
Net Profit Ratio	<b>-3%</b>	5%	<b>-154%</b>	
Return on Capital Employed	<b>0%</b>	15%	<b>-100%</b>	
Debt Service Coverage Ratio	<b>0.36</b>	2.61	<b>-86%</b>	
Return on Equity Ratio	<b>-9%</b>	19%	<b>-144%</b>	

**Industry Outlook and Strategic Path Forward**

The future of the agrochemical industry lies in collaborative efforts aimed at educating farmers on the safe and efficient use of agrochemicals. By enhancing knowledge and promoting responsible practices, the industry has the potential to transform challenges into opportunities, driving sustainable growth.

The agrochemical sector remains integral to Indian agriculture and the national economy. Continued reforms, along with innovations in technology, , marketing, taxation, finance, and the quality of agricultural inputs, are essential for positioning India as a global leader in agriculture and economic progress.

**Human Resources**

As of March 31, 2024, NACL Industries employed 1399 individuals. The Company fosters harmonious industrial relations and provides employees with opportunities for continual growth. Comprehensive training programs and initiatives are implemented to enhance both individual and team performance, ensuring a motivated and capable workforce.

## Corporate Social Responsibility

At NACL, community engagement is a cornerstone of our business. We work closely with local communities to address their needs and enhance their quality of life. Our initiatives in Srikakulam and Ethakota include providing clean drinking water, supporting educational institutions, offering medical assistance, and investing in infrastructure. We consistently engage with residents and authorities to implement impactful community development projects.

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

### Quality:

NACL is a process-driven organisation with comprehensive quality management systems. Our technical formulation manufacturing sites and R&D centres are equipped with state-of-the-art quality control laboratories lead by highly qualified staff and skilled personnel. These facilities adhere to the highest standards of quality, and notable achievements including NABL accreditation for the Srikakulam technical plant, the Ethakota formulation plant and the R&D centre in Shadnagar.

### Environment:

Environmental stewardship is a priority at NACL. Going above norms, ~70% of the land of the land at our Srikakulam site is dedicated to green cover, and we encourage visitors to contribute by planting saplings. The site boasts a world-class Zero Liquid Discharge (ZLD) facility, valued at ₹30 crore, which enables full water recycling and efficient effluent management. Our Ethakota unit also features a ZLD system and substantial green cover, playing a key role in preserving the local ecosystem. Plant your own tree" is a unique concept in vogue at R&D and manufacturing sites, with active participation from all the Associates.

### Health:

Our Occupational Health Centres (OHCs) at Srikakulam and Ethakota provide 24/7 medical support. These centres are equipped with emergency beds, medical supplies, and an ambulance. Regular health assessments and preventive check-ups are conducted for all employees to ensure their well-being.

### Safety:

Safety is paramount at NACL. Advanced safety infrastructure is in place at critical points across our facilities, with cutting-edge fire detection and prevention systems. The management gives lot of impetus on preventive measures by adapting latest practices in study HARA/HIRAC//HAZOP/SDS and training everyone. We conduct regular safety trainings, simulations, inspections, and audits to ensure compliance with safety protocols. Additionally, we actively involve employees in safety management and hold annual awareness events during Safety Week and Fire Week.

## Internal Control Systems and Their Adequacy

The Company maintains a robust internal control system that is continuously reviewed and updated. This ensures the safeguarding of assets, compliance with regulations, and timely resolution of issues. Our Audit Committee rigorously reviews internal audit reports and ensures that any necessary corrective actions are promptly taken. Regular dialogue with internal and statutory auditors ensures the smooth functioning of these systems.

## Cautionary Statement

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements written and oral that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should kindly bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

# BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity

1	Corporate Identity Number (CIN) of the Listed Entity	L24219TG1986PLC016607
2	Name of the Listed Entity	NACL Industries Limited
3	Year of incorporation	1986
4	Registered office address	Plot No.12-A, "C"- Block, Lakshmi Towers, , Nagarjuna Hills, Panjagutta Hyderabad TG 500082 India
5	Corporate address	Same as above
6	E-mail	investors@naclind.com
7	Telephone	040-24405100
8	Website	www.naclind.com
9	Financial year for which reporting is being done	2023-24
10	Name of the Stock Exchange(s) where shares are listed	- BSE Limited (BSE), Mumbai - National Stock Exchange (India) Limited (NSE), Mumbai
11	Paid-up Capital (in ₹)	19,91,69,177
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Name: Mr. Prasad Jakkaraaju Telephone: +91-40-24405100 E-mail ID: prasadjakkaraaju@naclind.com
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together)	The disclosures under this report are made on Standalone basis
14	Name of assurance provider	Not Applicable
15	Type of assurance	Not Applicable

### II. Products/services

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

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

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

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

### III. Operations

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

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

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States & Union Territory)	18
International (No. of Countries)	31

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

Out of the total sales turnover of ₹ 1,56,140 Lakh (excluding other operating income) on standalone basis, the turnover of the products sold in India (including Institutional Sales) is ₹ 1,16,563,Lakh (74.65%) and that of other countries is ₹ 39,577 Lakh (25.35%)

- c. A brief on types of customers

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

#### IV. Employees

20. Details as at the end of Financial Year:

- a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	1399	1374	98%	25	2%
2.	Other than Permanent (E)	46	42	91%	4	9%
3.	<b>Total employees (D + E)</b>	1,445	1,416	98%	29	2%
<b>WORKERS</b>						
4.	Permanent (F)	0	0	0	0	0
5.	Other than Permanent (G)	1100	1078	98%	22	2%
6.	<b>Total workers (F + G)</b>	1100	1078	98%	22	2%

- b. Differently abled Employees and workers:

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

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	14*	3	21%
Key Management Personnel	3*	NIL	NIL

\*Includes MD & CEO

22. Turnover rate for permanent employees and workers

	FY 2023-24 (Turnover rate in current FY)			FY 2022-23 (Turnover rate in previous FY)			FY 2021-22 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Permanent Employees</b>	11.08%	0.64%	11.08%	7.12%	0%	7.12%	8.6%	0%	8.6%
<b>Permanent Workers</b>	Not assessed								

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

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

S. No.	Name of the holding/ subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	KLR Products Limited	Holding Company	57.05 %	Yes
2	L.R. Research Laboratories Private Limited	Wholly Owned Subsidiary	100%	Operations of subsidiaries and associates are not at a scale that can support Business Responsibility initiatives.
3	Nagarjuna Agrichem (Australia) Pty Limited	Wholly Owned Subsidiary	100%	
4	NACL Multichem Private Limited	Wholly Owned Subsidiary	100%	
5	NACL Spec-Chem Limited	Wholly Owned Subsidiary	100%	
6	NACL Industries (Nigeria) Ltd.	Wholly Owned Subsidiary	100%	
7	Nasense Labs Private Limited	Associate	26%	

**VI. CSR Details**

24.

(i)	Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)	Yes
(ii)	Turnover (in ₹.)	1,78,084 lakhs
(iii)	Net worth (in ₹)	52,647 Lakhs

**VII. Transparency and Disclosures Compliances**

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

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023-24 (Current financial year)			FY 2022-23 (Previous financial year)		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes. A focussed group comprising the Senior Leadership/ the CSR Head interacts with the community leaders to understand and address their concerns.	0	0	-	0	0	-
Investors (other than shareholders)	NA	-	-	-	-	-	-
Shareholders	Yes. the Company attends shareholder grievances / correspondences expeditiously and has in place a grievance redressal mechanism. A dedicated email ID "investor@naclind.com" is available to all shareholders to share their grievances / complaints.	4	-	Resolved	4	-	Resolved

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023-24 (Current financial year)			FY 2022-23 (Previous financial year)		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Employees and workers	Yes. Weblink: <a href="https://naclind.com/wp-content/uploads/2022/11/NACL-Whistle_Blower_Policy.pdf">https://naclind.com/wp-content/uploads/2022/11/NACL-Whistle_Blower_Policy.pdf</a>	0	0		0		
Customers	Yes. All details - contact no., address and email-id - for lodging complaints are specified on products. Complaints are addressed as per laid down procedures.	0	0		0	0	
Value Chain Partners (dealers, vendors)	Yes	0	-	-	0	-	-
Other (contract workers, trainees, etc)	Yes.	0	-	-	0	-	-

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

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

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

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Waste Management	R	Insufficient waste management practices resulting in non-compliance with environmental regulations can lead to penalties and legal ramifications. It impacts the well-being of communities around	Following compliances and protocols that ensure adherence to environmental compliances and avoidance of financial penalties. Communication with local communities, Also focussing on Reuse, Recycle and Waste to Energy and moving toward Circular Economy concepts	Positive
2	Climate Change (Emissions, Energy)	R	Changing environmental regulations may impact our operations and require costly adjustments to meet emission standards. Failure to address GHG emissions can damage our reputation and affect relationships with investors, customers, and partners.	Investing in emission reduction processes and technologies.  Shifting from High Carbon Intensive Fuel to Low Carbon Intensive Fuels, adopting Renewable Energies	Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3	Health and Safety	R	Unsafe working environment can cause accidents, damage reputation, add medical-related expenses, and disrupt production	Regulatory Compliance and adherence to stringent safety standards; extensive safety training and regular risk assessment. Following Zero Harm Policy across all the sites	Positive
4	Regulatory Compliance	R	Non compliance can result in disruption of operations, financial penalties, loss of customers and reputation	Keeping regularly updated on the laws and required compliances and regular communication among stakeholders on new certifications and associations Conducting regular Internal and External Audits	Positive
5	Raw Materials, quality and supply chain management	R	Bad quality Raw material and a non-compliant supply chain can be a threat to our business and lives impacting long-term reputation	Maintaining stringent quality standards and evaluation processes for raw materials. Regular supplier evaluation and training. Focus on Resource Conservation, efficient reaction engineering etc.	Positive
6	Employee Well-being	O	Proactively investing in employee welfare is an opportunity to harness long-term Human Potential and results in a safe and progressive work environment	Long-term retention results in saving costs that need to be incurred in upgrading and re-skilling of employees	Positive
7	Community Engagement	O	Strong ties with local communities is an opportunity for creating mutually beneficial partnerships and support, thereby facilitating smooth operations	Investing in community projects, creating local skills, communicating regularly helps build long-term trust	Positive
8	Research & Development	O	Regular investing in Research & Development gives us a competitive edge and helps develop new and relevant products	Our investments in R&D have helped us maintain a leadership position in the national and international markets	Positive

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

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

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

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

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy and management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available P1: Code of conduct chrome- <a href="https://naclind.com/wp-content/uploads/2023/02/Code-of-Conduct-for-Director-and-Senior-Management.pdf">https://naclind.com/wp-content/uploads/2023/02/Code-of-Conduct-for-Director-and-Senior-Management.pdf</a> P3 & P4: NAEL Whistle Blower Policy <a href="https://naclind.com/wp-content/uploads/2022/11/NAEL-Whistle_Blower_Policy.pdf">https://naclind.com/wp-content/uploads/2022/11/NAEL-Whistle_Blower_Policy.pdf</a> Sexual Harassment Policy <a href="https://naclind.com/wp-content/uploads/2023/02/Sexual-Harassment-Policy.pdf">https://naclind.com/wp-content/uploads/2023/02/Sexual-Harassment-Policy.pdf</a>	All company policies: <a href="https://naclind.com/investor-relations/investor-information/policies/">https://naclind.com/investor-relations/investor-information/policies/</a>								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/ No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO 9001: 2015 ISO 14001: 2015 ISO 45001: 2018 Responsible Care Management System.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	By 2030: Reduce waste to landfill & Incineration by 50% Reduce water Consumption by 20% Reduce specific energy consumption by 30% Increase renewable energy utilization by 30% Reduce GHG/CO2 Emissions by 30%								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Short- and medium-term Sustainability Goals have been identified and a measurable action plan is in place for achieving the same. Performance is measured year on year and is periodically reviewed by the Senior Management.								
<b>Governance, leadership and oversight</b>									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	<p>We have found that in the long run, investment in becoming more sustainable pays off. Our people, customers and suppliers have responded remarkably well to the changes we have made in our journey. The rigorous safety standards has ensured that we maintain our leadership position in the industry while upholding our responsibility towards the planet. For the past five years, we have consistently remained a 'zero accident' operation, which, given the industry we operate in, is no mean feat.</p> <p>We strive for continuous, sustainable improvements, innovations and practices. We will continue to challenge ourselves to disrupt traditional practices and adopt cutting-edge technologies that align with our sustainability goals.</p> <p>This year we have also published our maiden sustainability report that is a reflection of our accomplishments, our safety systems, and our commitment to become more sustainable. This trust is mirrored by how our stakeholders have supported our sustainability vision and our commitment by adapting and growing with us.</p> <p>Our growth is a measure of the faith our customers have in us. While we have consistently prioritised improving our production systems and reducing the cost of production through technology adoption, we have also adopted responsible practices for the safe handling and disposal of chemicals and implemented several measures, such as the zero liquid discharge (ZLD) system, at our plants.</p> <p>We have made hard decisions to become more sustainable, because we believe that we must leave this world a better place than the one we inherited. Our commitment to sustainability thus extends beyond our company to the world.</p>								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Prasad Jakkaraju-GM EHS & Sustainability, along with the Board of Directors and the Committees of the Board, is responsible for implementation and oversight of the Business Responsibility policy (ies)								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	The Board has an overall responsibility for oversight of the Company's Sustainability & ESG strategy. The Board periodically reviews the sustainability issues and progress updates are provided annually.								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Performance against above policies and follow up action	Y	Y	Y	Y	Y	Y	Y	Y	Y								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Company complies with all applicable regulations and statutory compliances. Compliance Certifications and applicable laws are regularly reviewed and updated.																	

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Yes. Regular and periodic review and assessments of charters and policies is internally conducted by Senior Management and Board Committees. These assessments are factored into various policies, projects and business responsibility and sustainability aspects. Independent assessments are also carried out by external agencies, especially when conducting environmental impact assessments during expansions and for specific international clients.								

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									Not Applicable
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

**SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE**

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

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

**Essential Indicators**

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

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	9	The Company has put in place a familiarization programme for the Independent Directors to familiarize them with their role, rights and responsibility as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. On an on-going basis, periodic presentations are made at the Board and Committee meetings, covering various areas pertaining to the business, strategy, risks, operations, regulations, code of business conduct and ethics, economy and environmental, social and governance parameters. In addition, frequent updates are shared with all the Board members/ KMPs to apprise them of developments in the Company, key regulatory changes, risks, compliances and legal cases	100
Key Managerial Personnel	9		100
Employees other than BoD and KMPs	428	In addition to specific training programmes for various levels conducted throughout the year, all key management personnel, employees and workers are given basic training and appraised of NACL’s ethical code of conduct, human rights and POSH policies. All new hires go through such training during induction.	100
Workers	300	Workers undergo training on topics such as technical, soft skills, QHSE, human rights, wellbeing for workers. Training Enhancement in skills year on year.	100

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

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

<b>Non-Monetary</b>					
	<b>NGRBC Principle</b>	<b>Name of the regulatory/ enforcement agencies/ judicial institutions</b>		<b>Brief of the Case</b>	<b>Has an appeal been preferred? (Yes/No)</b>
Imprisonment					
Punishment			NIL		

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

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

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

The company has 'zero tolerance' of any practice that may be classified as corruption, bribery or giving or receipt of bribes. The Company is committed to acting professionally and with integrity in all its business dealings and relationships. This includes compliance with all laws, domestic and foreign, prohibiting improper payments or gifts of any kind to or from any person, including officials in the private or public sector, customers and suppliers. The company is underway to formulate a comprehensive anti-corruption or anti-bribery policy for all the employees across the organization.

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

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

	<b>FY 2023-24</b>	<b>FY 2022-23</b>
Directors		
KMPs		NIL
Employees		
Workers		

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

	<b>FY 2023-24</b>		<b>FY 2022-23</b>	
	<b>Number</b>	<b>Remarks</b>	<b>Number</b>	<b>Remarks</b>
Number of complaints received in relation to issues of Conflict of Interest of the Directors				
Number of complaints received in relation to issues of Conflict of Interest of the KMPs			NIL	

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

8. Number of days of accounts payables ((Accounts payable \*365) / Cost of goods/services procured) in the following format:

	<b>FY 2023-24 (Current Financial Year)</b>	<b>FY 2022-23 (Previous Financial Year)</b>
Number of days of accounts payables	115	89

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format: Parameter Metrics

Parameter	Metrics	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Concentration of Purchases	a) Purchases from trading houses as % of total Purchases	31%	35%
	b) Number of Trading Houses where purchases are made from	-	-
	c) Purchases from top 10 trading houses as % of Total purchases from trading Houses	-	-
Concentration of sales	a) Sales to dealers /distributors as % of total sales	49%	40%
	b) Number of dealers /distributors to whom sales are made	7,593	7,104
	c) Sales to top 10 dealers /distributors as % of total sales to dealers /distributors	8%	7%
Share of RPT in	a) Purchases (Purchases with related parties / Total Purchases)	11%	5%
	b) Sales (Sales to related parties / Total Sales)	4%	1%
	c) Loans & advances (Loans & advances given to related parties / Total loans & advances)	N.A	N.A
	d) Investments (Investments in related parties / Total Investments made)	100%	100%

Notes:

For Purchases from trading houses – considering that the company sources its purchases from both traders and manufacturers, for calculation purpose herein we have considered purchases of raw materials and packing materials from traders

For Sales to Dealers/Distributors-Our domestic retail sales are through dealer / distributors and Institutional and export sales are direct customers.

10. Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
Nil	Nil	Nil

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

An established code of conduct and conflict resolution policy guide the Board's actions. Transparent records of possible conflicts, disclosures, and decisions are maintained. The relevant Board Committees review disclosures, assessing their potential impact on any decision-making biases. Any possible conflicted members recuse themselves from related discussions and voting. Regular training on ethical conduct and fiduciary duties keeps members informed while Independent directors provide objective viewpoints.

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

**Essential Indicators**

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

(in %)

	FY 2023-24 (Current financial year)	FY 2022-23 (Previous financial year)	Details of improvements in environmental and social impacts
R&D	Please refer to the Annexure VI of the Directors Report		
Capex			

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No).  
Yes. NACL has a process for selection of suppliers that includes various parameters and guidelines on Code of Conduct, Environment Health & Safety Policy and adherence to Legal Compliances including all mandatory certifications.
- b. If yes, what percentage of inputs were sourced sustainably?  
The Company is in the process of detailing out sustainability assessment processes of its key suppliers.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

- (a) Plastics (including packaging) - Expired products are sent to an authorised agency in accordance with the Hazardous Waste Management Rules, 2016 ('the Rules'). Damaged product packaging is returned to the respective factories for repacking and redelivery.
- (b) E- waste – The Company ensures safe disposal of e-waste with minimal environmental impact, by disposing off all e-waste through agencies authorised by the Pollution Control Board.
- (c) Hazardous waste - Hazardous waste is categorised as per mandatory rules. Waste that can be utilised is sent to the authorised end users for utilisation (such as cement factories) and converted into useful products. The remaining hazardous waste is sent for proper disposal at Pollution Control Board's authorised facilities.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes. The waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards.

State wise Collection/Recycling quantities in FY-2023-2024 are enclosed in the table.

NACL Industries Limited - State wise Collection/Recycling status			
S. No.	India (16 states)	Rigid (in MT)	Flexible (in MT)
1	Total in MT	628	180

#### Leadership Indicators

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

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/ No) If yes, provide the web-link.
Not Assessed	Prefenofos	40-50%	Environmental impacts associated with a product or service	Yes	No

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

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

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

Indicate input material	Recycled or re-used input material to total material	
	FY 2023-24	FY 2022-23
Nil	NA	NA

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

	FY 2023-24 (Current financial year)			FY 2022-23 (Previous financial year)		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
E-waste	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Hazardous waste	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Other waste	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed

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

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

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

**Essential Indicators**

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

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent employees</b>											
Male	1,374	1105	80%	1,374	100%	0	0%	0	0	0	0.00%
Female	25	25	100%	25	100%	25	100%	0	0	0	0.00%
<b>Total</b>	<b>1,399</b>	<b>1,130</b>	<b>81%</b>	<b>1,399</b>	<b>100%</b>	<b>25</b>	<b>1.78%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>

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

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent workers</b>											
Male	1374	1105	80%	1374	100%	0	0%	0	0	0	0.00%
Female	25	25	100%	25	100%	25	100%	0	0	0	0.00%
<b>Total</b>	<b>1399</b>	<b>1130</b>	<b>81%</b>	<b>1399</b>	<b>100%</b>	<b>25</b>	<b>1.78%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>

- c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Cost incurred on well-being measures as a % of total revenue of the company	0.92%	0.69%

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

Benefits	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI	100%	100%	Y	100%	100%	Y
Others – please specify	-	-	-	-	-	-

3. Accessibility of workplaces

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

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

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

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

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

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

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

Category	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
	Total employees / workers in respective category (A)	No. of employees / Workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees						
- Male	1,399	461	33%	1,374	429	31.2%
- Female	25	-	-	25	-	-
Total Permanent Workers						
- Male	-	-	-	-	-	-
- Female	-	-	-	-	-	-

8. Details of training given to employees and workers:

Category	FY 2023-24						FY 2022-23					
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation			
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)		
<b>Employees</b>												
Male	1374	1374	100%	870	63%	1,333	1333	100%	670	50%		
Female	25	25	100%	25	100%	20	20	100%	2	10%		
<b>Total</b>	<b>1399</b>	<b>1399</b>	<b>100%</b>	<b>895</b>	<b>64%</b>	<b>1,353</b>	<b>1,353</b>	<b>100%</b>	<b>672</b>	<b>50%</b>		
<b>Workers</b>												
Male	1078	1078	100%	0	0	895	895	100%	0	0%		
Female	22	22	100%	0	0	35	35	100%	0	0%		
<b>Total</b>	<b>1100</b>	<b>1100</b>	<b>100%</b>	<b>0</b>	<b>0</b>	<b>930</b>	<b>930</b>	<b>100%</b>	<b>0</b>	<b>0%</b>		

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

Category	FY 2023-24			FY 2022-23		
	Total(A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
<b>Employees</b>						
Male	1374	870	63%	1,211	614	51%
Female	25	25	100%	11	11	100%
<b>Total</b>	<b>1399</b>	<b>895</b>	<b>64%</b>	<b>1,222</b>	<b>625</b>	<b>51%</b>
<b>Workers</b>						
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

10. Health and safety management system:

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

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

Safety Incident/Number	Category	FY 2023-24	FY 2022-23
		(Current Financial Year)	(Previous financial year)
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities) [Unsafe Act/Unsafe Condition (number of incidents)]	Employees	0	0
	Workers	0	0

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

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

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

	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previpous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	Nil	Nil	Nil	Nil
Health & Safety	Nil	Nil	Nil	Nil	Nil	Nil

14. Assessments for the year:

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

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

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

### Leadership Indicators

- Does the entity extend any life insurance or any compensatory package in the event of death of
  - Employees (Y/N) - Yes
  - Workers (Y/N) - Yes
- Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.  
All Statutory Compliances are monitored in SAP – Customised Report, which triggers alerts to people responsible for such compliance and also gets escalated to his / her seniors to avoid any non-compliances.
- Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable Employment	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Employees	-	-	-	-
Workers	-	-	-	-

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

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

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

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

#### Essential Indicators

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

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	<ul style="list-style-type: none"> <li>Trainings (online, face-to-face)</li> <li>E-mails</li> <li>Workshops/webinars</li> <li>Company (Internal and external) website</li> <li>Feedback forms</li> <li>Needs assessment surveys</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>Learning and development</li> <li>Fair employment Practices</li> <li>Career growth</li> </ul>
Local community	No	<ul style="list-style-type: none"> <li>Community meetings</li> <li>Public hearings</li> <li>Awareness sessions</li> <li>Industry visits</li> <li>Presentations</li> <li>Personal interactions</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>Health and safety of community and crops</li> <li>Company strategy</li> <li>Company updates</li> </ul>

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Internal publications</li> <li>One-to-one engagements</li> <li>Customer Meets</li> <li>Awareness sessions and industry walks</li> <li>Presentations</li> <li>Surveys &amp; feedback forms</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>Cost Effective Business Solutions</li> <li>Business Efficiency</li> <li>Responsiveness</li> <li>Good customer service</li> <li>Webinars</li> </ul>
Investors (institutional and retail)	No	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Investor presentations</li> <li>Internal publications</li> <li>Meetings between the management, fund managers and IR Team</li> </ul>	Quarterly/Annual	<ul style="list-style-type: none"> <li>Business and growth plans</li> <li>High dividend pay-out</li> <li>Corporate reputation</li> <li>Capital allocation</li> <li>Good governance practices and risk management</li> </ul>
Vendors and suppliers	No	<ul style="list-style-type: none"> <li>Presentations</li> <li>Surveys</li> <li>Sustainability questionnaires</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>Credit and payments</li> <li>Sustainability processes</li> <li>Ease of engagement</li> <li>Trust and value</li> </ul>
Government officials/ regulatory authorities	No	<ul style="list-style-type: none"> <li>Annual Report/Sustainability Report</li> <li>E-mails</li> <li>Presentations</li> <li>Personal interactions</li> </ul>	Monthly/Quarterly/ Annual	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Taxes</li> <li>Transparent reporting</li> <li>Corporate social responsibility</li> </ul>

### Leadership Indicators

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

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

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

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

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

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

Not Applicable

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

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

Category	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
	Total (A)	No. of employees/ workers covered (B)	% (B / A)	Total (C)	No. of employees/ workers covered (D)	% (D / C)
<b>Employees</b>						
Permanent	1399	1399	100%	1353	1353	100%
Other than permanent	46	46	100%	47	47	-
Total Employees	1445	1445	100%	1400	1400	100%
<b>Workers</b>						
Permanent			-	-	-	
Other than permanent	1100	1100	930	930	930	100%
Total Workers	1100	1100	930	930	930	100%

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

Category	FY 2023-24 (Current Financial Year)					FY 2022-23 (Previous Financial Year)				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Male	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Female	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Other Permanent	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Male	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Female	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Workers										
Permanent	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Male	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Female	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Other Permanent	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Male	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed
Female	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed	Not Assessed

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

a. Median remuneration/wages

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	10	₹ 1,42,000	3	₹ 1,55,000
Key Managerial Personnel	3	₹ 1,05,76,391	0	0
Employees other than BoD and KMP	1374	₹ 5,24,880	25	₹ 5,24,724
Workers	1078	₹15,818	22	₹15,818

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2023-24 (Current financial year)	FY 2022-23 (Previous financial year)
Gross wages paid to females as % of total wages	1.74%	1.12%

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

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

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

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

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

	FY 2023-24 (Current financial year)			FY 2022-23 (Previous financial year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil	Nil	Nil	Nil	Nil	Nil
Discrimination at workplace	Nil	Nil	Nil	Nil	Nil	Nil
Child Labour	Nil	Nil	Nil	Nil	Nil	Nil
Forced Labour/Involuntary Labour	Nil	Nil	Nil	Nil	Nil	Nil
Wages	Nil	Nil	Nil	Nil	Nil	Nil
Other human rights related issues	Nil	Nil	Nil	Nil	Nil	Nil

7. Complaints filed under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023-24 (Current Financial year)	FY 2022-23 (Previous financial year)
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees / workers	0	0
Complaints on POSH as a % of female employees / workers	0	0

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

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

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

Yes

## 10. Assessments for the year:

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

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

No Violations or concerns were reported

**Leadership Indicators**

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

No human rights grievances/complaints

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

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

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

No

## 4. Details on assessment of value chain partners:

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

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

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

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

Parameter	FY 2023 -24 (Current Financial year)	FY 2022-23 (Previous financial year)
<b>From renewable sources</b>		
Total electricity consumption (A)	0	0
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
<b>Total energy consumed from renewable sources (A+B+C)</b>	0	0
<b>From non-renewable sources</b>		
<b>Total electricity consumption (D)</b>	1,07,079.97	1,14,770.08
<b>Total fuel consumption (E)</b>	4,65,587.54	5,29,003.87
<b>Energy consumption through other sources (F)</b>	27,598.44	37,676.30
<b>Total Energy consumed from non-renewable sources (D+E+F)</b>	6,00,265.95	6,81,450.25
<b>Total energy consumed (A+B+C+D+E+F)</b>	1,07,079.97	1,14,770.08
Energy intensity per rupee of turnover (Total energy consumed/ revenue from operations)	3.36	3.21

Parameter	FY 2023 -24 (Current financial year)	FY 2022-23 (Previous financial year)
<b>Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total energy consumed / Revenue from operations adjusted for PPP)	37.52 GJ per million rupees	42.59 GJ per million rupees
Energy intensity (optional) – the relevant metric may be selected by the entity	0.42	0.60

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

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

Parameter	FY 2023 -24 (Current financial year)	FY 2022-23 (Previous financial year)
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	0	0
(ii) Groundwater	1,45,307	1,00,957
(iii) Third party water	0	0
(iv) Seawater / desalinated water	0	0
(v) Others (Storm water)	0	361
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	1,45,307	1,01,318
<b>Total volume of water consumption (in kilolitres)</b>	2,02,607.00	1,70,714.00
<b>Water intensity per rupee of turnover</b> (Total Water consumption/ revenue from operations)	1.13	0.80
<b>Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total water consumption / Revenue from operations adjusted for PPP) kilolitres per million rupees	12.66	10.67
<b>Water intensity in terms of physical output</b>	4.75	5.0
Water intensity (optional) – the relevant metric may be selected by the entity	4.75	5.0

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

- Provide the following details related to water discharged:

Parameter	FY 2023 -24 (Current financial year)	FY 2022-23 (Previous financial year)
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) <b>To Surface water</b>		
- No Treatment	0	0
- With treatment- please specify level of treatment	11,624	8,105
(ii) <b>To Groundwater</b>		
- No Treatment	0	0
- With treatment- please specify level of treatment	0	0
(iii) <b>To Seawater</b>		
- No Treatment	0	0
- With treatment- please specify level of treatment	0	0
(iv) <b>Sent to third parties</b>		
- No Treatment	0	0
- With treatment- please specify level of treatment	0	0
(v) <b>Others</b>		
- No Treatment	0	0
- With treatment- please specify level of treatment	0	0
<b>Total water discharged (in kiloliters)</b>	11,624	8,105

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

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation. Yes.

