NACL Industries Limited

(formerly known as 'Nagarjuna Agrichem Limited')

NAGARJUNA
NACL

Ref: NACL/SE/2019-20 20th July, 2019

1) BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Fort, Mumbai,
Mumbai – 400001

2) National Stock Exchange of India Ltd
Exchange Plaza, 5thFloor
Plot No.C/1 G Block,
Bandra –Kurla Complex, Bandra (E)
Mumbai-400051.

Dear Sir,

Sub: Notice of 32nd Annual General Meeting (AGM) and Annual Report 2018-19 - reg.

Ref: Stock Code: 524709 - Trading Symbol: NACLIND

Pursuant to Regulation 34 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, please find enclosed Notice convening the 32nd AGM of the Company and Annual Report for the financial year 2018-19.

Kindly take the same on your records.

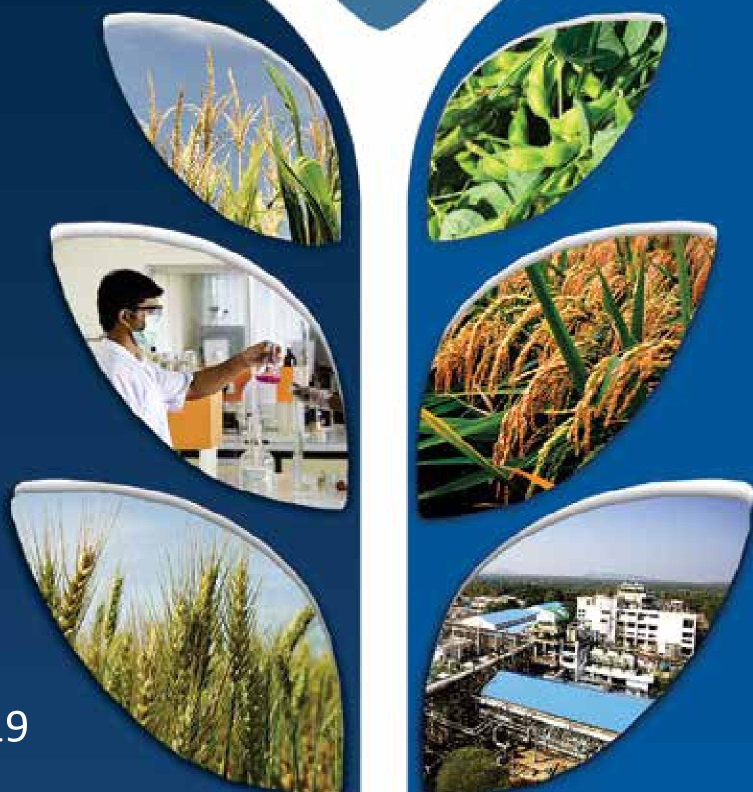
Thanking you,

for **NACL Industries Limited**

Satish Kumar Subudhi
Company Secretary & Head-Legal

NACL Industries Limited

(formerly known as 'Nagarjuna Agrichem Limited')



Annual Report 2018-19

NACL Ethakota Formulation plant and Srikakulam Technical plant respectively bagged the "Best Management Awards" by the Government of Andhra Pradesh for Management Practices for yet another year 2018

NACL Srikakulam plant honoured with prestigious safety award "Prashansa Patra" by National Safety Council (NSC) for the year 2018

Crop Care Federation of India awarded NACL for the best "Safe Handling & Judicious use of Agro Chemical Awareness"

NATIONAL SAFETY COUNCIL OF INDIA

SAFETY AWARDS - 2018

CERTIFICATE OF APPRECIATION

This Certificate is awarded to

NACL Industries Ltd.,

Unit-II, Godavari, Andhra Pradesh

in recognition of appreciable achievement

in Occupational Safety & Health during

the Assessment Period of three years - 2015 to 2017

LALIT R. GABHANE

NACL Ethakota plant received NSC Safety Awards-2018

"Social Responsibility Excellence Runner Up Award - 2018" by Pesticides Manufacturers and Formulators Association ('PMFAI').

32nd Annual General Meeting

NAGARJUNA
NACL

BOARD OF DIRECTORS

Mrs. K. Lakshmi Raju	:	Chairperson
Mr. D. Ranga Raju	:	Director (upto 13.06.2018)
Mr. Sudhakar Kudva	:	Director
Mr. K. Raghuraman	:	Director
Mr. N. Vijayaraghavan	:	Director
Mr. Raghavender Mateti	:	Director
Mr. R.S. Nanda	:	Director
Mr. V. Vijay Shankar	:	Managing Director (upto 31.05.2019)
Mr. K. Dorairaj	:	Additional Director (w.e.f. 29.05.2019)
Mr. Atul Churiwal	:	Investor Nominee Director (w.e.f. 29.05.2019)
Mr. Rajesh Kumar Agarwal	:	Investor Nominee Director (w.e.f. 29.05.2019)
Mr. M. Pavan Kumar	:	Managing Director & CEO (w.e.f. 01.06.2019)

Day	:	Wednesday
Date	:	14th August, 2019
Time	:	10.00 a.m.
Venue	:	FTAPCCI Auditorium, M/s. Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, (FTAPCCI), Federation House, 11-6-841, FAPCCI Marg, Red Hills, Hyderabad-500004, Telangana State, Phone + 91-040 23395515

SENIOR MANAGEMENT

Mr. Amit Taparia	:	Vice President - SCM & IT
Mr. C. Varada Rajulu	:	Vice President - Manufacturing (SKLM)
Mr. G. Jagannadha Rao	:	Executive Vice President - Exports
Mr. Harish Chandra Bijlwan	:	Vice President - Operation & Technology
Mr. B.S. Rao	:	Sr. General Manager - Manufacturing (Ethakota)
Mr. Manikkam Natarajan	:	Executive Vice President - Marketing & Sales
Mr. R.K.S. Prasad	:	Executive Vice President-Finance & Chief Financial Officer
Mr. Satish Kumar Subudhi	:	Company Secretary & Head - Legal
Mr. S. Mani Prasad	:	Head - Corporate HPD
Dr. Venkatesan Subbusamy	:	Sr.General Manager - Registration & Regulatory Affairs

CIN:
L24219TG1986PLC016607

REGISTERED OFFICE:
Plot No.12-A, "C" Block,
Lakshmi Towers,
No.8-2-248/1/7/78,
Nagarjuna Hills, Panjagutta,
Hyderabad-500082,
Telangana State.
Ph.040-33185100
e-mail: cs-nacl@naclind.com
Website: www.naclind.com

FACTORIES:
Arinama Akkivalasa,
Etcherla Mandal, Srikakulam,
Andhra Pradesh.

Ethakota,
P.O: Ravulapalem,
East Godavari Dist.
Andhra Pradesh.

R & D CENTRE:
Nandigaon Village,
Shadnagar,Kothur Mandal,
Mahaboobnagar Dist.
Telangana State.

STATUTORY AUDITORS:
M/S. Deloitte Haskins & Sells LLP, Chartered Accountants,
KRB Towers, Plot No 1 to 4,
1st and 2nd Floor,
Jubliee Enclave, Madhapur
Hyderabad-500081.
Telangana State.

COST AUDITORS:
M/s. K.Narasimha Murthy & Co.,
Cost Auditors,
No. 3-6-365,
104 & 105,
Pavani Estate,
Himayathnagar,
Hyderabad-500029.
Telangana State.

BANKERS:
State Bank of India.
HDFC Bank Ltd.
IDBI Bank Ltd.
New India Co-Op.Bank Ltd.
SVC Co-Op. Bank Ltd.
RBL Bank Ltd.
Karnataka Bank Ltd.

SHARE REGISTRARS & TRANSFER AGENTS:
XL Softech Systems Ltd.
No.3, Sagar Society,
Road No.2,
Banjara Hills,
Hyderabad-500034.
Telangana State.
Ph.040-23545913/914/915
Fax:040-23553214
E-mail: xlfield@gmail.com

CONTENTS

NOTICE

NOTICE is hereby given that the 32nd Annual General Meeting of M/s. NACL Industries Limited will be held at 10:00 a.m. on Wednesday the 14th Day of August, 2019 at FTAPCCI Auditorium, M/s Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, (FTAPCCI), Federation House, 11-6-841, FAPCCI Marg, Red Hills, Hyderabad-500004, Telangana State to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone and Consolidated Profit and Loss Account for the year ended 31st March, 2019, the Balance Sheet as on that date and the Cash Flow Statement for the year ended on that date 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 Profit and Loss Account for the year ended 31st March, 2019, the Balance Sheet as on that date and the Cash Flow Statement for the year ended on that date and the Reports of Directors and Auditors thereon be and are hereby considered and adopted."

    b) "RESOLVED THAT the Audited Consolidated Profit and Loss Account for the year ended 31st March, 2019, the Balance Sheet as on that date and the Cash Flow Statement for the year ended on that date and the Report of Auditors thereon be and are hereby considered and adopted."

2. To appoint a Director in place of Mr.N.Vijayaraghavan (DIN: 02491073) who retires by rotation and being eligible, offer himself for re-appointment and in this regard, pass the following resolution as an Ordinary Resolution:

    "RESOLVED THAT pursuant to Section 152 and other applicable provisions of the Companies Act, 2013, Mr.N.Vijayaraghavan (DIN: 02491073), who retires by rotation, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

3. To ratify the remuneration of the Cost Auditors for the financial year ended 31st March, 2020 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 and other applicable Rules, if any, (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration of Rs.6,00,000/- (Rupees Six 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 ended 31st March, 2020, as fixed by the Board on the recommendation of the Audit Committee, be and is hereby approved and ratified."

    "RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

4. Re-appointment of Mr.Raghavender Mateti (DIN: 06826653) as an Independent Director of the Company and in this regard, pass the following resolution as a Special Resolution:

    "RESOLVED THAT pursuant to Sections 149 and 152 of the Companies Act, 2013 ('the Act') read with Schedule IV of the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014 and other applicable provisions of the Act (including any statutory amendment(s), modification(s) or re-enactment(s) thereto, from time to time) and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended from time to time, Mr.Raghavender Mateti (DIN: 06826653), who was appointed as an Independent Director of the Company at the 27th Annual General Meeting of the Company for a period of 5 (five) years with effect from 09th August, 2014 and holds office up to 08th August, 2019 and who being eligible for re-appointment as an Independent Director has given his consent along with a declaration that he meets the criteria for independence under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company for a period of 5 (five) years with effect from 09th August, 2019, not liable to retire by rotation."

5. Appointment of Mr.Dorairaj Kuppurangam (DIN: 00902788) as an Independent Director of the Company and in this regard, pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to Sections 149 and 152 of the Companies Act, 2013 ('the Act') read with Schedule IV of the Act, the Companies (Appointment and Qualifications of Directors) Rules, 2014 and other applicable provisions of the Act (including any statutory amendment(s), modification(s) or re-enactment(s) thereto, from time to time) and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended from time to time, Mr.Dorairaj Kuppurangam (DIN: 00902788), who has been appointed as an Additional Director (under Independent Category) with effect from 29th May, 2019 in terms of Section 161 of the Companies Act, 2013 read with Article 131 of Articles of Association of the Company and who shall hold office up to the date of this Annual General Meeting ("AGM"), and in respect of whom a notice has been received from a member in writing under Section 160(1) of the Companies Act, 2013 proposing his candidature for the office of a Director, be and is hereby appointed as an Independent Director of the Company for a period of 5 (five) years with effect from 29th May, 2019, not liabl e to retire by rotation."

6. Appointment of Mr.M. Pavan Kumar (DIN:01514557) as a Director of the Company and in this regard, pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to Section 152, 160 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory amendment(s), modification(s) or re-enactment(s) thereto, from time to time) and based on the recommendation of the Nomination and the Remuneration Committee, Mr. M. Pavan Kumar (DIN:01514557) who has been appointed as an Additional Director (under Executive Category) with effect from 01st June, 2019 in terms of Section 161 of the Companies Act, 2013 read with Article 131 of Articles of Association of the Company and who shall hold office up to the date of this Annual General Meeting ("AGM"), and in respect of whom a notice has been received from a member in writing under Section 160(1) of the Companies Act, 2013 proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company with effect from date of the 32nd Annual General Meeting."

