



NACL Industries Limited



**Annual
Report**

24
25



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About NACL

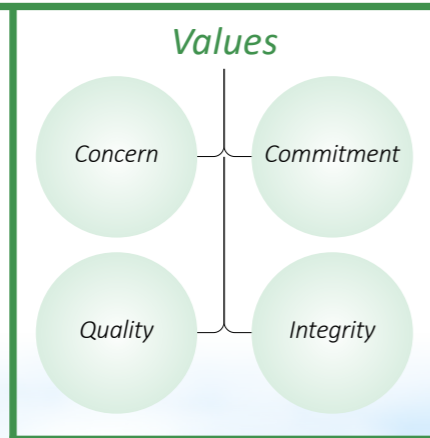
NACL, established as an agrochemical player in 1993, began its journey as an active ingredient manufacturer. Over the years, the Company has built a substantial presence in domestic retail, B2B, and exports, forming solid and long-standing relationships with many large multinational customers.

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



1,350

Employee Strength

31

Years of Experience

4

Manufacturing Units

22

Countries Presence

66+

Branded Products

5 Million

Farmers (Customers)

Our Business Model

An integrated agri-solutions provider, NACL manages the entire crop protection value chain, From the development of active ingredients to the distribution of end-use products, we serve a diverse customer base of multinational corporations and direct farmers.



1. MANUFACTURING-DRIVEN EXCELLENCE

Our business model is anchored by our manufacturing prowess, a key driver of operational efficiency and market leadership. We leverage state-of-the-art, automated infrastructure to achieve economies of scale and maintain high production standards. An unwavering commitment to safety is paramount in all our facilities, ensuring a secure environment for our workforce and the surrounding community. Furthermore, our dedication to uncompromising quality and sustainable practices is a core tenet of our operations, deeply embedded in our Environmental, Social, and Governance (ESG) principles. This focus allows us to not only meet but exceed global industry benchmarks.



2. CUSTOMER-CENTRIC PARTNERSHIPS

Customer-centricity is at the heart of our strategy, evidenced by our deep-rooted commitment to our partners and end-users. We ensure unwavering reliability and on-time delivery for our multinational customers, fostering long-term, trusted relationships. For the farming community, our branded products are brought to market through a robust and extensive nationwide distribution network. This dual approach, built over three decades, creates significant value for all stakeholders, from our corporate clients to the farmers who rely on our products for their livelihoods.



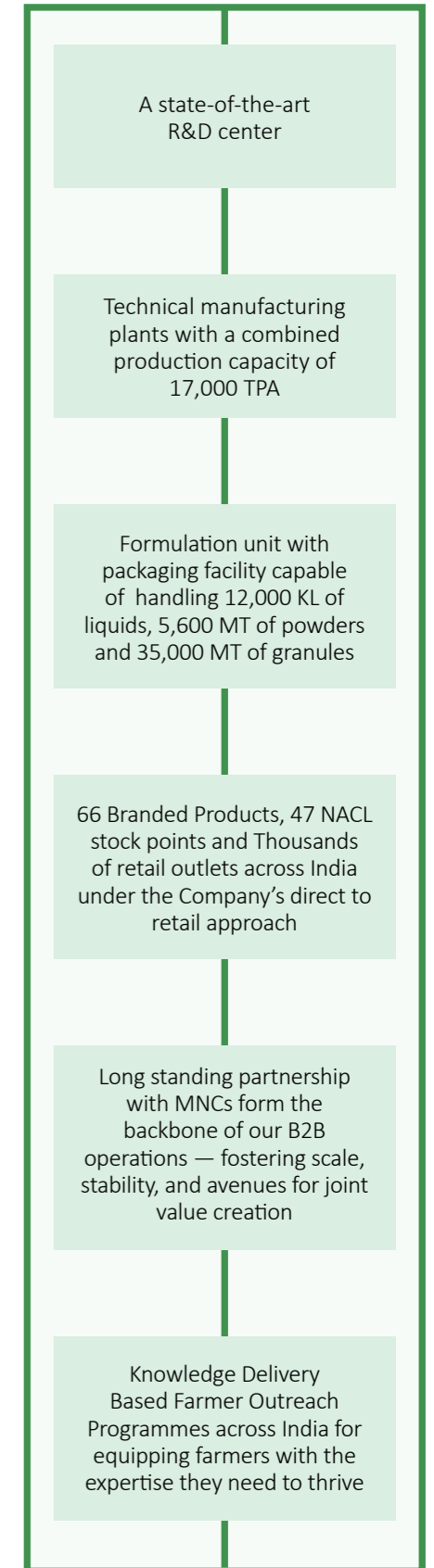
3. NEW PRODUCT DEVELOPMENT ENGINE

Our sustained growth is fuelled by a dynamic new product development engine. This process is a continuous cycle of product ideation to commercialisation, where we identify market needs and develop effective solutions. We then efficiently navigate the regulatory processes, conduct essential field tests, and meticulously plan for commercialization. Our ability to scale up production and introduce new combinations to the market in a timely manner ensures we remain a reliable partner for our customers and maintain our competitive position.



4. DIVERSIFIED REVENUE MIX

Our business model is built to capture value at every stage of the crop protection lifecycle. NACL partners with multinational companies by supplying critical active ingredients for their global products, while our own branded finished goods are brought to farmers across the country via dealer network spread national wide across regions. We also serve the large Institutional Buyers in India. This diversified approach maximizes our market reach and strengthens our competitive position.



Chairperson's Message

Over the years, it has been an extraordinary journey to serve a company built on purpose, resilience, and an unwavering commitment to excellence in the agrochemical space. Together, we have navigated cycles of change, adapted to market realities, and consistently strived to create value for all stakeholders.



K. Lakshmi Raju
CHAIRPERSON

Dear Shareholders,

It is my pleasure and privilege to present the Annual Report for FY 2024–25, the last report I will be sharing with you as Chairperson of NACL Industries. I assumed this responsibility in 2017, following the commendable leadership of my predecessors, to whom I remain deeply grateful. Over the years, it has been an extraordinary journey to serve a company built on purpose, resilience, and an unwavering commitment to excellence in the agrochemical space. Together, we have navigated cycles of change, adapted to market realities, and consistently strived to create value for all stakeholders.

The past couple of years, however, have tested us in unprecedented ways. Global and domestic headwinds—including volatility in raw material prices, shifts in global demand–supply dynamics, and significant funding constraints imposed by our bankers in the second half of last year—placed severe pressure on operations and financial stability. Despite the dedicated efforts of the management team and the Board, it became evident that a sustained revival required a stronger strategic backbone and deeper capital support. With this perspective, and after careful reflection, I took the step to divest my stake and enable the transition of NACL Industries to a new promoter group equipped to drive its next phase of growth.

I am pleased to share that Coromandel International Limited a leading agri-inputs company with deep domain expertise, a robust financial position, and a strong reputation for governance and execution, has acquired majority ownership in the Company. With this transition, NACL Industries now becomes part of the Murugappa Group, INR 778 billion conglomerate, with an exceptional reputation for value creation and high standards of governance. This marks a pivotal milestone in our Company's journey, opening new horizons to innovate, enhance capabilities, and deliver enduring value to farmers, customers, employees, and shareholders alike.

Our Technical segment continued to grapple with persistent challenges in the global crop protection industry, including subdued demand, inventory overhang in key export markets, and intense pricing pressure, which weighed heavily on performance.

FY 2024–25 was indeed a difficult year. Erratic monsoon patterns and uneven rainfall disrupted cropping cycles, impacting agri-input demand and slowing momentum in our Retail Formulation business. Our Technical segment continued to grapple with persistent challenges in the global crop protection industry, including subdued demand, inventory overhang in key export markets, and intense pricing pressure, which weighed heavily on performance. Internally, while the Company initiated several measures to build resilience, the curtailment of working capital lines during the second half further hampered our ability to procure raw materials and execute orders, just when early signs of recovery were beginning to emerge. Had financial support remained intact, we are confident that the Company could have partially offset its early-year losses.

While the financial outcome fell short of expectations, the groundwork laid during this period will serve as a strong foundation for the new leadership. Under the guidance of Coromandel International and the broader Murugappa Group, NACL Industries is well-positioned to stabilise operations and unlock future opportunities.

As I step away from my role, I express my deepest gratitude to our employees, customers, partners, and shareholders, who have stood by the Company and by me through every phase of this journey. I remain a proud well-wisher of NACL Industries and look forward to witnessing its future unfold with strength, resilience, and promise.

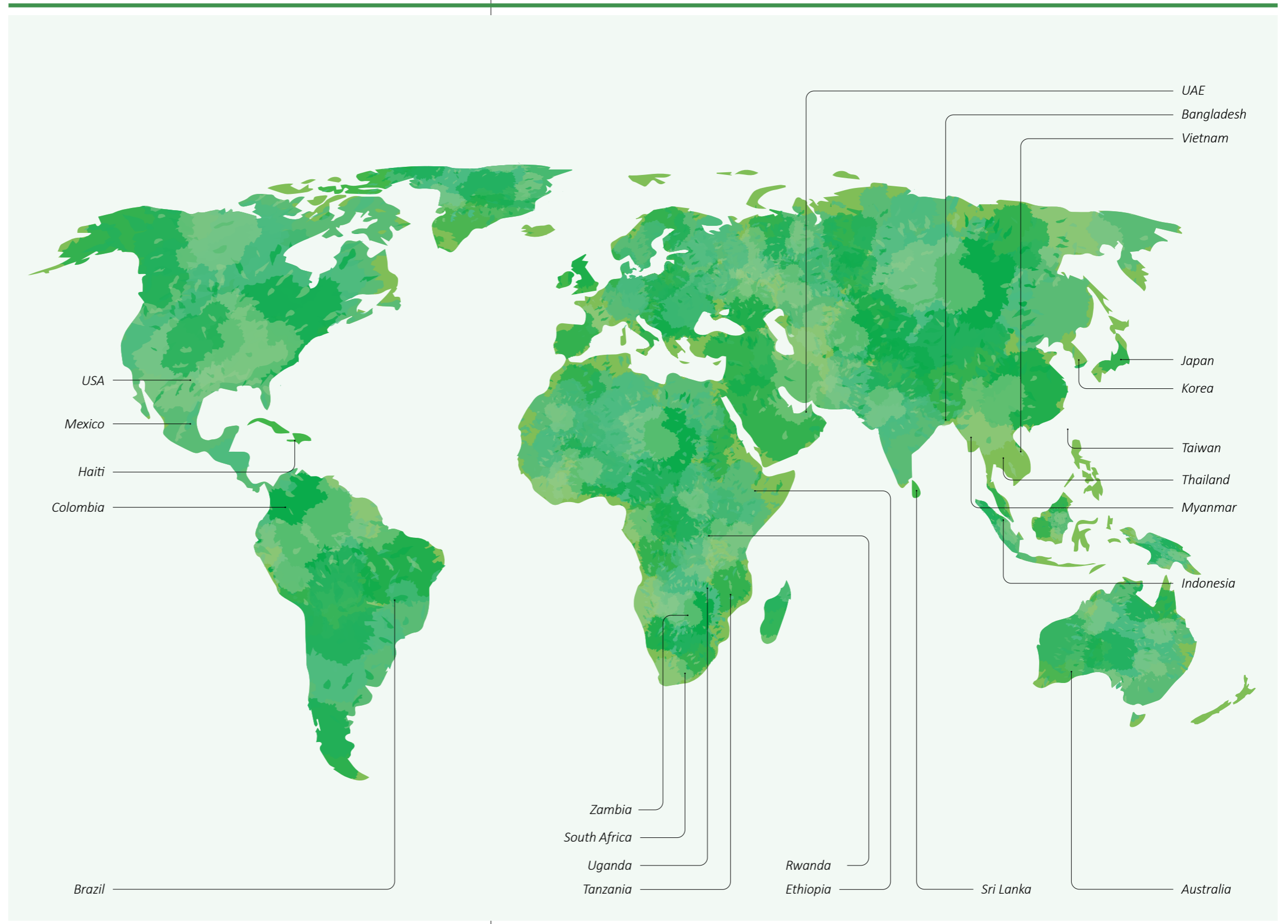
With warm regards,

K. Lakshmi Raju
CHAIRPERSON

Our Global Reach

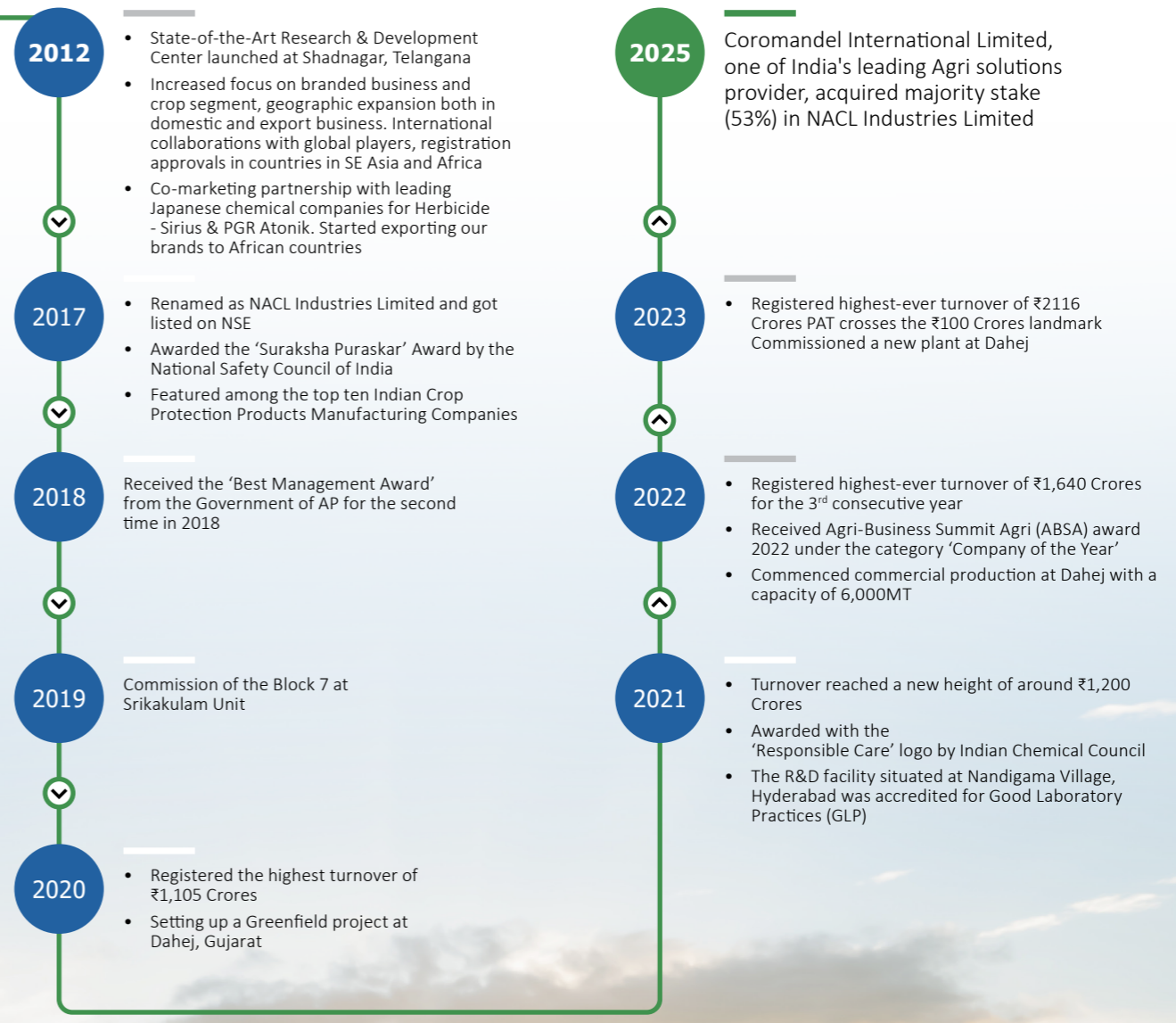
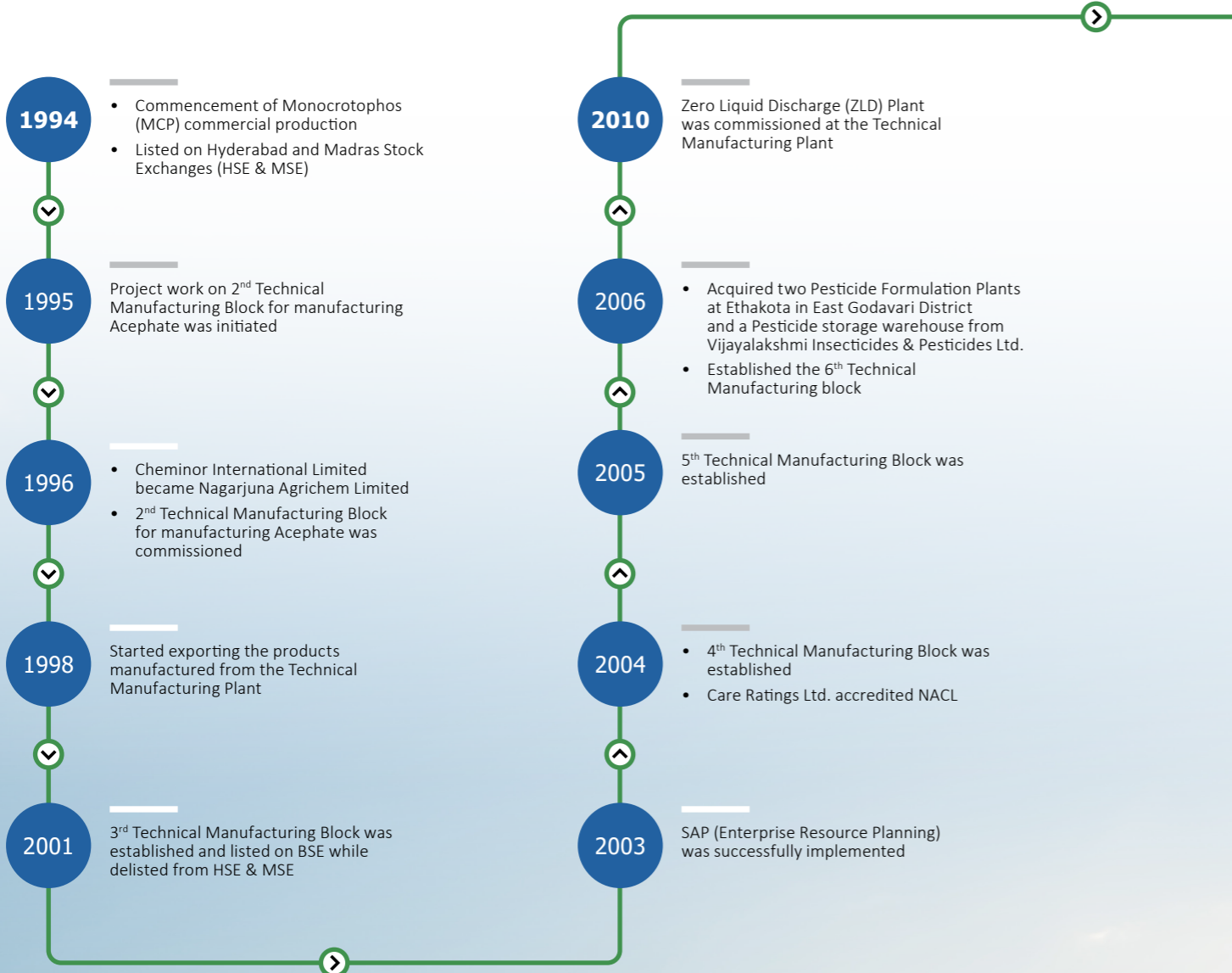
NACL Industries Ltd.'s export destinations cover a wide range of markets, from highly developed regions like the USA, Japan, and Australia, where agricultural productivity is driven by advanced technologies and large-scale farming, to emerging markets in Africa, Southeast Asia, and Latin America, where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

These diverse agricultural landscapes present NACL Industries with opportunities to cater to the growing demand for agrochemicals across various geographies, each with its own unique farming needs and growth potential.



22
Countries Presence

Milestones



Board of Directors

Till August 08, 2025



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.



Ms. G. Veera Bhadram
WHOLE TIME DIRECTOR

Mr. Bhadram, a professional with over four decades of leadership experience in Agriindustry, across organizations such as Nagarjuna Group, Coromandel International, SML Group, and NACL Industries, where he is currently a Business Advisor. Holding a B.Sc. in Agriculture, an M.Sc. in Agri Economics, and a PGDM in Agriculture IIM Ahmedabad, he also attended the Advanced Management Programme at Harvard Business School in 2009.

His Senior roles include President and Whole-Time Director at Sabero Organics, President and Business Head at Coromandel International and CEO of SML Group. He is recognized for driving business growth, M&A success, and operational turnarounds, particularly with FICOM Organics and Sabero Organics. His expertise and focus on profitability will be invaluable for our Company's next growth phase.



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.



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. 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.



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. 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. 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. 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.

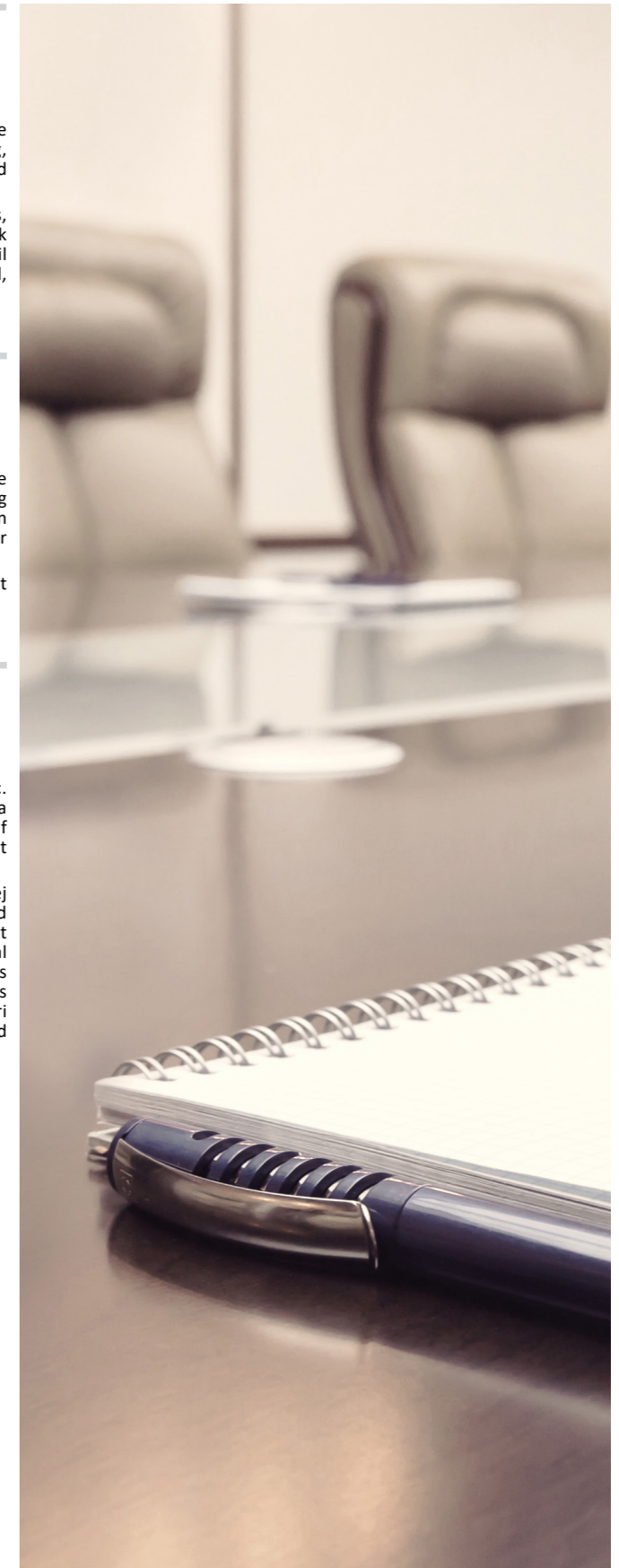
He is also a member of several prominent agrochemical industry bodies.



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-ICT, Hyderabad. She is currently serving as Board member at Godavari Bio Refineries Limited, Prasol Chemicals Limited and Vinati Organics Limited.



Board of Directors

Effective August 08, 2025



Mr. Natarajan Srinivasan
CHAIRMAN

He is a member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India.

Mr. Natarajan Srinivasan began his career of over 35 years with BHEL and joined the Murugappa Group in 2004. He held several senior positions across the Group, including Director – Murugappa Corporate Board, Group Finance Director, Lead Director – Financial Services Business (NBFC and General Insurance), Executive Vice Chairman and MD of Cholamandalam Investments and Finance Company Ltd., and MD & CEO of CG Power and Industrial Solutions Ltd.

He also served on the boards of Tube Investments of India Ltd., Cholamandalam MS General Insurance Ltd., and TI Financial Holdings Ltd. In 2018, the Government of India appointed him as an Independent Director to the Board of ILFS to help resolve its financial crisis. In 2020, he was appointed MD & CEO of CG Power and played a pivotal role in its successful turnaround post-acquisition by the Murugappa Group.

Recognizing his leadership, the Asian Society for Leadership and Corporate Governance honoured him with the Transformative Leader of the Year award in 2024. Following his retirement from CG Power in July 2024, Mr. Srinivasan continues to contribute to the business world as a board member of CG Semi Private Limited and DAM Capital Advisors Ltd. He is currently the Executive Vice-Chairman of M/s. Coromandel International Limited.



Dr. Raghuram Devarakonda
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

He did his PHD in Mechanical Engineering from the University of California at Berkeley, post-doctoral research fellowship at University of Vienn and B. Tech from Indian Institute of Technology Mumbai.

Dr. Raghuram Devarakonda has over 30 years' experience in Indian industry and business consulting. Dr. Devarakonda started his career as a management consultant with Accenture, Mumbai. He also worked for the Murugappa Group as Head Corporate Strategy and Planning Department and was the Business Head of TI cycles for about 6 years. Later, in his second stint with Accenture, He was Managing Director (Partner) Advanced Customer Strategy. He also served as Chief Operating Officer at Ramco Cements.



Mr. S Sankarasubramanian
DIRECTOR

He is a Graduate in Mathematics from University of Madras and is a member of The Institute of Cost and Management Accountants of India. He has done his Advanced Management Program (AMP) at Harvard Business School in the year 2009.

He has been with the Murugappa Group since 1993 and has close to 30 years of experience in Finance, Operations and General Management. He started his career with E.I.D Parry (India) Limited in Corporate Finance and held various positions in Finance before moving to Coromandel International Limited in 2003. He became Chief Financial Officer (CFO) of Coromandel in the year 2011. After serving over 5 years as CFO he moved to head the Fertiliser Business of Coromandel in the year 2017 and is currently the Managing Director & CEO of Coromandel International Limited.

Mr. Sankarasubramanian has vast experience in Business Strategy, General Management, M&A and driving Policy Interventions especially for the Fertiliser Sector. He is currently on the boards of Fertiliser Association of India, Tunisian Indian Fertilizer S.A., Tunisia, Foskor (Pty) Ltd. South Africa and some of the subsidiaries of the company.



Mr. Suresh Subramanian
INDEPENDENT DIRECTOR

He is a Fellow Member of the Institute of Chartered Accountants of India and is a Bachelor of Commerce graduate from Shriram College of Commerce, University of Delhi.

Mr. Suresh Subramanian has over the past 40 years, gained wide experience in auditing and accounting profession having worked with many of the big four accounting firms in India. During his career, he was the lead audit partner on various clients (both Indian as well as multinational corporations). He is experienced in carrying out audits under various GAAPs and has also performed various audit related services. He has strong understanding and knowledge of accounting requirements and complexities across several industry segments having led or been involved in audit and other engagements of national and multinational corporations.



Mr. B Raghavendra Rao
INDEPENDENT DIRECTOR

Postgraduate in Engineering (M.Sc (Tech) in Instrumentation Engineering) from Andhra University, Visakhapatnam, Mr. Rao is a Certified Associate of the Indian Institute of Bankers and a Certified AML/KYC Professional from ACAMS

He has further enhanced his strategic and leadership capabilities through executive programs at the Chicago Booth School of Business and the London Business School. His deep-rooted expertise in treasury and market operations is reflected in his tenure as Chairman of two major self-regulatory organizations – FIMMDA (Fixed Income Money Market and Derivatives Association of India) and FEDAI (Foreign Exchange Dealers Association of India) – highlighting his enduring contributions to the Indian financial markets.

Mr. B. Raghavendra Rao is a highly accomplished banking professional with over 33 years of extensive experience across Treasury Operations, High-Value Corporate Credit, International Banking, and Retail Credit Operations, primarily with the State Bank of India (SBI). Over the course of his distinguished career, he held several senior leadership positions, including serving as Deputy Managing Director and Chief General Manager, overseeing key verticals such as the Global Markets Unit and Corporate Accounts Group. He also served for seven years overseas, leading SBI's flagship international branches as CEO in London and Maldives, and earlier postings in Germany.

Mr. Rao has been a Nominee Director in institutions like the Clearing Corporation of India Ltd. (CCIL) and Central Warehousing Corporation (CWC). Currently, he serves as an Independent Director on the Board of Bank of Baroda-BNP Mutual Fund Trustee Company, a position he has held since February 14, 2025.



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.



Mr. Sanjiv Lal
INDEPENDENT DIRECTOR

He did B.Tech in Chemical Engineering from IIT Delhi with global executive training from premier institutions including IMD and ISB.

A seasoned industry leader with over 40 years of experience in the Agrochemicals, Chemicals, Fertilizers, Specialty Chemicals, and FMCG sectors. Proven expertise in leading large-scale operations, driving digital transformation, and building business excellence in both domestic and international markets. Former MD & CEO of Rallis India Ltd, where he spearheaded growth through export acceleration, branded formulations, and organizational transformation. Demonstrated leadership in strategic roles across Tata Chemicals, Hindustan Lever, and Indo Maroc Phosphor, with a track record in operational excellence, project execution, and safety management.

Products

01 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. Thiamethoxam is a neonicotinoid effective against a range of sucking pests. Omethoate is widely used against aphids and thrips in fruits and vegetables.

Products

- Profenofos
- Lambda-Cyhalothrin
- 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 offer effective control of sheath blight in Rice and, while Azoxystrobin and Tebuconazole provide preventive and curative action against various fungal pathogens.

Products

- Myclobutanil
- Propiconazole
- Tricyclazole
- Thifluzamide
- Azoxystrobin
- Tebuconazole
- Omethoate

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 target grass weeds in wheat. Flucarbazone sodium ensures effective control of grassy weeds in wheat and barley.

Products

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

02 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
- Fury
- Hurricane Plus
- Nagarjuna 4G
- Nagarjuna Mida
- Nagarjuna Suraksha SC
- Nagarjuna Suraksha GR
- Nagarjuna Spice
- Quick SP
- Status
- Task Gr
- Task SC
- Warrior Plus
- Profex
- Profex Super
- Pymet
- Pest Lock
- Trust
- Speed
- Pyrakill
- Profex Ultra

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
- Kazan
- Mass Plus
- Zeb
- Result
- Sivic
- Slogan
- Oscar
- Zen

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

- Erazo
- Erazo-N
- Erazo Plus
- Globus
- Globus SG
- Imax
- Nagastra
- Nagastra Strong
- Narilon
- Point
- Nagarjuna Cubit
- Nagarjuna Dicaught
- Nagarjuna Dicaught Plus
- Smash
- Surya
- Temboguard
- Rihno
- Rozzer
- Sirius
- Weed Sweep
- Carpet
- Dash

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
- Nagarjuna Fast Spread



NACL's Strategies

NACL's core strategy is to create sustainable stakeholder value by integrating growth with responsible business practices. Our focus is on achieving operational excellence and uncompromising quality through efficient manufacturing and robust compliance and governance frameworks.

We drive innovation through R&D and global collaborations, with a steadfast customer-centric approach that leverages technology to serve our diverse client base, from multinational partners to farmers. This commitment, combined with our leadership development initiatives, ensures organizational success while upholding our dedication to sustainability and long-term value creation.



Key Advantages of NACL

NACL's competitive advantages are rooted in its integrated business model and operational excellence. We leverage a strong governance framework and a dynamic R&D engine to deliver a diverse product portfolio. This is supported by our extensive distribution network and enduring business relationships, which have built strong brand equity, ensuring market leadership and sustained growth.

01

MANUFACTURING

- We leverage state-of-the-art, automated manufacturing facilities to ensure operational efficiency and consistently high production standards.
- A strong commitment to safety, uncompromising quality, and sustainability is central to our responsible manufacturing practices.

02

BRAND EQUITY

NACL's brand equity is built on a foundation of quality, reliability, and trust, cultivated over three decades of dedicated service. Our reputation for professionalism and excellence has fostered strong consumer preference among both farmers and multinational corporations, cementing our goodwill in the industry.

03

DISTRIBUTION NETWORK

- Our extensive market reach is supported by a nationwide distribution network that spans all regions, ensuring broad and timely availability of our products.
- This vast network is a key competitive advantage, enabling deep market penetration and direct farmer engagement.

04

RESEARCH & DEVELOPMENT

Centered on continuous improvement and dynamic product development to meet evolving market demands. We focus on enhancing existing products and developing new combinations, supported by our robust infrastructure. This approach ensures a continuous and dynamic product portfolio, maintaining our competitive edge and providing innovative solutions to our customers.

05

PRODUCT PORTFOLIO

Our diversified portfolio includes exclusive products supplied to large multinational customers, and a wide range of branded formulations with a strong reach among the farming community. This dual focus allows us to cater to the distinct needs of both corporate clients and individual farmers.

06

STAKEHOLDER PARTNERSHIPS

We have built long-standing and trusted relationships with key stakeholders across our value chain. Our strong reputation as a reliable supplier of high-quality ingredients has secured enduring partnerships with multinational corporations, while our direct connection with the farming community through a national dealer network fosters loyalty. We also work closely with our vendors and partners to ensure a resilient and efficient supply chain.

07

LEADERSHIP TEAM

Our leadership team is committed to fostering an intrapreneurial mindset to drive innovation and sustainable growth. This is reinforced by a culture of accountability and ownership, ensuring that our seasoned professionals leverage their deep industry insights and knowledge to guide the company's strategic direction.

08

GOVERNANCE

- We uphold the highest standards of corporate governance, ensuring transparency, accountability, and ethical conduct in all our operations.
- This robust framework builds stakeholder trust and provides a solid foundation for long-term, sustainable value creation.

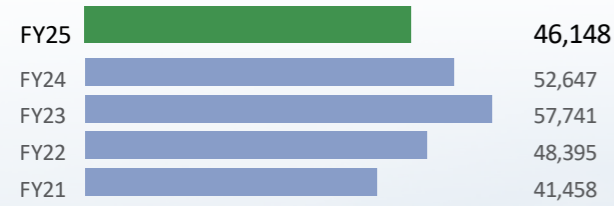
09

ENVIRONMENT, AND SUSTAINABILITY

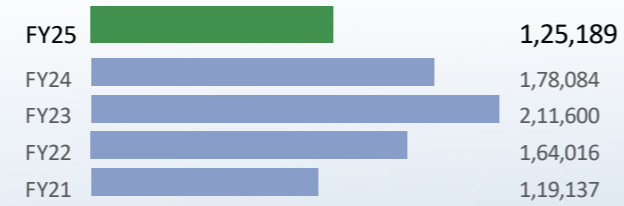
- Our commitment to sustainability and ESG principles is integrated into our core business strategy and operational practices.
- We strive to minimize our environmental footprint while contributing positively to the communities and society we serve.

Review of Performance

Networth (In ₹ Lakhs)



Revenue from operations (In ₹ Lakhs)



EBIDTA (In ₹ Lakhs)



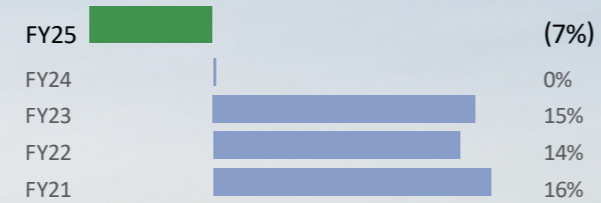
Profit Before Tax (In ₹ Lakhs)



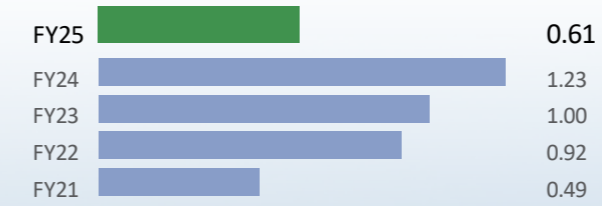
Profit After Tax (In ₹ Lakhs)



Return on capital employed (In %)



Debt Equity Ratio (In X)



Return on Equity (In %)



R&D: Driving Continuous Innovation

At our R&D centre, continuous innovation is our core focus, allowing us to develop effective and value-driven agricultural solutions. Our experienced team and robust infrastructure provide the expertise to handle complex chemistries, ensuring our products are both advanced and reliable. We are committed to not only being a trusted partner but also to delivering a dynamic portfolio of solutions that provide significant value to our customers in the agrochemical industry.

As of August 08, 2025

STRATEGICALLY LOCATED FOR SUCCESS

Our state-of-the-art R&D centre, strategically situated on a 4-acre campus near Hyderabad, serves as a hub for innovation. Its location provides access to a rich talent pool and a collaborative ecosystem, enabling our experienced team to stay ahead of the competition. The facility's conducive environment is designed to foster creative ideas and develop new products that address the evolving needs of the agrochemical industry.

FLUORINATION & ADVANCED CHEMISTRIES

As a leader in innovation, we have established a dedicated fluorination setup at both laboratory and pilot scales, a pioneering effort in the Indian agrochemical industry. This specialized infrastructure, combined with our expertise in handling advanced reactions and complex chemistries, allows us to develop sophisticated and high-value-added products. This capability gives us a significant competitive advantage in creating next-generation solutions for our customers.

ACCOLADES & GOOD LABORATORY PRACTICES (GLP)

Our commitment to excellence is underscored by our prestigious 'Good Laboratory Practice' (GLP) accreditation from NGMA under the Department of Science and Technology, Government of India. This accolade is a testament to the credibility and quality of our data, as it is widely recognized by registration authorities in key markets including the USA, Canada, Australia, Japan, the UK, and Germany. Our operations are fully aligned with the OECD principles of GLP, and our advanced infrastructure allows us to conduct a wide range of studies in full compliance with these internationally recognized standards, ensuring the highest level of quality and reliability.

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 NAEL 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.



Quality, Environment, Health, and Safety (QEHS)

In 2024–2025, NAEL Industries Limited continued to demonstrate its steadfast commitment to Quality, Environment, Health, and Safety (QEHS). The company was awarded the prestigious Responsible Care® (RC) logo recertification by the Indian Chemical Council (ICC), affirming its dedication to operational excellence, sustainable practices, and rigorous safety standards.



The year also marked the successful completion of Integrated Management System (IMS) audits by SGS across all sites, culminating in the first IMS certification for the Dahej plant, integrating ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management), and ISO 45001:2018 (Occupational Health and Safety Management) standards. These certifications underscore the robustness of NAEL's QEHS systems.

The company advanced its safety culture through the introduction of Process Safety

Management (PSM), aligning OSHA's 14 elements with ICC's RC 20 elements across the Srikakulam and Spec-Chem Dahej sites. A Behaviour-Based Safety (BBS) program is also being implemented to encourage proactive safety awareness and accountability among employees.

Awareness programs such as National Safety Week, World Environment Day, Fire Service Day, and Electrical Safety Week were conducted across all locations. Recognition initiatives, including Suraksha Sammelan at Srikakulam, Suraksha Yojana

at Dahej, and the Safety Monthly Star program, celebrated best practices and motivated continuous improvement.

All statutory compliances were met during the year, and expansion approvals are in progress with the Central Pollution Control Board (CPCB) and respective State Pollution Control Boards (SPCBs) for both Srikakulam and Dahej units. Quality Circles were established at manufacturing facilities to drive innovation and operational excellence from within.

Environment, Health, and Safety (EHS)



QUALITY

NACL Industries operates with robust Quality Management Systems (QMS) seamlessly integrated into manufacturing and R&D processes. NABL-accredited laboratories at the Srikakulam Technical Plant and Shadnagar R&D Facility demonstrate the company's analytical capabilities and strict adherence to quality protocols. Continuous improvement is driven by initiatives such as Manufacturing Excellence, Lean Manufacturing, and nine active Quality Circle teams employing 7 QC Tools and 14 Deming Principles to enhance productivity, quality, and innovation.



ENVIRONMENT

Environmental responsibility is embedded in all aspects of operations, from design to execution. Environmental risks are systematically identified and managed onsite and offsite through methodologies like HAZOP, EA&I, and HARA. Key initiatives include:

- Zero Liquid Discharge (ZLD) system with Distributed Control System (DCS) enabling 100% wastewater recovery and reuse, making NACL a pioneer among Indian agrochemical companies.
- Installation of multi-stage scrubbers, online pH and VOC meters, Continuous Emissions Monitoring Systems (CEMS), and Continuous Ambient Air Quality Monitoring Systems (CAAQMS) to control emissions.
- Secondary containment, bunding, and dyke wall protection for tank farms with automated alarms linked to the DCS.
- Advanced stormwater management systems with automatic conductivity-based reuse and in-house validation.
- Adoption of the 5R principles—Refuse, Reduce, Reuse, Recycle, and Recover—by eliminating unnecessary waste generation, achieving zero HTDS effluent for one product, reducing HTDS effluent by up to 75% in others, and recovering value-added salts for reuse and commercial sale.



HEALTH

In FY 2024-25, NACL Industries Limited continued to place employee health and well-being at the center of its Environment, Health & Safety (EHS) framework. Fully equipped Occupational Health Centers (OHCs) at all manufacturing sites functioned 24/7 with trained medical staff, providing immediate access to medical care, emergency response, and preventive health consultation. These facilities played a vital role in maintaining a safe working environment while strengthening employee confidence and trust in workplace safety practices.

As part of preventive measures, the company conducted comprehensive medical examinations and periodic health surveillance for employees, aligned with statutory requirements and best-in-class occupational health standards. Special focus was given to early identification of occupational risks, particularly in process-related activities involving chemical exposures. Multiple wellness and awareness programmes were conducted across units, covering physical fitness, ergonomics, mental health, stress management, and chronic disease prevention. Vaccination drives, yoga sessions, and health talks further contributed to creating a culture of holistic well-being.

These initiatives were closely aligned to ISO 45001:2018 Occupational Health & Safety Management Systems, ensuring compliance with regulatory norms and continuous improvement in health and safety performance. Through these sustained efforts, NACL Industries reinforced its commitment to building a resilient, productive, and engaged workforce, recognizing that employee well-being is not only a responsibility but also a driver of long-term organizational sustainability.



SAFETY

Safety is a core value at NACL Industries. Facilities are equipped with advanced fire detection and prevention systems, structured Permit-to-Work protocols, and comprehensive emergency preparedness measures. Continuous engagement initiatives like Suraksha Sammelan, Suraksha Yojana, and the Safety Monthly Star recognition program reinforce a culture of vigilance. The ongoing implementation of Process Safety Management (PSM) integrated with ICC's Responsible Care elements, along with the rollout of Behaviour-Based Safety (BBS), further strengthens the organization's safety framework.

These collective efforts reflect NACL Industries Limited's unwavering dedication to operational integrity, environmental sustainability, employee health, and workplace safety, reaffirming its position as a responsible and trusted industry leader.



Sustainability (EHS)

NACL Industries Limited continues to advance its sustainability journey through focused environmental stewardship and resource efficiency. All major projects undergo comprehensive Environmental Impact Assessments to ensure minimal environmental impact and compliance with regulatory standards, as exemplified during the commissioning of the Dahej plant. Zero Liquid Discharge (ZLD) systems across all manufacturing units effectively treat and recycle wastewater, with the Srikakulam facility meeting nearly 50% of its water requirements through reuse.

Continuous process improvements, including additional Reverse Osmosis systems, have enhanced recovery rates and reduced effluent volumes, while hazardous waste is managed responsibly in compliance with CPCB and SPCB guidelines.

The company follows the 5R approach—Refuse, Reduce, Reuse, Recycle, and Recover—to maximize resource efficiency. Unnecessary waste generation is avoided, valuable byproducts and condensates are recovered or repurposed, and landfill disposal is minimized. NACL also meets its Extended Producer Responsibility obligations under the Plastic Waste Management Rules through systematic reporting, recycling, and recovery initiatives.



ENERGY EFFICIENCY AND GREENHOUSE GAS REMAINED KEY PRIORITIES IN FY 2024-25.

Through process optimization, adoption of advanced technologies, and integration of sustainable energy sources, NACL reduced specific energy consumption from 0.426 to 0.352 toe/ton of production (17.37% reduction) and specific power consumption from 697.666 to 650.029 kWh/ton (6.83% reduction). Specific GHG emissions fell from 1.658 to 1.360 tCO₂e/ton of production (17.97% reduction), demonstrating strong progress toward long-term sustainability targets.

Specific hazardous waste generation increased slightly from 0.145 to 0.152 ton/ton of production (4.83% increase), while specific water consumption rose from 4.752 to 5.125 m³/ton of production (7.86% increase), highlighting areas requiring additional resource conservation measures.

Biodiversity preservation is integral to operations, with extensive green belts, particularly at Srikakulam, acting as natural buffers and emission absorbers. These initiatives reflect NACL's holistic approach to sustainability, balancing operational growth with environmental stewardship, resource efficiency, and long-term value creation, while progressing steadily toward its 2030 Sustainability Targets.

NACL reduced specific energy consumption from

0.426 to 0.352 toe/ton

Human Capital

The Human Potential Development (HPD) department is passionately committed to building a world-class organization at NACL, one that thrives on business growth and profitability. By managing people processes with intelligence and efficiency, and cultivating a vibrant, empowering culture, we inspire our employees to unlock their full potential, perform with excellence, and grow into future leaders. Together, we're shaping a workplace where ambition meets opportunity.

Our focus on organizational transformation laid the groundwork for a bold new direction. Embracing an HR diagnostic approach, we began with a deep, introspective understanding of our current state, recognizing both our strengths and areas for growth. This strategic insight empowered us to design and implement transformative changes that ripple across the organization, aligning our people, processes, and culture with a future of innovation, agility, and excellence.

UPSKILLING AND RESKILLING

In light of the accelerating pace of technological advancement and evolving industry requirements, upskilling and reskilling remained top priorities for the Human Potential Development (HPD) department.

More than 2,000 training programs were delivered, reaching employees across all levels and functions. Of these, 810 were focused on enhancing technical and functional capabilities, while 94 sessions addressed behavioural competencies.

Furthermore, the successful execution of over 100 leadership development programs reflects our strategic commitment to cultivating a future-ready workforce—one that is equipped to lead with confidence, adaptability, and a forward-thinking mindset in an ever-evolving business landscape.



Skill & Functional Development Training
810

Behavioural Training
94

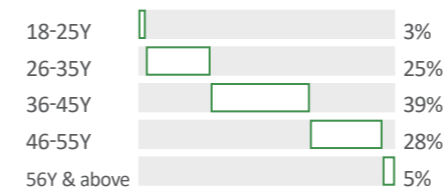
Leadership Development Training
50



DIVERSITY AND INCLUSION

The organization remained deeply committed to fostering diversity and inclusion across its workforce. Strategic efforts were undertaken to ensure balanced representation across various age groups, while regular knowledge-sharing workshops harness the collective experience of our diverse talent pool. These initiatives are complemented by targeted training and mentorship programs designed to prepare employees for future leadership roles. In line with this commitment, 15 leadership training programs were conducted during the year, reinforcing our leadership pipeline and nurturing the next generation of leaders.

One of the key diversity initiatives undertaken by NACL was the empowerment of women, highlighted through the celebration of their professional journeys on social media platforms. This initiative not only showcased their achievements but also reinforced our commitment to creating an inclusive and inspiring workplace where every voice is valued and every story matters.



ATTRACTING AND RETAINING TALENT

HPD adopts a robust talent management strategy that integrates competitive compensation, comprehensive benefits, and a structured appraisal system. This system ensures that Key Result Areas (KRAs) and Key Performance Indicators (KPIs) are closely aligned with the organization's overarching business objectives, driving performance and strategic growth.

A diverse range of employee engagement initiatives, such as reward and recognition programs, innovation-led projects, clearly defined role descriptions, structured performance discussions, and active participation in recreational and cultural events, play a pivotal role in boosting employee morale and enhancing overall satisfaction across the organization.



SUCCESSION PLANNING

To ensure leadership continuity, the organization has established a robust succession planning framework. This approach focuses on identifying high-potential talent within the organization and preparing them to take on future leadership roles through targeted development and mentoring programs.

LEADERSHIP DEVELOPMENT INITIATIVES

The Leadership Development Initiatives undertaken during the year encompassed a series of leadership training programs, mentoring sessions, and skill development activities, all aimed at nurturing the next generation of leaders. These initiatives were strategically designed to establish a strong leadership pipeline that aligns with the organization's long-term vision and sustainable growth journey. We have successfully conducted 50 sessions of Leadership Development Training.

Management Development Program

50 Associates

Development Centres

38 Associates

Senior Level Leadership Development Program

60 Associates

Young Leadership Development Program

25 Associates

PERFORMANCE-DRIVEN CULTURE

Cultivating a performance-oriented culture is essential for achieving organizational goals. The HPD department has embedded this culture by aligning individual performance objectives with broader business strategies. Regular performance reviews were conducted through structured discussions, and targeted improvement plans were implemented as applicable. To further reinforce this approach, a formal Performance Improvement Plan (PIP) framework has been introduced, enabling the organization to systematically drive accountability, enhance productivity, and foster continuous growth.

DIGITALISATION OF HPD PROCESSES

As part of its strategic digital transformation agenda, the Human Potential Development (HPD) department has made significant strides in modernizing its operations. A key focus has been the transition to a paperless, system-driven model through targeted investments in automation. These efforts have streamlined HR processes, reduced administrative overhead, and enhanced overall operational efficiency.