The ZLD treatment process is implemented in all three manufacturing sites to remove all the liquid waste from a system. The focus of ZLD is to treat wastewater economically and produce clean water that is suitable for reuse at the plant for various purposes, such as horticulture. Hazardous waste generated from the processes is scientifically processed at site and what cannot be processed is sent for safe disposal to authorized partners approved by CPCB/SPCBs.

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

Parameter	Please specify unit	FY 2023-24 (Current financial year)	FY 2022-23 (Previous financial year)
NOx	MT	2	8
SOx	MT	1.7	2.5
Particulate matter (PM)	Not assessed	Not assessed	Not assessed
Persistent organic pollutants (POP)	Not assessed	Not assessed	Not assessed
Volatile organic compounds (VOC)	Not assessed	Not assessed	Not assessed
Hazardous air pollutants (HAP)	Not assessed	Not assessed	Not assessed
Others – please Specify	Not assessed	Not assessed	Not assessed

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

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

Parameter	Unit	FY 2023-24 (Current financial year)	FY 2022-23 (Previous financial year)
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	46,303.64	62,750.07
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	24,316.28	52,928.47
<b>Total Scope 1 and Scope 2 emissions per rupee of Turnover</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	tCO <sub>2</sub> e	0.40	0.5
<b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	tCO <sub>2</sub> e per million INR	3.530	5.784
<b>Total Scope 1 and Scope 2 emission intensity in terms of physical output</b>		2.73	3.38
<b>Total Scope 1 and Scope 2 emission intensity</b> (optional) – the relevant metric may be selected by the entity	tCO <sub>2</sub> e	2.73	3.38

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

8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes. At Srikakulam location, CO<sub>2</sub> Gas recovery plant was established in 2021-22.CO<sub>2</sub> is recovered from boiler flue gases which is under operations.

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

Parameter	FY 2023-24 (Current financial year)	FY 2022-23 (Previous financial year)
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	Not assessed	Not assessed
E-waste (B)	1.5455	1.405
Bio-medical waste (C)	0.00713	0.00385
Construction and demolition waste (D)	Not assessed	Not assessed
Battery waste (E)	0.528	1.582
Radioactive waste (F)	Not assessed	Not assessed
Other Hazardous waste. Please specify, if any. (G)	6180.84	6309.88
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	Not assessed-	Not assessed-
Total (A+B + C + D + E + F + G + H)	6182.921	6312.871
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	0.3091	0.3156
(Total waste generated / Revenue from operations) Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)	0.343	0.3507
Waste intensity in terms of physical output	0.144	0.184
Waste intensity (optional) – the relevant metric may be selected by the entity		
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled	Not assessed-	Not assessed-
(ii) Re-used	Not assessed-	Not assessed-
(iii) Other recovery operations	Not assessed-	Not assessed-
Total		
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Incineration	974.4	1162.6
(ii) Landfilling (TSDF)	2154.79	1567.02
(iii) Utilizable	3601.85	3661.41
(v) Other disposal operations (cement industries co-processing; TSDF co-processing)	-	-
Total	6731.04	6391.03

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

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Solid wastes generated from the manufacturing process, solvent distillation, effluent treatment system, DG sets and boilers is sent to cement plants for co-incineration or to the TSDF (Treatment, Storage, and Disposal Facilities) for landfill. Waste oil and used batteries from the DG sets are sent to authorized recyclers. Other solid wastes like containers and empty drums are returned to the product seller or sold to authorized buyers after detoxification. Coal ash from boilers and thermic fluid heater is sold to brick manufacturers.

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

S. No	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
-	-	-	-
-	-	-	-

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

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

Environmental impact assessment done and clearances received before expansion of Srikakulam Site. Dahej greenfield site also went through Environmental Impact Assessment and clearances from MoEF.

No Environmental Impact Assessment conducted during the current financial year. Last Environmental Impact Assessment conducted in October 2021 for EXPANSION OF AGROCHEMICALS MANUFACTURING UNIT FROM 30 TPD To 70.1 TPD at the Srikakulam plant.

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

S.No	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
-	-	-	-	-
-	-	-	-	-

Yes. All Compliances in place.

#### Leadership Indicators

1. **Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**

**For each facility / plant located in areas of water stress, provide the following information:**

(i) **Name of the area**

(ii) **Nature of operations**

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	2023-24 (Current Financial Year)	2022-23 (Previous financial year)
Water withdrawal by source (in kilolitres)		
Surface water	0	0
Groundwater	1,45,307	1,00,957
Third Party water	0	0
Seawater / desalinated water	0	0
Others	0	361
Total volume of water withdrawal (in kilolitres)	1,45,307	1,01,318
Total volume of water consumption (in kilolitres)	2,02,607.00	1,70,714.00
Water intensity per rupee of turnover (Water consumed / turnover)	1.13	0.80
Water intensity (optional) – the relevant metric may be selected by the entity	4.75	5.0
Water discharge by destination and level of treatment (in kilolitres)		
To Surface water		
-No Treatment	0	0
-With treatment- please specify level of treatment	11,624	8,105
To Groundwater		
-No Treatment	0	0
-With treatment- please specify level of treatment	0	0
To Seawater		
-No Treatment	0	0
-With treatment- please specify level of treatment	0	0

Parameter	2023-24 (Current Financial Year)	2022-23 (Previous financial year)
Sent to third parties	-	-
-No Treatment	0	0
-With treatment- please specify level of treatment	0	0
Others	-	-
-No Treatment	0	0
-With treatment- please specify level of treatment	0	0
Total water discharged (in kiloliters)	11,624	8,105

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

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2023-24 (Current financial year)	FY 2022-23 (Previous financial year)
Total Scope 3 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	Not Assessed	Not Assessed
Total Scope 3 emissions per rupee of turnover	-	Not Assessed	Not Assessed
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	-	Not Assessed	Not Assessed

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

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.NIL
4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
-	-	-	-

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, a procedure NACL P-33 D01 Business Continuity Plan is in place. As per the procedure each function identifies the risks which will disrupt the business and their control measures. Functional Head leads this activity and engage the experienced person from the function to carry out this. Against each risks, response strategy and recovery plan are be prepared. Each function carry out the testing of business continuity plan once in a year and record the observations. All the recorded points are discussed in Management Review Committee. Each unit has prepared the disaster management plan in the form of On-site emergency management plan (OSEP).

OSEP is designed based on quantitative risk assessment and HARA (Hazard Analysis and Risk Assessment). It covers all the scenarios such as explosion, fire, toxic gas release etc. OSEP organogram is prepared to execute if required. Roles and responsibilities are assigned to personnel. Adequate resources are maintained in the unit. Periodical mock drills are conducted to assess the gaps.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

No significant adverse impact to the environment, arising from the value chain.

We ensure sustainability within the supply chain: The quality of our products is of utmost importance and suppliers are only on boarded after a series of stringent checks to warrant that they are aligned with the expectations of the company. We onboard our suppliers after taking into consideration the required quality, EHS, and sustainability criteria.

We are committed to engaging with our suppliers to help them improve the social and environmental impact of the materials and services they offer. The supplier code of conduct (CoC) and sustainable supply chain questionnaire helps us assess and align our suppliers with core values as they sign up to foster a culture of honesty, accountability, and integrity. The CoC also helps us in integrating sustainability parameters into our supply chain. The CoC covers aspects such as labour rights, anti-bribery and corruption, health and safety, environment, ethics, data privacy, confidentiality, and information protection.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts-NIL

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

**Essential Indicators**

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

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

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

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

**Leadership Indicators**

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
	Nil				

**PRINCIPLE 8: Businesses should promote inclusive growth and equitable development**

**Essential Indicators**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
N/A					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
N/A						

3. Describe the mechanisms to receive and redress grievances of the community.

The Board of Directors of the Company had adopted the Whistle Blower Policy. A mechanism has been established for all stakeholders including Directors, employees, vendors and suppliers to report concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimisation of employees who avail of the mechanism and allows direct access to the Chairperson of the audit committee in exceptional cases. The Audit Committee reviews periodically the functioning of whistle blower mechanism. No personnel have been denied access to the Audit Committee. A copy of the Whistle Blower Policy is also available on the website of the Company: [www.naclind.com](http://www.naclind.com).

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/ small producers	23%	10%
Sourced directly from within the district and neighbouring districts	23%	9%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY 2023-24 (Current financial year)	FY 2022-23 (Previous financial year)
Rural	43%	46%
Semi-Urban	-	-
Urban	28%	27%
Metropolitan	29%	27%

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

#### Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
NA	NA

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S.No	State	Aspirational District	Amount Spent (In INR)
1	Andhra Pradesh	Srikakulam	2,12,000

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)-NO  
 (b) From which marginalized /vulnerable groups do you procure?  
 (c) What percentage of total procurement (by value) does it constitute?
4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge-NIL

S.No	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/ No)	Benefit shared (Yes / No)	Basis of calculating benefit share
1	NA	NA	NA	NA
2	NA	NA	NA	NA

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
NA	NA	NA
NA	NA	NA

6. Details of beneficiaries of CSR Projects:

S.No	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Supply of Drinking Water (RO purified) and domestic water to neighboring villages	5000	Our CSR initiatives are implemented with an objective to reach out to the vulnerable and Marginalised communities, including persons with disabilities, elderly, women and children from the less privileged socio-economic sections of the society
2	Vidya Volunteers & Mytri Police	4,000	
3	Scholarships to merit students & other expenses related to Education	3,000	
4	Village & Community Development	5,000	
5	Medical Support	5,000	

**PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner****Essential Indicators**

- Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

NACL has strong mechanisms and multiple touchpoints through which complaints are handled – Through the Krishi kalyan app and portal, through the dealers and sales team, through website queries, and social media platforms. All complaints are tracked and responded to. Specific complaints that require personal visits, are addressed by the sales and marketing teams.

- Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	<b>As a percentage to total turnover</b>
Environmental and social parameters relevant to the product	N/A
Safe and responsible usage	100%
Recycling and/or safe disposal	N/A

- Number of consumer complaints in respect of the following:

	<b>FY 2023-24</b>			<b>FY 2022-23</b>		
	<b>Received during the year</b>	<b>Pending resolution at the end of year</b>	<b>Remarks</b>	<b>Received during the year</b>	<b>Pending resolution at the end of year</b>	<b>Remarks</b>
Data privacy						
Advertising						
Cyber-security						
Delivery of essential services		NIL			NIL	
Restrictive Trade Practices						
Unfair Trade Practices						
Other						

- Details of instances of product recalls on account of safety issues:

	<b>Number</b>	<b>Reasons for recall</b>
Voluntary recalls		
Forced recalls	No Products were recalled on account of safety or other issues	

- Does the entity have a framework/ policy on cyber security and risks related to data privacy? (**Yes/No**) If available, provide a web-link of the policy.

Yes. The Company follows the information security guidelines set by the IT team of the Company.

- Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

The Company was not required to take any corrective actions relating to advertising, delivery of essential services, cyber security and data privacy of customers. No instances of product recalls and no penalty levied or action taken by regulatory authorities on safety of products / services.

- Provide the following information relating to data breaches:

- Number of instances of data breaches
- Percentage of data breaches involving personally identifiable information of customers
- Impact, if any, of the data breaches

**Leadership Indicators**

- Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information on all NACL products is available on the company website (<https://naclind.com/products/>), through direct distribution networks and Krishi Kalyaan app.

- Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Marketing team works extensively with all direct and indirect consumers to educate them on all products through various in person and virtual meetings, through field days with farmers, through the Krishi Kalyaan App and the Krishi Kalyaan call center. Consumers are educated about the correct use, application and dosage of the Company's products.

- Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

N/A

- Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

All product information is displayed on products as per applicable laws. The company regularly conducts informal surveys with consumers and the marketing team gets information on products through regular engagement with its consumers.

# Corporate Governance Report

## A. CORPORATE GOVERNANCE: GUIDING PRINCIPLES

NACL is guided in thought and action by the philosophy of SERVING SOCIETY THROUGH INDUSTRY.

This philosophy is defined by principles of concern, commitment, quality and integrity in all its acts and relationships with all stakeholders in the broadest sense including customers, investors, business associates, lenders, vendors, employees and the community at large, which always inspired and guided the company's thinking and conduct.

## B. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Company views Corporate Governance under the following major parameters:-

- 1) Transparency in relation to appointments, remuneration, meetings of the Directors on the Board of the Company, responsibility and accountability of the Board of Directors.
- 2) Providing correct, accurate and relevant information to the shareholders regarding the functioning and performance of the Company pertaining to financial and other non-financial matters.
- 3) Internal and external controls and audits.

### Date of Report:

The information provided in the Corporate Governance Report for the purpose of unanimity is as on March 31, 2024. The report is updated as on the date of the report wherever applicable.

### The Governance Structure:

The Company's Governance structure is based on the principles of freedom to the Executive Management within a given framework to ensure that the powers vested in the Executive Management are exercised with due care and responsibility so as to meet the expectation of all the stakeholders. In line with these principles, the Company has framed three tiers of Corporate Governance structure viz.,

- 1) **The Board of Directors:** The primary role of the Board of Directors is to protect the interest and enhance value for all the stakeholders. It conducts overall strategic supervision and control by setting the goals and targets, policies, reporting mechanism and accountability, and decision-making process to be followed. The Board also ensures that the Company effectively and efficiently works towards achieving its mission and is committed to continual quality improvement.
- 2) **Committees of Directors:** Committees are usually formed by the Company as a means of improving Board effectiveness and efficiency, in areas where more focused, specialized and technical discussions are required. Committees enable better management of full Board's time and allow in-depth scrutiny and focused attention. The Committees play an important role:
  - to strengthen the governance arrangements of the Company and support the Board in the achievement of the strategic objectives of the Company;

- to strengthen the role of the Board in strategic decision making and supports the role of Non-Executive Directors in challenging executive management actions;
- to maximize the value of the input from Non-Executive Directors, given their limited time commitment;
- to support the Board in fulfilling its role, given the nature and magnitude of the agenda.

The Company have formed Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Banking Committee and Risk Management Committee which are focused on financial reporting audit and internal controls, investors grievances and related issues, appointment and remuneration of Directors and Senior Management employees, implementation and monitoring of CSR activities, bank related transactions including availment of loans/working capital limits/renewals of credit facilities and related bank transactions of the Company, equity issue related matters and the risk management framework.

- 3) **Executive Management:** The entire business, including the support services are managed with clearly demarcated responsibilities and authorities at different levels.

## C. BOARD OF DIRECTORS:

The Company has a balanced and diverse composition of Board of Directors, which primarily takes care of the business needs and stakeholders' interest. The Board consists of eminent persons with considerable professional expertise and experience in setting up and operating agrochemical manufacturing plants and pesticide formulations, and in other fields such as Marketing, Sales, Finance, Accounts, Legal and Taxation. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

The details of the composition of the existing Board of Directors as on March 31, 2024 are given below:

### 1) Composition of Board:

The Company's Board of Directors comprises of 14 (Fourteen) Directors as on March 31, 2024, out of which 3 (Three) are Non-Executive Non-Independent Directors (NEDs). Further, out of the remaining Directors, 8 (Eight) are Independent Directors and 2 (two) are Investors Nominee Directors and 1 (One) is Executive Director. Your Company has 3 (Three) Women Directors out of which 2 (Two) are Independent Directors. The composition of the Board is in conformity with the provisions of the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"). None of the Directors are related to each other.

## 2) Number of Board Meetings:

During the year 2023-24, 5 (Five) Board Meetings were held on May 22, 2023; July 27, 2023; October 27, 2023; January 23, 2024 and March 28, 2024. The maximum time gap between any two of the Board Meetings was not more than 120 (One Hundred and Twenty) days. The necessary quorum was present for all the Board Meetings. One resolution was passed by Circulation during the year.

The details of attendance of Director at the Board meetings and the last Annual General Meeting are as follows:

Sl. No.	Name of the Director	Category of Director	No. of Board Meeting(s) held	No. of Board Meeting(s) Attended	Whether present at previous AGM held on September 22, 2023
1)	Mrs.K.Lakshmi Raju	Promoter, Chairperson & Non-Executive Director	5	5	Yes
2)	Mr. Sudhakar Kudva	Independent Director	5	5	Yes
3)	Mr.N.Vijayaraghavan	Independent Director	5	5	Yes
4)	Mr.Raghavender Mateti	Independent Director	5	5	Yes
5)	Mr. Atul Churiwal	Investor Nominee Director	5	2	Yes
6)	Mr. Rajesh Kumar Agarwal	Investor Nominee Director	5	4	Yes
7)	Mr. M. Pavan Kumar	Executive Director, -Managing Director & CEO	5	5	Yes
8)	Mr. Ramakrishna Mudholkar	Independent Director	5	5	Yes
9)	Mr. N. Sambasiva Rao	Independent Director	5	5	Yes
10)	Ms. Veni Mocherla	Independent Director	5	4	Yes
11)	Mr. C.V Rajulu <sup>1</sup>	Non-Executive Director	5	5	Yes
12)	Mr. Raj Kaul <sup>2</sup>	Non-Executive Director	5	4	Yes
13)	Mr. Santanu Mukherjee <sup>3</sup>	Independent Director	5	3	Yes
14)	Dr. Lakshmi Kantam Mannepal <sup>4</sup>	Independent Director	5	2	NA

1) Mr. C.V. Rajulu ceased to be a Whole-time Director w.e.f June 24, 2023.

2) Mr. Raj Kaul was appointed as Director of the company w.e.f May 05, 2023

3) Mr. Santanu Mukherjee was appointed as an Independent Director of the Company w.e.f July 27, 2023

4) Dr. Lakshmi Kantham Mannepal<sup>4</sup> was appointed as an Independent Director of the Company w.e.f January 23, 2024

Directors were appointed or re-appointed with the approval of the shareholders and shall remain in office in accordance with the provisions of the Companies Act, 2013. All the Non-Executive Directors (except Independent Directors and Investor Nominee Director) are liable to retire by rotation unless otherwise specifically approved by the shareholders.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees across all the Listed Companies in which he/she is a Director as specified in Regulation 26 of the Listing Regulations. The necessary disclosures regarding Committee positions in other public Companies have been made by all the Directors. None of the Directors hold office in more than 20 Companies and in more than 10 public Companies as prescribed under Section 165(1) of the Companies Act, 2013. None of the Directors of the Company are serving as Director in more than 7 (seven) Listed Entities.

All the Independent Directors of the Company have given their respective declarations/disclosures under Section 149(7) of the Act and Regulation 25(8) of the Listing Regulations and have confirmed that they fulfill the independence criteria as specified under section 149(6) of the Act and Regulation 16 of the Listing Regulations and have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. The Board of Directors confirms that the Independent Directors fulfill the conditions specified in the Act and the Listing Regulations and are independent of management. All the Independent Directors had registered with Indian Institute of Corporate Affairs and had complied with Rule 6 (1) and (2) of Companies (Appointment and Qualification of Directors) Rules, 2014. The tenure of the Independent Directors is in accordance with the provisions of the Act and rules made thereunder.

Since none of the independent directors have resigned before the expiry of their tenure, no detailed reasons for resignation and confirmation by such directors are required.

The number of Directorship and Committee positions held by Directors in public limited companies as on March 31, 2024 are given below:

Sl. No.	Name of the Director	Number of Directorships in Public Limited Companies* (including NACL Industries Limited)			Number of Committee** memberships held in Public Limited (including NACL Industries Limited)		Directorship in other Listed Entities	
		Chairman	Director	Total	Chairman	Member	Name of Listed Entity (including Debt Listed)	Category of Directorship
1)	Mrs.K.Lakshmi Raju	1	-	1	-	1	-	-
2)	Mr.Sudhakar Kudva	-	2	2	2	3	1. Bhagiradha Chemicals and Industries Limited 2. Nagarjuna Fertilizers and chemicals Limited	NED & ID@
3)	Mr.N.Vijayaraghavan	-	1	1	-	2	-	-
4)	Mr.Raghavender Mateti	-	2	2	1	2	-	-
5)	Mr. Atul Churiwal	-	1	1	-	-	-	-
6)	Mr. Rajesh Kumar Agarwal	-	1	1	-	-	-	-
7)	Mr. M. Pavan Kumar	-	1	1	-	1	-	-
8)	Mr. Ramakrishna Mudholkar	-	1	1	-	-	-	-
9)	Mr. N. Sambasiva Rao	-	3	3	-	1	-	-
10)	Ms. Veni Mocherla	-	2	2	-	-	-	-
11)	Mr.C.V Rajulu	-	1	1	-	-	-	-
12)	Mr. Raj Kaul	-	1	1	-	-	-	-
13)	Mr. Santanu Mukherjee	-	8	1	1	7	Suven Life Sciences Ltd. Aurobindo Pharma Ltd Rainbow Childerns Medicare Ltd. Bandhan Bank Ltd Muthoot Finance Company Ltd. Sumedha Fiscal Services Ltd.	NED & ID*
14)	Dr. Lakshmi Kantam Mannepalli	-	4	1	-	3	Godavari Biorefineries Ltd. Vinati Organics Ltd. Prasol Chemicals Ltd.	NED & ID*

\* Excludes Directorships/Chairmanships in Associations, Private Limited Companies, Foreign Companies, Government Bodies, Companies registered under Section 8 of the Act and Alternate Directorships.

\*\* Board Committees means only Audit Committee and Stakeholders Relationship Committee.

@ NED & ID – Non-Executive Director & Independent Director.

## 2) Skill, Expertise and Competencies of the Board:

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board:

- Rich corporate experience in Agrochemical, Pesticides, Agri, Fertilizers and other business and industrial sectors.
- Skillful/Deft at operating vast array of farm technology with hands-on approach to work and honed with outstanding communication skills and expertise in training people on various aspects of agriculture operations, agricultural marketing and organic farming.
- Experience in the field of Agrochemical Marketing both in domestic and overseas.
- Experiences in various manufacturing fields, and general management.
- Expertise in Finance, Treasury, Information Technology, Risk Management, Treasury and Forex Operation and General Administration, Legal Compliance and Corporate Governance.

Expertise and Skills	General Management and Leadership Expertise	Industry Experience and Entire value chain	Corporate Strategy and Planning	Science and Technology including IT	Finance	Risk Management	Regulatory and Governance	Human Resource and Communication	Safety and Corporate	Geography and Cross cultural experience
KLR	✓	✓	✓		✓					✓
SK	✓	✓	✓		✓	✓	✓			✓
NVR	✓	✓	✓		✓	✓				✓
RM	✓	✓	✓	✓	✓				✓	
MPK	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
RKA	✓	✓	✓		✓					✓
AC	✓	✓	✓		✓					✓
RKM	✓	✓	✓				✓			✓
NSR	✓	✓	✓		✓	✓	✓		✓	✓
VM	✓		✓			✓	✓			✓
CVR	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
RK	✓		✓					✓		
SM	✓	✓	✓		✓	✓	✓		✓	
LKM	✓	✓	✓	✓			✓		✓	✓

KLR- K.Lakshmi Raju, SK – Sudhakar Kudva, NVR – N Vijayaraghavan, RM- Raghavender Mateti, MPK- M.Pavan Kumar, RKA - Rajesh Kumar Agarwal, AC- Atul Churiwal, RKM - Ramkrishna Mudholkar, NSR – N.Sambasiva Rao, VM – Veni Mocherla, CVR – C.V.Rajulu, RK – Raj kaul, SM – Santanu Mukherjee, LKM -Lakshmi Kantam Mannepalli

### 3) Familiarization Programme:

The Company has formulated a Policy on Familiarization Programme for Independent Directors. The Company, upon the induction of Independent Directors, provided necessary documents which contains the information about Company, Memorandum and Articles of Association, Annual Reports for previous 2 years, Investor Presentations and recent Media Releases, Brochures, Organization policies. The appointment letter issued to Independent Director inter alia sets out the expectations from the appointed Director, their fiduciary duties and the accompanying liabilities that come with the appointment as a Director of the Company.

Senior Management Personnel of the Company makes periodical presentations to the Board Members at the Board and Committee Meetings held during the financial year briefing on the business and performance updates of the Company, global business environment, business strategy and risks involved, quarterly reports such as Corporate Governance, financial results, shareholding pattern, plans, strategy, new initiatives, updates on relevant statutory changes and judicial pronouncements around industry related laws, etc.

The details of familiarization programmes for the Independent Directors are available on the website of the Company and can be accessed through the web link Latest Link to be uploaded <https://naclind.com/wp-content/uploads/2024/08/Familiarisation-programme-23-24.pdf>

### 4) Code of conduct for Directors and Senior Management Personnel:

The Board of Directors has laid down a Code of Conduct for all Board members and Senior Management Personnel (“SMP”) of the Company. The Code of Conduct is uploaded on the website of the Company i.e., <https://naclind.com/wp-content/uploads/2023/02/Code-of-Conduct-for-Director-and-Senior-Management.pdf>. As required under Clause D of Schedule V pursuant to Regulation 34(3) of Listing

Regulations, the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management laid down by the Company for the year under review. A declaration signed by Mr.M.Pavan Kumar, Managing Director & CEO pursuant to Regulation 34(3) read with Schedule V of the Listing Regulations, forms part of this Annual Report.

### 5) Code of conduct of Independent Directors:

As per the provisions of Section 149(8) read with Schedule IV of the Companies Act, 2013 the Company has laid down the “Code of Conduct for Independent Directors” in accordance with Schedule IV of the Companies Act, 2013. The said Code of Conduct is duly approved and adopted by the Board and the same has been uploaded on the website of the Company.

### 6) Separate meeting of Independent Directors:

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management was held on July 25, 2023, as required under Schedule IV of the Companies Act, 2013 (Code for Independent Directors) and Regulation 25 of Listing Regulations. Mr. Sudhakar Kudva, Mr. Raghavender Mateti, Mr. Ramakrishna Mudholkar, Mr. N.Sambasiva Rao, Mr N. Vijayaraghavan and Ms.Veni Mocherla attended the Meeting of Independent Directors.

As required by the provisions of Section 149 read with Schedule IV of the Companies Act, 2013 and Regulation 25(4) of the Listing Regulations the Independent Directors met and reviewed inter-alia the following matters:

- 1) Performance of Non-Independent Directors and the Board of Directors as a whole;
- 2) Performance of the Chairperson of the Company, taking into account the views of Executive, Non-Executive Directors; and

- 3) Assessed the quality, quantity and timeliness of flow of information between the Company management that is necessary for the Board to effectively and reasonably perform their duties and presented their observations to the Board of Directors.