7. Appointment of Mr.M. Pavan Kumar (DIN:01514557) as Managing Director & CEO of the Company and in this regard, pass the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to Sections 196, 197 read with Schedule V of the Companies Act, 2013 & the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and such other applicable provisions, if any, of the Companies Act, 2013 (including any statutory amendment(s), modification(s) or re-enactment(s) thereto, from time to time) and Articles of Association of the Company, and subject to necessary approvals to be obtained from the Central Government if required, approval be and is hereby accorded to the appointment of Mr.M. Pavan Kumar (DIN:01514557) as Managing Director & CEO of the Company, for a period of 3 (three) years with effect from 01st June, 2019 to hold office up to 31st May, 2022, upon the terms and conditions including remuneration as set out below and in the Agreement to be entered into between the Company and Mr.M. Pavan Kumar in this regard, with liberty to the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include any Committee constituted/empowered/to be constituted by the Board from time to time to exercise its powers conferred by this resolution), to alter and vary any such terms and conditions of the said appointment in such manner as may be agreed to between the Board and Mr. M. Pavan Kumar."

   I) Remuneration:

      a) Basic salary: Rs.4,00,000/- p.m;

      b) House Rent Allowance (HRA): Rs.1,60,000/- p.m. (in case the Company provides leased accommodation, the differential amount between cost of leased accommodation and the HRA will be paid as Special Allowance);

      c) Special Allowance (including Medical Allowances and reimbursement, if any): Rs. 2,39,400/- p.m;

d) Leave Travel Assistance (LTA): LTA not exceeding Rs.4,00,000/- in a financial year. This will be paid at the time of the Annual Leave and subject to the LTA Rules of the Company. (In case the same is not availed or partially availed by the Managerial Person, equivalent amount of such non-availed portion of LTA will be paid as Special Allowance);

e) Medical Insurance Premium Rs.7,200/- p.a;

f) Performances pay aggregating Rs.50,00,000/- per annum (which comprises of Fixed component of Rs.10,00,000/- and variable component of Rs.40,00,000/-) at the end of every completed year of service. The Variable component of Performance pay, as specified, shall be subject to the appraisal of the performance by the Board of Directors of the Company during the aforesaid term of office;

g) 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 it may deem fit and proper;

h) Mediclaim Insurance coverage shall be provided to Mr. M. Pavan Kumar and his spouse, children and dependent parents as per the rules of the Company;

i) Personal Accident Insurance: Coverage shall be provided to Mr. M. Pavan Kumar, under the company's Group Personal Accident Policy;

j) Club subscription fees: Annual/Monthly club subscription fees payable subject to maximum of two clubs;

II) Others:

The Company will provide to the Managing Director & CEO, for the performance of his official duties, the following as per the applicable rules of the Company:

i) A chauffeur driven car including running and maintenance expenses.

ii) Mobile phone and Telephone at residence.

iii) Reimbursement of business development expenses.

III) Minimum Remuneration:

If in any financial year during his aforesaid term of office as such, the Company has no profits as computed in accordance with Section 198 of the Companies Act 2013, or such profits are inadequate, Mr. M. Pavan Kumar shall be paid the above remuneration as Minimum Remuneration in accordance with the allowable limits under Schedule V to the said Companies Act, 2013.

"RESOLVED FURTHER THAT the aforesaid constituents of Remuneration may be altered or interchangeable / modifiable within the overall ceiling specified above."

"RESOLVED FURTHER THAT the Board of Directors/Nominations and Remuneration Committee be and is hereby authorized to alter and vary any such terms and conditions of the said appointment and remuneration or revise the remuneration in such manner as may be acceptable to, between the Board and Mr. M. Pavan Kumar, subject to the same not exceeding limit or ceiling specified in Schedule V to the Companies Act, 2013 (or any statutory amendment(s), modification(s) or re-enactment(s) thereto, from time to time) and the agreement entered into, if any, between the Company and Mr. M. Pavan Kumar shall be suitably amended to give effect to such modifications, relaxation or variation."

"RESOLVED FURTHER THAT the terms of appointment between the Company and Mr. M. Pavan Kumar shall carry a condition that it may be terminated by either party by giving to the other party three months' notice in writing and an Agreement shall be entered into between Mr. M. Pavan Kumar and the Company covering all the aspects as spelt out in this resolution and it shall be binding on both the parties."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps including acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

8. Appointment of Mr.Rajesh Kumar Agarwal (DIN:00210719) as an Investor Nominee Director of the Company and in this regard, pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 161(3) and other applicable provisions of the Companies Act, 2013 read with the Rules made thereunder, Article 135 and other applicable provisions of the Article of Association of the Company and 'Share Subscription and Shareholders Agreement' ("SSSA") dated 08th February, 2019, entered into by and between the Company, Promoters and the Investors with respect to Company's issue of shares/warrants on preferential basis pursuant to resolutions passed by the shareholders in the Extraordinary General Meeting ("EGM") held on 07th March, 2019, Mr.Rajesh Kumar Agarwal (DIN: 00210719), the representative of the Investors, be and is hereby appointed as an Investor Nominee Director of the Company with effect from 29th May, 2019, not liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Director of the Company be and is hereby authorized to do all acts, deeds, matter and things and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution."

9. Appointment of Mr. Atul Churiwal (DIN:00180595) as an Investor Nominee Director of the Company and in this regard, pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 161(3) and other applicable provisions of the Companies Act, 2013 read with the Rules made thereunder, Article 135 and other applicable provisions of the Article of Association of the Company and 'Share Subscription and Shareholders Agreement' ("SSSA") dated 08th February, 2019, entered into by and between the Company, Promoters and the Investors with respect to Company's issue of shares/warrants on preferential basis pursuant to resolutions passed by the shareholders in the Extraordinary General Meeting ("EGM") held on 07th March, 2019, Mr.Atul Churiwal (DIN: 00180595), the representative of the Investors, be and is hereby appointed as an Investor Nominee Director of the Company with effect from 29th May, 2019, not liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Director of the Company be and is hereby authorized to do all acts, deeds, matter and things and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution."

10. To approve the material related party transactions with M/s. Krishi Rasayan Exports Private Limited and in this regard, pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 ('Act') read with Rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and any other applicable provisions of law (including any amendment(s), modification(s) or re-enactment(s) thereto, from time to time) the Members of the Company do hereby ratify and also accord further approval to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any Committee constituted/ empowered/to be constituted by the Board from time to time to exercise its powers conferred by this resolution) for carrying out and/or continuing with arrangements and transactions (whether individual transactions or transactions taken together or series of transactions or otherwise) with M/s.Krishi Rasayan Exports Private Limited ("KREPL") being a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, whether by way of renewal(s) or extension(s) or modification(s) of earlier arrangements/transactions or otherwise including purchase and sale of raw materials, intermediate products and finished goods, agro inputs, bio pesticides, Active Ingredients (AI), Technical, Formulations, , transactions with regard to contract manufacturing, various funding and Research & Development activities and other business related activities, entering into such contracts and agreement (manufacturing, loan licensing etc.) and such other transactions as may be disclosed in the notes forming part of the financial statements for the relevant period, notwithstanding the fact that all these transactions within the financial year 2019-20 in aggregate may exceed 10% (ten percent) of the annual turnover of the Company as per the last audited financial statements or any materiality threshold as may be applicable from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to sign and execute all such documents, deeds and writings and to do all such acts, deeds, matters and things as may be deemed necessary, expedient and incidental thereto and to delegate all or any of its powers herein conferred to any Committee of Directors and/or director(s) and/ or officer(s)/employee(s) of the Company/ any other person(s) to give effect to the aforesaid resolution."

11. To approve the material related party transactions with M/s.Agro Life Science Corporation, a registered Partnership Firm and in this regard, pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 188 and other applicable provisions of the Companies Act, 2013

('Act') read with Rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and any other applicable provisions of law (including any amendment(s), modification(s) or re-enactment(s) thereto, from time to time), the Members of the Company do hereby ratify and also accord further approval to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any Committee constituted/empowered/to be constituted by the Board from time to time to exercise its powers conferred by this resolution) for carrying out and/or continuing with arrangements and transactions (whether individual transactions or transactions taken together or series of transactions or otherwise) with M/s.Agro Life Science Corporation ("ALSC"), a registered partnership firm, being a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, whether by way of renewal(s) or extension(s) or modification(s) of earlier arrangements/ transactions or otherwise including purchase and sale of raw materials, intermediate products and finished goods, agro inputs, bio pesticides, Active Ingredients (AI), Technical, Formulations, transactions with regard to contract manufacturing, various funding and Research & Development activities and other business related activities, entering into such contracts and agreement (manufacturing, loan licensing etc.) and such other transactions as may be disclosed in the notes forming part of the financial statements for the relevant period, notwithstanding the fact that all these transactions within the Financial Year 2019-20 in aggregate may exceed 10% (ten percent) of the annual turnover of the Company as per the last audited financial statements or any materiality threshold as may be applicable from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to sign and execute all such documents, deeds and writings and to do all such acts, deeds, matters and things as may be deemed necessary, expedient and incidental thereto and to delegate all or any of its powers herein conferred to any Committee of Directors and/or director(s) and/ or officer(s)/employee(s) of the Company/ any other person(s) to give effect to the aforesaid resolution."

12. To consider the adoption of new set of Memorandum of Association and in this regard, pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 4, 13 and 15 and all other applicable provisions, if any, of the Companies Act 2013, read with applicable Rules and Regulations framed thereunder (including any amendment(s), modification(s) or re-enactment(s) thereto from time to time), or any other applicable law(s), regulation(s), guideline(s), and subject to the approvals, consents, sanctions and permissions of the Central Government/ Stock exchange(s)/appropriate regulatory and statutory authorities if required, consent of the members of the Company be and is hereby accorded for adoption of new set of Memorandum of Association of the Company ("MOA") in accordance with Table A of Schedule I of the Companies Act, 2013, effecting the following modifications and amendments in the existing MOA:

a) The words 'Companies Act, 1956' in the existing MOA shall be substituted with the words 'Companies Act, 2013', wherever required under the applicable statutory provisions;

b) Part A of the Clause III of MOA shall now be titled as "The Objects to be pursued by the Company on its Incorporation":

c) Merging the Objects of the Company mentioned under part C of Clause III – "Other Objects" with part B of Clause III – "Objects Incidental or Ancillary to the attainment of the Main Objects" and consequently changing the object numbering as may be appropriate, and further the aforesaid part B (after merger) of the Clause III of MOA shall be titled as "Matters which are necessary for furtherance of the Objects specified in Part A".

"RESOLVED FURTHER THAT a copy of the new MoA which is placed before the meeting and duly initialed by the Chairman for the purposes of identification be and are hereby approved and adopted as the Memorandum of Association of the Company with effect from date of this Annual General Meeting and they be the MoA of the Company in place, in substitution and to the entire exclusion of the existing MoA."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds or things as may be deemed necessary to give effect to this resolution."

By order of the Board

Satish Kumar Subudhi
Company Secretary & Head-Legal
(FCS-9085)

Place: Hyderabad
Date: 03rd July, 2019

Notes:

1) **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**:

2) **Proxies/Power of Attorney forms, in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the scheduled time of the Meeting. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. A Proxy Form is attached herewith.**

3) **Explanatory Statement:**

   The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, ("Act") relating to the Special Business item is 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, 03rd August, 2019 to Wednesday, 14th August, 2019 (both days inclusive).

6) **Unclaimed Dividend and Transfer of shares to IEPF:**

   a) The Members are hereby informed that the Company would transfer the dividends, which remains unpaid/ unclaimed for a period of 7 (seven) years, to the Investors Education and Protection Fund (IEPF) constituted by the Central Government under Section 125 of the Companies Act, 2013.

   b) The Company has duly transferred the unpaid or unclaimed dividends declared up to financial year 2010-11 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) The unclaimed dividend in respect of financial year 2011-12 (Final) is due for transfer in October, 2019 to the IEPF. The Shareholders are advised to send their requests for payment of unpaid dividend pertaining to the years from FY 2011-12 (Final Dividend) to FY 2017-18 (Final Dividend) to the Share Transfer Agent (RTA) office or to the Registered Office of the Company at Hyderabad, for issue of cheques/ demand drafts before the due dates for transfer to the IEPF. The Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company, as on 06th August, 2018 (i.e. date of previous Annual General Meeting), on the website of the Company www.naclind.com and also on the website of Ministry of Corporate Affairs.

   d) **Transfer of Shares to IEPF Suspense 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.

      In accordance with the aforesaid provision of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has already transferred all shares, in respect of which dividend declared for the financial year 2010-11, has not been paid or claimed by the members for 7 (seven) consecutive years or more. Members are advised to visit the website www.naclind.com to ascertain details of shares liable for transfer in the name of IEPF authority.

e) Members/claimants whose shares, unclaimed dividends, etc., have been transferred to the IEPF demat account or the fund, as the case may be, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF-5 (available on www.iepf.gov.in) along with requisite fee as decided by the IEPF Authority from time to time. The Members/ Claimant can file only one consolidated claim in a financial year as per the IEPF Rules.