Advanced HRMS platforms have been introduced to support key functions such as performance appraisals, grievance redressal, and employee engagement. By leveraging digital tools, HPD has not only improved process transparency and responsiveness but also created a more agile and data-driven HR ecosystem.

This transformation reflects HPD's commitment to building a future-ready organization where technology empowers people and processes to deliver greater impact.

EMPLOYEE ENGAGEMENT

Moving beyond traditional employee engagement, HPD focused on enhancing the overall employee experience by introducing a variety of creative and meaningful engagement initiatives. These efforts fostered stronger connections across the organization and significantly contributed to a positive and enriching associate experience.

EMPLOYER BRANDING

In today's digital landscape, social media serves as a powerful tool for organizational branding and outreach. NACL has experienced an extraordinary surge in its social media footprint, marking a phase of unprecedented inorganic growth, an achievement unparalleled in the company's history. A prime example of this momentum is seen on LinkedIn, where the follower base expanded from 7,000 to over 37,000 within a year, reflecting a remarkable growth of nearly 500%. This milestone underscores the effectiveness of NACL's evolving brand strategy and its growing resonance with a wider audience.

Awards and Recognitions



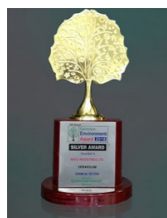
ENVIRONMENT EXCELLENCE AWARD

Conferred by the Indian Chamber of Commerce in 2024 for outstanding environmental stewardship - **Gold award** to Srikakulam plant.



RESPONSIBLE CARE® RECERTIFICATION

Achieved in 2024 by successfully implementing the Responsible Care® 7 Codes of Management Practices and earning recertification of the RC Logo from the Indian Chemical Council (ICC) for another three years, reaffirming our commitment to responsible and sustainable chemical management.



GREENTECH ENVIRONMENT SILVER AWARD

Awarded in 2018 by the New Delhi-based Greentech Foundation for significant contributions to environmental protection and conservation.



CII INDUSTRIAL SAFETY EXCELLENCE AWARD –

Silver Category:

Awarded in 2024 for superior safety performance in industrial operations to Srikakulam plant.



AGRI BUSINESS SUMMIT & AGRI (ABSA) AWARD

Received in 2022 under the Company of the Year category from the Honorable Agriculture Minister of Telangana, Mr. S. Niranjan Reddy.



CII NATIONAL AWARD IN WATER MANAGEMENT

Conferred in 2019 to Srikakulam Unit for pioneering water conservation and management initiatives.



BEST MANAGEMENT AWARD

Conferred in 2015 and 2018 by the Government of Andhra Pradesh to the manufacturing units at Srikakulam and Ethakota for excellence in management practices.



CII INDUSTRIAL SAFETY EXCELLENCE AWARD

Awarded in 2023 for superior safety performance in industrial operations to Srikakulam plant.



ANDHRA PRADESH INDUSTRY CHAMPION AWARD

Awarded in 2022 to Srikakulam Unit by the Government of Andhra Pradesh for industrial excellence.



SAFETY AWARDS

Received in 2018, 2019, and 2020 by Ethakota Unit from the National Safety Council of India for outstanding safety performance.



SURAKSHA PURASKAR

Awarded in 2017 to Srikakulam Unit by the National Safety Council of India for exemplary safety practices.

NABL Accreditations



R&D FACILITY



ETHAKOTA UNIT



SRIKAKULAM UNIT

ISO Certifications



ISO 9001:2015 – QUALITY MANAGEMENT SYSTEM

Establishes requirements for implementing a quality management system that enhances customer satisfaction through effective process application, continual improvement, and compliance with statutory and regulatory requirements.



ISO 14001:2015 – ENVIRONMENTAL MANAGEMENT SYSTEM

Defines the framework for managing environmental responsibilities in a systematic manner, aimed at improving environmental performance and contributing to the sustainability pillar.



ISO 45001:2018 – OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM

Provides a framework for ensuring safe and healthy workplaces by preventing work-related injuries and illnesses, and by proactively improving occupational health and safety performance.

Additional Certifications



RESPONSIBLE CARE® CERTIFICATE FROM ICC.



GLP CERTIFICATE

Corporate Information

Board of Directors

Mrs. K. Lakshmi Raju

Chairperson
(Resigned on August 08, 2025)

Mr. Sudhakar Kudva

Independent Director
(Resigned on August 08, 2025)

Mr. G Veera Bhadram

Whole Time Director
(Resigned on August 08, 2025)

Mr. N. Sambasiva Rao

Independent Director
(Resigned on August 08, 2025)

Mr. Ramkrishna Mudholkar

Independent Director
(Resigned on August 08, 2025)

Ms. Veni Mocherla

Independent Director
(Resigned on August 08, 2025)

Mr. Raj Kaul

Director
(Resigned on August 08, 2025)

Mr. Santanu Mukherjee

Independent Director
(Resigned on August 08, 2025)

Mr. Atul Churiwal

Investor Nominee Director
(Resigned on August 08, 2025)

Mr. Rajesh Kumar Agarwal

Investor Nominee Director
(Resigned on August 08, 2025)

Mr. Natarajan Srinivasan

Chairman
(Appointed on August 08, 2025)

Dr. Raghuram Devarakonda

Managing Director & CEO
(Appointed on August 08, 2025)

Mr. Sankarasubramanian S

Director
(Appointed on August 08, 2025)

Mr. Suresh Subramanian

Independent Director
(Appointed on August 08, 2025)

Mr. Sanjiv Lal

Independent Director
(Appointed on August 08, 2025)

Mr. B Raghavendra Rao

Independent Director
(Appointed on August 08, 2025)

Dr. M. Lakshmi Kantam

Independent Director

Chief Financial Officer

Mr. R. K. Prasad

Chief Financial Officer
(Retired effective Dec 13, 2024)

Mr. Anish T Mathew

Chief Financial Officer
(Appointed, effective Dec 13, 2024)

Company Secretary

Mr. Satish Kumar Subudhi

Sr. Vice President –
Legal & Company Secretary

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
(Resigned on August 08, 2025)

M/s S. R. Batliboi & Associates LLP,

Firm's Registration No. 101049/E300004
22, Camac Street, 3rd Floor, Block-B,
Kolkata, West Bengal, India- 700016
(Appointed on August 08, 2025)

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.

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

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

Factory – Formulation

Unit-I & Unit-II
Ethakota(Vi), Ravulapalem(Mandal),
Dr.BR.Ambedkar Konaseema(Dist)
Andhra Pradesh.533238

R & D Centre

Nandigaon (Vi), & (Mandal),
Rangareddy District,
Telangana, India, 509228

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 38th Annual General Meeting of **NACL Industries Limited** will be scheduled to be held on **Friday, the September 19, 2025 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, Punjagutta, Hyderabad – 500082, Telangana State.

ORDINARY BUSINESS:

- 1) **To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2025 and the Reports of Directors and Auditors thereon:**

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

"RESOLVED THAT the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2025 and the Reports of Directors and Auditors thereon, be and are hereby considered and adopted."

- 2) **To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2025 and the Reports of Directors and Auditors thereon:**

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

"RESOLVED THAT the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2025 and the Report of Auditors thereon, be and are hereby considered and adopted."

- 3) **To appoint Statutory Auditors of the Company to hold office for a period of four consecutive years from the conclusion of this Annual General Meeting until the conclusion of the 42nd Annual General Meeting and to fix their remuneration:**

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

"RESOLVED THAT pursuant to Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (Act) read with the Companies (Audit and Auditors) Rules, 2014 (Rules) and any other Rules made thereunder including any statutory modification(s) or re-enactment thereof, for the time being in force and based on recommendation of Audit Committee and approvals of the Board of Directors of the Company at its meeting held on August 08, 2025, M/s. S.R. Batliboi & Associates LLP, (Firm Registration No. 101049W/E300004), who have confirmed their eligibility to be appointed as Auditors, in terms of section 141 of the Act read with Rule 4 of the aforesaid Rules, be and are hereby appointed as Statutory Auditors of the Company, to hold office for a period of 4 (four) consecutive years from the conclusion of this 38th Annual General Meeting till the conclusion of 42nd Annual General Meeting, to be held in the calendar year 2029, at such remuneration, together with applicable taxes and reimbursement of out-of-pocket expenses, as may be determined by the Board of Directors of the Company from time to time, based on the recommendation of the Audit Committee."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors and/or any Committee of the Board/Person authorized 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, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval there to expressly by the authority of this resolution."

SPECIAL BUSINESS:

- 4) **To ratify the remuneration of the Cost Auditors for the financial year ending March 31, 2026:**

To consider and if deemed fit, to pass the following 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, 2026, as approved by the Board of Directors based on the recommendation of the Audit Committee, be and is hereby ratified."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors and/or any Committee of the Board/Person authorized 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, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval there to expressly by the authority of this resolution."

- 5) **To appoint M/s. Sridharan & Sridharan Associates, Company Secretaries, as Secretarial Auditors for a term of Five (5) consecutive years from the conclusion of this Annual General Meeting until the conclusion of the 43rd Annual General Meeting and to fix their remuneration:**

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

"RESOLVED THAT pursuant to the provisions of Section 204 and other applicable provisions of the Companies Act,

2013, if any and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), based on recommendation of Audit Committee and approval of the Board of Directors of the Company at its meeting held on August 07, 2025 and subject to receipt of such other approvals, consents and permissions as may be required, M/s. Sridharan & Sridharan Associates, Company Secretaries (Firm Registration Number P2022TN093500) be and is hereby appointed as Secretarial Auditors of the Company for a term of Five (5) consecutive years, to hold office from the conclusion of this 38th Annual General Meeting ('AGM') till the conclusion of 43rd AGM of

the Company to be held in the Year 2030, at a remuneration to be fixed by the Board of Directors of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors and/or any Committee of the Board/Person authorized 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, matters and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval there to expressly by the authority of this resolution."

Place: Hyderabad
Date: August 22, 2025

By order of the Board

Satish Kumar Subudhi
Sr. 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, 09/2023 dated September 25, 2023 and 09/2024 dated September 19, 2024 including any other circular issued in this regard ('relevant Circulars'), (collectively referred to as 'MCA 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 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, January 15, 2021 and Circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated October 03, 2024 (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 ('SEBI Listing Regulations'), MCA Circulars and SEBI Circulars, the 38th AGM of the Company is being held through VC/OAVM on Friday, September 19, 2025 at 10.00 a.m. (IST). The deemed venue for 38th AGM shall be the Registered Office of the Company situated at Plot No. 12-A, "C" Block, Lakshmi Towers No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta, Hyderabad-500082, Telangana State.
- 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") forms part of the Notice.
- 4) **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) The unclaimed dividend amount of ₹ 4,04,215.59 of the Company for the FY 2016-17 has been transferred to the IEPF.
 - c) **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 2016-17, 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 to ascertain details of shares transferred in favour of IEPF authority.
- d) 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 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.
- 5) 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.
- 6) 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, September 25, 2023 and September 19, 2024 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.
- 7) 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.
- 8) In view of the MCA Circulars and SEBI Circulars, the Notice of 38th AGM along with the Annual Report 2024-25 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 for FY 2024-25 has been uploaded on the website of the Company at 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 and www.nseindia.com respectively. The Notice is also available on the website of the CDSL at www.evotingindia.com.

9) **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.

10) **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.
- b) The members may please visit the Company's Website: 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 and or 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.

11) **The Instructions 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 remote e-voting period begins on Tuesday, September 16, 2025 (9:00 a.m. IST) to Thursday, September 18, 2025 (5:00 p.m. IST). 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 12, 2025 may cast their vote electronically. The e-voting module shall be disabled by CDSL for remote e-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.

12) **Process for those Members whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

- a) In case shares are held in physical mode- 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.
- b) In case shares are held in Demat mode- please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16-digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to Company/RTA email id.

Pursuant to above said SEBI Circular, Login method for e-Voting **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 CDSL Depository | <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 URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select 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 e-voting is in progress as per the information provided by company. On clicking the e-voting 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. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, 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 https://web.cdslindia.com/myeasi/Registration/EasiRegistration.</p> |

| Type of shareholders | Login Method |
|--|---|
| | 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 www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin . The system will authenticate the user by sending OTP on registered Mobile & 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. |
| Individual Shareholders holding securities in demat mode with NSDL Depository | <p>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: https://eservices.nsd.com 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.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp.</p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ 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.</p> |
| Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP) | 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. |

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

| Type of shareholders | Login Method |
|---|--|
| Individual Shareholders holding securities in Demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or call at 022- 4886 7000 |
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |

Information and Instructions for e-voting by Shareholders other than individuals holding shares of the Company in demat mode and all Shareholders holding shares of the Company in physical mode:

- (i) Login method for Remote e-Voting for **Physical shareholders and shareholders other than individual holding in Demat form.**
 - i) The shareholders should log on to the e-voting website www.evotingindia.com.
 - ii) Click on “Shareholders” module.

- iii) 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.
- iv) Next enter the Image Verification as displayed and Click on Login.
- v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- vi) 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). <ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> • 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. |

- (ii) After entering these details appropriately, click on "SUBMIT" tab.
- (iii) 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.
- (iv) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (v) Click on the relevant EVSN for 'NACL Industries Limited' on which you choose to vote.
- (vi) 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.
- (vii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (viii) 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.
- (ix) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (x) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xi) 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.
- (xii) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

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

- i) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- ii) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- iii) 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.
- iv) The list of accounts linked in the login should be emailed to helpdesk evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- v) 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.
- vi) Alternatively, Non Individual shareholders are required mandatory 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, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

Process for those shareholders whose email/mobile no. are not registered with the Company/Depositories.

- i) **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.
- ii) **For Demat shareholders:** Please update your email id & mobile no. with your respective Depository Participant (DP).
- iii) **For Individual Demat shareholders:** Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting.

If you have any queries or issues regarding e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.

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 at toll free no. 1800 22 55 33.

13) Instructions for voting on the date of AGM:

- i) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- ii) 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.
- iii) 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 shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- iv) Shareholders who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

14) Documents open for inspection:

- i) 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
- ii) 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.

15) Other Instructions:

15) Other Instructions:

- i) Mr. R Sridharan, Partner (M.No. F4775), CP No. 3239) of R Sridharan & Associates, Practicing Company Secretaries, Chennai, Tamilnadu, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - I. 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.
 - II. 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 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.
 - III. Members may address any query to the Company Secretary at the Registered Office of the Company, Tel. No.040-24405100, email: investors@naclind.com, Website: www.naclind.com.
 - IV. 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, under help section or write an email to helpdesk.evoting@cdislindia.com or contact at 1800 21 09911.
- ii) Instructions for shareholders attending the agm through vc/oavm & e-voting during meeting are as under:
 - I. 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.
 - II. Members who would like to express their views/ ask questions as a speaker at the Meeting may pre-register themselves by sending a request from their registered e-mail address mentioning their name, DP ID and client ID/folio number, PAN and mobile number at investors@naclind.com between Saturday, September 13, 2025 (09:00 a.m. IST) and Wednesday, September 17, 2025 (05:00 p.m. IST). Only those members who have pre-registered themselves as a speaker on the dedicated e-mail address mentioned above will be allowed to express their views/ask questions during the AGM.
 - III. 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.
 - IV. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
 - V. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
 - VI. 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.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No.3:

As Members are aware, subsequent to the acquisition of a controlling stake in the Company by M/s. Coromandel International Limited ("CIL"/"Holding Company"), certain independence considerations arose due to non-audit services being rendered by M/s. B S R and Co., Chartered Accountants, to the Holding Company. Accordingly, M/s. B S R and Co., (who were appointed as the Statutory Auditors of the Company at the 35th Annual General Meeting ("AGM") held in 2022 for a term of five years up to the conclusion of the 40th AGM in 2027), tendered their resignation on August 8, 2025, resulting in a casual vacancy in the office of Statutory Auditors. In accordance with Section 139(8) of the Companies Act, 2013, the Board of Directors, based on the recommendation of the Audit Committee, at its meeting held on August 8, 2025, approved the appointment of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W/E300004), to fill the said casual vacancy, subject to approval of Members. M/s. S.R. Batliboi & Associates LLP will hold office until the conclusion of the ensuing 38th AGM. Approval of the Members is accordingly being sought, through Postal Ballot, for the said appointment.

Further, in terms of Section 139 of the Act, it is also proposed to appoint M/s. S.R. Batliboi & Associates LLP as Statutory Auditors of the Company for a period of four years, commencing from the conclusion of the 38th AGM until the conclusion of the 42nd AGM of the Company to be held in the year 2029. The Board of Directors, on the recommendation of the Audit Committee, has recommended such appointment for the approval of Members.

The brief profile of the Audit Firm is as follows:

M/s. S.R. Batliboi & Associates LLP, established in 1965, is a reputed firm of Chartered Accountants registered with the Institute of Chartered Accountants of India (ICAI). The firm, organized as a Limited Liability Partnership incorporated in India, has its registered office at 22, Camac Street, Kolkata, and operates through 11 branch offices across major cities in India. The firm has furnished its consent to act as Statutory Auditors of the Company and have confirmed that the appointment, if made, will be in accordance with the applicable provisions of the Companies Act, 2013 and the rules framed thereunder. They have also confirmed that they satisfy the eligibility criteria prescribed under Section 141 of the Act and hold a valid Peer Review certificate issued by the Peer Review Board of ICAI, as required under Regulation 33 of the SEBI Listing Regulations.

The proposed remuneration to be paid to the statutory auditors for the financial year 2025-26 is Rs 60.33 lakhs (including Limited Review fee for two quarters). The said remuneration excludes taxes and out of pocket expenses. The remuneration for the subsequent years of their term shall be determined by the Board of Directors of the Company based on the recommendations of the Audit Committee.

The proposed fee is based on the knowledge, expertise, industry experience, time and efforts required to be put in by the Statutory Auditors, which is in line with the industry standard. There is no material change in the remuneration proposed to be paid to the proposed Statutory Auditors for the financial year 2025-26 compared to the remuneration paid to the Statutory Auditors for the financial year 2024-25.

Besides the audit services, the Company may obtain permissible non-audit services like certificates as required from time to time, for which they will be remunerated separately on mutually agreed terms, as approved by the Board of Directors in consultation with the Audit Committee.

The Board accordingly recommends the passing of the Ordinary Resolution set out at Item No. 3 of this Notice, for the approval of the Members.

None of the Directors or Key Managerial Personnel of the Company, or their relatives, are in any way, financially or otherwise, concerned or interested in the Resolution No 3.

Item No.4:

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, 2026, 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.4 of the Notice. The Board commends the Ordinary Resolution set out at Item No.4 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. 4 of the Notice.

Item No.5:

Pursuant to SEBI notification dated December 12, 2024, the provisions relating to Secretarial Audit have been amended. As per the revised Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), listed companies are now required to appoint a Secretarial Auditor for a period of five (5) years commencing from FY 2025-26, to conduct the Secretarial Audit in terms of Section 204 of the Companies Act, 2013. Further, the Secretarial Audit is required to be conducted only by a Peer-Reviewed Company Secretary, and the appointment of Secretarial Auditors shall be recommended by the Board of Directors and approved by the Members at the Annual General Meeting.

In compliance with the above provisions, the Board of Directors (based on the recommendation of the Audit Committee) through its Resolution passed on August 07, 2025, approved and recommended for the approval of the Members, the appointment of M/s. Sridharan & Sridharan Associates, Company Secretaries, as the Secretarial Auditors of the Company for a term of five (5) consecutive years, from the conclusion of this Annual General Meeting until the conclusion of the 43rd Annual General Meeting of the Company to be held in the year 2030.

The scope of the audit will be as prescribed under the Companies Act, 2013, applicable securities laws, and other sector-specific legislations applicable to the Company, as amended from time to time. The proposed remuneration to be paid to the Secretarial Auditors for the secretarial audit for financial year 2025-26 is ₹1,75,000 (One Lakh Seventy five Thousand Only). The said remuneration excludes taxes and out of pocket expenses as may be mutually agreed between the Board of Directors and the Secretarial Auditors. The remuneration for subsequent years during their tenure will also be mutually agreed, keeping in view the scope, time, and efforts required. The proposed remuneration excludes fees, if any, payable towards the Secretarial Audit of Subsidiaries. In addition, the Company may engage the Secretarial Auditors for issuing certifications under various statutory requirements and other permissible non-audit services, for which separate fees will be mutually agreed. The Company shall not avail any services prohibited under the Listing Regulations read with SEBI Circular dated December 31, 2024, from the Secretarial Auditors.

There is no material change in the remuneration proposed to be paid to the proposed Secretarial Auditors for the financial year 2025-26 compared to the remuneration of ₹ 1,00,000 (Rupees One Lakh Only) paid to the Secretarial Auditors for the financial year 2024-25.

The brief profile of the Audit Firm is as follows:

M/s. Sridharan & Sridharan Associates, Company Secretaries, is a peer-reviewed partnership firm based in Chennai, led by Mr. R. Sridharan, Managing Partner and former President of the Institute of Company Secretaries of India (ICSI), with over four decades of professional experience in corporate laws, securities

laws, secretarial audits, FEMA, and related compliances and has been in practice since 1999., His leadership has been instrumental in advising listed and unlisted companies on complex legal and compliance matters. The firm is supported by two other partners, strengthening its multidisciplinary capabilities. They serve a wide range of corporate clients across various sectors including manufacturing, financial services and insurance (including NBFCs), IT/ITES, pharmaceuticals, automobiles, edu-tech, infrastructure which also includes several top 250 listed entities based on market capitalization. Their services span secretarial audits, corporate law advisory, SEBI and FEMA compliance, labour law audits, and due diligence assignments.

The firm has confirmed its eligibility, consent to act as Secretarial Auditors, and compliance with all regulatory requirements. They hold a valid Peer Review Certificate No. 6333/2024 issued by ICSI and have affirmed that they are free from any disqualification or conflict of interest, in compliance with CSAS-1 (ICSI Standard on Audit Engagement).

The Audit Committee and the Board of Directors have reviewed the credentials, experience, and capabilities of the firm and found them suitable for appointment, considering their expertise in handling secretarial audits of large listed companies. Accordingly, the Board recommends the Ordinary Resolution set out at Item No. 5 of this Notice for approval of the Members.

None of the Directors, Key Managerial Personnel of the Company, or their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

By order of the Board

Place: Hyderabad

Date: August 22, 2025

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.

Phone No.: 040-24405100

E-Mail: investors@naclind.com:

Website: www.naclind.com.

Satish Kumar Subudhi

Sr. Vice President – Legal & Company Secretary
(FCS: 9085)

Board's Report

Dear Members,

Your Directors have pleasure in presenting the 38th Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2025.

Operating Results:

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

| Particulars | (₹ in lakhs) | | | |
|---|---------------|---------------|---------------|---------------|
| | Consolidated | | Standalone | |
| | 2024-25 | 2023-24 | 2024-25 | 2023-24 |
| Total Income (including Other Income) | 1,24,256 | 1,78,729 | 1,26,177 | 179,074 |
| Profit/(Loss) before share of profit from Associate, Finance Cost, Depreciation and Tax | (5,483) | 2,558 | (5,698) | 1,632 |
| Finance Cost | 6,495 | 7,572 | 4,948 | 6,010 |
| Depreciation and Amortization Expense | 2,905 | 2,724 | 1,930 | 1,835 |
| Profit/(Loss) before share of profit from Associate, exceptional items and Tax | (14,883) | (7,738) | (12,576) | (6,213) |
| Exceptional income | 2,926 | - | 2,926 | - |
| Profit/(Loss) after exceptional items and before share of profit from Associate & Tax | (11,957) | - | (9,650) | (6,213) |
| Share of profit/(Loss) from Associate | 33 | 108 | - | - |
| Profit/(Loss) before tax | (11,924) | (7,630) | (9,650) | (6,213) |
| Current Tax | 1 | - | - | - |
| Deferred Tax | (2,712) | (1,741) | (2,342) | (1,517) |
| Profit/(Loss) for the year | (9,213) | (5,889) | (7,308) | (4,696) |
| Other Comprehensive Income | (319) | (108) | (319) | (111) |
| Total Comprehensive Income | (9,532) | (5,997) | (7,627) | (4,807) |
| Balance of profit brought forward from previous year | 31,206 | 37,693 | 32,759 | 38,056 |
| TOTAL | 21,674 | 31,696 | 25,132 | 33,249 |
| Appropriation | | | | |
| Dividend on equity shares | - | 497 | - | 497 |
| Less: Effective portion of cash flows hedges | 16 | (7) | 16 | (7) |
| Balance profit carried forward to balance sheet | 21,690 | 31,206 | 25,148 | 32,759 |

Performance Overview:

FY 2024–25 remained a challenging year, marked by erratic monsoons, uneven rainfall, and subdued agri-input demand, which slowed growth in the Retail Formulation business. The Technical segment was impacted by global headwinds, including inventory overhang, weak demand, and intense pricing pressure. Further, curtailment of working capital lines in the second half constrained raw material procurement and order execution, just as early signs of recovery were emerging. Consequently, consolidated revenue declined by 30% to ₹124,256 lakhs (comparing to ₹178,729 lakhs in FY 2023–24), with a loss before exceptional items and taxes of ₹14,883 lakhs and a net loss after tax of ₹9,213 lakhs.

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/2025/02/Dividend-Distribution-Policy.pdf>.

Domestic Markets:

NACL's domestic retail business remained focused on empowering Indian farmers with sustainable and affordable crop protection solutions. However, challenging market conditions adversely impacted sales across categories.

During the southwest monsoon (June–September 2024), rainfall was 108% of the long-period average (LPA). Yet, its uneven distribution and prolonged dry spells disrupted cropping patterns and affected demand. Similarly, while the northeast monsoon (October–December 2024) was close to the LPA at the national level, regional variations were significant. November witnessed a sharp deficit, followed by excess rainfall in December, further constraining recovery in several affected regions.

Amid these challenges, the Company continued its farmer-centric approach, reinforcing field marketing programs and strengthening channel relationships. Despite sustained efforts, domestic retail sales for FY 2024–25 stood at ₹64,185 lakhs.

Insecticides:

The insecticide segment came under pressure during the year, primarily due to reduced cotton acreage caused by early-season dry spells and lower chilli cultivation driven by weak commodity prices. Despite these challenges, the segment reported revenue of ₹38,190 lakhs, as against ₹48,715 in the previous year. Insecticides account for over 45% of India's agrochemical market, where NACL continues to maintain a strong presence. Further strengthening this position, the Company launched two new products, *Speed and*

Pyrakill, targeting major crops including fruits and vegetables, a segment witnessing rising domestic demand.

The insecticide segment faced pressure due to reduced cotton acreage from early-season dry spells and a decline in chilli cultivation caused by low commodity prices. This led to sluggish movement and revenue of ₹ 38,190 lakhs.

Herbicides:

The herbicide market continued its growth trajectory during the year, with labour shortages further driving the adoption of chemical weed control and integrated weed management solutions. To address this demand, NACL introduced two new products – *Dash* for paddy and *Carpet* for wheat, India's key staple food crops. However, erratic rainfall patterns delayed the sowing of major kharif crops, thereby narrowing the weed control window and softening demand. As a result, the herbicide segment recorded revenue of ₹11,808 lakhs for the year under review, as against ₹16,445 lakhs in the previous year.

Fungicides:

The fungicide segment generated revenue of ₹11,817 lakhs during the year under review, as against ₹5,16,809 lakhs in the previous year, supported primarily by strong brands such as *Oscar*, *Index*, and *Sivic*. NACL continues to strengthen its technical support and field services to help farmers maximise product benefits, with a focus on driving sustainable, long-term growth in this category.

Plant Growth Regulators/Bio stimulants:

The segment achieved revenue of ₹2,370 lakhs during the year under review, as against ₹3,926 lakhs in the previous year. NACL continues to strengthen its innovation focus on developing next-generation PGRs and Bio-stimulants that deliver both performance and environmental benefits. Flagship products such as *Atonik*—a unique CIBRC-approved formulation—and *Gallant* remain well-recognised for their consistent quality and farmer trust.

International Market:

In 2024, the global crop protection industry witnessed a second consecutive year of decline, primarily due to reduced consumption arising from unfavorable weather conditions across Asia, Latin America, and Europe's cereal-growing regions. This impact was further compounded by lower agrochemical and commodity prices. Industry estimates indicate a 7% decline in value, reducing the market to USD 77 billion, with all regions experiencing a downturn. The decline was around 7% in South America, the Middle East–Africa, and Asia-Pacific, compared with 5.5% in North America and 5% in Europe. India's agrochemical exports also contracted by 3% during the year, to USD 4.2 billion.

NACL continued to pursue its international growth strategy by leveraging Key Accounts and Focus Markets as twin drivers. Demand for select products showed signs of recovery in South America, aided by destocking. Volumes of the key insecticide *Profenofos* and the fungicide *Tricyclazole* from Key Accounts rebounded to normal levels after two years of subdued demand. In Focus Markets, efforts were directed at expanding the technical business into markets such as Vietnam while sustaining the formulation business in Africa.

Despite these positive developments, FY 2024–25 remained challenging, with international sales revenue contracting to ₹30,956 lakhs as against ₹40,992 lakhs in the previous year. The decline was primarily due to a steep fall in both price and volume of

the high-value product *Propiconazole* across markets, the absence of a *Flucarbazone* campaign, pricing pressures in focus markets, and certain internal challenges.

Looking ahead, the business remains confident of future growth, driven by its dual strategy. Plans include introducing new active ingredients and intermediates to Key Accounts, while scaling up volumes in Focus Markets through increased registrations of generic and differentiated formulations.

Plant Operations:

The Srikakulam technical plant achieved an annual production of 9,392 MT during the year under review, compared to 7,275 MT in the previous year. The decline in output was primarily due to subdued demand for various Active Ingredients (AIs), despite productivity improvements in recent years. The plant continued to implement initiatives in energy conservation, effluent reduction, and cost savings, with the Zero Liquid Discharge facility operating efficiently throughout the year.

The Ethakota formulation unit recorded production of 23,783 MT/KL, 28% lower than the previous year's 33,096 MT/KL. The unit has been undertaking various initiatives for debottlenecking, productivity enhancement, safety, and quality improvements.

Safety, quality, efficiency enhancement, and waste reduction remain the paramount themes across all manufacturing facilities. Both units have fostered a positive working environment, leading to improved productivity and stronger engagement at all levels.

Credit Rating:

The CRISIL Ratings Limited (CRISIL) vide the letter dated February 19, 2025 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 BB+/Negative (Downgraded from CRISIL BBB-/Negative); and
- b) Short-term Bank facilities: CRISIL A4+(Downgraded from CRISIL A3).

Fire Insurance Claim

With reference to the appeal filed by M/s. Oriental Insurance Company Limited ("OIC"/"Insurance Company") before the Hon'ble High Court of Delhi against the Arbitration Award, it may be noted that the appeal was disposed off in favor of the Company. Pending final disposal of the said appeal, the Company had filed execution petitions before the Hon'ble High Court of Delhi seeking deposit of the awarded amounts, being ₹1,649 lakhs (including interest) under the Material Damage (MD) Policy and ₹1,277 lakhs (including interest) under the Business Interruption Policy.

Pursuant to these petitions, the Hon'ble High Court of Delhi, vide its orders dated March 19, 2021 and April 9, 2021, directed the Insurance Company to deposit the awarded amounts together with applicable interest with the Court. During FY 2021-22, the said amounts were released by the Court in favour of the Company upon submission of an equivalent bank guarantee.

Subsequently, during the year under review, the Hon'ble High Court of Delhi, vide its order dated February 13, 2025, dismissed the appeal filed by the Insurance Company and upheld the Arbitration Award in favour of the Company. Pursuant to this favourable ruling, the Company has recognized the award amount of ₹2,926 lakhs

(already received in earlier years) as Exceptional Income for the financial year ended March 31, 2025.

Subsidiary Companies:

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

After successfully commissioning and commercializing the first phase of its project with a capacity of 6,000 MTPA during the previous year, NSCL continued its efforts to maximize capacity utilization. The plant has been operating effectively and producing its intended products and capacity; however, the benefits of full-scale operations are yet to be realized.

The total revenue from operations of the Company for the year ended March 31, 2025, stood at ₹9,644 lakhs as against ₹17,848 lakhs in the previous year. The Company reported a loss after tax of ₹1,844 lakhs, compared to a loss of ₹1,243 lakhs in the previous year.

During the year under review, NSCL was conferred the prestigious Gold 5S Award by the Quality Circle Forum of India (QCFI), Vadodara under the category of Business Responsibility, Sustainability Reporting, and Environmental, Social & Governance (ESG), in January 2025.

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

After successfully commissioning a new production line for powder-form nutrients in the previous year, the Company launched and commercialized advanced formulations of Zinc HEDP and Iron HEDP, which received encouraging market response. These product introductions, coupled with the successful onboarding of new customers, are likely to strengthen NMPL's market presence and position it as a reliable provider of high-quality, technology-driven solutions for modern agriculture.

For the year ended March 31, 2025, the Company recorded total revenue from operations of ₹9 lakhs as against ₹2 lakhs in the previous year and reported a loss after tax of ₹57 lakhs as compared to a loss of ₹1 lakh in the previous year.

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

The total revenue of the LRRPL for the year ended March 31, 2025 was continue to be Nil.

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

NAAPL was established to hold local registrations on behalf of the Company to facilitate product sales in Australia. For the year ended March 31, 2025, the Company reported total revenue of ₹12 lakhs, which was at the same level as the previous year. The profit after tax stood at Nil, as against ₹3 lakhs in the previous year.

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

NINL, incorporated on January 13, 2023, is a wholly-owned subsidiary of the Company. The entity was set up primarily to obtain and hold local registrations in Nigeria, enabling the Company to market and distribute its products in the region. These registrations are issued by the respective government authorities only to entities incorporated within the country.

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

After successfully executing its strategy of diversifying into liquid nutrients, the Company strengthened its product portfolio in the agricultural sector. The advanced formulation of Zinc Oxide SC, launched and marketed during the year, has gained strong traction in the market, earning recognition for its superior quality and proven effectiveness.

In addition, the Company developed and commercialized advanced formulations of Boron Ethanolamine and Concentrated Liquid Calcium. These product introductions, now firmly established in the portfolio, underscore NASPL's commitment to continuous innovation and its ability to translate R&D capabilities into tangible market offerings. Through these initiatives, NASPL has not only expanded its range of high-quality solutions for modern agriculture but also broadened its customer base, thereby consolidating its market presence and reinforcing its position as a trusted partner to the farming community.

For the year ended March 31, 2025, the Company reported total revenue from operations of ₹71 Lakhs, as against ₹2 Lakhs in the previous year, and a profit after tax of ₹5 Lakhs, compared to ₹2 Lakhs in the previous year.

Acquisition of majority stake by M/s. Coromandel International Limited:

With reference to the proposal for sale of the majority stake of the Company by the Promoters, the Board of Directors, at its meeting held on March 12, 2025, approved the execution of a Share Purchase Agreement ("Promoter SPA") with M/s. Coromandel International Limited ("Acquirer"), KLR Products Limited ("Promoter Seller"), Mrs. K. Lakshmi Raju, and Bright Town Investment Advisor Private Limited (individually a "Promoter" and collectively, the "Promoter Group"). Under the Promoter SPA, the Acquirer agreed to acquire 10,68,96,146 equity shares of the Company, representing 53.13% of the paid-up equity share capital ("Promoter SPA Shares"), from the Promoter Sellers (the "Promoter Sale Transaction"). The consummation of this transaction is subject to receipt of applicable governmental and statutory approvals, along with the fulfilment of other conditions precedent under the Promoter SPA.

Further, (a) Krishi Rasayan Exports Private Limited ("Investor Shareholder Seller 1"/"Tag Holder Seller 1"), and (b) Agro Life Science Corporation, a partnership firm represented by its partners, Mr. Rajesh Kumar Agarwal and Mr. Atul Churiwal ("Investor Shareholder Seller 2"/"Tag Holder Seller 2"), (together, the "Investor Shareholder Sellers"), have also entered into separate Share Purchase Agreements dated March 12, 2025 (collectively, the "Investor Shareholder Seller SPAs"), with the Acquirer for the sale of 5,500 equity shares each, aggregating to 11,000 equity shares of the Company (the "Investor Shareholder Seller Sale Shares").

These transactions collectively would result in a change in control of the Company. In accordance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI SAST Regulations"), a Detailed Public Statement was issued on March 20, 2025, followed by the filing of the Draft Letter of Offer ("DLoF") with SEBI on March 27, 2025.

In this regard, the Competition Commission of India (CCI), vide its letter dated July 01, 2025, accorded its approval for the aforesaid transactions. Subsequently, in compliance with the SEBI SAST Regulations, the Independent Directors' Committee (IDC) of the Company met on July 30, 2025, to provide its recommendations

on the Open Offer and the proposed transaction. Thereafter, SEBI, vide its letter dated August 05, 2025, issued its final comments on the Draft Letter of Offer (DLoF) filed in connection with the Open Offer made by the Acquirer.

As on the date of this Report, the acquisition process and consummation of the sale transaction are in progress, with due adherence to all legal, regulatory, and contractual obligations in coordination with the Acquirer and other Stakeholders.

New Products Launched:

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

| Product | Formulation | Portfolio |
|--------------------------|---|----------------|
| Speed | IMIDACLOPRID 40% + FIPRONIL 40% WG | Insecticide |
| PYRAKILL | PYRAZOSULFURON ETHYL 70% WG | WG Insecticide |
| NAGARJUNA SURAKSHA GR | CHLORANTRANILIPROLE 0.4% GR | Insecticide |
| CARPET | PYROXASULFONE 85% WG | Herbicide |
| DASH | PENOXOSULAM 1.02% + CYHALOFOP 5.1 % OD | Herbicide |

Research & Development:

The Company's state-of-the-art R&D Centre at Shadnagar, near Hyderabad, continues to be a hub of innovation, driving product development and process improvement in line with the Government of India's 'Make in India' initiative. The Centre is actively engaged in the development of the processes for several active ingredients, intermediates, and formulations, which are at different stages of progress.

During the year under review, the processes for four technical products were successfully developed, of which two have been commercialised while the other two have advanced to the pilot stage. In addition, a pipeline of niche generic molecules is under development for future commercialisation. R&D efforts have also resulted in cost reduction for four regularly manufactured technical products. On the intermediate front, commercial-scale batches of select intermediates were executed for a multinational company, with another project in progress.

The Centre has also developed the process for four fluorine-containing molecules, several of which are moving into the commercialisation phase. Process innovation has led to the discovery of new methodologies, resulting in the filing of two provisional patents.

The Company's R&D facilities at Hyderabad, along with the Quality Control Laboratories at Srikakulam and Ethakota, have achieved significant milestones, including:

- ISO 17025:2017 Certificate of Accreditation from the National Accreditation Board for Testing and Calibration Laboratories (NABL);
- Integrated Management System (IMS) certification (ISO 9001, ISO 14001 & ISO 45001) from SGS;
- Recognition by the Department of Scientific and Industrial Research (DSIR), Government of India.

One of the core focus areas has been the development and registration of novel formulations. Three solo formulations have been successfully commercialised, while two two-way mixture formulations are ready for launch. Continuous improvement efforts are also underway to reduce formulation manufacturing costs.

The Good Laboratory Practice (GLP) certification awarded in 2021 has enabled the R&D Centre to conduct studies supporting global registrations, particularly in Africa and Southeast Asia. This certification was renewed in 2024 and remains valid until 2027. The GLP division has also extended services to external clients, contributing to revenues, while playing a vital role in facilitating both domestic and international registrations through extensive testing and documentation.

During the year under review, the Company secured 33 new registrations in India and 17 across eight International markets, taking the overall portfolio to 553 registrations in India and 137 in overseas markets. In parallel, 14 new patent applications were filed, reinforcing NACL's innovation pipeline and strengthening its intellectual property portfolio.

Environment Protection:

Your Company continues to maintain high standards in environmental management with its manufacturing facilities operating well within stipulated norms due to the efficient running of the Zero Liquid Discharge (ZLD) facilities in Srikakulam and Ethakota. Srikakulam manufacturing site has an online effluent and emission monitoring devices that continuously upload the data to Pollution Control Board website. These sites have also increased plantation area within the factory premises.

Your Company continues to enjoy the certifications ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management), and ISO 45001:2018 (Occupational Health and Safety Management) standards, accredited for its proven standards covering in the areas of Quality, Environment, Safety and Health Management Systems respectively. Both Srikakulam and Ethakota Units are accredited by National Accreditation Board for Testing and Calibration of Laboratories (NABL).

Responsible Care (RC):

Your Company has effectively implemented the Responsible Care (RC) 7 Codes of Management Practices across all its sites and has been successfully recertified with the RC Logo by the Indian Chemical Council (ICC) for a further period of three years. This recertification reaffirms the Company's unwavering commitment to the principles of safety, health, environmental stewardship, and sustainable management of chemicals and processes.

Energy Efficiency and Emission Reduction:

During the year under review, the Company undertook several initiatives to strengthen its focus on sustainability, energy efficiency, and workplace safety. At both the Ethakota and Srikakulam manufacturing sites, significant progress was achieved in adopting energy-efficient technologies, resulting in reduced operational costs and a marked decline in carbon emissions.

The Company also advanced its safety culture through the introduction of Process Safety Management (PSM), aligning OSHA's 14 elements with the Indian Chemical Council's (ICC) Responsible Care (RC) 20 elements at the Srikakulam and Spec-Chem Dahej sites. Further, a Behaviour-Based Safety (BBS) program

has been rolled out to encourage proactive safety awareness and accountability among employees.

To foster awareness and engagement, various programs such as National Safety Week, World Environment Day, Fire Service Day, and Electrical Safety Week were organized across all locations. Recognition initiatives, including Suraksha Sammelan at Srikakulam, Suraksha Yojana at Dahej, and the Safety Monthly Star Program, were introduced to acknowledge best practices and inspire continuous improvement.

The Company remained fully compliant with all statutory requirements during the year. Expansion-related approvals are under progress with the Central Pollution Control Board (CPCB) and the respective State Pollution Control Boards (SPCBs) for both the Srikakulam and Dahej facilities. Additionally, Quality Circles were established at manufacturing units to promote employee-driven innovation and operational excellence.

Water Conservation and Reuse:

Our commitment to responsible water usage is evident through the implementation of water harvesting systems at all sites. Rainwater is efficiently collected and stored for reuse in our plantation and utility needs.

Health and Safety:

The Company continued to strengthen its commitment to health, safety, and sustainability through various initiatives during the year. The EHS and Sustainability team actively organized awareness programs such as National Safety Week, World Environment Day, Fire Service Week, and Electrical Safety Week across all manufacturing locations, fostering a culture of safety and responsibility. Employees were encouraged to stay informed and engaged through EHS newsletters, safety flashes, safety contacts, and cautionary notes, ensuring regular communication on critical safety matters.

To further reinforce a safety-first culture, initiatives such as Suraksha Sammelan and the Safety Monthly Star Program were introduced to recognize and reward best practices across all sites. These programs not only celebrated employee contributions but also encouraged continuous improvement in safety performance.

Through these collective measures, your Company has demonstrated its unwavering dedication to operational integrity, employee well-being, environmental sustainability, and workplace safety, thereby reaffirming its position as a responsible and trusted industry leader.

Share Capital:

During the year under review, your Company has allotted 21,500 fully paid equity shares, under Nagarjuna Agrichem Ltd., Employee Stock Option Scheme-2015 and 2,88,333 fully paid equity shares under NACL Employee Stock Option Scheme- 2020, upon exercise of Stock Option by the Eligible Employees of the Company under the respective ESOS Schemes and 17,24,137 shares has allotted under Preferential issue to M/s EQ India Fund under Non-Promoter Category 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 and Equity shares issued under Preferential allotment ranks 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 ₹ 19,91,69,177/- (comprising of

19,91,69,177 fully paid up equity shares of ₹ 1/- per equity share) to ₹ 20,12,03,147/- (comprising of 20,12,03,147 fully paid up equity shares of ₹ 1/- per equity share).

Employee Stock Option Scheme:

The Company has the aforesaid two stock option ie. ESOS-2015 Scheme and ESOS-2020. Both the 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 allotted 21,500 fully paid equity shares to eligible employees upon exercise of vested stock options granted under the existing Employee Stock Option Scheme. With this allotment, no further stock options remain to be granted, vested, or exercised under the said Scheme, and accordingly, the Scheme stands formally closed.

b) ESOS 2020 Scheme:

During the year under review, the Company has granted 3,70,000 stock options under ESOS-2020 Scheme to the Eligible Employees. Each option would entitle the holders of the option to apply for one equity share of the Company.

The Company has allotted 2,88,333 fully paid equity shares to the Eligible Employees upon exercise of the vested stock options.

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 details required under Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014 and the disclosure required to be made under Regulation 14 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 with regard to the ESOS-2015 & ESOS-2020 is available on our Company Website i.e. www.naclind.com.

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 requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Companies Act, 2013 ("the Act"), and the applicable Indian Accounting Standards (Ind AS 110 – Consolidated Financial Statements), the Audited Consolidated Financial Statements of the Company for the year ended March 31, 2025, form part of this Annual Report. The Consolidated Financial Statements have been prepared 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.NACL Industries (Nigeria) Limited, M/s.Nagarjuna Agrichem

(Australia) Pty Ltd and M/s.NACL Agri-Solutions Private Limited on a line-by-line basis. Further, the investment in Nasense Labs Private Limited, an Associate Company, has been accounted for under the equity method in accordance with Ind AS 28 – Investments in Associates and Joint Ventures.

The Statement containing the salient features of the financial performance of Subsidiaries and Associate, in the prescribed format Form AOC-1, is attached as **Annexure - I** to this Report.

During the year under review, no company became or ceased to be a Subsidiary, Joint Venture, or Associate Company of NACL Industries Limited. There has also been no material change in the nature of business of the aforesaid Subsidiaries and Associate Company. Further, the Company does not have any Subsidiary that qualifies as a material subsidiary under the Listing Regulations.

In accordance with Section 136(1) of the Act read with Regulation 46 of the Listing Regulations, the following documents are made available on the Company's website at www.naclind.com:

- a) The Annual Report of the Company containing its Standalone and Consolidated Financial Statements; and
- b) The 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 2024-25.

Auditors:

a) Statutory Auditor and Audit Reports:

M/s. BSR and Co. Chartered Accountants, (Firm Registration No. 128510W), Chartered Accountants, were appointed as Statutory Auditors of the Company at the 35th Annual General Meeting held on September 29, 2022 for a period of 5 years commencing from the conclusion of 35th Annual General Meeting till the conclusion of 40th 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 Audit Report of BSR and Co on the Financial Statements of the Company for the Financial Year 2024-25 is a part of 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. There are no qualifications, reservations, adverse remarks or disclaimers by the statutory auditors in their report.

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, 2026. 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 2025-26.

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 2025 which does not contain any qualification, reservation or adverse remarks and the same report were duly filed with the Central Government.

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, 2025 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 first two quarters of the Financial Year 2025-26.

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 2024-25. The secretarial audit report for the FY 2024-25 issued by M/s. B S S & Associates, Practicing Company Secretary in form MR-3 is enclosed to this report as **Annexure - II** and the Secretarial Audit Report does not contain any qualification, reservation, adverse remark, or disclaimer, except for the three remarks/ observations specifically highlighted (in bold and italics) in the concerned paragraph of MR-3 (2nd page), in respect of which the first item has been settled through the payment of the prescribe penalty and the other matters have since been duly noted/addressed. 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.

Further, the Board of Directors, at its meeting held on August 07, 2025, approved the appointment of M/s. R. Sridharan & Associates, Practicing Company Secretaries, as the Secretarial Auditors of the Company for a period of five years, commencing from the conclusion of the ensuing Annual General Meeting and continuing until the conclusion of the Annual General Meeting to be held in the financial year 2030.

Board, Committees of the Board and Other information:

a) Directors:

The Company's Board comprises 11 (Eleven) Directors, out of which 2 (Two) are Non-Executive, Non-Independent Directors (NEDs), including 1 (one) Woman Director. Out of the remaining Directors, 6 (Six) are Non-Executive, Independent Directors, including 2 (Two) Woman Independent Director, 2 (Two) are Investor Nominee Directors, and 1 (One) is an Executive Director. However, during the year under review, the following Directors ceased to be on the Board of the Company:

- 1) Mr. N. Vijayaraghavan, Independent Director (Resigned effective August 16, 2024).
- 2) Mr. C. V. Rajulu, Non-Executive & Non-Independent Director (Resigned effective March 12, 2025).
- 3) Mr. M. Pavan Kumar, Managing Director & CEO (Resigned effective March 12, 2025).

b) Board Meeting:

During the financial year 2024-25, 11 (Eleven) meetings of the Board were held. The details of these meetings are provided in the Corporate Governance Report, which forms part of this Annual Report. The Company complied with the provisions of the Act and the Listing Regulations with respect to the prescribed time gap between two meetings.

c) Independent Directors and their declaration of Independence:

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.

d) 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.

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 about Company, Memorandum and Articles of Association, Annual Reports for previous 2 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.

e) 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.

f) Audit Committee:

The Audit Committee comprising of Mr. Santanu Mukherjee as the Chairman and Mr. Sudhakar Kudva and 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.

g) 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, 2025 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.

h) Key Managerial Personnel:

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

- i) Mr. G Veera Bhadram – Whole-time Director (Effective March 12, 2025)
- ii) Mr. Anish T. Mathew – Chief Financial Officer (Effective December 13, 2024)
- iii) Mr. Satish Kumar Subudhi – Sr. Vice President – Legal & Company Secretary

During the year under review, the following changes took place in the Key Managerial Personnel of the Company:

- 1) Mr. R. K. S. Prasad, Chief Financial Officer, retired from his position with effect from December 13, 2024. The Board, on the recommendation of the Audit Committee, appointed Mr. Anish T. Mathew as the Chief Financial Officer of the Company with effect from December 13, 2024.
- 2) Mr. M. Pavan Kumar stepped down from the position of Managing Director & CEO of the Company. Subsequently, the Board appointed Mr. G. V. Bhadram as a Whole-Time Director with effect from March 12, 2025.

i) Termination of agreements:

The Company had earlier entered into a Consultancy Agreement with Mr. C. V. Rajulu, who resigned as a Non-Executive, Non-Independent Director w.e.f March 12, 2025, and a Business Advisory Agreement with Mr. Raj Kaul, who resigned as a Non-Executive, Non-Independent Director w.e.f August 08, 2025. The said agreements remained effective till June 23, 2025 (in the case of Mr. C. V. Rajulu) and May 31, 2025 (in the case of Mr. Raj Kaul), respectively, and have since been terminated.

j) Meeting of Independent Directors:

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

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.