#### D. COMMITTEES OF THE BOARD OF DIRECTORS:

The Board of Directors has constituted the following Committees with appropriate delegation of powers:

##### 1) Stakeholders' Relationship Committee:

The Stakeholders' Relationship Committee ("SRC") is constituted in compliance with Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. This Committee comprises of the following Directors viz. Mr.Raghavender Mateti (Chairman of the Committee), Mr.N.Vijayaraghavan, Mrs.K.Lakshmi Raju, and Mr.M.Pavan Kumar. The Committee met one (1) time during the year and the meetings was held on July 25, 2023. The details of attendance of Members are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr.Raghavender Mateti*	Chairman	1	1
Mr. N.Vijayaraghavan	Member	1	1
Mrs.K.Lakshmi Raju	Member	1	1
Mr. M. Pavan Kumar	Member	1	1

\*Mr. Raghavender Mateti, is the Chairman of Stakeholders' Relationship Committee

The terms of reference of Stakeholders Relationship Committee are in accordance with Regulation 20 read with Part D of Schedule II of the Listing Regulations and inter-alia includes:

- Consider and redress the complaints received from shareholders relating to transfer of shares, non-receipt of annual report, declared dividend, notices, balance sheet, etc.
- Oversee compliances in respect of dividend payments and transfer of unclaimed amounts to IEPF.
- Review work done by the share transfer agent including adherence to the service standards.
- Review initiatives for reduction of quantum of unclaimed dividends and ensure timely receipt of dividend/annual report/ statutory notices.

The power to process the dematerialization requests has also been delegated to the executives of the Share Transfer Agents of the Company to avoid delays.

During the period from April 01, 2023 to March 31, 2024, the Company received 04 complaints from the investors and the same were resolved to the satisfaction of shareholders and there were no balance investor's complaints pending/unresolved as on March 31, 2024. For details with regard to the Name and designation of Compliance Officer, please refer to point number 4(M) of this report.

##### 2) Audit Committee:

This Committee comprises of the following Directors viz. Mr.Sudhakar Kudva (Chairman of the Committee),

Mr.N.Vijayaraghavan, Mr.Raghavender Mateti and Mr.N.Sambasiva Rao. In this connection Mr. Santanu Mukherjee was appointed on the board on July 27, 2023 and the reconstitution of various Board committees including Audit Committee effective from November 27, 2023. All the Members of the Committee are Independent Directors and possess strong accounting and financial management knowledge.

The Audit Committee met four (4) times during the period under review and the meetings were held on May 22, 2023; July 27, 2023; October 27, 2023; January 23, 2024. The Statutory Auditors, the Internal Auditors and Cost Auditors were present as invitees for the meetings of the Audit Committee. The gap between any two Meetings did not exceed one hundred and twenty days. The attendance at the Meetings was as under:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. Santanu Mukherjee	Chairman*	4	1
Mr. Sudhakar Kudva	Member*	4	4
Mr. N.Sambasiva Rao	Member	4	4
Mr. Raghavender Mateti	Member	4	4
Mr.N.Vijayaraghavan	Member	4	4

\* Mr. Santanu Mukherjee was appointed as member and became Chairman effective November 27, 2023.

The terms of reference of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of the Listing Regulations and inter-alia includes the following:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Recommending to the Board, the appointment, remuneration and terms of appointment of the auditors of the Company.
- c) Approval of payment to Statutory Auditors for any other services rendered by them.
- d) Reviewing with the Management, the Annual Financial Statements before submission to the Board for approval, with particular reference to:
  - i) Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - ii) Changes, if any, in accounting policies and practices and reasons for the same.
  - iii) Major accounting entries involving estimates based on the exercise of judgment by management.
  - iv) Significant adjustments made in the financial statements arising out of audit findings.
  - v) Compliance with listing and other legal requirements relating to financial statements.

- vi) Disclosure of related party transactions.
- vii) Modified opinion(s) in the draft audit report.
- e) Reviewing with the Management, the quarterly financial statements before submission to the Board for approval.
- f) Reviewing and monitoring the Auditor's independence, and performance and effectiveness of the audit report.
- g) Approval or any subsequent modification of transactions of the Company with related parties;
- h) Scrutiny of inter-corporate loans and investments;
- i) Valuation of undertakings or assets of the Company, wherever it is necessary;
- j) Evaluation of internal financial controls and risk management systems;
- k) Reviewing with the Management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
- l) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- m) Discussion with Internal Auditors any significant findings and follow-up thereon.
- n) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- o) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- p) To review the functioning of the Whistle Blower mechanism.
- q) Approval of appointment of Chief Financial Officer after assessing the qualification, experience and background, etc of the candidates.
- r) Carrying out any other function as is mentioned in the 'Terms of Reference' of the Audit Committee.

The Audit Committee mandatorily reviews the following information:

- i) Management discussion and analysis of financial condition and results of operations;
- ii) Statement of significant related party transactions, submitted by management;
- iii) Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
- iv) Internal audit reports relating to internal control weaknesses; and
- v) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall

be subject to the review of the Audit Committee.

- vi) Statements of deviations:
  - a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

### 3) Banking Committee:

This Committee comprises of the following Directors viz. Mr.N.Vijayaraghavan, Mr. Santanu Mukherjee, Mr.Sudhakar Kudva, Mr. Raghavender Mateti, Mr.M.Pavan Kumar and Mrs.K.Lakshmi Raju.

The Banking Committee met five (5) times during the year. The details of attendance of Members are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. Santanu Mukherjee	Chairman*	5	1
Mr. N.Vijayaraghavan	Member*	5	5
Mr. Sudhakar Kudva	Member	5	5
Mr. Raghavender Mateti	Member	5	5
Mr. M. Pavan Kumar	Member	5	5
Mrs. K. Lakshmi Raju	Member	5	5

\* Mr. Santanu Mukherjee was appointed as a Director on July 27, 2023 and became Chairman of the Committee effective November 27, 2023.

The terms of reference of the Banking Committee inter-alia includes the following:

- a) To open new accounts with any Bank and approve the list of persons authorized to operate such accounts and to make such changes as may be necessary from time to time.
- b) To approve availment of working capital facilities/credit facilities by the Company and creation of the charge on the assets of the Company thereto, subject that such credit facilities so availed along with the existing credit facilities shall not exceed the limits as approved by the Board from time to time.
- c) To approve the creation of charge/mortgage by deposit of title deeds or otherwise on the assets of the Company for availing the aforesaid credit facilities from time to time.
- d) To sub-delegate to Managing Director or any other Director/Executives of the Company to execute various documents including but not limited to loan documents, charge documents etc. and to exercise any of the powers delegated by Board to this Committee and to do all such acts, deeds and things as may be necessary.
- e) To authorize to deal/open/operate/closures of various bank accounts of the Company/banking transactions and related matters.

- f) To authorize persons to sign necessary documents and for affixation of Common Seal and matters incidental thereto, for availing of such credit facilities.

**4) Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee ("NRC") is constituted in compliance with Section 178 of the Act and Regulation 19 of the Listing Regulations. This Committee comprises of the following Directors viz. Mr.Raghavender Mateti Mr. Santanu Mukherjee, Mrs. K. Lakshmi Raju, Mr. N. Vijayaraghavan and Mr.Sudhakar Kudva.

The Nomination and Remuneration Committee had met six (06) times during the period under review and the meetings were held on July 25, 2023, October 19, 2023, January 11, 2024, February 28, 2024, February 29, 2024 and March 26, 2024. The details of attendance of Members are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. Raghavender Mateti	Chairman*	6	6
Mr. Santanu Mukherjee	Member*	6	4
Mrs.K.Lakshmi Raju	Member	6	6
Mr.Sudhakar Kudva	Member	6	6
Mr.N.Vijayaraghavan	Member	6	6

\* Mr. Santanu Mukherjee was appointed on the Board effective July 27, 2023 and inducted as Member of the Committee effective November 27, 2023.

The functioning and terms of reference of the Nomination and Remuneration Committee are in accordance with the provisions of Section 178 and other applicable provisions of Companies Act, 2013, rules made thereunder, and Regulation 19 read with Para A Part D of Schedule II of the Listing Regulations. It determines the Company's policy on all elements of the remuneration packages of the Directors including the Executive Directors. The Company has adopted a remuneration policy, which is available on the Company's website. The remuneration of the Directors is approved by the Nomination and Remuneration Committee and the Board of Directors as per the Nomination and Remuneration Policy of the Company.

The terms of reference of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of the Listing Regulations and inter-alia includes the following:

- a) Identify persons who are qualified to become Directors and who may be appointed as Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal, and shall carry out the evaluation of every Director's performance.
- b) Formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board of Directors a policy, relating to the remuneration for the Directors, Key Managerial Personnel ("KMP") and other employees.

- c) Formulation of criteria for evaluation of the performance of Independent Directors and the Board of Directors;
- d) Devising a policy on diversity of Board of Directors.
- e) Make recommendations regarding the composition of the Board, identify Independent Directors to be inducted to the Board from time to time and take steps to refresh the composition of the Board from time to time.
- f) To recommend Board, the remuneration payable to the Directors and Key Managerial Personnel and Senior Managerial Personnel.
- g) To develop succession plan for the Board and to regularly review the plan.
- h) Review and recommend to the Board the remuneration and commission to the Managing and Executive Directors and define the principles, guidelines and process for determining the payment of commission to Non-Executive Directors and Independent Directors of the Company.
- i) Administer and monitor Employee Stock Option Scheme(s) of the Company.

**Nomination and Remuneration Policy:**

The Company's philosophy for remuneration of Directors, Key Managerial Personnel, Senior Managerial Personnel and all other employees is based on the commitment of fostering a culture of leadership with trust. The Company has adopted a policy for remuneration of Directors, Key Managerial Personnel and other employees, which is aligned to this philosophy. The key factors considered in formulating the Policy areas under:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to Directors, KMP and SMP involves a balance between fixed and incentives pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

For details with regard to the Performance evaluation criteria for Independent Directors, please refer to point number 'F' of this report

**5) Corporate Social Responsibility (CSR) Committee:**

The Corporate Social Responsibility Committee ("CSRC") is constituted in compliance with Section 135 of the Act. This Committee comprises of the following Directors viz. Mr.Sudhakar Kudva (Chairman of the Committee), Mrs.K.Lakshmi Raju, Ms.Veni Mocherla, Mr.M.Pavan Kumar, Mr.N.Vijayaraghavan and Mr. C.V. Rajulu.

The CSR Committee met one (1) time during the period under review and the meeting was held on May 22, 2023. The details of attendance of Members are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr.Sudhakar Kudva	Chairman	1	1
Mr.N.Vijayaraghavan	Member	1	1
Mrs.K.Lakshmi Raju	Member	1	1
Mr.M.Pavan Kumar	Member	1	1
Ms.Veni Mocherla	Member	1	1
Mr. C.V. Rajulu	Member	1	1

The terms of reference of the CSR Committee inter-alia includes the following:

- To formulate and recommend to the Board, a CSR Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013.
- To oversee the implementation of those activities, monitor the implementation of the framework of the CSR Policy and also report to the Board from time to time. It shall be ensured that the Company's CSR programmes will be identified and implemented according to the Board's approved CSR policy.
- The Committee shall monitor the implementation report from the Organizations receiving funds. In this regard, the Committee may delegate designated Company official(s) to co-ordinate with the Organization receiving funds to inspect the activities undertaking and ensure information in a timely manner.
- To recommend the amount to be spent on the CSR activities.
- To attend to such other matters and functions as may be prescribed and statutorily required to be attended from time to time.

#### 6) Risk Management Committee:

The Risk Management Committee ("RMC") is constituted in compliance with Regulation 21 of the Listing Regulation. This Committee comprises of the following Directors viz. Mr.Sudhakar Kudva (Chairman of the Committee), Mr.M.Pavan Kumar, Mr.N.Vijayaraghavan, Mr.R.K.S.Prasad and Mr.Harish Chandra Bijlwan.

The Risk Management Committee met Two (2) times during the period under review and the meeting was held on September 14, 2023 and March 11, 2024. The details of attendance of Members are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr.Sudhakar Kudva	Chairman	2	2
Mr.N.Vijayaraghavan	Member	2	2
Mr.R.K.S. Prasad	Member	2	2
Mr.M.Pavan Kumar	Member	2	2
Mr.Harish Chandra Bijlwan	Member	2	2

The functioning and terms of reference of the Risk Management Committee are in accordance with the applicable provisions of the Companies Act, 2013 and Regulation 21 read with Part D of Schedule II of the Listing Regulations. The Company has duly framed the Risk Management Policy and laid down procedures to inform the Board members about the identification of elements of risk and minimization procedures.

The term of reference of the Risk Management Committee inter-alia includes the following:

- To formulate a detailed risk management policy which shall include:
  - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - Measures for risk mitigation including systems and processes for internal control of identified risks.
  - Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least twice in one year, including by considering the changing industry dynamics and evolving complexity;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee

#### E. REMUNERATION TO DIRECTORS:

The Non-Executive Directors of the Company are paid sitting fees for attending the Board of Directors/Committees Meetings.

- (a) The details of sitting fees paid to the Non-Executive Directors of the Company during the year from April 01, 2023 to March 31, 2024 are given below:

Sl. No.	Name of the Director	Sitting fees paid for attending Board and Committees meetings
		(Rs. in Lakh)
1)	Mrs.K.Lakshmi Raju	2.90
2)	Mr.Sudhakar Kudva	3.75
3)	Mr.N.Vijayaraghavan	3.70
4)	Mr.Raghavender Mateti	3.50
5)	Mr.Atul Churiwal	0.50
6)	Mr.Rajesh Kumar Agarwal	1.00
7)	Mr.Ramkrishna Mudholkar	1.40
8)	Mr.N.Sambasiva Rao	2.00
9)	Ms.Veni Mocherla	1.30
10)	Mr. C.V. Rajulu	1.00
11)	Mr. Raj Kaul	1.00
12)	Mr. Santanu Mukherjee	1.70
13)	Dr. M. Lakshmi Kantham	0.50

During the year, there were no other pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company. The Company has not granted any stock option to its Non-Executive Director. No severance fee is contemplated.

The criteria of making payments to Non-Executive Directors is available on the Company's website and can be accessed through the web-link

<https://naclind.com/wp-content/uploads/2023/02/Criteria-for-makig-payment-to-NEDs.pdf>.

- (b) Details of Remuneration paid to Managing Director & CEO and Whole Time Director for the financial year ended March 31, 2024 are given hereunder:

(Rs. in Lakh)

Sl. No.	Particulars of Remuneration	Managing Director & CEO Mr. M.Pavan Kumar
1)	Gross salary	197
2)	Perquisites	..#
3)	Stock Option	9
4)	Contribution to Provident Fund	NIL
5)	Others	NIL
<b>Total</b>		<b>206</b>

# The amount is below 1 Lakh

The tenure of office of the Managing Director is for 3 (three) years from his respective date of appointment and can be terminated by either party by giving three months' notice of writing.

## F. PERFORMANCE EVALUATION CRITERIA:

Pursuant to applicable provisions of the Companies Act, 2013 and the Listing Regulations, the Board has formulated Policy on Performance Evaluation of Directors including Independent Directors which inter-alia covers, the criteria for evaluation of its own performance, performance of the Directors including Independent, Executive and Non-Executive Directors as well as the evaluation of its Committees and Chairperson of the Board. The criteria described in the said policy inter-alia includes qualifications, meeting the independence criteria, observing ethical standards, integrity, exercise of responsibilities, safeguarding interest of all stakeholders, skills and knowledge updation, adhering to Company's Code of conduct, regular attendance and active participation at the meetings of the Company, maintaining confidentiality, transparency, assistance in implementing best corporate governance practices, absence of conflict of interest with business of the Company, etc.

The performance evaluation of all the Directors including the Independent Directors was carried out by the entire Board. Further, the performance of the Board as a whole, performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.

## G. GENERAL BODY MEETINGS:

### 1) Details of last three Annual General Meetings ("AGM"):

Financial Year	Date	Time	Place of venue
2020-21	24-09-2021	09.30 a.m.	Video conferencing (VC)/Other Audio-Visual Means (OAVM)
2021-22	29-09-2022	10.00 a.m.	Video conferencing (VC)/Other Audio-Visual Means (OAVM)
2022-23*	22-09-2023	10.00 a.m.	Video conferencing (VC)/Other Audio-Visual Means (OAVM)

A) \* At the 36th AGM, Three special resolutions were passed in respect of:

- advisory fees to Mr. Raj Kaul, Non-Executive and Non-Independent Director.
- consultancy fees to Mr. Chantati Varada Rajulu, Non-Executive and Non-Independent Director.
- Appointment of Mr. Santanu Mukherjee (DIN: 07716452) as an Independent Director of the Company.

### 2) Details of last three years Extraordinary General Meetings:

2020-21	07-09-2020	10.00 a.m.	Video conferencing (VC)/Other Audio-Visual Means (OAVM)
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3) The postal ballot was conducted in the month of April/May, 2023, to approve the following by way of special resolution:

- a) Appointment of Mr. Raj Kaul (DIN: 00394139) as a Non-Executive and Non-Independent Director of the Company.

The remote e-voting details on the above postal ballot were as follows:

Resolution No.	Particulars				
	Votes cast in favour	%	Votes cast against	%	Total valid votes
a)	11,53,94,542	99.99	10,559	0.01	11,54,05,101

The shareholders approved the above said resolution(s) with requisite majority on May 04, 2023.

The postal ballot was conducted, as per the procedure laid down in Section 108 and 110 of the Companies Act, 2013 and the rules made thereunder along with the Circulars issued by Ministry of Corporate Affairs.

Mr.S.Srikanth, Partner (M.No. A22119), representing M/s. B S S & Associates, Practicing Company Secretaries has appointed as Scrutinizer for conducting voting through remote e-voting, in a fair and transparent manner.

4) The postal ballot was conducted in the month of March, 2024 to approve the following by way of special resolution:

- a) Appointment of Dr. M.Lakshmi Kantam (DIN: 07831607) as a Non-Executive and Non-Independent Director of the Company.

The remote e-voting details on the above postal ballot were as follows:

Resolution No.	Particulars				
	Votes cast in favour	%	Votes cast against	%	Total valid votes
a)	11,56,48,730	99.99	9,706	0.01	11,56,58,436

The shareholders approved the above said resolution(s) with requisite majority on March 21, 2024.

The postal ballot was conducted, as per the procedure laid down in Section 108 and 110 of the Companies Act, 2013 and the rules made thereunder along with the Circulars issued by Ministry of Corporate Affairs.

Mr.S.Srikanth, Partner (M.No. A22119), representing M/s. B S S & Associates, Practicing Company Secretaries has appointed as Scrutinizer for conducting voting through remote e-voting, in a fair and transparent manner.

#### H. TRANSFER OF UNCLAIMED DIVIDEND AND SHARES TO INVESTOR EDUCATION AND PROTECTION FUND:

Pursuant to the provisions of Section 124(6) and 125 of the Companies Act, 2013 (the "Act") read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the "Rules") it is statutorily required on the part of the Company to transfer of all shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more in the name of Investor Education and Protection Fund Authority (IEPF Authority).

In accordance with the aforesaid provision of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has transferred unclaimed dividend for the financial year 2015-16 of ₹6,17,030 to the Investor Education and Protection Fund (IEPF), during the year. The dividend amounts for the FY 2016-17 which have been unclaimed for seven years will be transferred to IEPF Authority. Shareholders who have not claimed the dividend(s) amount are, therefore, requested to do so before they are statutorily transferred to the IEPF Authority.

No claims shall lie against the Company in respect of the dividend/shares/monies so transferred to IEPF. The Company has uploaded the full details of such shareholders and shares transferred and due to be transferred to IEPF Authority under the said provisions on its website and can be accessed through the web-link <https://naclind.com/investor-relations/investor-information/unpaid-unclaimed-share-or-dividend-iepf/>. Shareholders are requested to refer to the web link to verify the details of un-claimed dividends and the shares liable to be transferred to IEPF Authority. Shareholders may note that both the unclaimed dividend and the shares transferred to IEPF Authority including all benefits accruing on such shares, if any, can be claimed back by them from IEPF Authority after following the procedure prescribed under the Rules.

#### I. DISCLOSURE WITH RESPECT TO UNCLAIMED SUSPENSE ACCOUNT:

In accordance with the requirement of Regulation 34(3) and 39(4) read with Part F of the Schedule V of the SEBI Listing Regulations, the following are details in respect of equity shares lying in the "Nagarjuna Agrichem Limited - Unclaimed Suspense Account":

S.No	Particulars	No. of shareholders	No. of shares
1.	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the beginning of the year	9	3,639
2.	No. of shareholders who approached for transfer of shares from the unclaimed suspense account during the year	2	428
3	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year.	7	3211

*The Voting rights in respect of these shares will remain frozen till the time such shares are transferred from the Unclaimed Suspense Account to the concerned Shareholders.*

## J. DISCLOSURES:

- a) Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with the Promoters, Directors, Key Managerial Personnel or the Management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large is not included in the Report, as there was no such transaction entered into by the Company during the financial year ended March 31, 2024.
- b) Details of related party transactions have been disclosed under the concerned note or Schedule in the financial statements. There are no transactions which may have potential conflict with the interests of the Company at large. A policy on dealing with related party transactions is available on the website of the Company and can be accessed through the web-link <https://naclind.com/wp-content/uploads/2023/02/Related-Party-Transactions-Policy.pdf>.
- c) There has been no instance of non-compliance, penalties and strictures imposed on the Company by the Stock Exchange or SEBI or any other Statutory Authorities, on any matter related to capital markets during the last three years.
- d) As required under the provisions of the Companies Act, 2013 and Regulation 46 of the Listing Regulations, the mandatory disclosure of relevant policies i.e., CSR Policy, Nomination and Remuneration Policy, Related Party Transactions Policy, Risk Management Policy, Whistle Blower Policy, Policy for determining materiality of event and Information, Policy on preservation and Archival of Documents and Policy on Evaluation of Boards' Performance are mentioned briefly in the Board's Report, in this Report and/or posted on Company's website and can be accessed through the web-link <https://naclind.com/investor-relations/investor-information/policies/>.
- e) **Subsidiary Companies:** The Company has Six\* unlisted (Indian and Overseas) Wholly Owned Subsidiaries i.e., NACL Spec-Chem Limited, NACL Multichem Private, LR Research Laboratories Private Limited, NACL Agri-Solutions Private Limited, Nagarjuna Agrichem (Australia) Pty. Ltd., Limited and NACL Industries (Nigeria) Limited. An Executive Director of the Company is having a Directorship in one of the Indian subsidiaries. Three Executives (SMPs) of the Company are on the Board of NACL Spec-Chem Limited, LR Research Laboratories Private Limited and NACL Multichem Private Limited and Two Executive (SMPs) is on the Board of Overseas subsidiary. The Audit Committee of the Company reviews the financial statements of the subsidiaries. The minutes of the Board Meetings, along with a report of the significant transactions, if any, and arrangements of the unlisted subsidiaries of the Company are duly placed before the Board of Directors of the Company. The Company has no Subsidiary which can be considered as material in terms of the Listing Regulations.

\*NACL Agri-solutions incorporated on May 02, 2023 as the subsidiary of NACL Industries Limited.

- f) **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:**

The Company has complied with all the mandatory requirements and regulations applicable to the

Company of the Stock Exchanges, SEBI and other statutory regulatory authorities.

- g) **Risk Management:** The Company has well laid down procedures and adopted a risk management policy to inform Board members about the risk assessment and minimization procedures.
- h) **Vigil Mechanism/Whistle Blower Policy:** The Company has implemented Whistle Blower Policy to deal with any fraud, irregularity or mismanagement in the Company. The policy enables any employee or Director to directly communicate to the Chairman of the Audit Committee to report any fraud, irregularity or mismanagement in the Company. The policy ensures strict confidentiality while dealing with concerns and also that no discrimination or victimization is meted out to any whistle blower. The Whistle Blower Policy as approved by the Board is uploaded on the Company's website and can be accessed through the web-link <https://naclind.com/wp-content/uploads/2022/11/NACL-Whistle-Blower-Policy.pdf>. During the year under review, your Company has not received any complaints under the said policy. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.
- i) **Non-Disqualification of Directors:**  
The Company has received certificate dated May 27, 2024 from M/s. B S S & Associates, Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the SEBI / Ministry of Corporate Affairs or any such Statutory Authority. This certificate is annexed to this Report.
- j) The Board has accepted all the recommendations of the various committees of the SEBI which is mandatorily required in the relevant financial year.
- k) No fund was raised through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of the Listing Regulations.
- l) Loans and advances in the nature of loans to firms/companies in which Directors are interested –N.A.
- m) Material Subsidiaries of the listed entity including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries – N.A.
- n) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:
  - a. Number of complaints filed during the financial year : NIL
  - b. Number of complaints disposed of during the financial year : NIL
  - c. Number of complaints pending as at the end of the financial year : NIL
- o) **Auditors' Fees:**

During the financial year 2023-24, ₹ 79 Lakhs have been paid to M/s. B S R and Co. Chartered Accountants, the Statutory Auditors of the Company, towards all services rendered by them to the company and to its subsidiaries.

- p) The Company has complied with the requirement of Corporate Governance Report of sub-paras (2) to (10) as mentioned under Clause (C) of Schedule V of the Listing Regulations.
- q) The Company is in compliance with the requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations, as applicable, with regard to Corporate Governance.
- r) All the quarterly investors presentation are uploaded on the Company's website and can be accessed through the web-link <https://naclind.com/investor-relations/investor-information/investor-presentation/>.

#### K. INFORMATION TO THE BOARD:

During the year, the Board of Directors of the Company had been furnished with the following information (including, but not limited to the following) to enable the Directors to contribute to the decision-making process along with the minimum information to be placed before the Board of the Director of the Company as per Regulation 17(7) read with Part A of Schedule II of the Listing Regulations.

- i) Quarterly Results of the Company.
- ii) Annual operating plans, budgets, capital budgets, updates and all variances.
- iii) Contracts in which Directors are deemed to be interested.
- iv) Compliance of any regulatory and statutory nature or any listing requirements.
- v) Minutes of the meetings of the Board of Directors of the Subsidiary Companies.

#### L. MEANS OF COMMUNICATION:

The quarterly/half-yearly un-audited and annual audited financial results of the Company are sent to the Stock Exchange immediately after they are approved by the Board of Directors. The results were published in Business Standard, Financial Express in English and Andhra Prabha in Telugu (regional language). The results are posted on the Company's website and can be accessed through the link <https://naclind.com/investor-relations/financial-results/quarterly-report/> and are sent to the BSE Limited and National Stock Exchange of India Ltd., (Stock Exchanges where the Company's share are listed) wherein the same is posted on their website [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

The press releases and other reports/intimations required under the SEBI (LODR) Regulations are filed electronically with National Stock Exchange (NSE) and BSE Limited (BSE) and also uploaded on the Company's website [www.naclind.com](http://www.naclind.com) which may be accessed by the shareholders.

#### M. NAME AND DESIGNATION OF THE CHIEF COMPLIANCE OFFICER:

Mr.Satish Kumar Subudhi, Vice President – Legal & Company Secretary and Compliance Officer of the Company.

#### N. COMPLIANCE OF INSIDER TRADING NORMS:

The Company, in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, has formulated a well-defined Insider Trading Policy which prohibits its Management, Employees and other Associates to deal in the securities of the Company based on any Unpublished Price Sensitive Information (UPSI). The Policy lays down the guidelines which advise all the persons considered as Insiders on the procedures to be followed and disclosures to be made while dealing with shares of the Company and cautioning them of the consequences of violation. The Company also maintains a Structured Digital Database, as required under the SEBI (Prohibition of Insider Trading) Regulations, 2015."

#### O. Changes among Senior Management:

During the Financial Year 2023-24 following changes were made in the Senior Management of the Company:

Sl. No.	Name	Date of Joining/ Resignation	Designation	Department
1.	Biju Pillai	January 11, 2024 (Appointment)	Sr. Vice President	Research & Development

#### P. Discretionary Requirements as specified in Part E of Schedule II under Listing Regulation:

##### i) The Board:

The Chairperson of the Board is a Non-Executive Director.

##### ii) Shareholder Rights:

Details are given under heading 'Means of Communication'. The quarterly financial results are published in leading newspapers, viz. The Business Standard or Financial Express and vernacular – Andhra Prabha. The audited results for the financial year are approved by the Board and then communicated to the members through the Annual Report and also published in the newspapers. The results are posted on the Company's website and can be accessed through the link <https://naclind.com/investor-relations/financial-results/quarterly-report/> and are sent to the BSE Limited and National Stock Exchange of India Ltd., (Stock Exchanges where the Company's shares are listed) wherein the same is posted on their websites [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com). Hence, the same is not sent to the households of the shareholders of the Company.