7) Members Nomination:

a) Members are advised to avail themselves of nomination facility as per the Section 72 of the Companies Act, 2013. Facility for making nomination is available for the Members in respect of the shares held by them.

b) Members holding shares and who have not yet registered their nomination are requested to register the same by submitting Form No.SH-13. Further, a Member who desires to cancel the earlier nomination and record fresh nomination may submit the same in Form No.SH-14. Both the Forms for "Nominations" and "Cancellation or Variation of Nomination" can be availed from the RTA or can be downloaded from the Company's website.

c) Members holding shares in physical form are requested to submit the forms to the Company's Share Registrars and Transfer Agents (RTA). The members holding shares dematerialized form are requested to file the Nomination/ Cancellation or Variation in Nomination forms with their respective Depository Participants in the prescribed form.

8) Corporate Members:

Corporate Members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representatives for voting purpose and to attend at the Annual General Meeting (AGM).

9) Important Communication to Members:

a) All communications relating to the shares may be addressed to our Share Transfer Agent (RTA) Office i.e.,

M/s. XL Softech Systems Limited,
(Unit: NACL Industries Limited) No.3,
Sagar Society, Road No.2, Banjara Hills,
Hyderabad-500034, Telangana;
Telephone No: 040-23545913/914/915;
Fax No.040-23553214,
e-mail ID: xlfield@gmail.com.

b) The members may please visit the Company's Website: www.naclind.com to find more information about the Company.

c) The Ministry of Corporate Affairs, Government of India has taken a "Green Initiative in the Corporate Governance' by allowing paperless compliance by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its Members. To support this Green Initiative of the Government in full measure, Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses by submitting the e-mail Registrations Form attached with this Annual Report.

d) Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS)/National Electronic Fund Transfer (NEFT), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's RTA, to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to RTA.

e) Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or RTA of the Company for assistance in this regard.

f) Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or RTA the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.

g) Electronic copy of the Annual Report for 2018-19 is being sent to all members whose email addresses are registered with the Company/ Depository Participants for communication purposes, unless any members has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report are being sent in the permitted mode.

h) **Updating member details:** The format of the Register of Members prescribed by the Ministry of Corporate Affairs, under the Companies Act, 2013, requires the Company/Registrar and Share Transfer Agent (RTA) to record additional details of members, including email address, bank details for payment of dividend etc. In this regard, a form for capturing the additional details is appended at the end of this Annual Report. Members holding shares in physical form are requested to submit their filled in form to the Company or the Registrar and Share Transfer Agent. Members holding shares in electronic form are requested to submit the details to their respective Depository Participants.

i) 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.

10) Listing Fees:

The Company has paid the Listing Fees for the year 2019-20 to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), the Stock Exchange(s) where the Company's shares are listed.

11) Members are requested to:

a) send their queries, if any, to reach the Company's Registered Office at Hyderabad at least 7 days before the date of the Meeting so that information can be made available at the Meeting;

b) bring their copy of the Annual Report and Attendance Slip with them to the Meeting;

c) to bring their DP ID and Client ID numbers for easy identification of attendance at the venue of AGM, who hold shares in dematerialized form;

d) send their e-mail address to the Company/RTA for prompt communication;

e) to quote their Regd. Folio Number or DP and Client ID Numbers in all their correspondence with the Company/RTA.

12) Instructions about Voting:

In terms of Section 108 and other applicable provisions of Companies Act, 2013, read with Regulation 4(2)(a) and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and to facilitate the members, the Company is providing e-voting facility, besides the polling process to be conducted at the AGM venue.

The members are requested to opt for any one mode of voting i.e., either through e-voting or through polling process to be conducted at the AGM. If a member cast votes by both modes, then voting done through a valid e-vote shall prevail and voting through polling process conducted at AGM shall be treated as invalid. Please refer to the following instructions for voting through electronic means.

A) e-Voting through electronic means:

I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing Members facility to exercise their right to vote on resolutions proposed to be passed in the Annual General Meeting by electronic means through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). The instructions for e-voting are as under:

i) Log on to the e-voting website www.evotingindia.com

ii) Click on "Shareholders" tab.

iii) Select the "NACL Industries Limited" from the drop down menu and click on "SUBMIT"

iv) Enter your User ID-For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID. Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.

v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

vi) If you are a first time user follow the steps given below.

Fill up the following details in the appropriate boxes:

PAN*	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department
DOB**	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
DIVIDEND BANK DETAILS	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

** Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the sequence number (available in the Address Label pasted in the cover and/or in the e-mail sent to Members) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Ramanathan with sequence number 1 then enter RA00000001 in the PAN Field.*

***Please enter any one of the details in order to login. In case both the details are not recorded with the depository or Company, please enter the Member id / folio number in the Dividend Bank details field.*

vii) After entering these details appropriately, click on "SUBMIT" tab.

viii) Members holding shares in physical form will then reach directly the Company selection screen. However, Members holding shares in demat form will now reach 'Set Password' 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.

ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

x) Click on the relevant EVSN for NACL Industries Limited.

xi) 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.

xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

xiii) 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.

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

xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

xvi) If Demat account holder has forgotten the changed password then enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.

xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporate. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the Scrutinizer to verify the same.

xviii) E-Voting by Mobile app:

Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

xix) Note for Non – Individual Shareholders and Custodians.

- Non-Individual shareholders (i.e., other than Individuals,

- HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
- 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 should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- 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.

xx) In case members have any queries or issues regarding e-voting, they may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help Section or write an email to helpdesk.evoting@cdslindia.com or investors@naclind.com.

II. The e-voting period begins on 11th August, 2019 (10.00 a.m.) and ends on 13th August, 2019 (5.00 p.m.). During this period shareholder of the Company, holding shares either in physical form or in dematerialized form, as of 02nd August, 2019 (i.e., the cut-off date) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

III. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help Section or write an email to helpdesk.evoting@cdslindia.com or investors@ naclind.com

IV. 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 02nd August, 2019.

V. Mr.K.V.Chalama Reddy, Practicing Company Secretary (M.No: F 9268, and C.P No: 5451), Hyderabad, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

VI. The scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated scrutinizer's report of the total votes cast in favor or against, if any, to the Chairman/Managing Director of the Company who shall countersign the same.

B) Other Instructions:

I. The Scrutinizer will collate the votes downloaded from the e-voting system and votes received through physical ballot and votes casted during the polling process conducted at Annual General Meeting venue, to declare the final result for each of the Resolutions forming part of the Annual General Meeting Notice.

II. The results of the voting shall be declared on or after the Annual General Meeting of the Company. The results declared, along with the Scrutinizer's Report, shall be placed on the Company's website www.naclind.com and be communicated to the Stock Exchanges where the Company's shares are listed, i.e., BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), stock exchanges where the Companies share are listed.

III. Members may address any query to Mr. Satish Kumar Subudhi, Company Secretary & Head-Legal, at the Registered Office of the Company, Tel. No.040-33185100, Fax No. 040-23358062, Email: investors@naclind.com; Website: www.naclind.com.

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

Item No.3:

The Board of Director of the Company, on recommendation of the Audit Committee, has approved the appointment of the Cost Auditors namely M/s K. Narasimha Murthy & Co., (Registration No.4042), Cost Accountants, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2020, at a remuneration of Rs.6,00,000/- (Rupees Six 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 appointment and remuneration payable to the Cost Auditors has to be approved and ratified by the shareholders of the Company. Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No.3 of the Notice. The Board commends the Ordinary Resolution set out at Item No.3 of the Notice for approval and ratification by the Shareholders.

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

Item No.4:

Mr.Raghavender Mateti is currently an Independent Director of the Company, who was appointed by the shareholders at their 27th Annual General Meeting ('AGM') of the Company held on 09th August, 2014 to hold office for a period of 5 (five) years with effect from 09th August, 2014 and is eligible for re-appointment for second term on the Board of the Company as an Independent Director.

The tenure of appointment for the first term of Mr.Raghavender Mateti shall be completed on 08th August, 2019 and is being eligible for re-appointment for a second term on the Board of the Company as an Independent Director.

Based on the performance evaluation of the Independent Director and as per the recommendations of the Nomination and Remuneration Committee ("NRC"), given his background, experience and contribution, the Board is of the opinion that Mr.Raghavender Mateti continued association would be of immense benefit to the Company and it is therefore desirable to continue to avail his services as an Independent Director.

Pursuant to the Section 149 and other applicable provisions of the Companies Act, 2013 ("Act") read with Rules made thereunder, SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("hereinafter referred as Listing Regulations") and based on the recommendations of the NRC, the Board of Directors in its meeting held on 03rd July, 2019 has accorded its approval for the re-appointment of Mr.Raghavender Mateti as an Independent Director of the Company, not liable to retire by rotation, for period a period of 5 (five) years commencing from 09th August, 2019 and further recommended to the shareholders for its approval. The Company has in terms of Section 160(1) of the Act received a notice from a Members proposing his candidature for the office of Director.

The Company has received the consent from Mr.Raghavender Mateti in writing to act as Director, an intimation in Form DIR 8 to the effect that he is not disqualified from being appointed as Director in terms of Section 164 of the Act and other applicable provisions and a declaration confirming that he meets the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. Mr.Raghavender Mateti has also confirmed that he is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority pursuant to circulars dated 20th June, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by the listed companies.

The Board of Director of your Company is also of the opinion that Mr.Raghavender Mateti is independent of the management of the Company.

Brief resumes of Mr.Raghavender Mateti, nature of expertise in specific functional areas and names of Companies in which he holds Directorships and Memberships/ Chairmanships of Board Committees, shareholdings and relationships between Directors inter-se as stipulated under Regulation 36(3) of Listing Regulations and Secretarial Standards on General meetings ("SS-2") issued by the Institute of Company Secretaries of India ("ICSI") is provided in the "Annexure" to this Notice.

A copy of the draft letter for re-appointment of the Independent Director setting out the terms and conditions of their re-appointment are available for inspection by the Members at the Registered Office of the Company during the business hours (except on Saturdays and Sundays) and will also be kept available at the venue of the AGM till the conclusion of the AGM.

The said re-appointment of Mr.Raghavender Mateti shall be effective upon approval of the Shareholders in the ensuing Annual General Meeting. The Board commends the Special Resolutions set out in Item No. 4 of the Notice for approval of the Members.

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

Item No.5:

The Board of Directors of the Company, on recommendation of the Nomination and Remuneration Committee, has appointed Mr.Dorairaj Kuppurangam as Additional Director (under Independent Category) of the Company with effect from 29th May, 2019 to hold office up to the ensuing Annual General Meeting in accordance with the provision of the Section 161 of the Companies Act, 2013 read with Article 131 of the Article of Association of the Company. The Company has in terms of Section 160(1) of the Act received a notice from a Member proposing Mr.Dorairaj's candidature for the office of Director.

Mr.Dorairaj, being eligible, offers himself to be appointed as an Independent Director of the Company in terms of Section 149 and other applicable provisions of the Companies Act, 2013 read with Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). Accordingly, the Board of Directors in its meeting held on 29th May, 2019 has accorded its approval for the aforesaid appointment of Mr.Dorairaj as an Independent Director for a period of five years with effect from 29th May, 2019 and recommended to the Shareholders for approval.

The Company has received from Mr.Dorairaj, a consent in writing to act as Director, an intimation in Form DIR 8 to the effect he is not disqualified from being appointed as Directors in terms of Section 164 of the Act and other applicable provision and a declaration confirming that he meets the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. Mr.Dorairaj has also confirmed that he is not debarred from holding the office of Director by virtue of any SEBI Order or any such authority pursuant to circulars dated 20th June, 2018 issued by BSE Limited and the National Stock Exchange of India Limited pertaining to enforcement of SEBI Orders regarding appointment of Directors by the Listed Companies.

The Board of Directors of your Company is of the opinion that Mr.Dorairaj fulfills the conditions specified in the Act and the Rules made there under and eligible to be appointed as Independent Director pursuant to the provisions of Section 149 of the Act and Listing Regulations. The Board of Director of your Company is also of the opinion that Mr.Dorairaj is independent of the management of the Company.

Mr.Dorairaj is having over 50 years of exposure and experience in Marketing of Agro Inputs with an expertise in Organic farming and Certification Activities, Managing organizations, and Setting up and managing Farmer Producer organizations. Keeping in view of his expertise and knowledge, it will be in the interest of the Company that he will be appointed as an Independent Director.