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.

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/villages surrounding the factories of the Company. Such activities include RO Water Supply to surrounding Villages, Village & Community Development, Scholarships to Merit students, contribution to Vidhya Volunteer Scheme, street lighting 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 - III** 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 is available on the website of the Company at 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. 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. 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 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 2024-25.

A certificate signed by the Whole Time Director 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.

Prevention of Sexual Harassment of Women at workplace:

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a Policy for Prevention of Sexual Harassment in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"). The Policy, which is gender-neutral, ensures a safe and enabling work environment, free from any form of harassment or discrimination.

The Policy provides protection to employees, lays down a fair and transparent mechanism for prevention and redressal of complaints, and prescribes procedures for effective resolution. The Company has constituted an Internal Complaints Committee (ICC) in accordance with the provisions of the POSH Act.

To strengthen awareness, regular training and sensitization programs are conducted across all locations to educate employees about the provisions of the POSH Act and the Company's Policy.

During the financial year 2024-25, no complaints of sexual harassment were received by the Company.

Statement of Compliance with the provisions relating to the Maternity Benefit Act 1961:

The Company has complied with relevant provisions of the Maternity Benefit Act, 1961. There were one beneficiaries who availed maternity benefits during FY 2024-25 including leave and benefit payments.

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-IV** to this report.

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.

Reporting of Frauds:

There was no instance of fraud during the year under review, which required the Auditors to report to the Audit Committee and / or Board under Section 143(12) of the Companies Act, 2013 and the rules made thereunder. Hence, no detail is required to be disclosed by the Board under Section 134(3)(ca) of the Companies Act, 2013.

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 - V** and forms part of this report.

Other Confirmation:

No application under the Insolvency and Bankruptcy Code, 2016 (IBC) was made on the Company during the year. Further, no proceeding under the IBC was initiated or is pending as at March 31, 2025. There was no instance of one time settlement with any Bank or Financial Institution.

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 Stakeholders, 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

K Lakshmi Raju
Chairperson
(DIN: 00545776)

G Veera Bhadram
Whole Time Director
(DIN: 00114611)

Place: Hyderabad

Date: August 07, 2025

Annexure - I 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)

| S. 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 = 53.81) | INR | INR | Niara | INR |
| 3 | Share capital | 1 | 32 | 1 | 200 | * | 100 |
| 4 | Other equity | (5) | (21) | (91) | (3,853) | - | 8 |
| 5 | Total assets | 6 | 21 | 768 | 25,483 | - | 191 |
| 6 | Total Liabilities | 10 | 10 | 858 | 29,136 | - | 83 |
| 7 | Investments | - | - | - | - | - | - |
| 8 | Revenue | - | 12 | 9 | 9,644 | - | 71 |
| 9 | Profit/(Loss) Before Tax | - | - | (68) | (2,203) | - | 6 |
| 10 | Tax Expenses | - | - | (12) | (359) | - | 1 |
| 11 | Profit/(Loss) after tax | - | - | (56) | (1,844) | - | 5 |
| 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**

| Name of Associate | Nasense Labs Private Limited |
|---|--|
| 1. Latest Un-audited Balance Sheet Date | March 31, 2025 |
| 2. Shares of Associate/Joint Ventures held by the Company on the year end | Shares @ ₹ 10/- |
| i) No. of Equity Shares | 61,27,513 |
| ii) Amount of Investment in Associates/Joint Venture | ₹ 816 Lakhs |
| iii) 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 | ₹ 1,549 Lakhs |
| 6. Profit for the year | ₹ 127 Lakhs |
| i. Considered in Consolidation | ₹ 33 Lakhs |
| ii. Not Considered in Consolidation | ₹ 94 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

K Lakshmi Raju
Chairperson
(DIN: 00545776)

G Veera Bhadram
Whole Time Director
(DIN: 00114611)

Anish T Mathew
Chief Financial Officer
(M. No. FCA: 211965)

Satish Kumar Subudhi
Company Secretary
(M. No. F9085)

Place: Hyderabad

Date: August 07, 2025

Annexure- II To Directors Report

Form No. MR-3

Secretarial Audit Report

For the Financial Year ended on March 31, 2025

[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,
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, 2025, 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, 2025 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; and **(Not applicable to the Company during the audit period)**
 - (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations 2018. **(Not applicable to the Company during the audit period)**
- (vi) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- (vii) The Employees' State Insurance Act, 1948;
- (viii) The Employers' Liability Act, 1938;
- (ix) The Equal Remuneration Act, 1976;
- (x) The Factories Act, 1948;
- (xi) Maternity Benefits Act, 1961;
- (xii) Minimum Wages Act, 1948;
- (xiii) The Negotiable Instruments Act, 1881;
- (xiv) The Payment of Bonus Act, 1965;
- (xv) Payment of Gratuity Act, 1972;
- (xvi) The Payment of Wages Act, 1936 and other applicable labour laws;

(xvii) 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 except the following:

- ***The Company submitted audited financial results for FY 2023–24 with a delay of 7 days, resulting in fines from NSE and BSE. Management has applied for a waiver and assured timely compliance in future.***
- ***The gap between two Audit Committee meetings exceeded 120 days. Warning letters were issued by NSE and BSE. The Company has taken note and committed to timely convening in future.***
- ***SDD software is in place; however, certain UPSI events were captured with a delay due to technical issues. The Company is addressing the same to ensure timely disclosures going forward.***

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

S. Srikanth

Partner

ACS No.: 22119 | C.P. No.: 7999

UDIN: A022119G001018114

Peer Review No: 6513/2025

Place: Hyderabad

Date: August 07, 2025

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.

'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.

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

S. Srikanth
Partner
ACS No.: 22119 | C.P. No.: 7999
UDIN: A022119G001018114
Peer Review No: 6513/2025

Place: Hyderabad
Date: August 07, 2025

Annexure - III To Directors Report

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. | Particulars | 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. G Veera Bhadram | Member | 1 | 1 |
| 6) | Mr. M Pavan Kumar* | Member | 1 | 1 |
| 7) | Mr. C V Rajulu* | Member | 1 | 1 |

* Persons ceased to be the member of the CSR Committee.

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

4) Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable: Not Applicable

5) Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not Applicable

- | | |
|---|---------------|
| a) Average net profit of the company as per section 135(5). | ₹ 5,785 Lakhs |
| b) Two percent of average net profit of the company as per section 135(5). | ₹ 116 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 (7a+7b-7c). | ₹ 116 Lakhs |

6) a) Details of CSR amount spent against ongoing projects and other than ongoing projects for the financial year: ₹ 116 Lakhs

| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act. | Local area (Yes/No) | Location of the project. (District and State) | Amount spent for the project (Rs in lakhs) | Mode of implementation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency | |
|---------|--|--|---------------------|---|--|--|--|-------------------------|
| | | | | | | | Name | CSR Registration number |
| 1) | Supply of Drinking Water (RO purified) and domestic water to neighboring villages. | (i) | Yes | Srikakulam, Andhra Pradesh | 77 | Yes | - | - |
| 2) | Village & Community Development | (x) | Yes | Srikakulam, Andhra Pradesh | 7 | Yes | - | - |
| 3) | Vidya Volunteers & Mytri Police | (ii) | Yes | Srikakulam, Andhra Pradesh | 9 | Yes | - | - |

| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act. | Local area (Yes/No) | Location of the project. (District and State) | Amount spent for the project (Rs in lakhs) | Mode of implementation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency | |
|--------------|--|--|---------------------|---|--|--|--|-------------------------|
| | | | | | | | Name | CSR Registration number |
| 4) | Scholarships to merit students & other expenses related to Education | (ii) | Yes | Srikakulam, Andhra Pradesh | 1 | Yes | | |
| 5) | Medical Support | (i) | Yes | Srikakulam, Andhra Pradesh | 22 | Yes | | |
| Total | | | | | ₹ 116 | | | |

- b) Amount spent in Administrative Overheads: Nil
- c) Amount spent on Impact Assessment, if applicable: Nil
- d) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 116 Lakhs
- e) CSR amount spent or unspent for the financial year:

| 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 |
| ₹ 116 Lakhs | Nil | - | - | Nil | - |

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

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

- 7) a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable
- b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable
- 8) In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: 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

Sudhakar Kudva
Chairman of CSR Committee
(DIN: 02410695)

G Veera Bhadram
Whole Time Director
(DIN: 00114611)

Place: Hyderabad

Date: August 07, 2025

Annexure - IV To Directors Report

The disclosure of remuneration during the year 2024-25 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 2024-25 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.

| Sr. 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 | 4.0 | 1.33 | 21 |
| 2) | Mr. Sudhakar Kudva, Independent Directors | 7.0 | 1.83 | 62 |
| 3) | Mr. Atul Churiwal, Investor Nominee Director | 2.0 | 0.67 | 100 |
| 4) | Mr. Rajesh Kumar Agarwal, Investor Nominee Director | 2.0 | 0.67 | 100 |
| 5) | Mr. Ramkrishna Mudholkar, Independent Directors | 3.0 | 1.0 | 82 |
| 6) | Mr. N. Sambasiva Rao, Independent Directors | 4.0 | 1.33 | 67 |
| 7) | Ms. Veni Mocherla, Independent Directors | 3.0 | 1.0 | 94 |
| 8) | Mr. Raj Kaul, Non-Executive and Non-Independent Director | 1.0 | 0.33 | -16 |
| 9) | Mr. Santanu Mukherjee Independent Directors | 6.0 | 2.0 | 100 |
| 10) | Ms. Lakshmi Kantam Mannepilli Independent Director | 3.0 | 1.0 | 100 |
| 11) | Mr. Anish T. Mathew, CFO (appointed w.e.f. December 13, 2024) | 38 | - | - |
| 12) | Mr. RKS Prasad, CFO (up to December 12, 2024) | 116 | 35.3 | 13 |
| 13) | Mr. Satish Kumar Subudhi, Vice President- Legal & Company Secretary | 66 | 19.0 | 2 |
| 14) | Mr. M.Pavan Kumar, Managing Director & CEO (up to March 12, 2025) | 187 | 62.3 | 9 |
| 15) | Mr. G.V. Bhadram, Whole Time Director (appointed w.e.f. March 12, 2025, refer note i below) | 16 | - | - |
| 16) | Mr. N. Vijayaraghavan, Independent Directors (up to August 16, 2024) | 3 | 0.67 | -8 |
| 17) | Mr. Raghavender Mateti, Independent Directors (up to August 08, 2024) | 2 | 0.67 | -34 |

Notes:

- a) During the year under review, the sitting fees have been paid to the Non-Executive Directors for attending meetings of the Board of Directors and Committee Meetings.
- b) Employees for the purpose above include all employees excluding employees governed under collective bargaining.
2. The Percentage increase in the median remuneration of employees in the financial year: 7%.
3. The number of permanent employees on the rolls of the Company: 1347.
4. 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 33.76%.

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:

- (a) i) 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.
- ii) None of the above employee, along with the spouse and dependent children holds more than 2% of the equity shares of the Company.
- iii) All employees are permanent employee of the Company.
- i. Employed throughout the financial year and in receipt of remuneration aggregating One Crore and Two Lakhs Rupees per financial year: Nil
- ii. Employed for part of the financial year and in receipt of remuneration aggregating Eight Lakhs and Fifty Thousand Rupees per month or more: Nil
- iii. 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

K Lakshmi Raju
Chairperson
(DIN: 00545776)

G Veera Bhadram
Whole Time Director
(DIN: 00114611)

Place: Hyderabad

Date: August 07, 2025

Annexure - V 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:

- | | |
|---|--|
| <ul style="list-style-type: none"> i. Reduction of electricity consumption by reducing motor sizes for optimum efficiency operation. ii. Reduction of electricity consumption by optimising flow with Variable Frequency Drives (VFDs). iii. Reduction of electricity consumption by optimizing the operations of process Pumps, Utility pumps and other equipment like compressors and industrial fans iv. Reduction of electricity consumption by optimizing the running of Boiler RO permeate transfer pump to boiler tank through level interlocking. v. Reduction of electricity consumption by reducing ZLD running hours. vi. Reduction of Thermal energy by optimizing the Steam consumption at demand side. vii. Reduction of electricity consumption by idle running, efficient lighting, interlockings, replacing | <ul style="list-style-type: none"> viii. the old inefficient appliances to new high efficiency equipment. viii. Reduction of electricity consumption by replacing Standard efficiency motors with Premium efficiency motors (15 numbers). ix. Reduction of electricity consumption by blending imported coal with Indian coal (2:1 ratio). x. Reduction of electricity consumption by installing dry vacuum pumps in place of steam jet ejectors. xi. Reduction of electricity consumption through process optimization (BCT reduction). xii. Reduction of electricity consumption by installing condensate recovery systems. xiii. Reduction of electricity consumption by optimizing the running hours of utility pumps. xiv. Replaced LPG fuel with Diesel for boiler operation, enabling more economical energy use. xv. Modified Carbofuran process from Dry route to Wet route, eliminating the need for drying operations using LPG or Diesel. |
|---|--|

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

Electrical Energy saving Activities in 2024-25

| Sr. No. | Area | Description of Energy Saving Proposal | Investment in Lakh ₹ | Savings in KWH | Saving in Lakh ₹ Per annum | Pay back in Months |
|---------|-------------|---|----------------------|----------------|----------------------------|--------------------|
| 1 | Total Plant | Reduction of motor sizes for optimum efficiency operation | 0 | 112222 | 9.58 | 0 |
| 2 | Utilities | Optimisation of Flow with VFD s | 13.7 | 752417 | 61.52 | 2.67 |
| 3 | B3 & B4 | Reduction of motor sizes by converting belt drive to direct drive for optimum efficiency operation | 3 | 70206 | 5.7 | 6.31 |
| 4 | Boiler | Optimised the running of Boiler RO permeate transfer pump to boiler tank , by interlocking with Level | 0.1 | 17793 | 1.42 | 1 |
| 5 | Block-5 | Optimisation of agitator speed from 92 RPM to 75 RPM by changing gear box and motor for R 5014A, R 5014B , R 5013 | 2.35 | 169944 | 14.45 | 2 |
| 6 | Total Plant | Replacement of Standard efficiency motors with premium efficiency motors-15 Numbers | 7.8 | 67304 | 5.72 | 16 |
| 7 | Total Plant | Replacement of Conventional 125 W MV light fittings with 60 W LED Light fittings-700 Numbers | 40 | 194730 | 17 | 28 |
| | | | 66.95 | 1384616 | 115.39 | 7 |

B. DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:

| | | |
|---|---|--|
| 1 | The efforts made towards technology absorption | <ul style="list-style-type: none"> a) Installed Variable Frequency Drives (VFDs) in utilities to optimize flow and reduce power consumption. b) Replaced 15 standard efficiency motors with premium efficiency motors across the plant. c) Replaced 700 conventional 125 W MV light fittings with 60 W LED fittings. d) Implemented agitator speed optimisation (92 RPM to 75 RPM) by gear box & motor replacement in Block-5 reactors. e) Installed dry vacuum pumps in place of steam jet ejectors for process operations. f) Introduced condensate recovery systems and process optimisation (BCT reduction) for improved steam efficiency. g) Adopted coal blending (imported:Indian = 2:1) to reduce specific coal consumption. h) Optimised utility pump running hours and ZLD operations to save electrical energy. i) Achieved ~50% cost saving in boiler fuel by switching from LPG to Diesel. j) Eliminated complete drying process in Carbofuran manufacturing, resulting in substantial energy conservation. |
| 2 | The benefits derived like product improvement, cost reduction, product development or import substitution. | <ul style="list-style-type: none"> a) Specific coal consumption reduced from 2.84 MT/MT to 2.33 MT/MT (18% reduction). b) Specific steam consumption reduced from 11.88 MT/MT to 9.69 MT/MT (18% reduction). c) Total electricity consumption reduced from 250 million kWh to 185 million kWh (26% reduction). d) Specific power consumption reduced from 3019 kWh/MT to 2825 kWh/MT (6% reduction). e) GHG emissions reduced from 1.658 to 1.360 tCO₂e/ton of production (18% reduction). f) Annual savings of ₹ 115.39 Lakh achieved from energy conservation projects against an investment of ₹ 66.95 Lakh (average payback: 7 months). |
| 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. | <ul style="list-style-type: none"> i) Indigenous process development for new products a number of active ingredients and intermediates. ii) R&D work on the existing processes to make them environment friendly and cost effective. iii) For registration of our product, a large number of impurities are required |
| | b) 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. |
| | c) Future plans of action. | Introduction of new products through indigenously developed technology for domestic and export market. Process improvement. New areas like pharma intermediates. |

| 5 Expenditure on R&D for the financial year | 2024-25 | 2023-24 |
|--|---------------|---------------|
| a) Capital expenditure | ₹ 610 lakhs | ₹ 104 lakhs |
| b) Revenue expenses | ₹ 1,428 lakhs | ₹ 1,059 lakhs |
| c) Total expenditure as a percentage of total turnover | 1.63% | 0.65% |

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 | ₹ 30,440 lakhs |
| 2. Foreign Exchange Used | ₹ 18,913 lakhs |

For and on behalf of the Board

K Lakshmi Raju
Chairperson
(DIN: 00545776)

G Veera Bhadram
Whole Time Director
(DIN: 00114611)

Place: Hyderabad

Date: August 07, 2025

Management Discussion and Analysis Report

Global Economic Landscape:

The global economy in FY 2024–25 continued its gradual post-pandemic recovery but witnessed a phase of pronounced moderation, with growth projections ranging between 2.3% and 3.2%. This marks a clear deceleration from the pre-pandemic average of 3.8% (2000–2019) and approaches levels typically associated with recessionary conditions. According to the IMF's World Economic Outlook updates, global GDP is estimated to expand by 3.1% in 2024 and 3.2% in 2025, reflecting persistent inflationary pressures, tighter financial conditions, and ongoing geopolitical frictions.

Advanced economies recorded subdued growth, constrained by weak manufacturing output, elevated price pressures, and geopolitical uncertainties. The United States is projected to grow by 2.1% in 2024 and 1.9% in 2025, supported by strong labour markets and resilient consumption. The Euro area, after posting modest growth of 0.9% in 2024, is anticipated to improve to 1.7% in 2025 aided by easing inflation and recovering household demand. Emerging market and developing economies exhibited a mixed trajectory. China's outlook for 2025 was revised upward to 4.8%, supported by stronger-than-expected first-half performance and a significant reduction in US–China tariffs. India continued to stand out as a global growth leader, projected to achieve a robust 6.5% in 2025, driven by resilient domestic consumption, structural reforms, and rapid digital adoption.

Globally, inflation is projected to ease from 6.8% in 2023 to 5.8% in 2024 and further to 4.4% in 2025, reflecting the unwinding of supply chain disruptions and tighter monetary policy. However, services inflation and tariff pass-through effects remain elevated in several economies. Financial markets remained volatile during the year, shaped by monetary policy divergence, geopolitical developments, and uneven recovery in trade flows following earlier front-loading of shipments ahead of tariff hikes.

Commodity markets, particularly in the agricultural sector, saw crop prices begin to stabilize by mid-2025 after sharp volatility in preceding years. Nonetheless, they remain vulnerable to climate shocks, geopolitical instability, and policy interventions, underscoring the fragility of global supply chains. Simultaneously, rapid technological advances in artificial intelligence, automation, and digitalization are reshaping industrial productivity worldwide, creating opportunities for innovation while also posing challenges for workforce reskilling, regulatory alignment, and cybersecurity resilience.

The recovery path remains fragile, with risks tilted to the downside owing to protracted geopolitical tensions, restrictive monetary policies, and subdued productivity growth. Policymakers and businesses must therefore prioritize resilience, structural reforms, and strategic agility to sustain growth momentum and navigate uncertainties.

Key Global Indicators:

| Indicator | 2023 (Actual) | 2024 (Forecast) | 2025 (Forecast) |
|--|------------------|--------------------|--------------------|
| Global GDP Growth | ~3.0% | 3.1% | 3.2% |
| Advanced Economies GDP Growth | 1.6% | 1.7% | 1.8% |
| Emerging & Developing Economies GDP Growth | 4.3% | 4.2% | 4.2% |
| Euro Area GDP Growth | 0.5 – 0.7% | 0.9% | 1.7% |
| Global Inflation | 6.8% | 5.8% | 4.4% |

Global GDP Growth Projections (2024–2026):

| Year | Global (%) | United States (%) | Eurozone (%) | China (%) | India (%) |
|------|------------|-------------------|--------------|-----------|-----------|
| 2024 | 3.2 | 2.1 | 1.3 | 4.5 | 6.3 |
| 2025 | 3.0 | 1.9 | 0.9 | 4.8 | 6.5 |
| 2026 | 3.1 | 2.0 | 1.2 | 4.2 | 6.0 |

Sources: International Monetary Fund (World Economic Outlook Update – Jan 2024, Apr 2025, Jul 2025), World Bank – Global Economic Prospects (Jan 2024), United Nations, OECD, Reuters (IMF growth and inflation outlook coverage, Jan 2024).

Indian Economic Landscape:

India's economy continued to demonstrate strong resilience and above-global-average growth through FY 2024–25, consolidating its position as the world's fifth-largest economy. Real GDP growth stood at 8.2% in FY 2023–24, supported by buoyant domestic consumption, robust capital expenditure, and healthy momentum in both manufacturing (+9.9%) and services activity. Advance estimates from the Ministry of Statistics indicate a moderation in growth to 6.4% in FY 2024–25, with nominal GDP projected to expand by 9.7%, reaching an estimated ₹324.1 lakh crore in output. This trajectory is broadly consistent with the Reserve Bank of India (RBI) and professional forecasts, which place India's real GDP growth in the 6.5–7.0% range. The IMF's April 2025 World Economic Outlook projects growth at 6.8% for FY 2024–25 and 6.5% in FY 2025–26, underscoring India's continued role as a key driver of global economic momentum.

Inflationary pressures eased during the year. CPI inflation declined from 6.7% in FY 2023–24 to 5.4% in FY 2024–25, supported by moderating food and fuel prices. The RBI maintained the policy repo rate at 6.5% with a neutral stance, balancing growth and inflation objectives amid a still-evolving global environment. India's external sector remained stable. The trade deficit narrowed, and the current account deficit (CAD) stood at ~0.7% of GDP in FY 2023–24 before easing further to ~0.6% in FY 2024–25, aided by robust services exports and sustained remittance inflows. This improvement helped strengthen India's external resilience despite persistent global trade headwinds.

On the fiscal front, the Union Budget under the ‘Amrit Kaal’ vision emphasized inclusive and sustainable development through the Saptarishi framework, prioritizing investments in social infrastructure, agricultural modernization, digital public goods, and startups. Despite continued high infrastructure spending, the fiscal deficit moderated to 5.63% of GDP in FY 2023–24, slightly better than the 5.8% target, reflecting prudent fiscal management.

Overall, India’s macroeconomic performance in FY 2024–25 highlights a stable and resilient trajectory, underpinned by domestic demand, strong external balances, and sustained fiscal support. These dynamics create a favourable environment for industries, including the crop protection sector, to navigate uncertainties and align growth ambitions with the country’s structural transformation.

Key Global Indicators:

| Indicator | FY 2023–24 | FY 2024–25 (Est.) |
|---------------------------------------|--------------|--------------------------------------|
| Real GDP Growth | 8.2% | 6.4% |
| Nominal GDP Growth | 9.6% | 9.7% |
| Nominal GDP (₹ lakh crore) | ~295.6 | ~324.1 |
| CPI Inflation | 6.7% | ~5.4% |
| Current Account Deficit | ~0.7% of GDP | ~0.6% of GDP |
| Repo Rate | 6.5% | 6.5% (steady) |
| Projected Real GDP Growth (RBI) | — | ~7.0% |
| Projected Real GDP Growth (IMF – WEO) | — | 6.8% (FY 2024–25), 6.5% (FY 2025–26) |

Sources: Ministry of Finance, Press Information Bureau (PIB), Ministry of Statistics & Programme Implementation (MoSPI), Reserve Bank of India (Monetary Policy Report, April 2025), International Monetary Fund – World Economic Outlook (April 2025), EY Economy Watch (April 2025), Reuters.

Global Agriculture Landscape:

The global agriculture sector continued strong momentum in FY 2024–25, expanding from USD 14.36 trillion in 2024 to USD 15.5 trillion in 2025, reflecting a CAGR of 7.9%. This growth was driven by rising global food demand, shaped by population growth projected to reach 10 billion by 2050, changing dietary preferences toward healthier and diverse foods, and the growing adoption of sustainable farming practices. The sector is expected to reach USD 20.63 trillion by 2029 at a CAGR of 7.4%, supported by technological innovation, precision agriculture, and digital integration.

Global crop production reached record highs during the year. Cereal output stood at nearly 2.9 billion tonnes, a 2–3% increase from recent years, with India recording a historic wheat output of 114 million tonnes. Maize and rice production rose to 1.26 billion tonnes and over 555 million tonnes, respectively, led by Brazil, India, and other major producers. Soybean and sugarcane production also increased, reflecting improved yields, expanded acreage, and favourable climatic conditions despite challenges such as climate variability, rising input costs, and geopolitical tensions.

Yet, food security remains a critical global challenge. Over 9% of the world’s population was undernourished between 2019 and 2023, and the number of chronically undernourished is projected to exceed 582 million by 2030, largely in Africa. Food insecurity also affects urban populations, where reduced access to fresh produce, growing dependence on processed foods, and marginalization of smallholder farmers exacerbate vulnerabilities. These dynamics underscore the urgency of developing resilient, inclusive, and sustainable food systems.

Technological transformation is reshaping agriculture worldwide. Precision farming, agricultural drones, AI-driven tools, robotics, and digital farm management platforms are revolutionizing productivity and sustainability. For instance, China’s XAG launched the P100 Pro drone in 2023, with a 50 kg payload capacity for autonomous seeding, fertilization, and spraying—demonstrating the scale of AgriTech adoption. Global investments in agricultural technology surpassed USD 60 billion in 2023, with a focus on climate-smart and sustainability-linked solutions.

Key Market & Technology Dynamics:

- **Precision Farming** – Valued at USD 9.7 billion in 2023, projected to reach USD 21.9 billion by 2031, growing at a CAGR of ~14%.
- **Precision Agriculture Software** – Expected to expand from USD 1.7 billion in 2024 to USD 3.1 billion by 2029, with a CAGR of ~12.5%.
- **Agriculture 4.0** – Estimated at USD 67.2 billion in 2023, likely to grow to USD 74.2 billion in 2024 and further at ~11–11.6% CAGR through 2030.
- **AgriTech Investments** – Sustained inflows exceeding USD 60 billion, with strong focus on climate-smart and sustainable technologies.
- **Farm Adoption** – Over 60% of global farms expected to be using AgriTech solutions by 2024, reflecting strong acceleration in digital adoption.

Key Trends & Insights:

- **Technology-Led Growth:** IoT, AI, drones, and digital systems are increasingly embedded into farming, enabling productivity gains and resource optimization.
- **Climate-Driven Pressures:** Extreme weather events continue to disrupt productivity, with significant impacts on wheat, corn, soy, rice, and cotton markets.
- **Regenerative Farming:** Practices such as cover cropping, organic matter enrichment, and reduced tillage are gaining traction, supported by policies in the EU, India, and other regions.
- **Regional Divergence:** Asia-Pacific remains the largest agricultural market, followed by North America, though technology adoption and productivity improvements remain uneven across geographies.
- **Sustainability Imperative:** Increasing alignment of global sourcing and supply chains with regenerative and carbon-resilient practices is reshaping sector strategies.

Strategic Implications:

- **Scalability & Investment:** The rapid scaling of AgriTech requires sustained investments across hardware, software, and services.
- **Climate Resilience:** Building climate adaptation and regenerative practices into agricultural systems is essential for long-term productivity.
- **Policy & Regional Gaps:** Technology adoption remains uneven; targeted support is critical for bridging productivity divides.
- **Business Alignment:** Companies must align sourcing, supplier partnerships, and innovation strategies with sustainable, carbon-resilient practices.

The global agriculture sector is undergoing a fundamental transformation, balancing rising food demand, sustainability imperatives, and technological disruption. With markets for Agriculture 4.0 and precision tools expanding rapidly and investments flowing into climate-smart solutions, the sector is better positioned to meet future challenges—though risks remain unevenly distributed.

Sources: The Business Research Company – Global Agriculture Market Report 2025; OECD–FAO Agricultural Outlook 2024–2027; International Food Information Council – Food and Health Survey 2022; IMF World Economic Outlook 2025; XAG Company Release (July 2023); Markets and Markets; PR Newswire; SNS Insider; Farmount ®; Reuters; World Bank; FAO; Economic Times.

Indian Agriculture Landscape:

Agriculture remains a cornerstone of India's economy, contributing approximately 16% to GDP and supporting nearly 46% of the population. In FY 2024–25, the sector demonstrated strong resilience with 4.6% annual growth, accelerating to 5.4% in Q4, aided by a favourable monsoon, record foodgrain production, and sustained policy support. Foodgrain output reached an all-time high of 353.95 million tonnes, led by rice (+8.2%) and wheat (+1.3%), while oilseeds and maize also posted significant gains. Allied sectors such as fisheries and livestock emerged as major growth drivers, recording CAGRs of 13.67% and 12.99%, respectively, underscoring their rising role in rural incomes and nutrition security. Over the past five years, agriculture and allied activities have grown at an average of 4.2–5%, though FY 2023–24 saw a slowdown with GVA growth dipping to a seven-year low of 1.4% due to uneven monsoon patterns, rural income pressures, and elevated inflation.

The Government of India reinforced its focus on farm sector resilience, price assurance, and modernization through several measures. The Union Budget for FY 2024–25 raised allocation for agriculture and allied sectors to ₹1.75 lakh crore, the largest increase in six years (+15%), with emphasis on natural farming, digital agriculture, and irrigation expansion. Minimum Support Prices (MSP) were raised sharply—59% for arhar, 77% for bajra, 89% for masur, and 98% for rapeseed—to ensure farmer profitability and incentivize production. PM-KISAN continued to extend direct income support to over 11 crore farmers, strengthening rural household consumption. Major flagship schemes included the Pradhan Mantri Krishi Sinchai Yojana (PMKSY) for expanding irrigation coverage, the Digital Agriculture Mission with a funding outlay of ₹2,817 crore driving initiatives such as AgriStack,

soil mapping, and decision-support systems, and the Soil Health Card Scheme under which more than 53 lakh cards were issued in FY 2024–25. In addition, e-NAM integrated 1.78 crore farmers and 1,410 mandis, facilitating agri-trade worth approximately ₹4 lakh crore. The Natural Farming Mission was allocated ₹2,481 crore to promote climate-resilient practices, while the newly launched Dhan-Dhaanya Krishi Yojana earmarked ₹24,000 crore annually to 100 districts for sustainable and inclusive development.

Despite headwinds, India's robust production supported a 9% increase in agricultural exports in FY 2023–24, led by demand from the Middle East, Southeast Asia, and Africa. However, food inflation remains a persistent policy challenge, with rural inflation peaking at 5.7% in June 2023 and food inflation surging to 9%, largely driven by supply-chain inefficiencies and commodity price volatility. On the structural side, AgriTech adoption accelerated significantly, with over 35% growth in mobile-based farming platforms during 2023, enhancing yield optimization and farmer decision-making. Digital penetration through platforms such as e-NAM and Soil Health Cards is fostering a unified agri-market and more scientific input usage, while the policy thrust on micro-irrigation, precision farming, and climate-smart agriculture is steadily strengthening the sector's long-term sustainability.

Given the short-term challenges such as fragmented landholdings, climate variability, and post-harvest losses persist, India's agriculture sector is structurally strengthening through higher public investment, digital adoption, and climate-smart policies. With record foodgrain production, rising allied sector contribution, and strong export momentum, the sector is well-positioned to drive rural transformation, enhance farmer incomes, and contribute meaningfully to India's long-term growth trajectory. For NACL Industries, aligning strategies with government priorities in irrigation, agri-services, supply chains, and sustainable inputs offers significant scope for value creation.

Sources: Business Standard – Agriculture Grows 4.6% in FY25; Firstpost – Economic Survey 2025 Highlights; Reuters – FY26 Agriculture Budget Hike; PIB – Foodgrain Output & PM-KISAN Coverage; Farmonaut – Indian Agriculture Sector Overview 2025; Jagran Josh – Sector-wise Economic Survey Analysis; Krishi Ujala – Agriculture Budget and Policy Reforms; NDTV / PIB – Union Budget Allocations & Schemes; Down To Earth – GVA Growth & Inflation Trends; Customs Data – Agri-export Performance

Global Agrochemical Market Overview:

Global Agrochemicals Sector – Snapshot:

Herbicides are the dominant category, fungicides are showing the highest growth momentum, and insecticides continue to expand on the back of pest evolution and climate variability. Technological adoption, including precision agriculture, drone-based spraying, AI-powered diagnostics, and digital farming platforms, is reinforcing demand for efficient and tailored agrochemical usage across regions.

The market is undergoing a structural transition as biologicals, eco-friendly formulations, and sustainable chemistries gain traction, supported by regulatory reforms, consumer preference for organic produce, and environmental imperatives. Developed markets like North America and Europe are at the forefront of adopting biopesticides, precision application, and carbon-efficient solutions. At the same time, Asia-Pacific dominates global demand with over one-third of the market share, led by China, India, and Japan, while Latin America continues to expand rapidly through agricultural intensification.

Despite the optimistic outlook, the industry faces regulatory hurdles, pest resistance, and ecological concerns around synthetic pesticide use. Product approval delays and stringent compliance regimes are pushing companies to diversify toward bio-based and integrated pest management solutions. To address these challenges, leading players are investing in biologicals, digital farming, and carbon-efficient R&D pipelines, while pursuing strategic mergers and acquisitions to strengthen portfolios.

Looking ahead, the global agrochemical sector stands at a pivotal transition point—balancing the scale and reliability of traditional inputs with innovation in sustainable, high-tech, and environmentally conscious solutions. With the UN projecting the global population to reach 9.7 billion by 2050, necessitating a 70% increase in food production, agrochemicals will remain central to global food security.

NACL Industries is well-positioned to benefit from this evolution, leveraging R&D, regulatory alignment, and emerging-market opportunities to expand its footprint in a transforming global landscape.

Sources: Grand View Research – Global agrochemicals market size & outlook (2023 base, 2030 projections, CAGR 5.3%); Global Market Insights Inc., MENAFN – Crop protection chemicals fundamentals (USD 91.4 B in 2023, CAGR 4.2%); SNS Insider – Alternate crop protection outlook (USD 64.6 B → USD 102.3 B, CAGR 5.3%); MARC Group, CropLife, GlobeNewswire – Sustainable chemistry & regional trends; Mordor Intelligence; The Business Research Company; GII Research; Research and Markets; Coherent Market Insights; Precedence Research; Straits Research; Technavio; AgroPages; Kline Group; Cognitive Market Research

Indian Crop Protection Overview:

The Indian crop protection sector demonstrated strong resilience in FY 2024, with the market valued at ~USD 8.1 billion, growing at ~9 % CAGR between FY 21-24. Domestic market contributes to ~49% and Export market contributes ~51% of total ~ USD 8.1 billion market size. This performance stands out against a 22% export volume dip in FY 2024, caused by global inventory destocking, subdued international demand, and aggressive pricing from China. India remains a pivotal global player—ranking among the top four crop protection chemical producers and emerging as the second-largest exporter worldwide. The country benefits from its cost-competitive manufacturing base, strong formulation capabilities, and expanding agricultural technology adoption.

The domestic market is expected to expand to USD 11.3 billion by FY 2027–28, implying a CAGR of ~9%. Growth will be driven by expanding domestic consumption, rising adoption of precision farming, drone spraying, biotechnology, and the increasing penetration of bio-based and sustainable crop protection chemicals. Crop protection chemicals usage in India remains significantly below global averages—~0.27–0.6 kg per hectare, compared with the Asian average of 3.6 kg/ha and the global average of 2.4 kg/ha—highlighting vast untapped potential for yield optimization.

India’s exports have grown at a ~9% CAGR between FY 2021–24. Herbicides lead this momentum, expanding at a 20–23% CAGR and increasing their share of total exports from 31% to 37%. Key

destinations include the United States, Brazil, Japan, Vietnam, and Indonesia, which collectively account for a majority of outbound volumes. Although exports fell sharply in FY 2024 due to global corrections, the long-term trajectory remains positive as supply chains stabilize and international demand revives. Rising labor costs in overseas markets are also creating tailwinds for India’s herbicide exports.

The sector is supported by proactive policy measures such as Make in India, Production-Linked Incentives (PLI), and Atmanirbhar Bharat, which encourage domestic production, backward integration, and innovation. Industry–academia collaborations are driving new molecule registrations and smart farming technologies, while digitization and e-commerce platforms are enhancing access to inputs for small and medium farmers. Furthermore, India’s emphasis on digital agriculture, carbon-efficient R&D, and bio-based formulations positions the industry at the forefront of sustainable transformation.

Despite strong fundamentals, challenges persist. These include Regulatory complexity and long approval timelines for new products; Raw material price volatility and logistics bottlenecks and Intense competition from low-cost Chinese imports. Indian manufacturers are responding with cost efficiencies, product diversification, and export market realignment to sustain competitiveness.

Indian Agrochemicals Sector – Snapshot:

FY 2025 represents a pivotal year for India’s agrochemical sector—balancing short-term export headwinds with long-term structural strengths in cost competitiveness, herbicide leadership, and domestic demand growth. With sustained policy support, innovation in formulations, and recovery in global demand, India is well-positioned to expand its footprint as both a domestic growth engine and a global agrochemical hub in the coming decade.

Given the outlook, NACL Industries is poised to harness emerging opportunities while navigating persistent headwinds in the agri-input landscape. In FY 2025, the domestic retail business was impacted by erratic monsoons, uneven rainfall, and constrained cropping patterns, with prolonged dry spells and late-season swings tempering demand. The Company reinforced its farmer-centric approach through wider channel outreach and customized solutions. Exports too faced pressures from global oversupply, pricing challenges, and inventory imbalances, which weighed on performance. Nonetheless, NACL’s diversified presence and long-standing institutional relationships lent resilience in key international markets. Looking ahead, the Company remains committed to innovation-led growth, stronger farmer engagement, and resilient operations to address evolving domestic and global needs in crop protection.

Sources: Rubix Data Sciences (ANI report): market size USD 11.2 B (FY 2024–25), forecast USD 14.5 B by FY 2027–28 (~9% CAGR); AgroPages, Claight, Expert Market Research: India as top 4 producer; export growth trends; herbicide momentum; Wikipedia (Economy of India): exports doubling to USD 5.4 B; global rank in exports; Times of India, Global Agriculture, NewKerala.com: export dip, herbicide CAGR, policy drivers ; Technavio, Mordor Intelligence, ICRA Limited, India Briefing: domestic demand and structural insights

Product Sector Performance:

Herbicide:

While the global herbicides market is expected to grow at a CAGR of ~5.1%, the Indian herbicides market is projected to expand at a faster pace of around ~8.1% CAGR. Rising food security concerns, declining arable land, and modern farming practices such as conservation tillage are driving adoption. Asia Pacific, led by India and China, remains a key growth hub supported by economic expansion, mechanization, and higher disposable incomes. Cereals and grains dominate demand, with rice and wheat as leading crops. Synthetic herbicides account for more than 90% of sales, though bioherbicides are gaining ground amid growing sustainability concerns. Advances in precision spraying, drone applications, and slow-release formulations are shaping market evolution, even as challenges like resistant weeds and environmental concerns push R&D toward next-generation bioherbicides.

For NACL Industries, FY 2025 saw the launch of two key herbicide products—**Dash** for paddy and **Carpet** for wheat. However, erratic rainfall delayed sowing of kharif crops, narrowing weed-control windows and softening demand. Revenues from the herbicide segment moderated slightly compared to the previous year, though continued product innovation and a focus on critical crop segments remain central to sustaining growth.

Fungicides:

While the global fungicide market is expected to grow at a CAGR of ~8.1%, the Indian fungicide market is projected to expand at a faster pace of around ~11% CAGR. Growth is driven by rising incidences of fungal diseases and climate variability, with Asia Pacific contributing the largest share due to extensive cultivation of cereals, fruits, and vegetables. Seed treatment and foliar applications lead usage, while systemic, contact, and biological fungicides play complementary roles.

In India, cereals account for over 30% of fungicide demand, followed by oilseeds (~25%). The country's warm, humid climate makes crops highly vulnerable to fungal diseases like blast, blight, and mildew, strengthening the role of fungicides in agricultural productivity.

NACL Industries' fungicide portfolio delivered resilient performance in FY 2025, supported by flagship brands such as **Oscar**, **Index**, and **Sivic**. Although revenue was marginally lower year-on-year, the Company continued to deepen farmer engagement and provide technical support to enhance product efficacy. With innovation and strong brand equity, NACL remains well positioned in India's competitive fungicide market.

Insecticides:

While the global insecticides market is expected to grow at a CAGR of ~5.4%, the Indian insecticides market is projected to expand at a faster pace of around ~8.1%. The global insecticide market faced headwinds in FY 2025 due to unfavorable weather and lower acreage in key crops such as cotton and chilli. Despite these pressures, insecticides remain the largest Crop Protection segment in India, accounting for over 45% of the domestic market.

During the year, reduced cotton planting and weak chilli prices curtailed demand. However, opportunities are emerging in fruits and vegetables, where farmers are increasingly adopting advanced pest management solutions to enhance yields and quality.

NACL Industries recorded stable performance in its insecticide segment, supported by the launch of **Speed** and **Pyrakill** targeting fruits, vegetables, and other high-value crops. Despite sluggish market conditions, the Company strengthened its competitive position through innovation, farmer outreach, and tailored solutions.

Plant Growth Regulators (PGRs) / Bio-stimulants:

The global PGR market is projected to grow at ~10-12% CAGR and India PGR market is expected to grow at ~15% CAGR. Rising adoption of sustainable practices, demand for improved crop quality, and innovations in bio-based formulations are key drivers. In India, the PGR market growth is led by fruits, vegetables, cereals, and oilseeds, with government initiatives promoting sustainable inputs and residue-free farming.

For NACL Industries, FY 2025 was marked by continued emphasis on innovation-led growth in this segment. Flagship brands such as **Atonik** and **Gallant** remain central to the portfolio, backed by regulatory approvals and farmer confidence. While revenues moderated during the year, NACL strengthened R&D capacities and promoted next-generation PGRs and bio-stimulants aimed at mitigating abiotic stresses like heat and drought.

With increasing demand for sustainable agriculture and consumer preference for high-quality produce, NACL's focus on integrated PGR and bio-stimulant solutions positions it strongly for long-term leadership.

Segment-wise Snapshot:

| Segment | Global Outlook (CAGR) | India Outlook (CAGR) |
|-----------------|-----------------------|---|
| Crop Protection | ~5-6% CAGR | 9% CAGR |
| Herbicides | ~5.8% CAGR | ~8.1% CAGR NACL Introduced Dash and Carpet |
| Fungicides | ~8.3% CAGR | ~11% CAGR NACL brands; resilient performance despite headwinds |
| Insecticides | ~5.4% CAGR | ~8.1% CAGR NACL Launched Speed and Purakill |
| PGRs | ~10-12% CAGR | ~15% CAGR |

Sources: Technavio; PR Newswire; Research and Markets; Future Market Insights; GlobeNewswire / Exactitude Consultancy; CARE Ratings / Industry Research; Kotak Securities; Equitymaster; Economic Times; Money control; Mordor Intelligence.

Strengths, Opportunities, and Outlook:

- 1) **Industry Strengths & Core Positioning:** India ranks as the world's fourth-largest agrochemical producer and the second-largest exporter. In FY 2024, Crop protection segment exports touched USD 4.1 billion, marking a healthy CAGR of ~9% FY21-24. Despite a sharp 22% export correction in FY 2023–24, triggered by global inventory overhangs and aggressive price competition from China, Indian manufacturers demonstrated resilience by leveraging cost competitiveness, product diversification, and agility in market adaptation.
- 2) **Domestic Usage – Significant Growth Potential:** Crop protection chemical consumption in India remains low at ~0.3 kg per hectare, compared with the global average of 2.4 kg and 3.6 kg in Asia, underscoring vast growth potential. Domestic demand is set to rise with increasing mechanization, technology adoption, and productivity-focused farming practices. The Indian Crop Protection Segment is estimated to grow at 9% CAGR.
- 3) **Key Opportunities & Growth Drivers:** The sector is entering a pivotal growth phase, propelled by multiple drivers:
 - a) Patent expiries of key molecules (Cyantraniliprole, Sulfoxaflor) between 2026–2028, creating strong opportunities for generics and boosting India's global competitiveness;
 - b) Technological advancements in biopesticides, advanced formulations, precision agriculture, and backward integration, reshaping the product landscape;
 - c) Policy support through Make in India, PLI schemes, and favourable regulatory frameworks enhancing domestic production and export competitiveness.
- 4) **Outlook for FY 2025–30 - Growth & Strategic Imperatives:** The agrochemical sector is expected to sustain a 6–9% CAGR over the next 3 to 5 years, driven by export recovery, global inventory normalization, and stronger domestic adoption. A structural shift toward sustainability and innovation is altering the product mix, with greater emphasis on:
 - a) Bio-based solutions and integrated pest management;
 - b) Digital agriculture platforms and drone-assisted spraying;
 - c) Innovation-led R&D on new molecules;
 - d) Resilient supply chains and agile business models.

Indian Companies are well-positioned to capitalize on patent expiries, cost advantages, and domestic growth potential, while aligning with government incentives to scale sustainably.

Sources: Rubix Data Sciences; Economic Times; Global Agriculture; India Briefing; Mordor Intelligence.

Challenges, Threats, Risks, and Concerns:

- 1) **Global Headwinds:** The Indian agrochemical sector continues to face considerable global pressures, including inventory destocking, international price competition, and currency fluctuations. These external dynamics have weighed heavily on export performance, compressing revenues and margins. Uncertainty in the global geopolitical environment and volatility in commodity markets further complicate stability, underscoring the need for nimble and adaptive strategies by Indian exporters.
- 2) **Regulatory Complexity:** India's evolving regulatory landscape presents persistent challenges. Lengthy approval timelines for new molecules, coupled with escalating compliance costs, slow down product introductions and hamper innovation. Additionally, tightening environmental and safety norms demand sustained investment in R&D to meet both domestic and international benchmarks, raising entry barriers and operational challenges for industry participants.
- 3) **Climate Volatility:** Shifting weather patterns and climate change have disrupted traditional pest and disease cycles, creating erratic demand for crop protection inputs. Droughts, untimely rainfall, and extreme temperatures impact sowing schedules and crop health, complicating pest management and heightening risks of inventory mismatches and crop losses. This unpredictability adds a layer of uncertainty for both farmers and manufacturers.
- 4) **Competitive Pressures and Working Capital Constraints:** Cheaper imports and the proliferation of generic products continue to intensify pricing pressure and compress margins for Indian agrochemical companies. Staying competitive requires sustained innovation and stringent cost control. At the same time, the sector struggles with extended working capital cycles — high inventory buildup and delayed receivables, particularly from government-linked distribution channels — constraining liquidity and financial flexibility.

FY 2024–25 marks a pivotal phase for India's agrochemical industry. Despite near-term export challenges and a demanding operating environment, the sector's underlying strengths — cost-efficient manufacturing, a vast underpenetrated domestic market, supportive policy measures, and opportunities from upcoming patent expirations — position it for sustainable, innovation-led growth. Strategic emphasis on R&D, regulatory alignment, supply chain resilience, and digital adoption will be critical to navigating risks and securing long-term value creation.

Sources: Rubix Data Sciences; Syovi Research; India Briefing; Mordor Intelligence; IMARC Group.

Financial Performance:

During the year 2024-25, the Revenue from operations Rs. 1,25,189 Lakhs reflects decreased by 30% over the previous year. The EBDITA loss and Cash Loss stood at Rs. 5,698 Lakhs and Rs. 5,378 Lakhs respectively compared to EBDITA positive Rs 1,632 Lakhs and Cash loss Rs 2,861 Lakhs. The financial performance of Company in 2024-25 was as under:

(₹in lakhs)

| Particulars | 2024-25 | 2023-24 | 2022-23 |
|---|---------|----------|----------|
| Revenue from Operations | 125,189 | 1,78,084 | 2,11,600 |
| EBITDA margin | -5% | 1% | 10% |
| Profit before depreciation, tax (as % of revenue from operations) | -6% | -2% | 8% |
| Return on Capital Employed | -7% | 0% | 15% |
| Return on Net Worth | -15% | -9% | 19% |
| Earnings per share (FV ₹1 each) | -3.66 | -2.36 | 5.18 |
| Book Value per share | 23 | 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 | 2024-25 | 2023-24 | Change | Reason for change |
|-----------------------------|---------|---------|--------|---|
| Current Ratio | 1.09 | 1.17 | -6% | Increase in losses of the Company during the year is on account lower production leading to lower revenues. |
| Debt Equity Ratio | 0.61 | 1.23 | -51% | |
| Net Profit Ratio | -6% | -3% | 121% | |
| Return on Capital Employed | -7% | 0% | 3784% | |
| Debt Service Coverage Ratio | 0.29 | 0.36 | -20% | |
| Return on Equity Ratio # | -15% | -9% | 74% | |
| Debtors Turnover | 2.07 | 2.26 | -8% | |
| Inventory Turnover | 4.26 | 4.36 | -2% | |
| Interest Coverage Ratio | 0.77 | 0.81 | -5% | |
| Operating Profit Margin (%) | -11% | -4% | 168% | |

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.

Outlook and Strategic Path Forward:

The agrochemical industry is set for steady expansion, supported by rising global food demand, shrinking arable land, and the urgent need for higher agricultural productivity. The outlook remains strong, as companies increasingly embrace bio-based and sustainable crop protection solutions, digital farming tools, and advanced formulations that improve efficiency while reducing environmental impact. Strategically, the path forward lies in enhancing R&D capabilities, deepening collaborations with agri-tech startups, and aligning portfolios with evolving regulatory frameworks that prioritize sustainability and climate resilience. For India, leveraging cost competitiveness, expanding exports, and strengthening the domestic value chain will be critical steps in positioning its agrochemical sector as a global innovation and growth hub.