##### iii) Un-Modified opinion(s) in audit report:

The Company is in the regime of unmodified opinions on financial statements.

##### iv) Separate posts of Chairperson and the Managing Director or the Chief Executive Officer:

The post of Chairman of the Board is neither Managing Director nor Chief Executive Officer.

##### v) Reporting of Internal Auditor:

The Internal Auditor of the Company functionally report directly to the Audit Committee.

**Q. GENERAL INFORMATION:**

1)	Date, time and venue of Annual General Meeting	: September 25, 2024 at 10:00 a.m. through video conferencing or other audio video means as set out in the Notice convening the AGM.
2)	Financial Year	: April 01, 2023 to March 31, 2024.
3)	Dividend for FY 2023-24	: NIL
4)	Listing on Stock Exchange	: a) <b>BSE Limited</b> , P.J.Towers, Dalal Street, Mumbai-400001. b) <b>National Stock Exchange (India) Ltd.</b> , Bandra-Kurla Complex, Bandra (E), Mumbai-400051.
5)	Listing Fees	: The Company has paid the listing fees to these stock exchanges for the year 2024-25.
6)	Stock Code	: BSE - 524709 NSE - NACLIND
7)	CIN of the Company	: L24219TG1986PLC016607
8)	Registered Office/ Correspondence address of the Company	: Plot No.12-A, 'C' Block, Lakshmi Towers, No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta, Hyderabad-500082. Telangana State Tel.No.040-2445100, e-mail id: <a href="mailto:investors@naclind.com">investors@naclind.com</a>
9)	Website	: <a href="http://www.naclind.com">www.naclind.com</a>
10)	Communication regarding registration of share transfers and other related correspondence	: Registers and Share Transfer Agents (RTA): <b>XL Softech Systems Ltd.</b> , Plot No. 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad-500034 Tel. (040) 23545913/14/15, Fax (040)-23553214. e-mail: <a href="mailto:xlfiled@gmail.com">xlfiled@gmail.com</a> For shares related matters, the shareholders are requested to correspond with the RTA of the Company by mentioning /quoting their Client ID and DPID, Folio Number to the above address of RTA of the Company. <b>Note:</b> Shareholders holding shares in electronic mode should address all correspondence to their respective Depository Participants.
11)	Share Transfer system	: The Board has delegated the authority for approving transfer, transmission, dematerialisation of shares etc. to the Share Transfer/ Transmission Committee. The Company obtains an annual certificate from Practising Company Secretaries as per the requirement of Regulation 40(9) of Listing Regulations and the same is filed with the Stock Exchanges and available on the website of the Company. In terms of amended Regulation 40 of Listing Regulations w.e.f. April 01, 2019, transfer of securities in physical form shall not be processed. Only the securities which are held in the demat mode with a Depository Participant can be transferred. Further, with effect from January 24, 2022, SEBI has made it mandatory for listed companies to issue securities in demat mode only while processing any investor service requests viz. issue of duplicate share certificates, exchange/sub-division/splitting/consolidation of securities, transmission/ transposition of securities. vide its Circular dated January 25, 2022, SEBI has clarified that listed entities/RTAs shall now issue a Letter of Confirmation in lieu of the share certificate while processing any of the aforesaid investor service request.
12)	Suspension from trading	: No securities of the Company were suspended from trading during the FY 2023-24.
13)	Secretarial Audit	: Mr.S.Srikanth partner of M/s. B S S & Associates, Company Secretaries has conducted a Secretarial Audit of the Company for the FY 2023-24. The audit report confirms that the Company has complied with the applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Listing Agreement entered with the Stock Exchange, Listing Regulations and other laws and Regulations applicable to the Company. The said Secretarial Audit report forms part of the Board's Report.
14)	Credit Rating	: The credit rating on the Company's Long-Term Bank Short-Term Bank facilities is available in the Board's Report.

- 15) Dividend Pattern: The dividend pattern of the Company is as under:

Year	Type	Dividend (%)
2001-02	Final	8
2002-03	Final	10
2003-04	Final	12
2004-05	Interim	15
	Final	7
2005-06	Final	20
2006-07	Interim	20
	Final	20
2007-08	Interim-1	10
	Interim-2	10
	Interim-3	10
	Final	15
2008-09	Interim-1	10
	Interim-2	10
	Final	30
2009-10	Interim-1	20
	Final	30
2010-11	Interim	15
2011-12	Final	15
2012-13	No dividend	-
2013-14	No dividend	-
2014-15	Final	10
2015-16	Final	10
2016-17	Final	12.50
2017-18	Final	12.50
2018-19	No dividend	-
2019-20	Interim	10
2020-21	First Interim	10
	Second Interim	15
	Final	15
2021-22	First Interim	10
	Second Interim	15
	Third Interim	15
	Final	15
2022-23	First Interim	30
	Second Interim	15
	Final	25
2023-24	No Dividend	-

- 16) **Permanent Account Number (PAN):**

SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023 has provided common and simplified norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC and Nomination details.

As per the said Circular, it is mandatory for the shareholders holding securities in physical form to inter alia furnish PAN, KYC and Nomination details. Physical folios wherein the PAN, KYC and Nomination

details are not available on or after October 1, 2023, shall be frozen by the RTA and will be eligible for lodging any service request or receiving payment including dividend only after registering the required details. The said physical folios shall be referred by the Company or RTA to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on December 31, 2025.

The Company has sent individual letters to all the members holding shares of the Company in physical form for furnishing their PAN, KYC and Nomination details. The relevant Circular(s) and necessary forms in this regard have been made available on the website of the Company.

Members are advised to register their details with the RTA, in compliance with the said Circular for smooth processing of their service requests.

- 17) **Annual Secretarial Compliance Report:**

Pursuant to SEBI circular no. CIR/CFD/ CMD1/27/2019 dated February 8, 2019, the Company has obtained an Annual Secretarial Compliance Report from M/s. B S S & Associates, Practising Company Secretaries, confirming compliance of SEBI Regulations / Circulars / Guidelines issued thereunder and applicable to the Company. There are no observations or adverse remarks in the said report.

- 18) **Managing Director and Chief Financial Officer (CFO) Certification:**

Pursuant to Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer of the Company have certified to the Board, in the manner required under the Corporate Governance Code. This certificate is annexed to this Report.

- 19) The Company has not issued any Global Depository Receipts("GDRS")/ American Depository Receipts ("ADRS") or warrants or any convertible instruments, conversion date and likely impact on equity during the year.

- 20) **Commodity price risk or foreign exchange risk and hedging activities:**

During the year, the Company has managed foreign exchange risk and hedged to the extent considered necessary. The details of foreign currency exposure are disclosed in Note No.34.4 to the Standalone Financial Statements.

- 21) **Location of Plants and R&D unit:**

- Plot No. 177, Arinama Akkivalasa, Etcherla Mandal, Srikakulam District PIN-532403, Andhra Pradesh.
- Ethakota, Ravulapalem P.O, East Godavari District, PIN-533238, Andhra Pradesh.
- Nandigaon Village, Kothur Mandal, Mahaboobnagar District, Telangana State.

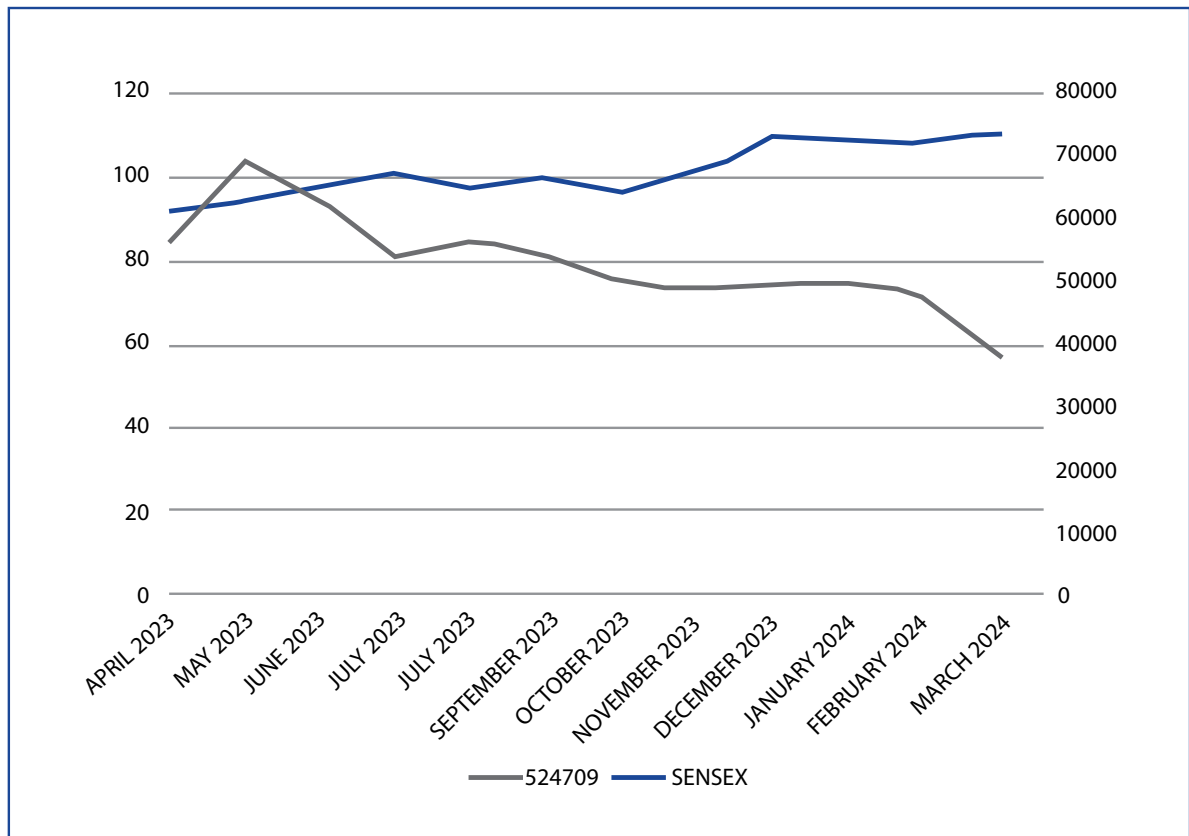
- 22) **Market Price Data:** The monthly High and Low quotations, as well as the market Index at both BSE and NSE during the year April 01, 2023 to March 31, 2024 are as follows:

**Performance in comparison to Sensex:**

Share prices movement for the period April, 2023 to March, 2024 of the Company and Sensex is given below:

MONTH	524709			Sensex		
	High	Low	Close	High	Low	Close
APRIL, 2023	89.80	81.05	83.96	61209.46	58793.08	61112.44
MAY, 2023	105.00	83.00	102.63	63036.12	61002.17	62622.24
JUNE, 2023	104.25	93.15	94.50	64768.58	62359.14	64718.56
JULY, 2023	100.35	80.86	81.42	67619.17	64836.16	66527.67
AUGUST, 2023	88.50	78.00	84.09	66658.12	64723.63	64831.41
SEPTEMBER, 2023	84.50	76.00	80.67	67927.23	64818.37	65828.41
OCTOBER, 2023	83.94	74.20	74.72	66592.16	63092.98	63874.93
NOVEMBER, 2023	78.00	71.70	73.01	67069.89	63550.46	66988.44
DECEMBER, 2023	77.25	72.00	73.86	72484.34	67149.07	72240.26
JANUARY, 2024	84.99	72.42	74.39	73427.59	70001.60	71752.11
FEBRUARY, 2024	77.49	68.00	70.82	73413.93	70809.84	72500.30
MARCH, 2024	73.50	55.35	56.53	74245.17	71674.42	73651.35

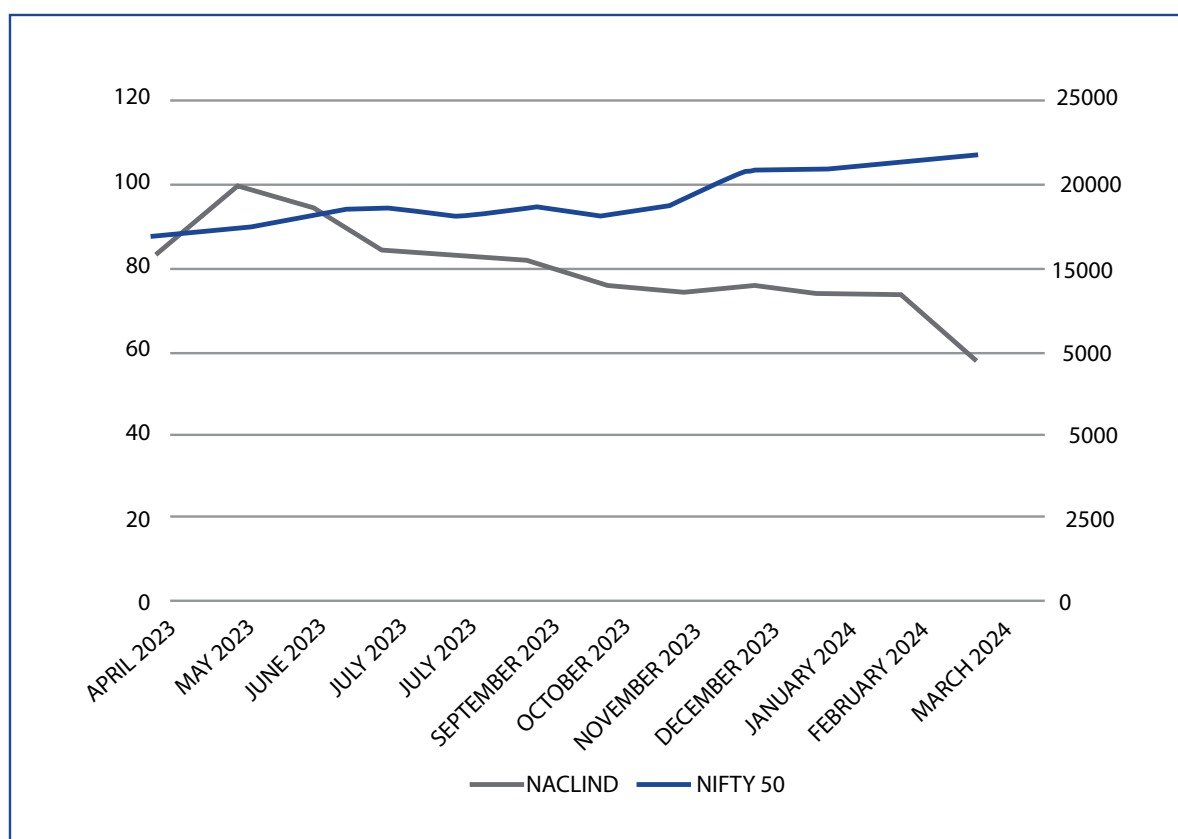
**BSE Sensex Vs NACL Share Price**



**Performance in comparison to Nifty:**

Share prices movement for the period April, 2023 to March, 2024 of the Company and Nifty is given below:

MONTH	NACLIND			Nifty 50		
	High	Low	Close	High	Low	Close
APRIL, 2023	85	83.10	84.05	18089.15	17885.3	18065
MAY, 2023	105	99.45	99.1	18603.9	18483.85	18534.4
JUNE, 2023	97	94.55	94.55	19201.7	19024.6	19189.05
JULY, 2023	84	81	83.25	19772.75	19597.6	19753.8
AUGUST, 2023	85	82.45	81.9	19388.2	19223.65	19253.8
SEPTEMBER, 2023	80.95	79.35	79.85	19726.25	19551.05	19638.3
OCTOBER, 2023	75.8	74.7	75.2	19233.7	19056.45	19079.6
NOVEMBER, 2023	73.55	72.85	73.35	20158.7	20015.85	20133.15
DECEMBER, 2023	74.6	73.35	74.15	21770.3	21676.9	21731.4
JANUARY, 2024	75.5	73.3	72.85	21741.35	21448.85	21725.7
FEBRUARY, 2024	72.2	70	71.75	22060.55	21860.65	21982.8
MARCH, 2024	59.5	55.6	56.5	22516	22163.6	22326.9

**Nifty Index Vs.NACL Share Price**

### 23) Distribution of Shareholding:

The distribution of shareholding as on March 31, 2024 was as follows:

Shareholding range	Shareholders		Share Amount	
	Member	In%	Rs.	In %
001 - 5,000	23,854	77.41	25,16,620	1.26
5,001 – 10,000	2,190	7.11	17,67,418	0.89
10,001 -20,000	2,890	9.38	38,53,226	1.93
20,001- 30,000	540	1.75	13,74,655	0.69
30,001- 40,000	311	1.01	11,13,864	0.56
40,001- 50,000	206	0.67	9,80,190	0.49
50,001-1,00,000	418	1.36	29,40,490	1.48
1,00,001 & above	405	1.31	18,46,22,714	92.70
<b>Total</b>	<b>30,814</b>	<b>100.00</b>	<b>19,91,69,177</b>	<b>100.00</b>

#### Share holding Pattern

Category	No of shares held	Percentage of shareholding
<b>A Promoters Holdings (A)</b>	12,69,15,859	63.72
<b>Sub-Total</b>	<b>12,69,15,859</b>	<b>63.72</b>
<b>B Non-Promoters Holding: (B)</b>		
<b>I) Institutional investors</b>		
a) Banks, venture capital funds, insurance Companies, Alternate investment funds, Foreign Venture Capital Investors, Provident funds/Pension Funds.	19,09,867	0.96
b) Foreign Portfolio investors	5,59,212	0.28
c) Central Govt./State Govt./President of India.	-	-
<b>II) Non-Institutional Investors</b>		
1) Private Corporate Bodies	1,93,35,280	9.71
2) Indian Public	4,47,71,518	22.48
3) Directors and their relatives (excluding independent directors and nominee directors)	1,29,745	0.07
4) Key Managerial Personnel	2,84,123	0.14
5) IEPF	33,19,019	1.67
6) NRIs/OCBs	6,04,937	0.30
7) Clearing members	507	0.00
8) HUF	13,39,110	0.67
<b>Sub-total</b>	<b>7,22,53,318</b>	<b>36.28</b>
<b>Grand Total (A) + (B)</b>	<b>19,91,69,177</b>	<b>100.00</b>

**24) Shares held by Promoters / Non-Executive Directors:**

The number of equity shares held by Promoter/Non-Executive Directors as on March 31, 2024 are given below:

S.No	Name of the Promoters/ Non-Executive Directors	No. of shares held
<b>Promoters:</b>		
1.	KLR Products Limited	11,36,23,500
2.	K.Lakshmi Raju	1,27,05,860
3.	Bright Town Investment Advisors Private Limited	5,86,499
<b>Non-Executive Directors either individually or jointly representing a firm or Company</b>		
4.	Krishi Rasayan Exports Private Limited	1,56,25,000
5.	Mr.Rajesh Kumar Agarwal and Mr. Atul Churiwal jointly representing M/s.Agro Life Science Corporation, a registered Partnership Firm	1,56,25,000
6.	Mr.Atul Churiwal	2,55,325

**25) Dematerialization of Shares and Liquidity:**

The breakup of physical and dematerialized shares as on March 31, 2024 are given below:

Mode	No. of shares held	Shareholding %
Demat	19,68,32,329	98.83
Physical	23,36,848	1.17
<b>Total</b>	<b>19,91,69,177</b>	<b>100.00</b>

**26) Disclosure of certain types of agreements binding listed entities:**

During the year under review, no such agreements as provided under clause 5A of paragraph A of part A of Schedule III of SEBI Listing Regulation, were entered by the Company.

**27) Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity:**

The Company has not issued any GDRs/ ADRs or any other Convertible instruments in the past and hence as on March 31, 2024 the Company does not have any outstanding GDRs/ ADRs or any other convertible instruments.

Place: Hyderabad  
Date: August 14, 2024

**For and on behalf of the Board**

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

**C.V.Rajulu**  
Director  
(DIN: 09219298)

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGERIAL PERSONNEL WITH THE CODE OF CONDUCT AND ETHICS**

The Board of Directors of the Company approved the Code of Conduct for the Directors and the Senior Management personnel. All the Directors and the designated personnel in the Senior Management of the Company have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2024.

Place: Hyderabad  
Date: August 14, 2024

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

## Compliance Certificate

### Certification by Managing Director and Chief Financial Officer (CFO) of the Company under Regulation 17(8) and Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

We, M.Pavan Kumar, Managing Director & CEO and R.K.S.Prasad, Chief Financial Officer of NACL Industries Limited, to the best of our knowledge and belief, herewith certify that:

- A. We have reviewed the Financial Statements of the Company for the financial year ended March 31, 2024 and all its schedules and notes on accounts and the Cash Flow statements for the year and that to the best of our knowledge and belief certify that:
- these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
  - these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- B. Except the instances of the fraud reported by the Auditors during the audit of the Financial Statements for the year ended March 31, 2024, there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.
- C. Establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee that:
- there have been no significant changes in the internal controls over financial reporting during the financial year 2023-24.
  - there were no significant changes in accounting policies during the year.
  - except the fraud described in the aforesaid clause "B" above, there was no instance of significant fraud, which we have become aware of and that involves management or other employees who have significant role in the Company's internal control systems over financial reporting.

#### For and on behalf of the Board

Place: Hyderabad  
Date: August 14, 2024

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

**R.K.S.Prasad**  
Chief Financial Officer  
(FCA 024958)

## Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members,

**NACL Industries Limited,**

(CIN: L24219TG1986PLC016607)

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

No.8-2-248/1/7/78, Nagarjunahills, Panjagutta,

Hyderabad, Telangana - 500082.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of NACL Industries Limited, having CIN: L24219TG1986PLC016607 and having registered office at Plot No.12-A, C-Block, Lakshmi Towers, No.8-2-248/1/7/78, Nagarjunahills, Panjagutta, Hyderabad, Telangana - 500082, India (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on March 31, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authorities.

Sr. No.	Name of Director	DIN	Date of appointment in Company
01	Lakshmi Raju	00545776	24/06/2004
02	Sudhakar Kudva	02410695	16/09/2008
03	Raghavender Mateti	06826653	26/02/2014
04	Vijayaraghavan Narayanan	02491073	09/08/2014
05	Rajesh Kumar Agarwal	00210719	29/05/2019
06	Atul Churiwal	00180595	29/05/2019
07	Pavan Kumar Munjuluri	01514557	01/06/2019
08	Ramkrishna Mudholkar	00012850	04/11/2019
09	Sambasiva Rao Nannapaneni	06400663	14/02/2020
10	Veni Mocherla	08082163	26/03/2020
11	Chantati Varada Rajulu	09219298	24/06/2022
12	Raj Kaul	00394139	05/05/2023
13	Santanu Mukherjee	07716452	27/07/2023
14	Lakshmi Kantam Mannepalli	07831607	23/01/2024

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

**S.Srikanth**  
Partner

Place: Hyderabad

Date: 27.05.2024

ACS No.: 22119 | C.P. No.: 7999

Peer Review No: 726/2020

## Certificate on Corporate Governance

To,  
The Members,  
**NACL Industries Limited,**  
(CIN: L24219TG1986PLC016607)  
Plot No.12-A, C-Block, Lakshmi Towers,  
No.8-2-248/1/7/78, Nagarjunahills, Panjagutta,  
Hyderabad, Telangana - 500082.

1. We have examined the compliance of the conditions of Corporate Governance by NACL Industries Limited (hereinafter called "the Company"), having CIN: L24219TG1986PLC016607 for the financial year ended on March 31, 2024, as stipulated under Regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Paras C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations').

### Management's responsibility

2. The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

### Our responsibility

3. Pursuant to the requirements of the SEBI Listing Regulations, our responsibility is limited to examining the procedures and implementations thereof, adopted by the Company and express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of Corporate Governance as stated in paragraph 1 above.

### Opinion

4. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Paras C, D and E of Schedule V of the SEBI Listing Regulations, as applicable for the financial year ended on March 31, 2024.

### Other matters and restriction on use

5. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
6. This report is addressed to and provided to the members of the Company solely for the purpose of enabling to comply with its obligations under the SEBI Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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

**S.Srikanth**  
Partner

ACS No.: 22119 | C.P. No.: 7999  
Peer Review No: 726/2020

Place: Hyderabad  
Date: 27.05.2024



# Independent Auditor's Report

## To the Members of NACL Industries Limited

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

#### Qualified Opinion

We have audited the standalone financial statements of NACL Industries Limited (the "Company") which comprise the standalone balance sheet as at 31 March 2024, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its loss and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

#### Basis for Qualified Opinion

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

#### Revenue Recognition - Existence

See Note 3.1 and Note 22 to standalone financial statements

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

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

#### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion, we have determined the matters described below to be the key audit matter to be communicated in our report.

The key audit matter	How the matter was addressed in our audit
<p>The Company recognises revenue from sale of farm inputs based on the terms and conditions of transactions which vary with different customers.</p> <p>We identified the recognition of revenue from sale of goods as a key audit matter because:</p> <p>Revenue is one of the key performance indicators of the Company. There could be pressure to meet the expectations of investors/ other stakeholders for the reporting period.</p> <p>Hence, there could be a risk of revenue being recognised before the control has been transferred to the customer.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>1. Assessed the appropriateness of the revenue recognition policies for compliance with Ind AS 115 - Revenue from contracts with customers.</li> <li>2. Tested the design, implementation and operating effectiveness of key internal financial controls with respect to revenue recognition.</li> <li>3. Performed testing of selected statistical samples of revenue transactions recorded during the year by verifying the underlying documents such as sales invoices and dispatch documents/ acknowledged delivery receipts/ shipping documents.</li> <li>4. Tested revenue transactions recorded before the year end date and revenue reversal transactions recorded after the year end date, selected on a sample basis using statistical sampling, to assess revenue is recognised in the period in which control is transferred.</li> <li>5. Evaluated manual journals, sample selected based on specified risk-based criteria posted to revenue to identify unusual or irregular items.</li> <li>6. Evaluated the adequacy of disclosures made in the standalone financial statements.</li> </ol>

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

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 "The Auditor's Responsibilities Relating to Other Information."

### Management's and Board of Directors' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
  - 2 A. As required by Section 143(3) of the Act, we report that:
    - a. We have sought and, except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the effects of the matter described in the Basis for Qualified Opinion paragraph above and for the matters stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
    - c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
    - d. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
    - e. On the basis of the written representations received from the directors as on 31 March 2024 and 21 May 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.
    - f. the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis of Qualified Opinion paragraph above and in the paragraph 2A(b) above on reporting under Section 143(3)(b) and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
    - g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - a. The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its standalone financial statements - Refer Note 31 to the standalone financial statements.
    - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
    - d (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 43 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
      - (ii) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 43 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
      - (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
    - e. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.
    - f. Based on our examination which included test checks, except for the instances mentioned below, the Company has used accounting softwares for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective softwares:
      - (a) The feature of recording audit trail (edit log) facility was not enabled at the database layer to log any direct data changes and for certain fields/ tables of the accounting software used for financial reporting.
      - (b) In the absence of independent auditor's report in relation to controls at service organisation for accounting software used for maintaining the books of account relating to payroll process, which is operated by a third-party service provider, we are unable to comment whether audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software.
- Further, for the accounting softwares for which audit trail (edit log) feature was enabled and operated, we did not come across any instance of audit trail feature being tampered with.