Brief resumes of Mr.Dorairaj, his nature of expertise in specific functional areas and names of Companies in which he holds Directorships and Memberships/ Chairmanships of Board Committees, shareholdings and relationships between Directors inter-se as stipulated under Regulation 36(3) of Listing Regulations and Secretarial Standards on General meetings ("SS-2") issued by the Institute of Company Secretaries of India ("ICSI") are provided in the "Annexure" to this Notice.

A copy of the draft letter of appointment of the Independent Director setting out the terms and conditions of his appointment is available for inspection by the Members at the Registered Office of the Company during the business hours (except on Saturdays and Sundays) and will also be kept available at the venue of the AGM till the conclusion of the AGM.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, Regulation 17 and other applicable provisions of the Act and Listing Regulations, the appointment of Mr.Dorairaj as Independent Director is now placed for the approval of the Members by a Special Resolution.

The said appointment of Mr.Dorairaj shall be effective upon approval of the Shareholders in the ensuing Annual General Meeting. The Board commends the Ordinary Resolutions set out in Item No. 5 of the Notice for approval of the Members.

Save and except Mr.Dorairaj and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

Item No.6 & 7:

Further to stepping down of Mr.V.Vijay Shankar's from the position of Managing Director as well as Director on the Board of the Company with effect from 01st June, 2019, the Board, on the recommendations of the Nomination and Remuneration Committee ('NRC'), in its meeting held on 29th May, 2019,

a) has appointed Mr. M. Pavan Kumar (DIN:01514557) as an Additional Director, with effect from 1st June, 2019, who shall hold office upto the date of the ensuing Annual General Meeting (AGM) in term of the Section 161 and other applicable provisions of the Companies Act, 2013;

b) recommended Mr.Pavan's appointment as Director of the Company, with effect from the ensuing AGM, to the shareholders for their necessary approval, for which the Company has in terms of Section 160(1) of the Act received a notice from a Member proposing Mr.Pavan Kumar's candidature for the office of Director; and

c) has approved the appointment of Mr. M. Pavan Kumar as Managing Director & CEO of the Company and remuneration payable, with effect from 01st June, 2019, subject to the approval of the shareholders.

Pursuant to the provision of Section 197 and other applicable provisions of the Companies Act, 2013, the details of the remuneration of the Managing Director & CEO of the Company are set out in the Resolution at Item No.7.

The Company has received from Mr. M. Pavan Kumar a consent in writing to act as Director, an intimation in Form DIR 8 to the effect he is not disqualified from being appointed as Directors in terms of Section 164 of the Act and other applicable provision.

Mr. M. Pavan Kumar comes with over three decades of operating and executive management experience working for Multinational & Indian organizations in agribusiness, chemicals and other sectors, building competitive and sustainable businesses. Brief resume of Mr. M. Pavan Kumar, nature of his expertise in specific functional areas, names of companies in which he holds Directorships and Memberships / Chairmanships of Board Committees, shareholding and relationships amongst Directors inter-se as stipulated under SEBI's Listing Regulations, are provided in the "Annexure" to this Notice and in the Corporate Governance Report forming part of this Annual Report.

The Board commends the resolutions at Item No. 6 and 7 of the Notice for approval of the Members of the Company.

The above may be treated as a deemed memorandum setting out the terms of appointment of Mr. M. Pavan Kumar under Section 190 of the Act.

Save and except Mr. M. Pavan Kumar himself and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors/Key Managerial Personnel of the Company/their relatives are in any way concerned or interested financially or otherwise, in the Company resolution set out at the Item No. 6 and 7 of the Notice.

Item No. 8 & 9:

As the members aware that the Company's preferential issue of shares and warrants pursuant to special resolution passed by the shareholders of the Company in the Extraordinary General Meeting (EGM) held on 07th March, 2019 the Company has allotted 1,09,37,500 Equity Shares and 2,50,00,000 Warrants convertible into equity shares to M/s.Krishi Rasayan Exports Private Limited ("KREPL") and Mr.Rajesh Kumar Agarwal and Mr.Atul Churiwal, jointly representing M/s.Agro Life Science Corporation, a registered partnership firm ("ALSC") (collectively referred as "Investors") and Mrs.K.Lakshmi Raju, Promoter of the Company. The Company, has entered into a Share Subscription and Shareholders Agreement ("SSSA") on 08th February, 2019, with Investors and Promoters of the Company. The members in the said EGM have also approved the amendment of the Article of Association (AoA) of the Company, with respect to incorporating certain rights assigned to Investors under the said SSSA.

Pursuant to the terms of SSSA and amended Article of Association of the Company, the Investors together shall have the right to appoint 2 (two) nominee directors on the Board. In exercise of the power, the Investors have nominated Mr.Atul Churiwal and Mr.Rajesh Agarwal as Investor Nominee Directors on the Board of the Company. The Board in its meeting held on 29th May, 2019 noted and approved the appointment of aforesaid Investor Nominee Directors with immediate effect. The principal terms of the appointment are as follows:

a) they shall not be liable to retire by rotation;

b) they shall be entitled to same rights and privileges and be subject to same obligation as any other Director of the Company;

c) the removal of Investor Nominee Director shall be at the discretion of the Investors;

Brief resumes of Mr.Atul Churiwal and Mr.Rajesh Agarwal, their shareholdings and relationships between Directors inter-se as stipulated under Regulation 36(3) of Listing Regulations and Secretarial Standards on General meetings ("SS-2") issued by the Institute of Company Secretaries of India ("ICSI") are provided in the "Annexure" to this Notice.

The Board commends the Ordinary Resolutions set out in Item No. 8 & 9 of the Notice for approval of the Members.

Save and except Mr.Atul Churiwal and Mr.Rajesh Agarwal and their relatives, to the extent of their shareholding interest, if any, in the Company, none of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested financially or otherwise, in the resolution set out at Item No. 8 & 9 of the Notice.

Item No. 10 & 11:

Pursuant to SSSA and amended Article of Association of the Company, the Investors have nominated Mr.Rajesh Kumar Agarwal and Mr.Atul Churiwal, as Investor Nominee Directors on the Board of the Company. Upon the appointment of the Investors Nominee Director on the Board of the Company, the Investors (i.e Krishi Rasayan Exports Pvt Ltd. & Agro

Life Science Corporation, a registered Partnership Firm) becomes the related party to the Company, in terms of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations.

Pursuant to Regulation 23 of the Listing Regulations read with the applicable provisions of the Companies Act, 2013 all material Related Party Transactions, if the aggregate value of transaction(s) amounts to 10% or more of the annual turnover of the Company as per last audited financial statements of the Company, shall require approval of the Shareholders.

The Company now proposes to obtain approval of the members for ratifying as well as granting further approval to the Board of Directors (including any Committee) for carrying out and/or continuing with arrangements and transactions (whether individual transactions or transactions taken together or series of transactions or otherwise) with KREPL and ALSC, whether by way of renewal(s) or extension(s) or modification(s) of earlier arrangements / transactions or otherwise including purchase and sale of raw materials, intermediate products and finished goods, agro inputs, bio pesticides, Active Ingredients (AI), Technical, Formulation, transactions with regard to contract manufacturing, various funding and Research & Development activities and other business related activities, entering into contract manufacturing agreements and such other transactions as may be disclosed in the notes forming part of the financial statements for the relevant period, notwithstanding the fact that all these transactions within the Financial Year 2019-2020 in aggregate may exceed 10% (ten percent) of the annual turnover of the Company as per the last audited financial statements or any materiality threshold for qualifying a transaction as material related party transaction as may be applicable from time to time under the applicable laws or regulations. The above transactions are in the ordinary course of business of the Company.

The Board commends the Resolutions at Item No. 11 and 12 of the Notice for approval of the Members of the Company.

Save and except Mr.Atul Churiwal and Mr.Rajesh Agarwal and their relatives, to the extent of their shareholding interest, if any, in the Company, none of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested financially or otherwise, in the resolution set out at Item No. 10 & 11 of the Notice.

The members may please note that in terms of the provisions of the Listing Regulations, the related parties as defined thereunder (whether the member is a related party / party to the aforesaid transactions or not), shall not vote to approve resolutions under this Item No. 10 & 11.

Item No.12:

The Companies Act, 2013, has prescribed a new format of Memorandum of Association ("MOA") for public companies limited by shares. Accordingly, with a view to align the existing MOA of the Company with Table A of the Schedule I of the Act and in accordance with Section 4 and 13 of the Act, it is proposed to alter the MOA of the Company by merging the Objects under part C of Clause III – "Other Objects" with part B of Clause III – "Objects Incidental or Ancillary to the attainment of the Main Objects" and also to rename the part A & B Clause III of the Object Clause. The Board at its meeting held on 03rd July, 2019 has approved alteration of the MOA of the Company and the Board now seek Members approval for the same. The Board commends the Special Resolutions set out in Item No. 12 of the Notice for 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 aforesaid resolution set out at Item No.12 of the Notice.

By order of the Board

Satish Kumar Subudhi
Company Secretary & Head-Legal
(FCS-9085)

Place: Hyderabad
Date: 03rd July, 2019

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.040-33185100
e-mail: cs-nacl@naclind.com : Website: www.naclind.com.

ANNEXURE TO NOTICE

Details of Directors 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	Mr.N.Vijayaraghavan	Mr.Raghavender Mateti	Mr.Dorairaj Kuppurangam
Directors Identification Number (DIN)	02491073	06826653	00902788
Date of Birth, Age	22nd July, 1949, 69 years	29th August, 1951, 67 years	10th September, 1946, 72 years
Date of first Appointment	16th September, 2008	26th February, 2014	29th May, 2019
Qualifications	B.Tech (Metallurgy), PGDM from IIM-A	B. Tech (Agricultural Engineering) from IIT, Kharagpur and PGDM in Agriculture from IIM-A	B.Sc. (Agriculture) from Madras Agricultural College (TNAU), Coimbatore
Brief Profile including expertise in specific functional areas	He has over 41 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.	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 Rallies 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.	He has around 5 decades of experience in marketing of Fertilizers, specialty fertilizers, Pesticides and organic inputs. Currently working as the Freelance Agriculture Consultant, 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
Terms and conditions of appointment/re-appointment	Appointed as Non-Executive Director, liable to retire by rotation.	Re-appointment as an Independent Director for a period commencing from 09th August, 2019 to 08th August, 2024 not liable to retire by rotation.	Appointed as an Independent Director, not liable to retire by rotation.
Details of remuneration last drawn during FY 2018-19	Rs.95,000/-**	Rs.1,95,000/-**	NA
No. of Board Meetings attended during the year	3	4	NA
Relationship between Directors inter-se	Nil	Nil	Nil
No. of shares held in the Company (a) Own (b) For other persons on a beneficial interest	Nil	Nil	Nil

List of other companies in which directorship held as on 31st March, 2019 (excluding Foreign, Private and Section 8 Companies)	Nil	Nil	Nil
Chairperson/Member of the Mandatory Committees of the Board of the Other Companies on which he/ she is a Director as on 31st March, 2019.	Nil	Nil	Nil

Name of the Director	**Mr.Rajesh Agarwal**	**Mr.Atul Churiwal**	**Mr.M.Pavan Kumar**
Directors Identification Number (DIN)	00210719	00180595	01514557
Date of Birth, Age	28th September, 1969, 49 years	23rd December, 1963, 55 years	01st September, 1959, 59 years
Date of Appointment	29th May, 2019	29th May, 2019	01st June, 2019
Qualifications	B.Com (Honours) degree	B.Com (Honours) degree	Honours Graduate in Science with a Master's in Business Management from McGill University, Montreal, Canada
Brief Profile including expertise in specific functional areas	He is having more than around twenty—five 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 educational charitable organizations.	He is having around 37 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.	He has more than 35 years of vast experience in various chemical industries and extensive experience in Pesticides, Agri, Fertilizers and other business and industrial sectors.
Terms and conditions of appointment/re-appointment	Appointed as an Investor Nominee Director, representing the Interest of M/s. Krishi Rasayan Exports Private Limited and Agro Life Science Corporation.	Appointed as an Investor Nominee Director, representing the Interest of Krishi Rasayan Exports Private Limited and Agro Life Science Corporation.	Appointment as an Managing Director & CEO for a period of 3 (three) years with effect from 01st June, 2019
Details of remuneration last drawn during FY 2018-19	Nil	Nil	Nil
No. of Board Meetings attended during the year	Nil	Nil	Nil
Relationship between Directors inter-se	Nil	Nil	Nil
No. of shares held in the Company			Nil