Human Resources:

As of March 31, 2025, NACL Industries employed 1,347 people and maintained a culture of strong industrial harmony. The Company places high emphasis on employee development, offering extensive training programs and capability-building initiatives designed to strengthen both individual and team performance. By fostering continuous learning and professional growth, NACL ensures a motivated, skilled, and future-ready workforce.

Corporate Social Responsibility:

At NACL, community well-being is an integral part of our growth journey. In FY 2024-25, we allocated a CSR budget of ₹116 Lakhs, focusing on impactful initiatives that directly enhance the quality of life in our neighbouring communities at Srikakulam and Ethakota. Our efforts included the steady supply of clean RO-purified drinking water and domestic water to nearby villages, infrastructure support for community development, and programs that strengthen education through Vidya Volunteers, scholarships for meritorious students, and assistance to local institutions. We also extended support to initiatives like Mytri Police, thereby contributing to safer communities, and continued to provide medical assistance to residents in and around Srikakulam. Through continuous engagement with local authorities and residents, NACL's CSR interventions remain deeply rooted in inclusivity, sustainability, and long-term social impact.

QEHS (Quality, Environment, Health and Safety):

1) **Quality:** Quality remains integral to NACL's identity and operations. Supported by process-driven management systems, the Company upholds the highest international benchmarks across all stages of production. In FY 2024-25, technical plants, formulation facilities, and R&D centres strengthened their quality frameworks through advanced laboratories staffed by expert professionals. This commitment was recognized through NABL accreditations for the Srikakulam Technical Plant, Ethakota Formulation Plant, Dahej Plant, and the R&D Centre at Shadnagar, along with recognition from the Quality Forum

of India. These honours reaffirm the Company's commitment to excellence, compliance, and innovation, positioning NACL as a trusted global provider of safe, reliable, and high-quality agrochemical solutions.

- 2) **Environment:** Environmental responsibility is embedded across design, execution, and process management, reinforcing NACL's leadership in sustainable operations. Risks are proactively managed through robust methodologies such as HAZOP, EA&I, and HARA, ensuring the highest standards of environmental safety. The Company operates a pioneering Zero Liquid Discharge (ZLD) system with Distributed Control System (DCS) integration, enabling 100% wastewater recovery and reuse—a benchmark in the Indian agrochemical industry. Commitment to emission control is supported by multi-stage scrubbers, advanced monitoring tools including online pH and VOC meters, CEMS, and CAAQMS. Safety and resilience are further strengthened through secondary containment, bunding, dyke wall protection, and automated alarm systems integrated with the DCS. Stormwater management through conductivity-based reuse and in-house validation ensures water stewardship. Guided by the 5R philosophy—Refuse, Reduce, Reuse, Recycle, and Recover—the Company continues to minimize waste, eliminate HTDS effluent in one product, reduce effluent load by up to 75% in others, and recover high-value salts for reuse and commercial sale, thereby driving both ecological sustainability and business value.
- 3) **Health:** Employee health and well-being are central to the EHS framework. Occupational Health Centres operating round-the-clock across sites provide immediate care, emergency response, and preventive consultation. Comprehensive medical check-ups, health surveillance, and early risk identification, particularly for chemical exposures, are complemented by wellness programs on fitness, mental health, ergonomics, and chronic disease prevention. Initiatives such as vaccination drives, yoga sessions, and health awareness campaigns foster a culture of holistic well-being. Alignment with ISO 45001:2018 standards further strengthened workplace safety, resilience, and employee engagement, positioning well-being as a cornerstone of organizational sustainability.
- 4) **Safety:** Safety is ingrained as a core organizational value. Facilities are equipped with state-of-the-art fire detection and prevention systems, structured Permit-to-Work mechanisms,

and comprehensive emergency preparedness plans to ensure continuous protection. Employee engagement is driven through initiatives such as Suraksha Sammelan, Suraksha Yojana, and the Safety Monthly Star program, fostering a culture of shared responsibility. Integration of Process Safety Management (PSM) with ICC's Responsible Care principles, along with advancement of Behaviour-Based Safety (BBS), has established a robust safety ecosystem that safeguards people, strengthens operational integrity, and reinforces stakeholder trust.

Internal Control Systems and their Adequacy:

NACL has established a comprehensive and resilient internal control framework designed to safeguard assets, ensure regulatory compliance, and enable swift resolution of operational issues. The system is continuously monitored, strengthened, and adapted to evolving business needs and regulatory changes. Oversight is reinforced through rigorous reviews by the Audit Committee, which ensures that audit observations are addressed with timely corrective actions. Regular and transparent engagement with both internal and statutory auditors further enhance the efficiency, reliability, and integrity of our control environment, reflecting our commitment to strong governance and operational excellence.

Cautionary Statement:

In this Annual Report, we have disclosed forward-looking information to help investors understand our prospects and make informed investment decisions. This Report, along with other written and oral communications made by us periodically, contains forward-looking statements that reflect anticipated results based on management's plans and assumptions. Wherever possible, we have identified such statements using words such as "anticipates", "estimates", "expects", "projects", "intends", "plans", "believes", and words of similar substance in discussions of future performance. While we believe these assumptions are prudent, there is no assurance that the forward-looking statements will be realized. The achievement of results is inherently subject to risks, uncertainties, and potential inaccuracies in assumptions. Should known or unknown risks or uncertainties arise, or should underlying assumptions prove inaccurate, actual results may differ materially from those anticipated, estimated, or projected. Readers are therefore advised to bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether because of new information, future developments, or otherwise.

Place: Hyderabad
Date: August 07, 2025

For and on behalf of the Board

K Lakshmi Raju
Chairperson
(DIN: 00545776)

G Veera Bhadram
Whole Time Director
(DIN: 00114611)

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, 2025. 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 and None of the Directors of the Company are inter-se related to each other..
- 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, 2025 are given below:

1) Composition of Board:

The Company's Board comprises 11 (Eleven) Directors, out of which 2 (Two) are Non-Executive, Non-Independent Directors (NEDs), including 1 (one) Woman Director. Out of the remaining Directors, 6 (Six)

are Non-Executive, Independent Directors, including 2 (Two) Woman Independent Director, 2 (Two) are Investor Nominee Directors, and 1 (One) is an Executive Director.

The composition of the Board is in compliance with the requirements of the Companies Act, 2013 (“the Act”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”). None of the Directors are related to each other.

Number of Board Meetings:

During the year 2024-25, 11 (Eleven) Board Meetings were held on May 23, 2024; May 30, 2024; August 07, 2024; August 14, 2024; October 03, 2024; October 24, 2024; December 12, 2024; January 13, 2025; February 12, 2025; March 12, 2025; March 28, 2025. 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. Two 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:

| Sr. 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, 2024 |
|---------|---------------------------------|--|------------------------------|-----------------------------------|--|
| 1) | Mrs. K. Lakshmi Raju | Promoter, Chairperson & Non-Executive Director | 11 | 10 | Yes |
| 2) | Mr. Sudhakar Kudva | Independent Director | 11 | 11 | Yes |
| 3) | Mr. Atul Churiwal | Investor Nominee Director | 11 | 10 | Yes |
| 4) | Mr. Rajesh Kumar Agarwal | Investor Nominee Director | 11 | 7 | Yes |
| 5) | Mr. M. Pavan Kumar ¹ | Executive Director, Managing Director & CEO | 11 | 9 | Yes |
| 6) | Mr. Ramakrishna Mudholkar | Independent Director | 11 | 10 | Yes |
| 7) | Mr. N. Sambasiva Rao | Independent Director | 11 | 10 | Yes |
| 8) | Ms. Veni Mocherla | Independent Director | 11 | 10 | Yes |
| 9) | Mr. C.V Rajulu ² | Non-Executive Director | 11 | 10 | Yes |
| 10) | Mr. Raj Kaul | Non-Executive Director | 11 | 9 | Yes |
| 11) | Mr. Santanu Mukherjee | Independent Director | 11 | 11 | Yes |
| 12) | Mrs. Lakshmi Kantam Mannepalli | Independent Director | 11 | 10 | Yes |
| 13) | Mr. G V Bhdaram ³ | Whole Time Director | 11 | 2 | NA |
| 14) | Mr. N Vijayaraghavan | Independent Director | 11 | 4 | NA |
| 15) | Mr. Raghavendra Mateti | Independent Director | 11 | 3 | NA |

1) Mr. M Pavan Kumar resigned from the Position of Managing Director & CEO w.e.f March 12, 2025.

2) Mr. C V Rajulu resigned from the position of Non-Executive & Non-Independent Director of the company w.e.f March 12, 2025.

3) Mr. G Veera Bhadram was appointed as an Whole Time Director of the Company w.e.f March 12, 2025.

4) Mr. Raghavender Mateti retired from the position of Non-Executive & Independent Director of the company w.e.f August 08, 2024.

5) Mr. N Vijayaraghavan resigned from the position of Non-Executive & Independent Director of the company w.e.f August 16, 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 Independent Directors of the Company are serving as an Independent 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.

The number of Directorship and Committee positions held by Directors in public limited companies as on March 31, 2025 are given below:

| Sr. 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 | Nagarjuna Fertilizers and Chemical Limited | NED & ID [®] |
| 3) | Mr. Atul Churiwal | - | 1 | 1 | - | - | - | - |
| 4) | Mr. M Pavan Kumar | - | 1 | 1 | - | 1 | - | - |
| 5) | Mr. N Vijayaraghavan | - | 1 | 1 | - | 2 | - | - |
| 6) | Mr. Raghavender Mateti | - | 1 | 1 | 1 | 2 | - | - |
| 7) | Mr. C V Rajulu | - | 1 | 1 | - | 1 | - | - |
| 8) | Mr. Rajesh Kumar Agarwal | - | 1 | 1 | - | - | - | - |
| 9) | Mr. Ramakrishna Mudholkar | - | 1 | 1 | - | - | - | - |
| 10) | Mr. N. Sambasiva Rao | - | 3 | 3 | - | 1 | - | - |
| 11) | Ms. Veni Mocherla | - | 2 | 2 | - | - | Manorama Industries Limited | - |
| 12) | Mr. Raj Kaul | - | 1 | 1 | - | - | - | - |
| 13) | Mr. Santanu Mukherjee | - | 8 | 8 | 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) | Mrs. Lakshmi Kantam Mannepalli | - | 4 | 4 | - | 3 | Godavari Biorefineries Ltd. Vinati Organics Ltd. Prasol Chemicals Ltd. | NED & ID [®] |
| 15) | Mr. G Veera Bhadrarn | - | 1 | 1 | - | 4 | - | Whole Time Director |

* 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 | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ |
| GVB | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| RKA | ✓ | ✓ | ✓ | ✓ | ✓ | | | | | ✓ |
| AC | ✓ | ✓ | ✓ | | ✓ | | | | | ✓ |
| RKM | ✓ | ✓ | ✓ | | | | ✓ | | | ✓ |
| NSR | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | | ✓ | ✓ |
| VM | ✓ | | ✓ | | | ✓ | ✓ | | | ✓ |
| RK | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ | ✓ |
| SM | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | | ✓ | |
| LKM | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | | ✓ | ✓ |

KLR- K.Lakshmi Raju, SK – Sudhakar Kudva, , GVB- G V Bhadram, RKA - Rajesh Kumar Agarwal, AC- Atul Churiwal, RKM - Ramkrishna Mudholkar, NSR – N.Sambasiva Rao, VM – Veni Mocherla, 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 two 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/2025/08/Familiarisation-programme-24-25>.

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/2025/02/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. G Veera Bhadram, Whole Time Director 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 August 06, 2024, as required under Schedule IV of the Companies Act, 2013 (Code for Independent Directors) and Regulation 25 of Listing Regulations. Mr. Sudhakar Kudva, Mr. Santanu Mukherjee, Mr. Ramakrishna Mudholkar, Mr. N.Sambasiva Rao, Dr. M Lakshmi Kantam and Ms.Veni Mocherla, Mr N Vijayaraghavan and Mr. Raghavender Mateti 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.
- 4) The Independent Directors confirmed that they fulfill the conditions specified under the applicable regulations and are independent of the management.
- 5) There are no material reasons other than those mentioned in the resignation letter of the Independent director.

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. Sudhakar Kudva (Chairman), Mr. G Veera Bhadram and Mrs. K. Lakshmi Raju. The Committee met two (2) times during the year and the meetings was held on May 22, 2024 and March 07, 2025. The details of attendance of Members are as follows:

| Name of the Member | Status | No. of meetings | |
|------------------------|------------|-----------------|----------|
| | | Held | Attended |
| Mr. Raghavender Mateti | Chairman* | 2 | 1 |
| Mr. N. Vijayaraghavan | Member**** | 2 | 1 |
| Mrs. K. Lakshmi Raju | Member | 2 | 2 |
| Mr. M. Pavan Kumar | Member | 2 | 1 |
| Mr. Sudhakar Kudva | Chairman** | 2 | 1 |
| Mr.G V Bhadram | Member*** | 2 | NA |

* Ceased as a member effective August 08, 2024

** Appointed as a member and Chairman effective August 14, 2024

***Appointed as amember effective March 12, 2025

**** Ceased as a member effective August 16, 2024

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 Share Transfer Agents of the Company to avoid delays. The Company during the period from April 01, 2024 to March 31, 2025 received Nil complaints from the investors and the same were resolved and there were no balance investor's complaints pending/unresolved as on March 31, 2025.

2) Audit Committee:

This Committee comprises of the following Directors viz. Mr. Santanu Mukherjee (Chairman of the Committee), Mr. Sudhakar Kudva and Mr. N.Sambasiva Rao. All the Members of the Committee are Independent Directors and possess strong accounting and financial management knowledge.

The Audit Committee met nine (9) times during the period under review and the meetings were held on May 23, 2024; May 30, 2024; June 18, 2024;

August 07,2024; August 14, 2024; October 24, 2024; November 16, 2024; December 12, 2024 February 12, 2025. 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 | 9 | 9 |
| Mr. Sudhakar Kudva | Member | 9 | 9 |
| Mr. N. Sambasiva Rao | Member | 9 | 9 |
| Mr. Raghavender Mateti* | Member | 5 | 3 |
| Mr. N. Vijayaraghavan** | Member | 5 | 3 |

* Ceased as a member effective August 08, 2024.

** Ceased as a member effective August 16, 2024.

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. Santanu Mukherjee (Chairman), Mr. Sudhakar Kudva, Mrs. K. Lakshmi Raju and Mr. G Veera Bhadram.

The Banking Committee met Six (6) times during the period under review and the meetings were held on April 11, 2024, July 02, 2024, September 23, 2024, November 16, 2024, March 25, 2025. The details of attendance of Members are as follows:

| Name of the Member | Status | No. of meetings | |
|------------------------------|------------|-----------------|----------|
| | | Held | Attended |
| Mr. Santanu *** Mukherjee | Chairman | 6 | 6 |
| Mr. N. Vijayaraghavan | Member* | 6 | 2 |
| Mr. Sudhakar Kudva | Member | 6 | 6 |
| Mr. Raghavender Mateti | Member** | 6 | 2 |
| Mr. M. Pavan Kumar | Member*** | 6 | 5 |
| Mrs. K. Lakshmi Raju | Member | 6 | 6 |
| Mr. G V Bhadram | Member**** | 6 | 1 |

* Ceased as a member effective August 16, 2024.

** Ceased as a member effective August 08, 2024.

*** Ceased as a member effective March 12, 2025.

**** Appointed as member effective March 12, 2025.

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. Santanu Mukherjee (Chairman), Mrs. K. Lakshmi Raju and Mr. Sudhakar Kudva.

The Nomination and Remuneration Committee had met nine (09) times during the period under review and the meetings were held on April 11, 2024; May 08, 2024; June 01, 2024; August 08, 2024; October 03, 2024; December 12, 2024; January 13, 2025; March 07, 2025; March 12, 2025. The details of attendance of Members are as follows:

| Name of the Member | Status | No. of meetings | |
|-------------------------------|----------|-----------------|----------|
| | | Held | Attended |
| Mr. Santanu **** Mukherjee | Chairman | 9 | 9 |
| Mr. Raghavender Mateti | Member* | 9 | 4 |
| Mrs. K. Lakshmi Raju | Member | 9 | 9 |
| Mr. Sudhakar Kudva | Member | 9 | 9 |
| Mr. N. Vijayaraghavan | Member** | 9 | 4 |

* Ceased as a member effective August 08, 2024.

** Ceased as a member effective August 16, 2024.

*** Appointed as chairman effective August 07, 2024

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.

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.Sudhkar Kudva (Chairman of the Committee), Mrs. K. Lakshmi Raju, Ms.Veni Mocherla, Mr. G Veera Bhadram.

The CSR Committee met one (1) time during the period under review and the meeting was held on May 22, 2024. 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 |
| Mr. G Veera Bhadram**** | Member | 1 | NA |

* Ceased as a member effective August 16, 2024.

** Ceased as a member effective March 12, 2025.

*** Ceased as a member effective March 12, 2025.

****Appointed as a member effective March 12, 2025.

The terms of reference of the CSR Committee inter-alia includes the following:

- a) 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.
- b) 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.
- c) 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 undertaken and ensure information in a timely manner.
- d) To recommend the amount to be spent on the CSR activities.
- e) 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. Harish Chandra Bijlwan and Mr. G Veera Bhadram.

The Risk Management Committee met one (1) times during the period under review and the meeting was held on September 19, 2024. 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 |
| Mr. R. K. S. Prasad | Member** | 1 | 1 |
| Mr. M. Pavan Kumar | Member*** | 1 | 1 |
| Mr. Harish Chandra Bijlwan | Member | 1 | 1 |
| Mr. G Veera Bhadram | Member**** | 1 | 0 |

*Ceased as a member effective August 16, 2024.

** Ceased as a member effective August 16, 2024.

*** Ceased as a member effective March 12, 2025.

****Appointed as a Member effective March 12, 2025.

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:

- a) To formulate a detailed risk management policy which shall include:
 - i) 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.
 - ii) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - iii) Business continuity plan.
- b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- c) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- d) To periodically review the risk management policy, at least twice in one year, including by considering the changing industry dynamics and evolving complexity;
- e) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- f) 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, 2024 to March 31, 2025 are given below:

| Sl. No. | Name of the Director | Sitting fees paid for attending Board and Committees meetings (₹ in Lakh) |
|---------|-------------------------|---|
| 1) | Mrs.K.Lakshmi Raju | 4.00 |
| 2) | Mr.Sudhakar Kudva | 7.00 |
| 3) | Mr.Atul Churiwal | 2.00 |
| 4) | Mr.Rajesh Kumar Agarwal | 2.00 |
| 5) | Mr.Ramkrishna Mudholkar | 3.00 |
| 6) | Mr.N.Sambasiva Rao | 4.00 |
| 7) | Ms.Veni Mocherla | 3.00 |
| 8) | Mr. C.V. Rajulu | 3.00 |
| 9) | Mr. Raj Kaul | 1.00 |
| 10) | Mr. Santanu Mukherjee | 6.00 |
| 11) | Mrs. M. Lakshmi Kantham | 3.00 |

*Mr. C.V. Rajulu ceased to be a director effective March 12, 2025

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.

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 |
|----------------|------------|------------|---|
| 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) |
| 2023-24* | 25-09-2024 | 10.00 a.m | Video conferencing (VC)/Other Audio-Visual Means (OAVM) |

* At the 37th AGM, One special resolutions were passed in respect of advisory fees to Mr. Raj Kaul, Non-Executive and Non-Independent Director.

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, 2025 are given hereunder:

| Particulars | (₹ in Lakh)* | |
|--------------------|-------------------|---------------------|
| | MD & CEO | Whole Time Director |
| | Mr. Pavan Kumar ~ | Mr. G V Bhadram ^ |
| Gross salary | 187 | 16 |
| Perquisites | * | Nil |
| Stock option | Nil | Nil |
| Contribution to PF | Nil | Nil |
| Others | Nil | Nil |
| Total | 187 | 16 |

* the amount is below 1 lakh.

~ up to March 12, 2025.

^ appointed w.e.f. March 12, 2025.

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. Mr. Pavan Kumar stepped down from the position of Managing Director & CEO with effect from March 12, 2025; however, he continued as an Advisor until May 31, 2025. No severance fee was considered, as mutually agreed upon.

2) Details of last three years Extraordinary General Meetings:

| Financial Year | Date | Time | Place of venue |
|----------------|------------|------------|---|
| 2024-25 | 09-01-2025 | 10.00 a.m. | Video conferencing (VC)/Other Audio-Visual Means (OAVM) |

3) The postal ballot was conducted in the month of May 2024, to approve the following by way of Special Resolution:

- Amendment to NACL Employee Stock Option Scheme 2020 ("ESOS 2020 Scheme").
- To approve the renewal of consultancy agreement entered with Mr.C.V Rajulu.

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) | 11,58,90,032 | 99.98 | 13,089 | 0.01 | 11,58,90,032 |
| b) | 11,58,90,032 | 99.95 | 48,714 | 0.04 | 11,58,90,032 |

The shareholders approved the above said resolution(s) with requisite majority on June 24, 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.

4) The postal ballot was conducted in the month of October 2024, to approve the following by way of Special Resolution:

- Re-appointment of Mr.Ramkrishna Mudholkar (DIN- 00012850) as a Non-Executive and 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) | 11,45,24,203 | 99.98 | 19,810 | 0.02 | 11,45,24,203 |

The shareholders approved the above said resolution(s) with requisite majority on November 24, 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.

5) The postal ballot was conducted in the month of January 2025, to approve the following by way of Special Resolution:

- Re-appointment of Mr. Sambasiva Rao Nannapaneni (DIN-06400663) as a Non-Executive and Independent Director of the Company.
- Re-appointment of Ms. Veni Mocherla (DIN-08082163) as a Non-Executive and 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) | 11,42,49,623 | 99.99 | 8,321 | 0.0073 | 11,42,49,623 |
| b) | 11,42,49,623 | 99.99 | 8,322 | 0.0073 | 11,42,49,623 |

The shareholders approved the above said resolution(s) with requisite majority on February 14, 2025.

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 2016-17 of ₹4,04,215.76 to the Investor Education and Protection Fund (IEPF). 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”:

| Sr. 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 | 7 | 3211 |
| 2. | No. of shareholders who approached for transfer of shares from the unclaimed suspense account during the year | Nil | Nil |
| 3. | Number of shares in respect of which dividend entitlements remained unclaimed for seven consecutive years and transferred from the Unclaimed Suspense Account to the IEPF | Nil | Nil |
| 4. | 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, 2025.
- 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://](https://naclind.com/wp-content/uploads/2025/02/Related-Party-Transactions-Policy.pdf)

naclind.com/wp-content/uploads/2025/02/Related-Party-Transactions-Policy.pdf.

- c) There were no instances of non-compliance, nor were any penalties or strictures imposed on the Company by the Stock Exchanges, SEBI, or any other statutory authorities on matters relating to the capital markets during the last three financial years, except for a one-time penalty of ₹41,300/- levied by both NSE and BSE on account of delayed filing of financial results under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 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.

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/2025/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 August 07, 2025 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) The Company has raised funds through preferential allotment from M/s. EQ India Fund (AIF Category III) during the year, amounting to ₹9,99,99,946/-, as specified under Regulation 32(7A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 2024-25, ₹ 69 Lakhs have been paid to M/s. B S R and Co. Chartered Accountants, the Statutory Auditors of the Company.

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 and www.nseindia.com.

O. CHANGES AMONG SENIOR MANAGEMENT:

During the Financial Year 2024-25 following changes were made in the Senior Management of the Company:

| Sr. No. | Name | Date of Joining/Resignation | Designation | Department |
|---------|------------------------|---------------------------------|----------------------------|------------------|
| 1. | Mr. C R Srinivas | June 04, 2024 (Appointment) | Sr. Vice President- CHRO | Corp HPD & Admin |
| 2. | Mr. Prasant J Sonawane | August 29, 2024 (Appointment) | Vice-President- Operations | Technology |
| 3. | Mr. G Veera Bhadram | December 12, 2024 (Appointment) | President | Corporate- (SMP) |

P. DISCRETIONARY REQUIREMENTS AS SPECIFIED IN PART E OF SCHEDULE II UNDER SEBI LISTING

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 and 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.

M. NAME AND DESIGNATION OF THE CHIEF COMPLIANCE OFFICER:

Mr.Satish Kumar Subudhi, Sr. 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.

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 19, 2025 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, 2024 to March 31, 2025. |
| 3) | Dividend for FY 2024-25 | : | NIL |
| 4) | Listing on Stock Exchange | : | <p>a) BSE Limited, P.J.Towers, Dalal Street, Mumbai-400001.</p> <p>b) National Stock Exchange (India) Ltd., Bandra-Kurla Complex, Bandra (E), Mumbai-400051.</p> |
| 5) | Listing Fees | : | The Company has paid the listing fees to these stock exchanges for the year 2025-26. |
| 6) | CIN of the Company | : | L24219TG1986PLC016607 |
| 7) | 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: investors@naclind.com |
| 8) | Website | : | www.naclind.com |
| 9) | Communication regarding registration of share transfers and other related correspondence | : | <p>Registers and Share Transfer Agents (RTA): XL Softech Systems Ltd., Plot No. 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad-500034 Tel.: (040) 23545913/14/15, Fax: (040)-23553214. E-Mail: xlfiled@gmail.com</p> <p>For shares related matters, the shareholders are requested to correspond with the RTA of the Company by mention/quoting their Client ID and DPID, Folio Number to the above address of RTA of the Company.</p> <p>Note: Shareholders holding shares in electronic mode should address all correspondence to their respective Depository Participants.</p> |
| 10) | Share Transfer system | : | As per the amended Regulations 39 and 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall issue securities only in dematerialised form while processing requests from shareholders holding securities in physical mode in respect of issue of duplicate certificates, claim from the Unclaimed Suspense Account, renewal/exchange of certificates, endorsement, sub-division/splitting of certificates, consolidation of certificates/folios, transmission and transposition ("service requests"). Shareholders holding shares in physical form are requested to refer to Note No. 10d of the Notice for detailed procedures and to submit their applications in the prescribed form along with requisite documents to the Registrar and Share Transfer Agent (RTA). For administrative convenience, all service requests involving equity shares are required to be approved by the Stakeholders Relationship Committee. |
| 11) | Suspension from trading | : | No securities of the Company were suspended from trading during the FY 2024-25. |
| 12) | 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 2024-25. 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. |
| 13) | Credit Rating | : | The credit rating on the Company's Long-Term Bank Short-Term Bank facilities is available in the Board's Report. |

14) 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 |
| | Final | 15 |
| 2011-12 | No dividend | - |
| 2012-13 | No dividend | - |
| 2013-14 | Final | 10 |
| 2014-15 | Final | 10 |
| 2015-16 | Final | 12.50 |
| 2016-17 | Final | 12.50 |
| 2017-18 | No dividend | - |
| 2018-19 | Interim | 10 |
| 2019-20 | First Interim | 10 |
| 2020-21 | 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 |
| 2023-24 | No Dividend | - |
| 2024-25 | No Dividend | - |

15) 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.

16) Annual Secretarial Compliance Report:

Pursuant to SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019, the Company has obtained the Annual Secretarial Compliance Report from M/s. B S S & Associates, Practising Company Secretaries, confirming compliance with SEBI Regulations, Circulars, and Guidelines issued thereunder and applicable to the Company, except for the following observations/adverse remarks recorded in the said report:

- There was a delay of seven days in submission of the annual audited financial results for the financial year ended March 31, 2024.
- The gap between two consecutive meetings of the Audit Committee exceeded one hundred and twenty days.
- The SDD software is in place; however, certain UPSI events were captured with a delay due to technical issues.

Save as stated above, the Report does not contain any qualification, reservation, adverse remark, or disclaimer.

17) Whole Time Director and Chief Financial Officer (CFO) Certification:

Pursuant to Regulation 17(8) of the Listing Regulations, the Whole Time 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.

18) The Company has not issued any GDRS/ADRS during the year.

19) Disclosure of certain types of agreements binding the Listed Entity:

During the year, the Company executed a Share Purchase Agreement on March 12, 2025, which was duly intimated to the Stock Exchanges. The salient features and details of the agreement are available on the Company's website at www.naclind.com in compliance with Clause 5A of Paragraph A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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:

- a) Plot No. 177, Arinama Akkivalasa, Etcherla Mandal, Srikakulam District PIN- 532403, Andhra Pradesh.
- b) Unit-I & Unit-II Ethakota (Vi), Ravulapalem (Mandal), Dr. BR. Ambedkar Konaseema (Dist) Andhra Pradesh 533238.
- c) Nandigaon (Vi) & (Mandal), Rangareddy District, Telangana, India 509228.

22) Distribution of Shareholding:

The distribution of shareholding as on March 31, 2025 was as follows:

| Shareholding range | Shareholders | | Share Amount | |
|--------------------|---------------|------------|---------------------|------------|
| | Member | In% | ₹ | In % |
| 001- 5,000 | 26,140 | 78.20 | 25,54,107 | 1.28 |
| 5,001- 10,000 | 2,609 | 7.80 | 20,66,048 | 1.02 |
| 10,001-20,000 | 2,798 | 8.37 | 37,26,753 | 1.87 |
| 20,001- 30,000 | 544 | 1.63 | 13,77,804 | 0.69 |
| 30,001- 40,000 | 284 | 0.85 | 10,17,485 | 0.51 |
| 40,001- 50,000 | 199 | 0.60 | 9,55,066 | 0.48 |
| 50,001- 1,00,000 | 400 | 1.20 | 29,37,242 | 1.47 |
| 1,00,001 & above | 454 | 1.36 | 18,65,68,642 | 92.68 |
| Total | 33,430 | 100 | 20,12,03,147 | 100 |

| Category | No. of shares held | Percentage of shareholding |
|--|---------------------|----------------------------|
| A Promoters Holdings (A) | 12,69,15,859 | 63.07 |
| Sub-Total | 12,69,15,859 | 63.07 |
| B Non-Promoters Holding: (B) | | |
| I) Institutional investors | | |
| a) Banks, venture capital funds, insurance Companies, Alternate investment funds, Foreign Venture Capital Investors, Provident funds/ Pension Funds. | - | - |
| b) Central Govt./State Govt./President of India. | 2,34,794 | 0.13 |
| c) Foreign Portfolio investors | - | - |
| II) Non-Institutional Investors | | |
| (i) Others: | | |
| 1) Private Corporate Bodies | 2,26,81,330 | 11.27 |
| 2) Indian Public | 4,53,95,249 | 22.56 |
| 3) Directors and their relatives (excluding independent directors and nominee directors) | 1,29,745 | 0.06 |
| 4) Key Managerial Personnel | 1,97,920 | 0.09 |
| 5) IEPF | 33,10,520 | 1.64 |
| 6) NRIs/OCBs | 7,37,452 | 0.38 |
| 7) Clearing members | 901 | 0.00 |
| 8) HUF | 15,99,377 | 0.80 |
| Sub-total | 7,42,87,288 | 36.93 |
| Grand Total (A) + (B) | 20,12,03,147 | 100.00 |

23) Shares held by Promoters/Non-Executive Directors:

The number of equity shares held by Promoter/Non-Executive Directors as on March 31, 2025 are given below:

| Sr. No. | Name of the Promoters/Non-Executive Directors | No. of shares held |
|--|--|---------------------------|
| 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 |
| Non-Executive Directors either individually or jointly representing a firm or Company | | |
| 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 |

24) Dematerialization of Shares and Liquidity:

The breakup of physical and dematerialized shares as on March 31, 2025 are given below:

| Mode | No. of shares held | Shareholding % |
|--------------|---------------------------|-----------------------|
| Demat | 19,89,20,715 | 98.87 |
| Physical | 22,82,432 | 1.13 |
| Total | 20,12,03,147 | 100.00 |

For and on behalf of the Board

K Lakshmi Raju
Chairperson
(DIN: 00545776)

G Veera Bhadram
Whole Time Director
(DIN:00114611)

Place: Hyderabad

Date: August 07, 2025

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGERIAL PERSONNEL WITH THE CODE OF CONDUCT AND ETHICS

Pursuant to Regulation 26(3) and Clause D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Members of 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 ended March 31, 2025.

Place: Hyderabad
Date: August 07, 2025

G Veera Bhadram
Whole Time Director
(DIN:00114611)

Compliance Certificate

Certification by Whole Time 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, G Veera Bhadram, Whole Time Director and Anish T Mathew, 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, 2025 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:
- i) these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
 - ii) 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. 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. We accept responsibility for establishing and maintaining internal 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:
- i) there have been no significant changes in the internal controls over financial reporting during the financial year 2024-25.
 - ii) there were no significant changes in accounting policies during the year.
 - iii) 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

G Veera Bhadram
Whole Time Director
(DIN:00114611)

Anish T Mathew
Chief Financial Officer

Place: Hyderabad

Date: May 28, 2025

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,
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, 2025 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 | K. Lakshmi Raju | 00545776 | 24/06/2004 |
| 02 | Sudhakar Kudva | 02410695 | 16/09/2008 |
| 03 | Rajesh Kumar Agarwal | 00210719 | 29/05/2019 |
| 04 | Atul Churiwal | 00180595 | 29/05/2019 |
| 05 | Ramkrishna Mudholkar | 00012850 | 04/11/2019 |
| 06 | Sambasiva Rao Nannapaneni | 06400663 | 14/02/2020 |
| 07 | Veni Mocherla | 08082163 | 26/03/2020 |
| 08 | Raj Kaul | 00394139 | 05/05/2023 |
| 09 | Santanu Mukherjee | 07716452 | 27/07/2023 |
| 10 | Lakshmi Kantam Mannepalli | 07831607 | 23/01/2024 |
| 11 | Veera Bhadrani Garimella | 00114611 | 12/03/2025 |

Pavan Kumar Munjuluri [DIN:01514557] was resigned on 12.03.2025, Raghavender Mateti [DIN: 06826653] was retired on 08.08.2024 and Vijayaraghavan Narayanan [DIN: 02491073] was resigned on 16.08.2024.

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
ACS No.: 22119
C.P. No.: 7999
UDIN: A022119G001018070
Peer review No: 6513/2025

Place: Hyderabad
Date: 07.08.2025

Certificate on Corporate Governance

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.

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, 2025, 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, 2025.

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
UDIN: A022119G001018081
Peer review No: 6513/2025

Place: Hyderabad
Date: 07.08.2025

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 | 040-2445100 |
| 8 | Website | www.naclind.com |
| 9 | Financial year for which reporting is being done | 2024-25 |
| 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 ₹) | 20,12,03,147 |
| 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 Jakkaraju Telephone: +91-40-2445100 E-mail ID: prasadjakkaraju@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 |

II. Products/services

14. 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% |

15. 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

16. 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 | 0 | 2 | 2 |

17. Markets served by the entity:

a. Number of locations

| Locations | Number |
|----------------------------------|--------|
| National (No. of States) | 26 |
| International (No. of Countries) | 22 |

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

Out of the total sales turnover of ₹1,11,727 Lakh (excluding other operating income, sale of trade goods) on standalone basis, the turnover of the products sold in India (including Institutional Sales) is ₹81,287 Lakh (73%) and that of other countries is ₹30,440 Lakh (27%).

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

18. 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) |
| EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 1347 | 1318 | 98% | 29 | 2% |
| 2. | Other than Permanent (E) | 49 | 45 | 92% | 4 | 8% |
| 3. | Total employees (D + E) | 1396 | 1363 | 98% | 33 | 2% |
| WORKERS | | | | | | |
| 4. | Permanent (F) | 0 | 0 | 0 | 0 | 0 |
| 5. | Other than Permanent (G) | 835 | 811 | 97.13% | 24 | 2.87% |
| 6. | Total workers (F + G) | 835 | 811 | 97.13% | 24 | 2.87% |

b. Differently abled Employees and workers:

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

19. Participation/Inclusion/Representation of women:

| | Total (A) | No. and percentage of Females | |
|--------------------------|-----------|-------------------------------|---------|
| | | No. (B) | % (B/A) |
| Board of Directors | 11* | 3 | 27% |
| Key Management Personnel | 3* | NIL | NIL |

* Includes MD & CEO

20. Turnover rate for permanent employees and workers:

| Particulars | FY 2024-25 | | | FY 2023-24 | | | FY 2022-23 | | |
|---------------------|--------------|--------|-------|------------|--------|--------|------------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Permanent Employees | 18% | 38% | 19% | 11.08% | 0.64% | 11.08% | 7.12% | 0% | 7.12% |
| Permanent Workers | Not assessed | | | | | | | | |

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

21. (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 | 56.47% | 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 | 95% | |
| 7 | Nasense Labs Private Limited | Associate | 26% | |

VI. CSR Details

22.

| | | |
|-------|---|----------|
| (i) | Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) | Yes |
| (ii) | Turnover (₹ in lakhs) | 1,25,189 |
| (iii) | Net worth (₹ in lakhs) | 46,148 |

VII. Transparency and Disclosures Compliances

23. 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 2024-25 | | | FY 2023-24 | | |
|---|---|--|--|---------|--|--|---------|
| | | 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. | 0 | - | - | 0 | - | - |
| Employees and workers | Yes | 0 | - | - | 0 | - | - |

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

| 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 2024-25 | | | FY 2023-24 | | |
|---|--|--|--|---------|--|--|---------|
| | | 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 |
| 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 | - | - |
| 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.

24. 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 | Bad 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 | 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 | Positive |
| 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 | 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) |
|--------|--|--|---|--|--|
| 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 | 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 | 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 |
|--|--|-----|-----|-----|-----|-----|-----|-----|-----|
| Policy and management processes | | | | | | | | | |
| 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 | https://naclind.com/investor-relations/investor-information/policies/ | | | | | | | | |
| 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 specific energy consumption by 25% Reduce specific GHG Emissions by 30% Increase Renewable Energy portfolio by 25% Reduce specific hazardous waste generation by 25% Reduce specific water consumption 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. | | | | | | | | |
| Governance, leadership and oversight | | | | | | | | | |
| 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’ve seen that long-term investment in sustainability pays off. Our people, customers, and suppliers have embraced the changes we’ve made, and our rigorous safety standards continue to support our leadership in the industry and our responsibility to the planet.</p> <p>For five consecutive years, we operated with zero incidents—an exceptional record in our high-risk industry.</p> <p>This marks the third consecutive year of compiling our Sustainability Report, reflecting our ongoing progress, safety systems, and long-term commitment to responsible growth. The trust of our stakeholders is evident in their continued alignment with our sustainability vision.</p> <p>Our growth reflects the confidence our customers place in us. We’ve improved production systems, embraced cost-effective technologies, and implemented responsible practices—such as zero liquid discharge systems—to reduce our environmental impact.</p> <p>Sustainability requires difficult decisions, but we remain committed to leaving the world better than we found it. Our vision extends beyond business—it’s a promise to future generations.</p> | | | | | | | | |
| 8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). | Mr. Prasad Jakkuraju- Head 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 | |
| Performance against above policies and follow up action | Y | Y | Y | Y | Y | Y | Y | Y | Y | Annually |
| 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 various policies cover all the Principles of National Guidelines on Responsible Business Conduct (NGRBC). | | | | | | | | | |
| The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) | NACL has allocated adequate financial, human and technical resources towards the task. The quality management systems are in line with different applicable ISO standards such as ISO 9001: 2015, ISO 14001: 2015 and ISO 45001: 2018 including Responsible Care Management System. | | | | | | | | | |
| The entity does not have the financial or/human and technical resources available for the task (Yes/No) | | | | | | | | | | |
| 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 | 11 | 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 | 3 | | 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):

| Monetary | | | | | | |
|-----------------|---|---------------|--|--|--|---|
| NGRBC Principle | Name of the regulatory/enforcement agencies/judicial institutions | Amount (in ₹) | Brief of the Case | Has an appeal been preferred? (Yes/No) | | |
| Penalty/Fine | Stock Exchanges (NSE and BSE) | 41.300/- | Non-submission of Financials as per Regulation 33 of SEBI LODR Regulations, 2015 | No | | |
| Settlement | | | | | | - |
| Compounding fee | | | | | | - |

| Non-Monetary | | | |
|-----------------|---|-------------------|--|
| NGRBC Principle | Name of the regulatory/enforcement agencies/judicial institutions | Brief of the Case | Has an appeal been preferred? (Yes/No) |
| 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.

| Case Details | Name of the regulatory/enforcement agencies/judicial institutions |
|--------------|---|
| | 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.

Yes, the Company has an elaborate Code of Conduct in place that also cover policies related to corruption and bribery. It has 'zero tolerance' of any practice that may be classified as corruption, bribery or giving or receipt of bribes and the same has been mentioned in its Code of Conduct. 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.

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:

| | FY 2024-25 | FY 2023-24 |
|-----------|------------|------------|
| Directors | | |
| KMPs | | NIL |
| Employees | | |
| Workers | | |

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

| | FY 2024-25 | | FY 2023-24 | |
|--|------------|---------|------------|---------|
| | Number | Remarks | Number | Remarks |
| 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 payable ((accounts payable * 365)/Cost of goods & services procured) in the following format:

| | FY 2024-25 (Current Financial Year) | FY 2023-24 (Previous Financial Year) |
|------------------------------------|--|---|
| Number of days of accounts payable | 135 | 115 |

| Parameter | Metrics | FY 2024-25 (Current Financial Year) | FY 2023-24 (Previous Financial Year) |
|------------------------|---|--|---|
| Concentration of sales | a. Sales to dealers/distributors as % of total sales | 52% | 49% |
| | b. Number of dealers/distributors to whom sales are made | 7,397 | 7,593 |
| | c. Sales to top 10 dealers/distributors as % of total sales to dealers/distributors | 7% | 8% |

| Parameter | Metrics | FY 2024-25 (Current Financial Year) | FY 2023-24 (Previous Financial Year) |
|-----------------|--|--|---|
| Share of RPT in | a. Purchases (Purchases with related parties/Total Purchases) | 9% | 11% |
| | b. Sales (Sales to related parties/Total Sales) | 5% | 4% |
| | c. Loans & advances (Loans & advances given to related parties/Total loans & advances) | 100% | N.A. |
| | d. Investments (Investments in related parties/Total Investments made) | 100% | 100% |

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 2024-25 (Current Financial Year) | FY 2023-24 (Previous Financial Year) | Details of improvements in environmental and social impacts |
|-------|--|---|---|
| R&D | Please refer to the Annexure V 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.

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 2024-25 | FY 2023-24 |
| Bromine | Not assessed | 43% |

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 2024-25 | | | FY 2023-24 | | |
|--------------------------------|------------|----------|-----------------|------------|----------|-----------------|
| | Re-Used | Recycled | Safely Disposed | Re-Used | Recycled | Safely Disposed |
| Plastics (including packaging) | | | | | | |
| E-waste | | | | | | |
| Hazardous waste | | | | | | |
| Other waste | | | | | | |

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) |
| Permanent employees | | | | | | | | | | | |
| Male | 1318 | 1318 | 100% | 1318 | 100% | - | - | - | - | - | - |
| Female | 29 | 29 | 100% | 29 | 100% | 29 | 100% | - | - | - | - |
| Total | 1347 | 1347 | 100% | 1347 | 100% | 29 | 100% | - | - | - | - |

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) |
| Permanent workers | | | | | | | | | | | |
| Male | 811 | 811 | 100% | 811 | 100% | - | - | - | - | - | - |
| Female | 24 | 24 | 100% | 24 | 100% | 24 | 100% | - | - | - | - |
| Total | 835 | 835 | 100% | 835 | 100% | 24 | 100% | - | - | - | - |

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

| Benefits | FY 2024-25 (Current Financial Year) | | | FY 2023-24 (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 |
| Total | NA | NA | NA | NA |

10. Health and safety management system:

- a. 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 both of our plants.**
- b. 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.**
- c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N) **Yes.**
- d. 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:

| | Category | FY 2024-25 (Current Financial Year) | FY 2023-24 (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 | 1 | 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 2024-25 (Current Financial Year) | | | FY 2023-24 (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 |
| 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

1. Does the entity extend any life insurance or any compensatory package in the event of death of

(A) Employees (Y/N): **Yes**

(B) Workers (Y/N): **Yes**

2. 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.

3. 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 2024-25 | FY 2023-24 | FY 2024-25 | FY 2023-24 |
| Employees | 1 | - | - | - |
| Workers | - | - | - | - |

4. 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)

5. 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 | - |

6. 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

1. 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.

2. 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"> • Trainings (online, face-to-face) • E-mails • Workshops/webinars • Company (Internal and external) website • Feedback forms • Needs assessment surveys | Ongoing | <ul style="list-style-type: none"> • Learning and development • Fair employment Practices • Career growth |
| Local community | No | <ul style="list-style-type: none"> • Community meetings • Public hearings • Awareness sessions • Industry visits • Presentations • Personal interactions | Ongoing | <ul style="list-style-type: none"> • Health and safety of community and crops • Company strategy • Company updates |
| Customers | No | <ul style="list-style-type: none"> • Annual General Meeting • Internal publications • One-to-one engagements • Customer Meets • Awareness sessions and industry walks • Presentations • Surveys & feedback forms | Ongoing | <ul style="list-style-type: none"> • Cost Effective Business Solutions • Business Efficiency • Responsiveness • Good customer service • Webinars |
| Investors (institutional and retail) | No | <ul style="list-style-type: none"> • Annual General Meeting • Investor presentations • Internal publications • Meetings between the management, fund managers and IR Team | Quarterly/Annual | <ul style="list-style-type: none"> • Business and growth plans • High dividend pay-out • Corporate reputation • Capital allocation • Good governance practices and risk management |
| Vendors and suppliers | No | <ul style="list-style-type: none"> • Presentations • Surveys • Sustainability questionnaires | Ongoing | <ul style="list-style-type: none"> • Credit and payments • Sustainability processes • Ease of engagement • Trust and value |
| Government officials/regulatory authorities | No | <ul style="list-style-type: none"> • Annual Report/Sustainability Report • E-mails • Presentations • Personal interactions | Monthly/Quarterly/Annual | <ul style="list-style-type: none"> • Regulatory compliance • Taxes • Transparent reporting • Corporate social responsibility |

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.

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

| Gender | Male | | Female | |
|----------------------------------|--------|---|--------|---|
| | Number | Median remuneration/salary/wages of respective category | Number | Median remuneration/salary/wages of respective category |
| Board of Directors (BoD) | 11 | 3,00,000 | 3 | 1,50,000 |
| Key Managerial Personnel | 3 | 1,06,00,000 | 0 | 0 |
| Employees other than BoD and KMP | 1347 | NA | 29 | NA |
| Workers | 0 | 0 | 0 | 0 |

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

| | FY 2024-25 (Current Financial Year) | | | FY 2023-24 (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. 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.

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

Yes

9. 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 |

10. 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 your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|----------------------------------|--|
| 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 2024-25 (Current Financial Year) | FY 2023-24 (Previous Financial Year) |
|--|--|---|
| Total electricity consumption (A) | 70,883.662 | 1,07,079.972 |
| Total fuel consumption (B) | 2,41,911.345 | 4,65,336.229 |
| Energy consumption through other sources (C) | 26654.735 3,39,449.742 | 27598.439 6,00,014.64 |
| Total energy consumption (A+B+C) (TOE) GJ | | |
| Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees) | 0.352 | 0.43 |
| Energy intensity (optional) – the relevant metric may be selected by the entity | | |

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. 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

3. Provide details of the following disclosures related to water, in the following format:

| Parameter | FY 2024-25 (Current Financial Year) | FY 2023-24 (Previous Financial Year) |
|---|--|---|
| Water withdrawal by source (in kilolitres) | | |
| (i) Surface water | 0 | 0 |
| (ii) Groundwater | 1,54,824 | 1,45,307 |
| (iii) Third party water | 0 | 0 |
| (iv) Seawater/desalinated water | 0 | 0 |
| (v) Others (Storm water) | 420 | 0 |
| Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v) | 155244.00 | 1,45,307 |
| Total volume of water consumption (in kilolitres) | 155244.00 | 202607.000 |
| Water intensity per rupee of turnover (Water consumed/turnover) | 1.23 | 1.13 |
| Water intensity (optional) – the relevant metric may be selected by the entity | 5.13 | 4.75 |

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**

4. Provide the following details related to water discharged:

| Parameter | FY 2024-25 (Current Financial Year) | FY 2023-24 (Previous Financial Year) |
|--|--|---|
| (i) To Surface water | 96282.00 | 11624.00 |
| No treatment | 0.00 | 0.00 |
| With treatment – please specify level of treatment | 96282.00 | 11624.00 |
| (ii) To Groundwater | 0.00 | 0.00 |
| No treatment | 0.00 | 0.00 |
| With treatment – please specify level of treatment | 0.00 | 0.00 |
| (iii) To Seawater | 0.00 | 0.00 |
| No treatment | 0.00 | 0.00 |
| With treatment – please specify level of treatment | 0.00 | 0.00 |
| (iv) Sent to third-parties | 0.00 | 0.00 |
| No treatment | 0.00 | 0.00 |
| With treatment – please specify level of treatment | 0.00 | 0.00 |
| (v) Others | 0.00 | 0.00 |
| No treatment | 0.00 | 0.00 |
| With treatment – please specify level of treatment | 0.00 | 0.00 |
| Total water discharged (in kilolitres) | 96282.00 | 11624.00 |

Note: Indicate if any assessment/evaluation/assurance has been carried out by an external agency? (Y/N) if yes name 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 2024-25 (Current Financial Year) | FY 2023-24 (Previous Financial Year) |
|-------------------------------------|---------------------|--|---|
| NOx | MT | 2.2 | 2.3 |
| SOx | MT | 2.04 | 1.9 |
| 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 2024-25 (Current Financial Year) | FY 2023-24 (Previous Financial Year) |
|--|--------------------|--|---|
| Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | tCO ₂ e | 25,034.161 | 46,303.64 |
| Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | tCO ₂ e | 16,161.475 | 52,928.47 |
| Total Scope 1 and Scope 2 emissions per rupee of turnover | gCO ₂ e | 3.265 | 5.555 |
| Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity | tCO ₂ e | 1.360 | 1.658 |

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, CO₂ Gas recovery plant was established in 2021-22. CO₂ 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 2024-25 (Current Financial Year) | FY 2023-24 (Previous Financial Year) |
|---|--|---|
| Total Waste generated (in metric tonnes) | | |
| Plastic waste (A) | Not assessed | Not assessed |
| E-waste (B) | 1.4528 | 1.5455 |
| Bio-medical waste (C) | 0.00684 | 0.00713 |
| Construction and demolition waste (D) | Not assessed | Not assessed |
| Battery waste (E) | 0.4699 | 0.528 |
| Radioactive waste (F) | Not assessed | Not assessed |
| Other Hazardous waste. Please specify, if any. (G) | 4598.661 | 6180.831 |
| Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) | | Not assessed |

9. Provide details related to waste management by the entity, in the following format: (Contd.)

| Parameter | FY 2024-25 (Current Financial Year) | FY 2023-24 (Previous Financial Year) |
|--|--|---|
| For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes) | | |
| Category of waste | | |
| (i) Recycled | Not assessed | Not assessed |
| (ii) Re-used | Not assessed | Not assessed |
| (iii) Other recovery operations | Not assessed | Not assessed |
| Total | | |
| For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes) | | |
| Category of waste | | |
| (i) Incineration | 858 | 974.40 |
| (ii) Landfilling (TSDF) | 3184.02 | 2154.79 |
| (iii) Utilizable | 199.4 | 3601.85 |
| (v) Other disposal operations (cement industries co-processing; TSDF co-processing) | 380.8 | - |
| Total | 4622.22 | 6731.04 |

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:

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:

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:

Yes. All Compliances in place.

