



# NACL Industries Limited

Ref: NACLIND/SE/2022-23

September 07, 2022

**1) BSE Limited**

Phiroze Jeejeebhoy Tower,  
Dalal Street, Fort,  
Mumbai, Maharashtra,  
**Mumbai - 400001.**  
Company Code: 524709

**2) National Stock Exchange of India Ltd**

Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No.C/1 G Block,  
Bandra- Kurla Complex, Bandra(E),  
**Mumbai - 400051.**  
Script ID: NACLIND

Dear Sir,

**Sub: Notice convening 35<sup>th</sup> Annual General Meeting ('AGM') and Annual Report for FY 2021-22.**

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed the Notice convening the 35<sup>th</sup> AGM and the Annual Report of the Company for the financial year 2021-22.

In compliance with the relevant Circulars issued by Ministry of Corporate Affairs ('MCA') and the Securities and Exchange Board of India ('SEBI'), the Notice convening the 35<sup>th</sup> AGM and the Annual Report for the financial year 2021-22 is being sent through electronic mode today, i.e September 07, 2022, to all the members whose email addresses are registered with the Company/Depository Participant(s)/Company's Registrar and Share Transfer Agent, i.e. XL Softech Systems Limited.

The AGM of the Company will be held on Thursday, September 29, 2022, at 10:00 a.m. (IST) through Video Conferencing/Other Audio-Visual Means.

The Notice of AGM along with the Annual Report for the financial year 2021-22 is also being made available on the website of the Company at [www.naclind.com](http://www.naclind.com).

This is for your information and record.

Thanking you

for **NACL Industries Limited**

**Satish Kumar Subudhi**

Vice President –Legal & Company Secretary

Encl: As above





NACL Industries Limited



To stay  
ahead,  
we go beyond.

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**DISCLAIMER**  
STATEMENTS IN THIS REPORT THAT DESCRIBE THE COMPANY'S OBJECTIVES, PROJECTIONS, ESTIMATES, EXPECTATIONS OR PREDICTIONS OF THE FUTURE MAY BE 'FORWARD-LOOKING STATEMENTS' WITHIN THE MEANING OF THE APPLICABLE SECURITIES LAWS AND REGULATIONS. THE COMPANY CAUTIONS THAT SUCH STATEMENTS INVOLVE RISKS AND UNCERTAINTY AND THAT ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED. IMPORTANT FACTORS THAT COULD CAUSE DIFFERENCES INCLUDE CYCLICAL DEMAND AND PRICING IN THE COMPANY'S PRINCIPAL MARKETS, CHANGES IN GOVERNMENT REGULATIONS, ECONOMIC DEVELOPMENTS WITHIN THE COUNTRIES IN WHICH THE COMPANY CONDUCTS BUSINESS, AND OTHER FACTORS RELATING TO THE COMPANY'S OPERATIONS, SUCH AS LITIGATION, LABOUR NEGOTIATIONS AND FISCAL REGIMES.

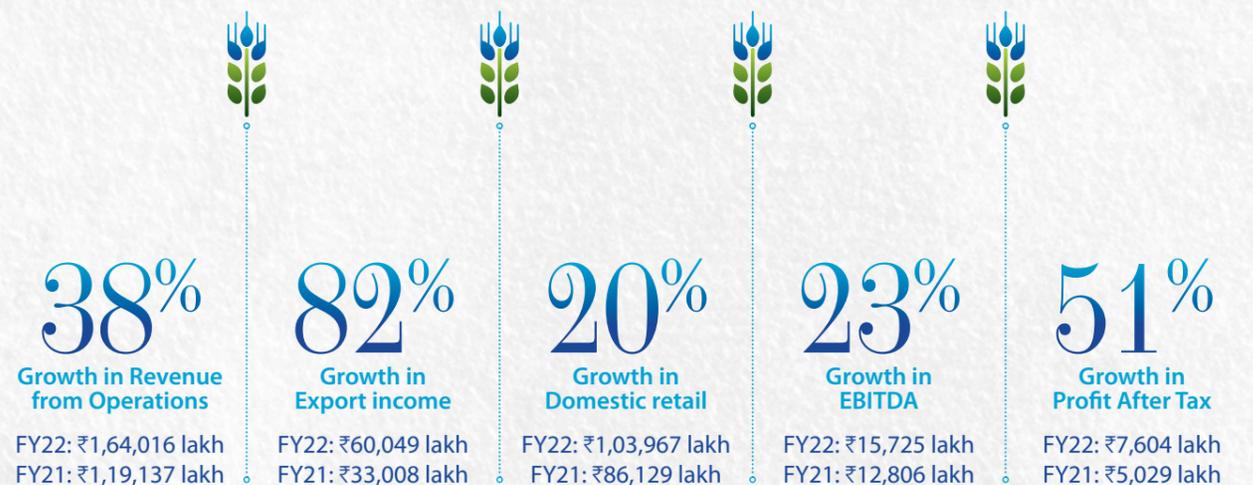
**A**T NACL, disciplined creativity is a daily practice. Where we challenge ourselves to not just do things better, but also do things differently. Where we push ourselves not only for returns today, but for greater relevance tomorrow.

This has guided us in the best of times, but even more so in these difficult times; where despite severe disruptions, your Company has thrived by finding new ideas to explore, new opportunities to exploit.

This culture, deeply ingrained into the NACL team, has delivered superior performance today and made us ready for a brighter tomorrow.



## Performance snapshot



**WE** will continue to develop future-relevant products that will improve farmer resilience, contribute to environmental sustainability and have a **positive impact on food value chains across the globe**



**K. LAKSHMI RAJU**  
CHAIRPERSON



**DEAR SHAREHOLDER,**

It is a pleasure to address you through this Annual Report. Your Company made encouraging progress despite the challenges imposed by COVID and rising geopolitical instability. The pandemic has stressed and stretched our resilience in no mean way. India, and every Indian, has fought back courageously to flatten the curve. Despite this, however the loss of lives was colossal. My heart goes out to all the families who have endured the pain of losing their loved ones.

This crisis has laid bare the lacunae in our ability to handle pressures of this magnitude. It is necessary for all of us – to consider organisations, industry and individuals - to come together and strengthen our ability to better handle such unforeseen challenges.

**India's farming community fights back**

Rural India displayed exceptional resilience during the two years of the pandemic. It remained the beacon of hope for India amid the dark shadows of the pandemic. In FY21, when the entire economy contracted, the agriculture segment registered a 3.6% growth which further improved to 3.9% in FY22. Our farming community ensured that our granaries and warehouses remained adequately stocked at all times. We are proud of our association with the Indian farming community and salute the spirit as well as the conscientious and tireless efforts to ensure India's food security despite the trying times.

**NACL reports another good year**

FY22 was a good year for NACL. The company recorded a 38% increase in revenue over the previous year. Our Net Profit grew by 51% over FY21. These growth numbers showcase the dedication and sustained commitment of the entire team. I feel proud to be a part of this energetic NACL family.

**Crop protection market**

The world's population is expected to grow to 9.71 billion by 2050. Ensuring food security for 9 billion+ people is going to require a herculean effort owing to the debilitating impact of Climate Change across the world, which has only intensified in recent years. Further, geopolitical fractures have depleted and may have been

disrupted agricultural supply chains. The Russia-Ukraine war, for instance has not only significantly affected the availability of wheat (being the 1st & 5th largest exporters respectively in 2021), but also increased the cost of several key inputs such as potash and nitrogen based fertilisers. This necessitates that we build more robust supply chains and adopt agricultural practices that are more resilient. In response to these challenges, the Indian government has launched a range of policy initiatives to strengthen the Indian agriculture ecosystem. Most of these programs are focussed transformative areas such as improving access to credit, widening scope of crop insurance, mobilising essential Agri services and new age technologies. In addition to this Cluster Based Business Organizations (CBBOs) such as Farmer Producer Organisations (FPOs) are being deployed to allow farmers to better tackle price uncertainty, improve processing and storage capacities, experiment on and deploy newer farming methods.

At NACL, we will strive to contribute to this growth, by developing future-relevant products that will improve farmer resilience, contribute to environmental sustainability and have a positive impact on food value chains across the globe.

**Our efforts for society**

We have further strengthened our outreach programs and our collaborations to engage more meaningfully with the under-served in our society. For when the roots are strong, the nation's resilience to take on challenges increases multi-fold.

**Acknowledgement**

I am pleased to bring to you the 35th Annual Report for NACL Industries. I wish to express my gratitude to all our stakeholders and thank every Customer, Investor, Lender, Channel Partner, Vendor, Business Associate, Government Agency, Employee and others, who believed in us and supported the Company in its mission to build a strong enterprise to serve the farming community within its true potential.

*Thank You all...*

**K. LAKSHMI RAJU**  
CHAIRPERSON



India's agrochemicals market is expected to register an 8% CAGR to reach US\$ 4.7 billion by FY25.



M PAVAN KUMAR  
MANAGING DIRECTOR & CEO



As our economy and industry are on the cusp of **global significance**, your future-ready company would be right at the forefront to **seize every opportunity to consolidate and grow its business and stature**

**DEAR SHAREHOLDERS,**

Trust you and your family are safe and in good health. The terms 'safety' and 'well-being' have come to hold special value in the aftermath of the pandemic and its resurgence the world over in number of waves, causing so much loss and anguish. Hope the worst is behind us and it is greatly reassuring that the world now has a lot more understanding of the virus and is far better equipped to deal with any recurrence. .

**Turbulent times**

FY21-22 was an intensely challenging year as headwinds continued with intensity and diversity. The ramifications of the second and subsequent waves of the pandemic were felt far and wide the world over. While we are still coming to terms with this damage and disorder, inflationary pressures, interest rate hikes, geo-political crises and supply disruptions in key commodities and input materials added to the woes of a rather fragile world order.

**Silver linings & staying the course**

In these stormy times, agriculture sector has been a bulwark of stability and resilience, accounting for about 4% of global GDP, serving as a vital source of food security as well as employment, being the second largest employer after the services sector.

Agriculture holds particular significance in India as livelihoods of more than 50% of India's population and about 20% of the country's GDP are dependent. It is heartening that despite the vicissitudes of nature, agriculture sector grew by an estimated 3.9% in FY21-22, contributing significantly to India's GDP which is estimated to have grown at a healthy 8.7%.

Spurred by the optimism that human spirit will prevail over adversities and enable the world to bounce back with more vigour, your company not only strived to keep the business in good shape pursuing productivity, quality, product & process development, customer service, compliance, stakeholder trust and other goals with a greater sense of resolve, but also continued to invest in the future, building new assets, capabilities and a vibrant organisation that can compete and sustain. Your company is implementing plans to expand production capacity significantly and secure input supplies. Given the limitations imposed by the pandemic for normal functioning of business as we have known, your company learned to cope and adapt, intensifying usage of digital means to connect and transact.

**Tacking against the wind & performing**

In the backdrop of an exacting business environment, your company recorded the highest ever production of technical grade and formulated products. Your company also achieved the highest-ever revenue of Rs 1640 crore and Profit after Tax of Rs 76 crore, significant increases over those of the previous year. The company continued to win accolades for achievements in Safety, Exports and other areas.



Even in the face of far reaching developments in the global political and financial environment, which heightened global risks and uncertainties, accent on larger national goals such as food and energy security, restrictions in global trade and cooperation and other such phenomena, India's growth story is seen to be intact. While Government's initiatives and programmes such as PLIs, Gati Shakti, Digital India, PM-Kisan and FPOs are expected to go a long way in progressing the food & agri sector, enterprises such as NACL are joining forces by gearing themselves to expand and scale in the service of the farming community and all stakeholders.

**Outlook for FY 2022-23**

The world finds itself in an era of increasing geo-political instability, persistent supply chain challenges, global inflationary pressures, rising interest rates, security concerns on food and other apprehensions. While there is optimism that the world would, sooner than later, adjust and recalibrate itself to these realities, some degree of loss and pain seems inevitable to many individuals, institutions and societies when headwinds are of the given order. India's handling of the Covid crisis and macroeconomic policies have come up for praise the world over. As our economy and industry are on the cusp

of global significance, your future-ready company would be right at the forefront to seize every opportunity to consolidate and grow its business and stature. The company is working hard to strengthen customer relationships while forging new ones, building new manufacturing sites while expanding existing ones, reinforcing its R&D capability (working on product & process development for a number of intermediates, active ingredients, formulations), and nurturing a strong performance culture, remaining acutely conscious of safety and sustainability in every pursuit.

*I thank all our customers for their faith and confidence in the company, employees for their dedication and hard work, the Board for their oversight and every stakeholder for their patience and trust.*

Best Wishes for a safe and successful future.

Thank You.

Warm regards

M PAVAN KUMAR  
MANAGING DIRECTOR & CEO

# NACL Industries Limited

**N**ACL Industries Limited is one of **India's largest agrochemical companies**. An established player in the industry since **1993**, the Company has established a strong presence in India and across with the world. NACL manufactures a comprehensive range of active ingredients, formulations and custom manufactured fine chemicals at its facilities in Srikakulam & Ethakota in Andhra Pradesh. It also has a state of the art Research & Development facility at Shadnagar, Telangana.

**The** Company exports its products to **30+nations across four continents**. In the domestic formulation market, they have over 50 brands covering all major crops. NACL is one of the most reliable contract manufacturers and maintains a strong relationship with MNCs domestically and abroad.

**The** Company is professionally run by an experienced leadership team, and managed by an strong board staffed with industry veterans.

**The** Company's equity is listed on the BSE Limited and the National Stock Exchange of India Limited.

## Quick Facts

### Values

- Commitment
- Concern
- Integrity
- Quality

### 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



Face Value: ₹1 | Book Value per share: ₹25 | BSE Code: 524709 | NSE Code: [NACLIND]

For Shareholders



# Our global presence (Indicative)

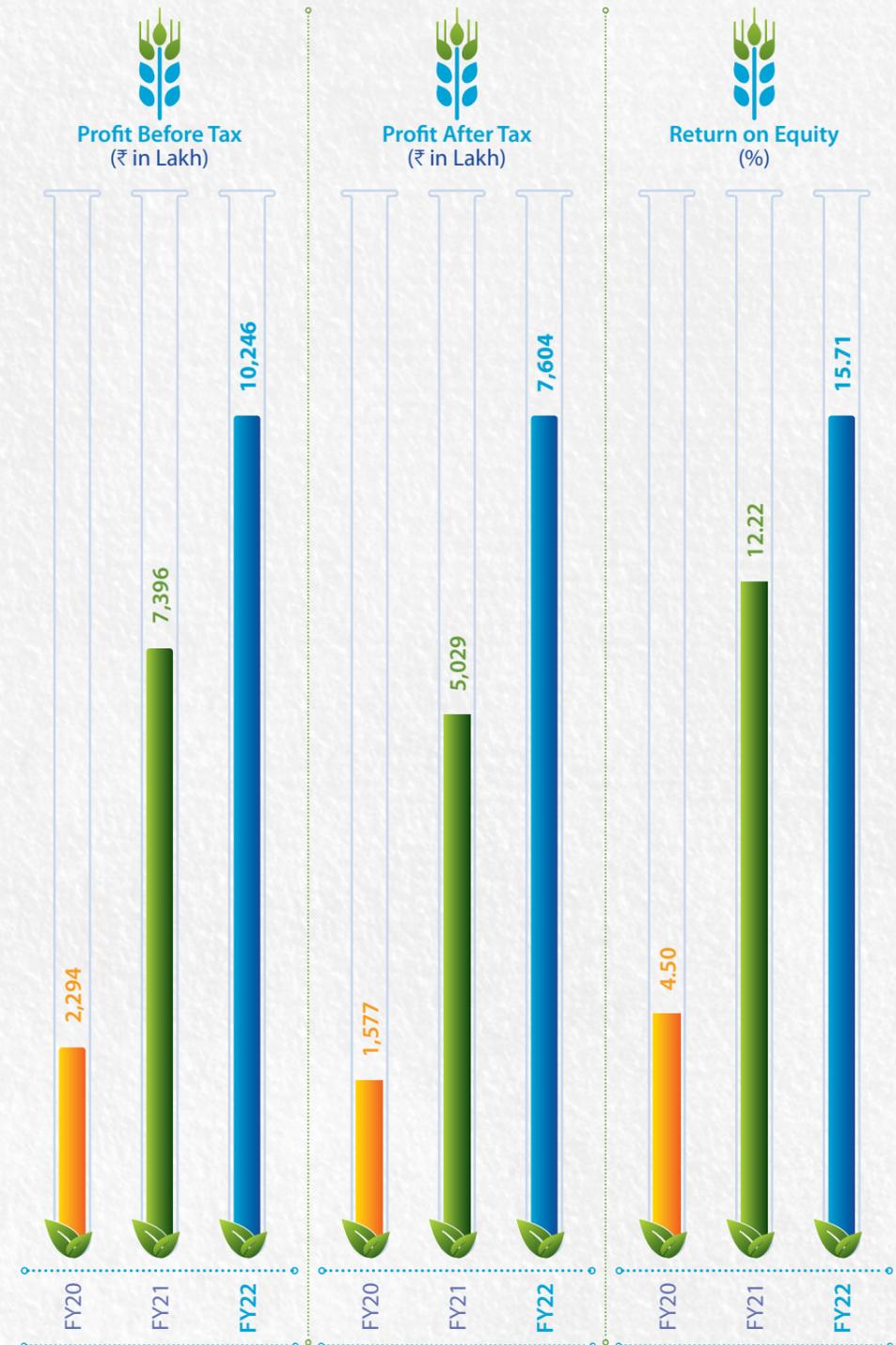
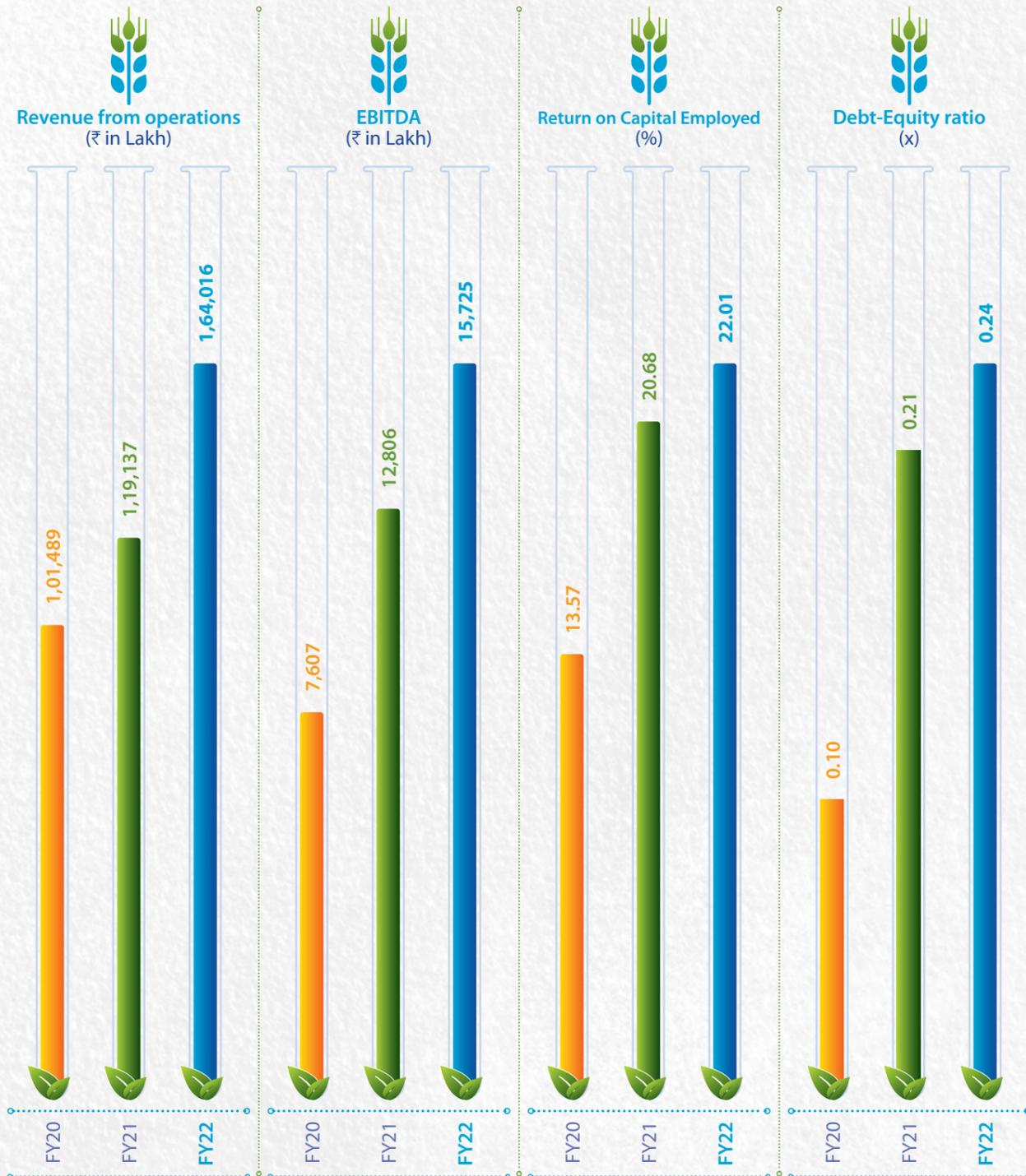


30  
Nations

60,049  
Export revenue (₹lakh)



# Key Performance Indicators



# Products - How we Performed in FY22



## Insecticides

68,618  
Revenue (₹ lakh)

28%  
Growth over FY21



## Fungicides

61,211  
Revenue (₹ lakh)

52%  
Growth over FY21



## Herbicides

26,842  
Revenue (₹ lakh)

33%  
Growth over FY21

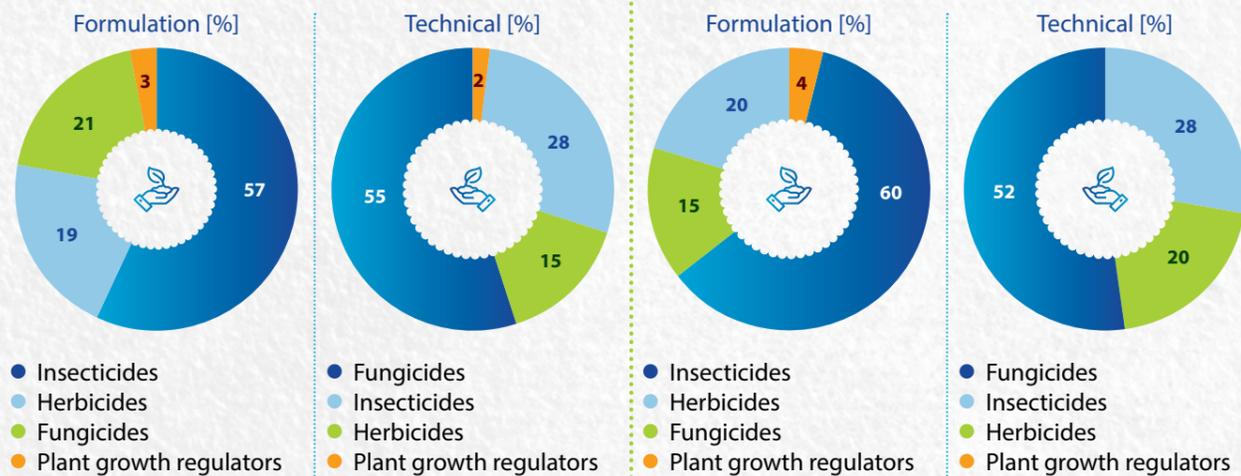


## Plant Growth Regulators

3,789  
Revenue (₹ lakh)

48%  
Growth over FY21

### Product category wise



2021-22

2020-21

# Our Competitive Advantage

NACL stands tall in a competitive industry space. This is owing to its entrenched presence across the crop protection value chain. This allows it to maintain complete control over cost structure, product quality, innovation and customization and deliveries.

To build on this platform, the Company has sharpened its focus on strengthening its presence across its vertically-integrated business model. It is intensifying R&D activities for widening its product portfolio, setting up greenfield manufacturing plants

at Gujarat and Andhra Pradesh, strengthening its long term relationships with retailers, corporate customers and farmers to create awareness for its new products and to seamlessly market its output to the ultimate consumer.



A cutting-edge world class R&D center near Hyderabad to develop new products and processes.



A technical manufacturing plant at Srikakulam in Andhra Pradesh, produces technical grade material for captive consumption as well as for sale.



Formulation and packaging unit at Ethakota, Andhra Pradesh for handling liquids, powders and granules.

516  
NUMBER OF REGISTRATIONS

10,000  
METRIC TON (CAPACITY)

53,000  
MT/KL PER ANNUM (CAPACITY)



Established an entrenched distribution network comprising stock points and retail outlets under Company's direct to retail approach. This helps in reach products seamlessly to farmers in a cost-effective manner.



With the help of the agriculture scientists, the Company educates farmers on crop protection techniques, product usage, safety practices and others features. Field development associates provide product demos to showcase correct usage techniques.

40  
STOCK POINTS

5  
MILLION FARMERS

12,500  
RETAIL OUTLETS

# Our



	<p><b>Three decades of Field Experience</b> The company established itself in the agrochemical industry in 1994, and is currently one of the most experienced players, with immense technical knowledge and is deeply rooted in the marketplace</p>
	<p><b>Strong background of Board of Directors</b> Eight out of the 11 board members are accomplished experts in either agricultural or chemical fields. This combined knowledge is the power that drives the Company towards excellence</p>
	<p><b>Empowering trained professionals</b> The Company advocates strong work ethics in every wing of the organization, be it business, production, R&amp;D, distribution and beyond. Because of the special nature of the chemical business, mostly trained professionals are taken on board by the Company</p>
	<p><b>Prominent presence in the entire value chain</b> NACL operates across the entire value chain of the agrochemical business. Right from R&amp;D, the Company controls manufacturing technical, intermediates, active ingredients, distribution, brand building and customer engagement programme too</p>
	<p><b>Robust research &amp; development capability</b> NACL has a state-of-the-art research facility that gives it an edge over its competitors. Be it delivering quality products or capturing new markets through innovation, the Company's R&amp;D delivers every time</p>
	<p><b>Diverse product portfolio</b> The Company offers a very robust product portfolio which includes pesticides, herbicides, fungicides, and plant growth regulators</p>

# strengths



	<p><b>Pan-India brand presence</b> The Company offers nearly 60 high-quality brands in the market, which makes them one of the most dominant players in its business space</p>
	<p><b>Ground connect</b> Through direct channel to connect with retailers, the Company has direct access to the customers that allows NACL to sell products even in the farthest corners of the country.</p>
	<p><b>Strong and time-tested ties with MNCs</b> In 30 years of its journey, the Company has been delivering quality products to big corporates, which has paved the way for long-lasting bonds, which helped NACL grow in its niche domain</p>
	<p><b>Reach in 30+ international markets</b> NACL exports to more than 30 countries in North America, Europe, Middle East, South East Asia and Africa, which constitutes 35% of revenue</p>
	<p><b>Distribution Network</b> The Company deals with 12,500 retailers and has 47 stock points pan India. Over the years, NACL has established direct contact with farmers across India and hence can sell their products hassle free</p>

# Key strategies



## 01 Capacity enhancement

NACL is on a mission to significantly expand and enhance its capacity in the production of agrochemicals, specialty chemicals and advanced intermediaries. The Company is working on two Greenfield projects, in Dahej, Gujrat (which is ready to start trial production) and in Srikakulam, Andhra Pradesh to enhance its manufacturing capacity. In addition to this, NACL has also secured the necessary approvals for the expansion of the capacity of its existing plant at Srikakulam, Andhra Pradesh, from 30 tonnes per day (TPD) to 70.1 TPD.



## 02 Thrust on Research & Development

The Company has a GLP accredited R&D facility in Hyderabad and a DSIR-recognized lab at Srikakulam. Through these two R&D engines, the Company constantly works towards optimizing the manufacturing processes. Both these places and Ethakota lab also host Quality Assurance Labs which are NABL accredited. All these R&D facilities are staffed with qualified and trained professionals, who are focused on developing niche molecules and specialty chemicals.



## 03 Customer centric product and sales

Feedback from customers and retailers, who we work very closely with, help the Company to manufacture products that suit exact need of the customers, thereby increasing reliability and reach of the brand in the market.



## 04 Market expansion

Aligned with the capacity expansion, finding new export market is absolutely necessary. To explore such opportunity, Company is actively working on new product registration and brand building in new geographies. The Company is also actively seeking opportunities for inorganic growth, in areas that complement its existing business.



## 05 Sustainable manufacturing practices for growth

All manufacturing plants are certified in terms of quality, environment, health and safety. The advanced Zero Liquid Discharge (ZLD) plant in Srikakulam are an integral part of these efforts. All the plants are optimized for the efficient consumption of energy and water. They are also manned by a team of dedicated professions that are committed to ensuring that the environment is protected.



## 06 Digital leap

NACL has launched the Krishi Kalyan App, to better engage with farmers and also communicate best practices related to agriculture in general and crop protection in particular. The company has also initiated efforts to be more active on various social media platforms and their by improve its brand awareness.

# Enhancing



### NACL Industries facility at Srikakulam, Andhra Pradesh

A brownfield expansion plan to increase capacity from 10,000 MTPA to 25,000 MTPA



### NACL Spec-Chem Limited, Dahej, Gujarat

NACL Spec-Chem Limited, a wholly owned subsidiary of NACL is setting up a Greenfield Project for Agrochemical Active Ingredients & Formulation with a capacity of 25,000 MTPA in phases. The project is near completion

# capabilities



### NACL Multichem Pvt. Ltd, Ranasthalam Mandal, Srikakulam

NACL Multichem Private Limited, a wholly owned subsidiary of NACL is in the process of setting up a greenfield Project for manufacturing of Agrochemicals and Synthetic Organic Chemicals with a capacity of 38,000 MTPA in phases

# Environment



## Environment

As the world at large gains a greater appreciation of the need to conserve our natural resources and preserve the sanctity of the environment. Environmental sustainability has emerged as a priority, for a range of stake holders from investor to customers.

NACL is a responsible business entity and has been devoted to this mission for years and will continue to do so in the future. Our policies and practices are designed to keep our surroundings free of any industrial hazards and ensure the safety and well-being of both our workers, and those communities that surround us.

NACL is committed to ensuring that all its manufacturing and research facilities meet the highest standards for environmental safety. The Company has been awarded the 'Greentech Environment Silver Award' by Greentech Foundation, for its efforts towards environment conservation and protection. The Srikakulam plant received "Environment Clearance" from the Ministry of Environment, Forest and Climate Change to more than double its manufacturing capacity from 30 Ton Per Day (TPD) to 70.1 TPD.

As part of our responsible manufacturing practices, all our plants are IMS (Integrated Management Systems) accredited for Quality, Environment, and Health & Safety (QEHS). Plants at Srikakulam and Ethakota are ZLD (Zero Liquid Discharge) plants.

These facilities use an efficient wastewater management system, which does not discharge any industrial wastewater into the environment, but rather recycles it and treats it for further use.

As part of these environmental initiatives, all our facilities have equipment that helps reduce energy consumption.



### Our initiatives in FY22

- Adopting new technologies to reduce energy consumption and our carbon footprint
- Increase in operational efficiencies through better systems and practices

# Health & Safety



## Health & Safety

The post-pandemic world has increased the emphasis on the health and safety of the workforce. Companies that valued their people more amid the Covid pandemic came up as a preferred destinations for employees. High standards of health and safety parameters on a company campus enhance the sense of security at workplace.

Ethakota unit has been awarded the prestigious 'Safety Award' three years in a row for best safety practices by National Safety Council of India. Srikakulam Plant received the prestigious CII Andhra Pradesh Industrial Safety Leadership Award for Andhra Pradesh from CII.

These accolades are a testament of NACL's commitment to the safety of our employees and those communities that reside near our facilities. We regularly conduct emergency mock drills with villagers involving district authorities and educate them and make them aware of the vulnerabilities. We also train our

employees about the safety standards we follow to avoid accidents at the workplace. Zero accidents happened in our plants this year.

The health of the employees is monitored regularly through half-yearly and annual health check-ups. Regular medical check-ups for everybody directly or indirectly related to the Company are also done.



### Our initiatives in FY22

- Updated equipment to reduce the risk of failure
- Increase in operational efficiencies through better systems and practices

# Research & Development Centre



**L**OCATED proximate to Hyderabad, the Company's center of innovation, its R&D center is spread out on a 4 acre campus. The ambiance and ecosystem at the center spur's the nearly 70 strong R&D team to deliberate upon out-of-the box ideas and develop niche products and solutions which help the Company stay a few steps ahead of competition.

The R&D Centre houses cutting-edge infrastructure and equipment like GC, GC-MS, FTIR, HPLC-UV and PDA detectors which allow it to undertake a wide array of studies in compliance with EC, OECD, OPPTS and SANCO

guidelines as well as methods laid down by the FAO, WHO, AOAC and CIPAC in compliance with OECD principles of Good Laboratory Practices.

The team's expertise resides in 5 batch analyses with impurity profiling, method development, method validation, and a full range of product chemistry and product stability study. The studies are conducted as per the comprehensive SOPs developed by the team which align with national and international guidelines, standards and specifications.



The R&D facility has been accredited for "Good Laboratory Practice" issued by NGCMA, Department of Science and Technology, Government of India. The OECD Principles of Good Laboratory Practice (GLP) ensure the generation of high quality, reliable and reproducible test data related to non-clinical health and environmental safety studies. Registration authorities of all OECD countries (which includes USA, Canada, Australia, Japan, UK, Germany and many more countries) accept the test data generated out of the Company's R&D facility

# Human Potential Development



Our people focus further sharpened as the health scare intensified with the onset of the Delta variant.

## Our HPD approach

People have been integral to NACL's growth because the Company takes adequate care for the holistic development of its people.

The Company endeavours to recruit talented individuals based on merit and encourages them for long-term association.

It focuses on investing in its people. It makes considerable effort to upskill and reskill its workforce to facilitate in improving their technical and operational knowledge in line with evolving realities to help them in improving their performance.

The Company encourages free flow of information seeking feedback and promoting sharing of ideas. For this,

the Company has invested significant resources to organise multiple events for employee engagement and collaboration across the business hierarchy.

The Company encourages customer focused and performance driven culture. The performance management process is guided by the philosophy of facilitating employees at each phase of Performance - KRAs (Goal Setting), Performance Review and Feedback to build a culture of sustainable performance.

## Our team response to Covid-19

The Company was better prepared to manage the more lethal second wave of the pandemic. It further tightened the social distancing and hygiene protocols for the teams which had to be present at the operating facilities.

For others, the Company had a more flexible approach and implemented a hybrid model of work, with a greater emphasis on digital tools for seamless operations. It organised multiple vaccination drives to ensure that its team was vaccinated. It helped in strengthening the zeal to battle the virus.



As on March 31, 2022, NACL had 1254 on-roll employees with the average age of the team at 40 years - a healthy mix of energy and experience. On the reporting date, our employees had worked for NACL for an average of 12 years.



Covid 19 Vaccination Drive



Employees interaction in SKLM



Campus Recruitment interviews



Founders day celebrations

# Farmer Outreach Programme



**F**OR NACL, farmers are of prime importance as they are the ultimate consumers of its products. Hence, reaching out to the farmer community is vital for the Company's sustained growth. Therefore, the Company organizes village level meetings with farmers frequently. At these engagement forums, the Company interacts with farmers on their issues, provides solutions and creates awareness for its products. The communication also provides an opportunity to train farmers on the accurate application of products for better results.

These meetings encompass discussions covering wide array of crops including that of Rice, Wheat, Cotton, Soybean, Groundnut, Black Gram, Green Gram, Onion, Tomato, Brinjal, Peas and Tea among others. Hence, they garner footfall in large numbers. Some meetings are attended by subject experts from Agricultural Research Stations where they share the knowledge treasure pertaining to most recent crop trends and technologies.

Moreover, the Company's farmer outreach efforts also include field demonstrations spanning diverse conditions and contexts to showcase the products, their features and uses in considerable granularity along with guidance on right and safe use. This is really important as the product acceptance is high amongst the farmers when they witness the results. The Company also has a strong and vast retail network covering the length and breadth of the country which effectively ensures efficient last mile connectivity.



**Krishi Kalyan App**  
Launched in 2019, the Krishi Kalyan App forges the Company's connect with the farmers. Through this mobile application, the Company provides useful, relevant and appropriate crop information to the Indian farming community. The most striking feature of this application is that farmers can get inclusive information pertaining to the crop-wise farm problems (Pests and Diseases) along with the images of damage symptoms. Further, in addition to showcasing NACL's solutions to every problem, the application also provides information covering entire range of products along with their label crops in which they are to be used, their mode of action and the recommended dosage.

## Farmer-centric product development and sales approach

NACL's brand edifice is pillared on four factors namely differentiation, quality, reliability and farmer handholding. Persistent effort on strengthening each pillar, over the years, has established the NACL brand as every farmer's trusted friend. Leveraging this brand recall, it continues to add new customers every year. Moreover, the Company has been strengthening its legacy of providing quality products by expanding its product portfolio through launching new and relevant products.

It has a robust pipeline of products which are being developed at its R&D center. Some of them will be launched in the current year

**18.19%**  
GROWTH IN DOMESTIC RETAIL BUSINESS

**03**  
FORMULATIONS LAUNCHED IN FY22

# Awards & Accolades



## Greentech Award

NACL has bagged the "Greentech Environment Silver Award" for the year 2018 from New Delhi-based Greentech Foundation, for its contributions towards environment protection and conservation



## Suraksha Puraskar

NACL's Srikakulam Unit has bagged the prestigious "Suraksha Puraskar" Award for the year 2017 from the National Safety Council of India, for its best safety practices



## Certificate of Appreciation

NACL's Ethakota Unit has bagged the prestigious SAFETY AWARD for the year 2018, 2019 & 2020 from the National Safety Council of India, for its best safety practices



## Best Management Award

NACL's manufacturing units situated at Srikakulam and Ethakota, Andhra Pradesh have been conferred with "Best Management Award" by the Government of Andhra Pradesh for the years 2015 & 2018



## Water Management Award

Srikakulam won CII National Award in Water management for the year 2019



## Industry Champion Award 2021

NACL's Srikakulam Unit bagged prestigious "Andhra Pradesh Industry Champion Award 2021" from the Government of Andhra Pradesh



# Certificates

## ISO Certifications



### ISO 45001:2018

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



### ISO 14001:2015

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



### ISO 9001:2015

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

## NABL Accreditations



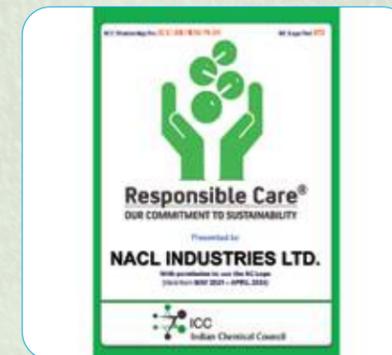
### R&D Facility



### Ethakota Unit



### Srikakulam Unit



### RC Certificate



### GLP Certificate

# Our

# illustrious journey



1994

- Commencement of Monocrotophos (MCP) commercial production
- Listed on Hyderabad and Madras Stock Exchanges (HSE & MSE)

1994

Project Work on 2<sup>nd</sup> Technical Manufacturing Block for manufacturing Acephate was initiated

1996

Chemagro International Limited became Nagarjuna Agrichem Limited and the 2<sup>nd</sup> Technical Manufacturing block for manufacturing Acephate was commissioned

1998

Started exporting the products manufactured from the Technical Manufacturing Plant



2001

The 3<sup>rd</sup> Technical Manufacturing block was established and listed on BSE while delisted from HSE & MSE

2003

SAP (Enterprise Resource Planning) was successfully implemented

2004

The 4<sup>th</sup> Technical Manufacturing block was established and Care Ratings Ltd. - an external credit rating agency accredited NACL

2005

The 5<sup>th</sup> Technical Manufacturing block was established

2006

- Acquired two Pesticide Formulation Plants at Ethakota in East Godavari District and a Pesticide storage warehouse from Vijayalakshmi Insecticides & Pesticides Ltd
- Established the 6<sup>th</sup> Technical Manufacturing block



2010

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

2012-16

- State-of-the-Art Research & Development Center launched at Shadnagar, Telangana
- Increased focus on branded business and crop segment Geographic expansion both in domestic and export business. International collaborations with global players Registration approvals in countries in SE Asia and Africa
- Co-marketing partnership with leading Japanese chemical companies for Herbicide - Sirius & PGR - Atonik. We started exporting our brands to African countries



2017

- Renamed as NACL Industries Limited and got listed on NSE
- Awarded with "Suraksha Puraskar" Award by the National Safety Council of India
- Featured among the top ten Indian Crop Protection Products Manufacturing Companies

2018

Bagged "India's Best Company of the Year Award - 2017", by International Brand Consulting Corporation, USA and also got the "Best Management" Award from Government of AP in 2015 & 2018

2019

Commission of Block 7 at Srikakulam Unit

2020

Registered highest turnover of ₹1000 crores Setting up a Greenfield project at Dahej, Gujarat



2021

- Turnover reached new height of around ₹1200 crores
- Awarded with "Responsible Care" logo by Indian Chemical Council. R&D facility situated at Nandigaon Village, Hyderabad was accredited for Good Laboratory Practices (GLP)

2022

- Registered highest ever turnover (over ₹1600 crores) for the 3<sup>rd</sup> consecutive year
- Achieved the highest ever PBT and production at both Srikakulam and Ethakota plants



# Our Eminent Board



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

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



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

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



**Mr. C. Varadha Rajulu**  
*Executive Director - Corporate Affairs*

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



**Mr. N. Vijayaraghavan**  
*Independent Director*

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



**Mr. Sudhakar Kudva**  
*Independent Director*

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



**Mr. Raghavender Mateti**  
*Independent Director*

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



**Mr. Ramakrishna Mudholkar**  
*Independent Director*

He is graduated in Agriculture science with an MBA from IIM Ahmedabad. He has vast experience of more than 35 years in 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 Agri-input industries. He was superannuated from Krishak Bharati Cooperative Limited (KRIBHCO) as Managing Director on December 31, 2019



**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. Atul Churiwal**  
*Investor-Nominee Director*

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



**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 Managing Committee of PHD Chamber of Commerce, New Delhi and also the trustee of various social, religious and educational charitable organisations

# Corporate Information

## Board of Directors

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

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

**Mr. C. Varada Rajulu**, Executive Director- Corporate Affairs

*(w.e.f. June 24, 2022)*

**Mr. Sudhakar Kudva**, Director

**Mr. N. Vijayaraghavan**, Director

**Mr. Raghavender Mateti**, Director

**Mr. N. Sambasiva Rao**, Director

**Mr. Ramkrishna Mudholkar**, Director

**Ms. Veni Mocherla**, Director

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

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

## Chief Financial Officer

**Mr. R. K. S. Prasad**

## Vice President – Legal & Company Secretary

**Mr. Satish Kumar Subudhi**

## Statutory Auditors

**M/s. Deloitte Haskins & Sells LLP**,

Chartered Accountants,

Firm Reg. No. 117366W/W-100018

KRB Towers, Plot No.1 to4, 1st & 2nd Floor,

Jubilee Enclave, Madhapur, Hyderabad-500081 Telangana State,

India

## Cost Auditors

**M/s K. Narasimha Murthy & Co.,**

Firm Reg. No. 4042

No. 3-6-365, 104 & 105, Pavani Estate,

Himayathnagar, Hyderabad-500029,

Telangana State, India

## Share Transfer Agents

**M/s XL Softech Systems Limited**,

No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500034,

Telangana State, India

## Our Bankers

HDFC Bank Ltd

The SVC Co-Op Bank

RBL Bank Ltd

Karnataka Bank

Shinhan Bank

Axis Bank

Bandhan Bank

Bank of Bahrain and Kuwait

SBM Bank (India) Ltd

Yes Bank

Kotak Mahindra bank

IndusInd Bank

## Registered Office

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

Nagarjuna Hills, Panjagutta, Hyderabad - 500082, Telangana

State, India

Phone. No. 040-24405100,

## Factory - Technical

UNIT-1, ArinamaAkkivalasa, Etcherla Mandal,

Srikakulam-532403, Andhra Pradesh, India

## Factory – Formulation

Unit-I & Unit II, Ethakota-533238,

Ravulapalem Mandal, East Godavari Dist,

Andhra Pradesh State, India

## R & D Centre

Nandigama Village, Kothur Mandal, MahabubnagarDist,

Telangana State, India

## Corporate Identification Number

L24219TG1986PLC016607

## Listing

BSE Limited (BSE), Mumbai

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

Statutory Reports &  
Financial Statements

# AGM Notice

**NOTICE** is hereby given that the 35<sup>th</sup> Annual General Meeting of **M/s. NACL Industries Limited** will be held on Thursday, the September 29, 2022 at 10.00 a.m. (IST) through Video Conference ('VC') facility/Other Audio-Visual Means ('OAVM') to transact the following business:

## ORDINARY BUSINESS:

1) To receive, consider and adopt the Audited Standalone Financial Statement and Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2022 and the Reports of Directors and Auditors thereon and in this regard, pass the following resolutions as an Ordinary Resolutions:

- a) "RESOLVED THAT the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2022 and the Reports of Directors and Auditors thereon be and are hereby considered and adopted."
- b) "RESOLVED THAT the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2022 and the Report of Auditors thereon be and are hereby considered and adopted."