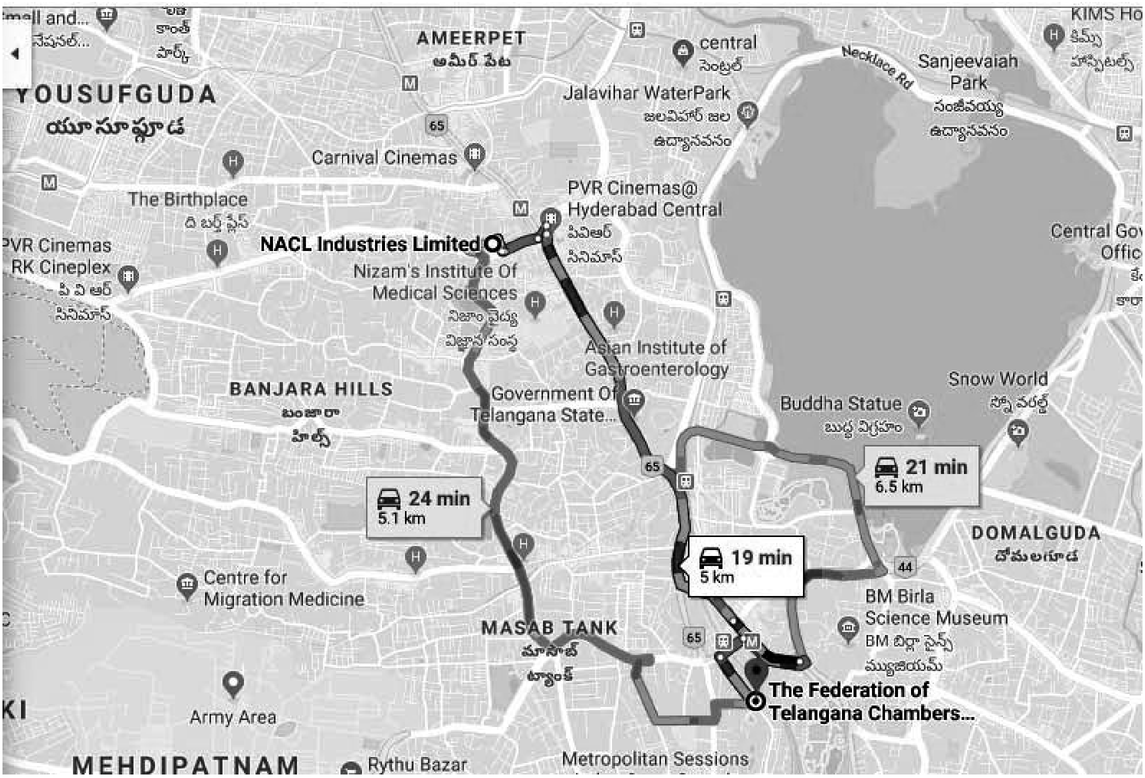
(a) Own	Nil	2,55,325	Nil
(b) For other persons on a beneficial interest	Nil	Nil	Nil
List of other companies in which directorship held as on 31st March, 2019 (excluding Foreign, Private and Section 8 Companies)	Akola Chemicals (INDIA) Ltd.	Akola Chemicals (INDIA) Ltd.	Nil
Chairperson/Member of the Mandatory Committees of the Board of the Other Companies on which he/she is a Director as on 31st March, 2019.	Nil	Nil	Nil

*** Sitting fees paid for attending the Board and Committee(s) Meetings held during the FY 2018-19*

Note : Directorship and committee memberships in NACL are not included in the aforesaid disclosure. Directorship in Private Limited Companies, Foreign Companies and Section 8 Companies and their Committee memberships are excluded. Membership and Chairmanship of Audit Committee and Stakeholder Relationship Committees of only public Companies have been included in the aforesaid table. The details pertains to the financial year ended 31st March, 2019.

ROUTE MAP TO THE AGM VENUE: FTAPCCI Auditorium,

M/s. Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), Federation House, 11-6-841, P.B. No.14, Red Hills, Hyderabad – 500004, Telangana State, INDIA Phone: 040 2339551 to 22 (8 lines) Fax: 040-23395525 E-mail:info@fapcci.in



Source : Google Map

DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the 32nd Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2019.

Operating Results:

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

(Rs. in lakhs)

Particulars	Consolidated		Standalone	
	2018-19	2017-18	2018-19	2017-18
Total Income (including Other Income)	89,121	88,487	89,119	88,423
Profit/(Loss) before Finance Cost, Depreciation and Tax	3,947	6,768	3,941	6,777
Finance Charges	3,398	3,342	3,398	3,342
Depreciation and Amortization	2,035	1,977	2,035	1,977
Profit/(Loss) before exceptional items and tax	(1,486)	1,449	(1,492)	1,458
Share of profit from associate	137	94	-	-
Profit/(Loss) before tax	(1349)	1,543	(1,492)	1,458
Current Tax	-	540	-	540
Deferred Tax	(654)	(154)	(654)	(154)
Profit/(Loss) for the year	(695)	1,157	(838)	1,072
Other Comprehensive Income	1	46	3	46
Total Comprehensive Income	(694)	1,203	(835)	1,118
Balance of profit brought forward from previous year	18,389	17,420	17,998	17,114
TOTAL	17,695	18,623	17,163	18,232
Appropriation				
Dividend on equity shares	196	195	196	195
Dividend distribution tax	40	39	40	39
Balance profit carried forward to balance sheet	17,459	18,389	16,927	17,998

Performance:

Your Directors are pleased to inform that your Company has received the following awards during the year 2018–19:

i) Srikakulam Technical Unit and Ethakota Formulation have been awarded with the "Best Management Award" by the Government of Andhra Pradesh for Management Practices for yet another year 2018, by the hands of Hon'ble Chief Minister of Andhra Pradesh. These award were given third time for each of the units in last four years.

ii) Srikakulam Plant received prestigious safety award of "Prashansa Patra" from the National Safety Council (NSC) for the year 2018 for its best Safety Practices by Hon'ble minister of the State Labour and Employment, Government of India and Ethakota Formulation Plant has also received Safety Award-2018 (Certificate of Appreciation) from the NSC.

iii) Crop Care Federation of INDIA has awarded NACL for the best "Safe Handling & Judicious Use of Agro Chemical Awareness".

iv) Srikakulam Technical unit has received "Social Responsibility Excellence Runner Up Award" from Pesticides Manufacturers and Formulators Association ('PMFAI').

v) Srikakulam Technical Unit has received "Greentech Environment Award - 2018" from Greentech Foundation, Delhi, India by the hands of Hon'ble Member of Parliament, Govt. of India, Shri Ranjan Rajan; Hon'ble Minister of State Excise, Environment & Forest of Assam Govt. Mr. Parimal Suklabaidya and Greetech Chairman, Mr.K.Sharin.

The Company achieved a consolidated revenues of Rs.89,121 lakhs during the year under review as against Rs.88,487 lakhs achieved in the previous year, showing an increase of 0.72%. During the year under review, the Company has recorded a net loss of Rs. 694 lakhs against the net profit of Rs.1,203 lakhs for the financial year 2017-18. The Company's loss before exceptional item and tax is Rs.1,486 lakhs during the year under review against the profit of Rs.1,449 lakhs during the previous year 2017-18. The loss is mainly attributable to poor domestic Rabi season, steep raw material price increase due to temporary closure of some of the chemical manufacturing facilities in China and rupee depreciation.

Dividend and Reserves:

Keeping in view of loss suffered by the Company, your Directors regret their inability to recommend dividend for the year under review. No amount is being transferred to the General Reserves.

Plant Operations:

The Srikakulam technical plant has achieved annual production of 5,533 MT as compared to 6,023 MT in the previous year, a reduction of production by about ~8%. The loss in production was mainly due to slackening in demand for various Technical grades being captively used for domestic market requirements. However, the plant could meet the enhanced demand for the various Active Ingredients/ Technicals in the export market. The plant has been taking various initiatives for energy conservation, cost savings and capacity utilization by streamlining, debottlenecking, augmenting plant efficiencies and enhancing productivity. Efforts are being put in to increase the efficiency of Zero Liquid Discharge facility by adopting latest technologies.

Ethakota formulation unit has been able to satisfactorily meet not only the domestic formulation market demand but also that of the newer and expanding export market. The unit achieved production of 18,639 MT/KL during the year under review, compared to the previous year production of 24,738 MT/KL, a reduction by about ~24%. The decrease in production was mainly due to the reduction in domestic market demand. Export of Formulation trade was affected by price pressure and currency devaluation in South East Asia and East Africa. The unit has been in continuous growth mode being capable of handling any market demand both in terms of flexibility in product mix and demand in higher volumes. The continued focus on areas of improving flexibility, enhancing capacities, increased productivity, de-bottlenecking, quality control and better supply chain initiatives are yielding results.

An amiable working environment in both units has enabled maintaining cordial relationship with workers Unions and other Stakeholders.

Domestic Markets:

In the year 2018, the south west monsoon was 91% of its long period average ('LPA'), which is a 9.4% deficit in the rainfall. The seasonal rainfalls over various Northwest India, Central India, South Peninsula and Northeast (NE) India were 98%, 93%, 98% and 76% of respective LPA.

The country-wide deficiency in North east monsoon stands at 44%. Among the different regions, central India, east and northeast India have fared the worst with deficits of 51% each. Northwest India has received 45% less rains than normal and the southern peninsula is 36% deficient. This affected the Rabi spraying badly. Wheat acerage was normal, Rice acerage was 22% below of normal, Maize was 7% up and groundnut acerage was down by 21%. Despite the adverse competitive market conditions, your Company achieved domestic sales of Rs.63,389 lakhs for the year under review against Rs.73,341 lakhs in the previous year, a reduction by ~13%. The reduction is mainly due to poor Rabi season. The deficit rain continue to have negative impact on collection.

Export Market:

Global conventional crop protection market has grown by 6% to $ 57.56 billion in 2018 (source: Agrow by Informa). Increase in the prices in China and ease out of the inventory situation in Brazil have led this growth. Crop Protection chemical Exports from India have increased in FY 19 due to the situation in China and increase in the product prices.

The reduction of inventories has helped in resuming the agrochemical business in Brazil, has contributed positively to your company's exports sales. Enforcement of stricter environment norms in China, has provided trading opportunities to supply Technicals to customers in Australia, New Zealand, Russia and Vietnam. Contract manufacturing business was slightly affected due to less offtake of couple of products. Formulation business was impacted mainly because of price pressure, currency devaluation in South East Asian and East African Countries. However, with business development activities that are being taken, the outlook for this business segment looks positive in the coming years. Your company continued its efforts to register its brands in South East Asia and Africa, and got two registrations in Ethiopia and two new registrations in Myanmar.

In spite of the challenges, the performance of Exports function has increased by nearly 76% when compared to that of the last year. The sales were Rs. 22,362 lakhs in the year under review as compared to Rs. 12,741 lakhs in the previous year. This was possible due to the initiatives that have been taken post fiscal 2013 and your company's continued attempt in maintaining strong relationship with the Contract Manufacturing Customers.

Credit Rating:

During the year under review, the Credit Analysis and Research Limited (CARE) has re-affirmed the following existing rating for Long Term and Short Term Bank facilities of the Company:

a) Long-term Bank facilities: CARE A- Stable ('Single A minus; Outlook: Stable) and,

b) Short-term Bank facilities: CARE A2 (A two).

Fire Insurance Claim:

As reported in the previous year, the Company, aggrieved by the assessment and settlement of claim by the Insurance Company with respect to fire accident at Srikakulam plant, filed the differential claims before the sole Arbitrator in line with the orders of Hon'ble High Court of Delhi. The Arbitration proceedings are progressing satisfactorily and in an advanced stage of hearing.

New Projects/Products:

In the direction focusing on cost efficiencies and innovation, the Company's R&D Centre at Shadnagar, near Hyderabad, continues to develop cost effective processes for manufacture of Active Ingredients (AIs)/Technical and Intermediates for 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.

Your Directors are pleased to inform that the R&D Centre has received the Certificate of Accreditation from the National Accreditation Board for Testing and Calibration of Laboratories (NABL)

Registration of the active ingredients and the final products is a major activity. This Department works on applying for registration in India as well as in Countries in Africa and SE Asia, to enable marketing of the products. The total number of registrations NACL has is 359 in India and 90 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 and Ethakota. Srikakulam manufacturing site has an online effluent and emission monitoring devices that continuously upload the data to Pollution Control Board website. These sites have also increased plantation area within the factory premises.