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 | 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 ₹) |
|--------|--|-------|----------|---|--------------------------|---------------------------------------|
| 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.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

| | FY 2024-25 (Current Financial Year) | FY 2023-24 (Previous Financial Year) |
|--|--|---|
| Directly sourced from MSMEs/small producers | 23% | 23% |
| Sourced directly from within the district and neighbouring districts | 10% | 23% |

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. 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.

2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

| | As a percentage to total turnover |
|---|-----------------------------------|
| Environmental and social parameters relevant to the product | N/A |
| Safe and responsible usage | 100% |
| Recycling and/or safe disposal | N/A |

3. Number of consumer complaints in respect of the following:

| | FY 2024-25 (Current Financial Year) | | | FY 2023-24 (Previous Financial Year) | | |
|--------------------------------|--|---------------------------------------|---------|---|---------------------------------------|---------|
| | Received during the year | Pending resolution at the end of year | Remarks | Received during the year | Pending resolution at the end of year | Remarks |
| Data privacy | | | | | | |
| Advertising | | | | | | |
| Cyber-security | | | | | | |
| Delivery of essential services | | NIL | | | NIL | |
| Restrictive Trade Practices | | | | | | |
| Unfair Trade Practices | | | | | | |
| Other | | | | | | |

4. Details of instances of product recalls on account of safety issues:

| | Number | Reasons for recall |
|-------------------|--|--------------------|
| Voluntary recalls | | |
| Forced recalls | No Products were recalled on account of safety or other issues | |

5. 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.

6. 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.

Leadership Indicators

1. 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.

2. 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.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

N/A

4. 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.

5. Provide the following information relating to data breaches:

a. **Number of instances of data breaches along-with impact:** NIL

b. **Percentage of data breaches involving personally identifiable information of customers:** NIL

For and on behalf of the Board

K Lakshmi Raju
Chairperson
(DIN: 00545776)

G Veera Bhadram
Whole Time Director
(DIN:00114611)

Place: Hyderabad

Date: August 07, 2025

Independent Auditor’s Report

To the Members of NACL Industries Limited
Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of NACL Industries Limited (the “Company”) which comprise the standalone balance sheet as at 31 March 2025, 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, 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 2025, and its loss and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor’s Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the

Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Emphasis of Matter

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

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

Our opinion is not modified in respect of this matter.

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.

Revenue Recognition

See Note 3.2 and 22 to standalone financial statements

| The key audit matter | How the matter was addressed in our audit |
|---|---|
| <p>The Company recognises revenue from sale of farm inputs based on the terms and conditions of transactions which vary with different customers.</p> <p>We identified the recognition of revenue from sale of goods and existence of trade receivables as a key audit matter due to the following reasons:</p> <ul style="list-style-type: none"> Revenue being a key performance metric, it could create an incentive or pressure for revenue to be overstated or recognized before the control has been transferred. The Company also accrues for sales returns, rebates and incentives, which require significant judgement and estimation. | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessed the Company’s revenue recognition policies for compliance with Ind AS. Tested the design, implementation and operating effectiveness of key internal financial controls with respect to recognition of revenue and related receivables. Tested on a sample basis using statistical sampling method, revenue transactions recorded during the year by examining the underlying documents such as sales invoices and dispatch documents/ acknowledged delivery receipts/ shipping documents. 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 whether revenue is recognised in the period in which control is transferred. |

| The key audit matter | How the matter was addressed in our audit |
|----------------------|--|
| | <ul style="list-style-type: none"> Obtained independent customer confirmations on the outstanding balances on a sample (using statistical sampling) basis. Verified balances obtained from customers with balances in the books along with applicable reconciling items. Inspected subsequent bank receipts from customers and other relevant underlying documentation relating to closing trade receivable balances, when confirmations are not received. Evaluated manual journals, selecting samples based on higher risk-based criteria related to revenue to identify unusual or irregular items. Assessed the process and assumptions used by management to estimate accruals for sales returns, rebates and incentives, including reviewing historical data and contractual terms. Evaluated the adequacy of disclosures made in the standalone financial statements. |

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

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 "The Auditor's Responsibilities Relating to Other Information".

Management's and Board of Directors Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were

operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. **A. As required by Section 143(3) of the Act, we report that:**
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except 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. 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 2025 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2025 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 paragraph 2A(b) above on reporting under Section 143(3)(b) of the Act 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 2025 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. The following are the instances of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

| Nature of amount | Amount in ₹ lakhs | Due date | Date of transfer | Delay (in days) |
|---------------------------------|----------------------|--------------|------------------|--|
| Unpaid dividend (FY 2016-17) | 4 | 13 July 2024 | Not yet paid | 320 (up to the date of this report) |

- d. (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 44 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.

representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The Company have neither declared nor paid any dividend during the year.
- 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 software:
 - (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, during the course of our audit, we did not come across any instance of audit trail feature being tampered with. Additionally, except where it was not enabled or available, the audit trail has been preserved by the Company as per the statutory requirements for record retention.
- (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 44 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the

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

We draw attention to Note 30 to the standalone financial statements for the year ended 31 March 2025, according to which the managerial remuneration paid to the whole-time director of the Company (amounting to ₹ 16 lakhs) and consequently, the total managerial remuneration for the financial year (amounting to ₹ 207 lakhs)

exceed the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013 by ₹ 15 lakhs. As per the provisions of the Act, the excess remuneration is subject to the approval of the shareholders, which the Company is in the process of obtaining by means of Postal Ballot. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

Place: Hyderabad
Date: May 28, 2025

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

Baby Paul
Partner
Membership No.: 218255
ICAI UDIN: 25218255BMINGW3598

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of NACL Industries Limited for the year ended 31 March 2025

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Right-of-Use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (ii) (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.
- (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 made any investments, provided guarantee or security or advances in the nature of loans to companies, firms, limited liability partnerships or any other parties during the year. The Company has granted loans to companies during the year in respect of which the requisite information is as below. The Company has not granted any loans to firms, limited liability partnerships or any other parties during the year.

- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans to companies as below:

| Particulars | Loans (₹ in lakhs) |
|--|--------------------|
| Aggregate amount during the year | |
| – Subsidiaries* | 2,147 |
| Balance outstanding as at balance sheet date | |
| – Subsidiaries* | 2,147 |

*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 terms and conditions of the grant of loans provided during the year are not prejudicial to the interest of the Company.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.
 - (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party 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 is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
 - (f) 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 granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (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 loans, investments, guarantees and securities by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 (“the Act”) have been complied with. However, with respect to the conversion of trade advances amounting to ₹ 1,772 lakhs, given to a wholly-owned subsidiary (NACL Spec-Chem Limited) into a loan (in March 2025), the Company has obtained requisite board approval by way of ratification on May 28, 2025.
- (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, the 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 generally been regularly deposited by the Company with the appropriate authorities, though there have been slight delays in a few cases 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 2025 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, 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, 1944 | Excise Duty | 13 | 5 | 2004-05 2008-09 | Hon’ble Highcourt of Andhra Pradesh |
| Central Excise Act, 1944 | Excise Duty | 4 | 4 | 2005-06 | CESTAT, Hyderabad |
| Central Excise Act, 1944 | Excise Duty | 12 | - | 2006-07 | Additional Commissioner (Appeals), Visakhapatnam |
| Finance Act, 1994 | Service Tax | 15 | 1 | 2006-07 2010-11 | The Commissioner (Appeals), Guntur, Central Tax & Customs |

| 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 |
|----------------------------------|------------------------|------------------------------|--|--|--|
| Sales Tax, Act | Sales Tax | 32 | 5 | 2012-13 2013-14 2014-15 | Assistant Commissioner, Indore |
| Sales Tax, Act | Sales Tax | 11 | 11 | 2012-13 2016-17 | Assistant Commissioner, Ghaziabad |
| Sales Tax, Act | Sales Tax | 17 | 6 | 2011-12 2013-14 2014-15 | Hon'ble Highcourt of Telangana and Andhra Pradesh |
| Sales Tax, Act | Sales Tax | 33 | 8 | 2013-14 2015-16 | Hon'ble High court of Andhra Pradesh |
| 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 | Appeal to Appellate Authority, Haryana |
| Goods and Services Tax Act, 2017 | Goods and Services Tax | 25 | 2 | 2017-18 | Appellate 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), Trichy, Tamilnadu |
| Goods and Services Tax Act, 2017 | Goods and Services Tax | 7 | - | 2017-18 | Additional Commissioner of Revenue LTU, Kolkata |
| Goods and Services Tax Act, 2017 | Goods and Services Tax | 2 | 1 | 2017-18 | Commissioner (Appeals), Ambawadi, Ahmedabad |
| Goods and Services Tax Act, 2017 | Goods and Services Tax | 14 | - | 2017-18 | The Joint Commissioner of State Taxes (Appeals), Karnataka |
| Goods and Services Tax Act, 2017 | Goods and Services Tax | 112 | 9 | 2017-18 | The Additional Commissioner (ST) (Appeals), Vijayawada |
| Goods and Services Tax Act, 2017 | Goods and Services Tax | 1 | - | 2018-19 | The Joint Commissioner of State Taxes (Appeals), Telangana |
| Goods and Services Tax Act, 2017 | Goods and Services Tax | 164 | 9 | 2018-19 | The Additional Commissioner (ST) (Appeals), Vijayawada |
| Goods and Services Tax Act, 2017 | Goods and Services Tax | 3 | * | 2018-19 | The Additional Commissioner of State tax (Appeals), Guwahati. |
| Goods and Services Tax Act, 2017 | Goods and Services Tax | 36 | - | 2019-20 | The Additional Commissioner (ST) (Appeals), Vijayawada |
| The Income Tax Act, 1961 | Income Tax | 255 | 79 | 2015-16 2016-17 2017-18 2021-22 | Commissioner of Income Tax, Delhi |
| Electricity Act, 2003 | Electricity Duty | 3 | - | 2008-09 | Hon'ble Supreme Court |
| The Indian Stamp Act, 1899 | Stamp Duty | 132 | 17 | 2002-03 | Hon'ble Highcourt of Telangana |

*less than a lakh

(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 banks or financial institutions or any other lender, except those mentioned below:

| Nature of borrowing including debt securities | Name of lender | Amount not paid on due date | Whether principal or interest | No. of days delay or unpaid |
|---|-----------------------|-----------------------------|-------------------------------|-----------------------------|
| Term loan | Bajaj Finance Limited | 30 | Principal | 1 |
| Term loan | Bajaj Finance Limited | 30 | Principal | 2 |
| Term loan | Bajaj Finance Limited | 20 | Principal | 2 |
| Term loan | Bajaj Finance Limited | 228 | Principal | 5 |

(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, the Company has not obtained any term loans during the year and the term loans obtained in the previous periods were fully utilised in the respective periods. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) 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 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 2025.

(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 and 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 2025.

(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 private placement of shares or fully or partly convertible debentures during the year. In our opinion, in respect of preferential allotment of equity shares made during the year, the Company has duly complied with the requirements of Section 42 and Section 62 of the Act. The proceeds from issue of equity shares have been used for the purposes for which the funds were raised.

(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 note 43 to the standalone 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, report under sub-section (12) of Section 143 of the Act has been filed by us in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government. The related matter has been disclosed in the Emphasis of Matter section of our main audit report and in Note 43 to the standalone financial statements.

(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 ₹ 3,208 lakhs in the current financial year and ₹ 2,327 lakhs in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) 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) (a) 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: 25218255BMINGW3598

Place: Hyderabad
Date: May 28, 2025

Annexure B to the Independent Auditor's Report on the Standalone Financial Statements of NACL Industries Limited for the year ended 31 March 2025

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)

Opinion

We have audited the internal financial controls with reference to financial statements of NACL Industries Limited ("the Company") as of 31 March 2025 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2025, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the

audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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: 25218255BMINGW3598

Place: Hyderabad

Date: May 28, 2025

Standalone Balance Sheet

As at March 31, 2025

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Note | As at March 31, 2025 | As at March 31, 2024 |
|--|------|-------------------------|-------------------------|
| I ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Property, plant and equipment | 4 | 23,080 | 23,280 |
| (b) Capital work-in-progress | 4 | 724 | 786 |
| (c) Right-of-use assets | 4A | 262 | 40 |
| (d) Intangible assets | 5 | 705 | 476 |
| (e) Intangible assets under development | 5 | 2,116 | 1,840 |
| (f) Financial assets | | | |
| (i) Investments | 6 | 11,437 | 11,437 |
| (ii) Loans | 7.1 | 76 | - |
| (ii) Other financial assets | 7.2 | 538 | 548 |
| (g) Deferred tax assets (net) | 19 | 3,088 | 639 |
| (h) Other tax assets (net) | 13 | 1,163 | 1,047 |
| (i) Other non-current assets | 8 | 228 | 151 |
| Total non-current assets | | 43,417 | 40,244 |
| 2 Current assets | | | |
| (a) Inventories | 9 | 25,492 | 33,243 |
| (b) Financial assets | | | |
| (i) Trade receivables | 10 | 35,382 | 78,092 |
| (ii) Cash and cash equivalents | 11 | 5,718 | 3,198 |
| (iii) Bank balances other than (ii) above | 12 | 203 | 3,358 |
| (iv) Loans | 7.1 | 2,093 | - |
| (v) Other financial assets | 7.2 | 774 | 576 |
| (c) Other current assets | 8 | 3,785 | 8,188 |
| Total current assets | | 73,447 | 1,26,655 |
| Total assets | | 1,16,864 | 1,66,899 |
| II EQUITY AND LIABILITIES | | | |
| 1 Equity | | | |
| (a) Equity share capital | 14 | 2,012 | 1,992 |
| (b) Other equity | 15 | 44,136 | 50,655 |
| Total equity | | 46,148 | 52,647 |
| 2 Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16 | 968 | 4,076 |
| (ii) Lease liabilities | 39 | 154 | - |
| (iii) Other financial liabilities | 17 | 29 | 62 |
| (b) Provisions | 18 | 2,230 | 1,479 |
| (c) Deferred tax liabilities (net) | 19 | - | - |
| Total non-current liabilities | | 3,381 | 5,617 |
| 3 Current Liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16 | 26,818 | 60,711 |
| (ii) Lease liabilities | 39 | 119 | 43 |
| (iii) Trade payables | 20 | | |
| (a) total outstanding dues of micro enterprises and small enterprises | | 5,809 | 4,296 |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | | 22,926 | 26,641 |
| (iv) Other financial liabilities | 17 | 6,964 | 14,339 |
| (b) Other current liabilities | 21 | 3,890 | 1,892 |
| (c) Provisions | 18 | 660 | 565 |
| (d) Current tax liabilities (net) | 13 | 149 | 148 |
| Total current liabilities | | 67,335 | 1,08,635 |
| Total liabilities | | 70,716 | 1,14,252 |
| Total equity and liabilities | | 1,16,864 | 1,66,899 |

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's Registration No.: 128510W

Baby Paul
Partner
Membership No.: 218255

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

K. Lakshmi Raju
Chairperson
(DIN: 00545776)

G. Veera Bhadram
Whole Time Director
(DIN: 00114611)

Santanu Mukherjee
Director
(DIN: 07716452)

Anish T. Mathew
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Place: Hyderabad
Date: May 28, 2025

Place: Hyderabad
Date: May 28, 2025

Standalone Statement of Profit and Loss

For the year ended March 31, 2025

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Note | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|-----------|--------------------------------------|--------------------------------------|
| I INCOME | | | |
| Revenue from operations | 22 | 1,25,189 | 1,78,084 |
| Other income | 23 | 988 | 990 |
| Total income | | 1,26,177 | 1,79,074 |
| II EXPENSES | | | |
| Cost of materials consumed | 24 | 83,522 | 1,27,181 |
| Purchases of stock-in-trade | | 4,630 | 10,026 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 25 | 7,499 | 5,004 |
| Employee benefits expense | 26 | 13,993 | 12,596 |
| Finance costs | 27 | 4,948 | 6,010 |
| Depreciation and amortisation expense | 28 | 1,930 | 1,835 |
| Other expenses | 29 | 22,231 | 22,635 |
| Total expenses | | 1,38,753 | 1,85,287 |
| III Loss before exceptional items and before tax (I - II) | | (12,576) | (6,213) |
| IV Exceptional income | 41 | 2,926 | - |
| V Loss before tax (III - IV) | | (9,650) | (6,213) |
| VI Tax expense | | | |
| (i) Current tax | 13.3 | - | - |
| (ii) Deferred tax | 13.3 | (2,342) | (1,517) |
| Total tax expense | | (2,342) | (1,517) |
| VII Loss for the year (V - VI) | | (7,308) | (4,696) |
| VIII Other comprehensive loss | | | |
| Items that will not be reclassified to profit or loss | | | |
| (a) Remeasurement of defined benefit obligation | 32 | (405) | (139) |
| (b) Income tax relating to items that will not be reclassified to profit or loss | 13.3 | 102 | 35 |
| 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 | | (21) | (9) |
| (b) Income tax relating to items that will be reclassified to profit or loss | 13.3 | 5 | 2 |
| Total other comprehensive loss for the year, net of tax | | (319) | (111) |
| IX Total comprehensive loss for the year (VII + VIII) | | (7,627) | (4,807) |
| X Earnings per equity share of ₹ 1 each | | | |
| Basic (₹) | 36 | (3.66) | (2.36) |
| Diluted (₹) | 36 | (3.66) | (2.36) |

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's Registration No.: 128510W

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

Baby Paul
Partner
Membership No.: 218255

K. Lakshmi Raju
Chairperson
(DIN: 00545776)

G. Veera Bhadrani
Whole Time Director
(DIN: 00114611)

Santanu Mukherjee
Director
(DIN: 07716452)

Anish T. Mathew
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Place: Hyderabad
Date: May 28, 2025

Place: Hyderabad
Date: May 28, 2025

Standalone Statement of Cash Flow

For the year ended March 31, 2025

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Loss before tax | (9,650) | (6,213) |
| Adjustments for: | | |
| Depreciation and amortisation expense | 1,930 | 1,835 |
| Finance costs | 4,948 | 6,010 |
| Interest income under effective interest method | (304) | (280) |
| Exceptional income | (2,926) | - |
| Excess provisions no longer required, written back (net) | - | (15) |
| Loss allowance on trade receivables, net | 4,266 | 1,904 |
| Net loss on disposal of property, plant and equipment | 62 | 6 |
| Intangible assets under development written off | 298 | 145 |
| Share-based payments | 42 | 118 |
| Unwinding of Guarantee commission | (45) | (54) |
| Unrealised forex loss / (gain) | (43) | (118) |
| Operating profit before working capital changes | (1,422) | 3,338 |
| Working capital adjustments | | |
| Decrease in Inventories | 7,751 | 15,175 |
| Decrease/ (Increase) in Trade receivables | 38,456 | (2,762) |
| Increase in Other financial assets | (190) | (305) |
| Decrease/ (Increase) in in Other assets | 4,341 | (3,171) |
| Decrease in Trade payables | (2,180) | (15,957) |
| Increase in Provisions | 441 | 193 |
| (Decrease)/ Increase in Other financial liabilities | (4,215) | 7,666 |
| Increase in Other liabilities | 1,998 | 172 |
| Cash generated from operations | 44,980 | 4,349 |
| Income taxes paid (net) | (113) | (1,724) |
| Net cash generated from operating activities (A) | 44,867 | 2,625 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Acquisition of property, plant and equipment, intangible assets, capital work-in-progress and intangible assets under development | (2,659) | (3,158) |
| Proceeds from sale of property, plant and equipment | 1 | 2 |
| Investments in subsidiaries | - | (785) |
| Loans given to subsidiaries | (2,147) | - |
| Movement in other deposits and margin money (net) | 3,155 | (157) |
| Interest income received | 275 | 280 |
| Net cash used in investing activities (B) | (1,375) | (3,818) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from exercise of employee stock options | 86 | 92 |
| Proceeds from preferential allotment | 1,000 | - |
| Proceeds from non-current borrowings | - | 1,940 |
| Repayment of non-current borrowings | (5,420) | (5,261) |
| Movement in current borrowings (net) | (31,428) | 10,476 |
| Payment of principal portion on lease liabilities | (133) | (271) |
| Interest on lease liabilities paid | (27) | (20) |
| Dividend paid | - | (497) |
| Finance costs paid | (5,054) | (6,054) |
| Net cash flows from financing activities (C) | (40,976) | 405 |
| Net Increase / (Decrease) in cash and cash equivalents (D) = (A+B+C) | 2,516 | (788) |
| Cash and cash equivalents at the beginning of the year (E) | 3,198 | 3,993 |
| Effect of movements in exchange rates on cash and cash equivalents (F) | 4 | (7) |
| Cash and cash equivalents at the end of the year (G) = (D)+(E)+(F) (Refer Note 11) | 5,718 | 3,198 |

Standalone Statement of Cash Flow

For the year ended March 31, 2025

(All amounts in ₹ lakhs, unless otherwise stated)

Note:

1. Reconciliation of liabilities from financing activities

| Particulars | As at April 1, 2024 | Proceeds | Payments | Non-cash movement* | As at March 31, 2025 |
|---|---------------------------|----------|-----------------|-----------------------|----------------------------|
| Non-current borrowings (including current maturities) | 9,512 | - | (5,420) | (140) | 3,952 |
| Current borrowings | 55,275 | - | (31,428) | (13) | 23,834 |
| Lease liabilities | 43 | - | (133) | 363 | 273 |
| Interest on lease liabilities | - | - | (27) | 27 | - |
| Total liabilities from financing activities | 64,830 | - | (37,008) | 237 | 28,059 |

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 | (5,261) | (68) | 9,512 |
| Current borrowings | 44,764 | 10,476 | - | 35 | 55,275 |
| Lease liabilities | 314 | - | (271) | - | 43 |
| Interest on lease liabilities | - | - | (20) | 20 | - |
| Total liabilities from financing activities | 57,979 | 12,416 | (5,552) | (13) | 64,830 |

* Non-cash movement for borrowings represents interest accrued amount, effect of changes in foreign exchange rate 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's Registration No.: 128510W

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

Baby Paul
Partner
Membership No.: 218255

K. Lakshmi Raju
Chairperson
(DIN: 00545776)

G. Veera Bhadram
Whole Time Director
(DIN: 00114611)

Santanu Mukherjee
Director
(DIN: 07716452)

Anish T. Mathew
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Place: Hyderabad
Date: May 28, 2025

Place: Hyderabad
Date: May 28, 2025

Standalone Statement of Changes in Equity

For the year ended March 31, 2025

(All amounts in ₹ lakhs, unless otherwise stated)

A. Equity share capital (Refer Note 14)

| Particulars | Number of shares | Amount |
|---|---------------------|--------------|
| Balance as at 1 April 2024 | 19,91,69,177 | 1,992 |
| Changes in equity share capital during the year | 20,33,970 | 20 |
| Balance as at March 31, 2025 | 20,12,03,147 | 2,012 |
| Balance as at 1 April 2023 | 19,88,41,843 | 1,988 |
| Changes in equity share capital during the year | 3,27,334 | 4 |
| Balance as at March 31, 2024 | 19,91,69,177 | 1,992 |

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 | |
| Balance as at 1 April 2024 | 4,175 | 21 | 13,914 | 269 | 32,759 | (499) | 16 | 50,655 |
| Profit for the year | - | - | - | - | (7,308) | - | - | (7,308) |
| Other Comprehensive loss for the year, net of tax | - | - | - | - | (303) | - | (16) | (319) |
| Total comprehensive income for the year | - | - | - | - | (7,611) | - | (16) | (7,627) |
| Transactions with owners of the Company | | | | | | | | |
| Contributions and distributions | | | | | | | | |
| Share based payments (Refer Note 14) | - | - | - | 42 | - | - | - | 42 |
| Preferential allotment | - | - | 983 | - | - | - | - | 983 |
| Exercise of employee stock options | - | - | 153 | (70) | - | - | - | 83 |
| Payment of dividends | - | - | - | - | - | - | - | - |
| Total transactions with owners of the Company | - | - | 1,136 | (28) | - | - | - | 1,108 |
| Balance as at March 31, 2025 | 4,175 | 21 | 15,050 | 241 | 25,148 | (499) | - | 44,136 |
| Balance as at 1 April 2023 | 4,175 | 21 | 13,755 | 222 | 38,056 | (499) | 23 | 55,753 |
| Profit for the year | - | - | - | - | (4,696) | - | - | (4,696) |
| Other Comprehensive loss for the year, net of tax | - | - | - | - | (104) | - | (7) | (111) |
| Total comprehensive income for the year | - | - | - | - | (4,800) | - | (7) | (4,807) |
| Transactions with owners of the Company | | | | | | | | |
| Contributions and distributions | | | | | | | | |
| Share based payments (Refer Note 14) | - | - | - | 118 | - | - | - | 118 |
| Exercise of employee stock options | - | - | 159 | (71) | - | - | - | 88 |
| Payment of dividends | - | - | - | - | (497) | - | - | (497) |
| Total transactions with owners of the Company | - | - | 159 | 47 | (497) | - | - | (291) |
| Balance as at March 31, 2024 | 4,175 | 21 | 13,914 | 269 | 32,759 | (499) | 16 | 50,655 |

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's Registration No.: 128510W

Baby Paul
Partner
Membership No.: 218255

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

K. Lakshmi Raju
Chairperson
(DIN: 00545776)

Anish T. Mathew
Chief Financial Officer

G. Veera Bhadrani
Whole Time Director
(DIN: 00114611)

Satish Kumar Subudhi
Company Secretary

Santanu Mukherjee
Director
(DIN: 07716452)

Place: Hyderabad
Date: May 28, 2025

Place: Hyderabad
Date: May 28, 2025

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 May 28, 2025. 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 settle the liability 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

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company's normal operating cycle is twelve months.

d. Functional and presentation currency

These standalone financial statements are presented in Indian Rupees (₹), 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 management has 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:

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.

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Claims, provisions and contingent liabilities (refer note 31)

If any ongoing litigations against the Company with various regulatory authorities and third parties, where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is disclosed in notes to the financial statements.

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

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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 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

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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.

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

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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 for temporary differences on the initial recognition of assets or liabilities in a transaction that:

- a. is not a business combination; and
- b. at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences.

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 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

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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 | 15-20 years | 15-20 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 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.

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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.

Intangible assets under development are not amortised, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment is recognised as an expense in the standalone Statement of Profit and Loss.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Standalone Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

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

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arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets

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

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

3.17 Financial Instruments

(i) Initial recognition and Measurement

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

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

(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

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realise the asset and settle the liability simultaneously.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

Effective interest method:

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that 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.

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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 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.

In addition to the provision matrix, the Company also performs individual assessment of credit risk for specific customers where there is objective evidence of increased credit risk. Where such individual assessment indicates that a trade receivable meets the criteria for being classified as credit impaired under Ind AS 109, the Company recognises a loss allowance based on lifetime ECL and discloses such credit impaired trade receivables separately in the standalone balance sheet.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- a. significant financial difficulty of the debtor;
- b. a breach of contract, such as a default or 2 years past due;
- c. it is probable that the debtor will enter bankruptcy or other financial reorganization;
- d. the disappearance of an active market for a security because of financial difficulties.

The ECL loss allowance (or reversal) during the year is recognised in the standalone statement of profit and loss.

Write-off:

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has policy of writing off the gross carrying amount when the financial asset is 2 years past due based on historical experience of recoveries of similar assets.

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

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

3.19 Recent Pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards

under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2025, MCA has notified Ind AS – 117 Insurance Contracts and amendments to Ind AS 116 – Leases, relating to sale and leaseback transactions, applicable to the Group w.e.f. April 1, 2024. The Group has reviewed the new pronouncements and based on its evaluation has determined that it does not have any significant impact in its financial statements.

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, 2025 | As at March 31, 2024 |
|--------------------------|-------------------------|-------------------------|
| Freehold Land | 2,512 | 2,512 |
| Buildings | 4,557 | 4,636 |
| Plant and equipment | 15,521 | 15,610 |
| Furniture and fixtures | 107 | 102 |
| Vehicles | 84 | 104 |
| Office equipment | 120 | 114 |
| Computers | 179 | 202 |
| Total | 23,080 | 23,280 |
| Capital work-in-progress | 724 | 786 |

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 1 April 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 |
| Add: Additions | - | 140 | 1,166 | 15 | - | 36 | 73 | 1,430 | 1,038 |
| Less: Disposals/ Capitalisation | - | 11 | 3,223 | 11 | - | 3 | 7 | 3,255 | 1,100 |
| Balance as at March 31, 2025 | 2,512 | 7,653 | 44,138 | 689 | 200 | 405 | 847 | 56,444 | 724 |

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 1 April 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 | - |
| Add: Depreciation | - | 217 | 1,195 | 10 | 20 | 30 | 95 | 1,567 | - |
| Less: Disposals | - | 9 | 3,163 | 11 | - | 3 | 6 | 3,192 | - |
| Balance as at March 31, 2025 | - | 3,096 | 28,617 | 582 | 116 | 285 | 668 | 33,364 | - |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

4.4 Net Carrying amounts:

| Particulars | Freehold Land | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Computers | Total | Capital work-in-progress |
|------------------------------|---------------|-----------|---------------------|------------------------|----------|------------------|-----------|--------|--------------------------|
| Balance as at March 31, 2025 | 2,512 | 4,557 | 15,521 | 107 | 84 | 120 | 179 | 23,080 | 724 |
| Balance as at March 31, 2024 | 2,512 | 4,636 | 15,610 | 102 | 104 | 114 | 202 | 23,280 | 786 |

Notes:

- Above includes carrying amount of ₹ 3,045 lakhs (March 31, 2024: ₹ 2,446 lakhs), additions amounting to ₹ 610 lakhs (March 31, 2024: ₹ 104 lakh) and net carrying amounting to ₹ 1,525 lakhs (March 31, 2024: ₹ 1,062 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.
- During the previous 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 over the remaining useful life of the assets as disclosed below, 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, 2025 | Year ended March 31, 2026 | Year ended March 31, 2027 | Year ended March 31, 2028 | Year ended March 31, 2029 | Later |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-------|
| (Decrease) increase in depreciation expense | (494) | (427) | (367) | (279) | (194) | 2,239 |

4.5 Ageing for capital work-in-progress as at March 31, 2025 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 | 430 | 285 | - | 9 | 724 |
| Projects temporarily suspended | - | - | - | - | - |

Projects whose completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2025:

| 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 | - | - | - | - | - |
| Project 3 | 3 | 3 | - | - | 6 |
| Project 4 | 317 | 269 | - | - | 586 |
| Project 5 | - | 13 | - | - | 13 |

There are no projects where completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2025, other than as disclosed above.

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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.

4A. Right of use assets

4A.1 Carrying amounts of:

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|--------------|----------------------|----------------------|
| Buildings | 262 | 26 |
| Vehicles | - | 14 |
| Total | 262 | 40 |

4A.2 Movement of Right of use assets:

| Particulars | Buildings | Vehicles | Total |
|-------------------------------------|------------|------------|------------|
| Carrying amounts | | | |
| Balance as at 1 April 2023 | 517 | 290 | 807 |
| Add: Additions | - | - | - |
| Less: Disposals | - | 54 | 54 |
| Balance as at March 31, 2024 | 517 | 236 | 753 |
| Add: Additions | 363 | - | 363 |
| Less: Disposals | 517 | 236 | 753 |
| Balance as at March 31, 2025 | 363 | - | 363 |

4A.3 Accumulated depreciation:

| Particulars | Buildings | Vehicles | Total |
|-------------------------------------|------------|------------|------------|
| Balance as at 1 April 2023 | 299 | 222 | 521 |
| Add: Depreciation expense | 192 | 54 | 246 |
| Less: Disposals | - | 54 | 54 |
| Balance as at March 31, 2024 | 491 | 222 | 713 |
| Add: Depreciation expense | 127 | 14 | 141 |
| Less: Disposals | 517 | 236 | 753 |
| Balance as at March 31, 2025 | 101 | - | 101 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

4A.4 Net Carrying amounts:

| Particulars | Buildings | Vehicles | Total |
|------------------------------|-----------|----------|-------|
| Balance as at March 31, 2025 | 262 | - | 262 |
| Balance as at March 31, 2024 | 26 | 14 | 40 |

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

5.1 Carrying amounts of:

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|-------------------------------------|-------------------------|-------------------------|
| Computer software | - | - |
| Internally developed products | 705 | 476 |
| Total | 705 | 476 |
| Intangible assets under development | 2,116 | 1,840 |

5.2 Movement of intangible assets:

| Particulars | Computer software | Internally developed products | Total | Intangible assets under development |
|---|-------------------|-------------------------------|--------------|-------------------------------------|
| Cost | | | | |
| Balance as at 1 April 2023 | 379 | 957 | 1,336 | 1,542 |
| Add: Additions | - | 396 | 396 | 839 |
| Less: Write off/ Disposals (Refer note (b), (c) below) | - | - | - | 541 |
| Balance as at March 31, 2024 | 379 | 1,353 | 1,732 | 1,840 |
| Add: Additions | - | 493 | 493 | 1,067 |
| Less: Write off/ Disposals (Refer note (b), (c) below) | - | - | - | 791 |
| Balance as at March 31, 2025 | 379 | 1,846 | 2,225 | 2,116 |

5.3 Accumulated amortisation:

| Particulars | Computer software | Internally developed products | Total | Intangible assets under development |
|-------------------------------------|-------------------|-------------------------------|--------------|-------------------------------------|
| Balance as at 1 April 2023 | 379 | 767 | 1,146 | - |
| Add: Amortisation | - | 110 | 110 | - |
| Less: Disposals | - | - | - | - |
| Balance as at March 31, 2024 | 379 | 877 | 1,256 | - |
| Add: Amortisation | - | 264 | 264 | - |
| Less: Disposals | - | - | - | - |
| Balance as at March 31, 2025 | 379 | 1,141 | 1,520 | - |

5.4 Net Carrying amounts:

| Particulars | Computer software | Internally developed products | Total | Intangible assets under development |
|------------------------------|-------------------|-------------------------------|-------|-------------------------------------|
| Balance as at March 31, 2025 | - | 705 | 705 | 2,116 |
| Balance as at March 31, 2024 | - | 476 | 476 | 1,840 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

5.5 Ageing for Intangible assets under development as at March 31, 2025 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 | 759 | 459 | 511 | 387 | 2,116 |
| Projects temporarily suspended | - | - | - | - | - |

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 | - | - | - | - | - |

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.
- Disposals with respect to intangible assets under development represent transfers to Internally developed products.
- Refer note 29 for write-off of intangible assets under development.
- Refer note 38 for capitalisation of revenue expenditure.

6. Non-current investments

| Particulars | Nominal value | Number of shares | As at March 31, 2025 | Number of shares | As at March 31, 2024 |
|---|---------------|------------------|----------------------|------------------|----------------------|
| Trade | | | | | |
| Unquoted equity investments (all fully paid) | | | | | |
| (a) Investment in subsidiaries at cost | | | | | |
| Nagarjuna Agrichem (Australia) Pty Limited | AUD 1 | 64,734 | 32 | 64,734 | 32 |
| LR Research Laboratories Private Limited | ₹ 10 | 10,000 | 1 | 10,000 | 1 |
| NACL Spec-Chem Limited [Refer notes (i) below] | ₹ 1 | 2,00,00,000 | 451 | 2,00,00,000 | 451 |
| NACL Multi-Chem Private Limited | ₹ 1 | 1,00,000 | 1 | 1,00,000 | 1 |
| NACL Agri-Solutions Private Limited | ₹ 1 | 1,00,00,000 | 100 | 1,00,00,000 | 100 |
| (b) Investment in associate at cost | | | | | |
| Nasense Labs Private Limited | ₹ 10 | 61,27,513 | 816 | 61,27,513 | 816 |
| (c) Other equity investment at fair value through other comprehensive income | | | | | |
| SVC Co-operative Bank Limited | ₹ 25 | 100 | * | 100 | * |
| Total equity investments (A) | | | 1,401 | | 1,401 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

6. Non-current investments (Contd.)

| Particulars | Nominal value | Number of shares | As at March 31, 2025 | Number of shares | As at March 31, 2024 |
|---|---------------|------------------|----------------------|------------------|----------------------|
| Investment in preference shares at fair value through other comprehensive income | | | | | |
| Nagaarjuna Shubho Green Technologies Private Limited | | | | | |
| 10% cumulative redeemable preference shares | ₹ 100 | 5,00,000 | 1 | 5,00,000 | 1 |
| Total other investments (B) | | | 1 | | 1 |
| Unquoted investment in compulsory convertible debentures carried at cost | | | | | |
| NACL Spec-Chem Limited | | | | | |
| 0.01% cumulative convertible debentures | ₹ 1,00,000 | 9,300 | 9,300 | 9,300 | 9,300 |
| NACL Multi-Chem Limited | | | | | |
| 0.01% cumulative convertible debentures [Refer note (ii) below] | ₹ 1,00,000 | 735 | 735 | 735 | 735 |
| Total other investments (C) | | | 10,035 | | 10,035 |
| Total unquoted investments (A) + (B) + (C) | | | 11,437 | | 11,437 |
| Aggregate value of unquoted investments | | | 1 | | 1 |

*less than a lakh

Notes:

- 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 gurantee 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.
- The Company subscribed Compulsory Convertible Debentures (CCD) ₹ Nil lakhs (March 31, 2024: ₹ 685 lakhs) [comprising Nil (March 31, 2024: 685 number)] number of CCD of ₹ 1,00,000 each) during the year.

7.1 Loans

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|----------------------|----------------------|
| Non-current | | |
| Loans to related parties (Refer note 30) | | |
| - Loan receivables considered good- Unsecured | 76 | - |
| | 76 | - |
| Less: Loss allowance | - | - |
| Total | 76 | - |
| Current | | |
| Loans to related parties (Refer note 30) | | |
| - Loan receivables considered good- Unsecured | 2,093 | - |
| | 2,093 | - |
| Less: Loss allowance | - | - |
| Total | 2,093 | - |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Loans outstanding from subsidiaries*

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|------------------------|-------------------------|-------------------------|
| NACL Spec-Chem Limited | 2,093 | - |

Unsecured loan is given to NACL Spec-chem Limited of ₹ 2,072 lakhs at an interest rate of 10% p.a., with repayment due on or before 28th March 2026. Interest accrued is included in above loan receivables.

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|--------------------------------|-------------------------|-------------------------|
| NACL Multichem Private Limited | 35 | - |

Unsecured loan is given to NACL Multichem Private Limited of ₹35 lakhs at an interest rate of 10% p.a., with repayment due on or before 11th December 2026. Interest accrued is included in above loan receivables.

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|-------------------------------------|-------------------------|-------------------------|
| NACL Agri-Solutions Private Limited | 41 | - |

Unsecured loan is given to NACL Agri-Solutions Private Limited of ₹ 40 lakhs at an interest rate of 10% p.a., with repayment due on or before 14th November 2026. Interest accrued is included in above loan receivables.

*These loans have been granted to the above entities to meet their operating & business requirements

7.2 Other financial assets

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Non-current | | |
| Security deposits (Refer note 30 for Related party balance) | 538 | 541 |
| Derivative assets | - | 7 |
| Total | 538 | 548 |
| Current | | |
| Insurance claims receivable | - | 13 |
| Other receivables from related parties (Refer note 30) | 774 | 563 |
| Total | 774 | 576 |

8. Other assets

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|-------------------------------------|-------------------------|-------------------------|
| Non-current | | |
| Capital advances | 71 | 49 |
| Balance with government authorities | 150 | 85 |
| Prepayments | 7 | 17 |
| Total | 228 | 151 |
| Current | | |
| Advance to suppliers | 1,009 | 679 |
| Balance with government authorities | 1,283 | 1,873 |
| Prepayments | 516 | 603 |
| Export Incentive receivable | 217 | 207 |
| Right to recover returned goods | 748 | 4,824 |
| Advance to employees | 12 | 2 |
| Total | 3,785 | 8,188 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

9. Inventories

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|--|-------------------------|-------------------------|
| Raw materials (Refer note (i) below) | 11,030 | 11,154 |
| Work-in-progress | 1,459 | 2,217 |
| Finished goods (Refer note (ii) below) | 9,699 | 15,825 |
| Stock-in-trade | 1,622 | 2,237 |
| Packing materials | 876 | 866 |
| Stores and spares | 806 | 944 |
| Total | 25,492 | 33,243 |

Notes:

- (i) Raw materials includes goods-in-transit of ₹ 6,640 lakhs (March 31, 2024: ₹ 1,293 lakhs).
- (ii) The cost of finished goods recognised as an expense includes provision for near expiry stock aggregated to ₹ 523 lakhs (March 31, 2024: ₹ 69 lakhs) and write off on account of expired stock aggregated to ₹ 27 lakhs (March 31, 2024: ₹ 15 lakhs).
- (iii) Refer Note 16 for details of Inventories hypothecated or pledged.

10. Trade receivables

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Current | | |
| (a) Trade receivables Considered good- Secured | 1,073 | 1,213 |
| (b) Trade receivables Considered good- Unsecured | 36,707 | 78,820 |
| (c) Trade receivables – credit impaired | 3,122 | - |
| | 40,902 | 80,033 |
| Less: Loss allowance | 5,520 | 1,941 |
| Total | 35,382 | 78,092 |
| Of the above, trade receivables from related parties are as below: | | |
| Trade receivables due from related parties | 3,997 | 2,377 |
| Less: Loss allowance | - | - |
| Net trade receivables | 3,997 | 2,377 |

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.

Ageing for trade receivables as at March 31, 2025 is as follows:

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|--|----------|---------|--|-------------------|-------------|-------------|-------------------|--------|
| | | | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Trade receivables | | | | | | | | |
| Undisputed trade receivables – considered good | 1,273 | 16,705 | 11,596 | 5,665 | 2,541 | - | - | 37,780 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Ageing for trade receivables as at March 31, 2025 is as follows: (Contd.)

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | | Total | |
|---|--------------|---------------|---|-------------------|--------------|-------------|-------------------|-------|---------------|
| | | | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | | |
| | | | Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | | - |
| Undisputed trade receivables – credit impaired | - | - | - | 1,272 | 159 | 191 | - | - | 1,622 |
| Disputed trade receivables – considered good | - | - | - | - | - | - | - | - | - |
| Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - | - | - |
| Disputed trade receivables – credit impaired | - | - | - | - | 1,500 | - | - | - | 1,500 |
| | 1,273 | 16,705 | 11,596 | 6,937 | 4,200 | 191 | - | - | 40,902 |
| Less: Loss allowance | - | (78) | (363) | (2,050) | (2,838) | (191) | - | - | (5,520) |
| | 1,273 | 16,627 | 11,233 | 4,887 | 1,362 | - | - | - | 35,382 |

(iii) Ageing for trade receivables as at March 31, 2024 is as follows:

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | | Total | |
|---|----------|---------------|--|-------------------|--------------|-------------|-------------------|-------|---------------|
| | | | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | | |
| | | | Trade receivables | | | | | | |
| Undisputed trade receivables – considered good | - | 62,788 | 13,647 | 2,209 | 1,389 | - | - | - | 80,033 |
| 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 | - | - | - | - | - | - | - | - | - |
| | - | 62,788 | 13,647 | 2,209 | 1,389 | - | - | - | 80,033 |
| Less: Loss allowance | - | (329) | (655) | (352) | (605) | - | - | - | (1,941) |
| | - | 62,459 | 12,992 | 1,857 | 784 | - | - | - | 78,092 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

11. Cash and cash equivalents

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Cash on hand | 6 | 3 |
| Balances with banks | | |
| in Current accounts | 519 | 531 |
| in Cash credit accounts | 4,828 | 2,289 |
| in Export earning foreign currency accounts | 365 | 375 |
| Total | 5,718 | 3,198 |

12. Bank balances other than cash and cash equivalents

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|--|-------------------------|-------------------------|
| In earmarked accounts | | |
| Unclaimed dividend accounts (Refer note (i) & (ii) below) | 61 | 61 |
| Margin money / deposit [Refer note (ii) below and note 41] | 142 | 3,297 |
| Total | 203 | 3,358 |

Notes:

(i) Unclaimed dividend accounts

- (a) 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.
- (b) During the year, there has been a delay in transfer of unpaid dividend in respect of final dividend of FY 2016-17 amounting to ₹ 4 lakhs to the IEPF for the year ended 31 March 2025, which was due in July 2024. The Company is in the process of transferring the said amount to IEPF.

(ii) Margin money / deposit

Margin money represents amounts deposited with banks as security against bank guarantees issued to various authorities.

13. Income tax

13.1 Other income tax assets (net)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|-------------------|-------------------------|-------------------------|
| Income tax assets | 1,163 | 1,047 |

13.2 Current income tax liabilities (net)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|--------------------------------------|-------------------------|-------------------------|
| Current income tax liabilities (net) | 149 | 148 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

13.3 Tax expense

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

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Current tax | | |
| In respect of current year | - | - |
| Tax of earlier years | - | - |
| Total (A) | - | - |
| Deferred tax | | |
| Origination and reversal of temporary differences | (2,342) | (1,517) |
| Total (B) | (2,342) | (1,517) |
| Total tax expense (A) + (B) | (2,342) | (1,517) |

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

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| 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 | 102 | 35 |
| Items that will be reclassified to profit or loss | | |
| Effective portion of loss on designated portion of hedging instrument in a cash flow hedge | 5 | 2 |
| Total | 107 | 37 |

C. Reconciliation of effective tax rate

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Loss before tax | (9,650) | (6,213) |
| Enacted rate in India | 25.17% | 25.17% |
| Computed expected tax expense | (2,429) | (1,564) |
| Adjustments: | | |
| Effect of expenses that are not deductible in determining taxable profit | 72 | 41 |
| Tax of earlier years | - | - |
| Others | 15 | 6 |
| Income tax expense | (2,342) | (1,517) |
| Effective tax rate | 24.27% | 24.41% |

14. Equity share capital

| Particulars | As at March 31, 2025 | | As at March 31, 2024 | |
|---|-------------------------|--------------|-------------------------|--------------|
| | 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 | 20,12,03,147 | 2,012 | 19,91,69,177 | 1,992 |
| Fully paid up equity shares of ₹ 1 each | | | | |
| | 20,12,03,147 | 2,012 | 19,91,69,177 | 1,992 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Notes:

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

| Particulars | For the year ended March 31, 2025 | | For the year ended March 31, 2024 | |
|--|--------------------------------------|--------|--------------------------------------|--------|
| | Number of shares | Amount | Number of shares | Amount |
| Balance at the beginning of the year | 19,91,69,177 | 1,992 | 19,88,41,843 | 1,988 |
| Add: Issue of equity shares under Company's employee stock option plan | 3,09,833 | 3 | 3,27,334 | 4 |
| Add: Issue of equity shares under Preferential allotment | 17,24,137 | 17 | - | - |
| Balance at the end of the year | 20,12,03,147 | 2,012 | 19,91,69,177 | 1,992 |

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, 2025 | | As at March 31, 2024 | |
|---|-------------------------|--------|-------------------------|--------|
| | 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 |

14.4 Details of Promoter shareholdings:

As at 31 March 2025

| 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 | 57.05% | 11,36,23,500 | 56.47% | -0.58% |
| Mrs. K. Lakshmi Raju | 1,27,05,860 | 6.38% | 1,27,05,860 | 6.31% | -0.06% |
| Bright Town Investment Advisor Private Limited | 5,86,499 | 0.29% | 5,86,499 | 0.29% | 0.00% |

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) | 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% |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

14.5 Details of shares held by each shareholder holding more than 5% of the aggregate shares in the Company:

| Particulars | As at March 31, 2025 | | As at March 31, 2024 | |
|--|--------------------------|----------------------|--------------------------|----------------------|
| | Number of shares held | % of shareholding | Number of shares held | % of shareholding |
| KLR Products Limited (Holding Company) | 11,36,23,500 | 56.47% | 11,36,23,500 | 57.05% |
| Mrs. K. Lakshmi Raju | 1,27,05,860 | 6.31% | 1,27,05,860 | 6.38% |
| Krishi Rasayan Exports Private Limited | 1,56,25,000 | 7.77% | 1,56,25,000 | 7.85% |
| Rajesh Kumar Agarwal and Atul Churiwal (jointly representing Agro Life Science Corporation, a registered Partnership Firm) | 1,56,25,000 | 7.77% | 1,56,25,000 | 7.85% |

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

| Particulars | As at March 31, 2025 | | As at March 31, 2024 | |
|--|-------------------------|--------|-------------------------|--------|
| | Number of shares | Amount | Number of shares | Amount |
| Under Employee Stock Option Scheme- 2015 (11,50,000 equity shares of ₹ 1 each) | - | * | 21,500 | * |
| Under Employee Stock Option Scheme- 2020 (25,00,000 equity shares of ₹ 1 each) | 10,93,328 | 11 | 13,03,330 | 13 |

*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 the face value of the equity shares of the Company. These options vest over a period of one to five years subject to continuous employment and exercisable by the employees within two years of vesting. There is no performance condition attached to these options.
- Summary of employee stock options:

| Particulars | As at March 31, 2025 | | As at March 31, 2024 | |
|---|-------------------------|--|-------------------------|--|
| | Number of options | Weighted- average exercise price | Number of options | Weighted- average exercise price |
| Options outstanding at the beginning of the year | 21,500 | 8 | 45,500 | 8 |
| Options forfeited / lapsed during the year | - | - | - | - |
| Options granted during the year | - | - | - | - |
| Options exercised during the year | (21,500) | 8 | (24,000) | 8 |
| Options outstanding at the end of the year | - | - | 21,500 | 8 |
| Options vested but not exercised at the end of the year | - | - | 7,500 | - |

- Fair value of shares granted during the year:

During the year, there has been no options granted under this scheme and accordingly fair value measurement details are not applicable. Further, all the options under scheme were exercised and there are no options exercisable as at 31 March 2025.