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

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

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

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

Place: Kochi  
Date: 06 June 2024

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

### (Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Right-of-Use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment and Right-of-Use assets by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment and right-of-use assets were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right-of-Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company except as follows:

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

- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(c) to 3(iii)(f) of the Order are not applicable to the Company. The Company has made investments in companies and provided guarantee to company, in respect of which, the requisite information is as below. The Company has not made any investments in, provided guarantee to firms, limited liability partnerships or any other parties.
- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has stood guarantee during the year and details of which are as below:

Particulars	Guarantees (₹ in lakhs)
Aggregate amount during the year	
– Subsidiary*	2,000
Balance outstanding as at balance sheet date	
– Subsidiary*	18,500

\*As per the Companies Act, 2013

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made during the year are, prima facie, not prejudicial to the interest of the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and guarantees given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities, though there have been slight delays in a few cases of deposit of professional tax.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Excise Duty, Service Tax, Sales Tax, Income-Tax, Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Disputed amount (₹ in lakhs)	Amount paid under protest (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1994	Excise duty	13	5	2004-05, 2008-09	Hon'ble Highcourt of Andhra Pradesh
Central Excise Act, 1994	Excise duty	4	4	2005-06	CESTAT, Hyderabad
Central Excise Act, 1994	Excise duty	12	-	2006-07	Addl. Commissioner (Appeals), Visakhapatnam
Finance Act, 1994	Service Tax	15	1	2006-07 to 2010-11	The Commissioner (Appeals), Guntur, Central Tax & Customs
Sales Tax Act	Sales Tax	33	8	2013-14 and 2015-16	Hon'ble High Court of Andhra Pradesh
Sales Tax Act	Sales Tax	32	5	2012-13 to 2014-15	Assistant Commissioner, Indore
Sales Tax Act	Sales Tax	17	6	2011-12, 2013-14 and 2014-15	Hon'ble High Court of Telangana
Sales Tax Act	Sales Tax	11	11	2012-13 and 2016-17	Assistant Commissioner, Ghaziabad
Sales Tax Act	Sales Tax	1	1	2015-16	Sales Tax Appellate Tribunal, Andhra Pradesh
Goods and Services Tax Act, 2017	Goods and Services Tax	6	6	2019-20	Appellate Authority, Haryana
Goods and Services Tax Act, 2017	Goods and Services Tax	25	2	2017-18	Additional Commissioner (Appeals), Ghaziabad
Goods and Services Tax Act 2017	Goods and Services Tax	64	6	2017-18	Additional Commissioner of Central Tax (Appeals), Andhra Pradesh
Goods and Services Tax Act 2017	Goods and Services Tax	14	-	2017-18, 2019-20	Additional Commissioner of GST & Central Excise (Appeals), Tamilnadu

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

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associate as defined under the Act. The Company did not hold any investment in any joint venture (as defined under the Act) during the year ended 31 March 2024.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, associate (as defined under the Act). The Company did not hold any investment in any joint venture (as defined under the Act) during the year ended 31 March 2024.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, except as mentioned in our Basis for Qualified Opinion section of our main audit report and note 44 to the financial statements, no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

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

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

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

Place: Kochi  
Date: 06 June 2024

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

### Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### Qualified Opinion

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

In our opinion, except for the effects of the material weakness described in paragraph (a) of the Basis for Qualified Opinion section of our report below on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to financial statements based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note") and except for the possible effects of the material weaknesses described in paragraphs (a) and (b) of the Basis for Qualified Opinion section of our report below, the Company's internal financial controls with reference to financial statements were operating effectively as of 31 March 2024.

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

#### Basis for Qualified opinion

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

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

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

#### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design,

implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

#### Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

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

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

Place: Kochi  
Date: 06 June 2024

# Standalone Balance Sheet

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

(All amounts in ₹ lakhs, unless otherwise stated)

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

See accompanying notes forming part of the standalone financial statements

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

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

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

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

**Baby Paul**  
Partner  
Membership No. 218255

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

**Satish Kumar Subudhi**  
Company Secretary

Place : Kochi  
Date : June 6, 2024

Place : Hyderabad  
Date : June 6, 2024

## Standalone Statement of Profit and Loss

for the year ended March 31, 2024

(All amounts in ₹ lakhs, unless otherwise stated)

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

See accompanying notes forming part of the standalone financial statements

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

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

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

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

**Baby Paul**  
Partner  
Membership No. 218255

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

**Satish Kumar Subudhi**  
Company Secretary

Place : Kochi  
Date : June 6, 2024

Place : Hyderabad  
Date : June 6, 2024

## Standalone Statement of Changes in Equity

for the year ended March 31, 2024

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

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

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

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

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

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

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Chief Financial Officer

**Satish Kumar Subudhi**  
Company Secretary

Place : Kochi  
Date : June 6, 2024

Place : Hyderabad  
Date : June 6, 2024

# Standalone Statement of Cash flows

for the year ended March 31, 2024

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

**Note:**

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

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

**Reconciliation of liabilities from financing activities**

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

\* Non-cash movement for borrowings represents foreign currency translations and for lease liabilities represents additions to the leases.

2. Statement of Cash flows has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on Statement of Cash flows. Cash and cash equivalents in the Statement of Cash flows comprise cash in hand and balances with banks.

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

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

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

**Baby Paul**  
Partner  
Membership No. 218255

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

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

Place : Kochi  
Date : June 6, 2024

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

**Satish Kumar Subudhi**  
Company Secretary

Place : Hyderabad  
Date : June 6, 2024

# Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 1. General Information

NACL Industries Limited ("the Company") is a Public Limited Company listed with the BSE Limited and National Stock Exchange of India Limited. The Company's registered office is at Plot No.12-A, "C"- Block, Lakshmi towers, Nagarjuna hills, Panjagutta, Hyderabad, Telangana, India - 500082.

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

## 2. Basis of preparation

### a. Statement of compliance

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act, 2013 ('Act'). The standalone financial statements are approved for issue by the Company's Board of Directors on June 06, 2024. These standalone financial statements are subjected to approval by the shareholders of the Company.

### b. Basis of measurement

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

Item Basis	Measurement
Derivative Financial instruments	Fair Value
Non derivative financial instruments at FVTPL	Fair Value
Debt and equity securities at FVOCI	Fair Value
Net defined benefit (asset)/ liability	Fair Value of plan assets less the present value of the defined benefit obligation. (Note 3.7)

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs

to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For changes that have occurred between levels in the hierarchy during the year the Company re-assesses categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### c. Current/ Non-current classification

The Company classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when –

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition

## Notes forming part of the Standalone Financial Statements

of assets for processing and their realisation in cash or cash equivalents. The Company's normal operating cycle is twelve months.

### d. Functional and presentation currency

These standalone financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded to the nearest lakhs, unless otherwise indicated.

### e. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### A. Critical Judgements

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the standalone financial statements:

#### Contingencies (refer note 31)

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the standalone financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position.

#### Reverse Factoring

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

### B. Assumptions and estimation uncertainties

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(All amounts in ₹ lakhs, unless otherwise stated)

### Estimation of net realisable value of inventories (refer note 3.15)

Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories, the Company makes an estimate of future selling prices and costs necessary to make the sale.

### Refund liability (refer note 3.1)

The Company accepts sales returns as per the policy. Accruals for estimated product returns, which are based on historical experience of actual sales returns and adjustment on account of current market scenario is considered by Company to be reliable estimate of future sales returns.

### Measurement of Expected credit loss (ECL) allowance for trade receivables and other financial assets (refer note 3.17)

The Company uses practical expedient when measuring expected credit losses, which is based on a provision matrix that takes into account historical credit loss experience and is adjusted for current estimates.

### Provision for employee benefits (refer notes 3.7, 32)

The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.

### Useful lives of Property, plant and equipment (refer note 3.12)

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by Management at the time the asset is acquired and is reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

### Claims, provisions and contingent liabilities (refer note 31)

If any ongoing litigations against the Company with various regulatory authorities and third parties, where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is disclosed in

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

notes to the financial statements.

### Employee Stock option plan (ESOP)

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

### 3. Material accounting policies

#### 3.1 Revenue recognition

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

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

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

#### Contract balances

**Contract assets:** The Company classifies its right to

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

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

Other operating revenue

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

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

#### 3.2 Other income

- Dividend income from investments is recognised when the right to receive the payment is established.
- Interest income is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### 3.3 Leases

The Company's Right-of-use asset classes primarily consist of leases for warehouses and vehicles. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

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

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

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

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

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

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

### 3.4 Insurance claims

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

### 3.5 Foreign currencies transactions and translations

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

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

### 3.6 Borrowing costs

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

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

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

## 3.7 Employee benefits

### Defined contribution plans

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

### Defined benefit plans

The Company's Gratuity scheme for its employees is a defined benefit retirement benefit plan. Obligations under the gratuity scheme is covered under a Scheme of Life Insurance Corporation of India (LIC) and contributions in respect of such scheme are recognised in the standalone statement of profit and loss. The liability as at the Standalone Balance Sheet date is provided for using the projected unit credit method, with actuarial valuations being carried out as at the end of the year by a qualified actuary.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the standalone balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to standalone statement of profit and loss.

### Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

The Company presents the first two components of defined benefit costs in the standalone statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate determined by reference to market yields at the end of the reporting period on government bonds.



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the standalone balance sheet date on projected unit credit method. Compensated absences expected to be maturing after 12 months from the date of balance sheet are classified as non-current.

### 3.8 Share based payment arrangement

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, during the vesting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the standalone statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

### 3.9 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit attributable to equity shareholders by weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit (considered in determination of basic earnings per share) after considering the effect of interest and other financing costs or income (net of attributable taxes) associated with dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per share adjusted for the weighted average number of equity shares that would have been issued upon conversion of all dilutive potential equity shares.

### 3.10 Taxation

Income tax expense comprises current tax expense and deferred tax expense. Current and deferred taxes are recognised in standalone statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case,

the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

#### Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

#### Deferred Tax

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

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

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

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

### 3.11 Statement of Cash flows and Cash and cash equivalents

Cash comprises cash on hand and in bank. The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents. Such cash equivalents are subject to insignificant risk of changes in value.

Cash flows are reported using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transaction of non - cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

### 3.12 Property, plant and equipment

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Property, plant and equipment are stated in the Standalone Balance Sheet at cost, less accumulated depreciation and impairment losses, if any. Cost includes purchase price, attributable expenditure incurred in bringing the asset to its working condition for the intended use and cost of borrowing till the date of capitalisation in the case of assets which are qualifying assets as per Ind AS 23, Borrowing costs.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes materials cost and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

### Transition to Ind AS

The cost property, plant and equipment at 1 April 2016, the Company's date of transition to Ind AS, was determined with reference to its carrying value recognised as per the previous GAAP (deemed cost), as at the date of transition to Ind AS.

### Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably.

### Depreciation

Depreciation is calculated on the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the statement of profit and loss. Depreciation on additions/(disposals) is provided on a pro-rata basis i.e. from/ (upto) the date on which asset is ready for use/ (disposed off).

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Asset	Management's estimate of useful life	Useful life as per Schedule II
Buildings	30 – 60 years	30 – 60 years
Plant and equipment	15	10 – 15 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years
Office equipment	5 years	5 years
Computers	3 – 6 years	3 – 6 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Freehold Land is not depreciated.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the standalone statement of profit and loss.

### 3.13 Intangible assets

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

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

Intangible assets under development are carried at cost, comprising direct cost and related incidental expenses. Intangible assets under development are capitalised only



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

when technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use the asset and the costs can be measured reliably. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis for preparing the asset for its intended use.

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

### Subsequent expenditure

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

### Amortisation

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

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

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

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

### 3.14 Impairment of Non-financial assets

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

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

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

An impairment loss in respect other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is

any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.15 Inventories

Inventories are valued at lower of cost, calculated on "Weighted average" basis and net realisable value. Cost incurred in bringing each product to its present location and condition are accounted as follows:

Raw Materials, Packing Materials, Stores and Spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Finished goods and work-in-progress: Cost includes direct materials, labour and a proportion of manufacturing overheads based on the normal operating capacity, but excludes borrowing costs.

Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price of inventories less all the estimated costs of completion and the costs necessary to make the sale.

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

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

### 3.16 Contingent liabilities

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

#### Contingent assets

Contingent asset is not recognised in standalone financial statements since this may result in the recognition of income

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

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

### 3.17 Financial Instruments

#### (i) Initial recognition and Measurement

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

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

#### (ii) Subsequent Measurement

##### Non-derivative financial instruments:

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

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

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Impairment losses (and reversal of impairment

losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

##### c. Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

##### d. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through standalone statement of profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

##### Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

##### Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

##### Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of profit and loss depends on

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

the nature of the hedging relationship and the nature of the hedged item.

### Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value Through Profit or Loss (FVTPL). Interest income is recognised in standalone statement of profit and loss and is included in the "other income" line item.

### Hedge accounting:

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

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

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

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

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

### Investment in subsidiaries and associates

On initial recognition, these investments are recognized at fair value plus any directly attributable transaction cost. Subsequently, they are measured at cost.

### Derecognition of financial assets and financial liabilities

#### Financial asset:

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in standalone statement of profit and loss if such gain or loss would have otherwise been recognised in standalone statement of profit and loss on disposal of that financial asset.

#### Financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the standalone statement of profit and loss.

#### Impairment of Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the standalone statement of profit and loss.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. As a practical expedient, the Company uses a provision matrix to determine impairment loss

## Notes forming part of the Standalone Financial Statements

of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognised in the standalone statement of profit and loss.

### 3.18 Fair value measurement

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

### 3.19 Changes in material accounting policies

#### Material accounting policy information

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

### 3.20 Recent Pronouncements

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



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

#### 4.1 Carrying amounts of:

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 4.2 Movement of property, plant and equipment:

Particulars	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total	Capital work-in-progress
Carrying amount									
Balance as at March 31, 2022	2,508	6,795	42,228	632	164	316	711	53,354	955
Add: Additions	4	208	2,340	38	52	40	104	2,786	3,735
Less: Disposals/ Capitalisation	-	-	1,705	11	18	23	116	1,873	2,273
Balance as at March 31, 2023	2,512	7,003	42,863	659	198	333	699	54,267	2,417
Add: Additions	-	521	3,335	27	15	40	106	4,044	2,135
Less: Disposals/ Capitalisation	-	-	3	1	13	1	24	42	3,766
Balance as at March 31, 2024	2,512	7,524	46,195	685	200	372	781	58,269	786

### 4.3 Accumulated depreciation:

Particulars	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total	Capital work-in-progress
Balance as at March 31, 2022	-	2,466	29,110	567	81	235	541	33,000	-
Add: Depreciation	-	205	1,942	18	19	22	75	2,281	-
Less: Disposals	-	-	1,623	11	13	22	105	1,774	-
Balance as at March 31, 2023	-	2,671	29,429	574	87	235	511	33,507	-
Add: Depreciation	-	217	1,157	10	21	24	87	1,516	-
Less: Disposals	-	-	1	1	12	1	19	34	-
Balance as at March 31, 2024	-	2,888	30,585	583	96	258	579	34,989	-

### 4.4 Net Carrying amounts:

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

### Notes:

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 4.5 Ageing for capital work-in-progress as at March 31, 2024 is as follows:

Particulars	Amount of capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	745	32	9	-	786
Projects temporarily suspended	-	-	-	-	-

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

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

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

### Ageing for capital work-in-progress as at March 31, 2023 is as follows:

Particulars	Amount of capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	2,400	17	-	-	2,417
Projects temporarily suspended	-	-	-	-	-

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

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

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

## 4A. Right of use assets

### 4A.1 Carrying amounts of:

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



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

### 4A.3 Accumulated depreciation:

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

### 4A.4 Net Carrying amounts:

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

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

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

### 5.1 Carrying amounts of:

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 5.2 Movement of intangible assets:

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

### 5.3 Accumulated amortisation:

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

### 5.4 Net Carrying amounts:

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

### 5.5 Ageing for Intangible assets under development as at March 31, 2024 is as follows:

Particulars	Amount of intangible assets under development for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	697	380	240	523	1,840
Projects temporarily suspended	-	-	-	-	-

### Ageing for Intangible assets under development as at March 31, 2023 is as follows:

Particulars	Amount of intangible assets under development for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	592	355	341	254	1,542
Projects temporarily suspended	-	-	-	-	-

Note:

- All IAUD require certain milestones to be achieved which include receipt of approvals from relevant authority. The age of respective IAUD is within the time period such milestones would take and accordingly, the management has considered that there are no delays in executing respective IAUD projects. Further, these IAUD projects have not exceeded the budgeted cost.
- Refer note 38 for capitalisation of revenue expenditure.



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 6. Non-current investments

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

\*Less than lakh

- i) Includes guarantee provided by the Company during the previous year to its wholly owned subsidiary NACL Spec-chem Limited, without charging any commission. The fair value of the guarantee commission is accounted as a deemed capital contribution to the subsidiary. Accordingly ₹ 251 lakhs is accounted as deemed investments and added to the cost of investments held in the subsidiary.
- ii) The Company subscribed share capital ₹ 100 lakh (comprising 1,00,00,000 number of equity shares of ₹ 1 each) during the year.
- iii) The Company subscribed Compulsory Convertible Debentures (CCD) ₹ Nil (March 31, 2023: ₹ 9,300 lakhs) [comprising Nil (March 31, 2023: 9,300 number)] number of CCD of ₹ 1,00,000 each) during the year.
- iv) The Company subscribed Compulsory Convertible Debentures (CCD) ₹ 685 lakhs (March 31, 2023: ₹ 50 lakhs) [comprising 685 (March 31, 2023: 50 number)] number of CCD of ₹ 1,00,000 each) during the year.

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 7. Other financial assets

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

### 8. Other assets

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

### 9. Inventories

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

Notes:

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



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 10. Trade receivables

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

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

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

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

### 11. Cash and cash equivalents

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

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

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

#### Notes:

##### (i) Unclaimed dividend accounts

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

##### (ii) Margin money / deposit

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



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 13. Income tax

#### 13.1 Other income tax assets (net)

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

#### 13.2 Current income tax liabilities (net)

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

### 13.3 Tax expense

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

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

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

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

#### C. Reconciliation of effective tax rate

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 14. Equity share capital

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

#### Notes:

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

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

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

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

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

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

#### 14.4 Details of Promoter shareholdings:

##### As at 31 March 2024

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



# Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

As at 31 March 2023

Promoter Name	No. of shares at the commencement of the year	% of total shares	No. of shares at the end of the year	% of total shares	% change during the year
KLR Products Limited (Holding Company)	113,623,500	57.30%	113,623,500	57.14%	-0.15%
Mrs. K Lakshmi Raju	12,705,860	6.41%	12,705,860	6.39%	-0.02%
Bright Town Investment Advisor Private Limited	586,499	0.30%	586,499	0.29%	0.00%

## 14.5 Details of shares held by each shareholder holding more than 5% of the aggregate shares in the Company:

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Number of shares held	% of shareholding	Number of shares held	% of shareholding
KLR Products Limited (Holding Company)	113,623,500	57.05%	113,623,500	57.14%
Mrs. K Lakshmi Raju	12,705,860	6.38%	12,705,860	6.39%
Krishi Rasayan Exports Private Limited	15,625,000	7.85%	15,625,000	7.86%
Rajesh Kumar Agarwal and Atul Churiwal (jointly representing Agro Life Science Corporation, a registered Partnership Firm)	15,625,000	7.85%	15,625,000	7.86%

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

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

\*less than a lakh

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

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

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

iv) Fair value of shares granted during the year:

Options were priced using Black-Scholes Merton Options pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility is based on the historical share price volatility over the past years.

The following assumptions were used for calculation of fair value of grants as per Black-Scholes Merton Options Pricing model:

Particulars	As at March 31, 2024	As at March 31, 2023
Risk free Interest Rate (%)	4.32 - 6.70	4.32 - 6.70
Expected life (years)	6	6
Expected volatility (%)	64.18 - 68.51	64.18 - 68.51
Dividend yield (%)	0.50	0.50
Price of the underlying share in market at the time of the option grant (₹)		
- Grant 3	29	29
- Grant 4	28	28
- Grant 5	26	26
Weighted average share price at the date of exercise	78	89
Range of fair value of options at the grant date	10.14 - 81.49	10.14 - 81.49
Exercise prices for options outstanding	8	8
Weighted average remaining contractual life		
- Grant 3	-	2.12
- Grant 4	2.65	2.99
- Grant 5	2.70	3.21

### 14.7.1 "Nagarjuna Agrichem Limited-Employee Stock Option Scheme-2020"

- The Company set up the "NACL Industries Limited-Employee Stock Option Scheme-2020" (hereinafter referred to as "ESOS-2020") and earmarked 25,00,000 number of equity shares of ₹ 1 each for issue to employees. The plan was approved in financial year 2020-21 and is administered by the Nomination and Remuneration Committee of the Board of Directors.
- Under the ESOS-2020 scheme, options are granted to eligible employees at an exercise price, which shall not be less than the face value of the equity shares of the Parent Company. These options vest over a period of one to four years and exercisable by the employees within one year of vesting.
- Summary of employee stock options:

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



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

iv) Fair value of shares granted during the year:

Options were priced using Black-Scholes Merton options pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility is based on the historical share price volatility over the past years.

The following assumptions were used for calculation of fair value of grants as per Black-Scholes Merton options Pricing model:

Particulars	As at March 31, 2024	As at March 31, 2023
Risk free Interest Rate (%)	4.32 - 7.39	4.32 - 7.39
Expected life (years)	5 to 6	3 to 4
Expected volatility (%)	36.00 - 66.38	47.69 - 66.38
Dividend yield (%)	0.54	0.49
Price of the underlying share in market at the time of the option grant (₹)		
- Grant 1	39	39
- Grant 2	39	39
- Grant 3	77	77
- Grant 4	92	92
- Grant 5	81	81
- Grant 6	75	75
- Grant 7	88	88
- Grant 8	82	82
- Grant 9	75	-
Weighted average share price at the date of exercise	76	89
Range of fair value of options at the grant date	28.36 - 46.37	28.36 - 45.81
Range of exercise prices for options outstanding	29 - 82	29 - 82
Weighted average remaining contractual life		
- Grant 1	1.35	2.72
- Grant 2	1.73	3.07
- Grant 3	-	3.24
- Grant 4	1.61	3.61
- Grant 5	1.47	3.90
- Grant 6	2.06	4.07
- Grant 7	1.91	3.91
- Grant 8	3.00	5.00
- Grant 9	3.03	-

For details of the related employee benefits expense, see Note 26 and for details of closing share options outstanding account liability, see Note 15.

**14.8** No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the balance sheet date. No shares have been bought back during the period of five years immediately preceding the balance sheet date.

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 15. Other equity

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

### 15.1 Other equity

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



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

### Nature and purpose of reserves:

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

### Notes:

- In respect of the year ended March 31, 2023, shareholders approved at the Annual General Meeting held on September 22, 2023 a final dividend of ₹ 0.25 per equity share. The total amount paid with respect to final dividend is ₹ 497 lakhs.
- FY 2022-23: The Board of Directors in its meeting held on October 21, 2022 and on January 31, 2023 approved interim dividend of ₹ 0.30 and ₹ 0.15 per Equity Share of ₹ 1 each respectively. These amounts are paid within the financial year 2022-23.

## 16. Borrowings

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### Notes:

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

##### Term loan I

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Term loan - External Commercial Borrowing	185	911	FY 2024-25

Secured by: first ranking pari-passu charge on present and future property, plant and equipments of the Company, second ranking pari-passu charge on present and future stock and book debts of the company and is guaranteed by Smt. K. Lakshmi Raju, Director of the Company.

Loan is denominated in foreign currency - USD 221,875 (March 31, 2023: USD 1,109,375)

Repayable in 16 quarterly instalments starting from August 2020 and the last installment being payable in May 2024.

Interest rate is determined based on 6 months LIBOR plus 400 basis points and is payable monthly. Interest rate is fully hedged against variable to fixed rate interest swap contract for a fixed rate of 7.50% p.a. (March 31, 2023: 7.50% p.a.) with lending bank.

##### Term loan II

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Working Capital Term loan I - Rupee	2,098	3,147	FY 2025-26

Secured by: 100% guaranteed by National Credit Guarantee Trustee Company Limited (NCGTC), second ranking pari-passu charge on current assets and property, plant and equipments of the Company, both present and future.

Repayable in 16 quarterly instalments starting from April 2022 and the last installment is being payable in January 2026.

Rate of interest is 3 months Marginal Cost of Funds based Lending Rate (MCLR) plus 0.45% p.a.

##### Term loan III

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Term Loan - Rupee	500	1,167	FY 2024-25

Secured by: first ranking pari-passu charge on present and future property, plant and equipments of the Company, second ranking pari-passu charge on present and future stock and book debts of the company and is guaranteed by Smt. K. Lakshmi Raju, Director of the Company.

Repayable in 12 quarterly instalments starting from March 2022 and the last installment is being payable in December 2024.

Rate of interest is 6 months Marginal Cost of Funds based Lending Rate (MCLR) plus 0.10% p.a.

##### Term loan IV

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Working Capital Term loan II - Rupee	1,934	1,934	FY 2027-28

Secured by: 100% guaranteed by National Credit Guarantee Trustee Company Limited (NCGTC), second ranking pari-passu charge on current assets and property, plant and equipments of the Company, both present and future.

Repayable in 48 equal monthly instalments starting from April 2024 and the last installment is being payable in March 2028.

Rate of interest is 3 months Marginal Cost of Funds based Lending Rate (MCLR) plus 0.30% p.a.

##### Term loan V

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Term Loan - Rupee	1,212	-	FY 2025-26

Secured by: first ranking pari-passu charge on present and future property, plant and equipments of the Company, second ranking pari-passu charge on present and future stock and book debts of the company.

Repayable in 8 quarterly instalments starting from July 2023 and the last installment is being payable in April 2025.

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### Term loan VI

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Term Loan - Rupee	750	1,500	FY 2024-25

Secured by: first ranking pari-passu charge on present and future property, plant and equipments of the Company, second ranking pari-passu charge on present and future stock and book debts of the company.

Repayable in 16 quarterly instalments starting from April 2021 and the last installment is being payable in January 2025.

Rate of interest is 1 year Marginal Cost of Funds based Lending Rate (MCLR) plus 3.50% p.a.

### Term loan VII

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Term Loan - Rupee	2,667	4,000	FY 2025-26

Secured by: first ranking pari-passu charge on present and future property, plant and equipments of the Company, second ranking pari-passu charge on present and future stock and book debts of the company.

Repayable in 12 quarterly instalments starting from June 2023 and the last installment is being payable in February 2026.

Rate of interest is Repo plus 3.10% p.a.

### (b) Loans repayable on demand:

Loans repayable on demand from banks (includes Cash Credit Facilities, Working capital demand loan and packing credit foreign currency facilities, buyers credit availed under non fund based limits) from HDFC Bank Limited, SVC Co-operative Bank Limited, RBL Bank Limited, Shinhan Bank Limited, Axis Bank Limited, Bank of Bahrain and Kuwait B.S.C., SBM Bank (India) Limited, Yes Bank Limited, Kotak Mahindra Bank Limited, Doha Bank and Qatar National Bank are secured by way of hypothecation of current assets comprising stock in trade, book debts and stores and spares both present and future. The aforesaid facilities are further secured by second charge on immovable and movable properties, both present and future, ranking pari-passu with other working capital lenders.

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

### (c) Unsecured loans :

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

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

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

## 17. Other financial liabilities

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### Note:

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

### 18. Provisions (Refer note 32)

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

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

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

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

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



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

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

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

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 20. Trade payables

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

Notes:

- The average credit period on purchases ranges from 90 days - 120 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.
- The dues above include acceptances against the letter of credit issued to bank amounting to ₹ 2,171 lakhs as at March 31, 2024 (March 31, 2023: ₹ 4,234 lakhs).
- Ageing for trade payables outstanding as at March 31, 2024 is as follows:

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

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

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

### 21. Other liabilities

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



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 22. Revenue from operations

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

#### Notes:

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

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

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

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

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

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

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### (D) Other operating revenue

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

### (E) Contract balances

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

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

No information is provided about remaining performance obligations at March 31, 2024 or at March 31, 2023 that have an original expected duration of one year or less, as allowed by Ind AS 115.