Your Company continues to enjoy the certifications ISO:9001:2015, 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.

Alteration in Memorandum and Article of Association:

During the year under review, the Company has entered into a Share Subscription and Shareholders Agreement ('SSSA') with the Investors (M/s.Krishi Rasayan Exports Private Limited and Mr.Rajesh Kumar Agarwal and Mr.Atul Churiwal, jointly representing M/s.Agro Life Science Corporation a registered Partnership Firm) and Promoters of the Company. Pursuant to SSSA, certain rights were given to the Investors, for which the Articles of Association of the Company has been altered vide the special resolution passed by the shareholders in its Extraordinary General Meeting ('EGM') held on 07th March, 2019.

Further, the Board in its meeting held on 03rd July, 2019 has approved the adoption of the new Memorandum of Association to align with the new Companies Act, 2013 ("Act") by merging the Objects under part C of Clause III – "Other Objects" with part B of Clause III – "Objects Incidental or Ancillary to the attainment of the Main Objects" and also to rename the part A & B Clause III of the Object Clause. The Board commends the Special Resolutions set out in Item No. 12 of the Notice for approval of the Members.

Share Capital:

During the year under review, your Company has allotted 1,74,376 fully paid equity shares, upon exercise of Stock Option by the eligible Employees of the Company, pursuant to the 'Nagarjuna Agrichem Ltd., - Employee Stock Option Scheme – 2015' ('ESOS-2015') of the Company 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 1,09,37,500 fully paid Equity Shares on preferential basis to the Investors (i.e., M/s. Krishi Rasayan Exports Private Limited and Mr. Rajesh Kumar Agarwal and Mr. Atul Churiwal, jointly representing M/s. Agro Life Science Corporation, a registered Partnership Firm).

Subsequent to the above allotments, the paid up capital of your Company stand increased from Rs.15,63,08,384/- (comprising of 15,63,08,384 fully paid up equity shares of Rs.1/- per equity share) to Rs.16,74,20,260/- (comprising of 16,74,20,260 fully paid up equity shares of Rs.1/- per equity share).

Employee Stock Option Scheme:

Your Company implemented "Nagarjuna Agrichem Ltd., – Employee Stock Option Scheme – 2015" (hereinafter referred to as "ESOS-2015") in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time and as approved by the members of the Company at their Annual General Meeting held on 28th September, 2015. In terms of the said ESOS-2015, the Compensation Committee is authorized and empowered to administer and implement the Company's Employees Stock Option Scheme (ESOS-2015) including deciding and reviewing the eligibility criteria for grant, issuance of stock options under the Scheme, allotment of shares upon exercise of the options etc., with regard to the 11,50,000 (Eleven Lakhs Fifty Thousand Only) options reserved under the ESOS-2015. During the previous year's 2016-17, 2017-18 and 2018-19 9,30,000 (Nine Lakhs Thirty Thousand Only), 60,000 (Sixty Thousand Only) and 90,000 (Ninety Thousand Only) stock options were granted to the eligible Employees with a vesting period spread over a maximum period of five years. 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 under the ESOS-2015, 1,74,376 equity shares were allotted during the year under review. Applicable disclosures relating to Employees Stock Options as at 31st March, 2019, pursuant to Regulation 14 and other applicable Regulations of SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time, are set out in the Annexure-I to this Report. It was informed that there has been no material change in the said Scheme i.e., ESOS-2015 during the year under review.

Preferential Issue:

During the year under review, the Company has allotted 1,09,37,500 equity shares and 2,50,00,000 convertible warrants on preferential basis, under Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 to the following Investors and Promoter at an issue price of Rs.32/- per shares/warrants on 27th March, 2019:

S.No.	Particulars	Equity Shares	Warrants
1)	M/s. Krishi Rasayan Exports Private Limited	78,12,500	78,12,500
2)	Mr. Rajesh Kumar Agarwal and Mr. Atul Churiwal, jointly representing M/s. Agro Life Science Corporation, a registered Partnership Firm	31,25,000	1,25,00,000
3)	Mrs.K.Lakshmi Raju, Promoter	-	46,87,500

The Company has allotted the above equity shares and warrants against the receipt of the full consideration of Rs. 35 crores for equity and Rs.20 crores (Rs.8/- per warrant being 25% of issue price) for warrants aggregating to Rs.55 crores. The above warrants shall be convertible within a period of 12 months from the date of allotment i.e. 27th March, 2019.

Material Changes and Commitments:

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 Companies 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 31st March, 2019 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.LR Research Laboratories Private Limited and M/s.Nagarjuna Agrichem (Australia) Pty, Ltd 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 Audited Annual Accounts and related information of Subsidiaries and Associate as applicable will be made available upon request. The Statement required under Section 134 of the Act is attached as Annexure - II (Form AOC-1) to this Directors' Report.

No other Company has become/ceased to be subsidiary or joint venture or associate Company during the 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:

a) Annual Report of the Company, containing therein its standalone and the consolidated financial statements; and

b) 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, 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 2018-19.

Auditors:

a) Statutory Auditor and Audit Reports:

M/s. Deloitte Haskins & Sells LLP, (Deloitte) Chartered Accountants, Madhapur (Firm Registration No.117366W/W100018), Chartered Accountants, were appointed as Statutory Auditors of the Company at the 30th Annual General Meeting held on 05th August, 2017, for a period of 5 years commencing form the conclusion of 30th Annual General Meeting till the conclusion of 35th Annual General Meeting to be held in the year 2022. The firm has consented and confirmed that the appointment is within the limit specified under section 141(3)(g) of the Companies Act, 2013. The statutory auditors have also confirmed that they are not disqualified to be appointed as such in terms of the proviso to section 139(1), 141(2) and 141(3) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

In terms of Section 40 of the Companies (Amendment) Act, 2017 notified by the Ministry of Corporate Affairs on 07th May 2018, the requirement for ratification of the appointment of Statutory Auditors by the members at every Annual General Meeting has been done away with. Accordingly, no resolution has been proposed for ratification of the Statutory Auditors, who were appointed in the 30th Annual General Meeting held on 05th August, 2017.

The Audit Report of Deloitte on the Financial Statements of the Company for the Financial Year 2018-19 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 have 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 31st March, 2019 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 31st March, 2020.

c) Cost Auditor:

The Board of Directors of the Company, on the recommendation of the Audit Committee appointed M/s. K. Narasimha Murthy & Co., Cost Accountants, Hyderabad to conduct cost audits relating to Insecticides (Technical Grade and Formulations) of the Company for the year ending 31st March, 2020. 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 payable to M/s. K.Narasimha Murthy & Co., Cost Accountants, Hyderabad, for the financial year 2019-20. As a matter of record, relevant cost audit report for financial year ended 31st March, 2018 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 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 2018-19. The secretarial audit report issued by Mr.K.V.Chalama Reddy, Practicing Company Secretary in form MR-3 is enclosed to this report as Annexure - III. The Secretarial Auditors have not expressed any qualification or reservation in their report and the report is self-explanatory.

Directors:

As on the date of this report, Company's Board comprises of 10 (Ten) Directors, out of which, 2 (two) are Non-Executive, Non-Independent Directors including 1 (One) Woman Director. Further, out of the remaining Directors, 5 (five) are Non-Executive Independent Directors, 2 (two) are Investors Nominee Directors and 1 (one) is an Executive Director.

a) Director(s) to retire by rotation:

In accordance with the provisions of Section 152 of the Act and Articles of Association of the Company, Mr.N.Vijayaraghavan, Director (DIN: 02491073) of the Company, retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

b) 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.V.Vijay Shankar, Managing Director (upto 31st May, 2019)

ii) Mr. M. Pavan Kumar Managing Director & CEO (with effect from 01st June, 2019)

iii) Mr.R.K.S Prasad, Chief Financial Officer

iv) Mr.Satish Kumar Subudhi, Company Secretary & Head-Legal.

During the financial year 2018-19, no KMP has been appointed or has retired/resigned.

Mr.V.Vijay Shankar, vide its letter dated 28th May, 2019 to the Board, has stepped down from the position of Managing Director as well as Director of the Company with effect from 01st June, 2019. The Board in its meeting held on 29th May, 2019 has accepted the said letter and took note of the sincere appreciation of Mr.V.Vijay Shankar for the notable contribution and valuable guidance to the Company during his association of the Company for more than eight years. Further, the Board in its meeting held on 29th May, 2019, on recommendation of Nomination and Remuneration Committee, has appointed Mr. M. Pavan Kumar (DIN:01514557) as an Additional Director and Managing Director & CEO of the Company, for a period of three years, with effect from 01st June, 2019.

c) Independent Directors:

In terms of Sections 149, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory 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 including Additional Independent Director 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.

During the year under review, Mr.D.Ranga Raju has tendered his resignation from the Directorship of the Company effective from 13th June, 2018. Consequent upon the resignation of Mr.D.Ranga Raju, from the directorship, he ceased to be the member as well as Chairman of the Audit Committee. The Board of Directors places on record his valuable and constructive contribution to the Company during his long association with the Company.

Mr.Raghavender Mateti and Mr.K.Raghuraman have been appointed as Independent Directors of the Company by the shareholders at the 27th AGM of the Company held on 09th August, 2014, for a period of 5 (five) years effective from 09th August, 2014 and to hold office up to 08th August, 2019. Mr.Raghavender Mateti and Mr.K.Raghuraman, are eligible for re-appointment for the second term as Independent Directors.

However, Mr.K.Raghuraman, vide its mail dated 01st July, 2019 has communicated his desire for not seeking re-appointment for the second term due to personal reasons. The Board in its meeting held on 03rd July, 2019 has duly considered and noted his retirement with effect from 09th August, 2019 and accordingly, not recommended his re-appointment for shareholders approval. The Board of Directors places on record his valuable and constructive contribution to the Company during his long association with the Company.

Based on the performance evaluation and recommendation of the Nomination and Remuneration Committee ("NRC") the Board has approved the re-appointment of Mr.Raghavender Mateti as an Independent Director for the second term of five years and recommended to the shareholders for necessary approval in the ensuing Annual General Meeting.

The Board, based on the recommendation of the NRC, has also appointed Mr.Dorairaj Kuppurangam, as an Additional Independent Directors on the Board of the Company with effect from 29th May, 2019. The Board recommends the appointment of the Mr.Dorairaj Kuppurangam, as an Independent Director of the Company effective from 29th May, 2019, to the members at the ensuing Annual General Meeting.

The brief resume/details regarding the Directors proposed to be appointed/re-appointed as above are furnished in the annexures to the AGM Notice. There have been no changes in the Directors and Key Managerial Personnel of the Company other than the above.

d) Investor Nominee Directors:

During the year under review, your Company has entered into a Share Subscription and Shareholders Agreement ('SSSA') entered with Investors and Promoters, and as per the terms of SSSA, the Investors would be entitled certain rights including right to appoint two nominee directors on the Board of Directors of the Company. The Investors, in the Board Meeting held on 29th May, 2019, have appointed Mr.Atul Churiwal and Mr.Rajesh Kumar Agarwal, as Investors Nominee Directors, not liable to be retire by rotation, with effect from 29th May, 2019. The Investors shall have a right to appoint two Investor Nominee Director as long as they hold 10% of the equity shares of the Company. In case the shareholding falls below 10%, the Investors shall have a right to appoint only one Investor Nominee Director on the Board of the Company. However, if the shareholding of the Investors falls below 5% of the equity shares of the Company, the right to appoint Investor Nominee Director shall fall away.

e) Evaluation of performance of the Board of Directors:

Pursuant to the provisions of the Act and Listing Regulations, the Board has carried out the evaluation of its own performance and Committees of the Board, the performances of Directors individually, the Executive Director, the Chairman of the Board etc. Various parameters, including the guidance note issued by the Institute of Company Secretaries of India, 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.

f) Meeting of Independent Directors:

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

g) Familiarization Programme for the Independent Directors:

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

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

At the time of appointment of Independent Director, necessary information including various documents such as the information'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.

Board Meeting:

During the year under review, 4 (four) 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.K.Raghuraman, Mr.Raghavender Mateti, Mr.N.Vijayaraghavan as the members. During the year under review, Mr.D.Ranga Raju, consequent to the resignation from the position of the Directorship of the Company, ceased to be the Chairman of the Audit Committee. Further, the Board has re-constituted the Audit Committee by appointing Mr.Sudhakar Kudva as Chairman and inducted Mr.N.Vijayaraghavan as Member of the Committee.