2) To appoint a Director in place of Mrs. K. Lakshmi Raju (DIN:00545776), who retires by rotation and being eligible, offer herself for re-appointment and in this regard, pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 152 and other applicable provisions of the Companies Act, 2013, Mrs.K.Lakshmi Raju (DIN:00545776), who retires by rotation at this meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

3) To declare final dividend on equity shares for the financial year ended March 31, 2022 and in this regard, pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT final dividend of ₹0.15 per equity share (i.e. 15% on the paid-up equity share capital of the Company) for the financial year ended March 31, 2022, as recommended by the Board of Directors of the Company, be and is hereby declared and the same be paid out of the profits of the Company for the financial year ended March 31, 2022."

4) To appoint M/s. B S R and Co., as Statutory Auditors of the Company and in this regard, pass the following resolutions as an Ordinary Resolutions:

"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) including any statutory modification(s) or re-enactment thereof, for the time being in force, M/s. B S R and Co., Chartered Accountants, Hyderabad (Firm Registration No. 128510W), who have confirmed their eligibility to be appointed as Auditors, in terms of section 141 of the Act read with Rule 4 of the Rules, be and are hereby appointed as Statutory Auditors of the Company, to hold office for a period of five consecutive years from the conclusion of this 35<sup>th</sup> Annual General Meeting till the conclusion of 40<sup>th</sup> Annual General Meeting, to be held in the calendar year 2027, on such remuneration including applicable taxes and out-pocket expenses incurred in connection with the audit and manner of their payment, as may be mutually agreed between the Board of Directors of the Company and the Auditors."

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

## SPECIAL BUSINESS:

5) To ratify the remuneration of the Cost Auditors for the financial year ending March 31, 2023 and in this regard, pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration of ₹8,00,000/- (Rupees Eight Lakhs only) plus applicable taxes and out-of-pocket expenses incurred in connection with the Cost Audit to be paid to M/s. K. Narasimha Murthy & Co., (Registration No. 4042) the Cost Auditors, appointed to conduct the audit of the cost records of

the Company for the financial year ending March 31, 2023, as fixed by the Board on the recommendation of the Audit Committee, be and is hereby ratified."

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

**By order of the Board**

**Satish Kumar Subudhi**

Vice President – Legal & Company Secretary  
(FCS-9085)

Place: Hyderabad

Date: August 24, 2022

## Notes:

1) The Ministry of Corporate Affairs ('MCA') vide its General Circular dated January 13, 2021 read with General Circular dated April 08, 2020, April 13, 2020, May 05, 2020 and May 05, 2022 (collectively referred to as 'MCA Circulars') permitted the holding of the Annual General Meeting ('AGM') through Video Conferencing ('VC') facility or other audio visual means ('OAVM'), without the physical presence of the Members at a common venue. Further, the Securities and Exchange Board of India (SEBI) vide its Circular dated May 12, 2020 and January 15, 2021 (SEBI Circulars) has also granted certain relaxations. In compliance with the provisions of the Companies Act, 2013 ('Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), MCA Circulars and SEBI Circulars, the 35<sup>th</sup> AGM of the Company is being held through VC/OAVM on Thursday, September 29, 2022 at 10.00 a.m. (IST). The deemed venue for 35<sup>th</sup> AGM shall be the Registered Office of the Company situated at Plot No. 12-A, "C" Block, Lakshmi Towers, Nagarjuna Hills, Panjagutta, Hyderabad-500082.

2) **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA and SEBI Circulars through VC/OAVM, the facility for appointment of proxies by the members will not be available for this AGM. Accordingly, the proxy form, attendance slip, and route map of AGM are not annexed to this Notice.**

## 3) Explanatory Statement:

The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, ("Act") relating to the Special Business Items are given below and forms part hereof.

4) **Director proposed to be appointed/re-appointed:** Details of Directors retiring by rotation or seeking appointment/re-appointment at the ensuing Meeting are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India (ICSI).

## 5) Book Closure:

The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, September 17, 2022 to Thursday, September 29, 2022 (both days inclusive).

## 6) Dividend:

a) The final dividend on Equity Shares for the financial year 2021-22, will be paid after declaration by the members:

- i) in respect of shares held in physical form, to those Members whose names shall appear on the Company's Register of Members as on Friday, September 16, 2022.
- ii) in respect of shares held in electronic form, to those beneficial owners whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of Friday, September 16, 2022.

b) Members may note that as per the Income Tax Act, 1961 ("IT Act"), as amended by the Finance Act, 2020, dividend paid or distributed by the Company after April 1, 2020, shall be taxable in the hands of the shareholders and the Company shall be required to deduct tax at source (TDS) at the prescribed rates from the dividend to be paid to the Shareholders, subject to approval of dividend by the Shareholders in the ensuing AGM. The TDS rate would vary depending on the residential status of the Shareholder and the documents submitted by them and accepted by the Company/RTA. Members are requested to complete and / or update their Residential status, PAN, Category with their depository participants ('DPs') or in case shares are held in physical form, with the Registrars and Transfer Agents ('RTA') by sending documents through e-mail on or before September 10, 2022. For the detailed process, please visit Company's website i.e [www.naclind.com](http://www.naclind.com).

## 7) 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 Company has duly transferred the unpaid or unclaimed dividends declared up to financial year 2011-12 to the IEPF during the previous years. Members may please refer to "Corporate Governance Report" (forms part hereof) for details of unclaimed dividend amount credited to IEPF account during the previous years. Further the Company shall not entertain the claims of the Shareholders for the unclaimed dividends which have been transferred to IEPF.
  - c) During the FY 2012-13 and 2013-14, the Company has not declared any dividend. The unclaimed dividend lying in the dividend account in respect of financial year 2014-15 (Final) is due for transfer in November 2022 to the IEPF. Members are requested to contact Company's RTA for encashing the unclaimed dividends standing to the credit of their account. The Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company, as on September 24, 2021 (i.e. date of previous Annual General Meeting), on the website of the Company [www.naclind.com](http://www.naclind.com) and also on the website of Ministry of Corporate Affairs.
  - d) **Transfer of Shares to IEPF Account:**  
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.
  - e) The dividend amount and shares transferred to the IEPF can be claimed by the concerned members from the IEPF Authority after complying with the procedure prescribed under the IEPF Rules. The details of the unclaimed dividends are also available on the Company's website at [www.naclind.com](http://www.naclind.com) and the said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link [www.iepf.gov.in](http://www.iepf.gov.in).
- 8) 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.
  - 9) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1,000

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

- 10) In view of the MCA Circulars and SEBI Circulars, the Notice of 35<sup>th</sup> AGM along with the Annual Report 2021-22 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 2021-22 has been uploaded on the website of the Company at [www.naclind.com](http://www.naclind.com) under Investor Relations section and may also be accessed on the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively. The Notice is also available on the website of the CDSL at [www.evotingindia.com](http://www.evotingindia.com).

#### 11) Members Nomination:

As per the provisions of Section 72 of the Act, the facility for making nomination is available to the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record a fresh nomination, the Member may submit the same in Form ISR-3 or Form SH-14, as the case may be.

The said forms can be downloaded from the Company's website at [www.naclind.com](http://www.naclind.com). Members are requested to submit the said form 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 no(s).

#### 12) Important Communication to Members:

- a) All communications relating to the shares may be addressed to our Share Transfer Agent (RTA) Office i.e., M/s. XL Softech Systems Limited, (Unit: NAEL Industries Limited) No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500034, Telangana; Telephone No: 040-23545913/914/915; Fax No. 040-23553214, e-mail ID: [xlfield@gmail.com](mailto:xlfield@gmail.com).
- b) The members may please visit the Company's website: [www.naclind.com](http://www.naclind.com) to find more information about the Company.
- c) The Ministry of Corporate Affairs, Government of India has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its Members. To support this Green Initiative of

the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses by submitting the e-mail Registrations Form attached with this Annual Report.

- d) 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. Further, Members may please note that SEBI vide its Circular dated January 25, 2022 mandated listed companies to issue securities in demat form only while processing any service requests viz. issue of duplicate securities certificate; claim from Unclaimed Suspense Account; renewal/exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the website of the Company at [www.naclind.com](http://www.naclind.com)
- e) SEBI vide its Circular dated November 03, 2021 has mandated registration of PAN, KYC details and Nomination, by holders of physical securities. Members holding shares in physical form are requested to submit their PAN, KYC details and Nomination details by sending a duly filled and signed Form ISR-1 to XL Softech Systems Limited at No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500034, Telangana or by email to [xlfield@gmail.com](mailto:xlfield@gmail.com) from their registered email id.
- 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.

#### 13) Listing Fees:

The Company has paid the Listing Fees for the year 2022-23 to BSE Limited (BSE) and National Stock

Exchange of India Limited (NSE), the Stock Exchange(s) where the Company's shares are listed.

#### 14) Instructions for attending the AGM through VC/OAVM are as under:

- a) Members will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- b) Members are encouraged to join the Meeting through Laptops/ iPads/ Tablet for better experience.
- c) Further Members will be required to allow camera and use Internet with a good speed to avoid any disturbance during the meeting.
- d) 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.
- e) Members, like to express their views or ask questions during the AGM, may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number to [investors@naclind.com](mailto:investors@naclind.com) from Monday, September 19, 2022 (9:00 a.m. IST) to Friday, September 23, 2022 (5:00 p.m. IST).

Those Members, registered themselves as a speaker, will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

The shareholders who do not wish to speak during the AGM but have queries may send their queries on or before Friday, September 23, 2022 (5:00 p.m. IST) mentioning their name, demat account number/ folio number, email id, mobile number at [investors@naclind.com](mailto:investors@naclind.com). These queries will be considered and answered during the AGM.

#### 15) Process for those Members whose email-ids are not registered:

- 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 update your email id & mobile no. with your respective Depository Participant (DP).

**16) Instructions for Voting through electronic means:**

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, April 08, 2020, April 13, 2020, May 05, 2020 and May 05, 2022 and May 05, 2022 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.

Please refer to the following instructions for remote e-voting through electronic means.

- a) The remote e-voting period begins on Monday the September 26, 2022 (10.00 a.m.) and ends on Wednesday, September 28, 2022 (5.00 p.m). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, September 16, 2022 may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- b) The Company is providing e-voting facility on the date of AGM through the CDSL system, besides the remote e-voting. Members who have cast their votes by remote e-Voting prior to the AGM may also attend/participate in the Meeting through VC/OAVM but they shall not be entitled to cast their vote again.
- c) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 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. Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- d) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

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

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> <li>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 <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>If you are already registered for NSDL IDEAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at HYPERLINK "mailto:helpdesk.evoting@cdslindia.com" helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33 Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
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

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

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

For Physical shareholders and other than individual shareholders holding shares in Demat.	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

- f) After entering these details appropriately, click on "SUBMIT" tab.
- g) 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.
- h) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- i) Click on the relevant EVSN for 'NACL Industries Limited'.
- j) 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.
- k) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- l) 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.
- m) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- n) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

- o) 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.
- p) There is also an optional provision to upload BR/ POA if any uploaded, which will be made available to scrutinizer for verification.
- q) Additional facility for Non – Individual Shareholders and Custodians –For Remote e-voting only.
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to https://www.evotingindia.com and register themselves in the Corporate module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively, Non-Individual shareholders are required 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, if voted from individual tab and not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- r) The voting rights of shareholders shall be in proportion to the shares held by them in the paid up equity shares capital of the Company as on Friday, September 16, 2022.
- s) Any person who acquires shares of the Company and becomes Members of the Company after the dispatch of the Notice and holding shares as on the cut-off date i.e. Friday, September 16, 2022 may obtain the User ID and password by sending request at evoting@cdslindia.com.

**17) 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.

**18) Documents open for inspection:**

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

**19) Other Instructions:**

- I) Mr. K. V. Chalama Reddy, Practicing Company Secretary (M.No:F9268, and C.P No: 5451), Hyderabad, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- II) The Scrutinizer after scrutinizing the votes through remote e-voting as well as the e-voting during the AGM will, not later than 48 hours of conclusion of the Meeting, make a consolidated Scrutinizer's Report of the votes cast in favour or against, if any and submit the same forthwith to the Chairperson or a person duly authorized by the Chairperson who shall counter sign the same and declare the results of the voting.
- III) The results of the voting shall be declared on or after the Annual General Meeting of the Company. The results declared, along with the Scrutinizer's Report, shall be placed on the Company's website

## ANNEXURE TO NOTICE

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

(Pursuant to Regulations 26(4) and 36(3) of the Listing Regulations and Secretarial Standards - 2 on General Meeting)

Name of the Director	Mrs. K. Lakshmi Raju
Director Identification Number (DIN)	00545776
Age	47 years
Date of appointment/re-appointment	June 24, 2004
Qualifications	Commerce Graduate and also has a Master's Degree in Business Administration.
Brief Profile including expertise in specified functional areas.	Having more than 18 years of experience in the Corporate business field.
Terms and conditions of appointment / re-appointment	Appointed as Non-Executive Director, liable to retire by rotation.
Details of remuneration last drawn during the FY 2021-22 (*).	₹2,65,000/-
No. of Board Meetings attended during the year.	6 (Six)
Relationship between Directors inter-se	Nil
Shareholding in the Company as on March 31, 2022	1,27,05,860
List of other Companies in which Directorship held as on March 31, 2022 (excluding Foreign, Private and Section 8 Companies).	Nil
Chairperson/Member of the Mandatory Committees of the Board of the Other Companies on which he/she is a Director as on March 31, 2022.	Nil

\* Sitting fees paid for attending the Board and Committee(s) Meetings held during the FY 2021-22

www.naclind.com and be communicated to the Stock Exchanges where the Company's shares are listed, i.e., BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), stock exchanges where the Company's share are listed.

- IV) Members may address any query to Company Secretary at the Registered Office of the Company, Tel. No.040-24405100, email: investors@naclind.com, website: www.naclind.com.
- V) If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
- VI) 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, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

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

#### Item No. 4:

The tenure of M/s. Deloitte Haskins & Sells LLP (DHS), Chartered Accountants, Statutory Auditors of the Company, will end at the conclusion of the 35th Annual General Meeting ('AGM') of the Company. In terms of Section 139 of the Act, the Board of Directors on recommendations of Audit Committee proposed the appointment of M/s B S R and Co., Chartered Accounts (Firm Registration Number - 128510W) as the Statutory Auditors of the Company, for a period of five years commencing from the conclusion of the 35th AGM till the conclusion of the 40th AGM to be held in the year 2027.

M/s B S R and Co. was constituted on September 01 2007 as a partnership firm having firm registration no. as 128510W. The registered office is situated at 14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Centre, Western Express Highway, Goregaon (East), Mumbai- 400063. B S R and Co is a member entity of B S R & Affiliates, a network registered with the Institute of Chartered Accountants of India. B S R and Co together with its member firms have around 3000+ staff and 150+ Partners. B S R member firms audits various companies listed on stock exchanges in India including companies in the Crop Protection sector".

M/s B S R and Co. have consented to their appointment as Statutory Auditors and have confirmed that if appointed,

#### Registered Office:

CIN: L24219TG1986PLC016607  
Plot No.12-A, "C"- Block, Lakshmi Towers, No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta, Hyderabad-500082, Telangana State, INDIA.  
Ph.040-24405100  
e-mail: investors@naclind.com: Website: www.naclind.com

their appointment will be in accordance with Section 139 read with Section 141 of the Act. The Firm has obtained Peer Review Certificate from the Institute of Chartered Accountants of India. The Proposed fees payable to the statutory auditor(s) is ₹46.25 lakhs for FY 2022-23 subject to necessary changes as may be mutually agreed between the Board of Directors of the Company and Auditors. There are not any material changes in the fee payable to auditor from that paid to previous auditors. The other terms of their appointment are as per SEBI Circular No. CIR/CFD/CMD1/114/2019 dated October 18, 2019. The auditors are independent of the management. Based on their profile, experience, independence, capabilities and being peer reviewed firm, the Board recommends the resolution set forth in Item No. 4 for the approval of the Members.

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 at Item No.4 of the Notice.

#### Item No. 5:

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., (Registration No.4042), Cost Accountants, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2023, 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.5 of the Notice. The Board commends the Ordinary Resolution set out at Item No.5 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 at Item No. 5 of the Notice.

**By order of the Board**

**Satish Kumar Subudhi**

Vice President – Legal & Company Secretary  
(FCS-9085)

Place: Hyderabad

Date: August 24, 2022

# Directors Report

## DEAR MEMBERS,

Your Directors have pleasure in presenting the 35<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2022.



## Operating Results

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

(₹ in lakhs)

Particulars	Consolidated		Standalone	
	2021-22	2020-21	2021-22	2020-21
Total Income (including Other Income)	1,65,358	1,20,603	1,65,656	1,20,673
Profit/(Loss) before Finance Cost, Depreciation and Tax	15,425	12,731	15,725	12,806
Finance Cost	2,665	2,792	2,984	2,880
Depreciation and Amortization	2,496	2,530	2,495	2,530
Profit/(Loss) before tax	10,264	7,409	10,246	7,396
Share of profit from associate	(280)	57	-	-
Profit/(Loss) before tax	9,984	7,466	10,246	7,396
Current Tax	2,691	2,606	2,691	2,606
Deferred Tax	(49)	(239)	(49)	(239)
Profit for the year	7,342	5,099	7,604	5,029
Other Comprehensive Income/Loss	(51)	(22)	(43)	(21)
Total Comprehensive Income	7,291	5,077	7,561	5,008
Balance of profit brought forward from previous year	23,273	18,683	22,577	18,056
<b>TOTAL</b>	<b>30,564</b>	<b>23,760</b>	<b>30,138</b>	<b>23,064</b>
<b>Appropriation</b>				
Dividend on equity shares	1,088	487	1,088	487
Balance profit carried forward to balance sheet	29,476	23,273	29,050	22,577

## Performance:

Your Company has achieved highest ever consolidated Total Income of ₹1,65,358 lakhs for yet another year as against ₹1,20,603 lakhs achieved in the previous year, an increase of 37%. The Company's profit before exceptional item and tax is ₹9,984 lakhs during the year under review against profit of ₹7,466 lakhs during the previous, an increase of 34%. The Company earned a profit after tax of ₹7,342 lakhs against the profit of ₹5,099 lakhs in the previous year, an increase of 44%. The growth in revenue can largely be attributed to Exports and Domestic Retail sales, which grew by 82% and 30% respectively over the preceding financial year.

## Dividend & Dividend Distribution Policy:

Your Directors are pleased to recommend a final dividend ₹0.15 per equity share (i.e. 15% on equity shares of face value of ₹1 each) for the financial year ended March 31, 2022. The payment of final dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM) of the Company. The aforesaid final dividend is in addition to the interim dividends of ₹0.10 (10%), ₹0.15 (15%) and ₹0.15 (15%) per equity share of ₹1 each respectively declared for the year under review. The total dividend amount for the financial year 2021-22, including the proposed final dividend, amounts to ₹0.55 per equity share (i.e. 55% on equity shares of face value of ₹1 each) and the total outflow towards dividend on equity share for the year amounts to ₹1,088 lakhs (previous year ₹784 lakhs). In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders. The Company shall, accordingly, make the payment of the final dividend after deduction of tax at source.

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 [www.naclind.com](http://www.naclind.com).

## Plant Operations:

The Srikakulam technical plant has witnessed a record annual production of 9,243 MT as compared to 7,368 MT in the previous year. With improved productivity and asset utilization, the plant could record higher production to meet the market requirement. The plant continued to take various initiatives for energy conservation and cost savings. Zero Liquid Discharge facility operated efficiently during the year. The unit had been awarded "Industry Champion" of AP by the Chief Minister of AP, Sri Jagan Mohan Reddygaru and also won the award "Safety Leader Industry in AP" for its Safety practices by CII. Srikakulam is on its path for expansion to 25,000 MT per annum from 10,000 MT per annum, the Environment Clearance for the same has already being obtained from the Ministry of Environment, Forest and Climate Change (MoEFCC).

Ethakota formulation unit has been able to satisfactorily meet the market demand. It achieved production of 25,165 MT/KL during the year under review, compared to the previous year's production of 20,248 MT/KL. This unit has been taking various initiatives for debottlenecking, safety and quality.

An encouraging working environment in both units enabled cordial relationship with all levels and improved productivity.

## Domestic Markets:

The annual rainfall averaged across the country was 105 % of its long-period average (LPA). During the South-West monsoon season (June- September), which is the principal rainy season of the country, rainfall over the country as a whole was normal (99% of LPA). The rainfall observed to be erratic during the initial sowing period of June – July, most parts of the country had deficit rainfall leading to re-sowing of major crops. In the later part of the season i.e September – October, most parts of the country had heavy

down pour leading to unseasonal floods and impacting the overall liquidation of Agrochemical products. During this monsoon season, among the four broad geographical regions of the country, South Peninsular India received seasonal rainfall of 111% of its LPA; Central India and Northwest India received seasonal rainfall of 104% and 96% of its LPA respectively while East & Northeast India received seasonal rainfall of 88% of its LPA. The 2021 North-East / post monsoon season (October-December) rainfall over the country as a whole was above normal (144% of LPA). The seasonal rainfall during the North-East monsoon season over the core region of the south peninsula (comprises 5 subdivisions viz. Coastal Andhra Pradesh & Yanam, Rayalaseema, Tamil Nadu Puducherry & Karaikal, South Interior Karnataka, and Kerala & Mahe), was exceptionally above normal (171% of LPA) and was highest (579.1 mm) since 1901. All the five subdivisions of the core region except Coastal Andhra Pradesh & Yanam received large excess/excess rainfall during season. (Source: IMD).

The year under review was one of the most challenging year for Agriculture in recent history. First quarter had Covid related hurdles / lock downs (second wave) impacting the placement season in markets of Central, Western and Northern parts of India. The overall demand for Agrochemicals in the Kharif was impacted due to erratic rainfalls. Even though the industry expected good Rabi season it got impacted due to new pest in Chilli crop, unseasonal rains in parts of Southern coastal Andhra Pradesh and Rayalseema impacting Paddy and pulses and issue related to Paddy procurement in Telangana also has an impact.

Despite all the challenges, the Company has achieved domestic sales of ₹1,00,411 lakhs (out of which domestic retail sales are ₹66,532 lakhs) for the year under review against ₹83,535 lakhs (out of which domestic retail sales were ₹55,497 lakhs) in the previous year, a growth of about 20%. The growth is mainly attributable to our consistent efforts in enhancing our market reach, focusing on Key account management, Portfolio Management, Marketing activities and strengthening our S&M team.

#### Export Market:

The global market for conventional crop protection products (excluding sales of herbicide tolerant and insect resistant seed, as well as non-crop agrochemicals) is estimated to have increased by 4.7% in 2021 to reach \$65,206 million. A key influence on the global crop protection market in 2021 has been the economic recovery following the outbreak of COVID-19.

Although many industries were significantly impacted by the pandemic, Indian agricultural sector have been largely

sheltered from the worst impact given the essential nature of food production. Agricultural input manufacturing and supply have largely been excluded from lockdown restrictions, however, certain factors impacted the industry include reduced availability of migrant farm labour, issues surrounding delays of shipments in ports, availability of raw materials increase in input prices, reduced demand for biofuels and fibrous crops such as cotton, and there have also been some significant currency movements due to the influence on the wider economy.

Other key drivers have been a return to favourable weather in key country markets such as Australia, which has been plagued by drought in recent years, as well as in Europe, a market where performance has been limited by regulation, currency headwinds and unfavourable weather in recent years. (Source: IHS Markit)

The Export sales were ₹60,049 lakhs in the year under review as compared to ₹33,008 lakhs in the previous year, an increase by whopping 82%. Consistent and increased demand for two fungicides from MNCs, extended campaign for contract manufacturing of an insecticide and a herbicide, campaign for an intermediate, improved formulation and trading business have contributed to the growth and have offset the impact of COVID and other adversities.

#### Credit Rating:

Your Directors are pleased to inform that, the CRISIL vide the letter dated August 08, 2022, has assigned the rating to the Long-Term Bank facilities and Short-Term Bank facilities of the Company, the details of which are given herein below:

- Long-Term Bank facilities: CRISIL A/Stable
- Short-Term Bank facilities: CRISIL A1

#### Fire Insurance Claim:

An Appeal has been filed by the Insurance Company (The Oriental Insurance Company Limited) against the Arbitration Award 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 ₹1,048 lakhs (includes interest) and Business Interruption Policy claim of ₹1,352 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 directing the Insurance Company to deposit the awarded amount towards Material Damage claim and Business Interruption Policy respectively together with the interest upto the date of deposit with the Court. During

the year the amount deposited by the insurance company has been released by the Court to the Company after submission of equivalent bank guarantee. The Company has not recognized the said claims in the books of account.

#### Greenfield Projects:

##### A) NACL Spec-Chem Limited

M/s. NACL Spec-Chem Limited ("Spec-Chem"), a Wholly Owned Subsidiary Company undertook the first phase of the greenfield project with a capacity of 6,000 MT per annum for manufacturing of five Technical and one Intermediate for domestic, export and for captive consumption with a project cost of nearly ₹202 crore with debt-equity mix of 2:1. Your Board of Directors had earlier approved an investment of ₹67.00 crore in Spec-Chem for the ongoing capex, by way of subscription to equity shares, debt instrument and other securities and the balance amount to be mobilized through debt finance. However, due to escalation in project cost, the Board of Directors has approved additional investment of ₹15 crores by way of subscription to equity shares, debt instrument and other securities, to be issued by the Spec-Chem. As on the date of report, your Company has already invested ₹67 crore.

Major project work has been completed. Plant commissioning and trial production is expected in September, 2022. Plant is expected to achieve design rated capacity by FY 23.

##### B) NACL Multichem Private Limited:

With reference to the green-field project by M/s. NACL Multichem Private Limited ("Multichem"), a Wholly Owned Subsidiary Company is in the process of acquiring land and obtaining necessary approvals/licenses.

Your Board of Directors had approved an additional investment of ₹10.00 crore in Multichem for the ongoing capex and the balance amount to be mobilized through debt finance. As on the date of report, your Company has already invested ₹50 lakhs.

The Company has applied for Environment Clearance (EC) for green field project to Ministry of Environment, Forest and Climate Change (MoEFCC), Delhi. As a part of the approval process, a draft EIA has already been submitted to local authorities and Public hearing is expected to be scheduled in October, 2022.

#### New Products Launched:

The Company has successfully commercialized manufacturing of three new formulated products namely

Pest Lock - Pyriproxyfen 5% + Diafenthiuron 25% SE, Nagastra Strong - Pendimethalin 38.7% CS and Hurricane Plus - Novaluran 5.25% + Emamectin Benzoate 0.9% SC during the year under review.

#### Research & Development:

In the pursuit of innovation in developing products and improving processes, the Company's R&D Centre at Shadnagar, near Hyderabad, has been working on developing process of new products as well as on improving process of existing products to reduce cost of production of Active Ingredients (AIs)/Technical and Intermediates of Herbicides, Insecticides and Fungicides. To take advantage of the Make in India manufacturing initiative, processes for many generic products are under various stages of development for manufacturing by NACL.

The Company's R&D Facilities in Hyderabad and Ethakota both received ISO 17025:2017 Certificate of Accreditation from the National Accreditation Board for Testing and Calibration of Laboratories (NABL) and is also recognized by the Department of Scientific and Industrial Research (DSIR), Government of India. Similarly, developing novel formulation products and their registration is a major activity of R&D to introduce products in domestic as well as in international market. The R&D has received GLP certification in 2021 and started studies to support international registration in Countries in Africa and SE Asia to enable marketing the products.

The work done by the Company's R&D Center significantly helps in the registration of products both India and abroad through their testing and documentation services. NACL has 421 number of registrations in India and 95 for exports.

#### 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 manufacturing facility. The said facility has an online effluent and emission monitoring devices that continuously upload the data to Pollution Control Board website.

Your Company continues to enjoy the certifications ISO:9001:2015, ISO:14001:2015 and ISO 45001:2018 accredited for its proven standards covering in the areas of Quality, Environment, Safety and Health Management Systems respectively.

#### Share Capital:

During the year under review, your Company has allotted 99,707 fully paid equity shares, under 'Nagarjuna Agrichem

Ltd.,-Employee Stock Option Scheme-2015' ('ESOS-2015') and 4,09,999 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 these shares were duly admitted for trading on the Stock Exchange(s).

Further, pursuant to Section 42, 62(1)(c) of the Companies Act, 2013 read with Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, the Company has allotted balance 15,80,000 fully paid equity shares to Mrs. K. Lakshmi Raju, Promoter of the Company on April 08, 2021, upon exercise of option for conversion of 15,80,000 (Fifteen Lakhs and Eighty Thousand) Warrants, out of total allotted 50,00,000 Warrants, issued and allotted by the Company on September 30, 2020 on preferential basis. Such infusion of equity capital through the aforesaid preferential issue of Warrants has strengthened the capital structure of the Company.

Subsequent to the above allotments, the paid up capital of your Company stand increased from ₹19,62,17,758/- (comprising of 19,62,17,758 fully paid up equity shares of ₹1/- per equity share) to ₹19,83,07,464/- (comprising of 19,83,07,464 fully paid up equity shares of ₹1/- per equity share) during the year under review.

#### Employee Stock Option Scheme:

The Company has two stock option schemes namely, Nagarjuna Agrichem Ltd. Employee Stock Option Scheme-2015 (ESOS -2015 Scheme) and NACL Employee Stock Option Scheme-2020 (ESOS -2020 Scheme).

#### a) ESOS 2015 Scheme:

During the year under review, the Company has granted 10,203 stock options under ESOS-2015 to the Eligible Employees. Each option would entitle the holders of the option to apply for one equity share of the Company. Upon exercise of the vested stock options by Eligible Employees, 99,707 equity shares were allotted.

The granting process under the ESOS 2015 Scheme was completed on January 31, 2022. However, the options already granted under the ESOS 2015 Scheme are eligible for exercise, in terms of the Scheme.

#### b) ESOS 2020 Scheme:

During the year under review, the Company has granted 4,10,000 stock options under ESOS-2015 to the Eligible Employees. Each option would entitle the

holders of the option to apply for one equity share of the Company. Upon exercise of the vested stock options by Eligible Employees, 4,09,999 equity shares were allotted.

Considering the Company's planned further growth, expansion of its existing manufacturing capacity, and setting up of new greenfield project in Dahej, the Company is expecting new hirings which includes various senior-level employees. In order to incentivize those Senior Employees (in various phases of the recruitment process) and extending the benefit to eligible employees of the Subsidiary Company(ies) by way of making them participative and availing the benefits under the ESOS 2020 Scheme, the Board of Directors of the Company, in its meeting held on March 21, 2022, based on the recommendations of the Compensation Committee and subject to the approval of the members of the Company in this regard, approved the amendment to the existing ESOS - 2020 Scheme by way of increasing the number of Options by about 5,00,000 (five lakhs only), thereby the total envisaged number Options increases to 25,00,000 (twenty-five lakhs only) from the existing 20,00,000 (twenty lakhs only) Options, and to amend the other provisions of the ESOS 2020 Scheme, which is in line with the new Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("ESOS Regulations"). The approval of shareholders is being sought by way of postal ballot notice dated July 28, 2022.

In compliance with the ESOS Regulations, 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 ESOS Regulations and the resolutions passed by the members, will be placed at the ensuing Annual General Meeting. The applicable disclosure, as stipulated under the ESOS Regulations, as on March 31, 2022 with regard to the ESOS -2015 Scheme & ESOS -2020 Scheme are uploaded on the website of the Company [www.naclind.com](http://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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), along with other applicable provisions of the Act, and as per Indian Accounting Standards (Ind AS 110 – "Consolidated Financial Statements"), the Audited Consolidated Financial Statements for the year ended on March 31, 2022 are provided in this Annual Report. The Company has prepared consolidated financial statements by incorporating the financial statements of its wholly owned subsidiaries M/s. NACL Spec-Chem Limited, M/s.NACL Multichem Private Limited, M/s.LR Research Laboratories Private Limited and M/s.Nagarjuna Agrichem (Australia) Pty Limited with its financial statements on line-by-line basis. The investments of the Company in M/s. Nasense Labs Private Limited, an Associate Company, have been accounted for in these consolidated financial statements under the equity method in accordance with Ind AS 28 – "Investments in Associates and Joint Ventures".

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

No other Company has become/ceased to be Subsidiary or Joint Venture or Associate Company during the financial year. There has been no material change in the nature of the business of the aforesaid Subsidiaries and Associate.

The Company has no Subsidiary which can be considered as material in terms of the Listing Regulations.

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

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

#### Internal Financial Control Systems and their adequacy:

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

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

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

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory, Cost and Secretarial Auditors, including audit of the internal financial controls over financial reporting by the Statutory Auditors, and the reviews performed by Management and the relevant Board and Committees including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2021-22.

#### Auditors:

##### a) Statutory Auditor and Audit Reports:

M/s. Deloitte Haskins & Sells LLP, (DHS), Chartered Accountants, Madhapur (Firm Registration No.117366W/W100018), were appointed as statutory auditors of the Company at the 30<sup>th</sup> Annual General Meeting held on August 05, 2017, for a period of 5 years commencing from the conclusion of 30<sup>th</sup> Annual General Meeting till the conclusion of this 35<sup>th</sup> Annual General Meeting. The existing term of 5 years of DHS as statutory auditors will expire at the conclusion of the ensuing Annual General Meeting of the Company. Accordingly, in terms of the provisions of Section 139 of the Companies Act, 2013, the Company proposed to appoint new statutory auditors. Based on the recommendation of the Audit Committee, the Board of Directors have recommended the appointment of M/s. B S R and Co, (Reg. No. 128510W) as Statutory Auditors of the Company to hold office from the conclusion of this 35<sup>th</sup> Annual General Meeting until the conclusion of the 40<sup>th</sup> Annual General Meeting of the shareholders of the Company.

The Company has received necessary written consent and confirmation from the said M/s. B S R & Co., to the effect that their appointment, if made, would be within the limits prescribed under Section 141 of the

Act, and rules framed thereunder, and that they satisfy the eligibility criteria provided thereunder for the appointment as Statutory Auditors of the Company. Further, as required under Regulation 33 of the Listing Regulations, they have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

A resolution seeking approval of the shareholders for the appointment of Statutory Auditors is included in the Notice convening the ensuing Annual General Meeting.

The Audit Report of DHS on the Financial Statements of the Company for the Financial Year 2021-22 is a part of Annual Report and the report does not contain any qualification, reservation, adverse remark or disclaimer.

**b) 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, 2022 and their reports are reviewed by the Audit Committee from time to time. The Board of Directors re-appointed M/s. Bhaskara Rao & Co., Chartered Accountants, Hyderabad as Internal Auditors for the financial year ending March 31, 2023.

**c) Cost Auditor:**

The Board of Directors of the Company, based on the recommendation of the Audit Committee appointed M/s. K. Narasimha Murthy Cost Accountants, Hyderabad to conduct cost audits relating to Insecticides (Technical Grade and Formulations), of the Company for the year ending March 31, 2023. 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 ₹8,00,000 payable to M/s. K. Narasimha Murthy & Co., Cost Accountants, Hyderabad, for the financial year 2022-23. As a matter of record, relevant cost audit report for financial year ended 2021 were filed with the Central Government, within a stipulated timeline.

**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 Mr. K.V. Chalama Reddy, Practicing

Company Secretary, to carry out secretarial audit in terms of the Act for the financial year 2021-22. The secretarial audit report for the FY 2021-22 issued by Mr.K.V.Chalama Reddy, Practicing Company Secretary in form MR-3 is enclosed to this report as **Annexure – II** and the report does not contain any qualification, reservation, adverse remark or disclaimer.

**Reporting of Frauds by Auditors:**

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under Section 143(12) of the Act.

**Directors:**

As on the date of this report, Company's Board comprises of 11 (Eleven) Directors, out of which, 1 (one) is Non-Executive, Non-Independent Directors (NEDs) who is Woman Director. Further, out of the remaining Directors, 6 (six) are Non-Executive Independent Directors, including 1 (one) Women Independent Director, 2 (two) are Investors Nominee Directors and 2 (two) is an Executive Director.

**i) Details of Directors appointed/re-appointed**

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

In accordance with the provisions of Section 152 of the Act, and Articles of Association of the Company, Mrs. K. Lakshmi Raju, Director (DIN:00545776) of the Company, retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer herself for re-appointment.

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

**b) Re-appointment of Mr. M. Pavan Kumar:**

Mr. M. Pavan Kumar, Managing Director and Chief Executive Officer of the Company was re-appointed by the Board in its meeting held on May 12, 2022 for a period of 3 years effective June 01, 2022, subject to the approval of shareholders. The approval of shareholders is being sought by way of postal ballot notice dated July 28, 2022.

**c) Appointment of Mr. C. Varada Rajulu:**

The Board in its meeting held on June 24, 2022, based on the recommendation of Nomination

and Remuneration Committee and subject to the approval of shareholders, has appointed Mr. C. Varada Rajulu (DIN: 09219298) as an Additional Director and Whole Time Director designated as Executive Director – Corporate Affairs, for a period of one year, with effect from June 24, 2022. The approval of shareholders is being sought by way of postal ballot notice dated July 28, 2022.

**d) Appointment and re-designation of Mr. N. Vijayaraghavan as Independent Director:**

The Board in its meeting held on July 28, 2022, based on the recommendation of Nomination and Remuneration Committee and subject to the approval of the shareholders, has appointed and re-designated Mr.N. Vijayaraghavan (DIN: 02491073) as an Independent Director for a term of five years, with effect from July 28, 2022. The approval of shareholders is being sought by way of postal ballot notice dated July 28, 2022.

**e) Re-appointment of Mr. Sudhakar Kudva:**

Mr. Sudhakar Kudva has been appointed as Independent Directors of the Company by the shareholders at the 30<sup>th</sup> AGM of the Company held on August 05, 2017, for a period of 5 (five) years effective from August 05, 2017 and to hold office upto August 04, 2022. Mr.Sudhakar Kudva is eligible for re-appointment for the second term as Independent Directors. Based on the performance evaluation and recommendation of the Nomination and Remuneration Committee ("NRC") and subject to the approval of shareholders the Board has approved the re-appointment of Mr.Sudhakar Kudva as an Independent Director for the second term of five years. The approval of shareholders is being sought by way of postal ballot notice dated July 28, 2022.

**f) Resignation of Mr. K. Dorairaj:**

Mr. K. Dorairaj (DIN: 00902788), Independent Director of the Company tendered his resignation from the Board of Directors of the Company with effect from September 09, 2021 due to advanced aged, pre-occupation and other personal reasons.

The brief resume/details regarding the Directors proposed to be appointed/re-appointed as above are furnished in the annexures to the AGM Notice.

**ii) Key Managerial Personnel:**

In terms of Section 203 of the Companies Act, 2013

the following are the Key Managerial Personnel of the Company:

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

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

**a) Independent Directors:**

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

All the Independent Directors have given 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.

**b) 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.

**c) Meeting of Independent Directors:**

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

**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](http://www.naclind.com).

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

At the time of appointment of Independent Director, necessary information including various documents such as the information's about Company, Memorandum and Articles of Association, Annual Reports for previous 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.

**Board Meeting:**

During the year under review, 6 (six) Board Meetings were held. The details of the same are given in Corporate Governance Report which forms part of this Annual Report. The provisions of Act and the Listing Regulations were adhered to, while considering the time gap between two meetings.

**Audit Committee:**

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

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

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

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

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

**Directors' Responsibility Statement:**

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- 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, 2022 and of the Profit/Loss of the Company for the year ended on that date;
- 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;
- it has prepared the Annual Accounts of the Company on a 'going concern' basis;
- 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
- it has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**Corporate Social Responsibility:**

Corporate Social Responsibility (CSR) has been an integral part of your Company's culture and it has been associated, directly or indirectly, for contributing towards society's development. For the year under review, Company did a number of CSR activities in surrounding areas of Srikakulam and Ethakota where the Company's factories are situated. Such activities includes RO Water Supply to surrounding Villages, Village & Community Development, Scholarships to Merit students, contribution to Vidhya Volunteer Scheme, street lightning and bore-well maintenance, development of school facilities, 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 a 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](http://www.naclind.com).

**Risk Management Policy:**

Pursuant to the provisions of Section 134, and other applicable provisions if any, of the Act and Regulation 21 of 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 Section 188 of the Act 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 is 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 2021-22.

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

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

In terms of SEBI Listing Regulations, separate sections on Management Discussion and Analysis Report and Business Responsibility Report forms part of this Annual Report.

**Policy on Sexual Harassment:**

The Company has zero tolerance for sexual harassment at workplace and has adopted a "Policy on Sexual Harassment of Associates" in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Policy aims to provide protection to employees at the workplace, and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, and framed with the objective of providing a safe working environment, where employees feel secure. There were no cases reported during the financial year 2021-22 under the said Policy.

**Brand Protections:**

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

**Fixed Deposit:**

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

**Industrial Relations:**

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

**Insurance:**

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

**Particulars of Employees and Remuneration:**

Pursuant to the provisions of Section 136 (1) of the Act and as advised, the particulars of employees as required under Section 197 (12) of the Act read with Rule 5 (1) and 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be available for inspection. Members interested in obtaining a copy of the same may write to the Company Secretary at investors@naclind.com and the same will be furnished on request. Hence, the Annual Report is being sent to all the Members of the Company excluding the aforesaid information.

**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.

**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-IV** 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, 2022. 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**

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

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

Place: Hyderabad  
Date: August 24, 2022

# ANNEXURE- I TO DIRECTORS REPORT

## Form No. AOC-1

(Pursuant to Section 129 (3) read with Rule 5 of the Companies (Accounts) Rules, 2014)

### Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

#### Part "A": Subsidiaries

(₹ in Lakhs)

Sl. No.	Particulars	Name of the Company			
		L.R. Research Laboratories Private Limited (Wholly Owned Subsidiary)	Nagarjuna Agrichem (Australia) Pty Limited (Overseas Wholly Owned Subsidiary)	NACL Multichem Private Limited (Wholly Owned Subsidiary)	NACL Spec-Chem Limited (Wholly Owned Subsidiary)
1	Reporting period for the Subsidiary concerned, if different from the Holding Company's reporting period	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 = 56.79)	INR	INR
3	Share capital	1.00	32.30	1.00	200.00
4	Other equity	(4.24)	(25.64)	(0.36)	200.57
5	Total assets	7.21	12.44	51.18	16,920.72
6	Total Liabilities	10.45	5.78	50.53	16,520.15
7	Investments	-	-	-	-
8	Revenue	24.81	12.49	3.42	308.52
9	Profit/(Loss) Before Tax	0.48	4.09	0.11	(35.96)
10	Tax Expenses	-	-	-	-
11	Profit/(Loss) after tax	0.48	4.09	0.11	(35.96)
12	Proposed Dividend	-	-	-	-
13	% of shareholding	100%	100%	100%	100%

#### Note:

- a) Names of subsidiaries which are yet to commence operations: NACL Multichem Private Limited and NACL Spec-Chem Limited
- b) 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

Sl. No.	Name of Associate	Nasense Labs Private Limited
1.	Latest Un-audited Balance Sheet Date	March 31, 2022
2.	Shares of Associate/Joint Ventures held by the Company on the year end	Shares @ ₹10/-
	i) No. of Equity Shares	6,127,513
	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% the same is considered as 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	₹1,262 Lakhs
6.	Loss for the year	₹1,056 Lakhs
	i. Considered in Consolidation	₹280 Lakhs
	ii. Not Considered in Consolidation	₹776 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

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

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

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

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

Place: Hyderabad  
Date: May 12, 2022

## ANNEXURE- II TO DIRECTORS REPORT

### MR-3

#### SECRETARIAL AUDIT REPORT

##### For The Financial Year Ended March 31, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
**NACL Industries Limited**  
Hyderabad.