### 23. Other income

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

### 24. Cost of materials consumed

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



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

### 26. Employee benefits expense

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

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

### 27. Finance costs

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

### 28. Depreciation and amortisation expenses

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 29. Other expenses

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

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

Notes:

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

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



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### (ii) Corporate social responsibility (CSR):

As per Section 135 of the Companies Act, 2013 ('Act'), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The focus areas of Company's CSR activities are Education, Health & Wellness and Community Engagement. The CSR activities of the Company are in line with the Schedule VII of the Companies Act, 2013. A CSR committee has been formed by the company as per the Act. The funds were utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

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

### 30. Related party disclosures:

#### Parent and ultimate controlling party

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

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

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

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

#### (ii) Details of other related parties:

Name	Nature of relationship
Bright Town Investment Advisor Private Limited	A company in which a KMP has significant influence
Krishi Rasayan Exports Private Limited	A company in which a KMP has significant influence
Agro Life Sciences Corporation	A company in which a KMP has significant influence
Agma Energy Private Limited	A company in which a KMP has significant influence

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

Name	Designation
Mr. M Pavan Kumar	Managing Director and Chief Executive Officer
Mr. C. Varada Rajulu	Non-Executive Director *
Mr. RKS Prasad	Chief Financial Officer (CFO)
Mr. Satish Kumar Subudhi	Company Secretary (CS)
Mrs. K Lakshmi Raju	Chairperson (Director)
Mr. Sudhakar Kudva	Independent Director
Mr. Raghavender Mateti	Independent Director
Mr. N. Vijayaraghavan	Independent Director
Mr. Ramkrishna Mudholkar	Independent Director
Mr. Sambasiva Rao Nannapaneni	Independent Director
Ms. Veni Mocherla	Independent Director
Mr. Atul Churiwal	Non-executive Director, Nominee Director
Mr. Rajesh Kumar Agarwal	Non-executive Director, Nominee Director
Mr. Santanu Mukherjee	Independent Director (appointed w.e.f. July 27, 2023)
Mr. Raj Kaul	Non-executive Director (appointed w.e.f. May 6, 2023)
Dr. M Lakshmi Kantam	Independent Director (appointed w.e.f. January 23, 2024)

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

### (B) Transactions during the year :

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



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>(vi) Professional charges</b>		
a. Nagarjuna Agrichem (Australia) Pty Limited, Australia	12	12
<b>(vii) Investments</b>		
a. NAACL Spec-Chem Limited	-	2,800
b. NAACL Multi-Chem Private Limited	685	-
c. NAACL Agri-Solutions Private Limited	100	-
<b>(viii) Dividend paid</b>		
a. KLR Products Limited	284	682
b. Krishi Rasayan Exports Private Limited	39	94
c. Agro Life Sciences Corporation	39	94
d. Bright Town Investment Advisor Private Limited	1	4
<b>(ix) Guarantee given</b>		
a. NAACL Spec-Chem Limited	2,000	8,034
<b>(x) Guarantee commission</b>		
a. NAACL Spec-Chem Limited	115	69
<b>(xi) Reimbursement of expense</b>		
a. NAACL Spec-Chem Limited	2	30
b. NAACL Multi-Chem Private Limited	32	-
c. KLR Products Limited	*	-
<b>(xii) Shared service cost</b>		
a. NAACL Spec-Chem Limited	-	201
<b>(xiii) Transaction with Key Managerial Personnel</b>		
a. Rent paid	140	146
b. Sitting fees	24	27
c. Dividend paid	32	76
d. Security deposit given / (refunded)	-	(5)
e. Short-term employee benefits	383	555
f. Share-based payments	22	27
g. Professional charges	90	-
h. Reimbursement of expenses	9	-
<b>(xiv) Provision for credit impaired trade receivables</b>		
a. Nasense Labs Private Limited	-	(166)

\* less than a lakh

### Notes:

- All transactions with these related parties are entered in the normal course of business and are on arm's length basis.
- The managerial personnel are covered by the Company's gratuity policy and are eligible for leave encashment along with the other employees of the Company. The proportionate amount of these Post-employment benefits and other long term benefits is ₹ 8 lakhs and ₹ 13 lakhs respectively recognised in employee benefits for the year ended March 31, 2024.

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

\* less than a lakh

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

#### A. Contingent Liabilities

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

#### Notes:

- (a) The Company has disputed various demands raised by excise duty authorities for the Financial years 2004-05 to 2006-07 and 2008-09 which are pending at various stages of appeals. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial position.



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

- (b) The Company has disputed various demands raised by service tax authorities for the Financial years 2006-07 to 2010-11, which are pending at various stages of appeals. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial position.
- (c) The Company has disputed various demands raised by income tax authorities for the assessment years 2004-05 to 2007-08; 2009-10; 2016-17 to 2018-19; 2020-21 and 2022-23 which are pending at various stages of appeals. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial position.
- (d) The Company has disputed various demands raised by sales tax authorities for the financial years 2012-13 to 2016-17, which are pending at various stages of appeals. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial position.
- (e) The Company has disputed various demands raised by Goods and Service Tax authorities for the financial year 2017-2018 to 2019-20, which are pending at various stages of appeals. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial position.
- (f) The disputed amount of ₹ 1,032 lakhs as on March 31, 2023 pertaining to the demand raised by Director general of foreign trade (DGFT) office for the excess exports benefits availed by the company for earlier years. During the year ended 31 March 2024, vide final order dated December 31, 2023, the Company has received a favourable order from Additional Director general of foreign trade. The Company also disputed the penalty levied by the Office of the Commissioner of Customs (Adjudication) in respect of the same matter and the appeal is pending before Customs, Excise and Service Tax Appellate Tribunal (CESTAT). The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- (g) Other contingent liability majorly pertains to demand for payment of alleged deficit of stamp duty, registration fees and penalty in respect of a sales deed. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial position.

### B. Guarantee

The Company has given guarantee for the term loan availed by the NACL Spec-chem Limited (wholly owned subsidiary) to HDFC Bank Limited and Axis Bank Limited of ₹ 18,500 lakhs (March 31, 2023: ₹ 16,500 lakhs).

### C. Commitments

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

### 32. Defined benefit plans

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

##### - Provident fund:

The Company makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the fund administered and managed by the Government of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹ 738 lakhs (March 31, 2023: ₹ 649 lakhs).

##### - Gratuity (funded):

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

#### b) Gratuity

In accordance with the 'Payment of Gratuity Act, 1972' of India, the Company, provides for Gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regard to such Gratuity plan are determined by an independent actuarial valuation and are charged to the Statement of Profit and Loss for the year determined. The Gratuity fund is administered through a scheme of Life Insurance Corporation of India (LIC).

The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit credit method. These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. The gratuity plan is funded. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan and the Company contributes to LIC.

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Amounts recognised in statement of profit and loss in respect of these defined benefit i.e. Gratuity plans are as follows:

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

### Defined Benefit Obligation (DBO)

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

### Fair value of plan assets

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

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

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



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

### Assumptions

Particulars	Gratuity plan	
	As at March 31, 2024	As at March 31, 2023
Discount rate	7.22%	7.50%
Expected rate of salary increase	6.00%	6.00%
Attrition rate	8%	8%
Retirement age	58 years	58 years
Mortality table	Mortality Rate (as % of IALM (2012-14) Ult. Mortality Table)	

The estimates of future salary increases considered in the actuarial valuation take account of price inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligation.

### Sensitivity analysis

Scenario	For the year ended March 31, 2024	
	DBO	Percentage Change
Under base scenario	1,462	-
Salary escalation - up by 1%	88	6.02%
Salary escalation - down by 1%	(85)	-5.81%
Attrition rate - up by 1%	1	0.07%
Attrition rate - down by 1%	(6)	-0.41%
Discount rate - up by 1%	(79)	-5.40%
Discount rate - down by 1%	83	5.68%
Mortality Rates - Up by 10%	*	0.01%
Mortality Rates - Down by 10%	*	-0.01%

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Expected maturity analysis of cash flows on an undiscounted basis

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

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

The weighted average duration of the defined benefit obligation is 7 years (March 31, 2023: 6.62 years)

### (c) Compensated absences:

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Since the compensated absences do not fall due wholly within twelve months after the end of the year in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of the year, the benefit is classified as a long-term employee benefit. During the year ended March 31, 2024, the Company has incurred an expense on compensated absences amounting to ₹ 276 lakhs (March 31, 2023: ₹ 402 lakhs). The Company determines the expense for compensated absences basis the actuarial valuation of the present value of the obligation, using the Projected Unit Credit Method.

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 33. Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act 2006

The amount due to micro, small and medium enterprises as defined under "Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to micro, small and medium enterprises are as under:

Particulars	As at March 31, 2024	As at March 31, 2023
(i) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	4,296	3,685
(ii) The amount of interest paid by the buyer under the Act along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(v) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23	-	-

### 34. Financial instruments

#### 34.1 Capital management

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating. The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

#### Gearing ratio

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

#### Notes:

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 34.2 Financial instruments by category

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

#### Notes:

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

### 34.3 Fair Value by hierarchy

#### Valuation technique and key inputs

##### Level 1

Quoted prices (unadjusted) in an active market for similar assets or liabilities.

##### Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Quantitative disclosures of fair value measurement hierarchy-Level 2 for financial instruments:

Particulars	As at March 31, 2024	As at March 31, 2023
Financial Instruments		
Derivative financial asset	7	9

The Company enters into derivative financial instruments with various counterparties principally, banks with investment grade credit ratings. Foreign exchange forward contracts and interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, etc. As at March 31, 2024 the mark-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had insignificant impact on the hedge effectiveness assessment for derivatives designated in hedge relationships.

# Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## Level 3

Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Quantitative disclosures of fair value measurement hierarchy-Level 3 for financial instruments:

Particulars	As at March 31, 2024	As at March 31, 2023
Financial Assets		
Unquoted preference shares	1	1

The fair values of the unquoted preference shares have been estimated using a Discounted Cash Flow model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, earnings growth, discount rate, and probabilities of the various estimates within the range used in management's estimate of fair value for these unquoted preference investments.

### Valuation inputs and relationships to fair value:

The following table summarises the valuation technique used in measuring the fair value of the financial instruments, as well as the significant unobservable inputs used. The total value of investments in unquoted preference shares are not material. Hence quantitative disclosures are not disclosed.

Particulars	Significant-unobservable inputs	Valuation process	Sensitivity of the inputs to fair value
Investment in unquoted preference shares	Earnings growth rate	i) Earnings growth factor for unlisted preference shares are estimated based on the market information of similar type of companies and also considering the economic environment impact.	Any increase in earnings growth rate would increase the fair value.
	Discount rate	ii) Discount rates are determined using a capital asset pricing model, i.e., a borrowing rate at which the Company would be able to borrow funds on similar terms.	Any increase in discount rate would result in decrease in fair value.

### Transfer between Level 1 and 2:

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

## 34.4 Financial risk management

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

### Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company has adequate internal processes to assess, monitor and manage financial risks. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The liquidity risk is measured by the Company's inability to meet its financial obligations as they become due.

### Market risk

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### Foreign currency exposure

The Company is exposed to foreign exchange risk through imports from overseas suppliers in various foreign currencies, exports to customers abroad, bill discounting, buyer's credit, packing credit. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against these currencies. The Company monitors and manages its financial risks by analysing its foreign exchange exposures. The Company, in accordance with its Board approved risk management policies and procedures, enters into foreign exchange forward contracts to manage its exposure in foreign exchange rates.

The following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of March 31, 2024:

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

The following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of March 31, 2023:

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

### Sensitivity analysis:

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

### Interest rate risk:

The Company draws term loans, working capital demand loans, avails cash credit, foreign currency borrowings including buyer's credit, packing credit etc. for meeting its funding requirements. The Company manages the interest rate risk by maintaining appropriate mix/ portfolio of borrowings having floating rate of interest. The borrowings are serviced on a timely manner and repayments of the principal and interest amounts are made on a regular basis.

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Fixed rate instruments</b>		
Financial assets	3,297	3,140
Current borrowings	7,445	-
<b>Variable rate instruments</b>		
Non-current borrowings	4,076	8,131
Current borrowings	53,266	49,534
	<b>57,342</b>	<b>57,665</b>
Effect of interest rate swap	(185)	(911)
	<b>57,157</b>	<b>56,754</b>

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### Interest rate swap contract:

Under Interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amount. Such contract enables Company to mitigate the risk of cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest is based on the outstanding balances at the end of the reporting period.

### Details of the interest rate swap contracts:

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

### Sensitivity analysis:

For the year ended March 31, 2024 and March 31, 2023, every increase / decrease of 1% in the respective interest rate compared to existing rate of interest of the Company would impact profit before tax by ₹ 583 lakhs/ (₹ 583 lakhs) and ₹ 650 lakhs/ (₹ 650 lakhs) respectively and Impact Equity, net of tax by ₹ 436 lakhs/ (₹ 436 lakhs) and ₹ 486 lakhs/ (₹ 486 lakhs) respectively.

### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, deposits with banks, foreign exchange transactions and other financial instrument. Credit risk is managed through credit approvals, monitoring the creditworthiness and establishing credit limits of customers to which the Company grants credit terms in the normal course of business. The company collects security deposits from its dealer customers which act as security against the outstanding trade receivables from such dealer customers. In the event of default, these security deposits can be adjusted against the uncollectible trade receivables from such dealer customers. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables and investments.

### Expected credit loss (ECL):

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

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

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

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

- (iii) The concentration of risk with respect to trade receivables is reasonably low, as Company's customers are located in several jurisdictions representing large number of minor receivables operating in independent markets. Trade receivable amounting to ₹ 6,711 lakhs (March 31, 2022: ₹ 10,865 lakhs) is due from customers who represent more than 5% of total trade receivables.

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

Gross Trade receivables	As at March 31, 2024	As at March 31, 2023
India	68,017	56,993
Outside India	12,016	20,839
<b>Total</b>	<b>80,033</b>	<b>77,832</b>

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

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

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

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

### Other price risks

The Company is exposed to valuation of equity investment risks as the Company's equity investments are held for strategic rather than trading purposes.

#### Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company's principal sources of liquidity are cash & bank balances, credit facilities and cash generated from operations.

The Company has unutilised credit limits from the banks of ₹ 9,262 lakhs and ₹ 12,172 lakhs as of March 31, 2024 and March 31, 2023 respectively.

The working capital position of the Company:

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



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

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

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

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

### 35. Ratios

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

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

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

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

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 36. Earnings per share

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

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

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

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

### 38. Development expense capitalised:

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

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

### 39. Leases:

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

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

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

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



## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

ii) Amount recognised in statement of profit and loss:

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

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

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

### 40. Operating Segments:

The Company publishes the standalone financial statements of the Company along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

### 41. Insurance claim

An Appeal has been filed by the Insurance Company (The Oriental Insurance Company Limited) against the Arbitration Award that was disposed in favour of the Company, before the Hon'ble High Court of Delhi. Pending final disposal of the above appeal, the Company has filed the Execution Petitions before Hon'ble High Court of Delhi for deposit of awarded amount in Material Damage (MD) Claim of ₹ 1,649 lakhs (includes interest) and Business Interruption Policy claim of ₹ 1,277 lakhs (includes interest) with the Court. With respect to the execution petition filed by the Company in both the cases, the Hon'ble High Court of Delhi has passed an order vide its order dated March 19, 2021 & April 9, 2021 directed the Insurance Company to deposit the awarded amount towards Material Damage claim & Business Interruption Policy respectively together with the interest upto the date of deposit with Court. During the financial year 2021-22, the amount deposited by the Insurance Company has been released by the Court in favour of the Company after submission of equivalent bank guarantee. As the matter is subjudice and as advised by its legal council, the Company has not recognized the deposit amount received as income and the interest cost, if any in the books of account.

### 42. Subsequent events

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

### 43. Additional regulatory information

- (i) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.
- (ii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- (iv) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- (v) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

## Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

- (vi) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (vii) The Company is not declared wilful defaulter by and bank or financials institution or lender during the year.
- (viii) The Company does not have any charges which are yet to be registered with ROC beyond the statutory period. The Company does not have any satisfaction of charges which are yet to be registered with the ROC beyond the statutory period except for:

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

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

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

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

- (x) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was obtained.
- (xi) The title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment and capital work-in progress are held in the name of the Company as at the balance sheet date.
- (xii) The Company has not revalued any of its property, plant and equipment (including right-of-use-assets) and intangible assets during the year.
- (xiii) The Company does not have any transactions with companies which are struck off.
- (xiv) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
44. The Company has trade receivables from certain customers aggregating to ₹ 7,796 lakhs as at 31 March 2024 (netted off with subsequent collections up to the date of these financial statements), for which the auditors of the Company received unreliable responses to their independent balance confirmation requests from some of these customers. Management is initiating an independent investigation into this matter, pending which, the Company has made a provision of ₹ 1,880 lakhs in the books of account.

### As per our Report of even date attached For B S R and Co

Chartered Accountants  
(Firm Registration No. 128510W)

### Baby Paul

Partner  
Membership No. 218255

Place : Kochi  
Date : June 6, 2024

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

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

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

Place : Hyderabad  
Date : June 6, 2024

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

**Satish Kumar Subudhi**  
Company Secretary



# Independent Auditor's Report

## To the Members of NACL Industries Limited

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

#### Qualified Opinion

We have audited the consolidated financial statements of NACL Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associate, which comprise the consolidated balance sheet as at 31 March 2024, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by the other auditors and based on the separate financial statements of the subsidiaries and associate referred to in the other matters section below, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31 March 2024, of its consolidated loss and other comprehensive loss, consolidated changes in equity and consolidated cash flows for the year then ended.

#### Basis for Qualified Opinion

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

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group and its associate in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

#### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion, we have determined the matter described below to be the key audit matter to be communicated in our report.

## Revenue Recognition - Existence

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

The key audit matter	How the matter was addressed in our audit
<p>The Group recognises revenue from sale of farm inputs based on the terms and conditions of transactions which vary with different customers.</p> <p>We identified the recognition of revenue from sale of goods as a key audit matter because:</p> <p>Revenue is one of the key performance indicators of the Company. There could be pressure to meet the expectations of investors/ other stakeholders for the reporting period.</p> <p>Hence, there could be a risk of revenue being recognised before the control has been transferred to the customer.</p>	<p>Our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>1. Assessed the appropriateness of the revenue recognition policies for compliance with Ind AS 115 - Revenue from contracts with customers.</li> <li>2. Tested the design, implementation and operating effectiveness of key internal financial controls with respect to revenue recognition.</li> <li>3. Performed testing of selected statistical samples of revenue transactions recorded during the year by verifying the underlying documents such as sales invoices and dispatch documents/ acknowledged delivery receipts/shipping documents.</li> <li>4. Tested revenue transactions recorded before the year end date and revenue reversal transactions recorded after the year end date, selected on a sample basis using statistical sampling, to assess revenue is recognised in the period in which control is transferred.</li> <li>5. Evaluated manual journals, sample selected based on higher risk-based criteria posted to revenue to identify unusual or irregular items.</li> <li>6. Evaluated the adequacy of disclosures made in the consolidated financial statements.</li> </ol>

### Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and auditor's report thereon. The Holding Company's annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

### Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate

accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and and of its associate are responsible for overseeing the financial reporting process of each company.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of such entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

### Other Matters

a. We did not audit the financial statements of four subsidiaries, whose financial statements reflects total assets (before consolidation adjustments) of ₹ 32,457 lakhs as at 31 March 2024, total revenues (before consolidation adjustments) of ₹ 17,852 lakhs and net cash outflows (before consolidation adjustments) amounting to ₹ 117 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the reports of the other auditor.

b. The financial statements of two subsidiaries, whose financial statements reflects total assets (before consolidation adjustments) of ₹ 17 lakhs as at 31 March 2024, total revenues (before consolidation adjustments) of ₹ 12 lakhs and net cash outflows (before consolidation adjustments) amounting to ₹ 2 lakhs for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. The consolidated financial statements also include the Group's share of net profit and other comprehensive income of ₹ 108 lakhs and ₹ 4 lakhs, respectively for the year ended 31 March 2024, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us or by other auditors. These unaudited financial statements have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to the financial statements certified by the Management.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, that:
  - a. We have sought and, except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors except for the effects of the matter described in the Basis for Qualified Opinion paragraph above and for the matters stated in paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
  - c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2024 and 21 May 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the "Other Matters" paragraph:
  - a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2024 on the consolidated financial position of the Group, its associate. Refer Note 31 to the consolidated financial statements.
  - b. The Group, its associate did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2024.
  - c. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2024.
  - d.
    - (i) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies respectively that, to the best of their knowledge and belief, as disclosed in the Note 42 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary companies to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiary companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (ii) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies respectively that, to the best of their knowledge and belief, as disclosed in the Note 42 to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiary companies from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary companies shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

- e. The final dividend paid by the Holding Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.
- f. Based on our examination which included test checks and that performed by the respective auditors of the subsidiary companies incorporated in India whose financial statements have been audited under the Act, except for the instances mentioned below, the Holding Company and its subsidiary companies have used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we and respective auditors of such subsidiary companies did not come across any instance of audit trail feature being tampered with.

Instances of accounting software for maintaining its books of account which did not had a feature of recording audit trail (edit log) facility and the same was not operated throughout the year for all relevant transactions recorded in the software	<p>a) In respect of Holding company:</p> <p>(i) The feature of recording audit trail (edit log) facility was not enabled at the database layer to log any direct data changes and for certain fields/ tables of the accounting software used for financial reporting.</p> <p>(ii) In the absence of independent auditor's report in relation to controls at service organisation for accounting software used for maintaining the books of account relating to payroll process, which is operated by a third-party service provider, we are unable to comment whether audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software.</p> <p>(b) In respect of component companies: In respect of four subsidiary companies, the accounting software used for maintaining its books of account did not have a feature of recording audit trail (edit log) facility at the database layer to log any direct changes.</p>
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C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

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

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

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

Place: Kochi  
Date: 06 June 2024

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

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

(xxi) In our opinion and according to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements, have unfavourable remarks given by the respective auditors in their reports under the Companies (Auditor's Report) Order, 2020 (CARO):

<b>Name of the entities</b>	<b>CIN</b>	<b>Holding Company/ Subsidiary/JV/ Associate</b>	<b>Clause number of the CARO report which is unfavourable or qualified or adverse</b>
NACL Industries Limited	L24219TG1986PLC016607	Holding Company	Clauses 3(ii)(b), 3(xi)(a) and 3(xvii)
NACL Spec-Chem Limited	U24290TG2020PLC140201	Subsidiary	Clause 3(xvii)
NACL Multichem Private Limited	U24299TG2020PTC140342	Subsidiary	Clause 3(xvii)
LR Research Laboratories Private Limited	U73100TG2011PTC076023	Subsidiary	Clause 3(xvii)
NACL Agri-Solutions Private Limited	U20299TS2023PTC172607	Subsidiary	Clause 3(iii)(f)

The above does not include comments, if any, in respect of the following entities as the CARO report relating to them has not been issued by its auditor till the date of principal auditor's report.

<b>Name of the entities</b>	<b>CIN</b>	<b>Subsidiary/ JV/ Associate</b>
Nasense Labs Private Limited	U24231TG1995PTC019809	Associate

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

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

Place: Kochi  
Date: 06 June 2024

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

### Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### Qualified Opinion

In conjunction with our audit of the consolidated financial statements of NACL Industries Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Holding Company and such companies incorporated in India under the Act which are its subsidiary companies and its associate, as of that date.

In our opinion and based on the consideration of reports of the other auditors on internal financial controls with reference to financial statements of subsidiary companies, as were audited by the other auditors, except for the effects of the material weakness described in paragraph (a) of the Basis for Qualified Opinion section of our report below on the achievement of the objectives of the control criteria, the Holding Company and such companies incorporated in India, have, in all material respects, adequate internal financial controls with reference to financial statements, based on the internal financial controls with reference to financial statements criteria established by the Holding Company and such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note") and except for the possible effects of the material weaknesses described in paragraphs (a) and (b) of the Basis for Qualified Opinion section of our report below, the Holding Company's and such companies' internal financial controls with reference to financial statements were operating effectively as of 31 March 2024.

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

#### Basis for Qualified opinion

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

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

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

#### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The respective Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.

### **Meaning of Internal Financial Controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Place: Kochi  
Date: 06 June 2024

### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to four subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

The internal financial controls with reference to financial statements insofar as it relates to the associate, which is a company incorporated in India and included in these consolidated financial statements, have not been audited either by us or by other auditors. In our opinion and according to the information and explanations given to us by the Management, such unaudited associate company is not material to the Holding Company.

Our opinion is not modified in respect of above matters.

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

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

# Consolidated Balance Sheet

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

(All amounts in ₹ lakhs, unless otherwise stated)

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

See accompanying notes forming part of the standalone financial statements

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

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

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

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

**Baby Paul**  
Partner  
Membership No. 218255

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

**Satish Kumar Subudhi**  
Company Secretary

Place : Kochi  
Date : June 6, 2024

Place : Hyderabad  
Date : June 6, 2024

## Consolidated Statement of Profit and Loss

for the year ended March 31, 2024

(All amounts in ₹ lakhs, unless otherwise stated)

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

See accompanying notes forming part of the standalone financial statements

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

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

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

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

**Baby Paul**  
Partner  
Membership No. 218255

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

**Satish Kumar Subudhi**  
Company Secretary

Place : Kochi  
Date : June 6, 2024

Place : Hyderabad  
Date : June 6, 2024

## Consolidated Statement of Changes in Equity

for the year ended March 31, 2024

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

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

Particulars	Reserves and surplus			Items of other comprehensive income			Total	
	General reserve	Capital reserve	Securities premium	Share Options Outstanding Account	Retained earnings	Equity instruments through other comprehensive income		Effective portion of cash flow hedges
<b>Balance as at 1 April 2023</b>	4,175	37	13,755	222	37,693	(499)	23	55,406
Profit for the year	-	-	-	-	(5,889)	-	-	(5,889)
Other Comprehensive Income for the year, net of tax	-	-	-	-	(101)	-	(7)	(108)
<b>Total comprehensive income for the year</b>	-	-	-	-	(5,990)	-	(7)	(5,997)
<b>Transactions with owners of the Company</b>								
Contributions and distributions								
Share based payments (Refer Note 14)	-	-	-	118	-	-	-	118
Exercise of employee stock options	-	-	159	(71)	-	-	-	88
<b>Payment of dividends</b>	-	-	-	-	(497)	-	-	(497)
<b>Total transactions with owners of the Company</b>	-	-	159	47	(497)	-	-	(291)
<b>Balance as at March 31, 2024</b>	4,175	37	13,914	269	31,206	(499)	16	49,118
<b>Balance as at 1 April 2022</b>	4,175	37	13,506	159	29,478	(499)	(2)	46,854
Profit for the year	-	-	-	-	9,487	-	-	9,487
<b>Other Comprehensive Income for the year, net of tax</b>	-	-	-	-	(81)	-	25	(56)
<b>Total comprehensive income for the year</b>	-	-	-	-	9,406	-	25	9,431
<b>Transactions with owners of the Company</b>								
<b>Contributions and distributions</b>								
Share based payments (Refer Note 14)	-	-	-	174	-	-	-	174
Exercise of employee stock options	-	-	249	(111)	-	-	-	138
<b>Payment of dividends</b>	-	-	-	-	(1,191)	-	-	(1,191)
<b>Total transactions with owners of the Company</b>	-	-	249	63	(1,191)	-	-	(879)
<b>Balance as at March 31, 2023</b>	4,175	37	13,755	222	37,693	(499)	23	55,406

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

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

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

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

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

**Baby Paul**  
Partner  
Membership No. 218255

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

**Satish Kumar Subudhi**  
Company Secretary

Place : Kochi  
Date : June 6, 2024

Place : Hyderabad  
Date : June 6, 2024



# Consolidated Statement of Cash Flows

for the year ended March 31, 2024

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

**Note:**

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

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

**Reconciliation of liabilities from financing activities**

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

\* Non-cash movement for borrowings represents foreign currency translations and for lease liabilities represents additions to the leases.

2. Statement of Cash flows has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on Statement of Cash flows. Cash and cash equivalents in the Statement of Cash flows comprise cash in hand and balances with banks.

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

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

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

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

**Satish Kumar Subudhi**  
Company Secretary

Place : Kochi  
Date : June 6, 2024

Place : Hyderabad  
Date : June 6, 2024

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 1. General Information

NACL Industries Limited ("the Company" or "the Parent Company") is a Public Limited Company listed with the BSE Limited and National Stock Exchange of India Limited. The Company's registered office is at Plot No.12-A, "C"- Block, Lakshmi towers, Nagarjuna hills, Panjagutta, Hyderabad, Telangana, India - 500082.

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

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

Name of the Company	Relationship	Country of incorporation	Percentage of voting power as at March 31, 2024	Percentage of voting power as at March 31, 2023
LR Research Laboratories Private Limited	Subsidiary	India	100%	100%
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary	Australia	100%	100%
NACL Spec-Chem Limited	Subsidiary	India	100%	100%
NACL Multichem Private Limited	Subsidiary	India	100%	100%
Nasense Labs Private Limited	Associate	India	26%	26%
NACL Industries (Nigeria) Limited*	Subsidiary	Nigeria	100%	100%
NACL Agri-Solutions Private Limited	Subsidiary	India	100%	-

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

## 2. Basis of preparation

### a. Statement of compliance

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act, 2013 ('Act'). The consolidated financial statements are approved for issue by the Company's Board of Directors on June 06, 2024. These consolidated financial statements are subjected to approval by the shareholders of the Company.