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.

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.

Directors' Responsibility Statement:

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

a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;

b) it has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the Profit/Loss of the Company for the year ended on that date;

c) it has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) it has prepared the Annual Accounts of the Company on a 'going concern' basis.

e) it has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

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

Corporate Social Responsibility:

Corporate Social Responsibility (CSR) has been an integral part of your Company's culture and it has been associated, directly or indirectly, for contributing towards society's development. For the year under review, Company did a number of CSR activities in and around Srikakulam and Ethakota where the Company's factories are situated. Such activities includes ongoing drinking water supplies to villages and maintenance of the Company installed RO plants in the neighboring villages, contribution to vidhya volunteer Scheme, street lightning and bore-well maintenance, development of school facilities, community centers and bus shelters in the surrounding villages of the factories, providing medical services and vocational courses and conducting various medical camps, etc. These projects are largely covered under Schedule VII of the 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-IV and forming part of this Report.

Change in the nature of business:

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

Significant and Material Orders passed by the Regulators or Courts:

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

Particulars of Loans, Guarantees or Investments under Section 186:

The details of Loans, Guarantees and Investments made during the financial year ended 31st March, 2019 in compliance with the provisions of Section 186 of the Act read with the Companies (Meetings of the Board and its Powers) Rules, 2014 have been disclosed in the Financial Statements forming part of this Annual Report.

Extract of Annual Return:

The Extracts of the Annual Return in form MGT-9 as per the provisions of Section 92 of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is enclosed as Annexure-V to this Directors Report. The extract of the Annual Return of the Company can also be accessed on the website of the Company at www.naclind.com.

Risk Management Policy:

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

Related Party Transactions:

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

As, there are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel's etc., which may have potential conflict with the interest of the Company at large, the disclosure in Form AOC-2 is not applicable. 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. Approval of the shareholders is being sought for 2 (two) material RPTs at the ensuing Annual General Meeting.

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 2018-19.

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

Management Discussion and Analysis Report:

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 16(b) of the Listing Regulations, is presented in a separate section forming part of this Annual Report.

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 2018-19 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:

The information required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure–VI to this report.

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-VII and forms part of this report.

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. The Directors also acknowledge with much gratitude, the continued trust and confidence reposed by the Dealers/Customers of the Company. Your Directors look forward to the future with confidence.

For and on behalf of the Board

K.Lakshmi Raju
Chairperson
(DIN:00545776)

Place: Hyderabad
Date: 03rd July, 2019

ANNEXURE- I TO DIRECTORS REPORT

EMPLOYEE STOCK OPTION SCHEME (ESOS) DISCLOSURE

[Pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]

I) General Disclosures

Disclosure under “Guidance note in Accounting for the employee share based payments” or any other applicable Accounting Standards (AS): For details please refer to notes to Standalone Financial Statements, forming part of this Annual Report 2018-19 which can be accessed through the web link: http://www.naclind.com/annual-reports.php.

II) Description of ESOS existed during the year:

S.No.	Particulars	ESOS-2015
1.	Date of Shareholder’s Approval	28th September, 2015.
2.	Total Number of Options approved	11,50,000 (Eleven lakhs fifty thousand only) options. The Option holder is eligible to receive one equity share of Re.1/- each for every option granted.
3.	Vesting Requirements	There shall be a minimum period of one year between the grant of Options and vesting of Options. The vesting of Options spreads over a maximum period of five years after the aforesaid one year from the date of grant. The vested options can be exercised within two years from the date of vesting.
4.	Pricing Formula	As decided by the Compensation Committee from time to time at the time of grant, subject to a minimum of face value of shares. The exercise price for the Options already granted is Rs.8/- per Options.
5.	Maximum term of Options granted	5 years (to be counted after one year from the date of grant as aforesaid)
6.	Sources of Shares	Fresh issue of shares.
7.	Variation in terms of ESOS-2015	NIL
8.	Methods used for accounting of ESOS	Intrinsic Value
9.	The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed.	Rs.35 Lakhs

III) Option Movement during the year:

S. No	Particulars	ESOS-2015
1.	No. of Options outstanding at the beginning of the year	5,93,124
2.	Options granted during the year	90,000
3.	Options forfeited/surrendered during the year	Nil
4.	Options lapsed during the year	Nil
5.	Options vested and exercisable during the year	1,74,376
6.	Options exercised during the year	1,74,376
7.	Total number of shares arising as a result of exercise of options	1,74,376
8.	Money realized by exercise of option (INR) if scheme is implemented directly by the Company.	13,95,008
9.	Loan repaid by the Trust during the year form exercise price received.	N.A
10.	Number of Options outstanding at the end of the year	5,08,748
11.	Number of Options exercisable at the end of the year	Nil

IV) Calculation of fair value.

i) Weighted average fair value of options granted during the year whose exercise price is less than market price Rs. 28/-.

Note: The fair value has been calculated using the Black Scholes Option pricing model. For details of the same along with the assumptions used in the model, the Note No.15.5 to the Standalone Financial Statements forming part of this Annual Report may be referred

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

iii) The weighted average market price of options exercised during the year: Rs. 28/-.

V) Employee wise details of option granted during the year:

a) Senior Managerial Personnel: During the year under review the Compensation Committee in its meeting held on 12th November, 2018 has approved the grant of additional 90,000 options to two Senior Managerial Personnel of the Company under ESOS-2015 scheme. The details as follows;

S.No.	Name of the employee	Designation	No. of options granted
1.	Mr.B.S.Rao	Senior General Manager – Head-Plant Operation, Ethakota	50,000
2.	Mr.K.Srinivasa Reddy	General Manager-Marketing & Sales.	40,000

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

c) The exercise price for all the aforesaid options granted is Rs. 8/- (Rupees Eight Only) per option.

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

For and on behalf of the Board

K.Lakshmi Raju
Chairperson
(DIN:00545776)

Place: Hyderabad
Date: 03rd July, 2019

ANNEXURE- II TO DIRECTORS REPORT

Form No. AOC-1

(Pursuant to proviso to sub-section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate Companies/joint ventures

Part “A”: Subsidiaries

(Rs. in Lakhs)

Sl. No	Name of the Company	L.R. Research Laboratories Private Limited (Wholly owned Subsidiary)	Nagarjuna Agrichem (Australia) Pty. Limited (Overseas Wholly owned Subsidiary)
1	Reporting period for the subsidiary concerned, if different from the holding Company’s reporting period	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 = 49.01)
3	Share capital	1	32
4	Other equity	(5)	(32)
5	Total assets	16	8
6	Total Liabilities	16	8
7	Investments	-	-
8	Revenue	62	11
9	Profit Before Tax	1	5

10	Tax Expenses	-	-
11	Profit after tax	1	5
12	Proposed Dividend	-	-
13	% of shareholding	100%	100%
14	1. Names of subsidiaries which are yet to commence operations.	NA	NA
	2. Names of subsidiaries which have been liquidated or sold during the year.	NA	NA

Part "B": Associates and Joint Ventures

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

	Name of Associate	Nasense Labs Private Limited
1.	Latest Un-audited Balance Sheet Date	31st March, 2019
2.	Shares of Associate/Joint Ventures held by the Company on the year end	Shares @ Rs. 10/-
	i) No. of Equity Shares	61,27,513#
	ii) Amount of Investment in Associates/ Joint Venture	Rs. 816 Lakhs
	iii) Extent of Holding %	26%
3.	Description of how there is significant influence	Significant influence means a control of at least 20% of the total shares capital or of business decisions under an agreement. Since the holding of the company is more than 20% hence there is significant influence.
4.	Reason why the associate/ joint venture is not consolidated	NA
5.	Net worth attributable to Shareholding as per latest audited Balance Sheet	Rs 1,765 Lakhs
6.	Profit for the year	Rs 465 Lakhs
	i. Considered in Consolidation	Rs 137 Lakhs
	ii. Not Considered in Consolidation	Rs 344 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

During the year 2018-19, Nasense Labs Pvt. Ltd. has allotted 11,91,461 equity shares to the Company on a right basis at an issue price of Rs.27/-.

for and on behalf of the Board

Sudhakar Kudva
Director
(DIN:02410695)

V. Vijay Shankar
Managing Director
(DIN:00015366)

Place: Hyderabad
Date: 29th May, 2019

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

Satish Kumar Subudhi
Company Secretary & Head-Legal
(M.No.F9085)

ANNEXURE- III TO DIRECTORS REPORT

Form No. MR-3
SECRETARIAL AUDIT REPORT

for the Financial Year Ended 31st March, 2019

[Pursuant to sec. 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
NACL Industries Limited
(formerly known as 'Nagarjuna Agrichem Limited')
Hyderabad.

I have conducted Secretarial Audit pursuant to Section 204 of the Companies Act, 2013, on the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s.**NACL Industries Limited** (hereinafter called as "the Company"). 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 books, papers, minutes books, forms, returns filed and other records maintained by the Company, also the information provided to and according to the examinations carried out by me and explanations furnished and representations made to me by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has during the audit period covering the Financial Year ended on 31st March, 2019 complied with the 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 31st March, 2019 ("Audit Period") according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made there-under;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there-under;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;

iv. The Foreign Exchange Management Act, 1999 and the rules and regulations made there-under 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;

   d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and -Not applicable during the audit period.

   e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; regarding the Companies Act and dealing with client.

   f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and SEBI (Delisting of Equity Shares) (Amendment) Regulations, 2018 -Not applicable during the audit period.

   g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; -Not applicable during the audit period.

   h) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   i) The Securities and Exchange Board of India (Listing Obligations Disclosure Requirements) Regulations, 2015 and amended regulations from time to time.

   j) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

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.

vii. I, have also examined compliance with Secretarial Standards issued by the Institute of Company Secretaries of India in respect of Board and General Meeting(s) of the Company.

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

b) Adequate Notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. There is adequate system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through and there were no instances of dissenting members in the Board of Directors.

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 08th 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 that during the year under review, the Company has allotted 1,74,376 fully paid equity shares of Rs.1/- each to the grantees, upon exercise of 1,74,376 options granted pursuant to ‘Nagarjuna Agrichem Ltd.- Employees Stock Option Scheme-2015’ as approved by the shareholders of the Company at their Annual General Meeting held on 28th September,2015.

I further report that, 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 1,09,37,500 Equity Shares and 2,50,00,000 Warrants convertible into equity shares on preferential basis to the following persons, on 27th March, 2019:

S. No	Particulars	Equity Shares	Warrants
Investors:			
1	M/s Krishi Rasayan Exports Private Limited	78,12,500	78,12,500
2	Mr.Rajesh Kumar Agarwal and Mr.Atul Churiwal, jointly representing M/s Agro Life Science Corporation, a registered Partnership Firm.	31,25,000	1,25,00,000
Promoter:			
3	Mrs.K.Lakshmi Raju	-	46,87,500
	Total	**1,09,37,500**	**2,50,00,000**

Upon allotment of the aforesaid equity shares, the paid up capital of the Company stand increased from Rs.15,63,08,384/- (comprising of 15,63,08,384 fully paid up equity shares of Rs.1/- per equity share) to Rs.16,74,20,260/- (comprising of 16,74,20,260 fully paid up equity shares of Rs.1/- per equity share).