I have conducted Secretarial Audit of compliance with the applicable statutory provisions and adherence to good corporate practices by NACL Industries Limited (hereinafter called 'the Company') for the Financial Year ended March 31, 2022. 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 my verification of the Company's books and 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 authorised representatives during the conduct of Secretarial Audit, I hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended March 31, 2022 complied with statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I 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, 2022 ("Audit Period") 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 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 and amendments from time to time;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and 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 Debt Securities) Regulations, 2008 and 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 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, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;  
**(Not applicable to the Company during the audit period)** and
  - h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

- vi. The Company is into business of manufacture and sale of Agro Chemicals. Accordingly, the following major industry specific Acts and Rules, which are inter-alia, applicable to the Company, in view of the Management:

- a) The Insecticides Act, 1968 and Rules made thereunder.
- b) The Boiler Act, 1923 and Rules made thereunder.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I, further report that:

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors including a Woman Independent Director(s). Changes in the composition of Board of Directors that took place during the year under review, were carried out in compliance with the provisions of the Act;

Place: Hyderabad  
Date: August 24, 2022

(This report is to be read with my letter of even date annexed as Annexure 'A' and forms an integral part of this report.)

- b) Adequate notice is given to all Directors to schedule Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on agenda items before the meeting and for meaningful participation at the meeting;
- c) All the decisions of the Board and Committees thereof were carried through with requisite majority.

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

I further report that the above mentioned Company being a listed entity and this report is also issued pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and circular No. CIR/CFD/CMD1/27/ 2019 dated 8th February, 2019 issued by Securities and Exchange Board of India.

I further report that as per the information and explanation provided by the Management, the Company does not have any Material Unlisted Subsidiary(ies) Incorporated in India pursuant to Regulation 16(c) and 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the period under review.

I 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.

**K. V. Chalama Reddy**  
Practicing Company Secretary  
FCS : F9268, C. P. No: 5451  
PR No.:2301/2022  
UDIN number: F009268D000833927

**'Annexure A'**

To,  
The Members  
**NACL Industries Limited**  
Hyderabad

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

- 1) Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
- 2) I 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. I believe that the processes and practices, I followed provide reasonable basis for our opinion.
- 3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- 4) Wherever required, I 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 procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**K. V. Chalama Reddy**  
Practicing Company Secretary  
FCS : F9268, C. P. No: 5451  
PR No.:2301/2022  
UDIN number: F009268D000833927

Place: Hyderabad  
Date: August 24, 2022

## ANNEXURE- III

### CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITY

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

**1) Brief Outline on CSR Policy of the Company:**

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

**2) Composition of CSR Committee:**

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

\* Mr. C. V. Rajulu was inducted as Member with effect from June 24, 2022.

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 (attach the report)	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
6)	Average net profit of the company as per section 135(5)	₹2,928 Lakhs
7)	a) Two percent of average net profit of the company as per section 135(5)	₹59 Lakhs
	b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	Nil
	c) Amount required to be set off for the financial year, if any	Nil
	d) Total CSR obligation for the financial year (7a+7b-7c).	₹59 Lakhs

**8) a) 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
₹59 Lakhs	Nil	NA	NA	Nil	NA

**b) Details of CSR amount spent against ongoing projects for the financial year: Not Applicable**

c) Details of CSR amount spent against other than ongoing projects for the financial year:

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 (in ₹).	Mode of implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
							Name	CSR Registration number
1)	RO Water Supply to surrounding Villages, COVID expenses	(i)	Yes	Srikakulam, Andhra Pradesh	₹33 Lakhs	Yes	-	-
2)	Village & Community Development	(x)	Yes	Srikakulam, Andhra Pradesh	₹17 Lakhs	Yes	-	-
3)	Salaries to Vidya Volunteers; Scholarships to Merit students	(ii)	Yes	Srikakulam, Andhra Pradesh	₹9 Lakhs	Yes	-	-
<b>TOTAL</b>					<b>₹59 Lakhs</b>			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹59 Lakhs

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

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	59 Lakhs
(ii)	Total amount spent for the Financial Year	59 Lakhs
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

9) (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.

10) 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.

For and on behalf of the CSR Committee

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

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

Place: Hyderabad  
Date: July 28, 2022

## ANNEXURE- IV 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:

- Reduction of electricity consumption of reciprocating air compressors by replacing them with screw air compressors
- Reduction of steam consumption of ejectors by replacing them with water ring vacuum pumps
- Reduction of electricity consumption of conventional light fittings by replacing them with LED light fittings
- Reduction of electricity consumption of conventional air conditioners by replacing them with 5 star rated inverter split air conditioners
- Reduction of electricity consumption of conventional ceiling fans by replacing them with Brushless DC ceiling fans
- Reduction of electricity consumption of street lighting by replacing them with Solar street lights

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

Area of Improvement	Improvement	Cost of Project (In ₹ Lac)	Per Annum Saving (In ₹ Lac)
SKLM Block-1-	Replacement of Block-1 Cooling water Pump Impeller with new one as per operation requirement.	0.09	2.41
SKLM Total Plant	Replacement of Ceiling Fans with Brushless DC ceiling Fans- 36 Numbers	0.84	1.24
SKLM Central Utility	Replacement of Reciprocating Air Compressor with screw compressors -3	28.32	43.10
SKLM Total Plant	Replacement of continuous running Air conditioners with inverter split air conditioners	2.82	1.85
SKLM Total Plant	Replacement of 250 W MH Lamps with 120 W LED flood Light fittings -148 Numbers	5.72	6.91
SKLM Total Plant	Replacement of 125 W MV Lamps with 60 W LED street Light fittings -85 Numbers	1.93	1.98
SKLM Total Plant	Replacement of 125 W MV Lamps with 60 W LED well glass Light fittings -160 Numbers	6.91	3.74
SKLM Total Plant	Replacement of energy efficient motor s-10 Numbers	4.18	3.03
SKLM Block-4	Replacement of ejectors with water ring vacuum pumps	10.52	9.9
SKLM Total Plant	Replacement of LED street light fittings with Solar street lighting	4.65	3.09
ETK - Boiler & Dryer (Plant2)	Fuel conversion from diesel to LPG for Boiler & diesel fire unit	15.0	12.0
ETK Total Plant	Replacement of conventional light fittings with LED lighting (Plant 1 & 2)	4.0	10.0
<b>Total</b>		<b>85</b>	<b>99</b>

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

1	The efforts made towards technology absorption	<ul style="list-style-type: none"> <li>1) Auger filling machine (Servo based) for Powder packing</li> <li>2) Online check weighed with rejections for Powder packing</li> <li>3) Powder Transfer system for Powder handling</li> <li>4) Multi head packing machine for WDG Packing</li> <li>5) PFS Machine for Powder packing</li> <li>6) Basket extruder for WDG Formulation purpose</li> <li>7) Old Main transformer Panel replaced with New ACB with APFC Panel (Plant1 &amp; 2)</li> </ul>
2	The benefits derived like product improvement, cost reduction, product development or import substitution.	<ul style="list-style-type: none"> <li>a) Utility consumption reduced and bringing the cost of utilities by 5%.</li> <li>b) Plant utilization improved from 74%- FY 2020-2021 to 95% in FY 2021-22</li> <li>c) Exports started growing.</li> <li>d) New Products registered in India and abroad</li> <li>e) Cost reduction in Environment management System</li> </ul>
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	<b>The expenditure incurred on Research &amp; Development</b>	
	a) Specific areas in which R&D carried out by the Company.	<ul style="list-style-type: none"> <li>i) Indigenous process development for new products (agrochemicals and intermediates) <b>Technical products (AIs)</b> Multi-step process for four agrochemical active ingredients (AAls or Technical products) were developed in lab which are planned for further validation in pilot plant. <b>Formulation products</b> Six new products, solo and combination of new agrochemical active ingredients (AAls or Technical products) were developed in lab which are at different level of scale-up, testing and registration, and heading for introduction in different geographies in a phase manner.</li> <li>ii) R&amp;D work on the existing processes to make them environmentally friendly and cost effective: Processes of five existing technical products were improved to reduce cost, increase yield, improve quality and reduce effluents. Three of these improvements have already been implemented at commercial scale and rest of them are in the process of implementation. Similarly, process and recipes of eight branded formulation products were improved to reduce cost, and they are being implemented in a phase manner.</li> </ul>
	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	2021-22	2020-21
	a) Capital expenditure	₹152 Lakhs	₹1 Lakh
	b) Revenue expenses	₹574 Lakhs	₹506 Lakhs
	c) Total expenditure as a percentage of total turnover	0.44%	0.43%

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

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

1. Foreign Exchange earned ₹58,033 lakhs
2. Foreign Exchange Used ₹53,027 lakhs

**For and on behalf of the Board**

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

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

Place: Hyderabad  
Date: August 24, 2022

# Management Discussion and Analysis Report



## Economic Overview:

Recovering sharply after more than two years of the pandemic, the World economy witnessed a strong recovery in the CY-2021, with an estimated growth of 6.1%. The recovery, however was, not even, owing to multiple factors such as spread of vaccination, performance of rich and poor countries, extent of policy support, labour markets, sectoral demand, supply chain disruptions and distribution of vital resources. The growth momentum slowed down significantly in the latter part of the year, due to receding monetary and fiscal stimuli, and major supply chain disruptions. In many countries, rising inflationary pressure added to the woes. (Source: IMF Report, April 2022)

Despite the noteworthy recovery, global economic outlook for the year 2022 remains challenging amid the ongoing geo-political crisis that emerged out of the Russia – Ukraine war, elevated inflationary pressures, monetary policy tightening, recession fears and financial markets uncertainties, with predicted growth rate contracting to 3.6%. In view of weakened global growth prospects, the market perceives peaking of policy rate hike as reflected in softening of global bond yields in July 2022. (Source: Department of Economic Affairs – July 2022)

FY'22 was one of the better performing periods for the Indian economy, with a GDP growth of 8.7% against a contraction of 6.6% in FY21. This resurgence was despite the more intense second wave of the pandemic that impacted India considerably. The pent-up demand resulted in a steep rise in commercial activity across sectors. Industrial sector experienced a sharp turnaround in fortunes. In FY22, industrial output grew by 11.3% following a contraction of 8.4% in FY21.

The Centre beat various estimates of revenue collection in FY22, aided by better indirect tax collection, more compliance measures, and recovery in most sectors. Gross revenue collection hit a record high of ₹27.07 trillion in FY22, while the tax-to-GDP ratio jumped to an over two-

decade high of 11.7%. The total collection was 34% more than the Rs 20.27 trillion collected in FY21. About 49% growth was registered in direct tax collection and 20% in indirect tax collection in FY22.

Even as India continued to surge ahead on the road to economic progress, growth is expected to moderate to 7.5% in fiscal year 2022/23, with headwinds from rising inflation, supply chain disruptions, and geopolitical tensions offsetting buoyancy in the recovery of services consumption from the pandemic. Growth is expected to be supported by fixed investment undertaken by the private sector and by the government, which has introduced incentives and reforms to improve the business climate.

## Agricultural sector:

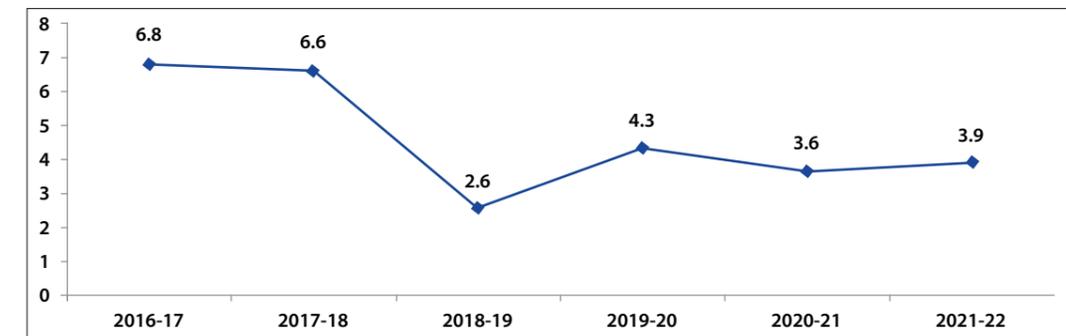
Agriculture in the 21st century faces multiple challenges: it has to produce more food and fibre to feed a growing population with decreasing land and rural labour availability, more feedstocks for a growing bioenergy market, contribute to overall development in the many agriculture-dependent developing countries, adopt more efficient and sustainable production methods and adapt to climate change. These trends more than indicate that market demand for food would continue to grow. Demand for cereals, for both food and animal feed uses is projected to reach some 3 billion tonnes by 2050, up from today's nearly 2.1 billion tonnes. Overall, the global agriculture sector accounts for a 4% share of global GDP, serving both as a source of food security as well as employment, being the second largest employer after the services sector. (Source: Global Agriculture towards 2050, FAO Report)

Agriculture also plays a vital role in India's economy. Given the importance of the agriculture sector, Government of India has taken several steps for its development in a sustainable manner. (Source: Department of Agriculture & Farmer welfare)

The agriculture sector is poised again to make a sustainable contribution to growth with an increase in acreage of summer crops including record sowing of rice. With sufficient water levels in reservoirs and normal expected rainfall, summer crops promise a good post-harvest output. Rural income and demand in the current year are also set to increase with the Rabi Marketing Season thus far seeing wheat procurement benefitting 9.5 lakh farmers in 2022-23. Rural incomes will be further boosted by agricultural exports as it registers an impressive YoY growth of 19.9 per cent in April, despite facing logistic challenges in the form of high freight rates and container shortages. (Source: Department of Economic Affairs - April 2022)

The third advance estimates of production of food grains for FY 2021-22 place it at a new high of 314.5 million tonnes, 1.2 per cent higher than the previous year. Production of major crops like rice, gram, and maize are also estimated at record levels with pulses production increasing by 8.9 per cent over last year. Government has set a target to raise food grain production further to 328 million tonnes. In the non-food category, driven by increased production of groundnut and rapeseed & mustard, total oilseeds production touched 38.5 million tonnes-15.1 per cent increase over last year. First rush of monsoonal rains arrived at normal times in Southern India. Although actual rainfall during first two weeks of June has been lower than the normal, it is expected that the deficit would be overcome in the months ahead going by the past performance of rainfall. (Source: Department of Economic Affairs- May 2022)

Figure 1: Growth of Agriculture and Allied Sectors (per cent)



Source: First Advance Estimates of National Income, 2021-22

### Global Agrochemical sector:

Agrochemical is a fast-developing industry across the globe. In order to achieve higher yields, Crop Protection chemicals play a significant role. Crop protection chemicals are primarily classified into insecticides, herbicides, fungicides. Weather conditions is one of the significant factors influencing the growth of the global crop protection market.

The future of Agrochemicals looks bright considering the global population growth rate, the growing need for more crop protection agents to protect against crop losses, increase yields, and agrochemicals' role in tackling climate change through reducing the need to convert forests to farmlands, and thereby reducing potential greenhouse gas (GHG) emissions. The importance of Agrochemicals to the practise of sustainable agriculture was further reinforced in recent instance in some parts of the World, where unsustainable agricultural practices have caused major setback on both farm productivity and the incomes. Rice production in particular has already dropped to 40%, below the norm. Additional seed and fertilizer scarcities could shrink crop yields by as much as 50% (Source: Business Standard, June 17, 2022)

The agrochemicals market is projected to register a CAGR of 3.9% during the forecast period (2022-2027). The COVID-19 pandemic has affected the production and supply of the agrochemicals market. In terms of supply, a short-term shortage of migrant laborers amid distribution bottlenecks created a wide gap between the number of workers required for the production of agrochemicals and the ones available. The production of crops also got affected due to the unavailability of laborers in large-scale plantations, which reduced the demand for agrochemicals during the pandemic.

The rising population across the world, accompanied by rising affluence, is seeing a shift in consumption patterns. There is a need to not just increase production to meet demand but also to ensure that the nutritional needs of an increasingly affluent population are met. Shrinking arable land and loss of crops due to pest attacks lead to wastage, posing a critical challenge to ensure food and nutritional security. The agrochemical market is an important

**Almost 690 million people went hungry in 2019 which is 10 million more than 2018 and the Covid-19 could push 83 – 132 million people more in chronic hunger in 2020, a report titled State of Food Security and Nutrition in the World (SOFI), 2020 suggests, published by International Food Policy Research Institute. If this trend continues, by 2030, 841.4 million people will go hungry, the same report stated.**

agriculture support industry, which saves and boosts agriculture output. These factors support the growth of the market.

### India's Agrochemicals sector:

While arable land in India is declining over the last few years, Agriculture production is improving, signifying improvement of productivity. With a growing population and challenges in food production, crop protection chemicals are a reliable means to avoid loss and wastage by saving farm produce from pests and diseases. Agrochemicals industry has played a great role since the first green revolution to transform India's ship-to-mouth economy to a farm-to-ship economy.

Agrochemicals market reached an estimated value of USD 7.2 billion in 2021 with a total pesticide consumption is of 62,000 metric tonnes in 2021. This consumption depends heavily on weather and rainfall patterns. Higher temperatures and moisture lead to a higher possibility of infestation from pests thus driving a higher consumption of pesticides.

India loses about 18% of its crop yield to pest attack. This necessitates the use of Crop Protection chemicals to have high agricultural output, which provides farmers with economic benefits and helps in ensuring food safety & security to the nation.

Insecticides dominate the Indian Crop Protection market and form almost 53% of the domestic crop protection chemicals market, followed by Herbicides 24%, Fungicides 19%, and others 4%. A major application of pesticides in India is rice and cotton. Herbicides are emerging as the fastest-growing segment amongst agrochemicals.

As against the global market, where the top 6 companies regulate over 60% of the crop protection chemicals market, the Indian market is highly fragmented with 15-20 major players and about 400 formulators.

Due to the inherent strength of cost-effective production and qualified low-cost manpower, India is one of the leading exporters of crop protection chemicals. Agrochemical exports is estimated at \$3.8 billion in 2021 having grown at a CAGR of 16% between 2016 and 2021. Unlike domestic demand growth which fluctuates depending on the rainfall pattern, agrochemicals exports have been increased steadily. Top export destinations of agrochemicals include Brazil, United States of America, Japan, Vietnam, France and China. Going forward, Exports will continue to remain a growth driver for the Indian market.

According to a report by PricewaterhouseCoopers, India is the fourth-largest producer of agrochemicals in the world

after USA, Japan and China. The Indian agrochemicals industry is valued at around USD 5.72 billion in FY21. Further, the Indian agrochemical industry is expected to grow at a CAGR of 8-10% till 2025.

Government has identified the agrochemical industry as one of the 12 champion industries where India can play a significant role in the global supply chain, recognising its potential.

**Pesticide consumption in India is 0.38 kilograms per hectare, which is well below the global average of 0.5 kilogram per hectare.**

*(Source: Global Speciality Chemicals & Life Science Chemicals Report)*

### Outlook and Opportunities:

The global agrochemical industry is on the precipice of transformative changes, which will bring to light opportunities that your company is well positioned to capitalise on. The renewed importance of food security, is further bolstered by the governments plans to improve the agricultural ecosystem, and help farmers leverage transformative new technologies that improve both their productivity and income. Measures such as these create a positive climate for greater investment in the farming ecosystem and expand the market for agriculture inputs.

- Increase in irrigated area: India has one of the highest irrigated areas in the world. Thanks to the government's continued efforts to make water available for irrigation, irrigation rates have increased substantially. Each year, around 0.5 m hectares of irrigated land are added. This is likely to continue as the government pursues an integrated policy for water management and efficient use of water resources through 'more crop per drop' policies. Such policies will lead to an increase in cropping intensity (number of crops cultivated in a year on the same field) and hence in gross cropped area, which will enhance production and raise farmers' incomes. This will boost farmer confidence, resulting in increased farm input consumption.
- Governmentsupporttoimproveagriculturalecosystem: The pandemic has helped to reinforce the role of the agricultural sector in the Indian economy. Despite all odds, agriculture is the only sector that is flourishing and capable of generating employment opportunities for India's huge rural population. The government's support for agriculture has been remarkable in several respects, both in terms of expenditure and policy. Expenditure has been made to increase farmers' incomes, boost agricultural infrastructure, strengthen Farmer Producer Organisations (FPOs) through

aggregation, and facilitate digital infrastructure for agriculture. All of these measures should help to plug gaps in the agricultural ecosystem. Numerous government initiatives (both from the central and state governments), like the extension of the minimum support price for fruits and vegetables in the state of Kerala, will also move the process forward. Such trends are likely to continue.

- Labour availability: As other parts of the Indian economy develop, there could be a shift in labour from agriculture to other sectors. This will result in an increase in agrochemical consumption of herbicides, as less labor will be available for weeding and farm maintenance.
- Changing food and consumption trends: The Indian palate is changing. Fruits and Vegetables are making up an increasingly larger portion on Indian consumers' plates owing to health reasons and increased availability. This trend will cascade down to farmers who are willing to adopt advanced cultivation practices to command a premium for such produce.
- Growing preference for organic foods: Universal concern about pesticide residues in food is causing a shift toward organic food. Not only consumers, but also farmers are concerned about their safety, prompting them to move away from the use of toxic chemicals. This shared concern will drive the future of agriculture and farming around the world. Usage of biological pesticides will become the major agricultural trend in the coming years. Even though it is only a small segment today, in the coming years, biological pesticides could well be the largest growth segment within agrochemicals.
- Global warming and climate change: It will affect pest infestation load on crops. With each additional degree of overall temperature rise of the planet, the metabolic rate of pests is expected to go up by 20%. This will lead to greater proliferation of pests and insects and, therefore, cause greater yield losses of agricultural produce. The increase in locust infestations in India stemming from Central Asia in recent years is one example of increased pest attacks attributable to climate change. In such a scenario, the use of pesticides to prevent crop infestation is likely to intensify and hence the consumption of pesticides, especially insecticides, is likely to rise.
- Pesticide resistance and the emergence of new pest segments: The shift from conventional to high-value chemicals remains one of the key trends in the agrochemical industry. New invasive pests often

require new pesticides to control them. In addition, pesticide resistance can be observed in many pests. Thus, more advanced chemicals will be required to combat the same pest, as previous ones become ineffective over time. This will lead to a shift toward high-value chemicals and more intensive agriculture.

- h) New technologies and services: There has been considerable focus on integrated pest management. Quite a few ag-tech start-ups are promoting technologies such as AI-based applications, drone applications, etc. There are many technologies that are under development, but changes in agrochemical consumption as a result of these technologies will be difficult to determine. For example, while the increased use of drones will, on the one hand, could reduce the consumption of agrochemicals due to more specific and targeted applications, the overall number of pesticide applications will increase because of the ease with which pesticides can be applied.

Based on the above trends, the Indian agrochemical market are expected to continue to grow between 5% and 6% through 2030. Biological chemicals will witness the highest growth of ~15%. Within biological chemicals, the herbicides segment is likely to see the highest growth

#### Challenges:

Although the long term benefits for the Company expected to be good given the growth opportunities unfolding, there are few challenges, threat, risks and concerns that may affect the agrochemical business. Few of them are highlighted herein below

- a) Raw material reliance: The COVID pandemic has exposed vulnerabilities in the agrichemical supply chain which witnessed temporary disruptions in manufacturing and exports. India relied heavily rely on imports of raw materials and intermediates to manufacture agrochemicals. The shortage of these supplies during the pandemic and the congestions in ports resulted in delays in procurement, thereby impacting production and export schedules.
- b) Distribution concentration: On the domestic front, state government agencies, cooperative societies and private dealers play key role in the distribution of agriculture chemicals. About 90% of the distribution

points are located in three major agriculture producing regions namely North, West and Southern region. Due to widespread nature of land holding patterns located in remote areas, distribution of agriculture chemicals is one the biggest challenge facing the industry

- c) Long-standing Challenges: Other long-standing challenges/concerns the Industry is encountering are:
- Low rate of development of agrochemical molecules, mainly due to low investment in R&D (India invests 1-2% of revenue against global investment of 8% of revenue in R&D);
  - Lack of testing infrastructure vis-à-vis production of pesticides in India, and underutilization of existing testing facilities;
  - Spurious products leading to crop losses
  - Lack of effective distribution systems in terms of speed and cost

Despite the previously mentioned challenges, your Company's increased efforts in implementing various growth plans and improving productivity of resources and assets, bodes well for the future

The Company continuously monitors the internal and external environment to identify potential, emerging risks and their impact on our business. Its risk management framework ensures identification of emerging risks and is flexible to accommodate decentralised risk management practices. The Company evaluates risks that can impact its strategic, operational, compliance and reporting objectives and takes proactive and adequate mitigation measures to ensure that its strategic plans are executed seamlessly.

#### Financial Performance (Consolidated):

During the year 2021-22, the revenue from operations ₹1,64,016 lakhs reflects an increase of 38% over the previous year. The EBIT and Cash profit stood at ₹12,649 lakhs and ₹12,480 lakhs respectively compared to ₹10,258 lakhs and ₹9,996 lakhs. The financial performance of your company during 2021-22 was as under.

(₹ in Lakhs)		
Particulars	2021-22	2020-21
Revenue from Operations	164,016	1,19,137
EBITDA (as % of Revenue from Operations)	9.23%	10.73%
Profit before depreciation, tax (as % of revenue from operations)	7.61%	8.39%
Return on Capital Employed	12.30%	16.25%
Return on Net Worth	16.19%	13.26%
Earnings per share (FV ₹1 each)	3.71	2.63
Book Value per share	24.63	21.34

The details of significant changes i.e., change of 25% or more in the key financial ratios as compared to the immediately previous financial year along with detailed explanations are reported here under:

Ratios	2021-22	2020-21	Change	Reason for Change
Current Ratio	1.38	1.53	9.62%	
Debt Equity Ratio	1.09	0.48	124.95%	Increase in current borrowings to finance working capital requirements and increase in long term borrowings to fund ongoing capex.
Net Profit Ratio	4%	4%	-	
Return on Capital Employed	12%	16%	-24.31%	
Debt Service Coverage Ratio	3.57	3.28	8.89%	
Return on Equity Ratio	12%	16%	-24.31%	

#### Internal control systems and their adequacy:

The Company's internal audit system has been continuously monitored and updated to ensure that assets are safeguarded, established regulations are complied with and pending issues are addressed promptly. The audit committee reviews reports presented by the internal auditors on a routine basis. The committee makes note of the audit observations and takes corrective actions, if necessary. It maintains a constant dialogue with statutory and internal auditors to ensure that internal control systems are operating effectively.

#### Industrial Relations and Human Resources Development:

The number of employees in the Company as on the March 31, 2022 was 1,254. The Company enjoys cordial and harmonious industrial relations. Training programs and various initiatives are being taken to create an environment to enhance individual and team performance.

#### Cautionary statement:

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our

prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions.

The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should kindly bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

#### For and on behalf of the Board

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

Raghavender Mateti  
Director  
(DIN: 06826653)

Place: Hyderabad  
Date: August 24, 2022

# Business Responsibility Report



[As per Regulation 34(2) (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

## SECTION - A: GENERAL INFORMATION ABOUT THE COMPANY:

1)	Corporate Identity Number (CIN) of the Company	L24219TG1986PLC016607
2)	Name of the Company	NACL Industries Limited
3)	Registered address	Plot No.12-A, "c"- Block, Lakshmi Towers, No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta Hyderabad TG 500082 India
4)	Website	www.naclind.com
5)	e-mail id	investors@naclind.com
6)	Financial Year reported	2021-22
7)	Sector(s) that the Company is engaged in (industrial activity code-wise)	Agri Inputs, National Industrial Classification (NIC) Code: 20211
8)	List three key products/services that the Company manufactures/provides (as in balance sheet)	The Company principally manufactures Agri Inputs, comprising Pesticides, Fungicides, Insecticides, Herbicides, Plant Growth Regulators & Nematicides and crop protection products.
9)	Total number of locations where business activity is undertaken by the Company	
	a. Number of International Locations (Provide details of major 5)	One (Australia) through its Wholly Owned Subsidiary (WOS) Company.
	b. Number of National Locations	The Company's manufacturing operations are situated at 3 locations, viz. (i) Arinama Akkivalasa, Etcherla Mandal, Srikakulam in AP. (ii) Ethakota, Ravulapalem, East Godavari Dist. in AP. (iii) Nandigaon Village, Shadnagar, Kothur Mandal, Mahaboobnagar Dist. in Telangana; and 47 depots in India
10)	Markets served by the Company – Local/ State/ National/ International/	The Company's products are marketed across India and in various other countries.

## SECTION - B: FINANCIAL DETAILS OF THE COMPANY:

1)	Paid up Capital (₹)	₹ 19,83,07,464/-
2)	Total Turnover (₹)	₹ 1,64,016 lakhs
3)	Total profit after taxes (₹)	₹ 7,604 lakhs
4)	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Company's total CSR spending is ₹59 lakhs for FY 2021-22, which is 2% of the average net profit of the Company for the last three financial years.
5)	List of activities in which expenditure in 4 above has been incurred.	<p>a) Health, Hygiene and Sanitation: Health care and Sanitation activities like RO plant maintenance, Bore well maintenance and drinking water and sanitation facilities to school.</p> <p>b) Education, Skill development programmes: Village school renovation work, Salaries to Vidya volunteers, scholarships to merit students.</p> <p>c) Rural Development: Water supply to villages and other village community development activities.</p> <p>d) Environmental sustainability: minimal wastage, unpolluted air to breathe, clean water to drink</p>

## SECTION - C: OTHER DETAILS:

1)	Does the Company have any Subsidiary Company/ Companies?	Yes, the Company has four Wholly Owned Subsidiary(s) (WOS) as on 31 <sup>st</sup> March, 2022, of which, three companies are Indian subsidiary and the other is a foreign subsidiary.
2)	Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Operations of subsidiaries are not at a scale that can support CSR activities.
3)	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Yes, all Suppliers/Vendors which cater to the needs of NACL in terms of goods and services as well as our Affiliates/Trade Partners globally adhere to the mutually agreed terms of supply.

**SECTION - D: BR INFORMATION:**

**(1) Details of Director / Directors responsible for BR:**

(a)	Details of the Director/ Directors responsible for implementation of the BR policy/policies	
	DIN Number	01514557
	Name	Mr. M. Pavan Kumar
	Designation	Managing Director & CEO
(b)	Details of the BR head	
	DIN Number (if applicable)	-
	Name	Mr. S. Mani Prasad
	Designation	Head- Corporate HPD
	Telephone number	040-24405100
	e-mail id	cs-nacl@naclind.com

**(2) Principle-wise (as per NVGs) BR Policy/policies:**

<b>Principle-1</b>	: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
<b>Principle-2</b>	: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
<b>Principle-3</b>	: Businesses should promote the well-being of all employees
<b>Principle-4</b>	: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
<b>Principle-5</b>	: Businesses should respect and promote human rights
<b>Principle-6</b>	: Business should respect, protect and make efforts to restore the environment
<b>Principle-7</b>	: Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner
<b>Principle-8</b>	: Businesses should support inclusive growth and equitable development
<b>Principle-9</b>	: Businesses should engage with and provide value to their customers and consumers in a responsible manner

**(a) Details of compliance (Reply in Y/N):**

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for BR	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Policies confirm to the Principles of NVG's for BR. 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.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	The policies are available in investors section at <a href="https://www.nacilind.com">https://www.nacilind.com</a>								

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: - Not Applicable –

**3. Governance related to BR:**

a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. (Within 3 months, 3-6 months, annually, more than 1 year).	Annually
b)	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Yes, the Company publishes BR Report as a part of its Annual Report, which is being uploaded on the Company's website: <a href="https://naclind.com/investor-relations/#investor-info">https://naclind.com/investor-relations/#investor-info</a>

**SECTION E: PRINCIPLE-WISE PERFORMANCE:**

Principle 1		Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No.	No
2	Does it extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?	The Policy covers not only the Company but also its Associates.
3	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?	No stakeholder complaints were received in FY 2021-22.

Principle 2		Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
1	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	By design, any product developed in the company there is exhaustive process to ensure that there will not be any major effects on either environment or stakeholders by doing HAZOP at various levels and all risk mitigation measures are taken. The study is done till the products are used by the farmers and for its life cycle. Some of the major products which can demonstrate are Profenofos, Propiconazole and Tricyclozole.  Moreover, Company has started conducting the detailed Life cycle analysis for all critical products based on ISO 14044:2006; This is helping to mitigate the risks associated in the value chain process.  During the year ended 31 <sup>st</sup> March, 2022, three products were launched for the benefit of Indian farming community i.e.,

Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
	<p>1) Trica: Dimethomorph 50%WP is a systemic fungicide used to control Downey mild disease in grapes, late blight disease in potatoes, and preventing the spread of blight between plants and neighbouring fields.</p> <p>2) Oscar: Azoxystrobin 120g/L+Tebuconazole 240g/L SC is a suspensible concentrate fungicide for control of fruit rot die back and powdery mildew in chilli blast and sheath blight in rice crop.</p> <p>3) Hurricane plus: Hurricane plus is a Novaluran 5.25%+Emamectin benzoate 0.9%W/W SC is a suspension concentration formulation. It is used for the control of diamond back moth, tobacco caterpillar on cabbage, gram pod borer and Tobacco caterpillar in chilli, gram pod borer in red gram and stem borer in rice.</p> <p>4) Kazan : Thifluzamide 24%SC is a systemic fungicide used control of sheath blight disease in rice early blight on tomato &amp; black scurf on potato.</p> <p>5) Nagarjuna Dicuaght : Pyriithiobac sodium 10%EC is a herbicide containing Pyriithiobac sodium 10%W/W active ingredient with other relevant ingredients. It is used to control of a large number of weeds in cotton crop.</p> <ul style="list-style-type: none"> <li>• It paralyses the insect hind legs resulting in insect dropping from the plant.</li> <li>• Egg laying capacity of the insect will be reduced resulting controlled insect population</li> </ul>
2	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.): The Company is actively working on its products to reduce overall impacts through continual improvement. The details of the aforesaid products are provided in the website <a href="https://www.nacilind.com">https://www.nacilind.com</a>
3	Does the company have procedures in place for sustainable sourcing (including transportation)? Yes
4	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? Yes
5	Does the company have a mechanism to recycle products and waste? Yes, Zero Liquid Discharge (ZLD) treatment process is implemented 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. During this year, generation of wastewater and treatability of waste water increased which resulted in consumption of fresh water. Moreover, specific Hazardous waste generation was reduced on YoY basis. Hazardous waste generated from the processes was scientifically processed at site and the one which cannot be processed was sent to Authorized partners approved by CPCB/SPCBs.

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Principle 3	Businesses should promote the well-being of all employees.
1	Total number of permanent employees as on 31.03.2022. 1254 permanent employees as on 31.03.2022.
2	Total number of employees hired on temporary/ contractual/ casual basis. 672 number of employees hired on temporary/ contractual/ casual basis
3	Number of permanent women employees. 13 Number of permanent women employees
4	Number of permanent employees with disabilities 01 Number permanent employees with disabilities
5	Employee association Two Associations. Details are given below: 1) Nagarjuna Agrichem Staff & Workers Union. 2) Nagarjuna Agrichem Workers Union.
6	What percentage of your permanent employees is members of this recognized employee association? 1) In Nagarjuna Agrichem Staff & Workers Union – 35.1% 2) In Nagarjuna Agrichem Workers Union – 24.4%
7	Number of complaints relating to child Labour, forced Labour, involuntary Labour, sexual harassment in the last financial year and pending, as on the end of the financial year. i) Child Labour/forced Labour/ involuntary Labour: <b>NIL</b> . (ii) Sexual harassment: <b>NIL</b> (iii) Discriminatory employment: <b>NIL</b>
8	The Company has provided the following safety training programmes for its associates/ employees: 1) On site Emergency Plan 2) Fire Fighting & emergency preparedness 3) Hazardous Chemicals 4) Training on First Aid 5) Functional Training 6) PPE's Usage etc.,  Brief details of training Programme held for employees with respect to safety & skill up-gradation training in the last year

Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
1	Has the company mapped its internal and external stakeholders? Yes/No Yes, the Company has mapped its stakeholders as part of its stakeholder engagement process
2	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders? Yes, the Company has identified the communities which are disadvantaged, vulnerable and require focused intervention.
3	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof in about 50 words or so. Yes. The Company has taken various initiatives to engage disadvantaged, vulnerable and marginalized stakeholders by way of CSR and Social Activities.

Principle 5	Businesses should respect and promote human rights.
1	Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others? The Company remains committed to respect and protect human rights. The Company's Code of Conduct & Ethics and the human resources practices cover most of these aspects. The Company does not hire child Labour, forced Labour or involuntary Labour. The company never discriminates between its employees.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? No complaint received during the reporting period.



Principle 6		Businesses should respect, protect and make efforts to restore the environment
1	Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.	<p>The Company's manufacturing units and R&amp;D facility have gone for Re-certification Audit by External Agency to strengthen the performance on Quality, environment, health, and safety measures (i.e ISO 9001, ISO 14001, ISO 45001) and successfully received the Certification which is now valid till May 2025. Our policy can be referred at <a href="https://naclind.com/sustainability/#qehs-sec">https://naclind.com/sustainability/#qehs-sec</a>.</p> <p>The Company encourage its Employees, stakeholders and business partners to follow the policy.</p> <p>The Company periodically review the policy to ensure that it continues to help us achieve continual improvement.</p>
2	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	<p>The Company was awarded with Responsible Care® certification from April 2021 to March 2024.</p> <p>This certification, which is given after a comprehensive assessment by auditors appointed by Indian Chemical Council (ICC), an apex industry body representing chemical industry in India as a nodal body pursuing "Responsible Care Programme", a global initiative through International Council of Chemical Associations (ICCA).</p> <p>The Specific Greenhouse gas emissions (CO2 Equivalents) are reduced by 16% on YoY basis which is predominantly contributed from Productivity enhancement, De-bottlenecking and conservation in Electrical and Thermal Energies.</p> <p>Moreover, Absolute CO2 emissions (which are contributing Climate change) are not increased on Organizational Level even though Production capacities are increased.</p> <p>As part of its journey, the Company committed to improve our its performance in the fields of environmental protection, climate change mitigation, occupational safety and health protection, plant safety, product stewardship and logistics, as well as to continuously improve the dialogue with our neighbors and the public, independent from legal requirements.</p> <p>Responsible Care® is a global, voluntary initiative which started in Canada in 1984 and is practiced today by high-performance chemical companies in 53 countries worldwide. Responsible Care® calls on companies to demonstrate their commitment to improve all aspects of performance that relate to protection of health, safety and environment.</p> <p>The International Council of Chemical Associations (ICCA) has established a framework for chemical manufacturing companies to adopt and implement global Responsible Care® core principles. National chemical industry associations are working with the ICCA to ensure the continuous improvement of EHS&amp;S in their countries. For India, ICC adopted this initiative in 1993.</p> <p>The need for a structured process to implement and manage Responsible Care® management principles resulted in the Responsible Care® Management System (RCMS) technical standard and RC14001 -2005 technical specifications.</p>

Principle 6		Businesses should respect, protect and make efforts to restore the environment
3	Does the company identify and assess potential environmental risks? Y/N	<p>Potential environmental risks are identified at facility level and the identified risks are assessed. Relevant action plans are prepared for the mitigation of risks and it is periodically reviewed.</p> <p>The Company has also adopted ISO-14001 and is also a Responsible Care Logo holder which guides for continual improvement in mitigating the identified risk. Aspect-Impact analysis with rating system is in place for assessing operational environmental impacts at site. Impact register is periodically reviewed for keeping it updated and for improving environmental performance. As part of Responsible care, individual facilities have arrived Carbon footprint baseline assessment and identified hot spots to reduce the emissions.</p>
4	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	No, currently there are no projects related to Clean Development Mechanism.
5	Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	<p>Yes, the below are few high impact Energy Efficiency projects that are implemented during 2021-22:</p> <ol style="list-style-type: none"> <li>1. Replacement of Reciprocating Air Compressor with screw compressors -3</li> <li>2. Replacement of ejectors with water ring vacuum pumps</li> <li>3. Fuel conversion from diesel to LPG for Boiler &amp; diesel fire unit</li> <li>4. Replacement of higher wattage with lower wattage LED with glass Light fittings – 400 Numbers</li> <li>5. Replacement of LED street light fittings with Solar street lighting.</li> </ol>
6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	<p>The Company has installed online monitoring systems as per the guidelines of the Central Pollution Control Board ('CPCB'). Online monitoring data are regularly updated in SPCB server as per prescribed parameters. Emissions/waste generated reports are regularly submitted to CPCB/SPCB as per the prescribed norms for FY 2020-21.</p> <p>For other facilities comply with the prescribed permissible limits for air emissions, effluent quality and discharge, solid and hazardous waste generation and disposal as per their Regulatory consents/authorizations.</p> <p>Moreover, Company has received CPCB registration Number for Plastic Waste Management guidelines under Brand Owner Category and started working towards sustaining the compliances.</p>
7	Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	As on March 31, 2022, there were no pending show cause or legal notices received from CPCB or SPCB, to the best of the Company's knowledge and understanding.

<b>Principle 7</b>		<b>Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner</b>
1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	Yes The Company is a part of the following associations: 1) Crop Care Federation of India (CCFI) 2) Pesticides Manufacturers & Formulators Association of India (PMFAI) 3) Confederation of Indian Industry (CII) 4) Federation of Indian Chambers of Commerce & Industry (FICCI) 5) Federation of Telangana Chamber of Commerce & Industry (FATCCI)
2	Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas	Yes, from time to time, the Company takes up issues through the associations on matters of public interest

<b>Principle 8</b>		<b>Businesses should support inclusive growth and equitable development.</b>
1	Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8?	The Company is committed to improving the quality of lives of people in the community it serves. To this end it has initiated a series of programs focussed on Water, Sanitation and Hygiene (WASH), access to education and rural development.
2	Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organization?	Yes, the Company through in-house team, supports various CSR initiatives in a project/programme mode.
3	Have you done any impact assessment of your initiative?	The CSR activities of the company are reviewed on a regular basis by the in-house team, which reports to the CSR committee.
4	What is your company's direct contribution to community development projects?	Besides the Company's direct contribution for various Social activities, it has also spent ₹59 lakhs, which is 2% of the average net profit of the Company for the last three financial years. The key CSR projects are already mentioned above.
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	Yes

<b>Principle 9</b>		<b>Businesses should engage with and provide value to their customers and consumers in a responsible manner</b>
1	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	There are no product and packaging related customer complaints as received during the year. However there are Eight (08 Nos.) consumer cases pending at different District Consumer Forums.
2	Does the company display product information on the product label, over and above what is mandated as per local laws?	The Company displays what is required as per regulatory requirements and has complied with the requirements of the Insecticides Act, 1968; Insecticide Rules, 1971, The Legal Metrology Act, 2009 and Legal Metrology (Packaged Commodities) Rules, 2011 on respective product labels.
3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behavior during the last five years and pending as on end of financial year.	In the last few years, no case has been filed against the Company, and there is no pending case as on the end of the financial year, regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior.
4	Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes. The Company carries out farmers and channel partners satisfaction survey on an ongoing basis.

**For and on behalf of the Board**

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

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

Place: Hyderabad  
Date: August 24, 2022

# 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, 2022. The report is updated as on the date of the report wherever applicable.

### The Governance Structure:

The Company's Governance structure is based on the principles of freedom to the Executive Management within a given framework to ensure that the powers vested in the Executive Management are exercised

with due care and responsibility so as to meet the expectation of all the stakeholders. In line with these principles, the Company has framed three tiers of Corporate Governance structure viz.,

1) **The Board of Directors:** The primary role of the Board of Directors is to protect the interest and enhance value for all the stakeholders. It conducts overall strategic supervision and control by setting the goals and targets, policies, reporting mechanism and accountability, and decision making process to be followed. The Board also ensures that the Company effectively and efficiently works towards achieving its mission and is committed to continual quality improvement.

2) **Committees of Directors:** Committees are usually formed by the Company as a means of improving Board effectiveness and efficiency, in areas where more focused, specialized and technical discussions are required. Committees enable better management of full Board's time and allow in-depth scrutiny and focused attention. The Committees play an important role:

- to strengthen the governance arrangements of the company and support the Board in the achievement of the strategic objectives of the Company;
- to strengthen the role of the Board in strategic decision making and supports the role of non-executive directors in challenging executive management actions;
- to maximize the value of the input from non-executive directors, given their limited time commitment;

- to support the Board in fulfilling its role, given the nature and magnitude of the agenda.