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

14.7.1 Nagarjuna Agrichem Limited-Employee Stock Option Scheme-2020:

- i) 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.
- ii) 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 five years subject to continuous employment and exercisable by the employees within two years of vesting. There is no performance condition attached to these options.
- iii) Summary of employee stock options:

| Particulars | For the year ended March 31, 2025 | | For the year ended March 31, 2024 | |
|--|--------------------------------------|--|--------------------------------------|--|
| | Number of options | Weighted- average exercise price | Number of options | Weighted- average exercise price |
| Options outstanding at the beginning of the year | 13,03,330 | 59 | 14,86,665 | 53 |
| Options granted during the year | 3,70,000 | 50 | 2,65,000 | 65 |
| Options forfeited / lapsed during the year | (2,91,669) | 67 | (1,45,001) | 72 |
| Options exercised during the year | (2,88,333) | 29 | (3,03,334) | 29 |
| Options outstanding at the end of the year | 10,93,328 | 61 | 13,03,330 | 59 |
| Options exercisable at the end of the year | 2,79,999 | 69 | 4,45,003 | 45 |

- 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, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Risk free Interest Rate (%) | 4.32- 7.39 | 4.32- 7.39 |
| Expected life (years) | 4 to 5 | 5 to 6 |
| Expected volatility (%) | 38.51- 64.18 | 36.00- 66.38 |
| Dividend yield (%) | 0.54 | 0.54 |
| 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 | 75 |
| - Grant 10 | 50 | - |
| Range of fair value of options at the grant date | 18.77- 46.37 | 28.36- 46.37 |
| Range of exercise prices for options outstanding | 50- 82 | 29- 82 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Weighted average remaining contractual life (in years):

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Weighted average remaining contractual life | | |
| - Grant 1 | 1.30 | 1.35 |
| - Grant 2 | 1.52 | 1.73 |
| - Grant 3 | - | - |
| - Grant 4 | 1.21 | 1.61 |
| - Grant 5 | 0.98 | 1.47 |
| - Grant 6 | 1.06 | 2.06 |
| - Grant 7 | 0.91 | 1.91 |
| - Grant 8 | 2.00 | 3.00 |
| - Grant 9 | 2.03 | 3.03 |
| - Grant 10 | 4.20 | - |

Weighted average share price at the date of exercise for share options exercised during the year is ₹ 29 (31 March 2024: ₹ 76).

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.

15. Other equity

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| General reserve | 4,175 | 4,175 |
| Capital reserve | 21 | 21 |
| Securities premium account | 15,050 | 13,914 |
| Reserve for equity instruments through other comprehensive income | (499) | (499) |
| Share Options Outstanding Account | 241 | 269 |
| Effective portion of cash flow hedge reserve | - | 16 |
| Retained earnings | 25,148 | 32,759 |
| Total | 44,136 | 50,655 |

15.1 Other equity

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---------------------------|-------------------------|-------------------------|
| General reserve | | |
| Opening balance | 4,175 | 4,175 |
| Change for the year | - | - |
| Closing balance | 4,175 | 4,175 |
| Capital reserve | | |
| Opening balance | 21 | 21 |
| Change for the year | - | - |
| Closing balance | 21 | 21 |
| Securities premium | | |
| Opening balance | 13,914 | 13,755 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

15.1 Other equity (Contd.)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Add: Amount received on preferential allotment | 983 | - |
| Add: Amount received on exercise of employee stock options | 83 | 88 |
| Add: Amount transferred from Share options outstanding account | 70 | 71 |
| Closing balance | 15,050 | 13,914 |
| Reserve for equity instruments through other comprehensive income | | |
| Opening balance | (499) | (499) |
| Change for the year | - | - |
| Closing balance | (499) | (499) |
| Share Options Outstanding Account | | |
| Opening balance | 269 | 222 |
| Add: Change for the year | 42 | 118 |
| Less: Amount transferred to securities premium on exercise of employee stock options | 70 | 71 |
| Closing balance | 241 | 269 |
| Effective portion of cash flow hedge reserve | | |
| Opening balance | 16 | 23 |
| Change for the year | (16) | (7) |
| Closing balance | - | 16 |
| Retained earnings | | |
| Opening balance | 32,759 | 38,056 |
| Add: Profit for the year | (7,308) | (4,696) |
| Add: Other comprehensive income arising from remeasurement of defined benefit obligation (net of taxes) | (303) | (104) |
| | 25,148 | 33,256 |
| Less: Dividends (Refer Notes below) | - | 497 |
| Closing balance | 25,148 | 32,759 |
| Total | 44,136 | 50,655 |

Nature and purpose of reserves:

- a) **General Reserves:** General reserve was created through an annual transfer of profits from retained earnings in accordance with applicable regulations. General reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.
- b) **Capital reserve:** This represents capital subsidy received from government in earlier years for promotion of investment in backward areas.
- c) **Security premium:** Security premium represents the amount received in excess of the face value of the equity shares. The utilisation of the security premium reserve is governed by the relevant provisions of the Companies Act, 2013 ("Act").
- d) **Reserve for equity instruments through other comprehensive income:** This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.
- e) **Share Options Outstanding Account:** This reserve relates to share options granted by the Company to its employees under its employee share option plans.
- f) **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.
- g) **Retained earnings:** Retained earnings represents the Company's undistributed earnings after taxes.

Notes:

1. 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.

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

16. Borrowings

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Non current | | |
| Secured - at amortised cost | | |
| Term loans | | |
| from banks [Refer note (a) below] | 968 | 2,742 |
| from financial institution [Refer note (a) below] | - | 1,334 |
| Unsecured - at amortised cost | | |
| Total - non current | 968 | 4,076 |
| Current | | |
| Secured - at amortised cost | | |
| Repayable on demand from banks [Refer note (b) below] | 20,240 | 47,830 |
| Current maturities of non-current borrowings | 2,984 | 5,436 |
| Unsecured - at amortised cost | | |
| from banks [Refer note (c) below] | - | 7,445 |
| from others [Refer note (d) below] | 3,594 | - |
| Total - current | 26,818 | 60,711 |

Notes:

(a) Terms of repayment of term loans:

Term loan I

| Particulars | As at March 31, 2025 | As at March 31, 2024 | Year of maturity |
|--|-------------------------|-------------------------|------------------|
| Term loan- External Commercial Borrowing | - | 185 | 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 Nil (March 31, 2024: USD 221,875).

Repayable in 16 quarterly instalments starting from August 2020 and the last installment made 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, 2024: 7.50% p.a.) with lending bank.

Term loan II

| Particulars | As at March 31, 2025 | As at March 31, 2024 | Year of maturity |
|------------------------------------|-------------------------|-------------------------|------------------|
| Working Capital Term loan I- Rupee | 1,049 | 2,098 | 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.

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Term loan III

| Particulars | As at March 31, 2025 | As at March 31, 2024 | Year of maturity |
|------------------|-------------------------|-------------------------|------------------|
| Term Loan- Rupee | - | 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 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 made 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, 2025 | As at March 31, 2024 | Year of maturity |
|-------------------------------------|-------------------------|-------------------------|------------------|
| Working Capital Term loan II- Rupee | 1,451 | 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, 2025 | As at March 31, 2024 | Year of maturity |
|------------------|-------------------------|-------------------------|------------------|
| Term Loan- Rupee | 242 | 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, 2025 | As at March 31, 2024 | Year of maturity |
|------------------|-------------------------|-------------------------|------------------|
| Term Loan- Rupee | - | 750 | 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 made 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, 2025 | As at March 31, 2024 | Year of maturity |
|------------------|-------------------------|-------------------------|------------------|
| Term Loan- Rupee | 1,184 | 2,667 | FY 2025-26 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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 various banks and financial institutions 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 5.80% to 18.00% p.a. (March 31, 2024: 5.25% to 10.80% p.a.).

(c) Unsecured loans:

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

(d) During the year ended 31st March 2025, the company availed Unsecured loans as specified below:

| Particulars | As at March 31, 2025 | As at March 31, 2024 | Year of maturity |
|---------------------|-------------------------|-------------------------|------------------|
| Unsecured loan I* | 1,000 | - | FY 25-26 |
| Unsecured loan II** | 2,500 | - | FY 25-26 |
| Total | 3,500 | - | |

* The Company has availed an unsecured loan of ₹ 1,000 lakhs from Mrs. K. Lakshmi Raju (Promoter) on 16th November 2024 at an interest rate of 10% p.a., approved by the Board on 12th November 2024, with repayment of ₹ 1,010 lakhs due on or before 15th November 2025.

**An unsecured loan of ₹2,500 lakhs has been obtained from Options Exim Pvt. Ltd. for one year at 10% p.a., backed by the personal guarantee of Mrs. K. Lakshmi Raju, with a total repayment of ₹ 2,750 lakhs due on maturity.

The purpose of the loan is to meet the Company's financial and operational business requirements.

(e) For the year ended 31 March 2025 and 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 disclosed under non current borrowings. 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 other than disclosed below with respect to principal payments.

| Name of lender | Nature of borrowing | Amount not paid on due date | No. of days delay |
|-----------------------|---------------------|-----------------------------|-------------------|
| Bajaj Finance Limited | Term loan | 30 | 1 |
| Bajaj Finance Limited | Term loan | 30 | 2 |
| Bajaj Finance Limited | Term loan | 20 | 2 |
| Bajaj Finance Limited | Term loan | 228 | 5 |
| | | 308 | |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

17. Other financial liabilities

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|--|-------------------------|-------------------------|
| Non current | | |
| Guarantee obligation | 29 | 62 |
| Total - non current | 29 | 62 |
| Current | | |
| Payable on purchase of property, plant and equipment | 120 | 342 |
| Trade deposits from dealers | 1,951 | 1,711 |
| Guarantee obligation | 33 | 45 |
| Insurance claim received (Refer note 41) | - | 2,926 |
| Refund Liability | 4,015 | 9,254 |
| Employee payable | 784 | - |
| Unclaimed dividend (Refer note below) | 61 | 61 |
| Total - current | 6,964 | 14,339 |

Note:

During the year, there has been a delay in transfer of unpaid dividend in respect of final dividend of FY 2016-17 amounting to ₹ 4 lakhs to the IEPF for the year ended 31 March 2025, which was due in July 2024. The Company is in the process of transferring the said amount to IEPF.

18. Provisions (Refer note 32)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|----------------------------|-------------------------|-------------------------|
| Non current | | |
| Gratuity liability | 1,385 | 785 |
| Compensated absences | 845 | 694 |
| Total - non current | 2,230 | 1,479 |
| Current | | |
| Gratuity liability | 328 | 260 |
| Compensated absences | 332 | 305 |
| Total - current | 660 | 565 |

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

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---------------------------|-------------------------|-------------------------|
| Deferred tax assets (net) | 3,088 | 639 |
| Total | 3,088 | 639 |

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

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Deferred tax liabilities | | |
| Property, plant and equipment | (1,786) | (1,526) |
| Intangible assets and Intangible assets under development | (663) | (536) |
| Right of use assets | (66) | (10) |
| Others | - | - |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Deferred tax assets | | |
| Employee related provisions | 859 | 546 |
| Loss allowances on trade receivables | 1,390 | 489 |
| Lease liabilities | 69 | 11 |
| Investments in preference shares measured at FVTOCI (Refer note ii below) | 116 | 116 |
| Unabsorbed depreciation and business loss | 3,153 | 1,549 |
| Others | 16 | - |
| Net deferred tax assets/ (liabilities) | 3,088 | 639 |

Movement in deferred tax assets and liabilities for the year ended March 31, 2025

| Particulars | Opening balance | Recognised in statement of profit and loss | Recognised in other comprehensive income | Closing balance |
|---|--------------------|--|---|--------------------|
| Deferred tax liabilities: | | | | |
| Property, plant and equipment | (1,526) | (260) | - | (1,786) |
| Intangible assets and Intangible assets under development | (536) | (127) | - | (663) |
| Right of use assets | (10) | (56) | - | (66) |
| | (2,072) | (443) | - | (2,515) |
| Deferred tax assets: | | | | |
| Employee related provisions | 546 | 211 | 102 | 859 |
| Loss allowances on trade receivables | 489 | 901 | - | 1,390 |
| Lease liabilities | 11 | 58 | - | 69 |
| Investments in preference shares measured at FVTOCI | 116 | - | - | 116 |
| Unabsorbed depreciation and business loss (Refer note ii below) | 1,549 | 1,604 | - | 3,153 |
| Others | - | 11 | 5 | 16 |
| | 2,711 | 2,785 | 107 | 5,603 |
| Net deferred tax assets/ (liabilities) | 639 | 2,342 | 107 | 3,088 |

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 |
|---|--------------------|--|---|--------------------|
| Deferred tax liabilities: | | | | |
| 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 | - |
| | (1,766) | (308) | 2 | (2,072) |

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 (Contd.)

| Particulars | Opening balance | Recognised in statement of profit and loss | Recognised in other comprehensive income | Closing balance |
|--|-----------------|--|--|-----------------|
| Deferred tax assets: | | | | |
| 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 |
| | 851 | 1,825 | 35 | 2,711 |
| Net deferred tax assets/ (liabilities) | (915) | 1,517 | 37 | 639 |

- (i) There are no unrecognised deferred tax assets and liabilities as at 31 March 2025 and 31 March 2024.
- (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.
- (iii) The following are the losses that can be carry forward against the future taxable income:

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|----------------------------------|----------------------|----------------------|
| Losses with expiration (8 years) | 8,000 | 3,642 |
| Losses with out expiration | 4,529 | 2,359 |
| | 12,529 | 6,001 |

20. Trade payables

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|--|----------------------|----------------------|
| Total outstanding dues to micro enterprises and small enterprises (Refer Note 33) | 5,809 | 4,296 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer note (ii) below) | 22,926 | 26,641 |
| Total | 28,735 | 30,937 |
| Of the above trade payables amounts due to related parties are as below: | | |
| Trade Payables due to related parties | 722 | 2,271 |

Notes:

- (i) The average credit period on purchases ranges from 90 days- 120 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.
- (ii) The dues above include acceptances against the letter of credit issued to bank amounting to ₹ 790 lakhs as at March 31, 2025 (March 31, 2024: ₹ 2,171 lakhs).

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

(iii) Ageing for trade payables outstanding as at March 31, 2025 is as follows:

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|--------------|---------------|--|-------------|-------------|-------------------|---------------|
| | | | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Micro enterprises and small enterprises | - | 2,893 | 2,860 | 52 | 17 | 7 | 5,829 |
| Other than MSME | 6,749 | 10,399 | 5,750 | 6 | 2 | - | 22,906 |
| Disputed- Micro enterprises and small enterprises | - | - | - | - | - | - | - |
| Disputed- Other than MSME | - | - | - | - | - | - | - |
| Total | 6,749 | 13,292 | 8,610 | 58 | 19 | 7 | 28,735 |

(iii) Ageing for trade payables outstanding as at March 31, 2024 is as follows:

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|--------------|---------------|--|-------------|-------------|-------------------|---------------|
| | | | 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 | - | - | - | - | - | - | - |
| Total | 4,250 | 17,889 | 8,791 | 7 | - | - | 30,937 |

21. Other liabilities

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|----------------------|----------------------|
| Current | | |
| Advances from customers [Refer note 22 (E)] | 3,130 | 1,062 |
| Statutory payables | 760 | 830 |
| Total | 3,890 | 1,892 |

22. Revenue from operations

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|-----------------------------------|-----------------------------------|
| Sale of products [refer note (A) below] | 1,23,103 | 1,75,873 |
| Other operating revenue [refer note (D) below] | 2,086 | 2,211 |
| Total | 1,25,189 | 1,78,084 |

Notes:

(A) Revenue for the year ended March 31, 2025 and March 31, 2024 includes:

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|-------------------------------|-----------------------------------|-----------------------------------|
| Sale of manufactured products | 1,11,727 | 1,56,140 |
| Sale of stock-in-trade | 11,376 | 19,733 |
| Total | 1,23,103 | 1,75,873 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Revenue from contracts with customers as per the contracted price | 1,37,154 | 2,05,020 |
| Adjustments made to contracted price on account of: | | |
| a. Rebates/ incentives/ discounts | (12,688) | (13,507) |
| b. Sales returns | (1,363) | (15,640) |
| Total Revenue from contract with customers | 1,23,103 | 1,75,873 |

(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 | As at March 31, 2025 | As at March 31, 2024 |
|------------------------------------|-------------------------|-------------------------|
| Manufactured Products | | |
| Domestic | | |
| Dealer sales | 62,383 | 82,243 |
| Institutional sales | 18,904 | 34,320 |
| Exports | | |
| Institutional sales | 30,440 | 39,577 |
| Total Manufactured Products | 1,11,727 | 1,56,140 |
| Stock-in-trade | | |
| Domestic | | |
| Dealer sales | 1,802 | 3,653 |
| Institutional sales | 9,574 | 15,473 |
| Exports | | |
| Institutional sales | - | 607 |
| Total Stock-in-trade | 11,376 | 19,733 |
| Total Sales | 1,23,103 | 1,75,873 |

(D) Other operating revenue

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Interest on overdue trade receivables | 1,694 | 1,719 |
| Sale of by-products | 38 | 142 |
| Export incentives | 179 | 217 |
| Scrap sales and others | 175 | 133 |
| Total | 2,086 | 2,211 |

(E) Contract balances

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|--|-------------------------|-------------------------|
| Trade receivables, net | 35,382 | 78,092 |
| Contract liabilities (Advances from customers) | 3,130 | 1,062 |

Note: The amount of ₹ 1,062 lakhs included in contract liabilities at March 31, 2024 has been recognised as revenue during the year ended March 31, 2025 (March 31, 2024: ₹ 701 lakhs).

No information is provided about remaining performance obligations at March 31, 2025 or at March 31, 2024 that have an original expected duration of one year or less, as allowed by Ind AS 115.

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

23. Other income

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Interest income under the effective interest method: | | |
| - Bank deposits | 275 | 267 |
| - Unwinding of discount on deposits | 5 | 13 |
| - Loans given to subsidiaries | 24 | |
| Unwinding of guarantee commission | 45 | 54 |
| Other non-operating income: | | |
| Insurance claims | 74 | - |
| Trade receivables written off, recovered | 213 | 321 |
| Excess provisions no longer required, written back (net) | - | 15 |
| Net gain on foreign currency transactions and translations | 112 | 83 |
| Guarantee commission | 157 | 115 |
| Miscellaneous income | 83 | 122 |
| Total | 988 | 990 |

24. Cost of materials consumed

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|------------------------------|--------------------------------------|--------------------------------------|
| Raw material consumption | 76,785 | 1,17,641 |
| Packing material consumption | 6,737 | 9,540 |
| Total | 83,522 | 1,27,181 |

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

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Opening balance | | |
| Work-in-progress | 2,217 | 3,384 |
| Finished goods | 15,825 | 20,578 |
| Stock-in-trade | 2,237 | 1,321 |
| Total opening balance | 20,279 | 25,283 |
| Closing balance | | |
| Work-in-progress | 1,459 | 2,217 |
| Finished goods | 9,699 | 15,825 |
| Stock-in-trade | 1,622 | 2,237 |
| Total closing balance | 12,780 | 20,279 |
| Decrease in Work-in-progress inventory | 758 | 1,167 |
| Decrease in Finished goods inventory | 6,126 | 4,753 |
| Decrease/ (Increase) in Stock-in-trade inventory | 615 | (916) |
| Total increase in inventories | 7,499 | 5,004 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

26. Employee benefits expense

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Salaries, wages and bonus | 11,880 | 10,596 |
| Contribution to provident and other funds (Refer note 32) | 1,082 | 947 |
| Employee share based payments | 42 | 118 |
| Staff welfare expenses | 989 | 935 |
| Total | 13,993 | 12,596 |

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

27. Finance costs

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Interest expense on financial liabilities measured at amortised cost | 3,318 | 4,422 |
| Other interest expenses | 551 | 328 |
| Interest on lease liabilities | 27 | 20 |
| Interest expense on financial assets measured at amortised cost | 7 | 12 |
| Other borrowing costs | | |
| - Bank charges | 558 | 888 |
| - Processing charges | 307 | 238 |
| - Bill discounting and LC charges | 144 | 60 |
| - Others | 36 | 42 |
| Total | 4,948 | 6,010 |

28. Depreciation and amortisation expense

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Depreciation of property, plant and equipment (Refer note 4) | 1,567 | 1,516 |
| Add: Depreciation of right of use assets (Refer note 4A) | 141 | 246 |
| Add: Amortisation of intangible assets (Refer note 5) | 264 | 110 |
| | 1,972 | 1,872 |
| Less: Depreciation capitalised during the year (Refer note 38) | 42 | 37 |
| Total | 1,930 | 1,835 |

29. Other expenses

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Consumption of stores and spare parts | 555 | 973 |
| Repairs and maintenance | | |
| Buildings | 92 | 158 |
| Plant and machinery | 458 | 632 |
| Others | 59 | 66 |
| Other manufacturing costs | 1,244 | 1,498 |
| Power and fuel | 3,180 | 4,954 |
| Rent | 311 | 183 |
| Rates and taxes | 108 | 93 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

29. Other expenses (Contd.)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Communication expenses | 97 | 93 |
| Travel and conveyance | 1,410 | 1,484 |
| Legal and professional charges | 927 | 866 |
| Insurance | 325 | 370 |
| Directors' sitting fees | 43 | 24 |
| Auditors' remuneration (Refer note (i) below) | 69 | 79 |
| Product development expenses | 235 | 266 |
| Loss allowance on trade receivables, net (Refer note (iii) below) | 4,266 | 1,904 |
| Royalty | 832 | 1,017 |
| Marketing expenses | 2,978 | 3,133 |
| Freight outward and handling charges | 3,462 | 3,410 |
| Net loss on disposal of property, plant and equipment | 62 | 6 |
| Intangible assets under development written off | 298 | 145 |
| Corporate social responsibility expenses (Refer note (ii) below) | 116 | 213 |
| Miscellaneous expenses | 1,104 | 1,068 |
| Total | 22,231 | 22,635 |

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, 2025 | For the year ended March 31, 2024 |
|------------------------|--------------------------------------|--------------------------------------|
| Statutory audit | 40 | 40 |
| Limited review fee | 17 | 17 |
| Tax audit | 4 | 4 |
| Certification fee | 1 | 2 |
| Others | - | 10 |
| Out of pocket expenses | 7 | 6 |
| Total | 69 | 79 |

(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, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| 1. Amount required to be spent by the company during the year | 116 | 212 |
| 2. Amount approved by the Board to be spent during the year | 116 | 212 |
| 3. Amount of expenditure incurred | | |
| (i) Construction / acquisition of any asset | - | - |
| (ii) On purposes other than (i) above | 116 | 213 |
| 4. Shortfall at the end of the year | - | - |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

(ii) Corporate social responsibility (CSR): (Contd.)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|--|--------------------------------------|
| 5. Total of previous years shortfall | - | - |
| 6. Reason for shortfall | N.A. | N.A. |
| 7. Nature of CSR activities | Educational systems strengthening, Women empowerment, Promoting health care and providing medical support in rural areas and Integrated water resource management. | |
| 8. Details of related party transactions | - | - |

(iii) Loss allowance on trade receivables comprises of:

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Trade receivables written off | 687 | 741 |
| Reversal of loss allowance on trade receivables | (544) | (565) |
| Loss allowance on trade receivables | 4,123 | 1,728 |
| Total | 4,266 | 1,904 |

30. Related party disclosures:

(A) 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, 2025 and March 31, 2024.

(i) Details of subsidiaries and associate:

| Names | Nature of relationship | Country of incorporation | Percentage of holding as at | |
|--|------------------------|--------------------------|-----------------------------|----------------|
| | | | March 31, 2025 | March 31, 2024 |
| 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% | 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, 2025.

(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 |
|-------------------------------|--|
| Mrs. K. Lakshmi Raju | Chairperson (Director) |
| Mr. M. Pavan Kumar | Managing Director (up to March 12, 2025) |
| Mr. G. Veera Bhadrani | Whole Time Director (appointed w.e.f. March 13, 2025, refer note i below) |
| Mr. Sudhakar Kudva | Independent Director |
| Mr. N. Vijayaraghavan | Independent Director (up to August 15, 2024) |
| Mr. Raghavender Mateti | Independent Director (up to August 07, 2024) |
| Mr. Atul Churiwal | Nominee Director |
| Mr. Rajesh Kumar Agarwal | Nominee Director |
| Mr. Ramkrishna Mudholkar | Independent Director |
| Mr. Sambasiva Rao Nannapaneni | Independent Director |
| Ms. Veni Mocherla | Independent Director |
| Mr. C. V. Rajulu | Non-executive director (up to March 12, 2025) |
| Mr. Raj Kaul | Non-executive Director |
| Mr. Santanu Mukherjee | Independent Director |
| Dr. M. Lakshmi Kantam | Independent Director |
| Mr. RKS Prasad | Chief Financial Officer (up to December 12, 2024) |
| Mr Anish T. Mathew | Chief Financial Officer (appointed w.e.f. December 13, 2024) |
| Mr. Satish Kumar Subudhi | Company Secretary (CS) |

Notes:

- i. During the year, the Board has appointed Mr. G. Veera Bhadrani as Whole-time Director effective 12 March 2025 at the meeting held on 12 March 2025. The managerial remuneration paid to the whole-time director of the Company amounting to ₹ 16 lakhs and consequently, the total managerial remuneration for the financial year (amounting to ₹ 207 lakhs) exceed the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013 by ₹ 15 lakhs. The shareholders approval for the appointment and remuneration is being sought through a postal ballot process, the results of which are expected to conclude on 8 June 2025. Pending shareholders approval, the Whole-time Director continues to hold office and receive remuneration in trust for the Company.

(B) Transactions during the year:

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| (i) Sales | | |
| a. Krishi Rasayan Exports Private Limited | 836 | 443 |
| b. Agro Life Sciences Corporation | 160 | 23 |
| c. NACL Spec-Chem Limited | 5,410 | 7,124 |
| d. NACL Agri-Solutions Private Limited | 2 | - |
| (ii) Rent Income | | |
| a. NACL Multi-Chem Private Limited | 10 | 4 |
| b. NACL Spec-Chem Limited | * | * |
| c. NACL Agri-Solutions Private Limited | 17 | 6 |
| (iii) Interest income on loans given | | |
| a. NACL Spec-Chem Limited | 23 | 6 |
| b. NACL Multi-Chem Private Limited | * | * |
| c. NACL Agri-Solutions Private Limited | 1 | - |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

(B) Transactions during the year: (Contd.)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| (iv) Purchases | | |
| a. Nasense Labs Private Limited | - | 92 |
| b. Krishi Rasayan Exports Private Limited | 623 | 2,545 |
| c. Agro Life Sciences Corporation | 220 | 41 |
| d. Agma Energy Private Limited | 506 | 666 |
| e. NACL Spec-Chem Limited | 6,051 | 10,942 |
| f. NACL Agri-Solutions Private Limited | 54 | - |
| (v) Purchase of stores & spares | | |
| a. NACL Spec-Chem Limited | - | 6 |
| (vi) Professional charges | | |
| a. Nagarjuna Agrichem (Australia) Pty Limited, Australia | 12 | 12 |
| (vii) Investments | | |
| a. NACL Multi-Chem Private Limited | - | 685 |
| b. NACL Agri-Solutions Private Limited | - | 100 |
| (viii) Dividend paid | | |
| a. KLR Products Limited | - | 284 |
| b. Krishi Rasayan Exports Private Limited | - | 39 |
| c. Agro Life Sciences Corporation | - | 39 |
| d. Bright Town Investment Advisor Private Limited | - | 1 |
| (ix) Guarantee given | | |
| a. NACL Spec-Chem Limited | - | 2,000 |
| (x) Guarantee commission | | |
| a. NACL Spec-Chem Limited | 157 | 115 |
| (xi) Reimbursement of expense | | |
| a. NACL Spec-Chem Limited | - | 2 |
| b. NACL Multi-Chem Private Limited | 17 | 32 |
| c. KLR Products Limited | - | * |
| d. NACL Agri-Solutions Private Limited | 7 | - |
| (xii) Loan given | | |
| a. NACL Agri-Solutions Private Limited | 40 | - |
| b. NACL Multi-Chem Private Limited | 35 | - |
| c. NACL Spec-Chem Limited | 2,072 | - |
| (xiii) Transaction with Key Managerial Personnel | | |
| a. Rent paid | 140 | 140 |
| b. Sitting fees | 43 | 24 |
| c. Dividend paid | - | 32 |
| d. Short-term employee benefits | 405 | 383 |
| e. Share-based payments | 18 | 22 |
| f. Post employment benefits | * | 8 |
| g. Other long term employee benefits | 36 | 13 |
| h. Professional charges | 108 | 90 |
| i. Reimbursement of expenses | - | 9 |
| j. Loan taken | 1,000 | - |
| k. Interest on loan taken | 36 | - |

* less than a lakh

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Notes:

- i. All transactions with these related parties are entered in the normal course of business and are on arm's length basis.
- ii. 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.

(C) Outstanding balances as at the year end:

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|--|-------------------------|-------------------------|
| (i) Reimbursement of expenses | | |
| a. NACL Spec-Chem Limited | 711 | 553 |
| b. NACL Multi-Chem Private Limited | 34 | 9 |
| c. LR Research Laboratories Private Limited | - | 1 |
| d. NACL Agri-Solutions Private Limited | 32 | - |
| (ii) Trade receivables | | |
| a. Krishi Rasayan Exports Private Limited | - | 330 |
| b. NACL Spec-Chem Limited | 3,997 | 2,047 |
| (iii) Trade payables | | |
| a. Nagarjuna Agrichem (Australia) Pty Limited, Australia | 21 | 16 |
| b. Krishi Rasayan Exports Private Limited | 163 | 1,737 |
| c. Agro Life Sciences Corporation | 70 | 49 |
| d. Agma Energy Private Limited | 410 | 469 |
| e. NACL Agri-Solutions Private Limited | 57 | - |
| (iv) Security deposits | | |
| a. Key Managerial Personnel | 70 | 70 |
| (v) Investments | | |
| a. Nagarjuna Agrichem (Australia) Pty Limited, Australia | 32 | 32 |
| b. LR Research Laboratories Private Limited | 1 | 1 |
| c. NACL Spec-Chem Limited | 9,751 | 9,751 |
| d. NACL Multi-Chem Private Limited | 736 | 736 |
| e. NACL Agri-Solutions Private Limited | 100 | 100 |
| f. Nasense Labs Private Limited | 816 | 816 |
| (vi) Guarantee | | |
| a. NACL Spec-Chem Limited | 10,864 | 18,500 |
| (vi) Loan taken | | |
| a. Key Managerial Personnel | 1,033 | - |
| (vi) Loan given | | |
| a. NACL Agri-Solutions Private Limited | 40 | - |
| b. NACL Multi-Chem Private Limited | 35 | - |
| c. NACL Spec-Chem Limited | 2,093 | - |

* less than a lakh

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

31. Contingent liabilities, Guarantee and Capital Commitments

A. Contingent Liabilities

| Sr. No. | Particulars | As at | |
|---------|---|----------------|----------------|
| | | March 31, 2025 | March 31, 2024 |
| (i) | Claims against the Company not acknowledged as debts in respect of the matters under dispute: | | |
| | Excise duty (Refer note (a) below) | 17 | 17 |
| | Service tax (Refer note (b) below) | 15 | 15 |
| | Income tax (Refer note (c) below) | 616 | 618 |
| | Sales tax (Refer note (d) below) | 94 | 94 |
| | Goods and Service tax (Refer note (e) below) | 441 | 248 |
| | Export benefits (MEIS) (Refer note (f) below) | 199 | 199 |
| (ii) | Others (Refer note (g) below) | 135 | 135 |
| | Total | 1,517 | 1,326 |

Notes:

- The Company has disputed various demands raised by excise duty authorities for the Financial years 2004-05 to 2006-07 and 2008-09 which are pending at various stages of appeals. While the Company does not expect these proceedings to have a materially adverse effect on its financial position, any potential outflow related to interest costs, has been duly considered.
- 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. While the Company does not expect these proceedings to have a materially adverse effect on its financial position, any potential outflow related to interest costs, has been duly considered.
- 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; and 2022-23 which are pending at various stages of appeals. While the Company does not expect these proceedings to have a materially adverse effect on its financial position, any potential outflow related to interest costs, has been duly considered.
- 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. While the Company does not expect these proceedings to have a materially adverse effect on its financial position, any potential outflow related to interest costs, has been duly considered.
- 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. While the Company does not expect these proceedings to have a materially adverse effect on its financial position, any potential outflow related to interest costs, has been duly considered.
- The disputed amount of ₹ 1,032 lakhs 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 previous year, 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.
- 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 and working capital facilities availed by the NACL Spec-chem Limited (wholly owned subsidiary) to HDFC Bank Limited and Axis Bank Limited of ₹ 10,864 lakhs (March 31, 2024: ₹ 18,500 lakhs).

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

C. Commitments

| Sr. No. | Particulars | As at | |
|---------|---|----------------|----------------|
| | | March 31, 2025 | March 31, 2024 |
| (i) | Estimated amount of contracts, remaining to be executed on capital account and not provided for (net of advance) (Refer note (a) below) | 43 | 292 |
| | Total | 43 | 292 |

Notes:

a. The Company entered into contract to purchase certain items of property, plant and equipment.

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 ₹ 816 lakhs (March 31, 2024: ₹ 738 lakhs).

- Gratuity (funded):

Amount recognised in statement of profit and loss in respect of gratuity ₹ 265 lakhs (March 31, 2024: ₹ 209 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.

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, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Current service cost | 193 | 150 |
| Net interest expense | 72 | 59 |
| Components of defined benefit costs recognised in statement of profit or loss | 265 | 209 |
| Re-measurement on the net defined benefit liability: | | |
| - Return on plan assets excluding interest income | 3 | 7 |
| - Actuarial losses arising from Demographic Assumptions | - | - |
| - Actuarial gain arising from experience adjustments | 360 | 110 |
| - Actuarial losses arising from changes in financial assumptions | 42 | 22 |
| Components of defined benefit costs recognised in other comprehensive income / loss | 405 | 139 |
| Total | 670 | 348 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Defined Benefit Obligation (DBO)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Present value of DBO at the beginning of the year | 1,462 | 1,171 |
| Current service cost | 193 | 150 |
| Interest cost | 98 | 85 |
| Actuarial losses arising from Demographic Assumptions | - | - |
| Actuarial losses arising from experience adjustments | 360 | 110 |
| Actuarial losses arising from changes in financial assumptions | 42 | 22 |
| Benefits paid | (203) | (76) |
| Present value of DBO at the end of the year | 1,952 | 1,462 |

Fair value of plan assets

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Fair value of plan assets at the beginning of the year | 417 | 301 |
| Interest income | 26 | 26 |
| Employer contributions | 2 | 173 |
| Benefits paid | (203) | (76) |
| Return on plan assets excluding interest income | (3) | (7) |
| Present value of plan assets at the end of the year | 239 | 417 |

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 | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Net Defined Benefit Liability / (Asset) at the beginning of the year | 1,045 | 870 |
| Current service cost | 193 | 150 |
| Interest cost | 72 | 59 |
| Return on plan assets excluding interest income | 3 | 7 |
| Actuarial losses arising from Demographic Assumptions | - | - |
| Actuarial losses arising from experience adjustments | 360 | 110 |
| Actuarial losses arising from changes in financial assumptions | 42 | 22 |
| Employer contributions | (2) | (173) |
| Net Defined Benefit Liability / (Asset) at the end of the year | 1,713 | 1,045 |
| Non current | 1,385 | 785 |
| Current | 328 | 260 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Assumptions

| Particulars | Gratuity Plan | |
|----------------------------------|---|-------------------------|
| | As at March 31, 2025 | As at March 31, 2024 |
| Discount rate | 6.83% | 7.22% |
| 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, 2025 | |
|-------------------------------|-----------------------------------|-------------------|
| | DBO | Percentage Change |
| Under base scenario | 1,952 | - |
| Salary escalation- up by 1% | 123 | 6.29% |
| Salary escalation- down by 1% | (112) | -5.76% |
| Attrition rate- up by 1% | 2 | 0.12% |
| Attrition rate- down by 1% | (3) | -0.14% |
| Discount rate- up by 1% | (103) | -5.30% |
| Discount rate- down by 1% | 116 | 5.93% |
| Mortality Rates- Up by 10% | * | 0.01% |
| Mortality Rates- Down by 10% | * | -0.01% |

* less than 1 lakh

| 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% |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Expected maturity analysis of cash flows on an undiscounted basis

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Maturity profile of Defined Benefit Obligations | | |
| Within 1 year | 335 | 266 |
| Year 2 | 229 | 171 |
| Year 3 | 229 | 165 |
| Year 4 | 219 | 172 |
| Year 5 | 211 | 154 |
| > 5 years | 1,912 | 1,480 |

Expected contribution to the post employee benefits plan during the next financial year is expected to be ₹ 266 lakhs (March 31, 2024: ₹ 209 lakhs), based on the amount recognized in the statement of profit and loss in respect of gratuity.

The weighted average duration of the defined benefit obligation is 7 years (March 31, 2024: 7 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, 2025, the Company has incurred an expense on compensated absences amounting to ₹ 308 lakhs (March 31, 2024: ₹ 276 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.

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" ('Act') 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, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| (i) The principal amount remaining unpaid to any supplier as at the end of the financial year | 5,809 | 4,296 |
| Interest due thereon remaining unpaid to any supplier as at the end of the financial year | 170 | - |
| (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 | Refere Note i below | - |
| (iv) The amount of interest accrued and remaining unpaid at the end of the accounting year | 170 | - |
| (v) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 | - | - |

Notes:

- (i) During the year, the Company had delays in payments to certain MSME suppliers beyond the appointed day as defined under the MSMED Act, 2006. As per the provisions of the Act, an interest amount has to be paid for the delay days. However, the interest amount on delayed payments was waived off by the respective MSME suppliers, and the Company has obtained the formal waiver letters from all such vendors. Accordingly, no interest expense has been recognised in the standalone statement of Profit and Loss.

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

34. Financial instruments

34.1 Capital management

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating. The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

Gearing ratio

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Non-current borrowings | 968 | 4,076 |
| Current borrowings including current maturities of non-current borrowings | 26,818 | 60,711 |
| Cash and cash equivalents | (5,718) | (3,198) |
| Net debt (Refer note (i) below) | 22,068 | 61,589 |
| Equity (Refer note (ii) below) | 46,148 | 52,647 |
| Net debt to equity ratio | 0.48 | 1.17 |

Notes:

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

34.2 Financial instruments by category

| Particulars | As at March 31, 2025 | | | | | | | |
|-----------------------------------|----------------------|-----------------|----------|---------------|------------|----------|----------|----------|
| | Amortised Cost | Carrying amount | | | Fair Value | | | |
| | | FVTOCI | FVTPL | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | | | | |
| Investments in preference shares | - | 1 | - | 1 | - | - | 1 | 1 |
| Loans | 2,169 | - | - | 2,169 | - | - | - | - |
| Other financial assets | 1,312 | - | - | 1,312 | - | - | - | - |
| Derivative financial asset | - | - | - | - | - | - | - | - |
| Trade receivables | 35,382 | - | - | 35,382 | - | - | - | - |
| Cash and cash equivalents | 5,718 | - | - | 5,718 | - | - | - | - |
| Other bank balances | 203 | - | - | 203 | - | - | - | - |
| Total | 44,784 | 1 | - | 44,785 | - | - | 1 | 1 |
| Financial liabilities | | | | | | | | |
| Borrowings (refer note (i) below) | 27,786 | - | - | 27,786 | - | - | - | - |
| Lease liabilities | 273 | - | - | 273 | - | - | - | - |
| Other financial liabilities | 6,993 | - | - | 6,993 | - | - | - | - |
| Trade payables | 28,735 | - | - | 28,735 | - | - | - | - |
| Total | 63,787 | - | - | 63,787 | - | - | - | - |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | As at March 31, 2024 | | | | | | | |
|-----------------------------------|----------------------|-----------------|----------|-----------------|------------|----------|----------|----------|
| | Amortised Cost | Carrying amount | | | Fair Value | | | |
| | | FVTOCI | FVTPL | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | | | | |
| Investments in preference shares | - | 1 | - | 1 | - | - | 1 | 1 |
| Loans | - | - | - | - | - | - | - | - |
| Other financial assets | 1,117 | - | - | 1,117 | - | - | - | - |
| Derivative financial asset | - | 7 | - | 7 | - | 7 | - | 7 |
| Trade receivables | 78,092 | - | - | 78,092 | - | - | - | - |
| Cash and cash equivalents | 3,198 | - | - | 3,198 | - | - | - | - |
| Other bank balances | 3,358 | - | - | 3,358 | - | - | - | - |
| Total | 85,765 | 8 | - | 85,773 | - | 7 | 1 | 8 |
| Financial liabilities | | | | | | | | |
| Borrowings (refer note (i) below) | 64,787 | - | - | 64,787 | - | - | - | - |
| Lease liabilities | 43 | - | - | 43 | - | - | - | - |
| Other financial liabilities | 14,401 | - | - | 14,401 | - | - | - | - |
| Trade payables | 30,937 | - | - | 30,937 | - | - | - | - |
| Total | 1,10,168 | - | - | 1,10,168 | - | - | - | - |

Notes:

- (i) Borrowings include non-current and current borrowings (Refer Note 16).
- (ii) The above table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include the fair value information for financial assets and financial liabilities that are not measured at fair value if the carrying amount is a reasonable approximation of fair value.
- (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, 2025 | As at March 31, 2024 |
|------------------------------|----------------------|----------------------|
| Financial Liabilities | | |
| Derivative financial asset | - | 7 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

The Group enters into derivative financial instruments with various counterparties principally, banks with investment grade credit ratings. 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.

| Particulars | Valuation technique | Significant unobservable inputs | Inter relationship between significant unobservable inputs and fair value measurement |
|----------------------------|---|---------------------------------|---|
| Forward exchange contracts | The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in respective currencies. | Not applicable | Not applicable |
| Interest rate swaps | The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate, cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap. | Not applicable | Not applicable |

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, 2025 | As at March 31, 2024 |
|----------------------------|----------------------|----------------------|
| 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 2024-25 and no transfers in either direction in 2023-24.

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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.

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, 2025:

| Particulars | US Dollars | ₹ (in lakhs) | EURO | ₹ (in lakhs) | Total (₹ lakhs) |
|---------------------------------|--------------------|----------------|------|--------------|-----------------|
| Cash and cash equivalents | 4,26,851 | 365 | - | - | 365 |
| Trade receivables | 64,50,721 | 5,513 | - | - | 5,513 |
| Borrowings | (72,42,000) | (6,190) | - | - | (6,190) |
| Trade payables | (78,22,913) | (6,686) | - | - | (6,686) |
| Net assets/(liabilities) | (81,87,341) | (6,998) | - | - | (6,998) |

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 | 1,42,59,437 | 11,892 | 1,38,400 | 124 | 12,016 |
| Borrowings | (1,48,04,834) | (12,349) | - | - | (12,349) |
| Trade payables | (56,87,663) | (4,750) | - | - | (4,750) |
| Net assets/(liabilities) | (57,83,537) | (4,832) | 1,38,400 | 124 | (4,708) |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Sensitivity analysis:

For the year ended March 31, 2025 and March 31, 2024, every increase / decrease of ₹ 1 in the respective foreign currencies compared to functional currency of the Company would impact profit before tax by ₹ 82 lakhs/ (₹ 82 lakhs) and ₹ 57 lakhs/ (₹ 57 lakhs) respectively and Impact Equity, net of tax by ₹ 61 lakhs/ (₹ 61 lakhs) and ₹ 43 lakhs/ (₹ 43 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, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Fixed rate instruments | | |
| Financial assets | 142 | 3,297 |
| Current borrowings | 3,594 | 7,445 |
| | 3,736 | 10,742 |
| Variable rate instruments | | |
| Non-current borrowings | 968 | 4,076 |
| Current borrowings (including current maturities of non current borrowings) | 23,224 | 53,266 |
| | 24,192 | 57,342 |
| Effect of interest rate swap | - | (185) |
| | 24,192 | 57,157 |

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, 2025 | Fair Value of Interest Rate Swap as at March 31, 2024 | Coupon / Interest Rate | Fixed Interest Rate |
|-------------|------------------------------|--|--|--|------------------------|
| US Dollar | Nil, refer note (i) below | - | 185 | ON SOFR + 4%+ 0.42826% on USD Notional | 7.50% |

Sensitivity analysis:

For the year ended March 31, 2025 and March 31, 2024, 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 ₹ 238 lakhs/ (₹ 238 lakhs) and ₹ 583 lakhs/ (₹ 583 lakhs) respectively and Impact Equity, net of tax by ₹ 178 lakhs/ (₹ 178 lakhs) and ₹ 436 lakhs/ (₹ 436 lakhs) respectively.

Notes:

(i) During the year, the term loan- External Commercial Borrowing was closed in May 2024. Refer note 16.

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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.

Trade receivables:

- (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 120 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, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Balance at the beginning of the year | 1,941 | 778 |
| Provision for impairment loss made during the year | 4,266 | 1,904 |
| Provision reversed against trade receivables write-off / recovery | (687) | (741) |
| Balance at the end of the year | 5,520 | 1,941 |

- (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 ₹ 6,201 lakhs (March 31, 2024: ₹ 6,711 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, 2025 | As at March 31, 2024 |
|-------------------------|-------------------------|-------------------------|
| India | 35,389 | 68,017 |
| Outside India | 5,513 | 12,016 |
| Total | 40,902 | 80,033 |

- (iv) The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2025.

| Ageing Bucket | Weighted- average loss rate | Gross carrying amount | Loss allowance | Net Trade receivables |
|--------------------|--------------------------------|--------------------------|-------------------|--------------------------|
| Not due | 0.43% | 17,978 | 78 | 17,900 |
| Less than 6 months | 3.13% | 11,596 | 363 | 11,233 |
| 6 months- 1 year | 29.55% | 6,937 | 2,050 | 4,887 |
| 1- 2 years | 67.57% | 4,200 | 2,838 | 1,362 |
| 2- 3 years | 100.00% | 191 | 191 | - |
| Total | | 40,902 | 5,520 | 35,382 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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 |
| Total | | 80,033 | 1,941 | 78,092 |

Security deposits:

It consists of rent, electricity and other deposits. The Group does not expect any financial loss as the said deposits are given only to credible vendors/ service providers.

Cash and cash equivalents and deposits with banks:

Cash and cash equivalents and deposits of the Group are held with banks which have high credit rating. The Group considers that its cash and cash equivalents and deposits with banks have low credit risk based on the external credit ratings of the counterparties.

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 ₹ 1,910 lakhs and ₹ 9,262 lakhs as of March 31, 2025 and March 31, 2024 respectively.

The working capital position of the Company:

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|------------------------|----------------------|----------------------|
| Current assets | 73,447 | 1,26,655 |
| Current liabilities | 67,335 | 1,08,635 |
| Working capital | 6,112 | 18,020 |

The table below provides details regarding the contractual maturities of significant financial liabilities on an undiscounted basis as at March 31, 2025:

| Particulars | Carrying value | Less than 1 year | 1-5 years | above 5 years |
|---|----------------|------------------|--------------|---------------|
| Trade payables | 28,735 | 28,735 | - | - |
| Borrowings and interest thereon | 27,786 | 28,806 | 1,060 | - |
| Lease liabilities | 273 | 140 | 281 | - |
| Other current financial liabilities | 6,964 | 6,964 | - | - |
| Other non-current financial liabilities | 29 | - | 29 | - |
| Total | 63,787 | 64,645 | 1,370 | - |

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 | - |
| Total | 1,10,168 | 1,10,446 | 4,473 | - |

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, 2025 and March 31, 2024:

| Particulars | Numerator | Denominator | As at March 31, 2025 | As at March 31, 2024 | Variance |
|----------------------------------|--|---|----------------------|----------------------|--------------|
| Current ratio | Current assets | Current liabilities | 1.09 | 1.17 | -6.44% |
| Debt-Equity ratio | Debt consists of borrowings and lease liabilities | Total equity | 0.61 | 1.23 | -50.62% (i) |
| 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 | 0.29 | 0.36 | -19.88% |
| Return on equity ratio | Profit for the year | Average shareholders equity | -15% | -9% | 73.88% (ii) |
| Inventory turnover ratio | Revenue from operations | Average inventory | 4.26 | 4.36 | -2.26% |
| Trade receivables turnover ratio | Revenue from operations | Average trade receivables | 2.07 | 2.26 | -8.24% |
| Trade payables turnover ratio | Net purchases | Average trade payables | 2.71 | 3.16 | -14.16% |
| Net capital turnover ratio | Revenue from operations | Working capital | 10.38 | 7.26 | 42.99% (iii) |
| Net profit ratio | Profit for the year | Revenue from operations | -6% | -3% | 121.38% (iv) |
| Return on capital employed | Earnings before interest and taxes | Capital employed = Tangible net worth + borrowings + lease liabilities + deferred tax liabilities | -7% | 0% | 3783.90% (v) |
| Return on investment | Income generated from investments | Time weighted average investments | 0% | 0% | - |

Notes:

- Reduction in borrowings on account of repayments.
- Increase in losses of the Company during the year is on account lower production leading to lower revenues.
- Reduction in working capital limits from the banks resulting in lower production leading to lower revenues.
- Reduction in working capital limits from the banks resulting in lower production leading to lower revenues and increase in losses.
- Reduction in borrowings on account of repayments.