### b. Basis of measurement

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

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

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

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

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

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

## Notes forming part of the Consolidated Financial Statements

of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For changes that have occurred between levels in the hierarchy during the year the Group re-assesses categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### c. Current/ Non-current classification

The Group classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when –

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group's normal operating cycle is twelve months.

### d. Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded to the nearest lakhs, unless otherwise indicated.

### e. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered

(All amounts in ₹ lakhs, unless otherwise stated)

to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### A. Critical Judgements

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

#### Contingencies (refer note 31)

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Group. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the consolidated financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position.

### B. Assumptions and estimation uncertainties

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### Estimation of net realisable value of inventories (refer note 3.16)

Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories, the Group makes an estimate of future selling prices and costs necessary to make the sale.

#### Refund liability (refer note 3.2)

The Group accepts sales returns as per the policy. Accruals for estimated product returns, which are based on historical experience of actual sales returns and adjustment on account of current market scenario is considered by Group to be reliable estimate of future sales returns.

#### Measurement of Expected credit loss (ECL) allowance for trade receivables and other financial assets (refer note 3.18)

The Group uses practical expedient when measuring expected credit losses, which is based on a provision matrix that takes into account historical credit loss experience and is adjusted for current estimates.

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## Provision for employee benefits (refer notes 3.8, 32)

The Group uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.

## Useful lives of Property, plant and equipment (refer note 3.13)

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by Management at the time the asset is acquired and is reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

## Claims, provisions and contingent liabilities (refer note 31)

If any ongoing litigations against the Group with various regulatory authorities and third parties, where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is disclosed in notes to the financial statements.

## 3. Material accounting policies

### 3.1 Basis of consolidation

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

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

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

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

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

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

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

The Group does not have any Non-controlling interests.

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

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

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

### 3.2 Revenue recognition

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

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

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

### Contract balances

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

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

### Other operating revenue

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

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

### 3.3 Other income

- Dividend income from investments is recognised when the right to receive the payment is established.
- Interest income is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### 3.4 Leases

The group's Right-of-use asset classes primarily consist of leases for warehouses and vehicles. The group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether: (i) the contract involves the use of an identified asset (ii) the group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the group has the right to direct the use of the asset.

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

term of the lease.

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

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs plus any initial direct costs and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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

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

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

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

### 3.5 Insurance claims

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

### 3.6 Foreign currencies transactions and translations

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

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

cost in a foreign currency are translated at the exchange rate at the date of the transaction.

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

### Foreign operations

On consolidation, the assets and liabilities of foreign operations are translated into Indian rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI and accumulated in the equity (as exchange differences on translating the financial statements of a foreign operation). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in Consolidated Statement of Profit or Loss.

### 3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

### 3.8 Employee benefits

#### Defined contribution plans

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

#### Defined benefit plans

The Group's Gratuity scheme for its employees is a defined benefit retirement benefit plan. Obligations under the gratuity scheme is covered under a Scheme of Life Insurance Corporation of India (LIC) and contributions in respect of such scheme are recognised in the consolidated statement of profit and loss. The liability as at the Consolidated Balance Sheet date is provided for using the projected unit credit method, with actuarial valuations being carried out as at the end of the year by a qualified actuary.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the consolidated balance sheet

with a charge or credit recognised in other comprehensive income in the period in which they occur. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to consolidated statement of profit and loss.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

The Group presents the first two components of defined benefit costs in the consolidated statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate determined by reference to market yields at the end of the reporting period on government bonds.

#### Compensated absences

The employees of the Group are entitled to compensated absences. The employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Group records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Group measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the consolidated balance sheet date on projected unit credit method. Compensated absences expected to be maturing after 12 months from the date of balance sheet are classified as non-current.

### 3.9 Share based payment arrangement

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, during the vesting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the consolidated statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

### 3.10 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit attributable to equity shareholders by weighted average number of equity shares outstanding

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

during the period. Diluted earnings per share is computed by dividing the profit (considered in determination of basic earnings per share) after considering the effect of interest and other financing costs or income (net of attributable taxes) associated with dilutive potential equity shares by the weighted average number of equity shares considered for deriving basic earnings per share adjusted for the weighted average number of equity shares that would have been issued upon conversion of all dilutive potential equity shares.

### 3.11 Taxation

Income tax expense comprises current tax expense and deferred tax expense. Current and deferred taxes are recognised in consolidated statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

#### Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

#### Deferred Tax

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

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each

reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

### 3.12 Statement of Cash flows and Cash and cash equivalents

Cash comprises cash on hand and in bank. The Group considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents. Such cash equivalents are subject to insignificant risk of changes in value.

Cash flows are reported using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transaction of non - cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated.

### 3.13 Property, plant and equipment

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Property, plant and equipment are stated in the Consolidated Balance Sheet at cost, less accumulated depreciation and impairment losses, if any. Cost includes purchase price, attributable expenditure incurred in bringing the asset to its working condition for the intended use and cost of borrowing till the date of capitalisation in the case of assets which are qualifying assets as per Ind AS 23, Borrowing costs.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes materials cost and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

#### Transition to Ind AS

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

The cost property, plant and equipment at 1 April 2016, the Group's date of transition to Ind AS, was determined with reference to its carrying value recognised as per the previous GAAP (deemed cost), as at the date of transition to Ind AS.

### Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

### Depreciation

Depreciation is calculated on the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the statement of profit and loss. Depreciation on additions/(disposals) is provided on a pro-rata basis i.e. from/ (upto) the date on which asset is ready for use/ (disposed off).

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Asset	Management's estimate of useful life	Useful life as per Schedule II
Buildings	30 – 60 years	30 – 60 years
Plant and equipment	15 years	10 – 15 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years
Office equipment	5 years	5 years
Computers	3 – 6 years	3 – 6 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Freehold Land is not depreciated.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit and loss.

### 3.14 Intangible assets

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

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

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

for preparing the asset for its intended use.

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

### Subsequent expenditure

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

### Amortisation

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

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

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

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

### 3.15 Impairment of Non-financial assets

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

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

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

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

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 3.16 Inventories

Inventories are valued at lower of cost, calculated on "Weighted average" basis and net realisable value. Cost incurred in bringing each product to its present location and condition are accounted as follows:

Raw Materials, Packing Materials, Stores and Spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Finished goods and work-in-progress: Cost includes direct materials, labour and a proportion of manufacturing overheads based on the normal operating capacity, but excludes borrowing costs.

Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price of inventories less all the estimated costs of completion and the costs necessary to make the sale.

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

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

### 3.17 Contingent liabilities

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

#### Contingent assets

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

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

### 3.18 Financial Instruments

#### (i) Initial recognition and Measurement

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

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

#### (ii) Subsequent Measurement

##### Non-derivative financial instruments:

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

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

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

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

## Notes forming part of the Consolidated Financial Statements

reclassified to profit or loss.

### c. Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

### d. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through consolidated statement of profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### Derivative financial instruments:

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

#### Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value Through Profit or Loss (FVTPL). Interest income is recognised in consolidated statement of profit

(All amounts in ₹ lakhs, unless otherwise stated) and loss and is included in the "other income" line item.

#### Hedge accounting:

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

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

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

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

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

#### Derecognition of financial assets and financial liabilities

##### Financial asset:

The Group de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group retains substantially all the rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the

## Notes forming part of the Consolidated Financial Statements

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

### Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of profit and loss.

### Impairment of Financial assets

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the consolidated statement of profit and loss.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. As a practical expedient, the Group uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based

(All amounts in ₹ lakhs, unless otherwise stated)

on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognised in the consolidated statement of profit and loss.

### 3.19 Fair value measurement

In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

### 3.20 Changes in material accounting policies

#### Material accounting policy information

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

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

### 3.21 Recent accounting pronouncements

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



## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

#### 4.1 Carrying amounts of:

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

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 4.2 Movement of property, plant and equipment

Particulars	Freehold Land		Buildings		Plant and equipment		Furniture and fixtures		Vehicles		Office equipment		Computers		Total		Capital work-in-progress		
<b>Carrying amount</b>																			
<b>Balance as at March 31, 2022</b>	<b>2,508</b>	<b>2,508</b>	<b>6,795</b>	<b>42,233</b>	<b>647</b>	<b>164</b>	<b>319</b>	<b>716</b>	<b>53,382</b>	<b>10,456</b>									
Add: Additions	4	7,047	11,722	124	52	128	59	116	1,873	18,590									
Less: Disposals/ Capitalisation	-	-	1,705	11	18	23	355	728	70,645	5,526									
<b>Balance as at March 31, 2023</b>	<b>2,512</b>	<b>13,842</b>	<b>52,250</b>	<b>760</b>	<b>198</b>	<b>15</b>	<b>46</b>	<b>112</b>	<b>5,308</b>	<b>2,580</b>									
Add: Additions	-	631	4,461	43	15	46	112	24	42	5,293									
Less: Disposals/ Capitalisation	-	-	3	1	13	1	1	24	42	5,293									
<b>Balance as at March 31, 2024</b>	<b>2,512</b>	<b>14,473</b>	<b>56,708</b>	<b>802</b>	<b>200</b>	<b>816</b>	<b>400</b>	<b>816</b>	<b>75,911</b>	<b>2,813</b>									

### 4.3 Accumulated depreciation

Particulars	Freehold Land		Buildings		Plant and equipment		Furniture and fixtures		Vehicles		Office equipment		Computers		Total		Capital work-in-progress	
<b>Balance as at March 31, 2022</b>	-	-	<b>2,466</b>	<b>29,110</b>	<b>568</b>	<b>81</b>	<b>235</b>	<b>541</b>	<b>33,001</b>	-								
Add: Depreciation	-	-	272	2,077	22	19	25	79	2,494	-								
Less: Disposals	-	-	-	1,623	11	13	22	105	1,774	-								
<b>Balance as at March 31, 2023</b>	<b>-</b>	<b>-</b>	<b>2,738</b>	<b>29,564</b>	<b>579</b>	<b>87</b>	<b>238</b>	<b>515</b>	<b>33,721</b>	<b>-</b>								
Add: Depreciation	-	-	486	1,723	20	21	29	95	2,374	-								
Less: Disposals	-	-	-	1	1	12	1	19	34	-								
<b>Balance as at March 31, 2024</b>	<b>-</b>	<b>-</b>	<b>3,224</b>	<b>31,286</b>	<b>598</b>	<b>96</b>	<b>266</b>	<b>591</b>	<b>36,061</b>	<b>-</b>								

### 4.4 Net Carrying amounts

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

#### Notes:

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



## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

4.5 Ageing for capital work-in-progress as at March 31, 2024 is as follows:

Particulars	Amount of Capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	1,190	991	632	-	2,813
Projects temporarily suspended	-	-	-	-	-

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

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

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

Ageing for capital work-in-progress as at March 31, 2023 is as follows:

Particulars	Amount of Capital work-in-progress for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	3,359	2,167	-	-	5,526
Projects temporarily suspended	-	-	-	-	-

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

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

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

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 4A. Right of use assets

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

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

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

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

#### 4A.3 Accumulated depreciation:

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

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

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

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



## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

#### 5.1 Carrying amounts of:

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

#### 5.2 Movement of intangible assets:

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

#### 5.3 Accumulated amortisation:

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

#### 5.4 Net Carrying amounts:

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

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 5.5 Ageing for Intangible assets under development as at March 31, 2024 is as follows:

Particulars	Amount of intangible assets under development for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	697	380	240	523	1,840
Projects temporarily suspended	-	-	-	-	-

### Ageing for Intangible assets under development as at March 31, 2023 is as follows:

Particulars	Amount of intangible assets under development for the period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	592	355	341	254	1,542
Projects temporarily suspended	-	-	-	-	-

#### Note:

- (a) All IAUD require certain milestones to be achieved which include receipt of approvals from relevant authority. The age of respective IAUD is within the time period such milestones would take and accordingly, the management has considered that there are no delays in executing respective IAUD projects. Further, these IAUD projects have not exceeded the budgeted cost.
- (b) Refer note 36 for capitalisation of revenue expenditure.

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

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

### 6B. Non-current investments

Particulars	Nominal value	Number of shares	As at March 31, 2024	Number of shares	As at March 31, 2023
Other equity investment at fair value through other comprehensive income					
Unquoted					
SVC Co-operative Bank Limited	₹ 25	100	*	100	*
Total equity investments (A)			-		-
Investment in preference shares at fair value through other comprehensive income					
Unquoted					
Nagaarjuna Shubho Green Technologies Private Limited					
10% cumulative redeemable preference shares	₹ 100	5,00,000	1	5,00,000	1
<b>Total other investments (B)</b>			<b>1</b>		<b>1</b>
<b>Toatl (A) + (B)</b>			<b>1</b>		<b>1</b>
Aggregate value of unquoted investments			500		500
Aggregate amount of impairment in value of investments			(499)		(499)
<b>Aggregate carrying value of unquoted investments</b>			<b>1</b>		<b>1</b>

\*Less than a Lakh



## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 7. Other financial assets

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

### 8. Other assets

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

### 9. Inventories

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

#### Notes:

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

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 10. Trade receivables

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

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

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

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade receivables							
Undisputed trade receivables – considered good	61,365	13,647	2,209	1,389	-	-	78,610
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	-	-	-	-	-	-	-
Disputed trade receivables – considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
	<b>61,365</b>	<b>13,647</b>	<b>2,209</b>	<b>1,389</b>	-	-	<b>78,610</b>
Less: Loss allowance	(329)	(655)	(352)	(605)	-	-	(1,941)
	<b>61,036</b>	<b>12,992</b>	<b>1,857</b>	<b>784</b>	-	-	<b>76,669</b>

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

### 11. Cash and cash equivalents

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

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

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

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## Notes:

### (i) Unclaimed dividend accounts

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

### (ii) Margin money / deposit

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

## 13. Income tax

### 13.1 Other income tax assets (net)

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

### 13.2 Current income tax liabilities (net)

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

### 13.3 Tax expense

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

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

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

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

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### C. Reconciliation of effective tax rate

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

### 14. Equity share capital

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
Authorised share capital:	25,00,00,000	2,500	25,00,00,000	2,500
Fully paid up equity shares of ₹ 1 each				
Issued, subscribed and fully paid up capital	19,91,69,177	1,992	19,88,41,843	1,988
Fully paid up equity shares of ₹ 1 each	19,91,69,177	1,992	19,88,41,843	1,988

#### Notes:

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

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

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

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

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

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

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 14.4 Details of Promoter shareholdings:

#### As at March 31, 2024

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

#### As at March 31, 2023

Promoter Name	No. of shares at the commencement of the year	% of total shares	No. of shares at the end of the year	% of total shares	% change during the year
KLR Products Limited (Holding Company)	11,36,23,500	57.30%	11,36,23,500	57.14%	-0.15%
Mrs. K Lakshmi Raju	1,27,05,860	6.41%	1,27,05,860	6.39%	-0.02%
Bright Town Investment Advisor Private Limited	5,86,499	0.30%	5,86,499	0.29%	0.00%

### 14.5 Details of shares held by each shareholder holding more than 5% of the aggregate shares in the Company:

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Number of shares held	% of shareholding	Number of shares held	% of shareholding
KLR Products Limited (Holding Company)	11,36,23,500	57.05%	11,36,23,500	57.14%
Mrs. K Lakshmi Raju	1,27,05,860	6.38%	1,27,05,860	6.39%
Krishni Rasayan Exports Private Limited	1,56,25,000	7.85%	1,56,25,000	7.86%
Rajesh Kumar Agarwal and Atul Churiwal (jointly representing Agro Life Science Corporation, a registered Partnership Firm)	1,56,25,000	7.85%	1,56,25,000	7.86%

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

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

\*less than a lakh

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

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



## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### iii) Summary of employee stock options:

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

### iv) Fair value of shares granted during the year:

Options were priced using Black-Scholes Merton Options pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility is based on the historical share price volatility over the past years.

The following assumptions were used for calculation of fair value of grants as per Black-Scholes Merton Options Pricing model:

Particulars	As at March 31, 2024	As at March 31, 2023
Risk free Interest Rate (%)	4.32 - 6.70	4.32 - 6.70
Expected life (years)	6	6
Expected volatility (%)	64.18 - 68.51	64.18 - 68.51
Dividend yield (%)	0.50	0.50
Price of the underlying share in market at the time of the option grant (₹)		
-Grant 3	29	29
-Grant 4	28	28
-Grant 5	26	26
Weighted average share price at the date of exercise	78	89
Range of fair value of options at the grant date	10.14 - 81.49	10.14 - 81.49
Exercise prices for options outstanding	8	8
Weighted average remaining contractual life (in years)		
-Grant 3	-	2.12
-Grant 4	2.65	2.99
-Grant 5	2.70	3.21

#### 14.7.1 "Nagarjuna Agrichem Limited-Employee Stock Option Scheme-2020"

- The Parent Company set up the "NACL Industries Limited-Employee Stock Option Scheme-2020" (hereinafter referred to as "ESOS-2020") and earmarked 20,00,000 number of equity shares of ₹ 1 each for issue to employees. The plan was approved in financial year 2020-21 and is administered by the Nomination and Remuneration Committee of the Board of Directors.
- Under the ESOS-2020 scheme, options are granted to eligible employees at an exercise price, which shall not be less than the face value of the equity shares of the Parent Company. These options vest over a period of one to four years and exercisable by the employees within one year of vesting.

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### iii) Summary of employee stock options:

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Options outstanding at the beginning of the year	14,86,665	53	15,80,001	41
Options granted during the year	2,65,000	65	5,20,000	66
Options forfeited / lapsed during the year	(1,45,001)	72	(1,35,000)	47
Options exercised during the year	(3,03,334)	29	(4,78,336)	29
Options outstanding at the end of the year	13,03,330	59	14,86,665	53
Options exercisable at the end of the year	4,45,003	45	96,667	29

### iv) Fair value of shares granted during the year:

Options were priced using Black Scholes Merton Options pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility is based on the historical share price volatility over the past years.

The following assumptions were used for calculation of fair value of grants as per Black-Scholes Merton Options Pricing model:

Particulars	As at March 31, 2024	As at March 31, 2023
Risk free Interest Rate (%)	4.32 - 7.39	4.32 - 7.39
Expected life (years)	5 to 6	3 to 4
Expected volatility (%)	36.00 - 66.38	47.69 - 66.38
Dividend yield (%)	0.54	0.49
Price of the underlying share in market at the time of the option grant (₹)		
-Grant 1	39	39
-Grant 2	39	39
-Grant 3	77	77
-Grant 4	92	92
-Grant 5	81	81
-Grant 6	75	75
-Grant 7	88	88
-Grant 8	82	82
-Grant 9	75	-
Weighted average share price at the date of exercise	76	89
Range of fair value of options at the grant date	28.36 - 46.37	28.36 - 45.81
Range of exercise prices for options outstanding	29 - 82	29 - 82
Weighted average remaining contractual life		
-Grant 1	1.35	2.72
-Grant 2	1.73	3.07
-Grant 3	-	3.24
-Grant 4	1.61	3.61
-Grant 5	1.47	3.90
-Grant 6	2.06	4.07
-Grant 7	1.91	3.91
-Grant 8	3.00	5.00
-Grant 9	3.03	-

For details of the related employee benefits expense, see Note 26 and for details of closing share options outstanding account liability, see Note 15.

14.8 No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the balance sheet date. No shares have been bought back during the period of five years immediately preceding the balance sheet date.



# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 15. Other equity

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

### 15.1 Other equity

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

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

### Nature and purpose of reserves:

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

### Notes:

- In respect of the year ended March 31, 2023, shareholders approved at the Annual General Meeting held on September 22, 2023 a final dividend of ₹ 0.25 per equity share. The total amount paid with respect to final dividend is ₹ 497 lakhs.
- FY 2022-23: The Board of Directors in its meeting held on October 21, 2022 and on January 31, 2023 approved interim dividend of ₹ 0.30 and ₹ 0.15 per Equity Share of ₹ 1 each respectively. These amounts are paid within the financial year 2022-23.

### 16. Borrowings

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



# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## Notes:

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

#### Term loan I

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Term loan - External Commercial Borrowing	185	911	FY 2024-25

Secured by: first ranking pari-passu charge on present and future property, plant and equipments of the Company, second ranking pari-passu charge on present and future stock and book debts of the company and is guaranteed by Smt. K. Lakshmi Raju, Director of the Company.

Loan is denominated in foreign currency - USD 221,875 (March 31, 2023: USD 1,109,375)

Repayable in 16 quarterly instalments starting from August 2020 and the last installment being payable in May 2024.

Interest rate is determined based on 6 months LIBOR plus 400 basis points and is payable monthly. Interest rate is fully hedged against variable to fixed rate interest swap contract for a fixed rate of 7.50% p.a. (March 31, 2023: 7.50% p.a.) with lending bank.

#### Term loan II

Particulars	As at arch 31, 2024	As at March 31, 2023	Year of maturity
Working Capital Term loan I - Rupee	2,098	3,147	FY 2025-26

Secured by: 100% guaranteed by National Credit Guarantee Trustee Company Limited (NCGTC), second ranking pari-passu charge on current assets and property, plant and equipments of the Company, both present and future.

Repayable in 16 quarterly instalments starting from April 2022 and the last installment is being payable in January 2026.

Rate of interest is 3 months Marginal Cost of Funds based Lending Rate (MCLR) plus 0.45% p.a.

#### Term loan III

Particulars	As at arch 31, 2024	As at March 31, 2023	Year of maturity
Term Loan - Rupee	500	1,167	FY 2024-25

Secured by: first ranking pari-passu charge on present and future property, plant and equipments of the Company, second ranking pari-passu charge on present and future stock and book debts of the company and is guaranteed by Smt. K. Lakshmi Raju, Director of the Company.

Repayable in 12 quarterly instalments starting from March 2022 and the last installment is being payable in December 2024.

Rate of interest is 6 months Marginal Cost of Funds based Lending Rate (MCLR) plus 0.10% p.a.

#### Term loan IV

Particulars	As at March 31, 2024	As at March 31, 2023	Year of aturity
Working Capital Term loan II - Rupee	1,934	1,934	FY 2027-28

Secured by: 100% guaranteed by National Credit Guarantee Trustee Company Limited (NCGTC), second ranking pari-passu charge on current assets and property, plant and equipments of the Company, both present and future.

Repayable in 48 equal monthly instalments starting from April 2024 and the last installment is being payable in March 2028.

Rate of interest is 3 months Marginal Cost of Funds based Lending Rate (MCLR) plus 0.30% p.a.

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### Term loan V

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Term Loan - Rupee	1,212	-	FY 2025-26

Secured by: first ranking pari-passu charge on present and future property, plant and equipments of the Company, second ranking pari-passu charge on present and future stock and book debts of the company.

Repayable in 8 quarterly instalments starting from July 2023 and the last installment is being payable in April 2025.

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

### Term loan VI

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Term Loan - Rupee	750	1,500	FY 2024-25

Secured by: first ranking pari-passu charge on present and future property, plant and equipments of the Company, second ranking pari-passu charge on present and future stock and book debts of the company.

Repayable in 16 quarterly instalments starting from April 2021 and the last installment is being payable in January 2025.

Rate of interest is 1 year Marginal Cost of Funds based Lending Rate (MCLR) plus 3.50% p.a.

### Term loan VII

Particulars	As at March 31, 2024	As at March 31, 2023	Year of maturity
Term Loan - Rupee	2,667	4,000	FY 2025-26

Secured by: first ranking pari-passu charge on present and future property, plant and equipments of the Company, second ranking pari-passu charge on present and future stock and book debts of the company.

Repayable in 12 quarterly instalments starting from June 2023 and the last installment is being payable in February 2026.

Rate of interest is Repo plus 3.10% p.a.

### Term loan VIII

Particulars	As at March 31, 2024	As at March 31, 2023	Balance payment period
Term Loan - Rupee	8,978	9,726	FY 2027-28

Secured by: first ranking pari-passu charge on present and future fixed assets of the subsidiary company, second ranking pari-passu charge on present and future stock and book debts of the subsidiary company and financial guarantee from NACL Industries Limited, Parent Company.

Repayable in 22 quarterly instalments starting from December 2022 and the last installment is being payable in March 2028.

Rate of interest linked to 3 months Repo plus 4.25% p.a.

### Term loan IX

Particulars	As at March 31, 2024	As at March 31, 2023	Balance payment period
Term Loan - Rupee	3,236	3,412	FY 2027-28

Secured by: first ranking pari-passu charge on present and future fixed assets of the subsidiary company, second ranking pari-passu charge on present and future stock and book debts of the subsidiary company and financial guarantee from NACL Industries Limited, Parent Company.

Repayable in 22 quarterly instalments from December 2022 and the last installment is being payable in March 2028.

Rate of interest to 3 months Repo plus 4.25% p.a.

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### (b) Loans repayable on demand:

Loans repayable on demand from banks (includes Cash Credit Facilities, Working capital demand loan and packing credit foreign currency facilities, buyers credit availed under non fund based limits) from HDFC Bank Limited, SVC Co-operative Bank Limited, RBL Bank Limited, Shinhan Bank Limited, Axis Bank Limited, Bank of Bahrain and Kuwait B.S.C., SBM Bank (India) Limited, Yes Bank Limited, Kotak Mahindra Bank Limited, Doha Bank and Qatar National Bank are secured by way of hypothecation of current assets comprising stock in trade, book debts and stores and spares both present and future. The aforesaid facilities are further secured by second charge on immovable and movable properties, both present and future, ranking pari-passu with other working capital lenders.

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

Subsidiary loans repayable on demand from banks (includes Cash Credit Facilities and buyers credit availed under non fund based limits) from HDFC Bank Limited and Axis Bank Limited are secured by way of hypothecation of current assets comprising stock in trade, book debts and stores and spares, both present and future. The aforesaid facilities are further secured by second charge on the Company's immovable and movable properties, both present and future and financial guarantee from NAEL Industries Limited, Holding Company.

Rate of interest on Rupee loans repayable on demand is in the range of 9.60% to 10.8% p.a. (March 31, 2023: 9.70% p.a.)

### (c) Unsecured loans :

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

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

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

### 17. Other financial liabilities

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

#### Note:

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

### 18. Provisions (Refer note 32)

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

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

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

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

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

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

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

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

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

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 20. Trade payables

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

#### Notes:

- The average credit period on purchases ranges from 90 days - 120 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.
- The dues above include acceptances against the letter of credit issued to bank amounting to ₹ 2,171 lakhs as at March 31, 2024 (March 31, 2023: ₹ 4,234 lakhs).
- Ageing for trade payables outstanding as at March 31, 2024 is as follows:

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

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

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

### 21. Other liabilities

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

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 22. Revenue from operations

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

#### Notes:

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

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

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

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

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

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

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

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### (D) Other operating revenue

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

### (E) Contract balances

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

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

No information is provided about remaining performance obligations at March 31, 2024 or at March 31, 2023 that have an original expected duration of one year or less, as allowed by Ind AS 115.

### 23. Other income

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

### 24. Cost of materials consumed

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



## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

### 26. Employee benefits expense

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

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

### 27. Finance costs

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

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

### 28. Depreciation and amortisation expenses

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

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 29. Other expenses

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

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

## 30. Related party disclosures :

### Parent and ultimate controlling party:

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

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

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



## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### (ii) Details of other related parties:

Name	Nature of relationship
Bright Town Investment Advisor Private Limited	A company in which a KMP has significant influence
Krishi Rasayan Exports Private Limited	A company in which a KMP has significant influence
Agro Life Sciences Corporation	A company in which a KMP has significant influence
Agma Energy Private Limited	A company in which a KMP has significant influence

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

Name	Designation
Mr. M Pavan Kumar	Managing Director and Chief Executive Officer
Mr. C. Varada Rajulu	Non-Executive Director *
Mr. RKS Prasad	Chief Financial Officer (CFO)
Mr. Satish Kumar Subudhi	Company Secretary (CS)
Mrs. K Lakshmi Raju	Chairperson (Director)
Mr. Sudhakar Kudva	Independent Director
Mr. Raghavender Mateti	Independent Director
Mr. N. Vijayaraghavan	Independent Director
Mr. Ramkrishna Mudholkar	Independent Director
Mr. Sambasiva Rao Nannapaneni	Independent Director
Ms. Veni Mocherla	Independent Director
Mr. Atul Churiwal	Non-executive Director, Nominee Director
Mr. Rajesh Kumar Agarwal	Non-executive Director, Nominee Director
Mr. Santanu Mukherjee	Independent Director (appointed w.e.f. July 27, 2023)
Mr. Raj Kaul	Non-executive Director (appointed w.e.f. May 6, 2023)
Dr. M Lakshmi Kantam	Independent Director (appointed w.e.f. January 23, 2024)

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

### (B) Transactions during the year :

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

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
c. Dividend paid	32	76
d. Security deposit given / (refunded)	-	(5)
e. Short-term employee benefits	383	555
f. Share-based payments	22	27
g. Professional charges	90	-
h. Reimbursement of expenses	9	-
(vi) Provision for credit impaired trade receivables		
a. Nasense Labs Private Limited	-	(166)

### Notes:

- All transactions with these related parties are entered in the normal course of business and are on arm's length basis.
- The managerial personnel are covered by the Group's gratuity policy and are eligible for leave encashment along with the other employees of the Group. The proportionate amount of these Post-employment benefits and other long term benefits is ₹ 8 lakhs and ₹ 13 lakhs respectively recognised in employee benefits for the year ended March 31, 2024.