The Company have formed Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, CSR Committee, Banking Committee, Risk Management Committee and Compensation 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 Finance, Accounts, Legal and Taxation.

## 1) Composition and Meeting of Board of Directors:

The details of the composition of the existing Board of Directors as on March 31, 2022 are given below:

The Company's Board of Directors comprises of 10 (Ten) Directors, out of which, 2 (two) are Non-Executive Non-Independent Directors (NEDs). Further, out of the remaining Directors, 5 (five) are Independent Directors and 2 (two) are Investors Nominee Directors and 1 (one) is an Executive Director. Your Company has 2 (Two) Women Directors out of which 1 (One) is Independent Director. The composition of the Board is in conformity with the provisions of the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Obligations"). None of the Directors are related to each other.

During the year 2021-22, 6 (six) Board Meetings were held on May 28, 2021; August 05, 2021; September 24, 2021; October 29, 2021; January 28, 2022 and March 21, 2022. All the Board and Committee meetings were conducted through audio visual means as per the circulars/rules issued by Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI) from time to time, for conducting meetings during the pandemic. 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.

Attendance details of each Director at Board Meetings and the last Annual General Meeting are as follows:

Sl. No.	Name of the Director	Category of Director	No. of Board Meeting held	No. of Board Meeting Attended	Whether present at previous AGM held on September 24, 2021
1)	Mrs.K.Lakshmi Raju	Promoter, Chairperson & Non-Executive Director	6	6	Yes
2)	Mr.Sudhakar Kudva	Independent Director	6	6	Yes
3)	Mr.N.Vijayaraghavan	Non-Executive & Non-Independent Director	6	6	Yes
4)	Mr.Raghavender Mateti	Independent Director	6	6	Yes
5)	Mr. K. Dorairaj*	Independent Director	2	2	No
6)	Mr. Atul Churiwal	Investor Nominee Director	6	6	Yes
7)	Mr. Rajesh Kumar Agarwal	Investor Nominee Director	6	5	Yes
8)	Mr. M. Pavan Kumar	Executive Director, -Managing Director & CEO	6	6	Yes
9)	Mr. Ramakrishna Mudholkar	Independent Director	6	5	Yes
10)	Mr. N. Sambasiva Rao	Independent Director	6	6	Yes
11)	Ms. Veni Mocherla	Independent Director	6	6	Yes

\* Mr. K. Dorairaj resigned as an Independent Director of the Company w.e.f September 09, 2021.

Directors are 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 Directors) 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 Chairperson of more than 5 Committees across all the 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 holds 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.

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 Independent Directors are registered with the Independent Directors databank.

The number of Directorship and Committee positions held by Directors in public limited companies as on March 31, 2022 are given below:

Sl. No.	Name of the Director	Number of Directorships in Public Limited Companies* (including NACL Industries Limited)			Number of Committee** memberships held in Public Limited (including NACL Industries Limited)		Directorship in other Listed Entities	
		Chairperson	Director	Total	Chairperson	Member	Name of Listed Entity (including Debt Listed)	Category of Director ship
1)	Mrs. K. Lakshmi Raju	1	-	1	-	1	-	-
2)	Mr. Sudhakar Kudva	-	2	2	2	1	Bhagiradha Chemicals and Industries Limited	NED & ID@
3)	Mr. N. Vijayaraghavan	-	1	1	-	2	-	-

Sl. No.	Name of the Director	Number of Directorships in Public Limited Companies* (including NACL Industries Limited)			Number of Committee** memberships held in Public Limited (including NACL Industries Limited)		Directorship in other Listed Entities	
		Chairperson	Director	Total	Chairperson	Member	Name of Listed Entity (including Debt Listed)	Category of Director ship
4)	Mr. Raghavender Mateti	-	2	2	1	1	-	-
5)	Mr. Atul Churiwal	-	1	1	-	-	-	-
6)	Mr. Rajesh Kumar Agarwal	-	1	1	-	-	-	-
7)	Mr. M. Pavan Kumar	-	1	1	-	1	-	-
8)	Mr. Ramakrishna Mudholkar	-	1	1	-	-	-	-
9)	Mr. N. Sambasiva Rao	-	3	3	-	1	-	-
10)	Ms. Veni Mocherla	-	3	3	-	1	Andhra Paper Limited Manorama Industries Limited	NED & ID@

\* Excludes Directorships/Chairpersonships in Associations, Private Limited Companies, Foreign Companies, Government Bodies, Companies registered under Section 8 of the Act and Alternate Directorships.

\*\* Board Committees hereit means only Audit Committee and Stakeholders Relationship Committee.

@ NED & ID – Non Executive Director & Independent Director.

## 2) Skill, Expertise and Competencies of 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.

S. No.	Name of Director	Qualification	Experience	Competencies
1)	Mrs. K. Lakshmi Raju (KLR)	a) B.Com b) Master Degree in Business Administration	18 years	Having more than 18 years of experience in the Corporate business field.
2)	Mr. Sudhakar Kudva (SK)	a) B.Com b) FCA	43 years	Mr. Sudhakar Kudva, a Chartered Accountant, has over 43 years of work experience in India and abroad in a wide range of industries including the Lakshmi Mittal Group. (in Arcelor Mittal Ltd., as Executive Director-Commercial). His areas of expertise are Finance, Treasury and General Management.
3)	Mr. N. Vijayaraghavan (NVR)	a) B.Tech (Metallurgy), b) PGDM from IIM-A	44 years	He has over 44 years of wide corporate experience. He worked in various senior positions in wide industry spectrum of Companies like L&T, ITW Signode, Nagarjuna Fertilisers and Chemicals Limited and Sterlite Industries. His experiences include various manufacturing fields, marketing and general management.

S. No.	Name of Director	Qualification	Experience	Competencies
4)	Mr. Raghavender Mateti (RM)	a) B. Tech (Agricultural Engineering) b) PGDM in Agriculture from IIM-A	42 years	He has vast experience in various chemical industries and extensive experience in the field of Agrochemical Marketing both in domestic and overseas for over three decades through his association with Gharda Chemicals Limited, Cheminova India Limited, Lupin Agrochemicals, Shaw Wallace & Company Ltd and Rallis India Limited. He has served as Vice-Chairman of Pesticides Association of India during 1995-2000. He has delivered various speeches on industry matters at several National and International Conferences.
5)	Mr. M. Pavan Kumar (MPK)	a) Honours Graduate in Science b) Master's in Business Management from McGill University, Montreal, Canada	39 years	He has more than 39 years of vast experience in various chemical industries and extensive experience in Pesticides, Agri, Fertilizers and other business and industrial sectors.
6)	Mr. Rajesh Kumar Agarwal (RKA)	B.Com (Honours) degree	28 years	He is having more than around 28 years of diversified corporate experience including Chemical Industry. He is the Joint Managing Director of M/s. Krishi Rasayan Exports Pvt. Ltd., (KREPL), an Investor in the Company. Mr. Agarwal is also executive member of Managing Committee of PHD Chamber of Commerce, New Delhi, and also trustee of various social, religious and education.
7)	Mr. Atul Churiwal (AC)	B.Com (Honours) degree	40 years	He is having around 40 years of rich corporate experience mainly in Agrochemical Industry. He is the Managing Director of M/s. Krishi Rasayan Exports Pvt. Ltd., (KREPL) an Investor. He was the President of the premier Chamber of Commerce & Industry. He is also trustee of various social, religious and educational charitable organizations.
8)	Mr. Ramkrishna Mudholkar (RKM)	a) B. Sc. (Agriculture) b) Masters in Business Administration from IIM-A	37 years	He comes with rich corporate experience and an astute professional with around 37 years of rich experience in senior leadership roles in the field of sales and marketing of Agrochemicals, pesticides and organic inputs.
9)	Mr. N. Samabasiva Rao (NSR)	a) M. Sc., (Agriculture Economics), b) PGDM from University of Indianapolis, USA c) PGD in Japanese Management from Shingo Institute of Japanese Management, Hyderabad	40 years	He is having over 40 years of exposure and experience in sales and marketing of fertilisers and agro inputs products. Mr.Sambasiva Rao Nannapaneni also worked with Krishak Bharati Co-operative Limited (KRIBHCO), Nagarjuna Fertilizers and Chemicals Limited (NFCL), Pyrites Phosphates & Chemicals Limited, E.I.D Parry India Limited and Food Corporation of India.
10)	Ms. Veni Mocherla (VM)	a) MBA b) Post Graduate Programme at Chartered Institute of Marketing, UK	20 years	She is a business consulting professional with over 20 years work experience including services rendered for various international assignments. She has been actively involved in cross border partnerships, turnaround and corporate strategic initiatives.

Expertise and Skills	KLR	SK	NVR	RM	MPK	RKA	AC	RKM	NSR	VM
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	√	√	√		√	√	√	√	√	√

### 3) Familiarization Programme:

The Company has formulated a Policy on Familiarization Programme for Independent Directors. The Company, upon the induction of Independent Directors, provide necessary documents which contains the information about Company, Memorandum and Articles of Association, Annual Reports for previous 2 years, Investor Presentations and recent Media Releases, Brochures, Organization policies. The appointment letter issued to Independent Director inter-alia sets out the expectation of the Board 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 weblink <https://www.naclind.com>.

### 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 of the Company. The

Code of Conduct is uploaded on the website of the Company i.e., [www.naclind.com](http://www.naclind.com). All the Board members and Senior Management Personnel have confirmed compliance with the code for the year under review. A declaration signed by the Managing Director & CEO pursuant to Regulation 34(3) 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 04, 2021 as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. Sudhakar Kudva, Mr. Raghavender Mateti, Mr. K.Dorairaj, Mr. Ramakrishna Mudholkar, Mr. N.Sambasiva Rao and Ms.Veni Mocherla attended the Meeting of Independent Directors.

As required by the provisions of Section 149 read with Schedule IV to the Companies Act, 2013 the Independent Directors met and reviewed inter-alia the following matters:

- 1) Performance of Non-Independent Directors and the Board of Directors as a whole;

- 2) Performance of the Chairperson of the Company, taking into account the views of Executive, Non-Executive Directors; and
- 3) Assessed the quality, quantity and timeliness of flow of information between the Company management that is necessary for the Board to effectively and reasonably perform their duties and presented their observations to the Board of Directors.

#### D. COMMITTEES OF THE BOARD OF DIRECTORS:

The Board of Directors has constituted the following Committees with appropriate delegation of powers:

##### 1) Stakeholders Relationship Committee:

Mr. Raghavender Mateti is the Chairman of the Stakeholders Relationship Committee. Other members of the Committee are Mr. N. Vijayaraghavan, Mrs. K. Lakshmi Raju, and Mr. M. Pavan Kumar. The Committee met one (01) time during the year.

The details of attendance of Members are as follows:

Name of the Member	No. of meetings	
	Held	Attended
Mr. Raghavender Mateti	1	1
Mr. N. Vijayaraghavan	1	1
Mrs. K. Lakshmi Raju	1	1
Mr. M. Pavan Kumar	1	1

The terms of reference of Stakeholders Relationship Committee are in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 read with Part D of Schedule II of the Listing Regulations and inter-alia includes the following:

- Approve transfers, transmission, dematerialization/re-materialization, issue of duplicate share certificates, shares splitting and consolidation of shares issued by the Company.
- Oversee compliances in respect of dividend payments and transfer of unclaimed amounts to IEPF.
- Review of investor complaints and their redressal
- Review the movement of shareholding and the stock prices of the Company.

The power to process dematerialization requests has also been delegated to the executives of the

Share Transfer Agents of the Company to avoid delays. No penalties or strictures were imposed on the Company by any of the Stock Exchanges, SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years. The Company during the period year from April 01, 2021 to March 31, 2022 received 05 complaints from the investors and the same were resolved and there were no balance investor's complaints pending/unresolved as on March 31, 2022.

##### 2) Audit Committee:

Mr. Sudhakar Kudva is the Chairman of the Audit Committee. The other members of the Committee are Mr. N. Vijayaraghavan, Mr. Raghavender Mateti and Mr. N. Sambasiva Rao.

The Audit Committee met four (4) times during the period under review and the meetings were held on May 27, 2021; August 04, 2021; October 28, 2021 and January 27, 2022. The Statutory Auditors, the Internal Auditors and Cost Auditors were present as invitees for the meetings of the Audit Committee. The details of attendance of Members are as follows:

Name of the Member	No. of meetings	
	Held	Attended
Mr. Sudhakar Kudva	4	4
Mr. N. Sambasiva Rao	4	4
Mr. Raghavender Mateti	4	4
Mr. N. Vijayaraghavan	4	4

The terms of reference of the Audit Committee are in accordance with Section 177 of the Act 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:

Mr. N. Vijayaraghavan is the Chairman of the Banking Committee. Other members of the Committee are Mr. Sudhakar Kudva, Mr. Raghavender Mateti, Mr. M. Pavan Kumar and Mrs. K. Lakshmi Raju.

The Banking Committee met four (4) times during the year. The details of attendance of Members are as follows:

Name of the Member	No. of meetings	
	Held	Attended
Mr. N. Vijayaraghavan	4	4
Mr. Sudhakar Kudva	4	4
Mr. Raghavender Mateti	4	4
Mr. M. Pavan Kumar	4	4
Mrs. K. Lakshmi Raju	4	3

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

- 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.
- To approve avilment 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.
- 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.
- 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.
- To authorize to deal/open/operate/closures of various bank accounts of the Company/ banking transactions and related matters.

- 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:

Mr. Raghavender Mateti is the Chairman of the Nomination and Remuneration Committee. Other members of the Committee are Mrs. K. Lakshmi Raju and Mr. Sudhakar Kudva.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 Nomination and Remuneration Committee had met two (02) times during the period under review and the meeting were held on August 04, 2021 and January 24, 2022. The details of attendance of Members are as follows:

Name of the Member	No. of meetings	
	Held	Attended
Mr. Raghavender Mateti	2	2
Mrs. K. Lakshmi Raju	2	2
Mr. Sudhakar Kudva	2	2
Mr. N. Vijayaraghavan*	1	1

\*Mr. N. Vijayaraghavan ceased to be a Member w.e.f January 01, 2022.

The terms of reference of the Nomination and Remuneration Committee inter-alia includes the following:

- 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.

- 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 and other employees.

- Formulation of criteria for evaluation of the performance of Independent Directors and the Board of Directors;

- Devising a policy on diversity of Board of Directors.

- 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.

- To recommend Board, the remuneration payable to the Directors and Key Managerial Personnel and Senior Managerial Personnel.

- To develop sucession plan for the Board and to regularly review the plan.

- 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.

### 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:

- 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;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

- 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:

Mr. Sudhakar Kudva is the Chairman of the Corporate Social Responsibility Committee. Other members of the Committee are Mrs. K. Lakshmi Raju, Ms. Veni Mocherla, Mr. M. Pavan Kumar and Mr. N. Vijayaraghavan.

The CSR Committee had met one (1) time during the period under review and the meeting was held on May 28, 2021. The details of attendance of Members are as follows:

Name of the Member	No. of meetings	
	Held	Attended
Mr. Sudhakar Kudva	1	1
Mr. N. Vijayaraghavan	1	1
Mrs. K. Lakshmi Raju	1	1
Mr. M. Pavan Kumar	1	1
Ms. Veni Mocherla	1	1

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

- To formulate and recommend to the Board, a CSR Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013.
- To oversee the implementation of those activities, monitor the implementation of the framework of the CSR Policy and also report to the Board from time to time. It shall be ensured that the Company's CSR programmes will be identified and implemented according to the Board's approved CSR policy.
- The Committee shall monitor the implementation report from the Organizations receiving funds. In this regard, the Committee may delegate designated Company official(s) to co-ordinate with the Organization receiving funds to inspect the activities undertaken and ensure information in a timely manner.
- 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:**

Mr. Sudhakar Kudva is the Chairman of the Risk Management Committee. The others members of the Committee are Mr. M. Pavan Kumar, Mr. N. Vijayaraghavan, Mr. R.K.S. Prasad and Mr. Harish Chandra Bijlwan.

The functioning and terms of reference of the Risk Management Committee are in accordance with the applicable provisions of the Companies Act, 2013. 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 Risk Management Committee had met two (2) times during the period under review and the meeting was held on November 11, 2021 and March 30, 2022. The details of attendance of Members are as follows:

Name of the Member	No. of meetings	
	Held	Attended
Mr. Sudhakar Kudva	2	2
Mr. N. Vijayaraghavan	2	2
Mr. R.K.S. Prasad	2	2
Mr. M. Pavan Kumar	2	2
Mr. Harish Chandra Bijlwan	2	2

The term of reference of the Risk Management Committee inter-alia includes the following:

To assist the Board in the execution of its responsibility for the governance of risk, the Committee shall have the responsibilities which include the following:

- to assist the Board in setting risk strategy policies, including annually agreeing risk tolerance and appetite levels in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and integrated reporting;
- to ensure that an appropriate policy and plan for a system of risk management is developed by management, approved by the Board and distributed throughout the Company.

- to annually review, assess the quality, integrity and effectiveness of the risk management plan and systems and ensure that the risk policies and strategies are effectively managed by management and that risks taken are within the agreed tolerance and appetite levels;

- to review and assess the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work;

- to ensure that the Company has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the Company's appetite or tolerance for risk. A framework and process to anticipate unpredictable risks should also be implemented;

- to ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually. This assessment should as a minimum cover risk affecting the income streams of the Company, IT risks, the critical dependencies of the business, the sustainability and the legitimate interest and expectations of shareholders; a framework and process to anticipate unpredictable;

- to oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes;

- to review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level;

- to monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts; and

- to provide an independent and objective oversight and view of the information presented by management on corporate accountability and specifically associated risk, also taking account of reports by management and the Audit Committee to the Board on all categories of identified risks facing by the Company.

**7) Compensation Committee:**

Mr. Raghavender Mateti is the Chairman of the Compensation Committee. The other member of the Compensation Committee is Mr. Sudhakar Kudva Mrs. K. Lakshmi Raju and Mr. N. Vijayaraghavan.

The committee met four (04) times during the year and the meeting was held on June 25, 2021, January 10, 2022, January 31, 2022 and March 17, 2022.

The attendance details of the Members are as follows:

Name of the Member	No. of meetings	
	Held	Attended
Mr. Raghavender Mateti	4	4
Mr. Sudhakar Kudva	4	4
Mr. N. Vijayaraghavan	4	3
Mrs. K. Lakshmi Raju	4	3

The terms of reference of the Compensation Committee inter alia includes the following:

- To formulate, administer, supervise and implement or alter the same ESOS -2015 & 2020 Scheme.
- To identify the employees entitled to participate under Employee stock option scheme
- To grant and determine the number of options to be granted under Employee stock option scheme.
- To determine the method for exercising the vested options.
- To determine the exercise price of the option granted.
- To reissue of lapsed, surrendered, cancelled and forfeited options.
- To determine the conditions under which options vested in employee shall lapse.

- Such other things as the SEBI Regulations may prescribe from time to time.

**E. REMUNERATION TO DIRECTORS:**

The Non-Executive Directors of the Company are paid sitting fees for attending the Board of Directors/ Committees meetings.

- The details of sitting fees paid to the Non-Executive Directors of the Company during the year from April 01, 2021 to March 31, 2022 are given below:

Sl. No.	Name of the Director	Sitting fees paid for attending Board and Committees meetings (Amount in ₹)
1)	Mrs. K. Lakshmi Raju	2,65,000
2)	Mr. Sudhakar Kudva	3,70,000
3)	Mr. N. Vijayaraghavan	3,55,000
4)	Mr. Raghavender Mateti	3,45,000
5)	Mr. K. Dorairaj	65,000
6)	Mr. Atul Churiwal	1,50,000
7)	Mr. Rajesh Kumar Agarwal	1,25,000
8)	Mr. Ramkrishna Mudholkar	1,40,000
9)	Mr. N. Sambasiva Rao	2,25,000
10)	Ms. Veni Mocherla	1,80,000

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.

- Details of Remuneration paid to Mr.M.Pavan Kumar, Managing Director & CEO for the financial year ended March 31, 2022 is mentioned hereunder:

Components	Amount (in ₹)
Gross salary	1,64,17,400
Perquisites	39,600
Stock Option	7,10,006
Contribution to Provident Fund	-
Others	-
<b>Total</b>	<b>* 1,71,67,006</b>

The tenure of office of the Managing Director is for 3 (three) years from their respective date of appointment and can be terminated by either party by giving three months' notice of writing. Further, in case of early termination of the agreement with the Managing Director, the Board of Directors may consider paying the remaining unpaid fixed pay component of the aforesaid Performance pay, on pro-rata basis or otherwise, as may deem fit and proper.

#### F. PERFORMANCE EVALUATION:

Pursuant to applicable provisions of the Companies Act, and Listing Regulations, the Board has formulated Policy on Performance Evaluation of 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.

#### G. GENERAL BODY MEETINGS:

##### 1) Details of last three Annual General Meetings:

Financial Year	Date	Time	Venue
2018-19	14-08-2019	10.00 a.m.	FTAPCCI Auditorium, M/s. Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, (FTAPCCI), Hyderabad-500004, T.S. India.
2019-20	28-09-2020	10.00 a.m.	Video conferencing (VC)/Other Audio Visual Means(OAVM)
2020-21	24-09-2021	09.30 a.m.	Video conferencing (VC)/Other Audio Visual Means(OAVM)

##### 2) Details of last three years Extraordinary General Meetings:

Financial Year	Date	Time	Venue
2018-19	07-03-2019	10.00 a.m.	FTAPCCI Auditorium, M/s.Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, (FTAPCCI), Hyderabad-500004, T.S. India.
2020-21	07-09-2020	10.00 a.m.	Video conferencing (VC)/Other Audio Visual Means (OAVM)

3) No Postal Ballot Notices were issued to the public during the year ended 31<sup>st</sup> March, 2022.

4) All the Resolutions including the Special Resolution were passed through remote e-voting and e-voting conducted at Annual General Meeting in compliance with the provisions of the Act, and Rule 20 of the Companies (Management and Administration) Rules, 2014.

5) During the year under review, no special resolution was passed through postal ballot.

#### H. TRANSFER OF UNCLAIMED 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 dividend amounts for the FY 2014-15 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 at [www.naclind.com](http://www.naclind.com). 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:

A statement of the shares remaining outstanding in the Nagarjuna Agrichem Limited - Unclaimed Suspense Account as on March 31, 2022 is given below:

S. No.	Particulars	No. of shareholders	No. of shares
1.	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the beginning of the year	1,217	16,77,406
2.	No. of shareholders who approached for transfer of shares from the unclaimed suspense account during the year	09	16,997
3.	No. of shareholders /folios holding shares were treat as unclaimed (in spite of several reminders mailed to them) transferred to unclaimed suspense account during the period.	-	-
4.	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year.	1208	16,60,409

The Shareholders are entitled to claim these shares after complying with laid down procedures. As and when the shareholder approaches, the Company, after proper verification, shall credit the shares to the Shareholder's Demat Account. The Board has delegated the power to the Managing Director and Company Secretary of the Company to approve such share transfers of the equity shares of the investors from the Unclaimed Suspense Account to the members demat account upon necessary requests

from the original investor(s) and after duly confirmed by the RTA of the Company. All the corporate benefits in terms of securities accruing on these shares like bonus shares, subdivision etc. will also be credited to the Unclaimed Suspense Account and the voting rights on these shares shall remain frozen until the claim is made by the rightful owner.

#### 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 were no such transaction entered into by the Company during the financial year ended March 31, 2022.

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.

c) There has been no instance of non-compliance, penalties and strictures imposed on the Company by the Stock Exchange or SEBI or any other Statutory Authorities, on any matter related to capital markets during the last three years.

d) As required under the provisions of 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. ([www.naclind.com](http://www.naclind.com)).

e) **Subsidiary Companies:** The Company has four unlisted (Indian and Overseas) Wholly Owned Subsidiaries i.e., LR Research Laboratories Private Limited, Nagarjuna Agrichem (Australia) Pty. Ltd., NACL Spec-Chem Limited and NACL Multichem Private Limited. 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 as 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 www.naclind.com. 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) Details of utilisation of funds raised through Preferential issue:**

During the year under review, the Company has allotted the 15,80,000 equity shares to Mrs.K.Lakshmi Raju upon conversion of 15,80,000 warrants (out of the total 50,00,000 Warrants) allotted under preferential issue against the receipt of balance consideration of ₹4.62 crores (₹29.25/- per warrant being 75% of issue price) on April 08, 2022.

The aforesaid funds raised through preferential issue have been utilised for the purpose as stated in the Letter of Offer.

**j) Non-Disqualification of Directors:**

The Company has received certificate dated August 24, 2022 from Mr. K.V.Chalama Reddy, Practicing Company Secretary, 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 Securities and Exchange Board of India / Ministry of Corporate Affairs or any such Statutory Authority. This certificate is annexed to this Report.

**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 in 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 (www.naclind.com) 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.

**M. NAME AND DESIGNATION OF THE CHIEF COMPLIANCE OFFICER:**

Mr. Satish Kumar Subudhi, Vice President – Legal & Company Secretary and Compliance Officer of the Company.

**N. COMPLIANCE OF INSIDER TRADING NORMS:**

The Company, in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, has formulated a well-defined Insider Trading Policy which prohibits its Management, Employees and other Associates to deal in the securities of the Company based on any Unpublished Price Sensitive Information (UPSI). The Policy lays down the guidelines which advise all the persons considered as Insiders on the procedures to be followed and disclosures to be made while dealing with shares of the Company and cautioning them of the consequences of violation.

**O. GENERAL INFORMATION:**

1)	Date, time and venue of Annual General Meeting	: September 29, 2022 at 10.00 am through video conferencing or other audio video means as set out in the Notice convening the AGM
2)	Financial Year	: April 01, 2021 to March 31, 2022.
3)	Dividend for FY 2021-22	: During the FY 2021-22 an interim dividends of ₹0.10 (10%), ₹0.15 (15%) and ₹0.15 (15%) per equity share of ₹1 each was respectively declared by the Board of Directors.  The Board of Directors has recommended a final dividend of @ 15% (i.e. ₹0.15) per equity share of ₹1 each for the year ended March 31, 2022.  The dividend, if approved by the Members at the 35 <sup>th</sup> AGM Scheduled, will be paid within 30 days from the date of declaration.
4)	Listing on Stock Exchange	: a) BSE Limited, P.J.Towers, Dalal Street, Mumbai-400001. b) National Stock Exchange (India) Ltd., Bandra-Kurla Complex, Bandra (E), Mumbai-400051.
5)	Listing Fees	: The Company has paid the listing fees to these stock exchanges for the year 2022-23.
6)	Stock Code	: BSE - 524709 NSE - NACLIND
7)	CIN of the Company	: L24219TG1986PLC016607
8)	Registered Office 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

9)	Website	: www.naclind.com
10)	Communication regarding registration of share transfers and other related correspondence	: 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  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.  Note: Shareholders holding shares in electronic mode should address all correspondence to their respective Depository Participants.
11)	Share Transfer system	: The Board has delegated the authority for approving transfer, transmission, dematerialisation of shares etc. to the Stakeholders Relationship Committee. The Company obtains an annual certificate from Practising Company Secretaries as per the requirement of Regulation 40(9) of Listing Regulations and the same is filed with the Stock Exchanges and available on the website of the Company. In terms of amended Regulation 40 of Listing Regulations w.e.f. April 01, 2019, transfer of securities in physical form shall not be processed unless the securities are held in the demat mode with a Depository Participant. Further, with effect from January 24, 2022, SEBI has made it mandatory for listed companies to issue securities in demat mode only while processing any investor service requests viz. issue of duplicate share certificates, exchange/sub-division/splitting/consolidation of securities, transmission/transposition of securities. Vide its Circular dated January 25, 2022, SEBI has clarified that listed entities/ RTAs shall now issue a Letter of Confirmation in lieu of the share certificate while processing any of the aforesaid investor service request

12) Secretarial Audit :	Mr. K. V. Chalama Reddy, Practicing Company Secretary has conducted a secretarial audit of the Company for the year 2021-22. 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, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other laws and Regulations applicable to the Company. The said secretarial audit report forms part of the Directors' Report.
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**13) Dividend Pattern: The dividend pattern of the Company is as under:**

Year	Type	Dividend (%)
2001-02	Final	8
2002-03	Final	10
2003-04	Final	12
2004-05	Interim	15
	Final	7
2005-06	Final	20
2006-07	Interim	20
	Final	20
2007-08	Interim-1	10
	Interim-2	10
	Interim-3	10
	Final	15
2008-09	Interim-1	10
	Interim-2	10
	Final	30
2009-10	Interim-1	20
	Final	30
2010-11	Interim	15
2011-12	Final	15
2012-13	No dividend	-
2013-14	No dividend	-
2014-15	Final	10
2015-16	Final	10
2016-17	Final	12.50
2017-18	Final	12.50
2018-19	No dividend	-
2019-20	Interim	10

Year	Type	Dividend (%)
2020-21	First Interim	10
	Second Interim	15
	Final	15
2021-22	First Interim	10
	Second Interim	15
	Third Interim	15
	Final*	15

\* The Board of Directors has recommended a final dividend of @ 15% (i.e. ₹0.15)

**14) Permanent Account Number (PAN):**

The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form should submit their PAN details to the Company or Registrar and Transfer Agent i.e., XL Softech Systems Limited.

**15) Managing Director and Chief Financial Officer (CFO) Certification:**

Pursuant to Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer of the Company have certified to the Board, in the manner required under the Corporate Governance Code. The Certificate for the Financial Year ended March 31, 2022 is annexed to this Report.

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

**17) 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 to the Standalone Financial Statements.

**18) Location of Plants and R&D unit:**

- Plot No. 177, Arinama Akkivalasa, Etcherla Mandal, Srikakulam District PIN-532403, Andhra Pradesh.
- Ethakota, Ravulapalem P.O, East Godavari District, PIN-533238, Andhra Pradesh.
- Nandigaon Village, Kothur Mandal, Mahaboobnagar District, Telangana State.

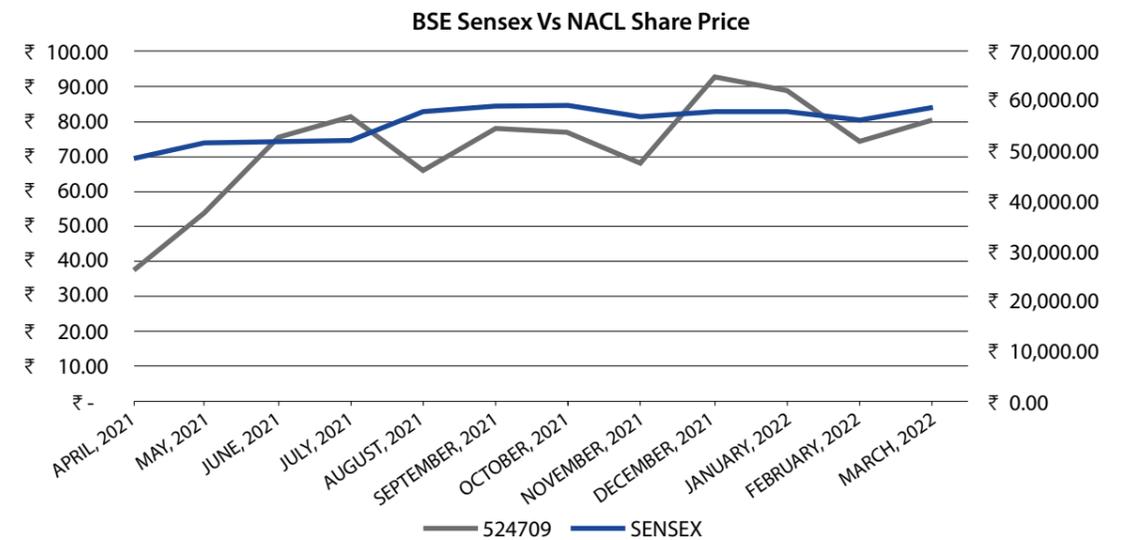
**19) Market Price Data:** The monthly High and Low quotations, as well as the market Index at both BSE and NSE during the year April 01, 2021 to March 31, 2022 are as follows:

**Performance in comparison to Sensex:**

Share prices movement for the period April, 2021 to March, 2022 of the Company and Sensex is given below:

Amount in ₹

Month	524709			SENSEX		
	High	Low	Close	High	Low	Close
April, 2021	43.35	36.05	37.60	50,375.77	47,204.50	48,782.36
May, 2021	61.25	38.90	54.20	52,013.22	48,028.07	51,937.44
June, 2021	89.15	51.90	75.90	53,126.73	51,450.58	52,482.71
July, 2021	87.05	72.30	81.65	53,290.81	51,802.73	52,586.84
August, 2021	86.80	52.00	66.35	57,625.26	52,804.08	57,552.39
September, 2021	79.25	65.30	77.55	60,412.32	57,263.90	59,126.36
October, 2021	86.85	69.35	77.20	62,245.43	58,551.14	59,306.93
November, 2021	82.35	62.70	67.95	61,036.56	56,382.93	57,064.87
December, 2021	102.50	66.20	93.40	59,203.37	55,132.68	58,253.82
January, 2022	104.65	87.10	89.60	61,475.15	56,409.63	58,014.17
February, 2022	92.70	70.05	74.70	59,618.51	54,383.20	56,247.28
March, 2022	88.40	71.00	81.25	58,890.92	52,260.82	58,568.51



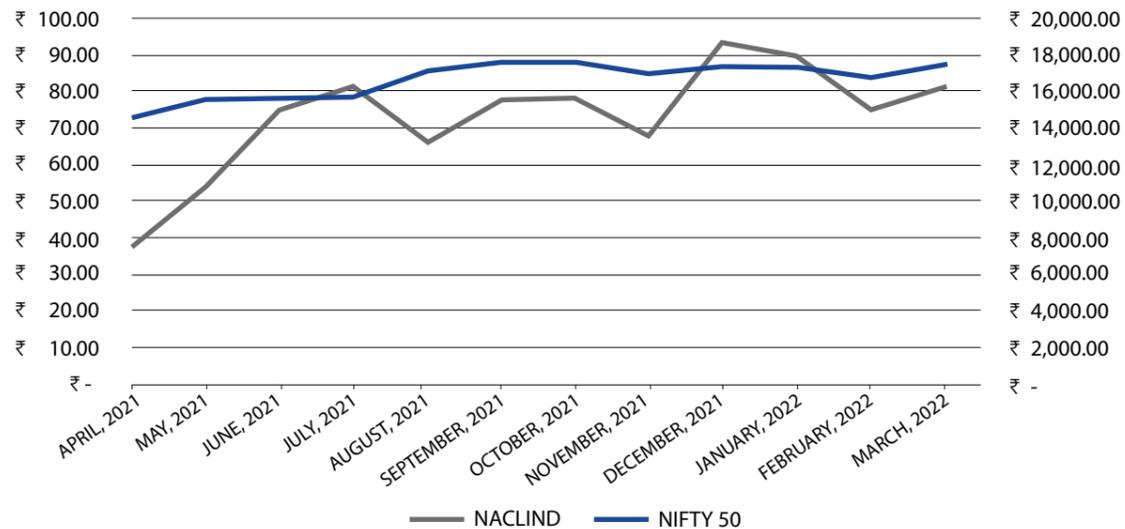
### Performance in comparison to Nifty:

Share prices movement for the period April, 2021 to March, 2022 of the Company and Nifty is given below:

Amount in ₹

Month	NACLIND			NIFTY 50		
	High	Low	Close	High	Low	Close
April, 2021	42.15	35.95	37.80	15,044.35	14,151.40	14,631.10
May, 2021	61.25	37.80	54.25	15,606.35	14,416.25	15,582.80
June, 2021	89.20	51.90	75.20	15,915.65	15,450.90	15,721.50
July, 2021	87.00	72.30	81.55	15,962.25	15,513.45	15,763.05
August, 2021	84.00	51.65	65.95	17,153.50	15,834.65	17,132.20
September, 2021	79.20	65.15	77.85	17,947.65	17,055.05	17,618.15
October, 2021	86.95	68.65	78.30	18,604.45	17,452.90	17,671.65
November, 2021	82.15	62.45	67.75	18,210.15	16,782.40	16,983.20
December, 2021	102.70	66.25	93.40	17,639.50	16,410.20	17,354.05
January, 2022	104.40	86.80	89.60	18,350.95	16,836.80	17,339.85
February, 2022	92.80	70.05	74.80	17,794.60	16,203.25	16,793.90
March, 2022	88.40	72.60	81.05	17,559.80	15,671.45	17,464.75

Nifty Index Vs. NACL Share Price



### 20) Share Transfer Agent :

The Company's Registrar and Share Transfer Agent (RTA) is M/s XL Softech Systems Limited, is registered with SEBI and is located at Plot No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500034, Telangana State.

### 21) Distribution of Shareholding:

The distribution of shareholding as on March 31, 2022 was as follows:

Shareholding range	No. of Members	In %	No. of shares	In %
001 - 5000	16,488	72.14	17,01,693	0.86
5001 - 10000	1,574	6.89	12,99,084	0.66
10001 - 20000	2,923	12.79	38,05,715	1.92
20001 - 30000	509	2.23	12,94,020	0.65
30001 - 40000	265	1.16	9,43,470	0.48
40001 - 50000	229	1.00	10,85,931	0.55
50001 - 100000	431	1.89	30,57,583	1.54
100001 & above	436	1.91	18,51,19,968	93.35
<b>Total</b>	<b>22,855</b>	<b>100</b>	<b>19,83,07,464</b>	<b>100</b>

Category	No of shares held	Percentage of shareholding
A Promoters Holdings (A)	12,69,15,859	64.00
Sub-Total	12,69,15,859	64.00
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) Foreign Portfolio investors	37,11,771	1.87
c) Central Govt./State Govt./President of India.	-	-
II) Non-Institutional Investors		
(i) Others:		
1) Private Corporate Bodies	1,90,35,359	9.59
2) Indian Public	4,37,04,124	22.03
3) Unclaimed share suspense account	16,60,409	0.83
4) IEPF	12,35,438	0.62
5) NRIs/OCBs	6,29,867	0.32
6) Clearing members	36,895	0.02
7) HUF	13,78,412	0.70
<b>Sub-total</b>	<b>6,66,48,928</b>	<b>36.00</b>
<b>Grand Total (A) + (B)</b>	<b>19,83,07,464</b>	<b>100.00</b>

### 22) Shares held by Promoters / Non-Executive Directors:

S.No	Name of the Promoters	No. of shares held
1.	M/s. KLR Products Limited	11,36,23,500
2.	Mrs. K. Lakshmi Raju	1,27,05,860
3.	M/s. Bright Town Investment Advisors Private Limited	5,86,499
4.	M/s. 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

**23) Dematerialization of Shares and Liquidity:**

The breakup of physical and dematerialized shares as on March 31, 2022 are given below:

Mode	No. of shares held	Shareholding %
Demat	19,52,26,382	98.45
Physical	30,81,082	1.55
<b>Total</b>	<b>19,83,07,464</b>	<b>100.00</b>

**For and on behalf of the Board**

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

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

Place: Hyderabad  
Date: August 24, 2022

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

The Board of Directors of the Company approved the Code of Conduct for the Directors and the Senior Management personnel. All the Directors and the designated personnel in the Senior Management of the Company have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2022.

Place: Hyderabad  
Date: July 28, 2022

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

**COMPLIANCE CERTIFICATE**

**Certification by Managing Director and Chief Financial Officer (CFO) of the Company under Regulation 17(8) and Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

We, M. Pavan Kumar, Managing Director & CEO and R.K.S. Prasad, Chief Financial Officer of NACL Industries Limited, to the best of our knowledge and belief, herewith certify that:

- A. We have reviewed the Balance Sheet and Profit & Loss Account of the Company for the quarter and financial year ended March 31, 2022 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 2021-22.
  - 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**

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

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

Place: Hyderabad  
Date: May 12, 2022

## 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  
Hyderabad

### Sub: Certificate under Schedule V(C)(10)(i) of SEBI (Listing Obligations and Disclosure Requirements), 2015

I, K.V.Chalama Reddy, Practicing Company Secretary examined the relevant registers, records, forms, returns and disclosures received from the Directors of NACL Industries Limited (CIN:L24219TG1986PLC016607) having its Registered Office at Plot No.12-A, "C"- Block, Lakshmi Towers, No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta Hyderabad – 500082, Telangana State, India ("the Company") produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of our knowledge and according to the verifications (including Director Identification Number (DIN) Status at the portal www.mca.gov.in) and based on such examination as well as information and explanations furnished to us, which to the best of our knowledge and belief were necessary for the purpose of issue of this certificate and based on such verification as considered necessary, I hereby certify that none of the Directors as stated below on the Board of the Company as on March 31, 2022 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 authority.

S. No.	DIN No.	Name of the Director	Designation
1)	00545776	Mrs. Lakshmi Raju	Chairperson & Non-Executive Director
2)	02410695	Mr. Sudhakar Kudva	Independent Director
3)	06826653	Mr. Raghavender Mateti	Independent Director
4)	02491073	Mr. Vijayaraghavan Narayanan	Non-Executive Director
5)	01514557	Mr. Pavan Kumar Munjuluri	Managing Director & CEO
6)	00012850	Mr. Ramkrishna Mudholkar	Independent Director
7)	00180595	Mr. Atul Churiwal	Non-Executive Director
8)	00210719	Mr. Rajesh Kumar Agarwal	Non-Executive Director
9)	06400663	Mr. Nannapaneni Sambasiva Rao	Independent Director
10)	08082163	Ms. Veni Mocherla	Independent Director

Ensuring the eligibility of, every Director on the Board, for their appointment/ continuity is the responsibility of the Management of the Company. My responsibility is to express an opinion on the same based on my verification. This certificate is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Hyderabad  
Date: August 24, 2022

**K. V. Chalama Reddy**  
Practicing Company Secretary  
M.No. : F9268, C. P. No: 5451  
PR No.:2301/2022  
UDIN number: F009268D000833729

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To  
The Members of  
**NACL Industries Limited**

We have examined the compliance of the conditions of Corporate Governance by NACL Industries Limited ("Company"), and examine the records for the purpose of certifying compliance of the conditions of the Corporate Governance as specified in Regulation 17 to 27, clause (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule-V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("Listing Regulations"), for the financial year ended 31st March, 2022. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In my opinion and to the best of our information and according to the explanations and information furnished to us, and based on the representations made by the Directors and the management, we certify that, the Company has complied with the conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("Listing regulations"), as applicable for the said financial year ended 31st March, 2022. I further state that such compliance 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.

Place: Hyderabad  
Date: August 24, 2022

**K. V. Chalama Reddy**  
Practicing Company Secretary  
FCS : F9268, C. P. No: 5451  
PR No.:2301/2022  
UDIN number: F009268D000834004

# 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 accompanying standalone financial statements of NACL INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant 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 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

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. We have determined the matters described below to be the key audit matters to be communicated in our report:

Key Audit Matter	Auditor's Response
<p><b>Timing of revenue recognition</b></p> <p>The Company recognises revenue from sale of farm inputs based on the terms and conditions of transactions which varies with different customers.</p> <p>For sale transactions occurring close to the year end, it is essential to ensure that the control of goods have transferred to the customers.</p> <p>As revenue recognition is subject to management's judgement on whether the control of the goods have been transferred, we considered the risk of such sales transactions recorded in wrong financial period (cut-off) as a key audit matter.</p> <p>Refer notes 2.3 and 22 of the standalone financial statements.</p>	<p><b>Principal audit procedures performed:</b></p> <ul style="list-style-type: none"> <li>We obtained an understanding of the revenue recognition process including a sample of sales contracts.</li> <li>We tested the Company's key controls around the timely and accurate recording of the sales transactions.</li> <li>We tested the access and change management controls of the relevant information technology system in which shipments are recorded.</li> <li>We performed testing for a sample of sales invoices recorded immediately before the year-end and obtained evidences to support the appropriate timing of revenue recognition, based on terms and conditions set out in sales contracts and delivery documents.</li> </ul>

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report and Management Discussion & Analysis, but does not include the standalone financial statements and our auditor's report thereon. The Director's Report and Management Discussion & Analysis are 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 do not and 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 during the course of our audit or otherwise appears to be materially misstated.