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, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Profit for the year attributable to shareholders of the Company | (7,308) | (4,696) |
| Basic: | | |
| Number of shares outstanding at the year end | 20,12,03,147 | 19,91,69,177 |
| Weighted average number of equity shares | 19,95,15,681 | 19,89,39,532 |
| Earnings per share (₹) | (3.66) | (2.36) |
| Diluted: | | |
| Effect of potential equity shares on employee stock options outstanding | 17,870 | 3,65,217 |
| Weighted average number of equity shares outstanding | 19,95,33,551 | 19,93,04,749 |
| Earnings per share (₹) | (3.66) | (2.36) |

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, 2025 | For the year ended March 31, 2024 |
|---------------------------|--------------------------------------|--------------------------------------|
| Employee benefits expense | 117 | 85 |
| Depreciation | 68 | 9 |
| Other expenses | 176 | 126 |
| Total | 361 | 220 |

38. Development expense capitalised

Revenue Expenditure capitalised during the year under respective heads:

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---------------------------|--------------------------------------|--------------------------------------|
| Employee benefits expense | 693 | 570 |
| Depreciation | 42 | 37 |
| Other expenses | 332 | 232 |
| Total | 1,067 | 839 |

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. The Company applies short term lease recognition exemption for these leases. The incremental borrowing rate for lease liabilities is 9.95%.

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Opening balance | 43 | 314 |
| Add: Lease liabilities recognised during the year | 363 | - |
| Less: Lease liabilities derecognised during the year | - | - |
| Add: Interest cost accrued during the year | 27 | 20 |
| Less: Payment of lease liabilities including interest | (160) | (291) |
| Balance at the end of the year | 273 | 43 |
| Non-current lease liability | 154 | - |
| Current liability | 119 | 43 |

ii) Amount recognised in statement of profit and loss:

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Depreciation | 141 | 246 |
| Interest expense | 27 | 20 |
| Expenses relating to short-term leases | 311 | 183 |
| Total | 479 | 449 |

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

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|----------------------|--------------------------------------|--------------------------------------|
| Less than one year | 140 | 49 |
| One to five years | 281 | - |
| 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.

During the year, the Hon'ble High Court of Delhi, vide its order dated February 13, 2025, has ruled in favour of the Company by dismissing the appeal filed by Insurance Company against the Arbitration Award related to the Company's insurance claim. Pursuant to this favourable ruling, the Company has recognized the award amount of ₹2,926 lakhs (the amount was received in earlier years) as an Exceptional income for the year ended 31 March 2025.

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

42. Proposed Acquisition of majority Stake by Coromandel International Limited

On March 12, 2025, the Promoter Group and certain other shareholders of the Company entered into Share Purchase Agreements ('Agreements') with Coromandel International Limited (the 'Acquirer'), pursuant to which the Acquirer will acquire 52.98% of the shareholding in the Company, subject to the terms and conditions outlined in the Agreements. The parties are currently in the process of obtaining the necessary regulatory approvals to consummate the transaction.

As of the date of approval of these audited standalone financial statements by the Board of Directors, the Promoter Group continues to be the existing shareholder of the Company

43. The Company carried trade receivables aggregating to ₹ 7,796 lakhs as at 31 March 2024 (netted off with subsequent collections up to the date of the auditor's report for the year ended 31 March 2024), for which the auditors of the Company had received unreliable responses to their independent balance confirmation requests, for audit of the standalone financial statements for the year ended 31 March 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's employee allegedly involved in the matter and carrying out balance confirmation and reconciliation procedures with the customers. The management has assessed the resultant impact on the standalone financial statements of the Company and has provided for a cumulative amount of ₹ 1,978 lakhs (including the ₹ 1,880 lakhs charged during the previous year), to fully cover the net exposure.

44. Additional regulatory information

- (i) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.
- (ii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries); or
 - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- (iv) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries); or
 - (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- (v) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (vi) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (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 |

Notes forming part of the Standalone Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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 in agreement with the books of accounts.
- (x) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was obtained.
- (xi) The title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment and capital work-in progress are held in the name of the Company as at the balance sheet date.
- (xii) The Company has not revalued any of its property, plant and equipment (including right-of-use-assets) and intangible assets during the year.
- (xiii) The Company does not have any transactions with companies which are struck off.
- (xiv) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

As per our Report of even date attached

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

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

Baby Paul
Partner
Membership No.: 218255

K. Lakshmi Raju
Chairperson
(DIN: 00545776)

G. Veera Bhadram
Whole Time Director
(DIN: 00114611)

Santanu Mukherjee
Director
(DIN: 07716452)

Anish T. Mathew
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Place: Hyderabad
Date: May 28, 2025

Place: Hyderabad
Date: May 28, 2025

Independent Auditor's Report

To the Members of NACL Industries Limited Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of NACL Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associate, which comprise the consolidated balance sheet as at 31 March 2025, 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, 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 2025, of its consolidated loss and other comprehensive loss, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our

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 Opinion section, we have determined matter described below to be the key audit matter to be communicated in our report.

Revenue Recognition

See Note 3.2 and 22 to standalone financial statements

| The key audit matter | How the matter was addressed in our audit |
|---|--|
| <p>The Holding 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 and existence of trade receivables as a key audit matter due to the following reasons:</p> <ul style="list-style-type: none"> Revenue being a key performance metric, it could create an incentive or pressure for revenue to be overstated or recognized before the control has been transferred. The Holding Company also accrues for sales returns, rebates and incentives, which require significant judgement and estimation. | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessed the Holding Company's revenue recognition policies for compliance with Ind AS. Tested the design, implementation and operating effectiveness of key internal financial controls with respect to recognition of revenue and related receivables. Tested on a sample basis using statistical sampling method, revenue transactions recorded during the year by examining the underlying documents such as sales invoices and dispatch documents/ acknowledged delivery receipts/ shipping documents. |

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.

Emphasis of Matter

We draw attention to note 42 to the consolidated financial statements for the year ended 31 March 2025. The Group carried trade receivables aggregating to INR 7,796 lakhs as at 31 March 2024 (netted off with subsequent collections up to the date of the auditor's report for the year ended 31 March 2024), for which we had received unreliable responses to our independent balance confirmation requests, for the audit of the financial statements for the year ended 31 March 2024, from some of these customers.

Note 42 to the consolidated financials statements, also describes the details of subsequent actions taken by the management. The management has estimated the resultant net exposure as INR 1,978 lakhs. This exposure is fully provided for in the Group's books of account as of 31 March 2025.

Our opinion is not modified in respect of this matter.

| The key audit matter | How the matter was addressed in our audit |
|----------------------|---|
| | <ul style="list-style-type: none"> • 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 whether revenue is recognised in the period in which control is transferred. • Obtained independent customer confirmations on the outstanding balances on a sample (using statistical sampling) basis. Verified balances obtained from customers with balances in the books along with applicable reconciling items. Inspected subsequent bank receipts from customers and other relevant underlying documentation relating to closing trade receivable balances, when confirmations are not received. • Evaluated manual journals, selecting samples based on higher risk-based criteria related to revenue to identify unusual or irregular items. • Assessed the process and assumptions used by management to estimate accruals for sales returns, rebates and incentives, including reviewing historical data and contractual terms. • Evaluated the adequacy of disclosures made in the consolidated financial statements. |

Other Information

The Holding Company’s Management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company’s annual report, but does not include the financial statements and auditor’s report thereon. The holding Company’s annual report is expected to be made available to us after the date of this auditor’s report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

Management’s and Board of Directors’ Responsibilities for the Consolidated Financial Statements

The Holding Company’s Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the

Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of each company.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of such entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the

consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company 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 three subsidiaries, whose financial statements reflects total assets (before consolidation adjustments) of Rs. 26,443 lakhs as at 31 March 2025, total revenues (before consolidation adjustments) of Rs. 9,724 lakhs and net cash flows (before consolidation adjustments) amounting to Rs. 19 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 auditors.
- b. The financial statements of three subsidiaries, whose financial statements reflects total assets (before consolidation adjustments) of Rs. 27 lakhs as at 31 March 2025, total revenues (before consolidation adjustments) of Rs. 12 lakhs and net cash flows (before consolidation adjustments) amounting to Rs. 1 lakh for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. The consolidated financial statements also include the Group's share of net profit and other comprehensive income of Rs. 33 lakhs and Rs. 2 lakhs respectively, for

the year ended 31 March 2025, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us or by other auditors. These unaudited financial statements have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”) issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. **A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, as noted in the “Other Matters” paragraph, we report, to the extent applicable, that:**

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our

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 2025 on the consolidated financial position of the Group and its associate. Refer Note 31 to the consolidated financial statements.
- b. The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2025.
- c. The following are the instances of delay in transferring amounts, to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2025:

| Nature of amount | Amount in ₹ lakhs | Due date | Date of transfer | Delay (in days) |
|------------------------------|-------------------|--------------|------------------|-------------------------------------|
| Unpaid dividend (FY 2016-17) | 4 | 13 July 2024 | Not yet paid | 320 (up to the date of this report) |

examination of those books and the reports of the other auditors except 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 consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2025 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 2025 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 paragraph 2A(b) above on reporting under Section 143(3)(b) of the Act 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 Holding Company and its subsidiary companies and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

- d. (i) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies that, to the best of their knowledge and belief, as disclosed in the Note 43 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary companies to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiary companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies that, to the best of their knowledge and belief, as disclosed in the Note 43 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 Holding Company and its subsidiary companies incorporated in India have neither declared nor paid any dividend during the year.
- 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. Additionally, except where it was not enabled or available, the audit trail has been preserved by the Company and above referred subsidiaries as per the statutory requirements for record retention.

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

In respect of the Holding Company:

- a) The feature of recording audit trail (edit log) facility was not enabled at the database layer to log any direct changes and for certain fields/ tables of the accounting software used for financial reporting.
- b) In the absence of independent auditor's reporting 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 the audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software.

In respect of three subsidiary companies:

- a) The feature of recording audit trail (edit log) facility was not enabled at the database layer to log any direct changes.
-

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

We draw attention to Note 30 to the consolidated financial statements for the year ended 31 March 2025, according to which the managerial remuneration paid to the whole-time director of the Holding Company (amounting to INR 16 lakhs) and consequently, the total managerial remuneration for the financial year (amounting to INR 207 lakhs) exceed the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013 by INR 15 lakhs. As per the provisions of the Act, the excess remuneration is subject to the approval of the shareholders, which the Company is in the process of obtaining by means of Postal Ballot. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Baby Paul
Partner
Membership No.: 218255
ICAI UDIN: 25218255BMINGX7744

Place: Hyderabad
Date: May 28, 2025

Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of NACL Industries Limited for the year ended 31 March 2025

(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, qualification or adverse remarks given by the respective auditors in their reports under the Companies (Auditor's Report) Order, 2020 (CARO):

| Sr. No. | Name of the entities | CIN | Holding Company/ Subsidiary/ JV/ Associate | Clause number of the CARO report which is unfavourable or qualified or adverse |
|---------|-------------------------------------|-----------------------|--|--|
| 1 | NACL Industries Limited | L24219TG1986PLC016607 | Holding Company | Clause 3(vii)(a), Clause 3(ix)(a), Clause 3(xi)(a)&(b) and Clause 3(xvii) |
| 2 | NACL Spec-Chem Limited | U24290TG2020PLC140201 | Subsidiary | Clause 3(ix)(a) and Clause 3(xvii) |
| 3 | NACL Multichem Private Limited | U24299TG2020PTC140342 | Subsidiary | Clause 3(xvii) |
| 4 | 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 the respective auditors till the date of principal auditor's report.

| Name of the entities | CIN | Subsidiary/ JV/ Associate |
|--|-----------------------|---------------------------|
| LR Research Laboratories Private Limited | U73100TG2011PTC076023 | Subsidiary |
| 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: 25218255BMINGX7744

Place: Hyderabad
Date: May 28, 2025

Annexure B to the Independent Auditor's Report on the Consolidated Financial Statements of NACL Industries Limited for the year ended 31 March 2025

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)

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 2025, 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, as of that date.

In our opinion and based on the consideration of reports of the other auditors on internal financial controls with reference to financial statements of subsidiary companies, as were audited by the other auditors, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2025, 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").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The respective Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to four subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

The internal financial controls with reference to financial statements insofar as it relates to the associate, which is a company incorporated in India and included in these consolidated financial statements, have not been audited either by us or by other auditors. In our opinion and according to the information and explanations given to us by the Management, such unaudited associate company is not material to the Holding Company.

Our opinion is not modified in respect of above matters.

Place: Hyderabad
Date: May 28, 2025

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

Baby Paul
Partner
Membership No.: 218255
ICAI UDIN: 25218255BMINGX7744

Consolidated Balance Sheet

As at March 31, 2025

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Note | As at March 31, 2025 | As at March 31, 2024 |
|--|------|-------------------------|-------------------------|
| I ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Property, plant and equipment | 4 | 39,495 | 39,850 |
| (b) Capital work-in-progress | 4 | 2,152 | 2,813 |
| (c) Right-of-use assets | 4A | 3,702 | 3,532 |
| (d) Intangible assets | 5 | 705 | 476 |
| (e) Intangible assets under development | 5 | 2,116 | 1,840 |
| (f) Investments accounted for using the equity method | 6A | 1,549 | 1,514 |
| (g) Financial assets | | | |
| (i) Investments | 6B | 1 | 1 |
| (ii) Other financial assets | 7 | 683 | 693 |
| (h) Deferred tax assets (net) | 19 | 3,826 | 1,007 |
| (i) Other tax assets (net) | 13 | 1,135 | 1,065 |
| (j) Other non-current assets | 8 | 355 | 235 |
| Total non-current assets | | 55,719 | 53,026 |
| 2 Current assets | | | |
| (a) Inventories | 9 | 26,612 | 34,732 |
| (b) Financial assets | | | |
| (i) Trade receivables | 10 | 31,511 | 76,669 |
| (ii) Cash and cash equivalents | 11 | 5,731 | 3,232 |
| (iii) Bank balances other than (ii) above | 12 | 204 | 3,361 |
| (iv) Other financial assets | 7 | - | 13 |
| (c) Other current assets | 8 | 6,533 | 10,794 |
| Total current assets | | 70,591 | 1,28,801 |
| Total assets | | 1,26,310 | 1,81,827 |
| II EQUITY AND LIABILITIES | | | |
| 1 Equity | | | |
| (a) Equity share capital | 14 | 2,012 | 1,992 |
| (b) Other equity | 15 | 40,694 | 49,118 |
| Total equity | | 42,706 | 51,110 |
| 2 Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16 | 8,462 | 14,940 |
| (ii) Lease liabilities | 37 | 154 | - |
| (b) Provisions | 18 | 2,267 | 1,499 |
| Total non-current liabilities | | 10,883 | 16,439 |
| 3 Current Liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16 | 31,132 | 63,925 |
| (ii) Lease liabilities | 37 | 119 | 43 |
| (iii) Trade payables | 20 | | |
| (a) total outstanding dues of micro enterprises and small enterprises | | 6,233 | 5,380 |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | | 23,394 | 27,579 |
| (iv) Other financial liabilities | 17 | 7,118 | 14,658 |
| (b) Other current liabilities | 21 | 3,952 | 1,977 |
| (c) Provisions | 18 | 664 | 568 |
| (d) Current tax liabilities (net) | 13 | 109 | 148 |
| Total current liabilities | | 72,721 | 1,14,278 |
| Total liabilities | | 83,604 | 1,30,717 |
| Total equity and liabilities | | 1,26,310 | 1,81,827 |

See accompanying notes forming part of the consolidated financial statements

As per our Report of even date attached

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

Baby Paul
Partner
Membership No.: 218255

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

K. Lakshmi Raju
Chairperson
(DIN: 00545776)

Anish T. Mathew
Chief Financial Officer

G. Veera Bhadrani
Whole Time Director
(DIN: 00114611)

Satish Kumar Subudhi
Company Secretary

Santanu Mukherjee
Director
(DIN: 07716452)

Place: Hyderabad
Date: May 28, 2025

Place: Hyderabad
Date: May 28, 2025

Consolidated Statement of Profit and Loss

For the year ended March 31, 2025

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | Note | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|------|--------------------------------------|--------------------------------------|
| I INCOME | | | |
| Revenue from operations | 22 | 1,23,452 | 1,77,873 |
| Other income | 23 | 804 | 856 |
| Total income | | 1,24,256 | 1,78,729 |
| II EXPENSES | | | |
| Cost of materials consumed | 24 | 78,909 | 1,23,490 |
| Purchases of stock-in-trade | | 4,641 | 10,026 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 25 | 7,679 | 4,919 |
| Employee benefits expense | 26 | 14,792 | 13,437 |
| Finance costs | 27 | 6,495 | 7,572 |
| Depreciation and amortisation expense | 28 | 2,905 | 2,724 |
| Other expenses | 29 | 23,718 | 24,299 |
| Total expenses | | 1,39,139 | 1,86,467 |
| III Loss before exceptional income (I - II) | | (14,883) | (7,738) |
| IV Exceptional item | 39 | 2,926 | - |
| Loss before share of profit of associate and income tax (I- II) | | (11,957) | (7,738) |
| IV Share of profit from associate, net of tax | | 33 | 108 |
| V Loss before tax (III + IV) | | (11,924) | (7,630) |
| VI Tax expense | | | |
| (i) Current tax | 13.3 | 1 | - |
| (ii) Deferred tax | 13.3 | (2,712) | (1,741) |
| Total tax expense | | (2,711) | (1,741) |
| VII Loss for the year (V - VI) | | (9,213) | (5,889) |
| VIII Other comprehensive loss | | | |
| Items that will not be reclassified to profit or loss | | | |
| (a) Remeasurement of defined benefit obligation | 32 | (405) | (136) |
| (b) Income tax relating to items that will not be reclassified to profit or loss | 13.3 | 102 | 35 |
| 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 | | (21) | (9) |
| (b) Income tax relating to items that will be reclassified to profit or loss | 13.3 | 5 | 2 |
| Total other comprehensive loss for the year, net of tax | | (319) | (108) |
| IX Total comprehensive loss for the year (VII + VIII) | | (9,532) | (5,997) |
| X Earnings per equity share of ₹ 1 each | | | |
| Basic (₹) | 34 | (4.62) | (2.96) |
| Diluted (₹) | 34 | (4.62) | (2.95) |

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's Registration No.: 128510W

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

Baby Paul
Partner
Membership No.: 218255

K. Lakshmi Raju
Chairperson
(DIN: 00545776)

G. Veera Bhadram
Whole Time Director
(DIN: 00114611)

Santanu Mukherjee
Director
(DIN: 07716452)

Anish T. Mathew
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Place: Hyderabad
Date: May 28, 2025

Place: Hyderabad
Date: May 28, 2025

Consolidated Statement of Cash Flow

For the year ended March 31, 2025

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Loss before tax | (11,924) | (7,630) |
| Adjustments for: | | |
| Depreciation and amortisation expense | 2,905 | 2,724 |
| Finance costs | 6,495 | 7,572 |
| Interest income under the effective interest method | (295) | (295) |
| Exceptional income | (2,926) | - |
| Share of profit from associate | (33) | (108) |
| Excess provisions no longer required, written back (net) | - | (15) |
| Loss allowance on trade receivables, net | 4,266 | 1,904 |
| Net loss on disposal of property, plant and equipment | 62 | 6 |
| Intangible assets under development written off | 298 | 145 |
| Share-based payments | 42 | 118 |
| Unrealised forex gain | (43) | (118) |
| Operating profit before working capital changes | (1,153) | 4,303 |
| Working capital adjustments | | |
| Decrease/ (Increase) in Inventories | 8,120 | 14,369 |
| Increase in Trade receivables | 40,904 | (1,242) |
| (Increase)/ Decrease in Other financial assets | 21 | (14) |
| (Increase)/ Decrease in in Other assets | 4,199 | (3,257) |
| (Decrease)/ Increase in Trade payables | (3,310) | (15,496) |
| Increase in Provisions | 459 | 207 |
| Increase in Other financial liabilities | (4,207) | 7,666 |
| Increase in Other liabilities | 1,975 | 239 |
| Cash generated from operations | 47,008 | 6,775 |
| Income taxes paid (net) | (110) | (1,735) |
| Net cash generated from operating activities (A) | 46,898 | 5,040 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Acquisition of property, plant and equipment, intangible assets, capital work-in-progress and intangible assets under development | (3,335) | (3,901) |
| Proceeds from sale of property, plant and equipment | 282 | 2 |
| Movement in other deposits and margin money (net) | 3,157 | (160) |
| Interest income received | 286 | 293 |
| Net cash generated/ (used) in investing activities (B) | 390 | (3,766) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from exercise of employee stock options | 86 | 92 |
| Proceeds from preferential allotment | 1,000 | - |
| Proceeds from non-current borrowings | - | 1,940 |
| Repayment of non-current borrowings | (6,770) | (6,185) |
| Movement in current borrowings (net) | (32,346) | 11,063 |
| Payment of principal portion on lease liabilities | (133) | (956) |
| Interest on lease liabilities | (27) | (20) |
| Dividend paid | - | (497) |
| Finance costs paid | (6,603) | (7,620) |
| Net cash flow from financing activities (C) | (44,793) | (2,183) |
| Net decrease in cash and cash equivalents (D) = (A)+B+C) | 2,495 | (909) |
| Cash and cash equivalents at the beginning of the year (E) | 3,232 | 4,148 |
| Effect of movements in exchange rates on cash and cash equivalents (F) | 4 | (7) |
| Cash and cash equivalents at the end of the year (G) = (D)+(E)+(F) (Refer Note 11) | 5,731 | 3,232 |

Consolidated Statement of Cash Flow

For the year ended March 31, 2025

(All amounts in ₹ lakhs, unless otherwise stated)

Note:

1. Reconciliation of liabilities from financing activities

| Particulars | As at April 1, 2024 | Proceeds | Payments | Non-cash movement* | As at March 31, 2025 |
|---|---------------------|------------|-----------------|--------------------|----------------------|
| Non-current borrowings (including current maturities) | 21,809 | - | (6,770) | (142) | 14,897 |
| Current borrowings | 57,056 | - | (32,346) | (13) | 24,697 |
| Lease liabilities | 43 | 363 | (133) | - | 273 |
| Interest on lease liabilities | - | - | (27) | 27 | - |
| Total liabilities from financing activities | 78,908 | 363 | (39,276) | (128) | 39,867 |

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 | (6,185) | (72) | 21,809 |
| Current borrowings | 45,958 | 11,063 | - | 35 | 57,056 |
| Lease liabilities | 314 | - | (956) | 685 | 43 |
| Interest on lease liabilities | - | - | (20) | 20 | - |
| Total liabilities from financing activities | 72,398 | 13,003 | (7,161) | 668 | 78,908 |

* Non-cash movement for borrowings represents interest accrued amount, effect of changes in foreign exchange rate and for lease liabilities represents additions to the leases.

2. Statement of Cash flows has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on Statement of Cash flows. Cash and cash equivalents in the Statement of Cash flows comprise cash in hand and balances with banks.

See accompanying notes forming part of the consolidated financial statements

As per our Report of even date attached

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

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

Baby Paul
Partner
Membership No.: 218255

K. Lakshmi Raju
Chairperson
(DIN: 00545776)

G. Veera Bhadram
Whole Time Director
(DIN: 00114611)

Santanu Mukherjee
Director
(DIN: 07716452)

Anish T. Mathew
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Place: Hyderabad
Date: May 28, 2025

Place: Hyderabad
Date: May 28, 2025

Consolidated Statement of Changes in Equity

For the year ended March 31, 2025

(All amounts in ₹ lakhs, unless otherwise stated)

A. Equity share capital (Refer Note 14)

| Particulars | Number of shares | Amount |
|---|---------------------|--------------|
| Balance as at 1 April 2024 | 19,91,69,177 | 1,992 |
| Changes in equity share capital during the year | 20,33,970 | 20 |
| Balance as at March 31, 2025 | 20,12,03,147 | 2,012 |
| Balance as at 1 April 2023 | 19,88,41,843 | 1,988 |
| Changes in equity share capital during the year | 3,27,334 | 4 |
| Balance as at March 31, 2024 | 19,91,69,177 | 1,992 |

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 | |
| Balance as at 1 April 2024 | 4,175 | 37 | 13,914 | 269 | 31,206 | (499) | 16 | 49,118 |
| Profit for the year | - | - | - | - | (9,213) | - | - | (9,213) |
| Other Comprehensive loss for the year, net of tax | - | - | - | - | (303) | - | (16) | (319) |
| Total comprehensive income for the year | - | - | - | - | (9,516) | - | (16) | (9,532) |
| Transactions with owners of the Company | | | | | | | | |
| Contributions and distributions | | | | | | | | |
| Share based payments (Refer Note 14) | - | - | - | 42 | - | - | - | 42 |
| Preferential allotment | - | - | 983 | - | - | - | - | 983 |
| Exercise of employee stock options | - | - | 153 | (70) | - | - | - | 83 |
| Payment of dividends | - | - | - | - | - | - | - | - |
| Total transactions with owners of the Company | - | - | 1,136 | (28) | - | - | - | 1,108 |
| Balance as at March 31, 2025 | 4,175 | 37 | 15,050 | 241 | 21,690 | (499) | - | 40,694 |
| Balance as at 1 April 2023 | 4,175 | 37 | 13,755 | 222 | 37,693 | (499) | 23 | 55,406 |
| Profit for the year | - | - | - | - | (5,889) | - | - | (5,889) |
| Other Comprehensive loss for the year, net of tax | - | - | - | - | (101) | - | (7) | (108) |
| Total comprehensive income for the year | - | - | - | - | (5,990) | - | (7) | (5,997) |
| Transactions with owners of the Company | | | | | | | | |
| Contributions and distributions | | | | | | | | |
| Share based payments (Refer Note 14) | - | - | - | 118 | - | - | - | 118 |
| Exercise of employee stock options | - | - | 159 | (71) | - | - | - | 88 |
| Payment of dividends | - | - | - | - | (497) | - | - | (497) |
| Total transactions with owners of the Company | - | - | 159 | 47 | (497) | - | - | (291) |
| Balance as at March 31, 2024 | 4,175 | 37 | 13,914 | 269 | 31,206 | (499) | 16 | 49,118 |

See accompanying notes forming part of the consolidated financial statements

As per our Report of even date attached

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

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

Baby Paul
Partner
Membership No.: 218255

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Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Place: Hyderabad
Date: May 28, 2025

Place: Hyderabad
Date: May 28, 2025

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, 2025 | Percentage of voting power as at March 31, 2024 |
|--|--------------|--------------------------|---|---|
| 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% |
| NACL Industries (Nigeria) Limited | Subsidiary | Nigeria | 100% | 100% |
| NACL Agri-Solutions Private Limited | Subsidiary | India | 100% | 100% |
| Nasense Labs Private Limited | Associate | India | 26% | 26% |

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 May 28, 2025. 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 of an asset or a liability fall into different levels of the fair value hierarchy, then the

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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 settle the liability 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 management of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

A. Critical Judgements

The following are the critical judgements, apart from those involving estimations, that the management has 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

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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.

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

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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.

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.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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 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

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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 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

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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 for temporary differences on the initial recognition of assets or liabilities in a transaction that:

- a. is not a business combination; and
- b. at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences.

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

The cost property, plant and equipment at 1 April 2016, the Group's date of transition to Ind AS, was determined

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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 – 20 years | 15 – 20 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.

Intangible assets under development are not amortised, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment is recognised as an expense in the Consolidated Statement of Profit and Loss.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

recognized for such excess amount. The impairment loss is recognized as an expense in the Consolidated Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

3.15 Impairment of Non-financial assets

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

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

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

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

3.16 Inventories

Inventories are valued at lower of cost, calculated on "Weighted average" basis and net realisable value. Cost incurred in bringing each product to its present location and condition are accounted as follows:

Raw Materials, Packing Materials, Stores and Spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Finished goods and work-in-progress: Cost includes direct materials, labour and a proportion of manufacturing overheads based on the normal operating capacity, but excludes borrowing costs.

Traded goods: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price of inventories less all the estimated costs of completion and the costs necessary to make the sale.

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

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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 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.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Effective interest method:

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value Through Profit or Loss (FVTPL). Interest income is recognised in consolidated statement of profit and loss and is included in the "other income" line item.

Hedge accounting:

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

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

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

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

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

Derecognition of financial assets and financial liabilities

Financial asset:

The Group de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group retains substantially all the rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in 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.

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Impairment of Financial assets:

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the consolidated statement of profit and loss.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. As a practical expedient, the Group uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates.

In addition to the provision matrix, the Group also performs individual assessment of credit risk for specific customers where there is objective evidence of increased credit risk. Where such individual assessment indicates that a trade receivable meets the criteria for being classified as credit impaired under Ind AS 109, the Group recognises a loss allowance based on lifetime ECL and discloses such credit impaired trade receivables separately in the consolidated balance sheet.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- a. significant financial difficulty of the debtor;
- b. a breach of contract, such as a default or 2 years past due;
- c. it is probable that the debtor will enter bankruptcy or other financial reorganization;
- d. the disappearance of an active market for a security because of financial difficulties.

The ECL loss allowance (or reversal) during the year is recognised in the consolidated statement of profit and loss.

Write-off:

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has policy of writing off the gross carrying amount when the financial asset is 2 years past due based on historical experience of recoveries of similar assets.

3.19 Fair value measurement

In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

3.20 Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2025, MCA has notified Ind AS – 117 Insurance Contracts and amendments to Ind AS 116 – Leases, relating to sale and leaseback transactions, applicable to the Group w.e.f. April 1, 2024. The Group has reviewed the new pronouncements and based on its evaluation has determined that it does not have any significant impact in its financial statements.

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(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, 2025 | As at March 31, 2024 |
|--------------------------|-------------------------|-------------------------|
| Freehold Land | 2,512 | 2,512 |
| Buildings | 10,907 | 11,249 |
| Plant and equipment | 25,464 | 25,422 |
| Furniture and fixtures | 200 | 204 |
| Vehicles | 84 | 104 |
| Office equipment | 135 | 134 |
| Computers | 193 | 225 |
| Total | 39,495 | 39,850 |
| Capital work-in-progress | 2,152 | 2,813 |

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 1 April 2023 | 2,512 | 13,842 | 52,250 | 760 | 198 | 355 | 728 | 70,645 | 5,526 |
| Add: Additions | - | 631 | 4,461 | 43 | 15 | 46 | 112 | 5,308 | 2,580 |
| Less: Disposals/ Capitalisation | - | - | 3 | 1 | 13 | 1 | 24 | 42 | 5,293 |
| Balance as at March 31, 2024 | 2,512 | 14,473 | 56,708 | 802 | 200 | 400 | 816 | 75,911 | 2,813 |
| Add: Additions | - | 154 | 2,199 | 17 | - | 36 | 73 | 2,479 | 1,483 |
| Less: Disposals/ Capitalisation | - | 11 | 3,504 | 11 | - | 3 | 7 | 3,536 | 2,144 |
| Balance as at March 31, 2025 | 2,512 | 14,616 | 55,403 | 808 | 200 | 433 | 882 | 74,854 | 2,152 |

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 1 April 2023 | - | 2,738 | 29,564 | 579 | 87 | 238 | 515 | 33,721 | - |
| Add: Depreciation | - | 486 | 1,723 | 20 | 21 | 29 | 95 | 2,374 | - |
| Less: Disposals | - | - | 1 | 1 | 12 | 1 | 19 | 34 | - |
| Balance as at March 31, 2024 | - | 3,224 | 31,286 | 598 | 96 | 266 | 591 | 36,061 | - |
| Add: Depreciation | - | 494 | 1,816 | 21 | 20 | 35 | 104 | 2,490 | - |
| Less: Disposals | - | 9 | 3,163 | 11 | - | 3 | 6 | 3,192 | - |
| Balance as at March 31, 2025 | - | 3,709 | 29,939 | 608 | 116 | 298 | 689 | 35,359 | - |

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(All amounts in ₹ lakhs, unless otherwise stated)

4.4 Net Carrying amounts:

| Particulars | Freehold Land | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Computers | Total | Capital work-in-progress |
|------------------------------|---------------|-----------|---------------------|------------------------|----------|------------------|-----------|--------|--------------------------|
| Balance as at March 31, 2025 | 2,512 | 10,907 | 25,464 | 200 | 84 | 135 | 193 | 39,495 | 2,152 |
| Balance as at March 31, 2024 | 2,512 | 11,249 | 25,422 | 204 | 104 | 134 | 225 | 39,850 | 2,813 |

Notes:

- Above includes carrying amount of ₹ 3,045 lakhs (March 31, 2024: ₹ 2,446 lakhs), additions amounting to ₹ 610 lakhs (March 31, 2024: ₹ 104 lakh) and net carrying amounting to ₹ 1,525 lakhs (March 31, 2024: ₹ 1,062 lakhs) in respect of in-house research and development.
- Refer Note 16 for detail of Property, plant and equipment hypothecated or pledged.
- Refer Note 42 for disclosures relating to title deeds of immovable properties, benami properties and revaluation during the year.
- During the previous 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 was 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 over the remaining useful life of the assets as disclosed below, 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, 2025 | Year ended March 31, 2026 | Year ended March 31, 2027 | Year ended March 31, 2028 | Year ended March 31, 2029 | Later |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-------|
| (Decrease) increase in depreciation expense | (494) | (427) | (367) | (279) | (194) | 2,239 |

4.5 Ageing for capital work-in-progress as at March 31, 2025 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 | 875 | 1,268 | - | 9 | 2,152 |
| Projects temporarily suspended | - | - | - | - | - |

Projects whose completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2025:

| 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 | - | - | - | - | - |
| Project 3 | 3 | 3 | - | - | 6 |
| Project 4 | 317 | 269 | - | - | 586 |
| Project 5 | - | 13 | - | - | 13 |

There are no projects where completion is overdue or has exceeded its cost compared to its original plan as of March 31, 2025, other than as disclosed above.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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.

4A. Right of use assets

4A.1 Carrying amounts of:

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|----------------|----------------------|----------------------|
| Leasehold Land | 3,440 | 3,492 |
| Buildings | 262 | 26 |
| Vehicles | - | 14 |
| Total | 3,702 | 3,532 |

4A.2 Movement of Right of use assets:

| Particulars | Leasehold Land | Buildings | Vehicles | Total |
|-------------------------------------|----------------|------------|------------|--------------|
| Carrying amount | | | | |
| Balance as at 1 April 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 |
| Add: Additions | - | 363 | - | 363 |
| Less: Disposals | - | 517 | 236 | 753 |
| Balance as at March 31, 2025 | 3,598 | 363 | - | 3,961 |

4A.3 Accumulated depreciation:

| Particulars | Leasehold Land | Buildings | Vehicles | Total |
|-------------------------------------|----------------|------------|------------|------------|
| Balance as at 1 April 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 |
| Add: Depreciation expense | 52 | 127 | 14 | 193 |
| Less: Disposals | - | 517 | 236 | 753 |
| Balance as at March 31, 2025 | 158 | 101 | - | 259 |

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

4A.4 Net Carrying amounts:

| Particulars | Leasehold Land | Buildings | Vehicles | Total |
|------------------------------|----------------|-----------|----------|-------|
| Balance as at March 31, 2025 | 3,440 | 262 | - | 3,702 |
| Balance as at March 31, 2024 | 3,492 | 26 | 14 | 3,532 |

- (i) 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, 2025 and March 31, 2024.
- (ii) Refer Note 42 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, 2025 | As at March 31, 2024 |
|-------------------------------------|-------------------------|-------------------------|
| Computer software | - | - |
| Internally developed products | 705 | 476 |
| Total | 705 | 476 |
| Intangible assets under development | 2,116 | 1,840 |

5.2 Movement of intangible assets:

| Particulars | Computer software | Internally developed products | Total | Intangible assets under development |
|-------------------------------------|-------------------|-------------------------------|--------------|-------------------------------------|
| Cost | | | | |
| Balance as at 1 April 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 |
| Add: Additions | - | 493 | 493 | 1,067 |
| Less: Write off/ Disposals | - | - | - | 791 |
| Balance as at March 31, 2025 | 379 | 1,846 | 2,225 | 2,116 |

5.3 Accumulated amortisation:

| Particulars | Computer software | Internally developed products | Total | Intangible assets under development |
|---|-------------------|-------------------------------|--------------|-------------------------------------|
| Balance as at 1 April 2023 | 379 | 767 | 1,146 | - |
| Add: Amortisation | - | 110 | 110 | - |
| Less: Write off/ Disposals (Refer note (b), (c) below) | - | - | - | - |
| Balance as at March 31, 2024 | 379 | 877 | 1,256 | - |
| Add: Amortisation | - | 264 | 264 | - |
| Less: Write off/ Disposals (Refer note (b), (c) below) | - | - | - | - |
| Balance as at March 31, 2025 | 379 | 1,141 | 1,520 | - |

5.4 Net Carrying amounts:

| Particulars | Computer software | Internally developed products | Total | Intangible assets under development |
|------------------------------|-------------------|-------------------------------|-------|-------------------------------------|
| Balance as at March 31, 2025 | - | 705 | 705 | 2,116 |
| Balance as at March 31, 2024 | - | 476 | 476 | 1,840 |

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, 2025 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 | 759 | 459 | 511 | 387 | 2,116 |
| Projects temporarily suspended | - | - | - | - | - |

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 | - | - | - | - | - |

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.
- Disposals with respect to intangible assets under development represent transfers to Internally developed products.
- Refer note 29 for write-off of intangible assets under development.
- Refer note 38 for capitalisation of revenue expenditure.

6A. Investments accounted for using the equity method

| Particulars | Nominal value | Number of shares | As at March 31, 2025 | Number of shares | As at March 31, 2024 |
|-------------------------------|---------------|------------------|----------------------|------------------|----------------------|
| Interests in associate | | | | | |
| Nasense Labs Private Limited | ₹ 10 | 61,27,513 | 1,549 | 61,27,513 | 1,514 |
| Total | | | 1,549 | | 1,514 |

6B. Non-current investments

| Particulars | Nominal value | Number of shares | As at March 31, 2025 | Number of shares | As at March 31, 2024 |
|---|---------------|------------------|----------------------|------------------|----------------------|
| Other equity investment at fair value through other comprehensive income | | | | | |
| Unquoted | | | | | |
| SVC Co-operative Bank Limited | ₹ 25 | 100 | * | 100 | * |
| Total equity investments (A) | | | - | | - |
| Investment in preference shares at fair value through other comprehensive income | | | | | |
| Unquoted | | | | | |
| Nagaarjuna Shubho Green Technologies Private Limited | | | | | |
| 10% cumulative redeemable preference shares | ₹ 100 | 5,00,000 | 1 | 5,00,000 | 1 |
| Total other investments (B) | | | 1 | | 1 |
| Toatl (A) + (B) | | | 1 | | 1 |
| Aggregate value of unquoted investments | | | 1 | | 1 |

*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, 2025 | As at March 31, 2024 |
|-----------------------------------|-------------------------|-------------------------|
| Non-current | | |
| Security deposits (Refer note 30) | 683 | 686 |
| Derivative assets | - | 7 |
| Total | 683 | 693 |
| Current | | |
| Insurance claims receivable | - | 13 |
| Total | - | 13 |

8. Other assets

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|-------------------------------------|-------------------------|-------------------------|
| Non-current | | |
| Capital advances | 198 | 133 |
| Balance with government authorities | 150 | 85 |
| Prepayments | 7 | 17 |
| Total | 355 | 235 |
| Current | | |
| Advance to suppliers | 1,254 | 677 |
| Balance with government authorities | 3,747 | 4,400 |
| Prepayments | 545 | 676 |
| Export Incentive receivable | 227 | 215 |
| Right to recover returned goods | 748 | 4,824 |
| Advance to employees | 12 | 2 |
| Total | 6,533 | 10,794 |

9. Inventories

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|--|-------------------------|-------------------------|
| Raw materials (refer note (i) below) | 11,715 | 11,848 |
| Work-in-progress | 1,482 | 2,362 |
| Finished goods (refer note (ii) below) | 9,850 | 16,039 |
| Stock-in-trade | 1,627 | 2,237 |
| Packing materials | 894 | 876 |
| Stores and spares | 1,044 | 1,370 |
| Total | 26,612 | 34,732 |

Notes:

- (i) Raw materials includes goods-in-transit of ₹ 6,640 lakhs (March 31, 2024: ₹ 1,293 lakhs).
- (ii) The cost of finished goods recognised as an expense includes provision for near expiry stock aggregated to ₹ 523 lakhs (March 31, 2024: ₹ 69 lakhs) and write off on account of expired stock aggregated to ₹ 27 lakhs (March 31, 2024: ₹ 15 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, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Current | | |
| (a) Considered good- Secured | 1,207 | 952 |
| (b) Considered good- Unsecured | 35,824 | 77,658 |
| (c) Credit impaired | - | - |
| | 37,031 | 78,610 |
| Less: Loss allowance | 5,520 | 1,941 |
| Total | 31,511 | 76,669 |
| Of the above, trade receivables from related parties are as below: | | |
| Trade receivables due from related parties | - | 330 |
| Less: Loss allowance | - | - |
| Net trade receivables | - | 330 |

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, 2025 is as follows:

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|--------------|---------------|--|----------------------|----------------|----------------|-------------------------|---------------|
| | | | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Trade receivables | | | | | | | | |
| Undisputed trade receivables – considered good | 1,273 | 12,730 | 11,699 | 5,665 | 2,542 | - | - | 33,909 |
| Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - | - |
| Undisputed trade receivables – credit impaired | - | - | - | 1,272 | 159 | 191 | - | 1,622 |
| Disputed trade receivables – considered good | - | - | - | - | - | - | - | - |
| Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - | - |
| Disputed trade receivables – credit impaired | - | - | - | - | 1,500 | - | - | 1,500 |
| | 1,273 | 12,730 | 11,699 | 6,937 | 4,201 | 191 | - | 37,031 |
| Less: Loss allowance | - | (78) | (363) | (2,050) | (2,838) | (191) | - | (5,520) |
| | 1,273 | 12,652 | 11,336 | 4,887 | 1,363 | - | - | 31,511 |

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Ageing for trade receivables as at March 31, 2024 is as follows:

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|----------|---------------|--|-------------------|--------------|-------------|-------------------|---------------|
| | | | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| | | | | | | | | |
| Trade receivables | | | | | | | | |
| Undisputed trade receivables – considered good | - | 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 | - | - | - | - | - | - | - | - |
| | - | 61,365 | 13,647 | 2,209 | 1,389 | - | - | 78,610 |
| Less: Loss allowance | - | (329) | (655) | (352) | (605) | - | - | (1,941) |
| | - | 61,036 | 12,992 | 1,857 | 784 | - | - | 76,669 |

11. Cash and cash equivalents

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|----------------------|----------------------|
| Cash on hand | 6 | 3 |
| Balances with banks | | |
| in Current accounts | 533 | 565 |
| in Cash credit accounts | 4,827 | 2,289 |
| in Export earning foreign currency accounts | 365 | 375 |
| in demand deposit accounts with original maturity of less than 3 months | - | - |
| Total | 5,731 | 3,232 |

12. Bank balances other than cash and cash equivalents

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|--|----------------------|----------------------|
| In earmarked accounts | | |
| Unclaimed dividend accounts (Refer note (i) & (ii) below) | 61 | 61 |
| Margin money / deposit [Refer note (ii) below and note 39] | 143 | 3,300 |
| Total | 204 | 3,361 |

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Notes:

(i) Unclaimed dividend accounts

- (a) 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.
- (b) During the year, there has been a delay in transfer of unpaid dividend in respect of final dividend of FY 2016-17 amounting to ₹ 4 lakhs to the IEPF for the year ended 31 March 2025, which was due in July 2024. The Group is in the process of transferring the said amount to IEPF.

(ii) Margin money / deposit

Margin money represents amounts deposited with banks as security against bank guarantees issued in favour of SBM during the current financial year and the previous year, in accordance with the directions of the Hon'ble High Court of Delhi.

13. Income tax

13.1 Other income tax assets (net)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|-------------------|-------------------------|-------------------------|
| Income tax assets | 1,135 | 1,065 |

13.2 Current income tax liabilities (net)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|--------------------------------------|-------------------------|-------------------------|
| Current income tax liabilities (net) | 109 | 148 |

13.3 Tax expense

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

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Current tax | | |
| In respect of current year | 1 | - |
| Tax of earlier years | - | - |
| Total (A) | 1 | - |
| Deferred tax | | |
| Origination and reversal of temporary differences | (2,712) | (1,741) |
| Total (B) | (2,712) | (1,741) |
| Total tax expense (A)+(B) | (2,711) | (1,741) |

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

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| 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 | 102 | 35 |
| Items that will be reclassified to profit or loss | | |
| Effective portion of loss on designated portion of hedging instrument in a cash flow hedge | 5 | 2 |
| Total | 107 | 37 |

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, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| (Loss)/ profit before tax | (11,924) | (7,738) |
| Enacted rate in India | 25.17% | 25.17% |
| Computed expected tax expense | (3,001) | (1,947) |
| Adjustments: | | |
| Effect of expenses that are not deductible in determining taxable profit | 80 | 83 |
| Tax of earlier years | - | - |
| Differences in tax rates | 181 | 116 |
| Others | 29 | 7 |
| Income tax expense | (2,711) | (1,741) |
| Effective tax rate | 22.74% | 22.51% |

14. Equity share capital

| Particulars | As at March 31, 2025 | | As at March 31, 2024 | |
|---|----------------------|--------------|----------------------|--------------|
| | 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 | 20,12,03,147 | 2,012 | 19,91,69,177 | 1,992 |
| Fully paid up equity shares of ₹ 1 each | | | | |
| | 20,12,03,147 | 2,012 | 19,91,69,177 | 1,992 |

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, 2025 | | For the year ended March 31, 2024 | |
|---|--------------------------------------|--------------|--------------------------------------|--------------|
| | Number of shares | Amount | Number of shares | Amount |
| Balance at the beginning of the year | 19,91,69,177 | 1,992 | 19,88,41,843 | 1,988 |
| Add: Issue of equity shares under Parent Company's employee stock option plan | 3,09,833 | 3 | 3,27,334 | 4 |
| Add: Issue of equity shares under Preferential allotment | 17,24,137 | 17 | - | - |
| Balance at the end of the year | 20,12,03,147 | 2,012 | 19,91,69,177 | 1,992 |

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.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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, 2025 | | As at March 31, 2024 | |
|--|----------------------|--------|----------------------|--------|
| | 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 |

14.4 Details of Promoter shareholdings:

As at 31 March 2025

| 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 | 57.05% | 11,36,23,500 | 56.47% | -0.58% |
| Mrs. K. Lakshmi Raju | 1,27,05,860 | 6.38% | 1,27,05,860 | 6.31% | -0.06% |
| Bright Town Investment Advisor Private Limited | 5,86,499 | 0.29% | 5,86,499 | 0.29% | 0.00% |

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) | 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% |

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, 2025 | | For the year ended March 31, 2024 | |
|--|-----------------------------------|-------------------|-----------------------------------|-------------------|
| | Number of shares held | % of shareholding | Number of shares held | % of shareholding |
| KLR Products Limited (Holding Company) | 11,36,23,500 | 56.47% | 11,36,23,500 | 57.05% |
| Mrs. K. Lakshmi Raju | 1,27,05,860 | 6.31% | 1,27,05,860 | 6.38% |
| Krishi Rasayan Exports Private Limited | 1,56,25,000 | 7.77% | 1,56,25,000 | 7.85% |
| Rajesh Kumar Agarwal and Atul Churiwal (jointly representing Agro Life Science Corporation, a registered Partnership Firm) | 1,56,25,000 | 7.77% | 1,56,25,000 | 7.85% |

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

| Particulars | As at March 31, 2025 | | As at March 31, 2024 | |
|---|----------------------|--------|----------------------|--------|
| | Number of shares | Amount | Number of shares | Amount |
| Under Employee Stock Option Scheme- 2015 (11,50,000 equity shares of ₹ 1 each) | - | * | 21,500 | * |
| Under Employee Stock Option Scheme- 2020 (25,00,000 equity shares of ₹ 1 each) | 10,93,328 | 11 | 13,03,330 | 13 |

*less than a lakh

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

14.7 Nagarjuna Agrichem Limited-Employee Stock Option Scheme-2015:

- i) The Parent Company set up the “Nagarjuna Agrichem Limited-Employee Stock Option Scheme-2015” (hereinafter referred to as “ESOS-2015”) and earmarked 11,50,000 number of equity shares of ₹ 1 each for issue to employees. The plan was approved in financial year 2015-16 and is administered by the Nomination and Remuneration Committee of the Board of Directors.
- ii) Under the ESOS-2015 scheme, options are granted to eligible employees at an exercise price, which shall not be less than the face value of the equity shares of the Company. These options vest over a period of one to five years subject to continuous employment and exercisable by the employees within two years of vesting. There is no performance condition attached to these options.
- iii) Summary of employee stock options:

| Particulars | For the year ended March 31, 2025 | | For the year ended March 31, 2024 | |
|--|--------------------------------------|--|--------------------------------------|--|
| | Number of options | Weighted- average exercise price | Number of options | Weighted- average exercise price |
| Options outstanding at the beginning of the year | 21,500 | 8 | 45,500 | 8 |
| Options forfeited / lapsed during the year | - | - | - | - |
| Options granted during the year | - | - | - | - |
| Options exercised during the year | (21,500) | 8 | (24,000) | 8 |
| Options outstanding at the end of the year | - | - | 21,500 | 8 |
| Options exercisable at the end of the year | - | - | 7,500 | 8 |

- iv) Fair value of shares granted during the year:
During the year, there has been no options granted under this scheme and accordingly fair value measurement details are not applicable. Further, all the options under scheme were exercised and there are no options exercisable as at 31 March 2025.