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

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

## 31. Contingent liabilities and Capital Commitments

### A. Contingent Liabilities

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

### Notes:

- The Group has disputed various demands raised by excise duty authorities for the Financial years 2004-05 to 2006-07 and 2008-09 which are pending at various stages of appeals. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.



## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

- (b) The Group has disputed various demands raised by service tax authorities for the Financial years 2006-07 to 2010-11, which are pending at various stages of appeals. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- (c) The Group has disputed various demands raised by income tax authorities for the assessment years 2004-05 to 2007-08; 2009-10; 2016-17 to 2018-19; 2020-21 and 2022-23 which are pending at various stages of appeals. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- (d) The Group has disputed various demands raised by sales tax authorities for the financial years 2012-13 to 2016-17, which are pending at various stages of appeals. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- (e) The Group has disputed various demands raised by Goods and Service Tax authorities for the financial year 2017-18 to 2019-20, which are pending at various stages of appeals. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- (f) The disputed amount of ₹ 1,032 lakhs as on March 31, 2023 pertaining to the demand raised by Director general of foreign trade (DGFT) office for the excess exports benefits availed by the Parent Company for earlier years. During the year ended March 31, 2024, vide final order dated December 31, 2023, the Parent Company has received a favourable order from Additional Director general of foreign trade. The Parent Company also disputed the penalty levied by the Office of the Commissioner of Customs (Adjudication) in respect of the same matter and the appeal is pending before Customs, Excise and Service Tax Appellate Tribunal (CESTAT). The Parent Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- (g) Other contingent liability majorly pertains to demand for payment of alleged deficit of stamp duty, registration fees and penalty in respect of a sales deed. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

### B. Commitments

S.No.	Particulars	As at	
		March 31, 2024	March 31, 2023
(i)	Estimated amount of contracts, remaining to be executed on capital account and not provided for (net of advance)	292	572
	<b>Total</b>	<b>292</b>	<b>572</b>

### 32. Defined benefit plans

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

##### Provident fund

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

##### Gratuity (funded):

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

#### b) Gratuity

In accordance with the 'Payment of Gratuity Act, 1972' of India, the Group, provides for Gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regard to such Gratuity plan are determined by an independent actuarial valuation and are charged to the Statement of Profit and Loss for the year determined. The Gratuity fund is administered through a scheme of Life Insurance Corporation of India.

The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit credit method. These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. The gratuity plan is funded. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan and the group contributes to LIC.

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Amounts recognised in statement of profit and loss in respect of these defined benefit i.e. Gratuity plans are as follows:

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

### Defined Benefit Obligation (DBO)

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

### Fair value of plan assets

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



## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

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

Particulars	As at March 31, 2024	As at March 31, 2023
Net Defined Benefit Liability / (Asset) at the beginning of the year	876	715
Current service cost	154	128
Interest cost	60	49
Return on plan assets excluding interest income	7	-
Actuarial losses arising from Demographic Assumptions	-	33
Actuarial losses / (gains) arising from experience adjustments	110	(100)
Actuarial losses arising from changes in financial assumptions	22	179
Employer contributions	(173)	(128)
Net Defined Benefit Liability / (Asset) at the end of the year	1,056	876
Non current	796	717
Current	260	159

### Assumptions

Particulars	Gratuity plan	
	As at March 31, 2024	As at March 31, 2023
Discount rate	7.22%	7.50%
Expected rate of salary increase	6.00%	6.00%
Attrition rate	8%	8%
Retirement age	58 years	58 years
Mortality table	Mortality Rate (as % of IALM (2012-14) Ult. Mortality Table)	

The estimates of future salary increases considered in the actuarial valuation take account of price inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligation.

### Sensitivity analysis

Scenario	For the year ended March 31, 2024	
	DBO	Percentage Change
Under base scenario	1,470	-
Salary escalation - up by 1%	92	6.26%
Salary escalation - down by 1%	(83)	-5.65%
Attrition rate - up by 1%	4	0.27%
Attrition rate - down by 1%	(2)	-0.14%
Discount rate - up by 1%	(77)	-5.24%
Discount rate - down by 1%	87	5.92%
Mortality Rates - Up by 10%	*	0.01%
Mortality Rates - Down by 10%	*	-0.01%

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Scenario	For the year ended March 31, 2023	
	DBO	Percentage Change
Under base scenario	1,177	-
Salary escalation - up by 1%	74	6.29%
Salary escalation - down by 1%	(69)	-5.86%
Attrition rate - up by 1%	3	0.25%
Attrition rate - down by 1%	(4)	-0.34%
Discount rate - up by 1%	(63)	-5.35%
Discount rate - down by 1%	70	5.95%
Mortality Rates - Up by 10%	*	0.02%
Mortality Rates - Down by 10%	*	-0.02%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

### Expected maturity analysis of cash flows on an undiscounted basis

Particulars	As at March 31, 2024	As at March 31, 2023
Duration of Defined Benefit Obligations		
Within 1 year	266	161
Year 2	171	171
Year 3	165	147
Year 4	172	133
Year 5	154	132
> 5 years	1,480	1,248

Expected contribution to the post employee benefits plan during the next financial year is expected to be ₹ 209 lakhs (March 31, 2023: ₹ 160 lakhs)

The weighted average duration of the defined benefit obligation is 7 years (March 31, 2023: 6.62 years)

### (c) Compensated absences:

The Group provides compensated absences benefits to the employees of the Group which can be carried forward to future years. Since the compensated absences do not fall due wholly within twelve months after the end of the year in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of the year, the benefit is classified as a long-term employee benefit. During the year ended 31 March 2024, the Group has incurred an expense on compensated absences amounting to ₹ 295 lakhs (March 31, 2023: ₹ 409 lakhs). The Group determines the expense for compensated absences basis the actuarial valuation of the present value of the obligation, using the Projected Unit Credit Method.

## 33. Financial instruments

### 33.1 Capital management

The Group's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Group ensures optimal credit risk profile to maintain/enhance credit rating. The Group determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Group monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Group.

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### Gearing ratio

Particulars	As at March 31, 2024	As at March 31, 2023
Non-current borrowings	14,940	20,345
Current borrowings including current maturities of non-current borrowings	63,925	51,739
Cash and cash equivalents	(3,232)	(4,148)
Net debt (Refer note (i) below)	75,633	67,936
Equity (Refer note (ii) below)	51,110	57,394
<b>Net debt to equity ratio</b>	<b>1.48</b>	<b>1.18</b>

#### Notes:

(i) Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.

(ii) Equity includes issued equity capital, securities premium and all other reserves.

### 33.2 Financial instruments by category

Particulars	As at March 31, 2024			As at March 31, 2023		
	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
Financial assets						
Investments in preference shares	-	1	-	-	1	-
Other financial assets	699	-	-	685	-	-
Derivative financial asset	-	7	-	-	9	-
Trade receivables	76,669	-	-	77,151	-	-
Cash and cash equivalents	3,232	-	-	4,148	-	-
Other bank balances	3,361	-	-	3,197	-	-
<b>Total</b>	<b>83,961</b>	<b>8</b>	<b>-</b>	<b>85,181</b>	<b>10</b>	<b>-</b>
Financial liabilities						
Borrowings (refer note (i) below)	78,865	-	-	72,084	-	-
Lease liabilities	43	-	-	314	-	-
Other financial liabilities	14,658	-	-	7,623	-	-
Trade payables	32,959	-	-	48,451	-	-
<b>Total</b>	<b>1,26,525</b>	<b>-</b>	<b>-</b>	<b>1,28,472</b>	<b>-</b>	<b>-</b>

#### Notes:

(i) Borrowings include non-current and current borrowings (Refer Note 16)

(ii) The management assessed that fair value of cash and cash equivalents, trade receivables, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments, and hence these are carried at amortised cost. For non-current borrowings, the valuation model considers the present value of expected payments discounted using the borrowing rate provided by the banks/ financial institutions. The own non-performance risk was assessed to be insignificant.

(iii) Investments (unquoted) are measured at fair value through initial designation in accordance with Ind-AS 109.

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 33.3 Fair Value by hierarchy

Valuation technique and key inputs

### Level 1

Quoted prices (unadjusted) in an active market for similar assets or liabilities.

### Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

### Quantitative disclosures of fair value measurement hierarchy-Level 2 for financial instruments:

Particulars	As at March 31, 2024	As at March 31, 2023
Financial Liabilities		
Derivative financial asset	7	9

The Group enters into derivative financial instruments with various counterparties principally, banks with investment grade credit ratings. Foreign exchange forward contracts and interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, etc. As at March 31, 2024 the mark-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had insignificant impact on the hedge effectiveness assessment for derivatives designated in hedge relationships.

### Level 3

Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

### Quantitative disclosures of fair value measurement hierarchy-Level 3 for financial instruments:

Particulars	As at March 31, 2024	As at March 31, 2023
Financial Assets		
Unquoted preference shares	1	1

The fair values of the unquoted preference shares have been estimated using a Discounted Cash Flow model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, earnings growth, discount rate, and probabilities of the various estimates within the range used in management's estimate of fair value for these unquoted preference investments.

Valuation inputs and relationships to fair value:

The following table summarises the valuation technique used in measuring the fair value of the financial instruments, as well as the significant unobservable inputs used. The total value of investments in unquoted preference shares are not material. Hence quantitative disclosures are not disclosed.

Particulars	Significant-unobservable inputs	Valuation process	Sensitivity of the inputs to fair value
Investment in unquoted preference shares	Earnings growth rate	i) Earnings growth factor for unlisted preference shares are estimated based on the market information of similar type of companies and also considering the economic environment impact.	Any increase in earnings growth rate would increase the fair value.
	Discount rate	ii) Discount rates are determined using a capital asset pricing model, i.e., a borrowing rate at which the Group would be able to borrow funds on similar terms.	Any increase in discount rate would result in decrease in fair value.

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## Transfer between Level 1 and 2:

There have been no transfers from Level 2 to Level 1 or vice-versa in 2023-24 and no transfers in either direction in 2022-23.

## 33.4 Financial risk management

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

### Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Group has adequate internal processes to assess, monitor and manage financial risks. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The liquidity risk is measured by the Group's inability to meet its financial obligations as they become due.

### Market risk

Market is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises of foreign currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns.

### Foreign currency exposure

The Company is exposed to foreign exchange risk through imports from overseas suppliers in various foreign currencies, exports to customers abroad, bill discounting, buyer's credit, packing credit. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against these currencies. The Company monitors and manages its financial risks by analysing its foreign exchange exposures. The Company, in accordance with its Board approved risk management policies and procedures, enters into foreign exchange forward contracts to manage its exposure in foreign exchange rates.

The following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of March 31, 2024:

Particulars	US Dollars	₹ (in lakhs)	EURO	₹ (in lakhs)	Total (₹ lakhs)
Cash and cash equivalents	4,49,523	375	-	-	375
Trade receivables	1,44,73,937	12,071	1,38,400	124	12,195
Borrowings	(1,48,04,834)	(12,349)	-	-	(12,349)
Trade payables	(56,87,663)	(4,750)	-	-	(4,750)
Net assets/(liabilities)	(55,69,037)	(4,653)	1,38,400	124	(4,529)

The following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of March 31, 2023:

Particulars	US Dollars	₹ (in lakhs)	EURO	₹ (in lakhs)	Total (₹ lakhs)
Cash and cash equivalents	10,99,583	904	-	-	904
Trade receivables	2,53,60,731	20,839	-	-	20,839
Borrowings	(2,02,73,742)	(16,659)	-	-	(16,659)
Trade payables	(1,46,11,271)	(12,006)	-	-	(12,006)
Net assets/(liabilities)	(84,24,699)	(6,922)	-	-	(6,922)

### Sensitivity analysis:

For the year ended March 31, 2024 and March 31, 2023, every increase / decrease of ₹ 1 in the respective foreign currencies compared to functional currency of the Company would impact profit before tax by ₹ 54 lakhs/ (₹ 54 lakhs) and ₹ 84 lakhs/ (₹ 84 lakhs) respectively and Impact Equity, net of tax by ₹ 40 lakhs/ (₹ 40 lakhs) and ₹ 63 lakhs/ (₹ 63 lakhs) respectively.

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## Interest rate risk:

The Group draws term loans, working capital demand loans, avails cash credit, foreign currency borrowings including buyer's credit, packing credit etc. for meeting its funding requirements. The Group manages the interest rate risk by maintaining appropriate mix/portfolio of borrowings having fixed and floating rate of interest. The borrowings are serviced on a timely manner and repayments of the principal and interest amounts are made on a regular basis.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Fixed rate instruments		
Financial assets	3,300	3,140
Current borrowings	7,445	-
Variable rate instruments		
Non-current borrowings	14,940	20,345
Current borrowings	56,480	51,739
	<b>1,420</b>	<b>72,084</b>
Effect of interest rate swap	(185)	(911)
	71,235	71,173

## Interest rate swap contract

Under Interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amount. Such contract enables Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest is based on the outstanding balances at the end of the reporting period.

## Details of the interest rate swap contracts

Particulars	Loan amount (in USD)	Fair Value of Interest Rate Swap as at March 31, 2024	Fair Value of Interest Rate Swap as at March 31, 2023	Coupon / Interest Rate	Fixed Interest Rate
US Dollar	35,50,000	185	911	ON SOFR + 4%+ 0.42826% on USD Notional	7.50%

## Sensitivity analysis:

For the year ended March 31, 2024 and March 31, 2023, every increase / decrease of 1% in the respective interest rate compared to existing rate of interest of the Company would impact profit before tax by ₹ 901 lakhs/ (₹ 901 lakhs) and ₹ 1,225 lakhs/ (₹ 1,225 lakhs) respectively and Impact Equity, net of tax by ₹ 674 lakhs/ (₹ 674 lakhs) and ₹ 916 lakhs/ (₹ 916 lakhs) respectively.

## Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, deposits with banks, foreign exchange transactions and other financial instrument. Credit risk is managed through credit approvals, monitoring the creditworthiness and establishing credit limits of customers to which the Group grants credit terms in the normal course of business. The group collects security deposits from its dealer customers which act as security against the outstanding trade receivables from such dealer customers. In the event of default, these security deposits can be adjusted against the uncollectible trade receivables from such dealer customers. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables and investments.

## Expected credit loss (ECL):

- (i) The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to whom the Group grants credit terms in the normal course of business. The credit period on sale of goods varies with seasons and markets and generally ranges between 30 to 180 days. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed annually.

As a practical expedient, the Group uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL allowance (or reversal) during the year is recognised in the statement of profit and loss.



## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### (ii) Movement in the Impairment loss on trade receivables

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	778	528
Provision for impairment loss made during the year	1,904	707
Provision reversed against trade receivables write-off / recovery	(741)	(457)
Balance at the end of the year	1,941	778

(iii) The concentration of risk with respect to trade receivables is reasonably low, as Company's customers are located in several jurisdictions representing large number of minor receivables operating in independent markets. Trade receivable amounting to ₹ 6,711 lakhs (March 31, 2023: ₹ 14,020 lakhs) is due from customers who represent more than 5% of total trade receivables.

The Group's exposure to credit risk for trade receivables by geographic region is as follows:

Gross Trade receivables	As at March 31, 2024	As at March 31, 2023
India	66,539	57,090
Outside India	12,071	20,839
<b>Total</b>	<b>78,610</b>	<b>77,929</b>

(iv) The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2024.

Ageing Bucket	Weighted-average loss rate	Gross carrying amount	Loss allowance	Net Trade receivables
Not due	0.54%	61,365	329	61,036
Less than 6 months	4.80%	13,647	655	12,992
6 months - 1 year	15.93%	2,209	352	1,857
1 - 2 years	43.56%	1,389	605	784
<b>Total</b>		<b>78,610</b>	<b>1,941</b>	<b>76,669</b>

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2023.

Ageing Bucket	Weighted-average loss rate	Gross carrying amount	Loss allowance	Net Trade receivables
Not due	0.31%	58,902	185	58,717
Less than 6 months	1.00%	15,999	160	15,839
6 months - 1 year	6.82%	2,127	145	1,982
1 - 2 years	31.96%	901	288	613
<b>Total</b>		<b>77,929</b>	<b>778</b>	<b>77,151</b>

### Other price risks

The Group is exposed to valuation of equity investment risks as the Group's equity investments are held for strategic rather than trading purposes.

### Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group's principal sources of liquidity are cash & bank balances, credit facilities and cash generated from operations.

The Group has unutilised credit limits from the banks of ₹ 9,262 lakhs and ₹ 12,172 lakhs as of March 31, 2024 and March 31, 2023 respectively.

The working capital position of the Group:

Particulars	As at March 31, 2024	As at March 31, 2023
Current assets	1,28,801	1,41,156
Current liabilities	1,14,278	1,11,507
Working capital	14,523	29,649

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

The table below provides details regarding the contractual maturities of financial liabilities presented on an undiscounted basis as at March 31, 2024:

Particulars	Carrying value	Less than 1 year	1-5 years	above 5 years
Trade payables	32,959	32,959	-	-
Borrowings and interest thereon	78,865	69,681	17,220	-
Lease liabilities	43	49	-	-
Other current financial liabilities	14,658	14,658	-	-
Total	1,26,525	1,17,347	17,220	-

The table below provides details regarding the contractual maturities of financial liabilities presented on an undiscounted basis as at March 31, 2023:

Particulars	Carrying value	Less than 1 year	1-5 years	above 5 years
Trade payables	48,451	48,451	-	-
Borrowings and interest thereon	72,084	57,223	25,235	508
Lease liabilities	314	296	49	-
Other current financial liabilities	7,623	7,623	-	-
Total	1,28,472	1,13,593	25,284	508

The Group's obligation towards payment of borrowings has been included in note 16.

### 34. Earnings per share

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit for the year attributable to shareholders of the Parent Company	(5,889)	9,487
Basic:		
Number of shares outstanding at the year end	19,91,69,177	19,88,41,843
Weighted average number of equity shares	19,89,39,532	19,84,15,888
Earnings per share (₹)	(2.96)	4.78
Diluted:		
Effect of potential equity shares on employee stock options outstanding	3,65,217	5,88,131
Weighted average number of equity shares outstanding	19,93,04,749	19,89,36,563
Earnings per share (₹)	(2.95)	4.77

Note: EPS is calculated based on profits excluding the other comprehensive income.

### 35. Research and development expense charged to Statement of Profit and Loss account:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Employee benefits expense	156	52
Depreciation	19	1
Other expenses	136	95
Total	311	148

### 36. Development expense capitalised:

Revenue expenditure capitalised during the year under respective heads:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Employee benefits expense	570	381
Depreciation	37	63
Other expenses	286	206
Total	893	650



## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 37. Leases:

The Group leases land, office buildings and vehicles. The land lease runs for a period of 99 years and other leases typically run for a period of 3 to 5 years, with an option to renew the lease at the renewal date. Lease payments are renegotiated at renewal date to reflect market rentals except for vehicle leases.

The Group has certain leases with lease terms of less than 12 months or with low value. The Group applies short term lease and lease of low value assets recognition exemption for these leases. The incremental borrowing rate applied for leases is ranging from 7.62% to 9.67%.

i) The following is the movement in lease liabilities during the year ended:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening balance	314	499
Add: Lease liabilities recognised during the year	-	140
Less: Lease liabilities derecognised during the year	-	(45)
Add: Interest cost accrued during the year	20	50
Less: Payment of lease liabilities including interest	(291)	(330)
Balance at the end of the year	43	314
Non-current lease liability	-	43
Current liability	43	271

ii) Amount recognised in statement of profit and loss:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation	277	304
Interest expense on lease liabilities	20	50
Expenses relating to short-term leases	184	139
<b>Total</b>	<b>481</b>	<b>493</b>

iii) Maturity analysis of lease liabilities on an undiscounted basis:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Less than one year	49	296
One to five years	-	49
More than five years	-	-

### 38. Operating Segments:

Operating segments are components of the Group whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete information is available. All the Group's business activities fall within a single primary segment viz., "sale of farm inputs". Further, the Group sells its products mainly within India where the conditions prevailing are uniform.

#### Geographical Information

The Group operates in India and makes certain sales to customers situated outside India. The revenue from external customers by location of customers is detailed below. All the non-current assets of the Group are situated within India.

Revenue – Sale of products	For the year ended March 31, 2024	For the year ended March 31, 2023
India	1,34,701	1,25,324
Outside India	40,922	84,376
Total	1,75,623	2,09,700

The Group's revenue includes ₹ 23,284 lakhs (March 31, 2023: ₹ 58,985 lakhs) which arose from sales to the Group's largest customer. No other single customer contributed 10 per cent or more to the Group's revenue in either FY 2023-24 or 2022-23.

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 39. Insurance claim

An Appeal has been filed by the Insurance Company (The Oriental Insurance Company Limited) against the Arbitration Award that was disposed in favour of the Parent Company, before the Hon'ble High Court of Delhi. Pending final disposal of the above appeal, the Parent Company has filed the Execution Petitions before Hon'ble High Court of Delhi for deposit of awarded amount in Material Damage (MD) Claim of ₹ 1,649 lakhs (includes interest) and Business Interruption Policy claim of ₹ 1,277 lakhs (includes interest) with the Court. With respect to the execution petition filed by the Parent Company in both the cases, the Hon'ble High Court of Delhi has passed an order vide its order dated March 19, 2021 & April 9, 2021 directed the Insurance Company to deposit the awarded amount towards Material Damage claim & Business Interruption Policy respectively together with the interest upto the date of deposit with Court. During the financial year 2021-22, the amount deposited by the Insurance Company has been released by the Court in favour of the Parent Company after submission of equivalent bank guarantee. As the matter is subjudice and as advised by its legal council, the Parent Company has not recognized the deposit amount received as income and the interest cost, if any in the books of account.

### 40. Subsequent events

FY 22-23: The Board of Directors in its meeting held on May 22, 2023 have recommended a final dividend of ₹ 0.25 per equity share of ₹ 1 each. The recommended equity dividend is subject to the approval by the shareholders at the Annual General Meeting and has not been included as a liability in the consolidated financial statements as of 31 March 2023.

# Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

## 41. Additional disclosure related to consolidated financial statements:

### List of subsidiaries and associates considered for consolidation

Name of the Company	Relationship	Country of incorporation	Percentage of voting power as at March 31, 2024	Net assets		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income	
				March 31, 2024	% of consolidated net assets	March 31, 2024	% of consolidated profit/(loss)	March 31, 2024	% of consolidated other comprehensive income	March 31, 2024	% of consolidated total comprehensive income
				Amount in lakhs	Amount in lakhs	Amount in lakhs	Amount in lakhs	Amount in lakhs	Amount in lakhs	Amount in lakhs	Amount in lakhs
NACL Industries Limited	Company	India	103%	52,474	(4,760)	81%	(111)	105%	(111)	81%	(4,871)
LR Research Laboratories Private Limited	Subsidiary	India	100%	(5)	-	*	-	-	-	-	-
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary	Australia	100%	(21)	4	*	-	-	-	*	4
NACL Spec-Chem Limited	Subsidiary	India	100%	(2,005)	(1,243)	21%	-	-	-	21%	(1,243)
NACL Multichem Private Limited	Subsidiary	India	100%	(32)	(1)	*	-	-	-	*	(1)
NACL Agri-Solutions Private Limited	Subsidiary	India	100%	2	3	*	-	-	-	*	3
NACL Industries (Nigeria) Limited	Subsidiary	Nigeria	100%	-	-	-	-	-	-	-	-
Nasense Labs Private Limited	Associate	India	26%	697	108	-2%	3	-5%	3	-2%	111
<b>Total</b>				<b>51,110</b>	<b>(5,889)</b>		<b>(108)</b>		<b>(108)</b>		<b>(5,997)</b>

\* less than 1%

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

List of subsidiaries and associates considered for consolidation

Name of the Company	Relationship	Country of incorporation	Percentage of voting power as at March 31, 2023	Net assets		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income	
				March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023
				% of consolidated net assets	Amount in lakhs	% of consolidated profit/(loss)	Amount in lakhs	% of consolidated other comprehensive income	Amount in lakhs	% of consolidated total comprehensive income	Amount in lakhs
NACL Industries Limited	Company	India	100%	100%	57,663	107%	10,134	105%	(59)	107%	10,075
LR Research Laboratories Private Limited	Subsidiary	India	100%	*	(5)	*	-	-	-	-	-
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary	Australia	100%	*	(25)	*	2	-	-	*	2
NACL Spec-Chem Limited	Subsidiary	India	100%	-1%	(793)	-8%	(754)	-	-	-8%	(754)
NACL Multichem Private Limited	Subsidiary	India	100%	*	(33)	*	(33)	-	-	*	(33)
NACL Industries (Nigeria) Limited	Subsidiary	Nigeria	100%	-	-	-	-	-	-	-	-
Nasense Labs Private Limited	Associate	India	26%	1%	587	1%	138	-5%	3	1%	141
<b>Total</b>					<b>57,394</b>		<b>9,487</b>		<b>(56)</b>		<b>9,431</b>

\* less than 1%

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

### 42. Additional regulatory information

- (i) The Group does not have any benami property, where any proceeding has been initiated or pending against the Group for holding any benami property.
- (ii) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iii) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (ultimate beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- (iv) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- (v) The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (vi) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (vii) None of the entities in the group have been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (viii) The group has borrowings from banks and financial institutions on the basis of security of current assets. Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are not in agreement with the books of accounts to the extent presented as follows. The summary of reconciliation and reasons of material discrepancies is as follows:

Quarter	Name of bank	Particulars	Amount as per books	Amount as reported in the quarterly return/ statement	Difference	Reason for discrepancy	Whether return/ statement subsequently rectified
Sep 2023	HDFC, Axis, RBL, SVC, SBM, Karnataka Bank, Shinhan, Bandhan, Bajaj Finance, Yes Bank, Bank of Bahrain and Kuwait, Kotak Mahindra Bank, Indus Ind Bank and Doha Bank	Sundry creditors	52,503	51,971	532	Uncleared invoices were erroneously excluded in the balance reported	Yes

- (ix) The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was obtained.
- (x) The title deeds of all the immovable properties, (other than immovable properties where the Group is the lessee and the lease agreements are duly executed in favour of the Group) disclosed in the financial statements included in property, plant and equipment and capital work-in progress are held in the name of the Company as at the balance sheet date.
- (xi) The Group has not revalued any of its property, plant and equipment (including right-of-use-assets) and intangible assets during the year.
- (xii) The Group does not have any transactions with companies which are struck off.
- (xiii) The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

## Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

43. The Group has trade receivables from certain customers aggregating to ₹ 7,796 lakhs as at 31 March 2024 (netted off with subsequent collections up to the date of these financial statements), for which the auditors of the Parent Company received unreliable responses to their independent balance confirmation requests from some of these customers. Management is initiating an independent investigation into this matter, pending which, the Group has made a provision of ₹ 1,880 lakhs in the books of account.

**As per our Report of even date attached  
For B S R and Co**  
Chartered Accountants  
(Firm Registration No. 128510W)

**Baby Paul**  
Partner  
Membership No. 218255

Place : Kochi  
Date : June 6, 2024

for and on behalf of the Board of Directors  
**NACL Industries Limited**  
CIN: L24219TG1986PLC016607

**M Pavan Kumar**  
Managing Director & CEO  
(DIN:01514557)

**R.K.S.Prasad**  
Chief Financial Officer

Place : Hyderabad  
Date : June 6, 2024

**Raghavender Mateti**  
Director  
(DIN:06826653)

**Satish Kumar Subudhi**  
Company Secretary





**NACL Industries Limited**

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