- When we read the Director's Report and Management Discussion & Analysis, 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 Responsibility for the Standalone Financial Statements

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibility 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 financial 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 system 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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 Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity 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 March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note 43 to the financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(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.
  - (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 43 to the financial statements, no funds (which are material either individually or in the aggregate) 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 Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The final dividend proposed in the previous year, declared and paid by the Company

during the year is in accordance with section 123 of the Act, as applicable.

- vi. As stated in Note 15 (1) to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

Place: Hyderabad  
Date: May 12, 2022

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Ganesh Balakrishnan**  
Partner  
(Membership No. 201193)  
UDIN: 22201193AIVXLD7480

# Annexure "A" to the Independent Auditor's Report

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

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

We have audited the internal financial controls over financial reporting of NACL Industries Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013.

## Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining

an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

## Meaning of Internal Financial Controls Over Financial Reporting

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

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

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively

as at March 31, 2022, based on the criteria for internal financial control over financial reporting 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.

Place: Hyderabad  
Date: May 12, 2022

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Ganesh Balakrishnan**  
Partner  
(Membership No. 201193)  
UDIN: 22201193AIVXLD7480

# Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress and right-of-use-assets.
- B. The Company has maintained proper records showing full particulars of intangible assets
- (b) The Company has a program of verification of property, plant and equipment and capital Work-in-progress so to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were due for physical verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) Based on the examination of the registered sale deed provided to us, we report that, the title deeds of all the immovable properties, (other than 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. Immovable properties of land whose title deeds have been pledged as security for loans and working capital limits are held in the name of the Company based on the confirmations directly received by us from custodian.
- (d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

- (ii) (a) The inventories except for goods-in-transit and stocks held with third parties, were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. For stocks held with third parties at the year-end, written confirmations have been obtained and in respect of goods-in-transit, the goods have been received subsequent to the yearend. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising (stock statements, book debt statements, statements on debtors / other receivables, and other stipulated financial information) filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters (Quarter 1, 2 and 3 for the financial year 2021-22). The Company is yet to submit the return/ statement for the quarter ended March 31, 2022 with the banks or financial institutions.

- (iii) The Company has made investments in, provided guarantee, to companies during the year, in respect of which:

- (a) The Company has stood guarantee during the year and details of which are given below:

	(₹ in Lakhs)
	<b>Guarantee</b>
A. Aggregate amount provided during the year:	
- Subsidiaries	8,466.00
B. Balance outstanding as at balance sheet date in respect of above case:	
- Subsidiaries	8,466.00

- (b) The investment made and guarantees provided during the year are, in our opinion, *prima facie, not prejudicial* to the Company's interest.

- (c) The Company has not provided any loans or advances in the nature of loans or security to any other entity during the year and hence reporting under clause (iii) (c) to (iii) (f) of the Order is not applicable.

- (iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under

- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (₹ in lakhs)	Amount Unpaid (₹ in lakhs)
Central Excise Act, 1994	Excise duty	Hon'ble High Court of Telangana	2004-05, 2008-09	13	8
		CESTAT, Hyderabad	2005-06	4	-
		Addl. Commissioner (Appeals)	2006-07	12	12
Finance Act, 1994	Service tax	Commissioner (Appeals), Andhra Pradesh	2006-07 to 2010-11	15	15
Sales Tax Act	Sales Tax	Assistant Commissioner	2009-10, 2010-11, 2012-13 to 2014-15	44	27
		Additional Commissioner	2012-13	4	-
		Hon'ble High Court of Telangana and Andhra Pradesh	2011-12, 2013-14 to 2015-16	50	36
		Sales Tax Appellate Tribunal, Andhra Pradesh	2015-16	1	1
		Joint Commissioner Sales Tax	2017-18	2	2
Goods and Service Tax Act 2017	Goods and Service Tax	Deputy Commissioner, Haryana	2019-20	6	-
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax, Appeals	2016-17 to 2018-19	130	78
		Income tax Appellate Tribunal	2016-17	29	29
Electricity Act 2003	Electricity Duty	Hon'ble Supreme Court	2008-09	3	3
The Indian Stamp Act, 1899	Stamp Duty	Hon'ble High Court of Telangana and Andhra Pradesh	2002-03	122	122

Section 148(1) of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

## (vii) In respect of statutory dues:

- (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities during the year.

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

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associate.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies.
- (x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- (b) The Company has made preferential allotment of shares against conversion of outstanding share warrants during the year. For such allotment of shares, the Company has complied with the requirements of Section 42 and 62 of the Companies Act, 2013, and the funds raised have been, prima facie, applied by the Company during the year for the purposes for which the funds were raised. The Company has not made any preferential allotment or private placement of (fully or partly or optionally) convertible debentures during the year.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

- (c) We have taken into consideration the whistle blower complaints received by the Company during the year and provided to us, when performing our audit.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports issued to the Company during the year on certain scope in areas and covering the period upto December 31, 2021 and the signed internal audit reports where issued after the balance sheet date on certain scoped in areas covering the period April 01, 2021 to March 31, 2022 for the period under audit.
- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with any of its directors or directors of its holding company, subsidiary company, associate company or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 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. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- (d) The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists

as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.
- (b) In respect of ongoing projects, the Company does not have any unspent Corporate Social Responsibility (CSR) amount as at the end of the previous financial year and also at the end of the current financial year. Hence, reporting under this clause is not applicable for the year.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Ganesh Balakrishnan**  
Partner  
(Membership No. 201193)  
UDIN: 22201193AIVXLD7480

Place: Hyderabad  
Date: May 12, 2022

## Standalone Balance Sheet

AS AT MARCH 31, 2022

(ALL AMOUNTS IN ₹LAKHS, UNLESS OTHERWISE STATED)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
<b>I ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	4	20,354	18,572
(b) Right-of-use assets	4A	461	349
(c) Capital work-in-progress	4	955	2,748
(d) Other intangible assets	5	109	149
(e) Intangible assets under development	5	1,179	799
(f) Financial assets			
(i) Investments	6	5,760	3,022
(ii) Other financial assets	7	408	401
(g) Income tax assets (net)	13	469	461
(h) Other non-current assets	8	1,804	1,056
<b>Total non-current assets</b>		<b>31,499</b>	<b>27,557</b>
<b>2 Current assets</b>			
(a) Inventories	9	41,071	22,830
(b) Financial assets			
(i) Trade receivables	10	52,897	33,582
(ii) Cash and cash equivalents	11	4,455	6,663
(iii) Other bank balances	12	3,210	821
(iv) Other financial assets	7	614	392
(c) Other current assets	8	7,287	4,950
<b>Total current assets</b>		<b>109,534</b>	<b>69,238</b>
<b>Total assets</b>		<b>141,033</b>	<b>96,795</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity share capital	14	1,983	1,962
(b) Other equity	15	46,412	39,186
<b>Total equity</b>		<b>48,395</b>	<b>41,148</b>
<b>2 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	8,777	7,149
(ia) Lease liabilities	39	261	226
(ii) Other financial liabilities	17	1,340	1,176
(b) Provisions	18	1,039	749
(c) Deferred tax liabilities (net)	19	1,013	1,076
<b>Total non-current liabilities</b>		<b>12,430</b>	<b>10,376</b>
<b>3 Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	35,275	12,662
(ia) Lease liabilities	39	238	164
(ii) Trade payables	20		
(a) total outstanding dues of micro enterprises and small enterprises		1,891	1,108
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		36,997	26,298
(iii) Other financial liabilities	17	3,484	3,006
(b) Other current liabilities	21	1,644	1,338
(c) Income-tax liabilities (net)	13	398	452
(d) Provisions	18	281	243
<b>Total current liabilities</b>		<b>80,208</b>	<b>45,271</b>
<b>Total liabilities</b>		<b>92,638</b>	<b>55,647</b>
<b>Total equity and liabilities</b>		<b>141,033</b>	<b>96,795</b>

See accompanying notes forming part of the standalone financial statements

In terms of our report attached  
For DELOITTE HASKINS & SELLS LLP

Chartered Accountants  
(F. R. No.117366W/W-100018)

Ganesh Balakrishnan  
Partner

Place : Hyderabad  
Date : May 12, 2022

for and on behalf of the Board of Directors

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

R.K.S.Prasad  
Chief Financial Officer

Place : Hyderabad  
Date : May 12, 2022

Raghavender Mateti  
Director  
(DIN:06826653)

Satish Kumar Subudhi  
Company Secretary

## Standalone Statement of Profit and Loss

FOR THE YEAR ENDED MARCH 31, 2022

(ALL AMOUNTS IN ₹LAKHS, UNLESS OTHERWISE STATED)

Particulars	Note	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>I INCOME</b>			
Revenue from operations	22	164,016	119,137
Other income	23	1,640	1,536
<b>Total income</b>		<b>165,656</b>	<b>120,673</b>
<b>II EXPENSES</b>			
Cost of materials consumed	24	123,767	81,479
Purchases of stock-in-trade		7,540	4,719
Changes in inventories of finished goods, work in progress and stock-in-trade	25	(10,117)	(2,708)
Employee benefits expense	26	9,993	9,394
Finance costs	27	2,984	2,880
Depreciation and amortisation expense	28	2,495	2,530
Other expenses	29	18,748	14,983
<b>Total expenses</b>		<b>155,410</b>	<b>113,277</b>
<b>III Profit before tax (I - II)</b>		<b>10,246</b>	<b>7,396</b>
<b>IV Tax expense</b>			
(i) Current tax	13.1	2,691	2,606
(ii) Deferred tax	13.1	(49)	(239)
<b>Total tax expense</b>		<b>2,642</b>	<b>2,367</b>
<b>V Profit for the year (III - IV)</b>		<b>7,604</b>	<b>5,029</b>
<b>VI Other comprehensive income / (loss)</b>			
Items that will not be reclassified subsequently to statement of profit and loss			
(a) Remeasurement of defined benefit obligation	32	(143)	(92)
(b) Income tax expense on remeasurement above	13.1	36	23
Items that will be reclassified subsequently to statement of profit and loss			
(a) Effective portion of loss on designated portion of hedging instrument in a cash flow hedge		86	64
(b) Income tax expense there on	13.1	(22)	(16)
<b>Total other comprehensive loss net of tax</b>		<b>(43)</b>	<b>(21)</b>
<b>VII Total comprehensive income for the year (V + VI)</b>		<b>7,561</b>	<b>5,008</b>
<b>VIII Earnings per equity share of ₹1 each</b>			
Basic (₹)	36	3.84	2.60
Diluted (₹)	36	3.83	2.60

See accompanying notes forming part of the standalone financial statements

In terms of our report attached  
For DELOITTE HASKINS & SELLS LLP

Chartered Accountants  
(F. R. No.117366W/W-100018)

Ganesh Balakrishnan  
Partner

Place : Hyderabad  
Date : May 12, 2022

for and on behalf of the Board of Directors

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

R.K.S.Prasad  
Chief Financial Officer

Place : Hyderabad  
Date : May 12, 2022

Raghavender Mateti  
Director  
(DIN:06826653)

Satish Kumar Subudhi  
Company Secretary

## Standalone Cash Flow Statement

FOR THE YEAR ENDED MARCH 31, 2022

(ALL AMOUNTS IN ₹LAKHS, UNLESS OTHERWISE STATED)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	10,246	7,396
<b>Adjustments for:</b>		
Depreciation and amortisation expense	2,495	2,530
Finance costs	2,984	2,880
Interest income	(444)	(352)
Excess provisions, no longer required, written back	(346)	(99)
Provision for credit impaired trade receivables and advances	572	758
Loss on sale of property, plant and equipment (net)	4	54
Intangible assets and intangible assets under development written off	69	343
Share-based payments	184	71
Unwinding of Guarantee commission	(30)	-
Credit impaired trade receivables and advances written off (net)	670	933
Unrealised forex loss / (gain)	173	(182)
<b>Operating profit before working capital changes</b>	<b>16,577</b>	<b>14,332</b>
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets:		
Inventories	(18,241)	(6,380)
Trade receivables	(20,302)	1,097
Other financial assets	(169)	(165)
Other assets	(2,067)	(536)
Adjustment for increase/(decrease) in operating liabilities:		
Trade payables	11,725	676
Provisions	328	275
Other financial liabilities	3,024	(24)
Other liabilities	306	98
<b>Cash (used in) / generated from operations</b>	<b>(8,819)</b>	<b>9,373</b>
Income taxes paid (net)	(2,737)	(969)
<b>Net cash (used in) / flow from operating activities (A)</b>	<b>(11,556)</b>	<b>8,404</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment including capital advances	(4,997)	(1,498)
Proceeds from sale of property, plant and equipment	4	9
Proceeds from sale of investments	8	-
Investments in subsidiaries	(3,550)	(3,201)
Movement in other deposits and margin money (net)	(2,673)	2,704
Interest income received	114	286
<b>Net cash used in investing activities (B)</b>	<b>(11,094)</b>	<b>(1,700)</b>

## Standalone Cash Flow Statement (Contd.)

FOR THE YEAR ENDED MARCH 31, 2022

(ALL AMOUNTS IN ₹LAKHS, UNLESS OTHERWISE STATED)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from allotment of share warrants	-	154
Proceeds from allotment of shares under ESOP	127	15
Proceeds on conversion of share warrants to equity shares	463	1,334
Proceeds from non-current borrowings	4,691	6,439
Repayment of non-current borrowings	(1,573)	(1,159)
Movement in current borrowings (net)	20,798	(11,472)
Payment of lease liabilities	(320)	(450)
Dividend paid including tax thereon	(1,088)	(487)
Finance costs paid	(2,656)	(2,768)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>20,442</b>	<b>(8,394)</b>
<b>Net (decrease) in cash and cash equivalents (D) = (A+B+C)</b>	<b>(2,208)</b>	<b>(1,690)</b>
<b>Cash and cash equivalents at the beginning of the year (E)</b>	<b>6,663</b>	<b>8,353</b>
<b>Cash and cash equivalents at the end of the year (F) = (D)+(E) (Refer Note 11)</b>	<b>4,455</b>	<b>6,663</b>

### Notes:

#### 1. Reconciliation of liabilities from financing activities March 31, 2022

Particulars	As at March 31, 2021	Proceeds/ Additions	Repayments	Foreign currency translation	As at March 31, 2022
Long term borrowings (including current portions)	8,548	4,691	1,573	61	11,727
Short-term borrowings	11,263	20,798	-	264	32,325
Lease liabilities	390	429	320	-	499
<b>Total liabilities from financing activities</b>	<b>20,201</b>	<b>25,918</b>	<b>1,893</b>	<b>325</b>	<b>44,551</b>

#### Reconciliation of liabilities from financing activities March 31, 2021

Particulars	As at March 31, 2020	Proceeds/ Additions	Repayments	Foreign currency translation	As at March 31, 2021
Long term borrowings (including current portions)	3,350	6,439	1,159	(82)	8,548
Short-term borrowings	22,724	-	11,472	11	11,263
Lease liabilities	695	145	450	-	390
<b>Total liabilities from financing activities</b>	<b>26,769</b>	<b>6,584</b>	<b>13,081</b>	<b>(71)</b>	<b>20,201</b>

2. Cash Flow Statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on cash flow statements. Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and cash equivalents which are short-term and held for the purpose of meeting short-term cash commitments.

See accompanying notes forming part of the standalone financial statements

In terms of our report attached  
For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(F. R. No.117366W/W-100018)

Ganesh Balakrishnan  
Partner

Place : Hyderabad  
Date : May 12, 2022

for and on behalf of the Board of Directors

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

R.K.S.Prasad  
Chief Financial Officer

Place : Hyderabad  
Date : May 12, 2022

Raghavender Mateti  
Director  
(DIN:06826653)

Satish Kumar Subudhi  
Company Secretary

**A. Equity share capital**

Particulars	Note	Number of shares	Amount
<b>Balance as at March 31, 2020</b>		<b>192,605,261</b>	<b>1,926</b>
Add: Issue of equity shares under Company's employee stock option plan	14.5	192,497	2
Add: Issue of equity shares upon conversion of share warrants	14.6	3,420,000	34
<b>Balance as at March 31, 2021</b>		<b>196,217,758</b>	<b>1,962</b>
Add: Issue of equity shares under Company's employee stock option plan	14.5	509,706	5
Add: Issue of equity shares upon conversion of share warrants	14.6	1,580,000	16
<b>Balance as at March 31, 2022</b>		<b>198,307,464</b>	<b>1,983</b>

**B. Other equity**

Particulars	Reserves and surplus			Items of other comprehensive income	Share warrants	Stock Option Reserve	Retained earnings	Total
	General reserve	Capital reserve	Securities premium	Equity instruments through other comprehensive income				
<b>Balance as at March 31, 2020</b>	<b>4,175</b>	<b>21</b>	<b>11,351</b>	<b>(499)</b>	-	<b>23</b>	<b>18,056</b>	<b>33,127</b>
Profit for the year	-	-	-	-	-	-	5,029	5,029
Other Comprehensive Income for the year net of income tax	-	-	-	-	-	-	(21)	(21)
Stock option on vesting of employee stock options	-	-	-	-	-	71	-	71
Stock option on exercise of employee stock options	-	-	-	-	-	(23)	-	(23)
Amount received on exercise of employee stock options Allotment	-	-	13	-	-	-	-	13
Amount transferred on exercise of employee stock option	-	-	23	-	-	-	-	23
Amount received on allotment of share warrants	-	-	1,300	-	154	-	-	1,454
Payment of dividends including tax thereon	-	-	-	-	-	-	(487)	(487)
<b>Balance as at March 31, 2021</b>	<b>4,175</b>	<b>21</b>	<b>12,687</b>	<b>(499)</b>	<b>154</b>	<b>71</b>	<b>22,577</b>	<b>39,186</b>
Profit for the year	-	-	-	-	-	-	7,604	7,604
Other Comprehensive Income for the year net of income tax	-	-	-	-	-	-	(43)	(43)
Stock option on vesting of employee stock options	-	-	-	-	-	184	-	184
Stock option on exercise of employee stock options	-	-	-	-	-	(96)	-	(96)
Amount received on exercise of employee stock options Allotment	-	-	122	-	-	-	-	122
Amount transferred on exercise of employee stock option	-	-	96	-	-	-	-	96
Amount received on allotment of share warrants	-	-	601	-	(154)	-	-	447
Payment of dividends	-	-	-	-	-	-	(1,088)	(1,088)
<b>Balance as at March 31, 2022</b>	<b>4,175</b>	<b>21</b>	<b>13,506</b>	<b>(499)</b>	-	<b>159</b>	<b>29,050</b>	<b>46,412</b>

See accompanying notes forming part of the standalone financial statements

In terms of our report attached  
For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(F. R. No.117366W/W-100018)

Ganesh Balakrishnan  
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Place : Hyderabad  
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Place : Hyderabad  
Date : May 12, 2022

Raghavender Mateti  
Director  
(DIN:06826653)

Satish Kumar Subudhi  
Company Secretary

**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 is in the business of crop protection and manufactures both Technical's (Active Ingredient) and Formulations. It manufactures 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. Significant accounting policies**

**2.1. Statement of compliance**

The financial statements which comprise the Balance sheet, the Statement of Profit and Loss, the Cash flow statement and the Statement of changes in Equity ("Financial Statements") have been prepared in accordance with Indian Accounting Standards (Ind ASs) notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. The Company has consistently applied accounting policies to all periods.

**2.2. Basis for preparation and presentation**

The standalone financial statements have been prepared on accrual basis the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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. Fair value for measurement and/or disclosure purposes in these standalone financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

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.
- Level 3 inputs are unobservable inputs for the asset or liability.

Based on the nature of activities of the Company and the average time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

The principal accounting policies are set out below.

**2.3. Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

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. Revenue is also recognised where goods are ready as per customer request and pending dispatch at the instance 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. On satisfaction of all performance obligations, invoice is raised on the customer in accordance with customer request at regular payment terms. 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 and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers.

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.

Revenue from operations includes "Other Operating Revenue" which consists of export benefits, net interest on trade receivables, scrap sales and conversion charges etc. Export benefits, interest on trade receivables (net) and conversion charges are recognised on accrual basis.

#### 2.4. Other income

- Dividend income from investments is recognised in the year in which the right to receive the payment is established.
- Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which 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.

#### 2.5. Leasing

The Company's lease 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 includes 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 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. 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 amortized cost 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 rates in the country of domicile of these leases.

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.

#### 2.6. 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.

#### 2.7. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which entity operates (i.e. "functional currency"). The financial statements are presented in Indian Rupee (₹), the national currency of India, which is the functional currency of the Company.

#### 2.8. 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 retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

#### 2.9. 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 statement of profit and loss in the period in which they are incurred.

#### 2.10. Employee benefits

Employee benefits include Provident fund, Employee's State Insurance scheme, Gratuity fund and Compensated absences.

##### 2.10.1. Defined contribution plans

Contributions in respect of Employees Provident Fund 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.

##### 2.10.2. 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 statement of profit and loss. The liability as at the 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.

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 balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to 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 profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses

are accounted for as past service costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

##### 2.10.3. Compensated absences

The employees of the Company are entitled to compensate 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 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.

##### 2.11. 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, 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 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.

##### 2.12. 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 EPS is determined by adjusting the profit or loss attributable to equity shareholders and weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

##### 2.13. Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in 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.

**2.13.1. Current Tax**

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961.

**2.13.2. Deferred Tax**

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

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.

**2.13.3. Current tax and deferred tax for the year**

Current and deferred tax are recognised in the statement 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.

**2.14. Cash flow statements 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 based on the available information.

**2.15. Property, plant and equipment**

Property, plant and equipment are stated in the 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 involving material investment and substantial lead time.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets in whose case the life of certain assets has been assessed based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, maintenance support etc.

Asset	Useful life (in years)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Plant and equipment	15 - 20	15 - 20

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. Assets costing ₹5,000 and below are depreciated over a period of one year. 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 statement of profit and loss.

**2.16. Intangible assets**

Intangible assets are carried at cost less accumulated amortization and 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 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 carried at cost, comprising direct cost and related incidental expenses.

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, and are recognised in the statement of profit and loss when the asset is derecognized.

**2.17. Research and development**

Research costs are expensed as incurred. Development costs are expensed as incurred unless 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.

**2.18. Impairment of assets****2.18.1. Non-financial assets - property, plant and equipment and intangible assets**

The Company assesses at each reporting date whether there is an indication that an asset/cash generating unit may be impaired. If any indication exists the Company estimates the recoverable amount of such assets and if carrying amount exceeds the recoverable amount, impairment is recognised. The recoverable amount is the higher of the fair value less cost to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount factor. When there is indication that previously recognised impairment loss no longer exists or may have decreased such reversal of impairment loss is recognised in the statement of profit and loss.

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

**2.19. Inventories**

Inventories are valued at lower of cost (on weighted average basis) and net realisable value after providing for obsolescence and other losses, where considered necessary. Net realisable value represents the estimated selling price of inventories less all the estimated costs of completion and the costs necessary to make the sale.

The method of determination of cost of various categories of inventories is as follows:

- i. **Raw Materials** - Weighted average cost. Cost includes the purchase cost and other attributable expenses;
- ii. **Work-in-progress** - Weighted average cost. Cost includes the purchase cost and other attributable expenses;
- iii. **Finished Goods** - Weighted average cost of production which comprises of direct material costs, direct wages and applicable overheads;
- iv. **Stores and Spares, Packing Material** - Weighted average cost;
- v. **Stock-in-trade** - Weighted average cost.

**2.20. Provisions, contingent liabilities and contingent assets**

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

of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

## 2.21. Financial Instruments

### (i) Initial recognition

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 statement of profit and loss.

### (ii) Subsequent Recognition

#### Non-derivative financial instruments:

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

A financial asset is subsequently measured at amortised cost if it is held within 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.

##### 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.

##### 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 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.

#### 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 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 foreign currency fluctuations relating to certain highly probable forecast transactions.

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

to the hedged risk. These derivative contracts are stated at the fair value at each reporting date.

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

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

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

#### Investment in subsidiaries and associates

On initial recognition, these investments are recognized at fair value plus any directly attributable transaction cost. Subsequently, they are measured at cost.

#### Derecognition of financial assets and financial liabilities

##### Financial asset:

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in 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 difference

between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

#### Foreign exchange gains and losses

For foreign currency denominated financial assets measured at amortised cost and Fair Value through Profit or Loss (FVTPL), the exchange differences are recognised in statement of profit and loss.

Changes in the carrying amount of investments in equity instruments at Fair Value through Other Comprehensive Income (FVTOCI) relating to changes in foreign currency rates are recognised in other comprehensive income.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in statement of profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of profit and loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in statement of profit and loss.

## 2.22. Fair value measurement

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

## 2.23. Exceptional Items

Significant gains/losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional item'.

## 3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies the directors of the Company are required to make judgments, 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.

### 3.1 Critical Judgments

The following are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

#### Contingencies and commitments

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 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 or profitability.

#### 3.2 Key sources of estimation uncertainty

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

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.

#### Revenue recognition

The Company accepts sales returns and provides various rebates & incentives as per the policy. Various estimates are made to recognise the impact of sales return provision, rebates & incentives on revenue. These estimates are made based on historical and forecasted data, contractual terms and market conditions.

#### Provision for doubtful receivables

The Company makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates.

#### Provision for employee benefits

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

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by Management at the time the asset is acquired and is reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

#### Claims, provisions and contingent liabilities

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.

#### Other estimates

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analysing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

#### 3.3 Recent accounting 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. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

Ind AS 16- Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the

profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets - The amendment specifies that the 'cost of fulfilling' a contract comprises the 'cost that relate directly to the contract'. Costs that relate directly to a contract can either

be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and there is no impact on its financial statements.

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

##### 4.1 Carrying amounts of:

Particulars	As at March 31, 2022	As at March 31, 2021
Land	2,508	2,508
Buildings	4,329	4,056
Plant and equipment	13,118	11,642
Furniture and fixtures	65	103
Vehicles	83	96
Office equipment	81	51
Computers	170	116
<b>Total</b>	<b>20,354</b>	<b>18,572</b>
Capital work-in-progress	955	2,748

##### 4.2 Movement of property, plant and equipment:

Particulars	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
Cost or deemed cost								
Balance as at March 31, 2020	2,508	5,886	37,751	622	137	267	643	47,814
Add: Additions	-	443	1,921	7	45	11	34	2,461
Less: Disposals	-	-	777	-	10	6	53	846
Balance as at March 31, 2021	2,508	6,329	38,895	629	172	272	624	49,429
Add: Additions	-	466	3,410	4	3	49	116	4,048
Less: Disposals	-	-	77	1	11	5	29	123
Balance as at March 31, 2022	2,508	6,795	42,228	632	164	316	711	53,354

##### 4.3 Accumulated Depreciation:

Particulars	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
Balance as at March 31, 2020	-	2,099	26,161	478	73	209	503	29,523
Add: Depreciation expense	-	174	1,813	48	12	18	52	2,117
Less: Disposals	-	-	721	-	9	6	47	783
Balance as at March 31, 2021	-	2,273	27,253	526	76	221	508	30,857
Add: Depreciation expense	-	193	1,930	41	16	19	59	2,258
Less: Disposals	-	-	73	-	11	5	26	115
Balance as at March 31, 2022	-	2,466	29,110	567	81	235	541	33,000

##### 4.4 Carrying amounts:

Particulars	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
Balance as at March 31, 2022	2,508	4,329	13,118	65	83	81	170	20,354
Balance as at March 31, 2021	2,508	4,056	11,642	103	96	51	116	18,572

##### Notes:

- (i) Above includes opening gross block of ₹2,165 lakhs (2021: ₹2,013 lakhs), additions amounting to ₹152 lakhs (2021: ₹1 lakh) and net block amounting to ₹925 lakhs (2021: ₹868 lakhs) in respect of in-house research and development.
- (ii) Refer Note 16 for detail of Property, plant and equipment hypothecated or pledged.

#### 4.5 Ageing for capital work-in-progress as at March 31, 2022 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	826	129	-	-	955

#### Ageing for capital work-in-progress as at March 31, 2021 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	1508	1,212	28	-	2,748

Note: Project execution plans are modulated basis capacity requirement assessment on an annual basis and all the projects are executed as per rolling annual plan.

#### 4A. Right of use of assets

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

Particulars	As at March 31, 2022	As at March 31, 2021
Buildings	328	137
Lease motor vehicle	133	212
<b>Total</b>	<b>461</b>	<b>349</b>

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

Particulars	Buildings	Lease motor vehicle	Total
Cost or deemed cost			
Balance as at March 31, 2020	498	501	999
Add: Additions	76	-	76
Less: Disposals / Adjustments	-	-	-
Balance as at March 31, 2021	574	501	1,075
Add: Additions	364	-	364
Less: Disposals / Adjustments	396	150	546
Balance as at March 31, 2022	542	351	893

##### 4A.3 Accumulated Amortisation:

Particulars	Buildings	Lease motor vehicle	Total
Balance as at March 31, 2020	252	150	402
Add: Amortisation expense	185	139	324
Less: Disposals / Adjustments	-	-	-
Balance as at March 31, 2021	437	289	726
Add: Amortisation expense	173	79	252
Less: Disposals / Adjustments	396	150	546
Balance as at March 31, 2022	214	218	432

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

Particulars	Buildings	Lease motor vehicle	Total
Balance as at March 31, 2022	328	133	461
Balance as at March 31, 2021	137	212	349

## 5. Other intangible assets and intangible assets under development

### 5.1 Carrying amounts of:

Particulars	As at March 31, 2022	As at March 31, 2021
Computer software	-	-
Developed products	109	149
Technical knowhow	-	-
<b>Total</b>	<b>109</b>	<b>149</b>
Intangible assets under development (IAUD)	1,179	799

### 5.2 Movement of intangible assets:

Particulars	Computer software	Developed products	Technical knowhow	Total
Cost or deemed cost				
<b>Balance as at March 31, 2020</b>	<b>379</b>	<b>1,215</b>	<b>65</b>	<b>1,659</b>
Add: Additions	-	142	-	142
Less: Disposals / Adjustments	-	-	-	-
<b>Balance as at March 31, 2021</b>	<b>379</b>	<b>1,357</b>	<b>65</b>	<b>1,801</b>
Add: Additions	-	25	-	25
Less: Disposals / Adjustments	-	597	-	597
<b>Balance as at March 31, 2022</b>	<b>379</b>	<b>785</b>	<b>65</b>	<b>1,229</b>

### 5.3 Accumulated Amortisation:

Particulars	Computer software	Developed products	Technical knowhow	Total
<b>Balance as at March 31, 2020</b>	<b>361</b>	<b>1,059</b>	<b>65</b>	<b>1,485</b>
Add: Amortisation expense	18	149	-	167
Less: Disposals / Adjustments	-	-	-	-
<b>Balance as at March 31, 2021</b>	<b>379</b>	<b>1,208</b>	<b>65</b>	<b>1,652</b>
Add: Amortisation expense	-	65	-	65
Less: Disposals / Adjustments	-	597	-	597
<b>Balance as at March 31, 2022</b>	<b>379</b>	<b>676</b>	<b>65</b>	<b>1,120</b>

### 5.4 Carrying amounts:

Particulars	Computer software	Developed products	Technical knowhow	Total
Balance as at March 31, 2022	-	109	-	109
Balance as at March 31, 2021	-	149	-	149

### 5.5 Ageing for Intangible assets under development as at March 31, 2022 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	452	441	77	209	1,179

### Ageing for Intangible assets under development as at March 31, 2021 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	498	86	120	95	799

**Note:** All IAUD required certain milestone to achieve and relevant external authority approvals. The period of IAUD are within the time period of such milestone to achieve or awaiting approvals. Accordingly, the management has considered there are no delay in executing respective projects.

## 6. Non-current investments:

Particulars	Nominal value	Number of shares	As at March 31, 2022	Number of shares	As at March 31, 2021
<b>Trade</b>					
<b>Unquoted equity investments (all fully paid)</b>					
<b>(a) Investment in subsidiaries at cost</b>					
Nagarjuna Agrichem (Australia) Pty Limited	AUD 1	64,734	32	64,734	32
LR Research Laboratories Private Limited	₹10	10,000	1	10,000	1
NACL Spec-Chem Limited [refer notes (i) and (iv) below]	₹1	20,000,000	439	20,000,000	200
NACL Multi-Chem Private Limited [refer note (ii) below]	₹1	100,000	1	100,000	1
<b>(b) Investment in associate at cost</b>					
Nasense Labs Private Limited	₹10	6,127,513	816	6,127,513	816
<b>(c) Other equity investment at fair value through other comprehensive income</b>					
New India Co-operative Bank Limited		-	-	81,875	8
SVC Co-operative Bank Limited	₹25	100	*	100	*
<b>Total equity investments (A)</b>			<b>1,289</b>		<b>1,058</b>
<b>Investment in preference shares at fair value through other comprehensive income</b>					
Nagaarjuna Shubho Green Technologies Private Limited					
10% cumulative redeemable preference shares	₹100	500,000	1	500,000	1
<b>Total other investments (B)</b>			<b>1</b>		<b>1</b>
<b>Unquoted investment in compulsory convertible debentures carried at amortised cost</b>					
NACL Spec-Chem Limited					
0.01% cumulative convertible debentures [refer note (iii) below]	₹100,000	6,500	4,436	3,000	1,963
NACL Multi-Chem Limited					
0.01% cumulative convertible debentures [refer note (v) below]	₹100,000	50	34	-	-
<b>Total other investments (C)</b>			<b>4,470</b>		<b>1,963</b>
<b>Total unquoted investments (A) + (B) + (C)</b>			<b>5,760</b>		<b>3,022</b>
<b>Aggregate carrying value of unquoted non-current investments</b>			5,760		3,022

\*less than a lakh

### Notes:

- During the previous year the Company had subscribed share capital ₹200 lakhs (comprising 2,00,00,000 number of equity shares of ₹1 each).
- During the previous year the Company subscribed share capital ₹1 lakh (comprising 1,00,000 number of equity shares of ₹1 each).
- The Company subscribed Compulsory Convertible Debentures ₹3,550 lakh (2021: ₹3,000 lakhs) [comprising 3,050 (2021: 3,000 number)] number of CCD of ₹1,00,000 each) during the year.
- Includes corporate guarantee provided by the Company during the 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 ₹239 lakhs is accounted as deemed investments and added to the cost of investments held in the subsidiary.
- The Company subscribed Compulsory Convertible Debentures ₹50 lakh (2021: ₹ Nil lakhs) [comprising 50 (2021: Nil number)] number of CCD of ₹1,00,000 each) during the year.

### 7. Other financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non-current</b>		
Security deposits (refer note below)	408	401
<b>Total</b>	<b>408</b>	<b>401</b>
<b>Current</b>		
Interest accrued on deposits and others	73	13
Insurance claims receivable	323	379
Others	218	-
<b>Total</b>	<b>614</b>	<b>392</b>

**Note:**

Security deposits include rental deposit aggregating ₹75 lakhs (2021: ₹72 lakhs) with Smt. K. Lakshmi Raju, Chairperson of the Company.

### 8. Other assets

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non-current</b>		
Capital advances	165	141
Balance with government authorities	75	77
Prepaid expenses	1,564	838
<b>Total</b>	<b>1,804</b>	<b>1,056</b>
<b>Current</b>		
Advance to suppliers	422	960
Balance with government authorities	4,343	2,352
Advance to related parties (refer note 30)	241	9
Prepaid expenses	796	517
Export Incentive receivable	1,481	1,108
Advance to employees	4	4
<b>Total</b>	<b>7,287</b>	<b>4,950</b>

### 9. Inventories

Particulars	As at March 31, 2022	As at March 31, 2021
Raw materials (refer note (i) below)	17,811	9,845
Work-in-progress	3,471	2,245
Finished goods (refer note (ii) below)	16,750	8,483
Traded goods	1,284	660
Packing materials	690	626
Stores and spares	1,065	971
<b>Total</b>	<b>41,071</b>	<b>22,830</b>

**Notes:**

- (i) Raw materials includes goods in transit ₹1,393 lakhs (2021: ₹1,767 lakhs)
- (ii) Finished goods written off during the year on account of expired stock aggregated ₹15 lakhs (2021: ₹80 lakhs)
- (iii) Refer Note 16 for details of Inventories hypothecated or pledged.

### 10. Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Current</b>		
(a) Considered good - Secured	698	635
(b) Considered good - Unsecured	52,199	32,947
(c) Which have significant increase in Credit risk	-	-
(d) Credit impaired	528	293
	<b>53,425</b>	<b>33,875</b>
Less: Impairment loss on trade receivables	528	293
<b>Total</b>	<b>52,897</b>	<b>33,582</b>

**Notes:**

**Expected credit loss (ECL):**

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

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

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at the beginning of the year	293	491
Provision for impairment loss made during the year	572	758
Provision reversed against trade receivables write-off / recovery	(337)	(956)
<b>Balance at the end of the year</b>	<b>528</b>	<b>293</b>

- (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 ₹10,865 lakhs (2021: ₹8,361 lakhs) is due from customers who represent more than 5% of total trade receivables.

- (iv) Receivable from related parties

Particulars	As at March 31, 2022	As at March 31, 2021
Krishi Rasayan Exports Private Limited	571	1,046
Agro Life Sciences Corporation	281	-
Nasense Labs Private Limited	332	542

(v) Ageing for trade receivables - current outstanding as at March 31, 2022 is as follows:

Particulars	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	
<b>Trade receivables</b>							
Undisputed trade receivables – considered good	40,265	11,602	468	562	-	-	52,897
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	73	86	38	331	-	-	528
Disputed trade receivables – considered good	-	-	-	-	-	-	-
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
	<b>40,338</b>	<b>11,688</b>	<b>506</b>	<b>893</b>	-	-	<b>53,425</b>
Less: Impairment loss on credit impaired trade receivables	(73)	(86)	(38)	(331)	-	-	(528)
	<b>40,265</b>	<b>11,602</b>	<b>468</b>	<b>562</b>	-	-	<b>52,897</b>

Ageing for trade receivables - current outstanding as at March 31, 2021 is as follows:

Particulars	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	
<b>Trade receivables</b>							
Undisputed trade receivables – considered good	26,679	5,151	1,146	606	-	-	33,582
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	33	47	35	178	-	-	293
Disputed trade receivables – considered good	-	-	-	-	-	-	-
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
	<b>26,712</b>	<b>5,198</b>	<b>1,181</b>	<b>784</b>	-	-	<b>33,875</b>
Less: Impairment loss on credit impaired trade receivables	(33)	(47)	(35)	(178)	-	-	(293)
	<b>26,679</b>	<b>5,151</b>	<b>1,146</b>	<b>606</b>	-	-	<b>33,582</b>

(vi) Refer note 16 for details of trade receivables hypothecated or pledged and refer note 30 for balances outstanding with related parties.

#### 11. Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	7	5
Balances with banks		
in Current accounts	51	1,457
in Cash credit accounts	869	569
in Export earning foreign currency accounts	575	1,232
in demand deposit accounts with original maturity of less than 3 months	2,953	3,400
<b>Total</b>	<b>4,455</b>	<b>6,663</b>

#### 12. Other bank balances

Particulars	As at March 31, 2022	As at March 31, 2021
In other deposit accounts		
Term deposits with original maturity of more than 3 months	173	500
In earmarked accounts		
Unclaimed dividend accounts (refer note (i) below)	36	320
Margin money / deposit [refer note (ii) below and note 41]	3,001	1
<b>Total</b>	<b>3,210</b>	<b>821</b>

Notes:

(i) **Unclaimed dividend accounts**

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

(ii) **Margin money / deposit**

Amounts in margin money represents deposit with bank against the bank guarantees issued by them.

#### 13. Income tax asset/liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Advance tax [net of provision ₹ Nil (2021: ₹ Nil)]	469	461
Provision for tax [net of advance tax ₹4,178 lakhs (2021: ₹1,433 lakhs)]	398	452

#### 13.1 Tax expense

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax		
In respect of current year	2,691	2,606
<b>Total (A)</b>	<b>2,691</b>	<b>2,606</b>
Deferred tax credit:		
In respect of current year	(49)	(239)
<b>Total (B)</b>	<b>(49)</b>	<b>(239)</b>
<b>Total tax expense (A)+(B)</b>	<b>2,642</b>	<b>2,367</b>

##### B. Deferred tax expense recognised in the other comprehensive income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Deferred tax expense recognised directly in equity consists of:		
Tax effect on actuarial gains/losses on defined benefit obligations	36	23
Tax effect on effective portion of profit / loss on designated portion of hedging instrument in a cash flow hedge	(22)	(16)
<b>Total</b>	<b>14</b>	<b>7</b>

## C. Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Profit before tax		10,246		7,396
Enacted rate in India		25.17%		34.94%
Computed expected tax expense		<b>2,579</b>		<b>2,584</b>
Adjustments:				
Effect of expenses that are not deductible in determining taxable profit		15		132
Effect of change in tax rate (Refer note below)		-		(402)
Effect of deferred tax adjustments		-		67
Others		48		(14)
Income tax expense		<b>2,642</b>		<b>2,367</b>

Note: During previous year, the Company has decided to exercise the option permitted under section 115BAA of the Income tax Act, 1961, from financial year 2021-22, as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its deferred tax liabilities (net) based on the rate prescribed in the said Ordinance. The full impact of this change relating to deferred tax liabilities, amounting to ₹ 402 lakhs, was recognised in the statement of profit and loss and other comprehensive income of previous year.