14.7.1 Nagarjuna Agrichem Limited-Employee Stock Option Scheme-2020:

- i) 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.
- ii) 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 five years subject to continuous employment and exercisable by the employees within two years of vesting. There is no performance condition attached to these options.
- iii) Summary of employee stock options:

| Particulars | For the year ended March 31, 2025 | | For the year ended March 31, 2024 | |
|--|--------------------------------------|--|--------------------------------------|--|
| | Number of options | Weighted- average exercise price | Number of options | Weighted- average exercise price |
| Options outstanding at the beginning of the year | 13,03,330 | 59 | 14,86,665 | 53 |
| Options granted during the year | 3,70,000 | 50 | 2,65,000 | 65 |
| Options forfeited / lapsed during the year | (2,91,669) | 67 | (1,45,001) | 72 |
| Options exercised during the year | (2,88,333) | 29 | (3,03,334) | 29 |
| Options outstanding at the end of the year | 10,93,328 | 61 | 13,03,330 | 59 |
| Options exercisable at the end of the year | 2,79,999 | 69 | 4,45,003 | 45 |

- iv) Fair value of shares granted during the year:
Options were priced using Black Scholes Merton Options pricing model. Where relevant, the expected life used in the model has been adjusted based on management’s best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility is based on the historical share price volatility over the past years.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

The following assumptions were used for calculation of fair value of grants as per Black-Scholes Merton options Pricing model:

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Risk free Interest Rate (%) | 4.32- 7.39 | 4.32- 7.39 |
| Expected life (years) | 5 to 6 | 5 to 6 |
| Expected volatility (%) | 36.00- 66.38 | 36.00- 66.38 |
| Dividend yield (%) | 0.54 | 0.54 |
| 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 | 75 |
| - Grant 10 | 50 | - |
| Range of fair value of options at the grant date | 28.36- 46.37 | 28.36- 46.37 |
| Range of exercise prices for options outstanding | 50- 82 | 29- 82 |

Weighted average remaining contractual life (in years):

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|-------------|-------------------------|-------------------------|
| - Grant 1 | 1.30 | 1.35 |
| - Grant 2 | 1.52 | 1.73 |
| - Grant 3 | - | - |
| - Grant 4 | 1.21 | 1.61 |
| - Grant 5 | 0.98 | 1.47 |
| - Grant 6 | 1.06 | 2.06 |
| - Grant 7 | 0.91 | 1.91 |
| - Grant 8 | 2.00 | 3.00 |
| - Grant 9 | 2.03 | 3.03 |
| - Grant 10 | 4.20 | - |

Weighted average share price at the date of exercise for share options exercised during the year is INR 29 (31 March 2024: INR 76).

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, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| General reserve | 4,175 | 4,175 |
| Capital reserve | 37 | 37 |
| Securities premium | 15,050 | 13,914 |
| Reserve for equity instruments through other comprehensive income | (499) | (499) |
| Share Options Outstanding Account | 241 | 269 |
| Effective portion of cash flow hedges | - | 16 |
| Retained earnings | 21,690 | 31,206 |
| Total | 40,694 | 49,118 |

15.1 Other equity

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| General reserve | | |
| Opening balance | 4,175 | 4,175 |
| Change for the year | - | - |
| Closing balance | 4,175 | 4,175 |
| Capital reserve | | |
| Opening balance | 37 | 37 |
| Change for the year | - | - |
| Closing balance | 37 | 37 |
| Securities premium | | |
| Opening balance | 13,914 | 13,755 |
| Add: Amount received on preferential allotment | 983 | - |
| Add: Amount received on exercise of employee stock options | 83 | 88 |
| Add: Amount transferred from Share options outstanding account | 70 | 71 |
| Closing balance | 15,050 | 13,914 |
| Reserve for equity instruments through other comprehensive income | | |
| Opening balance | (499) | (499) |
| Change for the year | - | - |
| Closing balance | (499) | (499) |
| Share Options Outstanding Account | | |
| Opening balance | 269 | 222 |
| Add: Change for the year | 42 | 118 |
| Less: Amount transferred to securities premium on exercise of employee stock options | 70 | 71 |
| Closing balance | 241 | 269 |
| Effective portion of cash flow hedge reserve | | |
| Opening balance | 16 | 23 |
| Change for the year | (16) | (7) |
| Closing balance | - | 16 |
| Retained earnings | | |
| Opening balance | 31,206 | 37,693 |
| Add: Profit for the year | (9,213) | (5,889) |
| Add: Other comprehensive income arising from remeasurement of defined benefit obligation (net of taxes) | (303) | (101) |
| | 21,690 | 31,703 |
| Less: Dividends (Refer Notes below) | - | 497 |
| Closing balance | 21,690 | 31,206 |
| Total | 40,694 | 49,118 |

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Nature and purpose of reserves:

- a) **General Reserves:** General reserve was created through an annual transfer of profits from retained earnings in accordance with applicable regulations. General reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.
- b) **Capital reserve:** This represents capital subsidy received from government in earlier years for promotion of investment in backward areas.
- c) **Security premium:** Security premium represents the amount received in excess of the face value of the equity shares. The utilisation of the security premium reserve is governed by the relevant provisions of the Companies Act, 2013 ("Act").
- d) **Reserve for equity instruments through other comprehensive income:** This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.
- e) **Share Options Outstanding Account:** This reserve relates to share options granted by the Company to its employees under its employee share option plans.
- f) **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.
- g) **Retained earnings:** Retained earnings represents the Company's undistributed earnings after taxes.

Notes:

1. 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.

16. Borrowings

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Non current | | |
| Secured - at amortised cost | | |
| Term loans | | |
| from banks [Refer note (a) below] | 8,462 | 13,606 |
| from financial institution [Refer note (a) below] | - | 1,334 |
| Total - non current | 8,462 | 14,940 |
| Current | | |
| Secured - at amortised cost | | |
| Repayable on demand from banks [Refer note (b) below] | 21,103 | 49,611 |
| Current maturities of non-current borrowings | 6,435 | 6,869 |
| Unsecured - at amortised cost | | |
| from banks [Refer note (c) below] | - | 7,445 |
| from others [Refer note (d) below] | 3,594 | - |
| Total - current | 31,132 | 63,925 |

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, 2025 | As at March 31, 2024 | Year of maturity |
|--|-------------------------|-------------------------|------------------|
| Term loan- External Commercial Borrowing | - | 185 | 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 made 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, 2025 | As at March 31, 2024 | Year of maturity |
|------------------------------------|-------------------------|-------------------------|------------------|
| Working Capital Term loan I- Rupee | 1,049 | 2,098 | 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, 2025 | As at March 31, 2024 | Year of maturity |
|------------------|-------------------------|-------------------------|------------------|
| Term Loan- Rupee | - | 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 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 made 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, 2025 | As at March 31, 2024 | Year of maturity |
|-------------------------------------|-------------------------|-------------------------|------------------|
| Working Capital Term loan II- Rupee | 1,451 | 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, 2025 | As at March 31, 2024 | Year of maturity |
|------------------|-------------------------|-------------------------|------------------|
| Term Loan- Rupee | 242 | 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, 2025 | As at March 31, 2024 | Year of maturity |
|------------------|-------------------------|-------------------------|------------------|
| Term Loan- Rupee | - | 750 | 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 made 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, 2025 | As at March 31, 2024 | Year of maturity |
|------------------|-------------------------|-------------------------|------------------|
| Term Loan- Rupee | 1,184 | 2,667 | 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, 2025 | As at March 31, 2024 | Year of maturity |
|------------------|-------------------------|-------------------------|------------------|
| Term Loan- Rupee | 7,980 | 8,978 | 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.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Term loan IX

| Particulars | As at March 31, 2025 | As at March 31, 2024 | Year of maturity |
|------------------|-------------------------|-------------------------|------------------|
| Term Loan- Rupee | 2,884 | 3,236 | 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.

(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 various banks and financial institutions 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 5.8% to 18% p.a. (March 31, 2024: 5.25% to 10.8% p.a.).

Subsidiary loans repayable on demand from banks (includes Cash Credit Facilities and buyers credit availed under non fund based limits) from various 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 the Company's immovable and movable properties, both present and future and financial guarantee from NACL Industries Limited, Holding Company.

Rate of interest on Rupee loans repayable on demand is in the range of 9.60% to 10.8% p.a. (March 31, 2024: 9.60% to 10.8% p.a.).

(c) Unsecured loans:

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

(d) During the year ended 31st March 2025, the company availed Unsecured loans as specified below:

| Particulars | As at March 31, 2025 | As at March 31, 2024 | Year of maturity |
|---------------------|-------------------------|-------------------------|------------------|
| Unsecured loan I* | 1,000 | - | FY 25-26 |
| Unsecured loan II** | 2,500 | - | FY 25-26 |
| Total | 3,500 | - | |

*The Company has availed an unsecured loan of ₹ 1,000 lakhs from Mrs. K. Lakshmi Raju (Promoter) on 16th November 2024 at an interest rate of 10% p.a., approved by the Board on 12th November 2024, with repayment of ₹ 1,010 lakhs due on or before 15th November 2025.

**An unsecured loan of ₹ 2,500 lakhs has been obtained from Options Exim Pvt. Ltd. for one year at 10% p.a., backed by the personal guarantee of Mrs. K. Lakshmi Raju, with a total repayment of ₹ 2,750 lakhs due on maturity.

The purpose of the loan is to meet the Company's financial and operational business requirements.

(e) For the year ended 31 March 2025 and 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 disclosed under non current borrowings. 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.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Note: The Group has not made any defaults in repayment of principal and interest on the above loans other than disclosed below with respect to principal payments.

| Name of lender | Nature of borrowing | Amount not paid on due date | No. of days delay |
|-----------------------|---------------------|-----------------------------|-------------------|
| Bajaj Finance Limited | Term loan | 30 | 1 |
| Bajaj Finance Limited | Term loan | 30 | 2 |
| Bajaj Finance Limited | Term loan | 20 | 2 |
| Bajaj Finance Limited | Term loan | 228 | 5 |
| HDFC Bank | Term loan | 95 | 7 |
| HDFC Bank | Term loan | 154 | 50 |
| HDFC Bank | Term loan | 162 | 28 |
| Axis Bank | Term loan | 35 | 3 |
| | | 754 | |

17. Other financial liabilities

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|--|----------------------|----------------------|
| Current | | |
| Payable on purchase of property, plant and equipment | 299 | 706 |
| Trade deposits from dealers | 1,951 | 1,711 |
| Insurance claim received (Refer note 39) | - | 2,926 |
| Refund Liability | 4,015 | 9,254 |
| Employee payable | 792 | - |
| Unclaimed dividend (Refer note below) | 61 | 61 |
| Total - current | 7,118 | 14,658 |

Note:

During the year, there has been a delay in transfer of unpaid dividend in respect of final dividend of FY 2016-17 amounting to ₹ 4 lakhs to the IEPF for the year ended 31 March 2025, which was due in July 2024. The Group is in the process of transferring the said amount to IEPF.

18. Provisions (Refer note 32)

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|----------------------------|----------------------|----------------------|
| Non current | | |
| Gratuity liability | 1,408 | 796 |
| Compensated absences | 859 | 703 |
| Total - non current | 2,267 | 1,499 |
| Current | | |
| Gratuity liability | 328 | 260 |
| Compensated absences | 336 | 308 |
| Total - current | 664 | 568 |

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, 2025 | As at March 31, 2024 |
|---------------------------|-------------------------|-------------------------|
| Deferred tax assets (net) | 3,826 | 1,007 |
| Total | 3,826 | 1,007 |

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

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Deferred tax liabilities | | |
| Property, plant and equipment | (2,469) | (1,986) |
| Intangible assets and Intangible assets under development | (700) | (573) |
| Right of use assets | (66) | (10) |
| Others | - | - |
| Deferred tax assets | | |
| Employee related provisions | 868 | 552 |
| Loss allowances on trade receivables | 1,390 | 489 |
| Lease liabilities | 69 | 11 |
| Investments in preference shares measured at FVTOCI | 116 | 116 |
| Unabsorbed depreciation and business loss | 4,571 | 2,377 |
| Others | 47 | 31 |
| Net deferred tax assets/ (liabilities) | 3,826 | 1,007 |

Movement in deferred tax assets and liabilities for the year ended March 31, 2025

| Particulars | Opening balance | Recognised in statement of profit and loss | Recognised in other comprehensive income | Closing balance |
|--|--------------------|--|---|--------------------|
| Deferred tax liabilities: | | | | |
| Property, plant and equipment | (1,986) | (483) | - | (2,469) |
| Intangible assets and Intangible assets under development | (573) | (127) | - | (700) |
| Right of use assets | (10) | (56) | - | (66) |
| Others | - | - | - | - |
| | (2,569) | (666) | - | (3,235) |
| Deferred tax assets: | | | | |
| Employee related provisions | 552 | 214 | 102 | 868 |
| Loss allowances on trade receivables | 489 | 901 | - | 1,390 |
| Lease liabilities | 11 | 58 | - | 69 |
| Investments in preference shares measured at FVTOCI | 116 | - | - | 116 |
| Unabsorbed depreciation and business loss (Refer note ii below) | 2,377 | 2,194 | - | 4,571 |
| Others | 31 | 11 | 5 | 47 |
| | 3,576 | 3,378 | 107 | 7,061 |
| Net deferred tax assets/ (liabilities) | 1,007 | 2,712 | 107 | 3,826 |

Notes forming part of the Consolidated 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 |
|---|-----------------|--|--|-----------------|
| Deferred tax liabilities: | | | | |
| Property, plant and equipment | (1,496) | (490) | - | (1,986) |
| Intangible assets and Intangible assets under development | (381) | (192) | - | (573) |
| Right of use assets | (72) | 62 | - | (10) |
| Others | (2) | - | 2 | - |
| | (1,951) | (620) | 2 | (2,569) |
| Deferred tax assets: | | | | |
| Employee related provisions | 463 | 54 | 35 | 552 |
| 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) | 326 | 2,051 | - | 2,377 |
| Others | - | 31 | - | 31 |
| | 1,180 | 2,361 | 35 | 3,576 |
| Net deferred tax assets/ (liabilities) | (771) | 1,741 | 37 | 1,007 |

- (i) There are no unrecognised deferred tax assets and liabilities as at 31 March 2025 and 31 March 2024.
- (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.
- (iii) The following are the losses that can be carry forward against the future taxable income:

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|----------------------------------|----------------------|----------------------|
| Losses with expiration (8 years) | 8,859 | 5,725 |
| Losses with out expiration | 8,503 | 8,549 |
| | 17,362 | 14,274 |

20. Trade payables

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|--|----------------------|----------------------|
| Total outstanding dues to micro enterprises and small enterprises | 6,233 | 5,380 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer note (ii) below) | 23,394 | 27,579 |
| Total | 29,627 | 32,959 |
| Of the above trade payables amounts due to related parties are as below: | | |
| Trade Payables due to related parties | 643 | 2,255 |

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Notes:

- (i) 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.
- (ii) The dues above include acceptances against the letter of credit issued to bank amounting to ₹ 790 lakhs as at March 31, 2025 (March 31, 2024: ₹ 2,171 lakhs).
- (iii) Ageing for trade payables outstanding as at March 31, 2025 is as follows:

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|--------------|---------------|--|-------------|-------------|-------------------|---------------|
| | | | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| Micro enterprises and small enterprises | - | 3,317 | 2,860 | 52 | 17 | 7 | 6,253 |
| Others | 6,740 | 10,876 | 5,750 | 6 | 2 | - | 23,374 |
| Disputed- Micro enterprises and small enterprises | - | - | - | - | - | - | - |
| Disputed- Others | - | - | - | - | - | - | - |
| Total | 6,740 | 14,193 | 8,610 | 58 | 19 | 7 | 29,627 |

Ageing for trade payables outstanding as at March 31, 2024 is as follows:

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|--------------|---------------|--|-------------|-------------|-------------------|---------------|
| | | | 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 | - | - | - | - | - | - | - |
| Total | 4,250 | 16,505 | 12,193 | 11 | - | - | 32,959 |

21. Other liabilities

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|----------------------|----------------------|
| Current | | |
| Advances from customers [Refer note 22 (E)] | 3,132 | 1,062 |
| Deferred revenue | - | 40 |
| Statutory payables | 782 | 875 |
| Other liabilities | 38 | - |
| Total | 3,952 | 1,977 |

22. Revenue from operations

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|-----------------------------------|-----------------------------------|
| Sale of products [Refer note (A) below] | 1,21,343 | 1,75,623 |
| Other operating revenue [Refer note (D) below] | 2,109 | 2,250 |
| Total | 1,23,452 | 1,77,873 |

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Notes:

(A) Revenue for the year ended March 31, 2025 and March 31, 2024 includes:

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|-------------------------------|--------------------------------------|--------------------------------------|
| Sale of manufactured products | 1,15,233 | 1,71,363 |
| Sale of stock-in-trade | 6,110 | 4,260 |
| Total | 1,21,343 | 1,75,623 |

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

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Revenue from contracts with customers as per the contracted price | 1,35,394 | 2,04,770 |
| Adjustments made to contracted price on account of: | | |
| a. Rebates/ incentives/ discounts | (12,688) | (13,507) |
| b. Sales returns | (1,363) | (15,640) |
| Total Revenue from contract with customers | 1,21,343 | 1,75,623 |

(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, 2025 | For the year ended March 31, 2024 |
|------------------------------------|--------------------------------------|--------------------------------------|
| Manufactured Products | | |
| Domestic | | |
| Dealer sales | 62,464 | 82,243 |
| Institutional sales | 21,813 | 48,805 |
| Exports | | |
| Institutional sales | 30,956 | 40,315 |
| Total Manufactured Products | 1,15,233 | 1,71,363 |
| Stock-in-trade | | |
| Domestic | | |
| Dealer sales | 1,802 | 3,653 |
| Institutional sales | 4,308 | - |
| Exports | | |
| Institutional sales | - | 607 |
| Total Stock-in-trade | 6,110 | 4,260 |
| Total Sales | 1,21,343 | 1,75,623 |

(D) Other operating revenue

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Interest on overdue trade receivables | 1,694 | 1,719 |
| Sale of by-products | 37 | 148 |
| Export incentives | 189 | 232 |
| Scrap sales and others | 189 | 151 |
| Total | 2,109 | 2,250 |

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

(E) Contract balances

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|--|-------------------------|-------------------------|
| Trade receivables, net | 31,511 | 76,669 |
| Contract liabilities (Advances from customers) | 3,132 | 1,102 |

Note: The amount of ₹ 1,102 lakhs included in contract liabilities at March 31, 2024 has been recognised as revenue during the year ended March 31, 2025 (March 31, 2024: ₹ 701 lakhs).

No information is provided about remaining performance obligations at March 31, 2025 or at March 31, 2024 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, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Interest income under the effective interest method: | | |
| - Bank deposits | 290 | 282 |
| - Unwinding of discount on deposits | 5 | 13 |
| Other non-operating income: | | |
| Insurance claims | 74 | - |
| Trade receivables written off, recovered | 213 | 321 |
| Excess provisions no longer required, written back (net) | - | 15 |
| Net gain on foreign currency transactions and translations | 120 | 84 |
| Miscellaneous income | 102 | 141 |
| Total | 804 | 856 |

24. Cost of materials consumed

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|------------------------------|--------------------------------------|--------------------------------------|
| Raw material consumption | 72,017 | 1,13,746 |
| Packing material consumption | 6,892 | 9,744 |
| Total | 78,909 | 1,23,490 |

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

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Opening balance | | |
| Work-in-progress | 2,362 | 3,453 |
| Finished goods | 16,039 | 20,783 |
| Stock-in-trade | 2,237 | 1,321 |
| Total opening balance | 20,638 | 25,557 |
| Closing balance | | |
| Work-in-progress | 1,482 | 2,362 |
| Finished goods | 9,850 | 16,039 |
| Stock-in-trade | 1,627 | 2,237 |
| Total closing balance | 12,959 | 20,638 |
| Decrease in Work-in-progress inventory | 880 | 1,091 |
| Decrease in Finished goods inventory | 6,189 | 4,744 |
| Decrease/ (Increase) in Stock-in-trade inventory | 610 | (916) |
| Total increase in inventories | 7,679 | 4,919 |

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

26. Employee benefits expense

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Salaries, wages and bonus | 12,451 | 11,190 |
| Contribution to provident and other funds (Refer note 32) | 1,146 | 1,002 |
| Employee share based payments | 41 | 118 |
| Staff welfare expenses | 1,154 | 1,127 |
| Total | 14,792 | 13,437 |

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

27. Finance costs

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Interest expense on financial liabilities measured at amortised cost | 4,685 | 5,703 |
| Other interest expenses | 557 | 329 |
| Interest on lease liabilities | 27 | 20 |
| Interest expense on financial assets measured at amortised cost | 7 | 12 |
| Other borrowing costs | | |
| - Bank charges | 732 | 1,168 |
| - Processing charges | 307 | 238 |
| - Bill discounting and LC charges | 144 | 60 |
| - Others | 36 | 42 |
| Total | 6,495 | 7,572 |

28. Depreciation and amortisation expense

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Depreciation of property, plant and equipment (Refer Note 4) | 2,490 | 2,374 |
| Add: Depreciation of Right of use assets (Refer Note 4A) | 193 | 277 |
| Add: Amortisation of intangible assets (Refer Note 5) | 264 | 110 |
| | 2,947 | 2,761 |
| Less: Depreciation capitalised during the year (Refer Note 36) | 42 | 37 |
| Total | 2,905 | 2,724 |

29. Other expenses

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Consumption of stores and spare parts | 783 | 1,044 |
| Repairs and maintenance | | |
| Buildings | 93 | 159 |
| Plant and machinery | 492 | 643 |
| Others | 67 | 70 |
| Other manufacturing costs | 1,599 | 2,072 |
| Power and fuel | 3,672 | 5,663 |
| Rent | 341 | 184 |
| Rates and taxes | 119 | 99 |

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

29. Other expenses (Contd.)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Communication expenses | 103 | 100 |
| Travel and conveyance | 1,419 | 1,496 |
| Legal and professional charges | 1,002 | 944 |
| Insurance | 395 | 437 |
| Directors' sitting fees | 43 | 24 |
| Auditors' remuneration | 83 | 90 |
| Product development expenses | 238 | 266 |
| Loss allowance on trade receivables, net (Refer note (i) below) | 4,266 | 1,904 |
| Royalty | 832 | 1,017 |
| Marketing expenses | 2,997 | 3,133 |
| Freight outward and handling charges | 3,505 | 3,424 |
| Net loss on disposal of property, plant and equipment | 62 | 6 |
| Intangible assets under development written off | 298 | 145 |
| Corporate social responsibility expenses | 116 | 213 |
| Miscellaneous expenses | 1,193 | 1,166 |
| Total | 23,718 | 24,299 |

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

Notes:

(i) Loss allowance on trade receivables comprises of:

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Trade receivables written off | 687 | 741 |
| Reversal of loss allowance on trade receivables | (544) | (565) |
| Loss allowance on trade receivables | 4,123 | 1,728 |
| Total | 4,266 | 1,904 |

30. Related party disclosures:

(A) 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, 2025 and March 31, 2024.

(i) Details of subsidiaries and associate:

| Name | 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 |

* Incorporated on January 13, 2023. The Company is yet to transfer funds towards share capital of NACL Industries (Nigeria) Limited as on March 31, 2025.

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 |
|-------------------------------|--|
| Mrs. K. Lakshmi Raju | Chairperson (Director) |
| Mr. M. Pavan Kumar | Managing Director (up to March 12, 2025) |
| Mr. G. Veera Bhadrani | Whole Time Director (appointed w.e.f. March 13, 2025, refer note i below) |
| Mr. Sudhakar Kudva | Independent Director |
| Mr. N. Vijayaraghavan | Independent Director (up to August 15, 2024) |
| Mr. Raghavender Mateti | Independent Director (up to August 07, 2024) |
| Mr. Atul Churiwal | Nominee Director |
| Mr. Rajesh Kumar Agarwal | Nominee Director |
| Mr. Ramkrishna Mudholkar | Independent Director |
| Mr. Sambasiva Rao Nannapaneni | Independent Director |
| Ms. Veni Mocherla | Independent Director |
| Mr. C. V. Rajulu | Non-executive director (up to March 12, 2025) |
| Mr. Raj Kaul | Non-executive Director |
| Mr. Santanu Mukherjee | Independent Director |
| Dr. M. Lakshmi Kantam | Independent Director |
| Mr. RKS Prasad | Chief Financial Officer (up to December 12, 2024) |
| Mr Anish T. Mathew | Chief Financial Officer (appointed w.e.f. December 13, 2024) |
| Mr. Satish Kumar Subudhi | Company Secretary (CS) |

Notes:

- i. During the year, the Board has appointed Mr. G. Veera Bhadrani as Whole-time Director effective 12 March 2025 at the meeting held on 12 March 2025. The managerial remuneration paid to the whole-time director of the Company amounting to INR 16 lakhs and consequently, the total managerial remuneration for the financial year (amounting to INR 207 lakhs) exceed the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013 by INR 15 lakhs. The shareholders approval for the appointment and remuneration is being sought through a postal ballot process, the results of which are expected to conclude on 8 June 2025. Pending shareholders approval, the Whole-time Director continues to hold office and receive remuneration in trust for the Company.

(B) Transactions during the year:

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| (i) Sales | | |
| a. Krishi Rasayan Exports Private Limited | 836 | 443 |
| b. Agro Life Sciences Corporation | 160 | 23 |
| (iv) Purchases | | |
| a. Nasense Labs Private Limited | - | 92 |
| b. Krishi Rasayan Exports Private Limited | 623 | 2,545 |
| c. Agro Life Sciences Corporation | 220 | 41 |
| d. Agma Energy Private Limited | 506 | 666 |

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

(B) Transactions during the year: (Contd.)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| (iii) Dividend paid | | |
| a. KLR Products Limited | - | 284 |
| b. Krishi Rasayan Exports Private Limited | - | 39 |
| c. Agro Life Sciences Corporation | - | 39 |
| d. Bright Town Investment Advisor Private Limited | - | 1 |
| (iv) Reimbursement of expense | | |
| a. KLR Products Limited | - | * |
| (v) Transaction with Key Managerial Personnel | | |
| a. Rent paid | 140 | 140 |
| b. Sitting fees | 43 | 24 |
| c. Dividend paid | - | 32 |
| d. Short-term employee benefits | 405 | 383 |
| e. Share-based payments | 18 | 22 |
| f. Post employment benefits | * | 8 |
| g. Other long term employee benefits | 36 | 13 |
| h. Professional charges | 108 | 90 |
| i. Reimbursement of expenses | - | 9 |
| j. Loan taken | 1,000 | - |
| k. Interest on loan taken | 36 | - |

* 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 Group's gratuity policy and are eligible for leave encashment along with the other employees of the Group.

(C) Outstanding balances as at the year end:

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| (i) Trade receivables | | |
| a. Krishi Rasayan Exports Private Limited | - | 330 |
| (ii) Trade payables | | |
| a. Krishi Rasayan Exports Private Limited | 163 | 1,737 |
| b. Agro Life Sciences Corporation | 70 | 49 |
| c. Agma Energy Private Limited | 410 | 469 |
| (iii) Security deposits | | |
| a. Key Managerial Personnel | 70 | 70 |
| (iv) Loan taken | | |
| a. Key Managerial Personnel | 1,033 | - |
| (v) Investments | | |
| a. Nasense Labs Private Limited | 1,549 | 1,514 |

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

31. Contingent liabilities, Guarantee and Capital Commitments

A. Contingent Liabilities

| Sr. No. | Particulars | As at | |
|---------|---|----------------|----------------|
| | | March 31, 2025 | March 31, 2024 |
| (i) | Claims against the Group not acknowledged as debts in respect of the matters under dispute: | | |
| | Excise duty (Refer note (a) below) | 17 | 17 |
| | Service tax (Refer note (b) below) | 15 | 15 |
| | Income tax (Refer note (c) below) | 616 | 618 |
| | Sales tax (Refer note (d) below) | 94 | 94 |
| | Goods and Service tax (Refer note (e) below) | 441 | 415 |
| | Export benefits (MEIS) (Refer note (f) below) | 199 | 199 |
| (ii) | Others (Refer note (g) below) | 135 | 135 |
| | Total | 1,517 | 1,493 |

Notes:

- (a) 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. While the Group does not expect these proceedings to have a materially adverse effect on its financial position, any potential outflow related to interest costs, has been duly considered.
- (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. While the Group does not expect these proceedings to have a materially adverse effect on its financial position, any potential outflow related to interest costs, has been duly considered.
- (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; and 2022-23 which are pending at various stages of appeals. While the Group does not expect these proceedings to have a materially adverse effect on its financial position, any potential outflow related to interest costs, has been duly considered.
- (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. While the Group does not expect these proceedings to have a materially adverse effect on its financial position, any potential outflow related to interest costs, has been duly considered.
- (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. While the Group does not expect these proceedings to have a materially adverse effect on its financial position, any potential outflow related to interest costs, has been duly considered.
- (f) The disputed amount of ₹ 1,032 lakhs 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 previous year, 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. While the Group does not expect these proceedings to have a materially adverse effect on its financial position, any potential outflow related to interest costs, has been duly considered.

B. Guarantee

B. Commitments

| Sr. No. | Particulars | As at | |
|---------|---|----------------|----------------|
| | | March 31, 2025 | March 31, 2024 |
| (i) | Estimated amount of contracts, remaining to be executed on capital account and not provided for (net of advance) (Refer note (a) below) | 43 | 292 |
| | Total | 43 | 292 |

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Notes:

a. The Company entered into contract to purchase certain items of property, plant and equipment.

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 ₹ 869 lakhs (March 31, 2024: ₹ 785 lakhs).

- Gratuity (funded):

Amount recognised in statement of profit and loss in respect of gratuity ₹ 276 lakhs (March 31, 2024: ₹ 214 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.

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, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Current service cost | 203 | 154 |
| Net interest expense | 73 | 60 |
| Components of defined benefit costs recognised in statement of profit or loss | 276 | 214 |
| Re-measurement on the net defined benefit liability: | | |
| - Return on plan assets excluding interest income | 3 | 7 |
| - Actuarial losses arising from Demographic Assumptions | - | - |
| - Actuarial gains arising from experience adjustments | 361 | 110 |
| - Actuarial losses arising from changes in financial assumptions | 42 | 22 |
| Components of defined benefit costs recognised in other comprehensive income | 407 | 139 |
| Total | 683 | 353 |

Defined Benefit Obligation (DBO)

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Present value of DBO at the beginning of the year | 1,473 | 1,177 |
| Current service cost | 203 | 154 |
| Interest cost | 99 | 86 |
| Actuarial losses arising from Demographic Assumptions | - | - |
| Actuarial losses/(gains) arising from experience adjustments | 361 | 110 |
| Actuarial losses arising from changes in financial assumptions | 42 | 22 |
| Benefits paid | (203) | (79) |
| Present value of DBO at the end of the year | 1,975 | 1,470 |

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Fair value of plan assets

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Fair value of plan assets at the beginning of the year | 417 | 301 |
| Interest income | 26 | 26 |
| Employer contributions | 3 | 173 |
| Benefits paid | (203) | (76) |
| Return on plan assets excluding interest income | (3) | (7) |
| Present value of plan assets at the end of the year | 239 | 417 |

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, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Net Defined Benefit Liability / (Asset) at the beginning of the year | 1,056 | 876 |
| Current service cost | 203 | 154 |
| Interest cost | 73 | 60 |
| Return on plan assets excluding interest income | 3 | 7 |
| Actuarial losses arising from Demographic Assumptions | - | - |
| Actuarial losses / (gains) arising from experience adjustments | 361 | 110 |
| Actuarial losses arising from changes in financial assumptions | 42 | 22 |
| Employer contributions | (3) | (173) |
| Net Defined Benefit Liability / (Asset) at the end of the year | 1,736 | 1,056 |
| Non current | 1,408 | 796 |
| Current | 328 | 260 |

Assumptions

| Particulars | Gratuity plan | |
|----------------------------------|---|-------------------------|
| | As at March 31, 2025 | As at March 31, 2024 |
| Discount rate | 6.83% | 7.22% |
| 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.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Sensitivity analysis

| Scenario | For the year ended March 31, 2025 | |
|-------------------------------|-----------------------------------|-------------------|
| | DBO | Percentage Change |
| Under base scenario | 1,975 | - |
| Salary escalation- up by 1% | 125 | 6.32% |
| Salary escalation- down by 1% | (114) | -5.78% |
| Attrition rate- up by 1% | 2 | 0.10% |
| Attrition rate- down by 1% | (2) | -0.12% |
| Discount rate- up by 1% | (105) | -5.32% |
| Discount rate- down by 1% | 118 | 5.95% |
| Mortality Rates- Up by 10% | * | 0.01% |
| Mortality Rates- Down by 10% | * | -0.01% |

| 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% |

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, 2025 | As at March 31, 2024 |
|--|----------------------|----------------------|
| Duration of Defined Benefit Obligations | | |
| Within 1 year | 335 | 266 |
| Year 2 | 229 | 171 |
| Year 3 | 229 | 165 |
| Year 4 | 219 | 172 |
| Year 5 | 211 | 154 |
| > 5 years | 1,912 | 1,480 |

Expected contribution to the post employee benefits plan during the next financial year is expected to be ₹ 266 lakhs (March 31, 2024: ₹ 209 lakhs), based on the amount recongnized in the statement of profit and loss in respect of gratuity.

The weighted average duration of the defined benefit obligation is 7 years (March 31, 2024: 7 years).

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

(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 2025, the Group has incurred an expense on compensated absences amounting to ₹ 314 lakhs (March 31, 2024: ₹ 295 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.

Gearing ratio

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Non-current borrowings | 8,462 | 14,940 |
| Current borrowings including current maturities of non-current borrowings | 31,132 | 63,925 |
| Cash and cash equivalents | (5,731) | (3,232) |
| Net debt (Refer note (i) below) | 33,863 | 75,633 |
| Equity (Refer note (ii) below) | 42,706 | 51,110 |
| Net debt to equity ratio | 0.79 | 1.48 |

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, 2025 | | | | | | | |
|-----------------------------------|----------------------|----------|----------|---------------|----------|----------|----------|----------|
| | Carrying amount | | | Fair Value | | | | |
| | Amortised Cost | FVTOCI | FVTPL | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | | | | |
| Investments in preference shares | - | 1 | - | 1 | - | - | 1 | 1 |
| Other financial assets | 683 | - | - | 683 | - | - | - | - |
| Derivative financial asset | - | - | - | - | - | - | - | - |
| Trade receivables | 31,511 | - | - | 31,511 | - | - | - | - |
| Cash and cash equivalents | 5,731 | - | - | 5,731 | - | - | - | - |
| Other bank balances | 204 | - | - | 204 | - | - | - | - |
| Total | 38,129 | 1 | - | 38,130 | - | - | 1 | 1 |
| Financial liabilities | | | | | | | | |
| Borrowings (refer note (i) below) | 39,594 | - | - | 39,594 | - | - | - | - |
| Lease liabilities | 273 | - | - | 273 | - | - | - | - |
| Other financial liabilities | 7,118 | - | - | 7,118 | - | - | - | - |
| Trade payables | 29,627 | - | - | 29,627 | - | - | - | - |
| Total | 76,612 | - | - | 76,612 | - | - | - | - |

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

| Particulars | As at March 31, 2024 | | | | | | | |
|-----------------------------------|----------------------|-----------------|----------|-----------------|------------|----------|----------|----------|
| | Amortised Cost | Carrying amount | | | Fair Value | | | |
| | | FVTOCI | FVTPL | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | | | | |
| Investments in preference shares | - | 1 | - | 1 | - | - | 1 | 1 |
| Other financial assets | 699 | - | - | 699 | - | - | - | - |
| Derivative financial asset | - | 7 | - | 7 | - | 7 | - | 7 |
| Trade receivables | 76,669 | - | - | 76,669 | - | - | - | - |
| Cash and cash equivalents | 3,232 | - | - | 3,232 | - | - | - | - |
| Other bank balances | 3,361 | - | - | 3,361 | - | - | - | - |
| Total | 83,961 | 8 | - | 83,969 | - | 7 | 1 | 8 |
| Financial liabilities | | | | | | | | |
| Borrowings (refer note (i) below) | 78,865 | - | - | 78,865 | - | - | - | - |
| Lease liabilities | 43 | - | - | 43 | - | - | - | - |
| Other financial liabilities | 14,658 | - | - | 14,658 | - | - | - | - |
| Trade payables | 32,959 | - | - | 32,959 | - | - | - | - |
| Total | 1,26,525 | - | - | 1,26,525 | - | - | - | - |

Notes:

- (i) Borrowings include non-current and current borrowings (Refer Note 16).
- (ii) The above table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include the fair value information for financial assets and financial liabilities that are not measured at fair value if the carrying amount is a reasonable approximation of fair value.
- (iii) Investments (unquoted) are measured at fair value through initial designation in accordance with Ind-AS 109.

33.3 Fair Value by hierarchy

Valuation technique and key inputs

Level 1

Quoted prices (unadjusted) in an active market for similar assets or liabilities.

Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Quantitative disclosures of fair value measurement hierarchy-Level 2 for financial instruments:

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|------------------------------|----------------------|----------------------|
| Financial Liabilities | | |
| Derivative financial asset | - | 7 |

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Valuation inputs and relationships to fair value

The Group enters into derivative financial instruments with various counterparties principally, banks with investment grade credit ratings. 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.

| Particulars | Valuation technique | Significant unobservable inputs | Inter relationship between significant unobservable inputs and fair value measurement |
|----------------------------|---|---------------------------------|---|
| Forward exchange contracts | The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in respective currencies. | Not applicable | Not applicable |
| Interest rate swaps | The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate, cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap. | Not applicable | Not applicable |

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, 2025 | As at March 31, 2024 |
|----------------------------|----------------------|----------------------|
| 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. |

Transfer between Level 1 and 2:

There have been no transfers from Level 2 to Level 1 or vice-versa in 2024-25 and no transfers in either direction in 2023-24.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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, 2025:

| Particulars | US Dollars | ₹ (in lakhs) | EURO | ₹ (in lakhs) | Total (₹ lakhs) |
|---------------------------------|--------------------|----------------|------|--------------|-----------------|
| Cash and cash equivalents | 4,26,851 | 365 | - | - | 365 |
| Trade receivables | 64,50,721 | 5,513 | - | - | 5,513 |
| Borrowings | (72,42,000) | (6,190) | - | - | (6,190) |
| Trade payables | (78,22,913) | (6,686) | - | - | (6,686) |
| Net assets/(liabilities) | (81,87,341) | (6,998) | - | - | (6,998) |

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) |

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

Sensitivity analysis:

For the year ended March 31, 2025 and March 31, 2024, every increase / decrease of ₹ 1 in the respective foreign currencies compared to functional currency of the Company would impact profit before tax by ₹ 82 lakhs/ (₹ 82 lakhs) and ₹ 57 lakhs/ (₹ 57 lakhs) respectively and Impact Equity, net of tax by ₹ 61 lakhs/ (₹ 61 lakhs) and ₹ 43 lakhs/ (₹ 43 lakhs) respectively.

Interest rate risk:

The Group draws term loans, working capital demand loans, avails cash credit, foreign currency borrowings including buyer's credit, packing credit etc. for meeting its funding requirements. The Group manages the interest rate risk by maintaining appropriate mix/portfolio of borrowings having fixed and floating rate of interest. The borrowings are serviced on a timely manner and repayments of the principal and interest amounts are made on a regular basis.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|-------------------------|-------------------------|
| Fixed rate instruments | | |
| Financial assets | 143 | 3,300 |
| Current borrowings | 3,594 | - |
| | 3,737 | 3,300 |
| Variable rate instruments | | |
| Non-current borrowings | 8,462 | 14,940 |
| Current borrowings (including current maturities of non current borrowings) | 27,538 | 63,925 |
| | 36,000 | 78,865 |
| Effect of interest rate swap | - | (185) |
| | 36,000 | 78,680 |

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, 2025 | Fair Value of Interest Rate Swap as at March 31, 2024 | Coupon / Interest Rate | Fixed Interest Rate |
|-------------|------------------------------|--|--|--|------------------------|
| US Dollar | Nil, refer note (i) below | - | 185 | ON SOFR + 4%+ 0.42826% on USD Notional | 7.50% |

Sensitivity analysis:

For the year ended March 31, 2025 and March 31, 2024, 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 ₹ 430 lakhs/ (₹ 430 lakhs) and ₹ 901 lakhs/ (₹ 901 lakhs) respectively and Impact Equity, net of tax by ₹ 322 lakhs/ (₹ 322 lakhs) and ₹ 674 lakhs/ (₹ 674 lakhs) respectively.

Notes:

(i) During the year, the term loan- External Commercial Borrowing was closed in May 2024. Refer note 16.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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.

Trade receivables:

- (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 120 days. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed annually.

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

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

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Balance at the beginning of the year | 1,941 | 778 |
| Provision for impairment loss made during the year | 4,266 | 1,904 |
| Provision reversed against trade receivables write-off / recovery | (687) | (741) |
| Balance at the end of the year | 5,520 | 1,941 |

- (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 ₹ 2,204 lakhs (March 31, 2024: ₹ 6,711 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, 2025 | As at March 31, 2024 |
|-------------------------|-------------------------|-------------------------|
| India | 31,518 | 66,539 |
| Outside India | 5,513 | 12,071 |
| Total | 37,031 | 78,610 |

- (iv) The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 March 2025:

| Ageing Bucket | Weighted- average loss rate | Gross carrying amount | Loss allowance | Net Trade receivables |
|--------------------|--------------------------------|--------------------------|-------------------|--------------------------|
| Not due | 0.56% | 14,003 | 78 | 13,925 |
| Less than 6 months | 3.10% | 11,699 | 363 | 11,336 |
| 6 months- 1 year | 29.55% | 6,937 | 2,050 | 4,887 |
| 1- 2 years | 67.56% | 4,201 | 2,838 | 1,363 |
| 2- 3 years | 100.00% | 191 | 191 | - |
| Total | | 37,031 | 5,520 | 31,511 |

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

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 |
| Total | | 78,610 | 1,941 | 76,669 |

Security deposits:

It consists of rent, electricity and other deposits. The Group does not expect any financial loss as the said deposits are given only to credible vendors/ service providers.

Cash and cash equivalents and deposits with banks:

Cash and cash equivalents and deposits of the Group are held with banks which have high credit rating. The Group considers that its cash and cash equivalents and deposits with banks have low credit risk based on the external credit ratings of the counterparties.

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 ₹ 2,246 lakhs and ₹ 9,262 lakhs as of March 31, 2025 and March 31, 2024 respectively.

The working capital position of the Company:

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|------------------------|----------------------|----------------------|
| Current assets | 70,591 | 1,28,801 |
| Current liabilities | 72,721 | 1,14,278 |
| Working capital | (2,130) | 14,523 |

The table below provides details regarding the contractual maturities of financial liabilities presented on an undiscounted basis as at March 31, 2025:

| Particulars | Carrying value | Less than 1 year | 1-5 years | above 5 years |
|-------------------------------------|----------------|------------------|--------------|---------------|
| Trade payables | 29,627 | 29,627 | - | - |
| Borrowings and interest thereon | 39,594 | 34,063 | 9,484 | - |
| Lease liabilities | 273 | 49 | - | - |
| Other current financial liabilities | 7,118 | 7,118 | - | - |
| Total | 76,612 | 70,857 | 9,484 | - |

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

34. Earnings per share

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|-----------------------------------|-----------------------------------|
| Profit for the year attributable to shareholders of the Company | (9,213) | (5,889) |
| Basic: | | |
| Number of shares outstanding at the year end | 20,12,03,147 | 19,91,69,177 |
| Weighted average number of equity shares | 19,95,15,681 | 19,89,39,532 |
| Earnings per share (₹) | (4.62) | (2.96) |
| Diluted: | | |
| Effect of potential equity shares on employee stock options outstanding | 17,870 | 3,65,217 |
| Weighted average number of equity shares outstanding | 19,95,33,551 | 19,93,04,749 |
| Earnings per share (₹) | (4.62) | (2.95) |

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, 2025 | For the year ended March 31, 2024 |
|---------------------------|-----------------------------------|-----------------------------------|
| Employee benefits expense | 174 | 156 |
| Depreciation | 81 | 19 |
| Other expenses | 181 | 136 |
| Total | 436 | 311 |

36. Development expense capitalised

Revenue Expenditure capitalised during the year under respective heads:

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---------------------------|-----------------------------------|-----------------------------------|
| Employee benefits expense | 693 | 570 |
| Depreciation | 43 | 37 |
| Other expenses | 331 | 286 |
| Total | 1,067 | 893 |

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

37. Leases

The Group 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 Group has certain leases with lease terms of less than 12 months. 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 9.95%.

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

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Opening balance | 43 | 314 |
| Add: Lease liabilities recognised during the year | 363 | - |
| Less: Lease liabilities derecognised during the year | - | - |
| Add: Interest cost accrued during the year | 27 | 20 |
| Less: Payment of lease liabilities including interest | (160) | (291) |
| Balance at the end of the year | 273 | 43 |
| Non-current lease liability | 154 | - |
| Current liability | 119 | 43 |

ii) Amount recognised in statement of profit and loss:

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Depreciation | 193 | 277 |
| Interest expense on lease liabilities | 27 | 20 |
| Expenses relating to short-term leases | 341 | 184 |
| Total | 561 | 481 |

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

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|----------------------|--------------------------------------|--------------------------------------|
| Less than one year | 140 | 49 |
| One to five years | 281 | - |
| 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, 2025 | For the year ended March 31, 2024 |
|----------------------------|--------------------------------------|--------------------------------------|
| India | 88,615 | 1,34,701 |
| Outside India | 32,728 | 40,922 |
| Total | 1,21,343 | 1,75,623 |

The Group's revenue includes ₹ 15,847 lakhs (March 31, 2024: ₹ 23,284 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 2024-25 or 2023-24.

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.

During the year, the Hon'ble High Court of Delhi, vide its order dated February 13, 2025, has ruled in favour of the Parent Company by dismissing the appeal filed by Insurance Company against the Arbitration Award related to the Parent Company's insurance claim. Pursuant to this favourable ruling, the Parent Company has recognized the award amount of ₹2,926 lakhs (the amount was received in earlier years) as an Exceptional income for the year ended 31 March 2025.

40. Proposed Acquisition of majority Stake by Coromandel International Limited

On March 12, 2025, the Promoter Group and certain other shareholders of the Group entered into Share Purchase Agreements ('Agreements') with Coromandel International Limited (the 'Acquirer'), pursuant to which the Acquirer will acquire 52.98% of the shareholding in the Group, subject to the terms and conditions outlined in the Agreements. The parties are currently in the process of obtaining the necessary regulatory approvals to consummate the transaction.

As of the date of approval of these audited consolidated financial statements by the Board of Directors, the Promoter Group continues to be the existing shareholder of the Company.

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, 2025 | Net assets | | Share in profit/(loss) | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|--------------|--------------------------|---|------------------------------|-----------------|---------------------------------|-----------------|--|-----------------|--|-----------------|
| | | | | March 31, 2025 | March 31, 2025 | March 31, 2025 | March 31, 2025 | March 31, 2025 | March 31, 2025 | March 31, 2025 | March 31, 2025 |
| | | | | % 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 | - | 108% | 45,983 | 80% | (7,352) | 100% | (319) | 80% | (7,671) |
| LR Research Laboratories Private Limited | Subsidiary | India | 100% | * | (5) | * | - | - | - | - | - |
| Nagarjuna Agrichem (Australia) Pty Limited | Subsidiary | Australia | 100% | * | (22) | * | 4 | - | - | * | 4 |
| NACL Spec-Chem Limited | Subsidiary | India | 100% | -9% | (3,853) | 20% | (1,846) | 1% | (2) | 19% | (1,848) |
| NACL Multichem Private Limited | Subsidiary | India | 100% | * | (103) | * | (57) | - | - | 1% | (57) |
| NACL Agri-Solutions Private Limited | Subsidiary | India | 100% | * | 8 | * | 5 | - | - | * | 5 |
| NACL Industries (Nigeria) Limited | Subsidiary | Nigeria | 100% | - | - | - | - | - | - | - | - |
| Nasense Labs Private Limited | Associate | India | 26% | 1% | 698 | * | 33 | -1% | 2 | * | 35 |
| Total | | | | | 42,706 | | (9,213) | | (319) | | (9,532) |

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

* less than 1%

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

42. The Group carried trade receivables aggregating to INR 7,796 lakhs as at 31 March 2024 (netted off with subsequent collections up to the date of the auditor's report for the year ended 31 March 2024), for which the auditors of the Parent Company had received unreliable responses to their independent balance confirmation requests, for audit of the consolidated financial statements for the year ended 31 March 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 parent company's employee allegedly involved in the matter and carrying out balance confirmation and reconciliation procedures with the customers. The management has assessed the resultant impact on the consolidated financial statements of the Group and has provided for a cumulative amount of ₹ 1,978 lakhs (including the ₹ 1,880 lakhs charged during the previous year), to fully cover the net exposure.

43. 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 in agreement with the books of accounts.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ lakhs, unless otherwise stated)

- (ix) The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was obtained.
- (x) The title deeds of all the immovable properties, (other than immovable properties where the Group is the lessee and the lease agreements are duly executed in favour of the Group) disclosed in the financial statements included in property, plant and equipment and capital work-in progress are held in the name of the Company as at the balance sheet date.
- (xi) The Group has not revalued any of its property, plant and equipment (including right-of-use-assets) and intangible assets during the year.
- (xii) The Group does not have any transactions with companies which are struck off.
- (xiii) The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

As per our Report of even date attached

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

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

Baby Paul
Partner
Membership No.: 218255

K. Lakshmi Raju
Chairperson
(DIN: 00545776)

G. Veera Bhadram
Whole Time Director
(DIN: 00114611)

Santanu Mukherjee
Director
(DIN: 07716452)

Anish T. Mathew
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Place: Hyderabad
Date: May 28, 2025

Place: Hyderabad
Date: May 28, 2025



NACL Industries Limited

Plot No 12-A, C Block,
Lakshmi Towers, Nagarjuna Hills,
Punjagutta, Hyderabad - 500082,
Telangana, India