## 14. Equity share capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Authorised share capital:	250,000,000	2,500	250,000,000	2,500
Fully paid up equity shares of ₹ 1 each				
Issued, subscribed and fully paid up capital	198,307,464	1,983	196,217,758	1,962
Fully paid up equity shares of ₹ 1 each				
	<b>198,307,464</b>	<b>1,983</b>	<b>196,217,758</b>	<b>1,962</b>

## Notes:

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

Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	196,217,758	1,962	192,605,261	1,926
Add: Issue of equity shares under Company's employee stock option plan	509,706	5	192,497	2
Add: Issue of equity shares upon conversion of share warrants (Refer Note 14.6 below)	1,580,000	16	3,420,000	34
Balance at the end of the year	<b>198,307,464</b>	<b>1,983</b>	<b>196,217,758</b>	<b>1,962</b>

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

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

## 14.3 Details of Promoter shareholdings:

Particulars	As at March 31, 2022		As at March 31, 2021		% change during the year
	Number of shares held	% of shareholding	Number of shares held	% of shareholding	
KLR Products Limited (Holding Company)	113,623,500	57.30%	113,623,500	57.91%	(0.61%) #
Mrs. K Lakshmi Raju	12,705,860	6.41%	11,125,860	5.67%	0.74%
Bright Town Investment Advisor Private Limited	586,499	0.30%	586,499	0.30%	Nil

# change in percentage of shareholding of holding company is on account of issue of equity shares to shareholders other than holding company

## 14.4 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, 2022		For the year ended March 31, 2021	
	% of shareholding	Number of shares held	% of shareholding	Number of shares held
KLR Products Limited (Holding Company)	57.30%	113,623,500	57.91%	113,623,500
Mrs. K Lakshmi Raju	6.41%	12,705,860	5.67%	11,125,860
Krishi Rasayan Exports Private Limited	7.88%	15,625,000	7.96%	15,625,000
Rajesh Kumar Agarwal and Atul Churiwal (jointly representing Agro Life Science Corporation, a registered Partnership Firm)	7.88%	15,625,000	7.96%	15,625,000

## 14.5 "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 Compensation 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 market price as on the date of the grant. These options vest over a period of one to five years and exercisable by the employees within two years of vesting.
- Summary of stock option:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	Number of stock options	Number of stock options
Options outstanding at the beginning of the year	201,250	324,997
Options granted during the year	10,203	75,718
Options forfeited / lapsed during the year	10,203	6,968
Options exercised during the year*	99,707	192,497
Options outstanding at the end of the year	101,543	201,250
Options vested but not exercised at the end of the year	6,340	4,000
*options exercised by employees of subsidiary companies Nil (2021: 10,500)	-	10,500

## iv) Fair value of shares granted during the year:

The weighted average fair value of the share options granted during the year is ₹81 (2021: ₹31 - ₹32). Options were priced using Black Scholes 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 Options Pricing model:

Particulars	As at March 31, 2022	As at March 31, 2021
Risk free Interest Rate (%)	4.32 - 6.70	3.93 - 6.31
Expected life (years)	6	6
Expected volatility (%)	64.18 - 68.51	62.94 - 68.69
Dividend yield (%)	0.50	0.41
Price of the underlying share in market at the time of the option grant (₹)		
-Grant 1	17	17
-Grant 2	18	18
-Grant 3	29	29
-Grant 4	28	28
-Grant 5	26	26
-Grant 6	40	40
-Grant 7	39	39
-Grant 8	90	-
Weighted average share price at the date of exercise	90	39
Weighted average remaining contractual life		
-Grant 1	0 - 1 year	1 - 2 years
-Grant 2	-	-
-Grant 3	1 - 2 years	2 - 3 years
-Grant 4	2 - 3 years	3 - 4 years
-Grant 5	2 - 3 years	3 - 4 years
-Grant 6	1 year	1 year
-Grant 7	1 year	1 year
-Grant 8	1 year	-

#### 14.5.1 "Nagarjuna Agrichem Limited-Employee Stock Option Scheme-2020"

- The Company set up the "NACL Industries Limited-Employee Stock Option Scheme-2020" (hereinafter referred to as "ESOS-2020") and earmarked 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 Compensation Committee of the Board of Directors.
- Under the ESOS-2020 scheme, options are granted to eligible employees at an exercise price, which shall not be less than the market price as on the date of the grant. These options vest over a period of one to four years and exercisable by the employees within two years of vesting.
- Summary of stock option:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	Number of stock options	Number of stock options
Options outstanding at the beginning of the year	1,650,000	-
Options granted during the year	410,000	1,735,000
Options forfeited / lapsed during the year	70,000	85,000
Options exercised during the year	409,999	-
Options outstanding at the end of the year	1,580,001	1,650,000
Options vested but not exercised at the end of the year	66,668	-

- Fair value of shares granted during the year:

The weighted average fair value of the share options granted during the year is ₹31 - ₹32 (2021: ₹15 - ₹17). Options were priced using Black Scholes 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 Options Pricing model:

Particulars	As at March 31, 2022	As at March 31, 2021
Risk free Interest Rate (%)	4.32 - 6.02	3.93 - 5.59
Expected life (years)	4	4
Expected volatility (%)	64.18 - 66.38	62.94 - 65.16
Dividend yield (%)	0.50	0.41
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	-
-Grant 4	92	-
-Grant 5	81	-
Weighted average share price at the date of exercise	92	-
Weighted average remaining contractual life		
-Grant 1	1 - 3 years	1 - 4 years
-Grant 2	1 - 3 years	1 - 4 years
-Grant 3	3 - 5 years	-
-Grant 4	2 - 5 years	-
-Grant 5	2 - 5 years	-

#### 14.6 Allotment of equity shares upon conversion of share warrants:

The Board of Directors and the Shareholders, in their meetings held on August 12, 2020 and September 07, 2020 respectively, approved inter-alia issuance of 5,000,000 share warrants (of face value of ₹1 each) on preferential basis to Mrs. K Lakshmi Raju, Promoter (hereinafter referred to as "Investor") in accordance with Section 42 and 62(1)(c) of the Companies Act, 2013 read with Chapter V of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2018. Consequently, the Company allotted 5,000,000 Warrants during the financial year 2020-21 to the aforesaid Investor against receipt of 25% of Issued price of ₹39 per Warrant. i.e ₹9.75 per Warrant aggregating ₹488 lakhs.

During the year, warrant holder have exercised their options of converting 1,580,000 (2021: 3,420,000) warrants by submitting the necessary Warrant Exercise Application Form along with paying the balance consideration amount of ₹29.25 per warrant (i.e. 75% of the issue price) aggregating ₹462 lakhs (2021: ₹1,000 lakhs). Accordingly, the Company has allotted 1,580,000 (2021: 3,420,000) equity shares in the ratio of one Equity Share for each Warrant exercised, on April 8, 2021 (2021: December 18, 2020).

The total amount aggregating ₹462 (2021: ₹1,488 lakhs) has been utilised by the Company before the year end.

#### 15. Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
General reserve	4,175	4,175
Capital reserve	21	21
Securities premium account	13,506	12,687
Reserve for equity instruments through other comprehensive income	(499)	(499)
Share warrants	-	154
Stock option reserve	159	71
Retained earnings	29,050	22,577
<b>Total</b>	<b>46,412</b>	<b>39,186</b>

## 15.1 Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
<b>General reserve</b>	<b>4,175</b>	<b>4,175</b>
<b>Capital reserve</b>	<b>21</b>	<b>21</b>
<b>Securities premium</b>		
Balance at beginning of year	12,687	11,351
Add: Amount received on exercise of employee stock option Allotment	122	13
Add: Amount transferred on exercise of employee stock option	96	23
Add: Premium on allotment of equity shares upon conversion of warrants	601	1,300
<b>Closing balance</b>	<b>13,506</b>	<b>12,687</b>
<b>Reserve for equity instruments through other comprehensive income</b>	<b>(499)</b>	<b>(499)</b>
<b>Share warrants (Refer Note 14.6)</b>		
Opening balance	154	-
Add/(less): Movement during the year	(154)	154
<b>Closing balance</b>	<b>-</b>	<b>154</b>
<b>Share options reserve</b>		
Opening balance	71	23
Add: Stock options on vesting of employee stock options	184	71
Less: Amount transferred on exercise of employee stock option	96	23
<b>Closing balance</b>	<b>159</b>	<b>71</b>
<b>Retained earnings</b>		
Opening balance	22,577	18,056
Add: Profit for the year	7,604	5,029
Add: Other comprehensive income arising from remeasurement of defined benefit obligation (net of taxes)	(43)	(21)
	<b>30,138</b>	<b>23,064</b>
Less: Dividends including corporate dividend tax (Refer Notes below)	1,088	487
<b>Closing balance</b>	<b>29,050</b>	<b>22,577</b>
<b>Total</b>	<b>46,412</b>	<b>39,186</b>

## Nature of reserves:

- (a) **General Reserves:** The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.
- (b) **Security premium:** Security premium reserve 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 Section 52 of the Companies Act, 2013 ("Act").
- (c) **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.
- (d) **Share warrants:** This represents the moneys received against the share warrants.
- (e) **Stock option reserve:** Share options outstanding account relates to share options granted by the Company to its employees under its employee share option plans. These will be transferred to retained earnings after the exercise of the underlying options.
- (f) **Retained earnings:** Retained earnings represents the Company's undistributed earnings after taxes.

## Notes:

1. In respect of the year ended March 31, 2022, the directors proposed that a dividend of ₹0.15 per share be paid on fully paid equity shares. The proposed equity dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated amount to be paid with respect to dividend is ₹297 lakhs.
- In respect of the year ended Mar 31, 2021, the directors proposed that a final dividend of ₹0.15 per share be paid on fully paid equity shares, which was approved by the shareholders at the Annual General Meeting. The total amount paid with respect to dividend is ₹294 lakhs.
2. FY 2021-22: The Board of Directors in its meeting held on August 5, 2021, October 29, 2021 and on January 28, 2022 approved interim dividend of ₹0.10, ₹0.15 and ₹0.15 per Equity Share of ₹1 each respectively.
- FY 2020-21: The Board of Directors in its meeting held on November 4, 2020 and on March 23, 2021 approved an interim dividend of ₹0.10 and ₹0.15 per Equity Share of ₹1 each respectively.

## 16. borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non current</b>		
<b>Secured - at amortised cost</b>		
Term loans		
from banks [refer note (a) below]	7,277	4,899
from financial institution [refer note (a) below]	1,500	2,250
<b>Total - non current</b>	<b>8,777</b>	<b>7,149</b>
<b>Current</b>		
<b>Secured - at amortised cost</b>		
Repayable on demand from banks [refer note (b) below]	32,325	11,263
Current maturities of long-term borrowings	2,950	1,399
<b>Total - current</b>	<b>35,275</b>	<b>12,662</b>

## Notes:

## (a) Terms of repayment of term loans

## RBL Bank Limited

Particulars	As at March 31, 2022	As at March 31, 2021	Balance payment period
Term loan - External Commercial Borrowing	1,514	2,109	Repayable over next 2.50 years

Secured by: first ranking pari-passu charge on present and future fixed assets 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 1,996,875 (2021: USD 2,884,375)

Repayable in 16 quarterly instalments.

Interest rate is determined based on 6 months LIBOR plus 400 basis points and is payable monthly. The same is hedged against variable to fixed rate swap contract for a fixed rate of 7.50% p.a. (2021: 7.50% p.a.) with RBL Bank Limited.

## RBL Bank Limited

Particulars	As at March 31, 2022	As at March 31, 2021	Balance payment period
Working Capital Term loan I - Rupee	3,439	3,439	Repayable over next 4 years

Secured by: 100% guaranteed by National Credit Guarantee Trustee Company Limited (NCGTC), second ranking pari-passu charge on current assets and fixed assets of the Company, both present and future.

Repayable in 16 quarterly instalments after moratorium of 12 months from the date of first disbursement.

Rate of interest 8.20% p.a. (2021: 8.65% p.a.) (3 months MCLR plus 0.45% p.a.)

**RBL Bank Limited**

Particulars	As at March 31, 2022	As at March 31, 2021	Balance payment period
Term Loan - Rupee	1,833	-	Repayable over next 1 year 9 months

Secured by: first ranking pari-passu charge on present and future fixed assets 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 from the date of disbursement.

Rate of interest 7.95% p.a. (6 months MCLR plus 0.10% p.a.)

**RBL Bank Limited**

Particulars	As at March 31, 2022	As at March 31, 2021	Balance payment period
Working Capital Term loan II - Rupee	1,934	-	Repayable over next 6 years

Secured by: 100% guaranteed by National Credit Guarantee Trustee Company Limited (NCGTC), second ranking pari-passu charge on current assets and fixed assets of the Company, both present and future.

Repayable in 48 equal monthly instalments after moratorium of 24 months from the date of first disbursement.

Rate of interest 7.95% p.a. (3 months MCLR plus 0.30% p.a.)

**RBL Bank Limited**

Particulars	As at March 31, 2022	As at March 31, 2021	Balance payment period
Working Capital Term loan III - Rupee	757	-	Repayable over next 5 years

Secured by: 100% guaranteed by National Credit Guarantee Trustee Company Limited (NCGTC), second ranking pari-passu charge on current assets and fixed assets of the Company, both present and future.

Repayable in 48 equal monthly instalments after moratorium of 12 months from the date of first disbursement.

Rate of interest 7.95% p.a. (3 months MCLR plus 0.30% p.a.)

**Bajaj Finance Limited**

Particulars	As at March 31, 2022	As at March 31, 2021	Balance payment period
Term Loan - Rupee	2,250	3,000	Repayable over next 3 years

Secured by: first ranking pari-passu charge on present and future fixed assets 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 16 quarterly instalments from the date of each disbursement.

Rate of interest 10.45% p.a. (2021: 10.75% p.a.) (1 year MCLR plus 3.50% p.a.)

**(b) Loans repayable on demand**

Loans repayable on demand from banks (includes Cash Credit Facilities, Working capital demand loan and packing credit foreign currency facilities, buyers credit availed under non fund based limits) from HDFC Bank Limited, SVC Co-operative Bank Limited, RBL Bank Limited, Karnataka Bank Limited, Shinhan Bank Limited, Axis Bank Limited, Bandhan Bank Limited, Bank of Bahrain and Kuwait B.S.C., SBM Bank (India) Limited, Yes Bank Limited and Kotak Mahindra Bank Limited are secured by way of hypothecation of current assets comprising stock in trade, book debts and stores and spares, both present and future. The aforesaid facilities are further secured by second charge on the Company's immovable and movable properties, both present and future, ranking pari-passu with other working capital lenders. These facilities are guaranteed by Smt. K. Lakshmi Raju, Director of the Company.

Rate of interest on Rupee loans repayable on demand is in the range of 5.75% to 8.75% p.a. (2021: 7.50% to 12.50% p.a.)

**(c) Moratorium availed from banks**

During previous year, as per RBI Circulars DOR.No.BP.BC.47/21.04.048/2019-20 and DOR.No.BP.BC.63/21.04.048/2019-20 dated March 27, 2020 and April 17, 2020 respectively, relating to the COVID-19 Regulatory Package, the Company availed moratorium of three months on the payment of interest on cash credit accounts, falling due between March 1, 2020 and May 31, 2020 from State Bank of India and IDBI Bank Limited. Further, the Company also availed moratorium of three months on the payment of instalment and interest on term loan falling due between March 1, 2020 and May 31, 2020 from SVC Co-operative Bank Limited. These were fully repaid during first quarter of FY 2020-21. From there onwards, Company has not availed any further moratorium from banks.

**17. Other financial liabilities**

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non current</b>		
Trade deposits from dealers	1,164	1,066
Guarantee obligation	152	-
Derivative liabilities	24	110
<b>Total - non current</b>	<b>1,340</b>	<b>1,176</b>
<b>Current</b>		
Payable on purchase of property, plant and equipment	433	2,677
Interest accrued but not due	31	9
Guarantee obligation	58	-
Insurance claim received (refer note 41)	2,926	-
Unclaimed dividend (refer note below)	36	320
<b>Total - current</b>	<b>3,484</b>	<b>3,006</b>

**Note:**

As at March 31, 2022: ₹ Nil (March 31, 2021: ₹ Nil) there are no amounts of unclaimed dividend due for remittance to the Investor Education & Protection Fund.

**18. Provisions (refer note 32)**

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non current</b>		
Gratuity liability	594	351
Compensated absences	445	398
<b>Total - non current</b>	<b>1,039</b>	<b>749</b>
<b>Current</b>		
Gratuity liability	121	103
Compensated absences	160	140
<b>Total - current</b>	<b>281</b>	<b>243</b>

**19. Deferred tax liabilities (net)**

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax liability (net)	1,013	1,076
<b>Total</b>	<b>1,013</b>	<b>1,076</b>

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

Particulars	As at March 31, 2022	As at March 31, 2021
Property, plant and equipment	1,653	1,623
Employee related provisions	(359)	(316)
Provisions for credit impaired balances	(133)	(74)
Lease Liabilities	(9)	(10)
Others	(139)	(147)
<b>Deferred tax liabilities (net)</b>	<b>1,013</b>	<b>1,076</b>

**Movement in deferred tax assets and liabilities for the year ended March 31, 2022**

Particulars	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Utilisation/ Reversals/ (availment)	Closing balance
Deferred tax liability/(asset) in relation to:					
Property, plant and equipment	1,623	30	-	-	1,653
Employee related provisions	(316)	(7)	(36)	-	(359)
Provisions for credit impaired balances	(74)	(59)	-	-	(133)
Lease liabilities	(10)	1	-	-	(9)
Others	(147)	(14)	22	-	(139)
<b>Total</b>	<b>1,076</b>	<b>(49)</b>	<b>(14)</b>	-	<b>1,013</b>

**Movement in deferred tax assets and liabilities for the year ended March 31, 2021**

Particulars	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Utilisation/ Reversals/ (availment)	Closing balance
Deferred tax liability/(asset) in relation to:					
Property, plant and equipment	2,008	(385)	-	-	1,623
Employee related provisions	(304)	11	(23)	-	(316)
Provisions for credit impaired balances	(172)	98	-	-	(74)
Minimum Alternate Tax (MAT) credit entitlement	(1,221)	-	-	1,221	-
Lease liabilities	(35)	25	-	-	(10)
Others	(175)	12	16	-	(147)
<b>Total</b>	<b>101</b>	<b>(239)</b>	<b>(7)</b>	<b>1,221</b>	<b>1,076</b>

**20. Trade Payables**

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues to micro enterprises and small enterprises (refer note 33)	1,891	1,108
Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note (ii) below)	36,997	26,298
<b>Total</b>	<b>38,888</b>	<b>27,406</b>

**Notes:**

- The average credit period on purchases ranges from 90 days - 120 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.
- The dues above include acceptances against the letter of credit issued to bank amounting to ₹6,537 lakhs as at March 31, 2022 (March 31, 2021: ₹3,383 lakhs).

(iii) Ageing for trade payables outstanding as at March 31, 2022 is as follows:

Particulars	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	
<b>Trade payables</b>						
Micro, Small and Medium Enterprises Development	1,891	-	-	-	-	1,891
Others	30,554	2,721	15	1	56	33,347
Disputed dues						
Micro, Small and Medium Enterprises Development	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>Sub-total</b>	<b>32,445</b>	<b>2,721</b>	<b>15</b>	<b>1</b>	<b>56</b>	<b>35,238</b>
Accrued expenses	3,650					3,650
<b>Total</b>	<b>36,095</b>	<b>2,721</b>	<b>15</b>	<b>1</b>	<b>56</b>	<b>38,888</b>

Ageing for trade payables outstanding as at March 31, 2021 is as follows:

Particulars	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	
<b>Trade payables</b>						
Micro, Small and Medium Enterprises Development	1,108	-	-	-	-	1,108
Others	19,048	2,764	3	29	-	21,844
Disputed dues						
Micro, Small and Medium Enterprises Development	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>Sub-total</b>	<b>20,156</b>	<b>2,764</b>	<b>3</b>	<b>29</b>	<b>-</b>	<b>22,952</b>
Accrued expenses	4,454					4,454
<b>Total</b>	<b>24,610</b>	<b>2,764</b>	<b>3</b>	<b>29</b>	<b>-</b>	<b>27,406</b>

**21. Other current liabilities**

Particulars	As at March 31, 2022	As at March 31, 2021
Advances from customers	1,082	781
Statutory payables	562	557
<b>Total</b>	<b>1,644</b>	<b>1,338</b>

**22. Revenue from operations**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Sale of products	160,460	116,543
Other operating revenue [refer note (B) below]	3,556	2,594
<b>Total</b>	<b>164,016</b>	<b>119,137</b>

**Notes:**

(A) Revenue for the year ended March 31, 2022 and March 31, 2021 includes:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Sale of manufactured products	157,233	112,605
Sale of traded products	3,227	3,938
<b>Total</b>	<b>160,460</b>	<b>116,543</b>

**Disaggregation of revenue information:**

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Manufactured Products</b>		
Domestic		
Dealer sales	63,305	51,559
Institutional sales	33,879	28,038
Exports		
Institutional sales	60,049	33,008
<b>Total Manufactured Products</b>	<b>157,233</b>	<b>112,605</b>
<b>Traded Products</b>		
Domestic		
Dealer sales	3,227	3,938
<b>Total Traded Products</b>	<b>3,227</b>	<b>3,938</b>
<b>Total Sales</b>	<b>160,460</b>	<b>116,543</b>

**(B) Other operating revenue**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on trade receivables	699	1,364
Sale of by-products	1,726	370
Export incentives and others (scrap sales, conversion charges etc.,)	1,131	860
<b>Total</b>	<b>3,556</b>	<b>2,594</b>

**23. Other income**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income earned on financial assets that are not designated as		
Fair value through profit or loss	8	12
Interest income	166	268
Unwinding of discount on 0.01% cumulative convertible debentures	270	72
Insurance claims	326	408
Credit impaired trade receivables recovered	70	106
Liabilities / provisions no longer required written back	346	99
Net gain on foreign currency transactions and translations	276	370
Unwinding of guarantee commission	30	-
Miscellaneous income	148	201
<b>Total</b>	<b>1,640</b>	<b>1,536</b>

**24. Cost of materials consumed**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Raw material consumption	116,229	76,249
Packing material consumption	7,538	5,230
<b>Total</b>	<b>123,767</b>	<b>81,479</b>

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Opening balance</b>		
Work-in-progress	2,245	1,574
Finished goods	8,483	6,305
Stock-in-trade	660	801
<b>Total opening balance</b>	<b>11,388</b>	<b>8,680</b>
<b>Closing balance</b>		
Work-in-progress	3,471	2,245
Finished goods	16,750	8,483
Stock-in-trade	1,284	660
<b>Total closing balance</b>	<b>21,505</b>	<b>11,388</b>
<b>Net increase in inventories</b>	<b>(10,117)</b>	<b>(2,708)</b>

**26. Employee benefits expense**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages and bonus	8,421	8,160
Contribution to provident and other funds (Refer note 32)	686	617
Employee stock compensation expense	184	71
Staff welfare expenses	702	546
<b>Total</b>	<b>9,993</b>	<b>9,394</b>

**27. Finance costs**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest expenses		
Interest on working capital and term loans (gross)	1,781	1,941
Less: Interest cost capitalised	-	(143)
Interest on working capital and term loans (net)	1,781	1,798
Other interest expenses	240	486
Interest on lease liabilities	65	67
Interest cost on amortised assets	330	97
Bank and finance charges	568	432
<b>Total</b>	<b>2,984</b>	<b>2,880</b>

**28. Depreciation and amortisation expenses**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (Refer Note 4)	2,258	2,117
Add: Amortisation of lease assets (Refer Note 4A)	252	324
Add: Amortisation of intangible assets (Refer Note 5)	65	167
	<b>2,575</b>	<b>2,608</b>
Less: Depreciation capitalised during the year	80	78
<b>Total</b>	<b>2,495</b>	<b>2,530</b>

## 29. Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Consumption of stores and spare parts	1,213	755
Repairs and maintenance		
Buildings	135	68
Plant and machinery	554	307
Others	51	28
Other manufacturing costs	1,584	1,495
Power and fuel	4,784	3,147
Rent	138	52
Rates and taxes	65	60
Communication expenses	79	70
Travel and conveyance	696	457
Legal and professional charges	490	388
Insurance	348	459
Directors' sitting fees	22	30
Auditors' remuneration (refer note (i) below)	55	52
Product development expenses	69	117
Credit impaired trade receivables written off	1,007	1,889
Reversal of provision for credit impaired trade receivables	(337)	(956)
Allowances for credit impaired receivables and advances	572	758
Royalty	723	1,029
Marketing expenses	1,192	1,002
Freight outward	4,198	2,551
Net loss on disposal of property, plant and equipment	4	54
Intangible assets and intangible assets under development written off	69	343
Corporate social responsibility expenses (refer note (ii) below)	59	19
Miscellaneous expenses	978	809
<b>Total</b>	<b>18,748</b>	<b>14,983</b>

### Notes:

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Statutory audit	25	25
Limited review fee	6	6
Tax audit	5	5
Certification fee	3	5
Others	15	10
Out of pocket expenses	1	1
<b>Total</b>	<b>55</b>	<b>52</b>

#### (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.

- a. Gross amount required to be spent by the company during the year is ₹59 lakhs (2021: ₹19 lakhs)  
b. Amount spent during the year on:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	59	19

- c. Details of amount unspent ₹ Nil (2021: ₹ Nil)  
d. Nature of CSR activities:  
(i) COVID 19 Support and rehabilitation program  
(ii) Educational systems strengthening  
(iii) General community infrastructure support and welfare initiatives  
(iv) Integrated water resource management

## 30. Related party disclosures :

### (A) Names of the related parties and their relationship :

- (i) Details of subsidiaries and associate:

Names	Nature of relationship	Country of incorporation	Percentage of holding as at	
			March 31, 2022	March 31, 2021
LR Research Laboratories Private Limited (LRLPL)	Subsidiary	India	100%	100%
NACL Spec-Chem Limited (NSCL) *	Subsidiary	India	100%	100%
NACL Multi-Chem Private Limited (NMCPL) **	Subsidiary	India	100%	100%
Nagarjuna Agrichem (Australia) Pty Limited, Australia (NAPL)	Subsidiary	Australia	100%	100%
Nasense Labs Private Limited (NLPL)	Associate	India	26%	26%

\* Incorporated on April 27, 2020

\*\* Incorporated on May 18, 2020

- (ii) Details of other related parties:

Name	Nature of relationship
KLR Products Limited (KLRPL)	Parent Company
Krishi Rasayan Exports Private Limited (KREPL)	Entity with common director
Agro Life Sciences Corporation (ALSC)	Entity with common director
Agma Energy Private Limited (AEPL)	Entity with common director

- (iii) Key Managerial Personnel (KMP):

Name	Designation
Mr. M Pavan Kumar	Managing Director and Chief Executive Officer
Mr. RKS Prasad	Chief Financial Officer (CFO)
Mr. Satish Kumar Subudhi	Company Secretary (CS)
Mrs. K Lakshmi Raju	Chairperson (Director)
Mr. Sudhakar Kudva	Independent Director
Mr. Raghavender Mateti	Independent Director
Mr. N. Vijayaraghavan	Non- Executive Director
Mr. Ramkrishna Mudholkar	Independent Director
Mr. Dorairaj Kuppurangam	Independent Director *
Mr. Sambasiva Rao Nannapaneni	Independent Director
Ms. Veni Mocherla	Independent Director
Mr. Atul Churiwal	Investor Nominee Director
Mr. Rajesh Kumar Agarwal	Investor Nominee Director

\* Ceased to be the Independent director of the company with effect from September 9, 2021

(B) Transactions during the year :

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>(i) Sales</b>		
a. Other related party (KREPL)	2,747	6,759
b. Other related party (ALSC)	360	158
<b>(ii) Rent Income</b>		
a. Subsidiary (NMCPL)	*	*
b. Subsidiary (NSCL)	*	*
<b>(iii) Interest Income</b>		
a. Subsidiary (NSCL)	-	6
<b>(iv) Purchases</b>		
a. Associate (NLPL)	80	2
b. Other related party (KREPL)	5,258	6,382
c. Other related party (ALSC)	1,236	2,109
d. Other related party (AEPL)	297	157
<b>(v) Professional charges</b>		
a. Subsidiary (LRLPL)	27	32
b. Subsidiary (NAPL)	12	12
<b>(vi) Investments</b>		
a. Subsidiary (NSCL)	3,500	3,200
b. Subsidiary (NMCPL)	50	1
<b>(vii) Dividend paid</b>		
a. Parent Company (KLRPL)	625	263
b. Other related party (KREPL)	86	36
c. Other related party (ALSC)	86	36
<b>(viii) Corporate guarantee given</b>		
a. Subsidiary (NSCL)	8,466	-
<b>(ix) Transaction with Key Managerial Personnels</b>		
a. Rent paid	170	139
b. Sitting fees	22	30
c. Dividend paid	70	20
d. Proceeds on conversion of share warrants to equity shares	462	1,334
e. Proceeds from allotment of share warrants	-	154
f. Security deposit given	3	-
<b>(x) Provision for credit impaired trade receivables</b>		
a. Associate (NLPL)	166	-

\* less than a lakh

(C) Outstanding balances as at the year end

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(i) Share warrants</b>		
a. Key Managerial Personnels	-	154
<b>(ii) Advance to related parties</b>		
a. Subsidiary (NSCL)	239	9
b. Subsidiary (NMCPL)	1	*
c. Subsidiary (LRLPL)	1	-

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(iii) Trade receivables</b>		
a. Associate (NLPL)	332	542
b. Other related party (KREPL)	571	1,046
c. Other related party (ALSC)	281	-
<b>(iv) Trade payables</b>		
a. Subsidiary (LRLPL)	-	1
b. Subsidiary (NAPL)	13	-
c. Other related party (KREPL)	2,782	1,399
d. Other related party (ALSC)	563	510
e. Other related party (AEPL)	170	13
<b>(v) Security deposits</b>		
a. Key Managerial Personnels	75	72
<b>(vi) Investments</b>		
a. Subsidiary (NAPL)	32	32
b. Subsidiary (LRLPL)	1	1
c. Subsidiary (NSCL)	6,939	3,200
d. Subsidiary (NMCPL)	51	1
e. Associate (NLPL)	816	816
<b>(vii) Corporate Guarantee</b>		
a. Subsidiary (NSCL)	8,466	-
<b>(viii) Provision for credit impaired trade receivables</b>		
a. Associate (NLPL)	166	-

\* less than a lakh

(D) Managerial remuneration to key management personnel

Nature of transaction	Party name	For the year ended March 31, 2022	For the year ended March 31, 2021
Short-term employee benefits	MD & CEO, CFO and CS	302	268
Share based payments	MD & CEO, CFO and CS	20	2
<b>Total</b>		<b>322</b>	<b>270</b>

Short term employee benefits does not include expenses for gratuity and compensated absences.

31. Contingent liabilities, Corporate Guarantee and Capital Commitments

A. Contingent Liabilities

S No.	Particulars	As at	
		March 31, 2022	March 31, 2021
(i)	Claims against the Company not acknowledged as debts in respect of the matters under dispute:		
	Excise duty (refer note (a) below)	29	29
	Service tax (refer note (b) below)	15	15
	Income tax (refer note (c) below)	606	521
	Sales tax (refer note (d) below)	101	106
	Goods and Service tax (refer note (e) below)	31	31
(ii)	Counter guarantees given to bankers (refer note (f) below)	100	95
(iii)	Others (refer note (g) below)	141	141
	<b>Total</b>	<b>1,023</b>	<b>938</b>

**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. The Company is confident that these appeals will be decided in its favour.
- The Company has disputed various demands raised by service tax authorities for the Financial years 2006-07 to 2010-11, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.
- The Company has disputed various demands raised by income tax authorities for the assessment years 2004-05 to 2007-08; 2009-10 and 2016-17 to 2018-19 which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.
- The Company has disputed various demands raised by sales tax authorities for the financial years 2009-10 to 2017-18, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.
- The Company has disputed various demands raised by Goods and Service Tax authorities for the financial year 2017-2018 and 2019-20, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.
- The Company has given certain counter guarantees to bank for guarantees given by the bank to third parties in ordinary course of business.
- 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 is confident that the case will be decided in its favour.

**B. Corporate Guarantee**

The Company has given corporate guarantee for the term loan availed by the NACL Spec-chem Limited (wholly owned subsidiary) to HDFC Bank Limited of ₹8,466 lakhs (2021: ₹ Nil lakhs).

**C. Commitments**

S No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	Estimated amount of contracts, remaining to be executed on capital account and not provided for (net of advance)	367	562
	<b>Total</b>	<b>367</b>	<b>562</b>

**32. Defined benefit plans**

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

**- Provident fund:**

The Company makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the fund administered and managed by the Government of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹564 lakhs (2021 ₹521 lakhs).

**- Gratuity (funded):**

Amount recognised in statement of profit and loss in respect of gratuity ₹122 lakhs (2021 ₹96 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 period 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.

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, 2022	For the year ended March 31, 2021
Current service cost	91	78
Net interest expense	31	18
<b>Components of defined benefit costs recognised in statement of profit or loss</b>	<b>122</b>	<b>96</b>
Re-measurement on the net defined benefit liability:		
- Return on plan assets (greater)/less than discount rate	(1)	-
- Actuarial losses arising from experience adjustments	176	102
- Actuarial gains arising from changes in financial assumptions	(32)	(10)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>143</b>	<b>92</b>
<b>Total</b>	<b>265</b>	<b>188</b>

**Change in Defined Benefit Obligation (DBO) during the year**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Present value of DBO at the beginning of the year	804	647
Current service cost	91	78
Interest cost	52	41
Actuarial gains arising from changes in financial assumptions	(32)	(10)
Actuarial losses arising from changes in financial assumptions	176	102
Benefits paid	(102)	(54)
<b>Present value of DBO at the end of the year</b>	<b>989</b>	<b>804</b>

**Change in fair value of plan assets during the year**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Fair value of plan assets at the beginning of the year	350	372
Interest income	21	23
Employer contributions	4	9
Benefits paid	(102)	(54)
Return on plan assets (greater)/less than discount rate	1	-
<b>Present value of plan assets at the end of the year</b>	<b>274</b>	<b>350</b>

**Amounts recognised in the Balance Sheet**

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of DBO at the end of the year	989	804
Fair value of plan assets at the end of the year	274	350
<b>Funded status of the plans – liability</b>	<b>715</b>	<b>454</b>
<b>Liability recognised in the Balance Sheet</b>	<b>715</b>	<b>454</b>

**Nature and extent of investment details of the plan assets**

Particulars	As at March 31, 2022	As at March 31, 2021
Insurer managed funds	100%	100%

#### Assumptions

Particulars	Gratuity plan	
	As at March 31, 2022	As at March 31, 2021
Discount rate	7.32%	6.87%
Expected rate of salary increase	3.00%	3.00%
Attrition rate	1% to 3%	1% to 3%
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	DBO	Percentage Change
Under base scenario	989	-
Salary escalation - up by 1%	1,069	8.10%
Salary escalation - down by 1%	918	(7.2%)
Attrition rate - up by 1%	1,010	2.10%
Attrition rate - down by 1%	965	(2.4%)
Discount rate - up by 1%	925	(6.5%)
Discount rate - down by 1%	1,062	7.40%

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 cash flows

Particulars	As at March 31, 2022	As at March 31, 2021
Maturity profile of Defined Benefit Obligations		
Within 1 year	121	103
Year 2	87	41
Year 3	113	65
Year 4	98	86
Year 5	98	74
> 5 years	456	385

#### c) Actuarial assumptions for compensated absences

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	7.32%	6.87%
Salary escalation	3%	3%
Attrition rate	1% to 3%	1% to 3%

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at year-end as per Company's policy. The value of such leave balance eligible for carry forward, is determined by an independent actuarial valuation and charged to Statement of Profit and Loss in the period determined.

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.

#### 33. Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act 2006

The amount due to micro, small and medium enterprises as defined under "Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to micro, small and medium enterprises are as under:

Particulars	As at March 31, 2022	As at March 31, 2021
(i) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	1,891	1,108
(ii) The amount of interest paid by the buyer under the Act along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(v) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23	-	-

#### 34. Financial instruments

##### 34.1 Capital management

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating. The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

##### Gearing ratio

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current borrowings	8,777	7,149
Current borrowings including current maturities of non-current borrowings	35,275	12,662
Cash and cash equivalents	(4,455)	(6,663)
<b>Net debt (Refer note (i) below)</b>	<b>39,597</b>	<b>13,148</b>
Equity (Refer note (ii) below)	48,395	41,148
<b>Net debt to equity ratio</b>	<b>0.82</b>	<b>0.32</b>

##### Notes:

- (i) Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.
- (ii) Equity includes issued equity capital, securities premium and all other reserves.

### 34.2 Financial instruments by category

Particulars	As at March 31, 2022			As at March 31, 2021		
	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
<b>Financial assets</b>						
Investments in equity instruments / preferential shares	-	1	-	-	9	-
Other financial assets	1,022	-	-	793	-	-
Trade receivables	52,897	-	-	33,582	-	-
Cash and cash equivalents	4,455	-	-	6,663	-	-
Other bank balances	3,210	-	-	821	-	-
<b>Total</b>	<b>61,584</b>	<b>1</b>	<b>-</b>	<b>41,859</b>	<b>9</b>	<b>-</b>
<b>Financial liabilities</b>						
Borrowings (refer note (i) below)	44,052	-	-	19,811	-	-
Lease liabilities	499	-	-	390	-	-
Derivative financial liability	-	24	-	-	110	-
Other financial liabilities	4,158	-	-	4,072	-	-
Trade payables	38,888	-	-	27,406	-	-
<b>Total</b>	<b>87,597</b>	<b>24</b>	<b>-</b>	<b>51,679</b>	<b>110</b>	<b>-</b>

#### Notes:

- Borrowings include non-current and current borrowings (Refer Note 16)
- The management assessed that fair value of cash and cash equivalents, trade receivables, other current financial assets, trade payables, borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments, and hence these are carried at amortised cost.
- 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 markets 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, 2022	As at March 31, 2021
<b>Financial Liabilities</b>		
Derivative financial liability	24	110

The Company enters into derivative financial instruments with various counterparties principally, banks with investment grade credit ratings. Foreign exchange forward contracts and interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, etc. As at March 31, 2022 the mark-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had insignificant impact on the hedge effectiveness assessment for derivatives designated in hedge relationships.

### Level 3

Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Quantitative disclosures of fair value measurement hierarchy-Level 3 for financial instruments:

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Financial Assets</b>		
Unquoted equity shares	1	9

The fair values of the unquoted equity 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 equity investments.

#### Valuation inputs and relationships to fair value:

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Particulars	Significant-unobservable inputs	Valuation process	Sensitivity of the inputs to fair value
Investment in unquoted equity shares	Earnings growth rate	i) Earnings growth factor for unlisted equity 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.

### 34.4 Financial risk management

#### 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

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.

#### Foreign currency exposure

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, 2022:

Particulars	US Dollars	₹ (in lakhs)	EURO	₹ (in lakhs)	Total (₹ lakhs)
Cash and cash equivalents	758,742	575	-	-	575
Trade receivables	21,445,466	16,252	62,582	53	16,305
Borrowings	(19,452,590)	(14,744)	-	-	(14,744)
Trade payables	(11,415,775)	(8,652)	-	-	(8,652)
Interest accrued but not due on borrowings	(11,245)	(7)	-	-	(7)
<b>Net assets/(liabilities)</b>	<b>(8,675,402)</b>	<b>(6,576)</b>	<b>62,582</b>	<b>53</b>	<b>(6,523)</b>

The following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of March 31, 2021:

Particulars	US Dollars	₹ (in lakhs)	EURO	₹ (in lakhs)	Total (₹ lakhs)
Cash and cash equivalents	1,684,939	1,232	-	-	1,232
Trade receivables	10,758,081	7,865	149,532	128	7,993
Borrowings	(2,085,000)	(1,524)	-	-	(1,524)
Trade payables	(8,923,349)	(6,524)	-	-	(6,524)
Interest accrued but not due on borrowings	(9,014)	(7)	-	-	(7)
<b>Net assets/(liabilities)</b>	<b>1,425,658</b>	<b>1,041</b>	<b>149,532</b>	<b>128</b>	<b>1,169</b>

#### Sensitivity analysis:

For the year ended March 31, 2022 and March 31, 2021, every increase / decrease of ₹1 in the respective foreign currencies compared to functional currency of the Company would impact profit before tax by ₹87 lakhs/ (₹87 lakhs) and (₹16 lakh)/ ₹16 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 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.

#### 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 changing interest rates on the fair value of issued fixed rate debt and 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 lakhs)	Fair Value of Interest Rate Swap as at March 31, 2022	Fair Value of Interest Rate Swap as at March 31, 2021	Coupon / Interest Rate	Fixed Interest Rate
US Dollar	3,550,000	1	1	Libor + 4%	7.50%

#### Sensitivity analysis:

For the year ended March 31, 2022, 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 ₹425 lakhs/ (₹425 lakhs) respectively.

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, deposits with banks, foreign exchange transactions and other financial instrument. Credit risk is managed through credit approvals, insurance of certain receivables, monitoring the creditworthiness and establishing credit limits of customers to which the Company grants credit terms in the normal course of business. 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.

#### 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 ₹11,638 lakhs and ₹14,637 lakhs as of March 31, 2022 and March 31, 2021 respectively.

#### The working capital position of the Company:

Particulars	As at March 31, 2022	As at March 31, 2021
Current assets	109,534	69,238
Current liabilities	80,208	45,271
<b>Working capital</b>	<b>29,326</b>	<b>23,967</b>

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022:

Particulars	Less than 1 year	1-2 years	2-3 years	3-5 years	above 5 years
Trade payables	38,888	-	-	-	-
Borrowings and interest thereon	37,717	3,748	4,178	1,545	527
Lease liabilities	238	261	-	-	-
Other current financial liabilities	3,484	-	-	-	-
Other non-current financial liabilities	-	1,340	-	-	-
<b>Total</b>	<b>80,327</b>	<b>5,349</b>	<b>4,178</b>	<b>1,545</b>	<b>527</b>

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2021:

Particulars	Less than 1 year	1-2 years	2-3 years	3-5 years	above 5 years
Trade payables	27,406	-	-	-	-
Borrowings and interest thereon	14,161	2,763	2,576	2,806	-
Lease liabilities	164	226	-	-	-
Other current financial liabilities	3,006	-	-	-	-
Other non-current financial liabilities	-	1,176	-	-	-
<b>Total</b>	<b>44,737</b>	<b>4,165</b>	<b>2,576</b>	<b>2,806</b>	<b>-</b>

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

#### 35. Ratios

The following are analytical ratios for the year ended March 31, 2022 and March 31, 2021

Particulars	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	Variance
Current ratio	Current assets	Current liabilities	1.37	1.53	(10.71)%
Debt-Equity ratio	Debt consists of borrowings and lease liabilities	Shareholder's equity	0.92	0.49	87.51%#
Debt service coverage ratio	Earning for debt service = Net Profit after taxes + Non-cash operating expenses + Interest + Other non-cash adjustments	Debt service = Interest and lease payments + Principal repayments	3.56	3.28	8.60%
Return on equity ratio	Net profit after tax	Average shareholders equity	17%	13%	28.68%@

Particulars	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	Variance
Inventory turnover ratio	Revenue from operations	Average inventory	5.13	6.07	(15.37)%
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	3.76	3.39	10.87%
Trade payables turnover ratio	Net purchases	Average trade payables	4.55	3.44	32.12%^
Net capital turnover ratio	Revenue from operations	Working capital	6.16	6.31	(2.52)%
Net profit ratio	Net profit after tax	Revenue from operations	5%	4%	9.84%
Return on capital employed	Earnings before interest and taxes	Capital employed = net worth + debt + lease liabilities + deferred tax liabilities	14%	16%	(14.46)%
Return on investment	Income generated from investments	Time weighted average investments	0%	0%	-

# Increase in current borrowings to finance working capital requirements

@ In line with increase in business performance compared to previous year

^ Timing difference of purchases and payment to vendors resulted in increase in liabilities on account of enhancement in safety inventory levels and disruption in supplies during pandemic

### 36. Earnings per share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit for the year attributable to shareholders of the Company	7,604	5,029
<b>Basic:</b>		
Number of shares outstanding at the year end	198,307,464	196,217,758
Weighted average number of equity shares	197,888,202	193,646,705
<b>Earnings per share (₹)</b>	<b>3.84</b>	<b>2.60</b>
<b>Diluted:</b>		
Effect of potential equity shares on employee stock options outstanding	437,086	31,666
Weighted average number of equity shares outstanding	198,325,288	193,678,371
<b>Earnings per share (₹)</b>	<b>3.83</b>	<b>2.60</b>

Note: EPS is calculated based on profits 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, 2022	For the year ended March 31, 2021
Employee benefits expense	15	48
Depreciation	5	4
Other expenses	80	51
<b>Total</b>	<b>100</b>	<b>103</b>

### 38. Research and development expense capitalised:

Revenue Expenditure capitalised during the year under respective heads:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Employee benefits expense	241	180
Depreciation	80	78
Other expenses	153	145
<b>Total</b>	<b>474</b>	<b>403</b>

### 39. Leases:

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening balance	390	695
Add: Lease liabilities recognised during the year	364	77
Add: Interest cost accrued during the year	65	68
Less: Payment of lease liabilities including interest	(320)	(450)
<b>Balance at the end</b>	<b>499</b>	<b>390</b>

ii) Maturity analysis of lease liabilities:

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	238	164
One to two years	224	107
More than two years	37	119
<b>Total lease liabilities</b>	<b>499</b>	<b>390</b>

### 40. Segment Reporting:

As the Company's business activities fall within a single primary segment viz-a-viz "sale of products - pesticides, insecticides etc.", therefore the disclosure requirements of Indian Accounting Standard 108 - Operating Segments are not applicable. The Company sells its products mainly within India where the conditions prevailing are uniform.

### Geographical Information

The Company 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 Company are situated within India.

Revenue – Sale of products	For the year ended March 31, 2022	For the year ended March 31, 2021
India	100,411	83,535
Outside India	60,049	33,008
<b>Total</b>	<b>160,460</b>	<b>116,543</b>

The Company's revenue includes ₹34,238 lakhs (2021: ₹18,865 lakhs) which arose from sales to the Company's largest customer. No other single customer contributed 10 per cent or more to the Company's revenue in either 2021-22 or 2020-21.

### 41. Insurance claim

An Appeal has been filed by the Insurance Company (The Oriental Insurance Company Limited) against the Arbitration Award 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 ₹1,048 lakhs (includes interest) and Business Interruption Policy claim of ₹1,352 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 year the amount deposited by the insurance company has been released by the Court to the Company after submission of equivalent bank guarantee. The Company has not recognized the said claims in the books of account.

### 42. Social security code

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

#### 43. Other statutory 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 or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (ix) 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.

#### 44. Approval of financial statements

The financial statements are approved for issue by the Board of Directors on May 12, 2022.

for and on behalf of the Board of Directors

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

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

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

**Satish Kumar Subudhi**  
Company Secretary

Place : Hyderabad  
Date : May 12, 2022

## 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 accompanying consolidated financial statements of **NACL INDUSTRIES LIMITED** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of loss in its associate, which comprise the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the separate financial statements of the subsidiaries and associate referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022 and their consolidated profit, their consolidated total

comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

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. We have determined the matters described below to be the key audit matters to be communicated in our report:

Key Audit Matter	Auditor's Response
<p><b>Timing of revenue recognition</b></p> <p>The Parent recognises revenue from sale of farm inputs based on the terms and conditions of transactions which varies with different customers.</p> <p>For sale transactions occurring close to the year end, it is essential to ensure that the control of goods have transferred to the customers.</p> <p>As revenue recognition is subject to management's judgement on whether the control of the goods have been transferred, we considered the risk of such sales transactions recorded in wrong financial period (cut-off) as a key audit matter.</p> <p>Refer notes 2.4 and 22 of the standalone financial statements.</p>	<p><b>Principal audit procedures performed:</b></p> <ul style="list-style-type: none"> <li>We obtained an understanding of the revenue recognition process including a sample of sales contracts.</li> <li>We tested the Parents's key controls around the timely and accurate recording of the sales transactions.</li> <li>We tested the access and change management controls of the relevant information technology system in which shipments are recorded.</li> <li>We performed testing for a sample of sales invoices recorded immediately before the year-end and obtained evidences to support the appropriate timing of revenue recognition, based on terms and conditions set out in sales contracts and delivery documents.</li> </ul>

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report and Management Discussion & Analysis, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The Director's Report and Management Discussion & Analysis are 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 do not and 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, compare with the financial statements of subsidiaries and associate, to the extent it relates to these entities and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries and associate, is traced from their financial statements.
- When we read the Director's Report and Management Discussion & Analysis, 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 Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associate in accordance with the Ind AS and other accounting principles generally accepted in India. The respective 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 the Group and its associate 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 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 Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group (and of its associate) are responsible for assessing the ability of the respective entities 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 their respective entities 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 also responsible for overseeing the financial reporting process of the Group and of its associate.

### Auditor's Responsibility 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 financial 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 Parent Company has adequate internal financial controls system 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate 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 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 information of entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key

audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

We did not audit the financial statements of four subsidiaries whose financial statements reflect total assets of ₹16,991 lakhs as at March 31, 2022, total revenues of ₹38 lakhs and net cash inflows amounting to ₹2,397 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹280 lakhs for the year ended March 31, 2022, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements are unaudited and 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, is based solely on such unaudited financial statements. In our opinion and according to the information and explanation given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity 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 Parent Company as on March 31, 2022 taken on record by the Board of Directors of the Parent is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' report of the Parent. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of Parent.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
- The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates;
  - The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts;
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent, its subsidiary companies and associate company incorporated in India;
  - (a) The Management of the Parent have represented to us, to the best of their knowledge and belief, other than as disclosed in the Note 43 to the financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds

or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries 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 Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- The Management of the Parent, have represented to us, to the best of their knowledge and belief, other than as disclosed in the Note 43 to the financial statements, no funds (which are material either individually or in the aggregate) have been received by the Parent or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- The final dividend proposed in the previous year, declared and paid by the Parent during the year is in accordance with section 123 of the Act, as applicable.

As stated in Note 15(1)-(1) to the financial statements, the Board of Directors of the Parent have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

- With respect to the matters specified in clause (xxi) of paragraph (3) and paragraph 4 of the Companies

(Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, in respect of the following companies included in the consolidated financial statements, whose audit under section 143 of the Act has not yet been completed, the CARO report as applicable in respect of those companies are not available and consequently have not been provided to us as on the date of this audit report:

Name of the company	CIN	Nature of relationship
NACL Spec-chem Limited	U24290TG2020PLC140201	Subsidiary
LR Research Laboratories Limited	U73100TG2011PTC076023	Subsidiary
NACL Multichem Private Limited	U24299TG2020PTC140342	Subsidiary
Nasense Labs Private Limited	U24231TG1995PTC019809	Associate

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Ganesh Balakrishnan**  
Partner  
(Membership No. 201193)  
UDIN: 22201193AIVXFM1165

Place: Hyderabad  
Date: May 12, 2022

# Annexure "A" to the Independent Auditor's Report

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of NACL INDUSTRIES Limited (hereinafter referred to as "the Holding Company" / "Parent").

## Management's Responsibility for Internal Financial Controls

The Board of Directors of the Parent is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial

controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 internal financial controls system over financial reporting of the Parent.

## Meaning of Internal Financial Controls Over Financial Reporting

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

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

## Opinion

In our opinion to the best of our information and according to the explanations given to us the Parent, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting 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".

Place: Hyderabad  
Date: May 12, 2022

## Other Matters

The Parent has consolidated financial statements of 3 subsidiaries and an associate company which are companies incorporated in India on the basis of unaudited financial statements. In our opinion and according to the information and explanation given to us by the Management, such subsidiary and associate company are not material to the group

Our opinion is not modified in respect of the above matter.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Ganesh Balakrishnan**  
Partner  
(Membership No. 201193)  
UDIN: 22201193AIVXFM1165

## Consolidated Balance Sheet

AS AT MARCH 31, 2022

(ALL AMOUNTS IN ₹LAKHS, UNLESS OTHERWISE STATED)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
<b>I ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	4	20,381	18,572
(b) Right-of-use assets	4A	3,331	3,249
(c) Capital work-in-progress	4	10,456	2,846
(d) Other intangible assets	5	109	149
(e) Intangible assets under development	5	1,179	799
(f) Financial assets			
(i) Investments	6	1,263	1,559
(ii) Other financial assets	7	412	401
(g) Income tax assets (net)	13	474	467
(h) Other non-current assets	8	929	257
<b>Total non-current assets</b>		<b>38,534</b>	<b>28,299</b>
<b>2 Current assets</b>			
(a) Inventories	9	41,071	22,830
(b) Financial assets			
(i) Trade receivables	10	52,897	33,582
(ii) Cash and cash equivalents	11	6,994	6,805
(iii) Other bank balances	12	3,210	821
(iv) Other financial assets	7	614	392
(c) Other current assets	8	7,728	4,830
<b>Total current assets</b>		<b>112,514</b>	<b>69,260</b>
<b>Total assets</b>		<b>151,048</b>	<b>97,559</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity share capital	14	1,983	1,962
(b) Other equity	15	46,854	39,898
<b>Total equity</b>		<b>48,837</b>	<b>41,860</b>
<b>2 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	17,243	7,149
(ia) Lease liabilities	39	261	226
(ii) Other financial liabilities	17	1,188	1,176
(b) Provisions	18	1,039	749
(c) Deferred tax liabilities (net)	19	1,013	1,076
<b>Total non-current liabilities</b>		<b>20,744</b>	<b>10,376</b>
<b>3 Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	35,275	12,662
(ia) Lease liabilities	39	238	164
(ii) Trade payables	20		
(a) total outstanding dues of micro enterprises and small enterprises		1,891	1,108
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		37,000	26,343
(iii) Other financial liabilities	17	4,730	3,006
(b) Other current liabilities	21	1,654	1,345
(c) Income-tax liabilities (net)	13	398	452
(d) Provisions	18	281	243
<b>Total current liabilities</b>		<b>81,467</b>	<b>45,323</b>
<b>Total liabilities</b>		<b>102,211</b>	<b>55,699</b>
<b>Total equity and liabilities</b>		<b>151,048</b>	<b>97,559</b>

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached  
For DELOITTE HASKINS & SELLS LLP

Chartered Accountants  
(F. R. No.117366W/W-100018)

Ganesh Balakrishnan  
Partner

Place : Hyderabad  
Date : May 12, 2022

for and on behalf of the Board of Directors

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

R.K.S. Prasad  
Chief Financial Officer

Place : Hyderabad  
Date : May 12, 2022

Raghavender Mateti  
Director  
(DIN:06826653)

Satish Kumar Subudhi  
Company Secretary

## Consolidated Statement of Profit and Loss

FOR THE YEAR ENDED MARCH 31, 2022

(ALL AMOUNTS IN ₹LAKHS, UNLESS OTHERWISE STATED)

Particulars	Note	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>I INCOME</b>			
Revenue from operations	22	164,016	119,137
Other income	23	1,342	1,466
<b>Total income</b>		<b>165,358</b>	<b>120,603</b>
<b>II EXPENSES</b>			
Cost of materials consumed	24	123,767	81,479
Purchases of stock-in-trade		7,540	4,719
Changes in inventories of finished goods, work in progress and stock-in-trade	25	(10,117)	(2,708)
Employee benefits expense	26	10,008	9,428
Finance costs	27	2,665	2,792
Depreciation and amortisation expense	28	2,496	2,530
Other expenses	29	18,735	14,954
<b>Total expenses</b>		<b>155,094</b>	<b>113,194</b>
<b>III Profit before share of profit of associate (I - II)</b>		<b>10,264</b>	<b>7,409</b>
IV Share of (loss) / profit from associate		(280)	57
<b>V Profit before tax (III + IV)</b>		<b>9,984</b>	<b>7,466</b>
<b>VI Tax expense</b>			
(i) Current tax	13.1	2,691	2,606
(ii) Deferred tax	13.1	(49)	(239)
<b>Total tax expense</b>		<b>2,642</b>	<b>2,367</b>
<b>VII Profit for the year (V - VI)</b>		<b>7,342</b>	<b>5,099</b>
<b>VIII Other comprehensive income / (loss)</b>			
Items that will not be reclassified subsequently to statement of profit and loss			
(a) Remeasurement of defined benefit obligation	32	(151)	(93)
(b) Income tax expense on remeasurement above	13.1	36	23
Items that will be reclassified subsequently to statement of profit and loss			
(a) Effective portion of loss on designated portion of hedging instrument in a cash flow hedge		86	64
(b) Income tax expense there on	13.1	(22)	(16)
<b>Total other comprehensive loss net of tax</b>		<b>(51)</b>	<b>(22)</b>
<b>IX Total comprehensive income for the year (V + VI)</b>		<b>7,291</b>	<b>5,077</b>
<b>X Earnings per equity share of ₹1 each</b>			
Basic (₹)	36	3.71	2.63
Diluted (₹)	36	3.70	2.63

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached  
For DELOITTE HASKINS & SELLS LLP

Chartered Accountants  
(F. R. No.117366W/W-100018)

Ganesh Balakrishnan  
Partner

Place : Hyderabad  
Date : May 12, 2022

for and on behalf of the Board of Directors

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

R.K.S. Prasad  
Chief Financial Officer

Place : Hyderabad  
Date : May 12, 2022

Raghavender Mateti  
Director  
(DIN:06826653)

Satish Kumar Subudhi  
Company Secretary

## Consolidated Cash Flow Statement

FOR THE YEAR ENDED MARCH 31, 2022

(ALL AMOUNTS IN ₹LAKHS, UNLESS OTHERWISE STATED)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	9,984	7,466
<b>Adjustments for:</b>		
Depreciation and amortisation expense	2,496	2,530
Finance costs	2,665	2,792
Interest income	(175)	(282)
Share of (loss) / profit from associate	280	(57)
Excess provisions, no longer required, written back	(346)	(99)
Provision for credit impaired trade receivables and advances	572	758
Loss on sale of property, plant and equipment (net)	4	54
Intangible assets and intangible assets under development written off	69	343
Share-based payments	184	71
Credit impaired trade receivables and advances written off (net)	670	933
Unrealised forex loss / (gain)	173	(182)
<b>Operating profit before working capital changes</b>	<b>16,576</b>	<b>14,327</b>
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets:		
Inventories	(18,241)	(6,380)
Trade receivables	(20,302)	1,097
Other financial assets	(173)	(165)
Other assets	(2,890)	(639)
Adjustment for increase/(decrease) in operating liabilities:		
Trade payables	11,683	712
Provisions	328	275
Other financial liabilities	3,024	(24)
Other liabilities	309	104
<b>Cash (used in) / generated from operations</b>	<b>(9,686)</b>	<b>9,307</b>
Income taxes paid (net)	(2,738)	(971)
<b>Net cash (used in) / flow from operating activities (A)</b>	<b>(12,424)</b>	<b>8,336</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment including capital advances	(13,793)	(1,596)
Proceeds from sale of property, plant and equipment	4	9
Proceeds from sale of investments	8	-
Movement in other deposits and margin money (net)	(2,673)	2,704
Interest income received	115	288
<b>Net cash (used in) / flow from investing activities (B)</b>	<b>(16,339)</b>	<b>1,405</b>

## Consolidated Cash Flow Statement (Contd.)

FOR THE YEAR ENDED MARCH 31, 2022

(ALL AMOUNTS IN ₹LAKHS, UNLESS OTHERWISE STATED)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from allotment of share warrants	-	154
Proceeds from allotment of shares under ESOP	127	15
Proceeds on conversion of share warrants to equity shares	463	1,334
Proceeds from non-current borrowings	13,157	6,439
Repayment of non-current borrowings	(1,573)	(1,159)
Movement in current borrowings (net)	20,798	(11,472)
Payment of lease liabilities	(320)	(3,350)
Dividend paid including tax thereon	(1,088)	(487)
Finance costs paid	(2,612)	(2,768)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>28,952</b>	<b>(11,294)</b>
<b>Net increase/(decrease) in cash and cash equivalents (D) = (A+B+C)</b>	<b>189</b>	<b>(1,553)</b>
<b>Cash and cash equivalents at the beginning of the year (E)</b>	<b>6,805</b>	<b>8,358</b>
<b>Cash and cash equivalents at the end of the year (F) = (D)+(E) (Refer Note 11)</b>	<b>6,994</b>	<b>6,805</b>

### Notes:

#### 1. Reconciliation of liabilities from financing activities March 31, 2022

Particulars	As at March 31, 2021	Proceeds/ Additions	Repayments	Foreign currency translation	As at March 31, 2022
Long term borrowings (including current portions)	8,548	13,157	1,573	61	20,193
Short-term borrowings	11,263	20,798	-	264	32,325
Lease liabilities	390	429	320	-	499
<b>Total liabilities from financing activities</b>	<b>20,201</b>	<b>34,384</b>	<b>1,893</b>	<b>325</b>	<b>53,017</b>

#### Reconciliation of liabilities from financing activities March 31, 2021

Particulars	As at March 31, 2020	Proceeds/ Additions	Repayments	Foreign currency translation	As at March 31, 2021
Long term borrowings (including current portions)	3,350	6,439	1,159	(82)	8,548
Short-term borrowings	22,724	-	11,472	11	11,263
Lease liabilities	695	3,045	3,350	-	390
<b>Total liabilities from financing activities</b>	<b>26,769</b>	<b>9,484</b>	<b>15,981</b>	<b>(71)</b>	<b>20,201</b>

2. Cash Flow Statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 on cash flow statements. Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and cash equivalents which are short-term and held for the purpose of meeting short-term cash commitments.

#### See accompanying notes forming part of the consolidated financial statements

In terms of our report attached  
For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(F. R. No.117366W/W-100018)

Ganesh Balakrishnan  
Partner

Place : Hyderabad  
Date : May 12, 2022

#### for and on behalf of the Board of Directors

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

Raghavender Mateti  
Director  
(DIN:06826653)

R.K.S. Prasad  
Chief Financial Officer

Satish Kumar Subudhi  
Company Secretary

Place : Hyderabad  
Date : May 12, 2022

**A. Equity share capital**

Particulars	Note	Number of shares	Amount
<b>Balance as at March 31, 2020</b>		<b>192,605,261</b>	<b>1,926</b>
Add: Issue of equity shares under Company's employee stock option plan	14.5	192,497	2
Add: Issue of equity shares upon conversion of share warrants	14.6	3,420,000	34
<b>Balance as at March 31, 2021</b>		<b>196,217,758</b>	<b>1,962</b>
Add: Issue of equity shares under Company's employee stock option plan	14.5	509,706	5
Add: Issue of equity shares upon conversion of share warrants	14.6	1,580,000	16
<b>Balance as at March 31, 2022</b>		<b>198,307,464</b>	<b>1,983</b>

**B. Other equity**

Particulars	Reserves and surplus			Items of other comprehensive income Equity instruments through other comprehensive income	Share warrants	Stock Option Reserve	Retained earnings	Total
	General reserve	Capital reserve	Securities premium					
<b>Balance as at March 31, 2020</b>	4,175	37	11,351	(499)	-	23	18,683	33,770
Profit for the year	-	-	-	-	-	-	5,099	5,099
Other Comprehensive Income for the year net of income tax	-	-	-	-	-	-	(22)	(22)
Stock option on vesting of employee stock options	-	-	-	-	-	71	-	71
Stock option on exercise of employee stock options	-	-	-	-	-	(23)	-	(23)
Amount received on exercise of employee stock options Allotment	-	-	13	-	-	-	-	13
Amount transferred on exercise of employee stock option	-	-	23	-	-	-	-	23
Amount received on allotment of share warrants	-	-	1,300	-	154	-	-	1,454
Payment of dividends including tax thereon	-	-	-	-	-	-	(487)	(487)
<b>Balance as at March 31, 2021</b>	<b>4,175</b>	<b>37</b>	<b>12,687</b>	<b>(499)</b>	<b>154</b>	<b>71</b>	<b>23,273</b>	<b>39,898</b>
Profit for the year	-	-	-	-	-	-	7,342	7,342
Other Comprehensive Income for the year net of income tax	-	-	-	-	-	-	(51)	(51)
Stock option on vesting of employee stock options	-	-	-	-	-	184	-	184
Stock option on exercise of employee stock options	-	-	-	-	-	(96)	-	(96)
Amount received on exercise of employee stock options Allotment	-	-	122	-	-	-	-	122
Amount transferred on exercise of employee stock option	-	-	96	-	-	-	-	96
Amount received on allotment of share warrants	-	-	601	-	(154)	-	-	447
Payment of dividends	-	-	-	-	-	-	(1,088)	(1,088)
<b>Balance as at March 31, 2022</b>	<b>4,175</b>	<b>37</b>	<b>13,506</b>	<b>(499)</b>	<b>-</b>	<b>159</b>	<b>29,476</b>	<b>46,854</b>

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached  
For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(F. R. No.117366W/W-100018)

Ganesh Balakrishnan  
Partner

Place : Hyderabad  
Date : May 12, 2022

for and on behalf of the Board of Directors

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

R.K.S. Prasad  
Chief Financial Officer

Place : Hyderabad  
Date : May 12, 2022

Raghavender Mateti  
Director  
(DIN:06826653)

Satish Kumar Subudhi  
Company Secretary

**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 and four 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, 2022	Percentage of voting power as at March 31, 2021
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%	-
NACL Multichem Private Limited	Subsidiary	India	100%	-
Nasense Labs Private Limited	Associate	India	26%	26%

**2. Significant accounting policies**

**2.1 Statement of compliance**

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

**2.2 Basis for preparation and presentation**

The consolidated financial statements have been prepared on accrual basis the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

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.

Based on the nature of activities of the Group and the average time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

The principal accounting policies are set out below.

**2.3 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. 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.

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.

#### 2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the group expects to receive in exchange for those goods. Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch. Revenue is also recognised where goods are ready as per customer request and pending dispatch at the instance 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. On satisfaction of all performance obligations, invoice is raised on the customer in accordance with customer request at regular payment terms. 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 and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers.

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.

Revenue from operations includes "Other Operating Revenue" which consists of export benefits, net interest on trade receivables, scrap sales and conversion charges etc. Export benefits, interest on trade receivables (net) and conversion charges are recognised on accrual basis.

#### 2.5 Other income

- Dividend income from investments is recognised in the year in which the right to receive the payment is established.

- Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which 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.

#### 2.6 Leasing

The group's lease 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 includes 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 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. 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 amortized cost 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 rates in the country of domicile of these leases.

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.

#### 2.7 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.

#### 2.8 Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which entity operates (i.e. "functional currency"). The financial statements are presented in Indian Rupee (₹), the national currency of India, which is the functional currency of the Group.

#### 2.9 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 retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

#### 2.10 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.

#### 2.11 Employee benefits

Employee benefits include Provident fund, Employee's State Insurance scheme, Gratuity fund and compensated absences.

##### 2.11.1 Defined contribution plans

Contributions in respect of Employees Provident Fund 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.

##### 2.11.2 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.

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. 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. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

##### 2.11.3 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.

### 2.12 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, 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.

### 2.13 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 EPS is determined by adjusting the profit or loss attributable to equity shareholders and weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

### 2.14 Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. 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.

#### 2.14.1 Current Tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961.

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

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.

#### 2.14.3 Current tax and deferred tax for the year

Current and deferred tax are recognised in the 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.

### 2.15 Cash flow statements 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 based on the available information.

### 2.16 Property, plant and equipment

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 involving material investment and substantial lead time.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets in whose case the life of certain assets has been assessed based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, maintenance support etc.

Asset	Useful life (in years)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Plant and equipment	15 - 20	15 - 20

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. Assets costing ₹5,000 and below are depreciated over a period of one year. 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.

### 2.17 Intangible assets

Intangible assets are carried at cost less accumulated amortization and 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 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 carried at cost, comprising direct cost and related incidental expenses.

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.

### 2.18 Research and development

Research costs are expensed as incurred. Development costs are expensed as incurred unless 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.

### 2.19 Impairment of assets

#### 2.19.1 Non-financial assets - property, plant and equipment and intangible assets

The Group assesses at each reporting date whether there is an indication that an asset/cash generating unit may be impaired. If any indication exists the Group estimates the recoverable amount of such assets and if carrying amount exceeds the recoverable amount, impairment is recognised. The recoverable amount is the higher of the fair value less cost to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount factor. When there is indication that previously recognised impairment loss no longer exists or may have decreased such reversal of impairment loss is recognised in the consolidated statement of profit and loss.

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

## 2.20 Inventories

Inventories are valued at lower of cost (on weighted average basis) and net realisable value after providing for obsolescence and other losses, where considered necessary. Net realisable value represents the estimated selling price of inventories less all the estimated costs of completion and the costs necessary to make the sale.

The method of determination of cost of various categories of inventories is as follows:

- i. **Raw Materials** - Weighted average cost. Cost includes the purchase cost and other attributable expenses;
- ii. **Work-in-progress** - Weighted average cost. Cost includes the purchase cost and other attributable expenses;
- iii. **Finished Goods** - Weighted average cost of production which comprises of direct material costs, direct wages and applicable overheads;
- iv. **Stores and Spares, Packing Material**- Weighted average cost;
- v. **Stock-in-trade** - Weighted average cost.

## 2.21 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when there is a present obligation as a result of past events 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 are neither recognised nor disclosed in the consolidated financial statements.

## 2.22 Financial Instruments

### (i) Initial recognition

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.

### (ii) Subsequent Recognition

#### Non-derivative financial instruments:

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

A financial asset is subsequently measured at amortised cost 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.

#### 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.

#### 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.

#### Derivative financial instruments:

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

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

#### Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value Through Profit or Loss (FVTPL). Interest income is recognised in consolidated statement of profit 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 foreign currency fluctuations relating to certain highly probable forecast transactions.

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.

#### 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 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.

##### Foreign exchange gains and losses

For foreign currency denominated financial assets measured at amortised cost and fair value through profit or loss, the exchange differences are recognised in consolidated statement of profit and loss.

Changes in the carrying amount of investments in equity instruments at Fair Value Through Other Comprehensive Income (FVTOCI) relating to changes in foreign currency rates are recognised in other comprehensive income.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in consolidated statement of profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the consolidated statement of profit and loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in consolidated statement of profit and loss.

### 2.23 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.

### 2.24 Exceptional Items

Significant gains/losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional item'.

## 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 3.1 Critical Judgements

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

#### Contingencies and commitments

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 or profitability.

### 3.2 Key sources of estimation uncertainty

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

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.

#### Revenue recognition

The Group accepts sales returns and provides various rebates & incentives as per the policy. Various estimates are made to recognise the impact of sales return provision, rebates & incentives on revenue. These estimates are made based on historical and forecasted data, contractual terms and market conditions.

#### Provision for doubtful receivables

The Group makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates.

#### Provision for employee benefits

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

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 Company's assets are determined by Management at the time the asset is acquired and is reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

#### Claims, provisions and contingent liabilities

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.

### Other estimates

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analysing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

### 3.3 Recent accounting 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. On March 23, 2022, MCA amended the

Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

Ind AS 16- Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets - The amendment specifies that the 'cost of fulfilling' a contract comprises the 'cost that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and there is no impact on its financial statements.

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

##### 4.1 Carrying amounts of:

Particulars	As at March 31, 2022	As at March 31, 2021
Land	2,508	2,508
Buildings	4,329	4,056
Plant and equipment	13,123	11,642
Furniture and fixtures	79	103
Vehicles	83	96
Office equipment	84	51
Computers	175	116
<b>Total</b>	<b>20,381</b>	<b>18,572</b>
Capital work-in-progress	10,456	2,846

##### 4.2 Movement of property, plant and equipment:

Particulars	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
Cost or deemed cost								
Balance as at March 31, 2020	2,508	5,886	37,751	622	137	267	643	47,814
Add: Additions	-	443	1,921	7	45	11	34	2,461
Less: Disposals	-	-	777	-	10	6	53	846
Balance as at March 31, 2021	2,508	6,329	38,895	629	172	272	624	49,429
Add: Additions	-	466	3,415	19	3	52	121	4,076
Less: Disposals	-	-	77	1	11	5	29	123
Balance as at March 31, 2022	2,508	6,795	42,233	647	164	319	716	53,382

##### 4.3 Accumulated Depreciation:

Particulars	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
Balance as at March 31, 2020	-	2,099	26,161	478	73	209	503	29,523
Add: Depreciation expense	-	174	1,813	48	12	18	52	2,117
Less: Disposals	-	-	721	-	9	6	47	783
Balance as at March 31, 2021	-	2,273	27,253	526	76	221	508	30,857
Add: Depreciation expense	-	193	1,930	42	16	19	59	2,259
Less: Disposals	-	-	73	-	11	5	26	115
Balance as at March 31, 2022	-	2,466	29,110	568	81	235	541	33,001

##### 4.4 Carrying amounts:

Particulars	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
Balance as at March 31, 2022	2,508	4,329	13,123	79	83	84	175	20,381
Balance as at March 31, 2021	2,508	4,056	11,642	103	96	51	116	18,572

##### Notes:

- Above includes opening gross block of ₹2,165 lakhs (2021: ₹2,013 lakhs), additions amounting to ₹152 lakhs (2021: ₹1 lakh) and net block amounting to ₹925 lakhs (2021: ₹868 lakhs) in respect of in-house research and development.
- Refer Note 16 for detail of Property, plant and equipment hypothecated or pledged.

#### 4.5 Ageing for capital work-in-progress as at March 31, 2022 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	833	129	-	-	962

#### Ageing for capital work-in-progress as at March 31, 2021 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	1508	1,212	28	-	2,748

Note: Project execution plans are modulated basis capacity requirement assessment on an annual basis and all the projects are executed as per rolling annual plan.

#### 4A. Right of use of assets

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

Particulars	As at March 31, 2022	As at March 31, 2021
Lease hold Land	2,870	2,900
Buildings	328	137
Lease Motor Vehicle	133	212
<b>Total</b>	<b>3,331</b>	<b>3,249</b>

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

Particulars	Lease hold Land	Buildings	Lease motor vehicle	Total
Cost or deemed cost				
Balance as at March 31, 2020	-	498	501	999
Add: Additions	2,914	76	-	2,990
Less: Disposals / Adjustments	-	-	-	-
Balance as at March 31, 2021	2,914	574	501	3,989
Add: Additions	-	364	-	364
Less: Disposals / Adjustments	-	396	150	546
Balance as at March 31, 2022	2,914	542	351	3,807

##### 4A.3 Accumulated amortisation:

Particulars	Lease hold Land	Buildings	Lease motor vehicle	Total
Balance as at March 31, 2020	-	252	150	402
Add: Amortisation expense	14	185	139	338
Less: Disposals / Adjustments	-	-	-	-
Balance as at March 31, 2021	14	437	289	740
Add: Amortisation expense	30	173	79	282
Less: Disposals / Adjustments	-	396	150	546
Balance as at March 31, 2022	44	214	218	476

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

Particulars	Lease hold Land	Buildings	Lease motor vehicle	Total
Balance as at March 31, 2022	2,870	328	133	3,331
Balance as at March 31, 2021	2,900	137	212	3,249

## 5. Other intangible assets and intangible assets under development

### 5.1 Carrying amounts of:

Particulars	As at March 31, 2022	As at March 31, 2021
Computer software	-	-
Developed products	109	149
Technical knowhow	-	-
<b>Total</b>	<b>109</b>	<b>149</b>
Intangible assets under development (IAUD)	1,179	799

### 5.2 Movement of intangible assets:

Particulars	Computer software	Developed products	Technical knowhow	Total
Cost or deemed cost				
<b>Balance as at March 31, 2020</b>	<b>379</b>	<b>1,215</b>	<b>65</b>	<b>1,659</b>
Add: Additions	-	142	-	142
Less: Disposals / Adjustments	-	-	-	-
<b>Balance as at March 31, 2021</b>	<b>379</b>	<b>1,357</b>	<b>65</b>	<b>1,801</b>
Add: Additions	-	25	-	25
Less: Disposals / Adjustments	-	597	-	597
<b>Balance as at March 31, 2022</b>	<b>379</b>	<b>785</b>	<b>65</b>	<b>1,229</b>

### 5.3 Accumulated amortisation:

Particulars	Computer software	Developed products	Technical knowhow	Total
<b>Balance as at March 31, 2020</b>	<b>361</b>	<b>1,059</b>	<b>65</b>	<b>1,485</b>
Add: Amortisation expense	18	149	-	167
Less: Disposals / Adjustments	-	-	-	-
<b>Balance as at March 31, 2021</b>	<b>379</b>	<b>1,208</b>	<b>65</b>	<b>1,652</b>
Add: Amortisation expense	-	65	-	65
Less: Disposals / Adjustments	-	597	-	597
<b>Balance as at March 31, 2022</b>	<b>379</b>	<b>676</b>	<b>65</b>	<b>1,120</b>

### 5.4 Carrying amounts:

Particulars	Computer software	Developed products	Technical knowhow	Total
<b>Balance as at March 31, 2022</b>	<b>-</b>	<b>109</b>	<b>-</b>	<b>109</b>
<b>Balance as at March 31, 2021</b>	<b>-</b>	<b>149</b>	<b>-</b>	<b>149</b>

### 5.5 Ageing for Intangible assets under development as at March 31, 2022 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	452	441	77	209	1,179

### Ageing for Intangible assets under development as at March 31, 2021 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	498	86	120	95	799

**Note:** All IAUD required certain milestone to achieve and relevant external authority approvals. The period of IAUD are within the time period of such milestone to achieve or awaiting approvals. Accordingly, the management has considered there are no delay in executing respective projects.

## 6. Non-current investments:

Particulars	Nominal value	Number of shares	As at March 31, 2022	Number of shares	As at March 31, 2021
<b>Trade</b>					
<b>Unquoted equity investments (all fully paid)</b>					
<b>(a) Investment in associate at cost</b>					
Nasense Labs Private Limited	₹10	6,127,513	1,262	6,127,513	1,550
<b>(c) Other equity investment at fair value through other comprehensive income</b>					
New India Co-operative Bank Limited		-	-	81,875	8
SVC Co-operative Bank Limited	₹25	100	*	100	*
<b>Total equity investments (A)</b>			<b>1,262</b>		<b>1,558</b>
<b>Investment in preference shares at fair value through other comprehensive income</b>					
Nagaarjuna Shubho Green Technologies Private Limited					
10% cumulative redeemable preference shares	₹100	500,000	1	500,000	1
<b>Total other investments (B)</b>			<b>1</b>		<b>1</b>
<b>Total unquoted investments (A) + (B)</b>			<b>1,263</b>		<b>1,559</b>
<b>Aggregate carrying value of unquoted non-current investments</b>			1,263		1,559

\*less than a lakh

## 7. Other financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non-current</b>		
Security deposits (refer note below)	412	401
<b>Total</b>	<b>412</b>	<b>401</b>
<b>Current</b>		
Interest accrued on deposits and others	73	13
Insurance claims receivable	323	379
Others	218	-
<b>Total</b>	<b>614</b>	<b>392</b>

### Note:

Security deposits include rental deposit aggregating ₹75 lakhs (2021: ₹72 lakhs) with Smt. K. Lakshmi Raju, Chairperson of the Company.

## 8. Other assets

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non-current</b>		
Capital advances	821	141
Balance with government authorities	75	77
Prepaid expenses	33	39
<b>Total</b>	<b>929</b>	<b>257</b>
<b>Current</b>		
Advance to suppliers	426	972
Balance with government authorities	5,505	2,450
Prepaid expenses	312	296
Export Incentive receivable	1,481	1,108
Advance to employees	4	4
<b>Total</b>	<b>7,728</b>	<b>4,830</b>

## 9. Inventories

Particulars	As at March 31, 2022	As at March 31, 2021
Raw materials (refer note (i) below)	17,811	9,845
Work-in-progress	3,471	2,245
Finished goods (refer note (ii) below)	16,750	8,483
Traded goods	1,284	660
Packing materials	690	626
Stores and spares	1,065	971
<b>Total</b>	<b>41,071</b>	<b>22,830</b>

### Notes:

- (i) Raw materials includes goods in transit ₹1,393 lakhs (2021: ₹1,767 lakhs)  
(ii) Finished goods written off during the year on account of expired stock aggregated ₹15 lakhs (2021: ₹80 lakhs)  
(iii) Refer Note 16 for details of Inventories hypothecated or pledged.

## 10. Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Current</b>		
(a) Considered good - Secured	698	635
(b) Considered good - Unsecured	52,199	32,947
(c) Which have significant increase in Credit risk	-	-
(d) Credit impaired	528	293
	<b>53,425</b>	<b>33,875</b>
Less: Impairment loss on trade receivables	528	293
<b>Total</b>	<b>52,897</b>	<b>33,582</b>

### Notes:

#### Expected credit loss (ECL):

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

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

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at the beginning of the year	293	491
Provision for impairment loss made during the year	572	758
Provision reversed against trade receivables write-off / recovery	(337)	(956)
<b>Balance at the end of the year</b>	<b>528</b>	<b>293</b>

- (iii) The concentration of risk with respect to trade receivables is reasonably low, as Group's customers are located in several jurisdictions representing large number of minor receivables operating in independent markets. Trade receivable amounting to ₹10,865 lakhs (2021: ₹8,361 lakhs) is due from customers who represent more than 5% of total trade receivables.

- (iv) Receivable from related parties

Particulars	As at March 31, 2022	As at March 31, 2021
Krishi Rasayan Exports Private Limited	571	1,046
Agro Life Sciences Corporation	281	-
Nasense Labs Private Limited	332	542

- (v) Ageing for trade receivables - current outstanding as at March 31, 2022 is as follows:

Particulars	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	
<b>Trade receivables</b>							
Undisputed trade receivables – considered good	40,265	11,602	468	562	-	-	52,897
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	73	86	38	331	-	-	528
Disputed trade receivables – considered good	-	-	-	-	-	-	-
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
	<b>40,338</b>	<b>11,688</b>	<b>506</b>	<b>893</b>	-	-	<b>53,425</b>
Less: Impairment loss on credit impaired trade receivables	(73)	(86)	(38)	(331)	-	-	(528)
	<b>40,265</b>	<b>11,602</b>	<b>468</b>	<b>562</b>	-	-	<b>52,897</b>

- Ageing for trade receivables - current outstanding as at March 31, 2021 is as follows:

Particulars	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	
<b>Trade receivables</b>							
Undisputed trade receivables – considered good	26,679	5,151	1,146	606	-	-	33,582
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables – credit impaired	33	47	35	178	-	-	293
Disputed trade receivables – considered good	-	-	-	-	-	-	-
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
	<b>26,712</b>	<b>5,198</b>	<b>1,181</b>	<b>784</b>	-	-	<b>33,875</b>
Less: Impairment loss on credit impaired trade receivables	(33)	(47)	(35)	(178)	-	-	(293)
	<b>26,679</b>	<b>5,151</b>	<b>1,146</b>	<b>606</b>	-	-	<b>33,582</b>

- (vi) Refer note 16 for details of trade receivables hypothecated or pledged and refer note 30 for balances outstanding with related parties.

## 11. Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	7	5
Balances with banks		
in Current accounts	3,419	2,168
in Cash credit accounts		
in Export earning foreign currency accounts	575	1,232
in demand deposit accounts with original maturity of less than 3 months	2,993	3,400
<b>Total</b>	<b>6,994</b>	<b>6,805</b>

## 12. Other bank balances

Particulars	As at March 31, 2022	As at March 31, 2021
In other deposit accounts		
Term deposits with original maturity of more than 3 months	173	500
In earmarked accounts		
Unclaimed dividend accounts (refer note (i) below)	36	320
Margin money / deposit [refer note (ii) below and note 41]	3,001	1
<b>Total</b>	<b>3,210</b>	<b>821</b>

### Notes:

#### (i) Unclaimed dividend accounts

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

#### (ii) Margin money / deposit

Amounts in margin money represents deposit with bank against the bank guarantees issued by them.

## 13. Income tax asset/liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Advance tax [net of provision ₹ Nil (2021: ₹ Nil)]	474	467
Provision for tax [net of advance tax ₹4,178 lakhs (2021: ₹1,433 lakhs)]	398	452

### 13.1 Tax expense

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax		
In respect of current year	2,691	2,606
<b>Total (A)</b>	<b>2,691</b>	<b>2,606</b>
Deferred tax credit:		
In respect of current year	(49)	(239)
<b>Total (B)</b>	<b>(49)</b>	<b>(239)</b>
<b>Total tax expense (A)+(B)</b>	<b>2,642</b>	<b>2,367</b>

#### B. Deferred tax expense recognised in the other comprehensive income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Deferred tax expense recognised directly in equity consists of:</b>		
Tax effect on actuarial gains/losses on defined benefit obligations	36	23
Tax effect on effective portion of profit / loss on designated portion of hedging instrument in a cash flow hedge	(22)	(16)
<b>Total</b>	<b>14</b>	<b>7</b>

## C. Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Profit before tax</b>	10,264	7,409
Enacted rate in India	25.17%	34.94%
<b>Computed expected tax expense</b>	<b>2,583</b>	<b>2,589</b>
<b>Adjustments:</b>		
Effect of expenses that are not deductible in determining taxable profit	15	132
Effect of change in tax rate (Refer note below)	-	(402)
Effect of deferred tax adjustments	-	67
Others	44	(19)
<b>Income tax expense</b>	<b>2,642</b>	<b>2,367</b>

**Note:** During previous year, the Group has decided to exercise the option permitted under section 115BAA of the Income tax Act, 1961, from financial year 2021-22, as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its deferred tax liabilities (net) based on the rate prescribed in the said Ordinance. The full impact of this change relating to deferred tax liabilities, amounting to ₹402 lakhs, was recognised in the statement of profit and loss and other comprehensive income of previous year.

## 14. Equity share capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised share capital:</b>	250,000,000	2,500	250,000,000	2,500
Fully paid up equity shares of ₹1 each				
<b>Issued, subscribed and fully paid up capital</b>	198,307,464	1,983	196,217,758	1,962
Fully paid up equity shares of ₹1 each				
	<b>198,307,464</b>	<b>1,983</b>	<b>196,217,758</b>	<b>1,962</b>

### Notes:

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

Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
	Number of shares	Amount	Number of shares	Amount
<b>Balance at the beginning of the year</b>	<b>196,217,758</b>	<b>1,962</b>	<b>192,605,261</b>	<b>1,926</b>
Add: Issue of equity shares under Company's employee stock option plan	509,706	5	192,497	2
Add: Issue of equity shares upon conversion of share warrants (Refer Note 14.6 below)	1,580,000	16	3,420,000	34
<b>Balance at the end of the year</b>	<b>198,307,464</b>	<b>1,983</b>	<b>196,217,758</b>	<b>1,962</b>

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

The Group 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 Details of Promoter shareholdings:

Particulars	As at March 31, 2022		As at March 31, 2021		% change during the year
	Number of shares held	% of shareholding	Number of shares held	% of shareholding	
KLR Products Limited (Holding Company)	113,623,500	57.30%	113,623,500	57.91%	(0.61%) #
Mrs. K Lakshmi Raju	12,705,860	6.41%	11,125,860	5.67%	0.74%
Bright Town Investment Advisor Private Limited	586,499	0.30%	586,499	0.30%	Nil

# change in percentage of shareholding of holding company is on account of issue of equity shares to shareholders other than holding company

#### 14.4 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, 2022		For the year ended March 31, 2021	
	% of shareholding	Number of shares held	% of shareholding	Number of shares held
KLR Products Limited (Holding Company)	57.30%	113,623,500	57.91%	113,623,500
Mrs. K Lakshmi Raju	6.41%	12,705,860	5.67%	11,125,860
Krishi Rasayan Exports Private Limited	7.88%	15,625,000	7.96%	15,625,000
Rajesh Kumar Agarwal and Atul Churiwal (jointly representing Agro Life Science Corporation, a registered Partnership Firm)	7.88%	15,625,000	7.96%	15,625,000

#### 14.5 "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 Compensation 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 market price as on the date of the grant. These options vest over a period of one to five years and exercisable by the employees within two years of vesting.
- Summary of stock option:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	Number of stock options	Number of stock options
Options outstanding at the beginning of the year	201,250	324,997
Options granted during the year	10,203	75,718
Options forfeited / lapsed during the year	10,203	6,968
Options exercised during the year*	99,707	192,497
Options outstanding at the end of the year	101,543	201,250
Options vested but not exercised at the end of the year	6,340	4,000
*options exercised by employees of subsidiary companies Nil (2021: 10,500)	-	10,500

#### iv) Fair value of shares granted during the year:

The weighted average fair value of the share options granted during the year is ₹81 (2021: ₹31 - ₹32). Options were priced using Black Scholes 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 Options Pricing model:

Particulars	As at March 31, 2022	As at March 31, 2021
Risk free Interest Rate (%)	4.32 - 6.70	3.93 - 6.31
Expected life (years)	6	6
Expected volatility (%)	64.18 - 68.51	62.94 - 68.69
Dividend yield (%)	0.50	0.41
Price of the underlying share in market at the time of the option grant (₹)		
-Grant 1	17	17
-Grant 2	18	18
-Grant 3	29	29
-Grant 4	28	28
-Grant 5	26	26
-Grant 6	40	40
-Grant 7	39	39
-Grant 8	90	-
Weighted average share price at the date of exercise	90	39
Weighted average remaining contractual life		
-Grant 1	0 - 1 year	1 - 2 years
-Grant 2	-	-
-Grant 3	1 - 2 years	2 - 3 years
-Grant 4	2 - 3 years	3 - 4 years
-Grant 5	2 - 3 years	3 - 4 years
-Grant 6	1 year	1 year
-Grant 7	1 year	1 year
-Grant 8	1 year	-

#### 14.5.1 "Nagarjuna Agrichem Limited-Employee Stock Option Scheme-2020"

- The Company set up the "NACL Industries Limited-Employee Stock Option Scheme-2020" (hereinafter referred to as "ESOS-2020") and earmarked 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 Compensation Committee of the Board of Directors.
- Under the ESOS-2020 scheme, options are granted to eligible employees at an exercise price, which shall not be less than the market price as on the date of the grant. These options vest over a period of one to four years and exercisable by the employees within two years of vesting.
- Summary of stock option:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	Number of stock options	Number of stock options
Options outstanding at the beginning of the year	1,650,000	-
Options granted during the year	410,000	1,735,000
Options forfeited / lapsed during the year	70,000	85,000
Options exercised during the year	409,999	-
Options outstanding at the end of the year	1,580,001	1,650,000
Options vested but not exercised at the end of the year	66,668	-

#### iv) Fair value of shares granted during the year:

The weighted average fair value of the share options granted during the year is ₹31 - ₹32 (2021: ₹15 - ₹17). Options were priced using Black Scholes 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 Options Pricing model:

Particulars	As at March 31, 2022	As at March 31, 2021
Risk free Interest Rate (%)	4.32 - 6.02	3.93 - 5.59
Expected life (years)	4	4
Expected volatility (%)	64.18 - 66.38	62.94 - 65.16
Dividend yield (%)	0.50	0.41
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	-
-Grant 4	92	-
-Grant 5	81	-
Weighted average share price at the date of exercise	92	-
Weighted average remaining contractual life		
-Grant 1	1 - 3 years	1 - 4 years
-Grant 2	1 - 3 years	1 - 4 years
-Grant 3	3 - 5 years	-
-Grant 4	2 - 5 years	-
-Grant 5	2 - 5 years	-

#### 14.6 Allotment of equity shares upon conversion of share warrants:

The Board of Directors and the Shareholders, in their meetings held on August 12, 2020 and September 07, 2020 respectively, approved inter-alia issuance of 5,000,000 share warrants (of face value of ₹1 each) on preferential basis to Mrs. K Lakshmi Raju, Promoter (hereinafter referred to as "Investor") in accordance with Section 42 and 62(1)(c) of the Companies Act, 2013 read with Chapter V of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2018. Consequently, the Company allotted 5,000,000 Warrants during the financial year 2020-21 to the aforesaid Investor against receipt of 25% of Issued price of ₹39 per Warrant. i.e ₹9.75 per Warrant aggregating ₹488 lakhs.

During the year, warrant holder have exercised their options of converting 1,580,000 (2021: 3,420,000) warrants by submitting the necessary Warrant Exercise Application Form along with paying the balance consideration amount of ₹29.25 per warrant (i.e. 75% of the issue price) aggregating ₹462 lakhs (2021: ₹1,000 lakhs). Accordingly, the Company has allotted 1,580,000 (2021: 3,420,000) equity shares in the ratio of one Equity Share for each Warrant exercised, on April 8, 2021 (2021: December 18, 2020).

The total amount aggregating ₹462 (2021: ₹1,488 lakhs) has been utilised by the Company before the year end.

#### 15. Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
General reserve	4,175	4,175
Capital reserve	37	37
Securities premium account	13,506	12,687
Reserve for equity instruments through other comprehensive income	(499)	(499)
Share warrants	-	154
Stock option reserve	159	71
Retained earnings	29,476	23,273
<b>Total</b>	<b>46,854</b>	<b>39,898</b>

#### 15.1 Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
<b>General reserve</b>	<b>4,175</b>	<b>4,175</b>
<b>Capital reserve</b>	<b>37</b>	<b>37</b>
<b>Securities premium</b>		
Balance at beginning of year	12,687	11,351
Add: Amount received on exercise of employee stock option Allotment	122	13
Add: Amount transferred on exercise of employee stock option	96	23
Add: Premium on allotment of equity shares upon conversion of warrants	601	1,300
<b>Closing balance</b>	<b>13,506</b>	<b>12,687</b>
<b>Reserve for equity instruments through other comprehensive income</b>	<b>(499)</b>	<b>(499)</b>
<b>Share warrants (Refer Note 14.6)</b>		
Opening balance	154	-
Add/(less): Movement during the year	(154)	154
<b>Closing balance</b>	<b>-</b>	<b>154</b>
<b>Share options reserve</b>		
Opening balance	71	23
Add: Stock options on vesting of employee stock options	184	71
Less: Amount transferred on exercise of employee stock option	96	23
<b>Closing balance</b>	<b>159</b>	<b>71</b>
<b>Retained earnings</b>		
Opening balance	23,273	18,683
Add: Profit for the year	7,342	5,099
Add: Other comprehensive income arising from remeasurement of defined benefit obligation (net of taxes)	(51)	(22)
	<b>30,564</b>	<b>23,760</b>
Less: Dividends including corporate dividend tax (Refer Notes below)	1,088	487
<b>Closing balance</b>	<b>29,476</b>	<b>23,273</b>
<b>Total</b>	<b>46,854</b>	<b>39,898</b>

#### Nature of reserves:

- General Reserves:** The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.
- Security premium:** Security premium reserve 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 Section 52 of the Companies Act, 2013 ("Act").
- Reserve for equity instruments through other comprehensive income:** This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.
- Share warrants:** This represents the moneys received against the share warrants.
- Stock option reserve:** Share options outstanding account relates to share options granted by the Company to its employees under its employee share option plans. These will be transferred to retained earnings after the exercise of the underlying options.
- Retained earnings:** Retained earnings represents the Company's undistributed earnings after taxes.

**Notes:**

1. In respect of the year ended March 31, 2022, the directors proposed that a dividend of ₹0.15 per share be paid on fully paid equity shares. The proposed equity dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated amount to be paid with respect to dividend is ₹297 lakhs.

In respect of the year ended Mar 31, 2021, the directors proposed that a final dividend of ₹0.15 per share be paid on fully paid equity shares, which was approved by the shareholders at the Annual General Meeting. The total amount paid with respect to dividend is ₹294 lakhs.

2. FY 2021-22: The Board of Directors in its meeting held on August 5, 2021, October 29, 2021 and on January 28, 2022 approved interim dividend of ₹0.10, ₹0.15 and ₹0.15 per Equity Share of ₹1 each respectively.

FY 2020-21: The Board of Directors in its meeting held on November 4, 2020 and on March 23, 2021 approved an interim dividend of ₹0.10 and ₹0.15 per Equity Share of ₹1 each respectively.

**16. borrowings**

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non current</b>		
<b>Secured - at amortised cost</b>		
Term loans		
from banks [refer note (a) below]	15,743	4,899
from financial institution [refer note (a) below]	1,500	2,250
<b>Total - non current</b>	<b>17,243</b>	<b>7,149</b>
<b>Current</b>		
<b>Secured - at amortised cost</b>		
Repayable on demand from banks [refer note (b) below]	32,325	11,263
Current maturities of long-term borrowings	2,950	1,399
<b>Total - current</b>	<b>35,275</b>	<b>12,662</b>

**Notes:****(a) Terms of repayment of term loans****RBL Bank Limited**

Particulars	As at March 31, 2022	As at March 31, 2021	Balance payment period
Term loan - External Commercial Borrowing	1,514	2,109	Repayable over next 2.50 years

Secured by: first ranking pari-passu charge on present and future fixed assets 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 1,996,875 (2021: USD 2,884,375)

Repayable in 16 quarterly instalments.

Interest rate is determined based on 6 months LIBOR plus 400 basis points and is payable monthly. The same is hedged against variable to fixed rate swap contract for a fixed rate of 7.50% p.a. (2021: 7.50% p.a.) with RBL Bank Limited.

**RBL Bank Limited**

Particulars	As at March 31, 2022	As at March 31, 2021	Balance payment period
Working Capital Term loan I - Rupee	3,439	3,439	Repayable over next 4 years

Secured by: 100% guaranteed by National Credit Guarantee Trustee Company Limited (NCGTC), second ranking pari-passu charge on current assets and fixed assets of the Company, both present and future.

Repayable in 16 quarterly instalments after moratorium of 12 months from the date of first disbursement.

Rate of interest 8.20% p.a. (2021: 8.65% p.a.) (3 months MCLR plus 0.45% p.a.)

**RBL Bank Limited**

Particulars	As at March 31, 2022	As at March 31, 2021	Balance payment period
Term Loan - Rupee	1,833	-	Repayable over next 1 year 9 months

Secured by: first ranking pari-passu charge on present and future fixed assets 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 from the date of disbursement.

Rate of interest 7.95% p.a. (6 months MCLR plus 0.10% p.a.)

**RBL Bank Limited**

Particulars	As at March 31, 2022	As at March 31, 2021	Balance payment period
Working Capital Term loan II - Rupee	1,934	-	Repayable over next 6 years

Secured by: 100% guaranteed by National Credit Guarantee Trustee Company Limited (NCGTC), second ranking pari-passu charge on current assets and fixed assets of the Company, both present and future.

Repayable in 48 equal monthly instalments after moratorium of 24 months from the date of first disbursement.

Rate of interest 7.95% p.a. (3 months MCLR plus 0.30% p.a.)

**RBL Bank Limited**

Particulars	As at March 31, 2022	As at March 31, 2021	Balance payment period
Working Capital Term loan III - Rupee	757	-	Repayable over next 5 years

Secured by: 100% guaranteed by National Credit Guarantee Trustee Company Limited (NCGTC), second ranking pari-passu charge on current assets and fixed assets of the Company, both present and future.

Repayable in 48 equal monthly instalments after moratorium of 12 months from the date of first disbursement.

Rate of interest 7.95% p.a. (3 months MCLR plus 0.30% p.a.)

**Bajaj Finance Limited**

Particulars	As at March 31, 2022	As at March 31, 2021	Balance payment period
Term Loan - Rupee	2,250	3,000	Repayable over next 3 years

Secured by: first ranking pari-passu charge on present and future fixed assets 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 16 quarterly instalments from the date of each disbursement.

Rate of interest 10.45% p.a. (2021: 10.75% p.a.) (1 year MCLR plus 3.50% p.a.)

**HDFC Bank Limited**

Particulars	As at March 31, 2022	As at March 31, 2021	Balance payment period
Term Loan - Rupee	8,466	-	Repayable over next 7 years

Secured by: first ranking pari-passu charge on present and future fixed assets of the Company, second ranking pari-passu charge on present and future stock and book debts of the company and corporate guarantee from NACL Industries Limited, Holding Company.

Repayable in 22 quarterly instalments after moratorium period of 18 months.

Rate of interest 8.25% p.a. (linked 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 HDFC Bank Limited, SVC Co-operative Bank Limited, RBL Bank Limited, Karnataka Bank Limited, Shinhan Bank Limited, Axis Bank Limited, Bandhan Bank Limited, Bank of Bahrain and Kuwait B.S.C., SBM Bank (India) Limited, Yes Bank Limited and Kotak Mahindra Bank Limited are secured by way of hypothecation of current assets comprising stock in trade, book debts and stores and spares, both present and future. The aforesaid facilities are further secured by second charge on the Company's immovable and

movable properties, both present and future, ranking pari-passu with other working capital lenders. These facilities are guaranteed by Smt. K. Lakshmi Raju, Director of the Company.

Rate of interest on Rupee loans repayable on demand is in the range of 5.75% to 8.75% p.a. (2021: 7.50% to 12.50% p.a.)

#### (c) Moratorium availed from banks

During previous year, as per RBI Circulars DOR.No.BP.BC.47/21.04.048/2019-20 and DOR.No.BP.BC.63/21.04.048/2019-20 dated March 27, 2020 and April 17, 2020 respectively, relating to the COVID-19 Regulatory Package, the Company availed moratorium of three months on the payment of interest on cash credit accounts, falling due between March 1, 2020 and May 31, 2020 from State Bank of India and IDBI Bank Limited. Further, the Company also availed moratorium of three months on the payment of instalment and interest on term loan falling due between March 1, 2020 and May 31, 2020 from SVC Co-operative Bank Limited. These were fully repaid during first quarter of FY 2020-21. From there onwards, Company has not availed any further moratorium from banks.

#### 17. Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non current</b>		
Trade deposits from dealers	1,164	1,066
Derivative liabilities	24	110
<b>Total - non current</b>	<b>1,188</b>	<b>1,176</b>
<b>Current</b>		
Payable on purchase of property, plant and equipment	1,680	2,677
Interest accrued but not due	88	9
Insurance claim received (refer note 41)	2,926	-
Unclaimed dividend (refer note below)	36	320
<b>Total - current</b>	<b>4,730</b>	<b>3,006</b>

#### Note:

As at March 31, 2022: ₹ Nil (March 31, 2021: ₹ Nil) there are no amounts of unclaimed dividend due for remittance to the Investor Education & Protection Fund.

#### 18. Provisions (refer note 32)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non current</b>		
Gratuity liability	594	351
Compensated absences	445	398
<b>Total - non current</b>	<b>1,039</b>	<b>749</b>
<b>Current</b>		
Gratuity liability	121	103
Compensated absences	160	140
<b>Total - current</b>	<b>281</b>	<b>243</b>

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

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax liability (net)	1,013	1,076
<b>Total</b>	<b>1,013</b>	<b>1,076</b>

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

Particulars	As at March 31, 2022	As at March 31, 2021
Property, plant and equipment	1,653	1,623
Employee related provisions	(359)	(316)
Provisions for credit impaired balances	(133)	(74)
Lease Liabilities	(9)	(10)
Others	(139)	(147)
<b>Deferred tax liabilities (net)</b>	<b>1,013</b>	<b>1,076</b>

#### Movement in deferred tax assets and liabilities for the year ended March 31, 2022

Particulars	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Utilisation/ Reversals/ (availability)	Closing balance
Deferred tax liability/(asset) in relation to:					
Property, plant and equipment	1,623	30	-	-	1,653
Employee related provisions	(316)	(7)	(36)	-	(359)
Provisions for credit impaired balances	(74)	(59)	-	-	(133)
Lease liabilities	(10)	1	-	-	(9)
Others	(147)	(14)	22	-	(139)
<b>Total</b>	<b>1,076</b>	<b>(49)</b>	<b>(14)</b>	<b>-</b>	<b>1,013</b>

#### Movement in deferred tax assets and liabilities for the year ended March 31, 2021

Particulars	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Utilisation/ Reversals/ (availability)	Closing balance
Deferred tax liability/(asset) in relation to:					
Property, plant and equipment	2,008	(385)	-	-	1,623
Employee related provisions	(304)	11	(23)	-	(316)
Provisions for credit impaired balances	(172)	98	-	-	(74)
Minimum Alternate Tax (MAT) credit entitlement	(1,221)	-	-	1,221	-
Lease liabilities	(35)	25	-	-	(10)
Others	(175)	12	16	-	(147)
<b>Total</b>	<b>101</b>	<b>(239)</b>	<b>(7)</b>	<b>1,221</b>	<b>1,076</b>

#### 20. Trade Payables

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues to micro enterprises and small enterprises (refer note 33)	1,891	1,108
Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note (ii) below)	37,000	26,343
<b>Total</b>	<b>38,891</b>	<b>27,451</b>

#### Notes:

- The average credit period on purchases ranges from 90 days - 120 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.
- The dues above include acceptances against the letter of credit issued to bank amounting to ₹6,537 lakhs as at March 31, 2022 (March 31, 2021: ₹3,383 lakhs).

(iii) Ageing for trade payables outstanding as at March 31, 2022 is as follows:

Particulars	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	
<b>Trade payables</b>						
Micro, Small and Medium Enterprises Development	1,891	-	-	-	-	1,891
Others	30,553	2,721	15	1	56	33,346
<b>Disputed dues</b>						
Micro, Small and Medium Enterprises Development	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>Sub-total</b>	<b>32,444</b>	<b>2,721</b>	<b>15</b>	<b>1</b>	<b>56</b>	<b>35,237</b>
Accrued expenses	3,654	-	-	-	-	3,654
<b>Total</b>	<b>36,098</b>	<b>2,721</b>	<b>15</b>	<b>1</b>	<b>56</b>	<b>38,891</b>

Ageing for trade payables outstanding as at March 31, 2021 is as follows:

Particulars	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	
<b>Trade payables</b>						
Micro, Small and Medium Enterprises Development	1,108	-	-	-	-	1,108
Others	19,086	2,764	3	29	-	21,882
<b>Disputed dues</b>						
Micro, Small and Medium Enterprises Development	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>Sub-total</b>	<b>20,194</b>	<b>2,764</b>	<b>3</b>	<b>29</b>	<b>-</b>	<b>22,990</b>
Accrued expenses	4,461	-	-	-	-	4,461
<b>Total</b>	<b>24,655</b>	<b>2,764</b>	<b>3</b>	<b>29</b>	<b>-</b>	<b>27,451</b>

## 21. Other current liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Advances from customers	1,082	781
Statutory payables	572	564
<b>Total</b>	<b>1,654</b>	<b>1,345</b>

## 22. Revenue from operations

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Sale of products	160,460	116,543
Other operating revenue [refer note (B) below]	3,556	2,594
<b>Total</b>	<b>164,016</b>	<b>119,137</b>

### Notes:

(A) Revenue for the year ended March 31, 2022 and March 31, 2021 includes:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Sale of manufactured products	157,233	112,605
Sale of traded products	3,227	3,938
<b>Total</b>	<b>160,460</b>	<b>116,543</b>

### Disaggregation of revenue information:

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Manufactured Products</b>		
Domestic		
Dealer sales	63,305	51,559
Institutional sales	33,879	28,038
Exports		
Institutional sales	60,049	33,008
<b>Total Manufactured Products</b>	<b>157,233</b>	<b>112,605</b>
<b>Traded Products</b>		
Domestic		
Dealer sales	3,227	3,938
<b>Total Traded Products</b>	<b>3,227</b>	<b>3,938</b>
<b>Total Sales</b>	<b>160,460</b>	<b>116,543</b>

### (B) Other operating revenue

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on trade receivables	699	1,364
Sale of by-products	1,726	370
Export incentives and others (scrap sales, conversion charges etc.,)	1,131	860
<b>Total</b>	<b>3,556</b>	<b>2,594</b>

## 23. Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income earned on financial assets that are not designated as fair value through profit or loss	8	12
Interest income	167	270
Insurance claims	326	408
Credit impaired trade receivables recovered	70	106
Liabilities / provisions no longer required written back	346	99
Net gain on foreign currency transactions and translations	276	370
Miscellaneous income	149	201
<b>Total</b>	<b>1,342</b>	<b>1,466</b>

## 24. Cost of materials consumed

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Raw material consumption	116,229	76,249
Packing material consumption	7,538	5,230
<b>Total</b>	<b>123,767</b>	<b>81,479</b>

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Opening balance</b>		
Work-in-progress	2,245	1,574
Finished goods	8,483	6,305
Stock-in-trade	660	801
<b>Total opening balance</b>	<b>11,388</b>	<b>8,680</b>
<b>Closing balance</b>		
Work-in-progress	3,471	2,245
Finished goods	16,750	8,483
Stock-in-trade	1,284	660
<b>Total closing balance</b>	<b>21,505</b>	<b>11,388</b>
<b>Net increase in inventories</b>	<b>(10,117)</b>	<b>(2,708)</b>

## 26. Employee benefits expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages and bonus	8,436	8,194
Contribution to provident and other funds (refer note 32)	686	617
Employee stock compensation expense	184	71
Staff welfare expenses	702	546
<b>Total</b>	<b>10,008</b>	<b>9,428</b>

## 27. Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Interest expenses</b>		
Interest on working capital and term loans (gross)	1,781	1,941
Less: Interest cost capitalised	-	(143)
Interest on working capital and term loans (net)	1,781	1,798
Other interest expenses	240	486
Interest on lease liabilities	65	67
Interest cost on amortised assets	11	9
Bank and finance charges	568	432
<b>Total</b>	<b>2,665</b>	<b>2,792</b>

## 28. Depreciation and amortisation expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (Refer Note 4)	2,259	2,117
Amortisation of lease assets (Refer Note 4A)	282	338
Amortisation of intangible assets (Refer Note 5)	65	167
	<b>2,606</b>	<b>2,622</b>
Less: Depreciation capitalised during the year	110	92
<b>Total</b>	<b>2,496</b>	<b>2,530</b>

## 29. Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Consumption of stores and spare parts	1,213	755
Repairs and maintenance		
Buildings	135	68
Plant and machinery	554	307
Others	51	28
Other manufacturing costs	1,584	1,495
Power and fuel	4,784	3,147
Rent	138	52
Rates and taxes	66	60
Communication expenses	79	70
Travel and conveyance	698	459
Legal and professional charges	470	351
Insurance	348	459
Directors' sitting fees	22	30
Auditors' remuneration (refer note (i) below)	55	52
Product development expenses	69	117
Credit impaired trade receivables written off	1,007	1,889
Reversal of provision for credit impaired trade receivables	(337)	(956)
Allowances for credit impaired receivables and advances	572	758
Royalty	723	1,029
Marketing expenses	1,192	1,002
Freight outward	4,198	2,551
Net loss on disposal of property, plant and equipment	4	54
Intangible assets and intangible assets under development written off	69	343
Corporate social responsibility expenses (refer note (ii) below)	59	19
Miscellaneous expenses	982	815
<b>Total</b>	<b>18,735</b>	<b>14,954</b>

### Notes:

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Statutory audit	25	25
Limited review fee	6	6
Tax audit	5	5
Certification fee	3	5
Others	15	10
Out of pocket expenses	1	1
<b>Total</b>	<b>55</b>	<b>52</b>

#### (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 Group CSR activities are Education, Health & Wellness and Community Engagement. The CSR activities of the Group are in line with the Schedule VII of the Companies Act, 2013. A CSR committee has been formed by the Group 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.

- a. Gross amount required to be spent by the company during the year is ₹59 lakhs (2021: ₹19 lakhs)  
b. Amount spent during the year on:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	59	19

- c. Details of amount unspent ₹ Nil (2021: ₹ Nil)  
d. Nature of CSR activities:  
(i) COVID 19 Support and rehabilitation program  
(ii) Educational systems strengthening  
(iii) General community infrastructure support and welfare initiatives  
(iv) Integrated water resource management

### 30. Related party disclosures :

#### (A) Names of the related parties and their relationship :

- (i) Details of subsidiaries and associate:

Names	Nature of relationship	Country of incorporation	Percentage of holding as at	
			March 31, 2022	March 31, 2021
LR Research Laboratories Private Limited (LRLPL)	Subsidiary	India	100%	100%
NACL Spec-Chem Limited (NSCL) *	Subsidiary	India	100%	100%
NACL Multi-Chem Private Limited (NMCPL) **	Subsidiary	India	100%	100%
Nagarjuna Agrichem (Australia) Pty Limited, Australia (NAPL)	Subsidiary	Australia	100%	100%
Nasense Labs Private Limited (NLPL)	Associate	India	26%	26%

\* Incorporated on April 27, 2020

\*\* Incorporated on May 18, 2020

- (ii) Details of other related parties:

Name	Nature of relationship
KLR Products Limited (KLRPL)	Parent Company
Krishi Rasayan Exports Private Limited (KREPL)	Entity with common director
Agro Life Sciences Corporation (ALSC)	Entity with common director
Agma Energy Private Limited (AEPL)	Entity with common director

- (iii) Key Managerial Personnel (KMP):

Name	Designation
Mr. M Pavan Kumar	Managing Director and Chief Executive Officer
Mr. RKS Prasad	Chief Financial Officer (CFO)
Mr. Satish Kumar Subudhi	Company Secretary (CS)
Mrs. K Lakshmi Raju	Chairperson (Director)
Mr. Sudhakar Kudva	Independent Director
Mr. Raghavender Mateti	Independent Director
Mr. N. Vijayaraghavan	Non- Executive Director
Mr. Ramkrishna Mudholkar	Independent Director
Mr. Dorairaj Kuppurangam	Independent Director *
Mr. Sambasiva Rao Nannapaneni	Independent Director
Ms. Veni Mocherla	Independent Director
Mr. Atul Churiwal	Investor Nominee Director
Mr. Rajesh Kumar Agarwal	Investor Nominee Director

\* Ceased to be the Independent director of the company with effect from September 9, 2021

#### (B) Transactions during the year :

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>(i) Sales</b>		
a. Other related party (KREPL)	2,747	6,759
b. Other related party (ALSC)	360	158
<b>(ii) Purchases</b>		
a. Associate (NLPL)	80	2
b. Other related party (KREPL)	5,258	6,382
c. Other related party (ALSC)	1,236	2,109
d. Other related party (AEPL)	297	157
<b>(iii) Dividend paid</b>		
a. Parent Company (KLRPL)	625	263
b. Other related party (KREPL)	86	36
c. Other related party (ALSC)	86	36
<b>(iv) Transaction with Key Managerial Personnels</b>		
a. Rent paid	170	139
b. Sitting fees	22	30
c. Dividend paid	70	20
d. Proceeds on conversion of share warrants to equity shares	462	1,334
e. Proceeds from allotment of share warrants	-	154
f. Security deposit given	3	-
<b>(v) Provision for credit impaired trade receivables</b>		
a. Associate (NLPL)	166	-

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

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(i) Share warrants</b>		
a. Key Managerial Personnels	-	154
<b>(ii) Trade receivables</b>		
a. Associate (NLPL)	332	542
b. Other related party (KREPL)	571	1,046
c. Other related party (ALSC)	281	-
<b>(iii) Trade payables</b>		
a. Other related party (KREPL)	2,782	1,399
b. Other related party (ALSC)	563	510
c. Other related party (AEPL)	170	13
<b>(iv) Security deposits</b>		
a. Key Managerial Personnels	75	72
<b>(v) Investments</b>		
a. Associate (NLPL)	816	816
<b>(vi) Provision for credit impaired trade receivables</b>		
a. Associate (NLPL)	166	-

**(D) Managerial remuneration to key management personnel**

Particulars	Party name	For the year ended March 31, 2022	For the year ended March 31, 2021
Short-term employee benefits	MD & CEO, CFO and CS	302	268
Share based payments	MD & CEO, CFO and CS	20	2
<b>Total</b>		<b>322</b>	<b>270</b>

Short term employee benefits does not include expenses for gratuity and compensated absences

**31. Contingent liabilities, Corporate Guarantee and Capital Commitments****A. Contingent Liabilities**

S No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	Claims against the Company not acknowledged as debts in respect of the matters under dispute:		
	Excise duty (refer note (a) below)	29	29
	Service tax (refer note (b) below)	15	15
	Income tax (refer note (c) below)	606	521
	Sales tax (refer note (d) below)	101	106
	Goods and Service tax (refer note (e) below)	31	31
(ii)	Counter guarantees given to bankers (refer note (f) below)	100	95
(iii)	Others (refer note (g) below)	141	141
	<b>Total</b>	<b>1,023</b>	<b>938</b>

**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. The Group is confident that these appeals will be decided in its favour.
- (b) The Group has disputed various demands raised by service tax authorities for the Financial years 2006-07 to 2010-11, which are pending at various stages of appeals. The Group is confident that these appeals will be decided in its favour.
- (c) The Group has disputed various demands raised by income tax authorities for the assessment years 2004-05 to 2007-08; 2009-10 and 2016-17 to 2018-19 which are pending at various stages of appeals. The Group is confident that these appeals will be decided in its favour.
- (d) The Group has disputed various demands raised by sales tax authorities for the financial years 2009-10 to 2017-18, which are pending at various stages of appeals. The Group is confident that these appeals will be decided in its favour.
- (e) The Group has disputed various demands raised by Goods and Service Tax authorities for the financial year 2017-2018 and 2019-20, which are pending at various stages of appeals. The Group is confident that these appeals will be decided in its favour.
- (f) The Group has given certain counter guarantees to bank for guarantees given by the bank to third parties in ordinary course of business.
- (g) Other contingent liability majorly pertains to demand for payment of alleged deficit of stamp duty, registration fees and penalty in respect of a sales deed. The Group is confident that the case will be decided in its favour.

**B. Corporate Guarantee**

The Group has given corporate guarantee for the term loan availed by the NACL Spec-chem Limited (wholly owned subsidiary) to HDFC Bank Limited of ₹8,466 lakhs (2021: ₹Nil lakhs).

**C. Commitments**

S No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	Estimated amount of contracts, remaining to be executed on capital account and not provided for (net of advance)	5,394	562
	<b>Total</b>	<b>5,394</b>	<b>562</b>

**32. Defined benefit plans****a) Contribution to provident fund and other funds****- Provident fund:**

The Group makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the fund administered and managed by the Government of India. The Group's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognised during the year aggregated ₹564 lakhs (2021 ₹521 lakhs).

**- Gratuity (funded):**

Amount recognised in statement of profit and loss in respect of gratuity ₹122 lakhs (2021 ₹96 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 period 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.

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, 2022	For the year ended March 31, 2021
Current service cost	91	78
Net interest expense	31	18
<b>Components of defined benefit costs recognised in statement of profit or loss</b>	<b>122</b>	<b>96</b>
Re-measurement on the net defined benefit liability:		
- Return on plan assets (greater)/less than discount rate	(1)	-
- Actuarial losses arising from experience adjustments	176	102
- Actuarial gains arising from changes in financial assumptions	(32)	(10)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>143</b>	<b>92</b>
<b>Total</b>	<b>265</b>	<b>188</b>

**Change in Defined Benefit Obligation (DBO) during the year**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Present value of DBO at the beginning of the year	804	647
Current service cost	91	78
Interest cost	52	41
Actuarial gains arising from changes in financial assumptions	(32)	(10)
Actuarial losses arising from changes in financial assumptions	176	102
Benefits paid	(102)	(54)
<b>Present value of DBO at the end of the year</b>	<b>989</b>	<b>804</b>

**Change in fair value of plan assets during the year**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Fair value of plan assets at the beginning of the year	350	372
Interest income	21	23
Employer contributions	4	9
Benefits paid	(102)	(54)
Return on plan assets (greater)/less than discount rate	1	-
<b>Present value of plan assets at the end of the year</b>	<b>274</b>	<b>350</b>

**Amounts recognised in the Balance Sheet**

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of DBO at the end of the year	989	804
Fair value of plan assets at the end of the year	274	350
<b>Funded status of the plans – liability</b>	<b>715</b>	<b>454</b>
<b>Liability recognised in the Balance Sheet</b>	<b>715</b>	<b>454</b>

**Nature and extent of investment details of the plan assets**

Particulars	As at March 31, 2022	As at March 31, 2021
Insurer managed funds	100%	100%

**Assumptions**

Particulars	Gratuity plan	
	As at March 31, 2022	As at March 31, 2021
Discount rate	7.32%	6.87%
Expected rate of salary increase	3.00%	3.00%
Attrition rate	1% to 3%	1% to 3%
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	DBO	Percentage Change
Under base scenario	989	-
Salary escalation - up by 1%	1,069	8.10%
Salary escalation - down by 1%	918	(7.2%)
Attrition rate - up by 1%	1,010	2.10%
Attrition rate - down by 1%	965	(2.4%)
Discount rate - up by 1%	925	(6.5%)
Discount rate - down by 1%	1,062	7.40%

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 cash flows**

Particulars	As at March 31, 2022	As at March 31, 2021
Maturity profile of Defined Benefit Obligations		
Within 1 year	121	103
Year 2	87	41
Year 3	113	65
Year 4	98	86
Year 5	98	74
> 5 years	456	385

**c) Actuarial assumptions for compensated absences**

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	7.32%	6.87%
Salary escalation	3%	3%
Attrition rate	1% to 3%	1% to 3%

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at year-end as per Company's policy. The value of such leave balance eligible for carry forward, is determined by an independent actuarial valuation and charged to Statement of Profit and Loss in the period determined.

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.

**33. Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act 2006**

The amount due to micro, small and medium enterprises as defined under "Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to micro, small and medium enterprises are as under:

Particulars	As at March 31, 2022	As at March 31, 2021
(i) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the financial year	1,891	1,108
(ii) The amount of interest paid by the buyer under the Act along with the amounts of payment made to the supplier beyond the appointed day during each accounting year	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(v) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23	-	-

**34. Financial instruments****34.1 Capital management**

The 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, 2022	As at March 31, 2021
Non-current borrowings	17,243	7,149
Current borrowings including current maturities of non-current borrowings	35,275	12,662
Cash and cash equivalents	(6,994)	(6,805)
<b>Net debt (Refer note (i) below)</b>	<b>45,524</b>	<b>13,006</b>
Equity (Refer note (ii) below)	48,837	41,860
<b>Net debt to equity ratio</b>	<b>0.93</b>	<b>0.31</b>

**Notes:**

- (i) Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.  
(ii) Equity includes issued equity capital, securities premium and all other reserves.

### 34.2 Financial instruments by category

Particulars	As at March 31, 2022			As at March 31, 2021		
	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
<b>Financial assets</b>						
Investments in equity instruments / preferential shares	-	1	-	-	9	-
Other financial assets	1,026	-	-	793	-	-
Trade receivables	52,897	-	-	33,582	-	-
Cash and cash equivalents	6,994	-	-	6,805	-	-
Other bank balances	3,210	-	-	821	-	-
<b>Total</b>	<b>64,127</b>	<b>1</b>	<b>-</b>	<b>42,001</b>	<b>9</b>	<b>-</b>
<b>Financial liabilities</b>						
Borrowings (refer note (i) below)	52,518	-	-	19,811	-	-
Lease liabilities	499	-	-	390	-	-
Derivative financial liability	-	24	-	-	110	-
Other financial liabilities	4,158	-	-	4,072	-	-
Trade payables	38,891	-	-	27,451	-	-
<b>Total</b>	<b>96,066</b>	<b>24</b>	<b>-</b>	<b>51,724</b>	<b>110</b>	<b>-</b>

#### Notes:

- Borrowings include non-current and current borrowings (Refer Note 16)
- The management assessed that fair value of cash and cash equivalents, trade receivables, other current financial assets, trade payables, borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments, and hence these are carried at amortised cost.
- 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 markets 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, 2022	As at March 31, 2021
<b>Financial Liabilities</b>		
Derivative financial liability	24	110

The Group enters into derivative financial instruments with various counterparties principally, banks with investment grade credit ratings. Foreign exchange forward contracts and interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, etc. As at March 31, 2022 the mark-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had insignificant impact on the hedge effectiveness assessment for derivatives designated in hedge relationships.

### Level 3

Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Quantitative disclosures of fair value measurement hierarchy-Level 3 for financial instruments:

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Financial Assets</b>		
Unquoted equity shares	1	9

The fair values of the unquoted equity 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 equity investments.

#### Valuation inputs and relationships to fair value:

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Particulars	Significant-unobservable inputs	Valuation process	Sensitivity of the inputs to fair value
Investment in unquoted equity shares	Earnings growth rate	i) Earnings growth factor for unlisted equity 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.

### 34.4 Financial risk management

#### 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

The Group 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 Group's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

#### Foreign currency exposure

The Group monitors and manages its financial risks by analysing its foreign exchange exposures. The Group, 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, 2022:

Particulars	US Dollars	₹ (in lakhs)	EURO	₹ (in lakhs)	Total (₹ lakhs)
Cash and cash equivalents	758,742	575	-	-	575
Trade receivables	21,445,466	16,252	62,582	53	16,305
Borrowings	(19,452,590)	(14,744)	-	-	(14,744)
Trade payables	(11,415,775)	(8,652)	-	-	(8,652)
Interest accrued but not due on borrowings	(11,245)	(7)	-	-	(7)
<b>Net assets/(liabilities)</b>	<b>(8,675,402)</b>	<b>(6,576)</b>	<b>62,582</b>	<b>53</b>	<b>(6,523)</b>

The following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of March 31, 2021:

Particulars	US Dollars	₹ (in lakhs)	EURO	₹ (in lakhs)	Total (₹ lakhs)
Cash and cash equivalents	1,684,939	1,232	-	-	1,232
Trade receivables	10,758,081	7,865	149,532	128	7,993
Borrowings	(2,085,000)	(1,524)	-	-	(1,524)
Trade payables	(8,923,349)	(6,524)	-	-	(6,524)
Interest accrued but not due on borrowings	(9,014)	(7)	-	-	(7)
<b>Net assets/(liabilities)</b>	<b>1,425,658</b>	<b>1,041</b>	<b>149,532</b>	<b>128</b>	<b>1,169</b>

#### Sensitivity analysis:

For the year ended March 31, 2022 and March 31, 2021, every increase / decrease of ₹1 in the respective foreign currencies compared to functional currency of the Group would impact profit before tax by ₹87 lakhs/ (₹87 lakhs) and (₹16 lakh)/ ₹16 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.

#### 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 fair value of issued fixed rate debt and 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 lakhs)	Fair Value of Interest Rate Swap as at March 31, 2022	Fair Value of Interest Rate Swap as at March 31, 2021	Coupon / Interest Rate	Fixed Interest Rate
US Dollar	3,550,000	1	1	Libor + 4%	7.50%

#### Sensitivity analysis:

For the year ended March 31, 2022, every increase / decrease of 1% in the respective interest rate compared to existing rate of interest of the Group would impact profit before tax by ₹425 lakhs/ (₹425 lakhs) respectively.

#### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, deposits with banks, foreign exchange transactions and other financial instrument. Credit risk is managed through credit approvals, insurance of certain receivables, monitoring the creditworthiness and establishing credit limits of customers to which the Group grants credit terms in the normal course of business. 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.

#### 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 ₹11,638 lakhs and ₹14,637 lakhs as of March 31, 2022 and March 31, 2021 respectively.

The working capital position of the Group:

Particulars	As at March 31, 2022	As at March 31, 2021
Current assets	112,514	69,260
Current liabilities	81,467	45,323
<b>Working capital</b>	<b>31,047</b>	<b>23,937</b>

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022:

Particulars	Less than 1 year	1-2 years	2-3 years	3-5 years	above 5 years
Trade payables	38,891	-	-	-	-
Borrowings and interest thereon	37,717	3,748	4,178	1,545	527
Lease liabilities	238	261	-	-	-
Other current financial liabilities	4,730	-	-	-	-
Other non-current financial liabilities	-	1,188	-	-	-
<b>Total</b>	<b>81,576</b>	<b>5,197</b>	<b>4,178</b>	<b>1,545</b>	<b>527</b>

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2021:

Particulars	Less than 1 year	1-2 years	2-3 years	3-5 years	above 5 years
Trade payables	27,451	-	-	-	-
Borrowings and interest thereon	14,161	2,763	2,576	2,806	-
Lease liabilities	164	226	-	-	-
Other current financial liabilities	3,006	-	-	-	-
Other non-current financial liabilities	-	1,176	-	-	-
<b>Total</b>	<b>44,782</b>	<b>4,165</b>	<b>2,576</b>	<b>2,806</b>	<b>-</b>

The Group'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, 2022 and March 31, 2021

Particulars	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	Variance
Current ratio	Current assets	Current liabilities	1.38	1.53	-9.62%
Debt-Equity ratio	Debt consists of borrowings and lease liabilities	Shareholder's equity	1.09	0.48	124.95%#
Debt service coverage ratio	Earning for debt service = Net Profit after taxes + Non-cash operating expenses + Interest + Other non-cash adjustments	Debt service = Interest and lease payments + Principal repayments	3.57	3.28	8.89%

Particulars	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	Variance
Return on equity ratio	Net profit after tax	Average shareholders equity	16%	13%	22.11%
Inventory turnover ratio	Revenue from operations	Average inventory	5.13	6.07	-15.37%
Trade receivables turnover ratio	Revenue from operations	Average trade receivables	3.76	3.39	10.87%
Trade payables turnover ratio	Net purchases	Average trade payables	4.54	3.44	32.13%^
Net capital turnover ratio	Revenue from operations	Working capital	5.97	6.32	-5.60%
Net profit ratio	Net profit after tax	Revenue from operations	4%	4%	4.60%
Return on capital employed	Earnings before interest and taxes	Capital employed = net worth + debt + lease liabilities + deferred tax liabilities	12%	16%	-24.31%
Return on investment	Income generated from investments	Time weighted average investments	0%	0%	-

# Increase in current borrowings to finance working capital requirements and increase in long term borrowings to fund ongoing capex

^ Timing difference of purchases and payment to vendors resulted in increase in liabilities on account of enhancement in safety inventory levels and disruption in supplies during pandemic

### 36. Earnings per share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit for the year attributable to shareholders of the Company	7,342	5,099
<b>Basic:</b>		
Number of shares outstanding at the year end	198,307,464	196,217,758
Weighted average number of equity shares	197,888,202	193,646,705
<b>Earnings per share (₹)</b>	<b>3.71</b>	<b>2.63</b>
<b>Diluted:</b>		
Effect of potential equity shares on employee stock options outstanding	437,086	31,666
Weighted average number of equity shares outstanding	198,325,288	193,678,371
<b>Earnings per share (₹)</b>	<b>3.70</b>	<b>2.63</b>

Note: EPS is calculated based on profits 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, 2022	For the year ended March 31, 2021
Employee benefits expense	15	48
Depreciation	5	4
Other expenses	80	51
<b>Total</b>	<b>100</b>	<b>103</b>

### 38. Research and development expense capitalised:

Revenue Expenditure capitalised during the year under respective heads:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Employee benefits expense	241	180
Depreciation	80	78
Other expenses	153	145
<b>Total</b>	<b>474</b>	<b>403</b>

### 39. Leases:

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening balance	390	695
Add: Lease liabilities recognised during the year	364	77
Add: Interest cost accrued during the year	65	68
Less: Payment of lease liabilities including interest	(320)	(450)
<b>Balance at the end</b>	<b>499</b>	<b>390</b>

ii) Maturity analysis of lease liabilities:

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	238	164
One to two years	224	107
More than two years	37	119
<b>Total lease liabilities</b>	<b>499</b>	<b>390</b>

### 40. Segment Reporting:

As the Group's business activities fall within a single primary segment viz-a-viz "sale of products - pesticides, insecticides etc.", therefore the disclosure requirements of Indian Accounting Standard 108 - Operating Segments are not applicable. 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, 2022	For the year ended March 31, 2021
India	100,411	83,535
Outside India	60,049	33,008
<b>Total</b>	<b>160,460</b>	<b>116,543</b>

The Group's revenue includes ₹34,238 lakhs (2021: ₹18,865 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 2021-22 or 2020-21.

### 41. Insurance claim

An Appeal has been filed by the Insurance Company (The Oriental Insurance Company Limited) against the Arbitration Award in favour of the Group, before the Hon'ble High Court of Delhi. Pending final disposal of the above appeal, the Group has filed the Execution Petitions before Hon'ble High Court of Delhi for deposit of Awarded amount in Material Damage (MD) Claim of ₹1,048 lakhs (includes interest) and Business Interruption Policy claim of ₹1,352 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 year the amount deposited by the insurance company has been released by the Court to the Group after submission of equivalent bank guarantee. The Group has not recognized the said claims in the books of account.

42. 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, 2022	Net assets		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income		
				March 31, 2022	% of consolidated net assets	March 31, 2022	% of consolidated profit/(loss)	March 31, 2022	% of consolidated other comprehensive income	March 31, 2022	% of consolidated total comprehensive income	March 31, 2022
NACL Industries Limited	Company	India		47,169	97%	7,653	104%	7,653	84%	(43)	104%	7,610
LR Research Laboratories Private Limited	Subsidiary	India	100%	(3)	*	1	*	-	-	-	-	1
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary	Australia	100%	7	*	4	*	-	-	-	*	4
NACL Spec-Chem Limited	Subsidiary	India	100%	401	*	(36)	*	-	-	-	*	(36)
NACL Multichem Private Limited	Subsidiary	India	100%	1	*	-	*	-	-	-	*	-
Nasense Labs Private Limited	Associate	India	26%	1,262	3%	(280)	-4%	(280)	16%	(8)	-4%	(288)
<b>Total</b>				<b>48,837</b>		<b>7,342</b>		<b>(51)</b>				<b>7,291</b>

\* less than 1%

List of subsidiaries and associates considered for consolidation

Name of the Company	Relationship	Country of incorporation	Percentage of voting power as at March 31, 2021	Net assets		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income		
				March 31, 2021	% of consolidated net assets	March 31, 2021	% of consolidated profit/(loss)	March 31, 2021	% of consolidated other comprehensive income	March 31, 2021	% of consolidated total comprehensive income	March 31, 2021
NACL Industries Limited	Company	India		40,111	96%	5,042	99%	5,042	95%	(21)	99%	5,021
LR Research Laboratories Private Limited	Subsidiary	India	100%	(2)	*	-	-	-	-	-	-	-
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary	Australia	100%	3	*	1	*	-	-	-	*	1
NACL Spec-Chem Limited	Subsidiary	India	100%	197	*	(2)	*	-	-	-	*	(2)
NACL Multichem Private Limited	Subsidiary	India	100%	1	*	1	*	-	-	-	*	1
Nasense Labs Private Limited	Associate	India	26%	1,550	4%	57	1%	57	5%	(1)	1%	56
<b>Total</b>				<b>41,860</b>		<b>5,099</b>		<b>(22)</b>				<b>5,077</b>

\* less than 1%

Notes Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED MARCH 31, 2022

(ALL AMOUNTS IN ₹ LAKHS, UNLESS OTHERWISE STATED)

43. Social security code

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

44. Other statutory information

- The Group does not have any benami property, where any proceeding has been initiated or pending against the Group for holding any benami property.
- The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 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:
  - 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
  - provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
- 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:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
  - provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- 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.
- 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.
- The Group is not declared wilful defaulter by and bank or financial institution or lender during the year.
- The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- Quarterly returns or statements of current assets filed by the Group with banks or financial institutions are in agreement with the books of accounts.
- The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was obtained.
- 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 Group as at the balance sheet date.
- The Group has not revalued any of its property, plant and equipment (including right-of-use-assets) and intangible assets during the year.
- The Group does not have any transactions with companies which are struck off.

45. Approval of financial statements

The financial statements are approved for issue by the Board of Directors on May 12, 2022.

<b>for and on behalf of the Board of Directors</b>	
<b>M Pavan Kumar</b> Managing Director & CEO (DIN:01514557)	<b>Raghavender Mateti</b> Director (DIN:06826653)
<b>R.K.S. Prasad</b> Chief Financial Officer	<b>Satish Kumar Subudhi</b> Company Secretary
Place : Hyderabad Date : May 12, 2022	





## **NACL Industries Limited**

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