There were no other 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
M. No: F 9268, C.P No: 5451

Place: Hyderabad
Date: 03rd July, 2019

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

'Annexure A'

To,
The Members
NACL Industries Limited
(formerly known as 'Nagarjuna Agrichem 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. My 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
M. No: F 9268, C.P No: 5451

Place: Hyderabad
Date: 03rd July, 2019

ANNEXURE – IV

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITY

Sr. No.	Particulars	Remarks
1)	**A Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and project or programs.**	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. The Company has framed its CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the website of the Company at the weblink:www.naclind.com
2)	**The Composition of the CSR Committee.**	i) Mr. R.S.Nanda, Chairperson ii) Mrs. K.Lakshmi Raju, ,Member iii) Mr. N.Vijayaraghavan, Member iv) Mr. Sudhakar Kudva, Member v) Mr. V. Vijay Shankar, Member (upto 31.05.2019) vi) Mr.M.Pavan Kumar, Member (w.e.f. 01.06.2019)

3)	**Average net profit of the Company for last three financial years.**	Rs.2,244 lakhs
4)	**Prescribed CSR Expenditure (two percent of the amount as in item 3 above).**	Rs.45 lakhs
5)	**Details of CSR spent during the financial year:**	Details given below
	a. Total amount to be spent for the financial year	Rs.45 lakhs
	b. Total amount spent during the year	Rs.79 lakhs
	c. Amount unspent, if any	NIL

Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	**CSR project or activity Identified.**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:**	**Cumulative expenditure upto to the reporting period**	**Amount spent: Direct or through implementing agency**
1	Water supply to village and other Village/ and Community development activities.	Rural Development	Srikakulam , Andhra Pradesh		₹ 46 Lakhs	₹ 84 Lakhs	Direct
2	RO plant maintenance; Bore well maintenance and drinking water and sanitation facilities to school.	Healthcare and sanitation	Srikakulam , Andhra Pradesh		₹ 25 Lakhs	₹ 58 Lakhs	Direct
3	Salaries to Vidya Volunteers; Villages schools renovation work; scholarships to Merit students.	Promoting education	Srikakulam , Andhra Pradesh		₹ 8 Lakhs	₹ 16 Lakhs	Direct
	TOTAL				**₹ 79 Lakhs**	**₹ 158 Lakhs**	

for and on behalf of the Board

Sudhakar Kudva
Director
(DIN:02410695)

K.Lakshmi Raju
Director
(DIN:00545776)

Place: Hyderabad
Date: 29th May, 2019

R.S.Nanda
Chairperson of CSR Committeer
(DIN:00008255)

ANNEXURE – V TO DIRECTORS REPORT

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2019
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L24219TG1986PLC016607
ii.	Registration Date	11/11/1986
iii.	Name of the Company	NACL Industries Limited
iv.	Category / Sub-Category of the Company	Public Company Limited by Shares
v.	Address of the registered office and contact details	Plot No. 12-A, No. 8-2-248/1/7/78, "C" Block, Lakshmi Towers, Nagarjuna Hills, Panjagutta, Hyderabad – 500082, Telangana State, Ph. No. 040-33602153, Fax:040-23350234 Email: info@naclind.com /investors@naclind.com www.naclind.com
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	XL Softech Systems Limited No. 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500034. Telangana Ph. No. 040 – 23545913,14,15 Email: xlfield@gmail.com www.xlsoftech.org

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacturing of pesticides, insecticides	20211	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1.	KLR Products Limited	U24239TG2003PLC041387	Holding	67.87%	2(46)
2.	LR Research Laboratories Private Limited	U73100TG2011PTC076023	Subsidiary	100.00%	2(87)
3.	Nagarjuna Agrichem (Australia) Pty. Ltd	Foreign Company	Subsidiary	100.00%	2(87)
4.	Nasense Labs Pvt. Ltd	U24231TG1995PTC019809	Associate	26.00%	2(6)

IV. **SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

i) **Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	30,18,360	0	30,18,360	1.93	30,18,360	0	30,18,360	1.80	-0.13
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	11,36,23,500	0	11,36,23,500	72.69	11,36,23,500	0	11,36,23,500	67.87	-4.82
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any Other….	0	0	0	0	0	0	0	0	0
Sub-total (A) (1)	**11,66,41,860**	**0**	**116,641,860**	**74.62**	**11,66,41,860**	**0**	**116,641,860**	**69.67**	**-4.95**
(2) Foreign	0	0	0	0	0	0	0	0	0
a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any Other….	0	0	0	0	0	0	0	0	0
Sub-total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**11,66,41,860**	**0**	**116,641,860**	**74.62**	**11,66,41,860**	**0**	**116,641,860**	**69.67**	**-4.95**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	0	0	0	0				0	0
b) Foreign Portfolio Investors	31,71,124	0	31,71,124	2.03	31,61,124		31,61,124	01.89	-0.14
c) Banks/FI	19,063	0	19,063	0.01	0	0	0	0	-0.01
d) Central Govt.	0	0	0	0	0	0	0	0	0
e) State Govt.(s)	0	0	0	0	0	0	0	0	0
f) Venture Capital	0	0	0	0	0	0	0	0	0
g) Insurance Companies	0	0	0	0	0	0	0	0	0
h) FIIs	0	0	0	0	0	0	0	0	0
i) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
j) Others:	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	**31,90,187**	**0**	**31,90,187**	**2.04**	**31,61,124**		**31,61,124**	**01.89**	**-0.15**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non-Institutions									
a) Bodies Corp.									
i. Indian	66,85,021	61,319	67,46,340	4.32	1,40,07,027	61,319	1,40,68,346	8.40	4.09
ii. Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i. Individual Shareholders holding nominal share capital upto ₹ 2 lakh	84,01,100	35,20,300	1,19,21,400	7.63	1,85,47,925	37,12,576	2,22,60,501	13.30	5.67
ii. Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	1,37,94,886	4,82,378	1,42,77,264	9.13	78,27,883	0	78,27,883	4.68	-4.46
c) Others (Specify)									
1. IEPF	8,52,973	0	8,52,973	0.55	8,52,973	0	8,52,973	0.51	-0.04
2. Nagarjuna Agrichem Limited Unclaimed Share Suspense Account	16,94,901	0	16,94,901	1.08	16,83,690	0	16,83,690	1.01	-0.08
3. Directors/Relatives	73,746	0	73,746	0.05	92,496	0	92,496	0.06	0.01
4. Non Resident Indians	8,00,344	24,285	8,24,629	0.53	7,92,566	24,285	8,16,851	0.49	-0.04
5. Clearing Members	85,084	0	85,084	0.05	14,536	0	14,436	0.01	-0.04
Sub-total (B)(2):-	**3,23,88,055**	**40,88,282**	**3,64,76,337**	**23.34**	**4,38,19,096**	**37,98,180**	**4,76,17,176**	**28.44**	**5.11**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**3,55,78,242**	**40,88,282**	**3,96,66,524**	**25.38**	**4,69,80,220**	**37,98,180**	**5,07,78,400**	**30.33**	**4.95**
C. Shares held by Custodian for DGRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**15,22,20,102**	**40,88,282**	**15,63,08,384**	**100**	**16,36,22,080**	**37,98,180**	**16,74,20,260**	**100**	**7.11**

ii) Shareholding of Promoters

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
1	KLR Products Limited	11,36,23,500	72.69	4,67,73,453	11,36,23,500	67.87	4,67,73,453	(4.82)
2	K. Lakshmi Raju	30,18,360	1.93	0	30,18,360	1.80	0	(0.13)
	Total	**11,66,41,860**	**74.62**	**4,67,73,453**	**11,66,41,860**	**69.67**	**4,67,73,453**	**(4.95)**

iii) Change in Promoters' Shareholding (please specify, if there is no change):

S. No	Name of the promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
KLR Products Limited					
	At the beginning of the year	**11,36,23,500**	**72.69**	**-**	**-**
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer/bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	**-**	**-**	**11,36,23,500**	**67.87***

S. No	Name of the promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
K.Lakshmi Raju					
	At the beginning of the year	**30,18,360**	**01.93**	**-**	**-**
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer/bonus/ sweat equity etc.):	0	0	0	0
	At the end of the year	**-**	**-**	**30,18,360**	**01.80***

* *No change in shareholding during the year under review, however, the change in "% of Total Share of the Company" is due to increase in the paid up share capital of the Company.*

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

1	Ares Diversified	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	31,71,124	2.03	-	-
	Date wise increase/decrease in shareholding during theyear specifying the reasons for increase/decrease.				
	Less: Sales as per Benpos 10.08.2018	10,000	0.01	31,61,124	02.02
	At the end of the year (or on the date of separation, if separated during the year)	**-**	**-**	**31,61,124**	**01.89**

2	Nagarjuna Agrichem Limited Unclaimed Suspense Account	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	**1,694,901**	**1.08**	**-**	**-**
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease.				
	Less: Transferred on 08.05.2018	1,214	0.00	16,93,687	1.08
	Less: Transferred on 06.06.2018	1,214	0.00	16,92,473	1.08
	Less: Transferred on 02.07.2018	1,214	0.00	16,91,259	1.08
	Less: Transferred on 02.07.2018	1,214	0.00	16,90,045	1.08
	Less: Transferred on 06.08.2018	1,214	0.00	16,88,831	1.08
	Add: Transferred on 29.09.2018	1,214	0.00	16,90,045	1.08
	Less: Transferred on 18.01.2019	214	0.00	16,89,831	1.08
	Less: Transferred on 18.01.2019	1,214	0.00	16,88,617	1.08
	Less: Transferred on 20.02.2019	214	0.00	16,88,403	1.08
	Less: Transferred on 20.02.2019	1,214	0.00	16,87,189	1.08
	Less: Transferred on 14.03.2019	1,214	0.00	16,85,975	1.08
	Less: Transferred on 14.03.2019	1,071	0.00	16,84,904	1.08
	Less: Transferred on 18.03.2019	1,214	0.00	16,83,690	1.08
	At the end of the year (or on the date of separation, if separated during the year)			**16,83,690**	**1.01**

3	Mahendra Kumar Dhanuka	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	**55,514**	**0.03**	**-**	**-**
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease.				
	Add: Purchase as per Benpos 08.06.2018	10000	0.01	65,514	0.042
	Add: Purchase as per Benpos 20.07.2018	100000	0.06	165,514	0.106
	Add: Puchases as per Benpos 03.08.2018	226251	0.14	391,765	0.251
	Add: Purchase as per Benpos 05.10.2018	3936	0.00	395,701	0.253
	Add: Purchase as per Benpos19.10.2018	13952	0.01	409,653	0.262
	Add: Purchase as per Benpos 26.10.2018	70672	0.05	480,325	0.307
	Add: Purchase as per Benpos 16.11.2018	5715	0.00	486,040	0.311
	Add: Purchase as per Benpos23.11.2018	3684	0.00	489,724	0.313
	Add: Purchase as per Benpos 30.11.2018	3014	0.00	492,738	0.315
	Add: Purchase as per Benpos 07.12.2018	13604	0.01	506,342	0.324
	Add: Purchase as per Benpos 14.12.2018	37759	0.02	544,101	0.348
	Add: Purchase as per Benpos 21.12.2018	8512	0.01	552,613	0.353
	Add: Purchase as per Benpos 28.12.2018	1971	0.00	554,584	0.354
	Add: Purchase as per Benpos 04.01.2019	1423	0.00	556,007	0.355
	Add: Purchase as per Benpos 11.01.2019	203522	0.12	759,529	0.485
	Add: Purchase as per Benpos 01.02.2019	38997	0.02	798,526	0.477
	Add: Purchase as per Benpos 08.02.2019	17234	0.01	815,760	0.487
	Add: Purchase as per Benpos 15.02.2019	236062	0.14	1,051,822	0.628
	At the end of the year (or on the date of separation, if separated during the year)	**-**	**-**	**10,51,822**	**0.63**

4.	Savera City Scapes Private Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	**8,83,366**	**0.56**	-	-
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease.	0	0	0	0
	At the end of the year (or on the date of separation, if separated during the year)	**-**	**-**	**8,83,366**	**0.53**

5.	Investor Education and Protection Fund	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	**8,52,973**	**0.54**	-	-
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease.	0	0	0	0
	At the end of the year (or on the date of separation, if separated during the year)	**-**	**-**	**8,52,973**	**0.51**

6.	Atul Kayan	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	**5,00,806**	**0.32**	-	-
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease.				
	Less: Sales as per Benpos 06.04.2018	5,00,000	0.32	806	0.00
	Add: Purchase as per Benpos 13.04.2018	4,90,000	0.31	4,90,806	0.31
	Less: Sales as per Benpos 29.04.2018	3,028	0.00	4,87,778	0.31
	Less: Sales as per Benpos 11.05.2018	4,87000	0.31	778	0.00
	Less: Sale as per Benpos 18.05.2018	7,000	0.00	7,778	0.00
	Add: Purchase as per Benpos 15.03.2019	7,60,000	0.49	7,67,778	0.49
	At the end of the year (or on the date of separation, if separated during the year)	**-**	**-**	**7,67,778**	0.46

7.	JSM Mining Services Private Ltd	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	**6,93,839**	**0.44**	-	-
	Date wise increase/decrease in shareholding during theyear specifying the reasons for increase/decrease.	0	0	0	0
	At the end of the year (or on the date of separation, if separated during the year)	**-**	**-**	**6,93,839**	**0.41**

8.	Corum Securities Private Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	**0**	**0.00**	**-**	**-**
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease.				
	Add: Purchase as per Benpos 11.05.2018	79,990	0.05	79,990	0.05
	Add: Purchase as per Benpos 12.10.2018	5,00,000	0.32	5,79,990	0.37
	Less: Sale as per Benpos 21.12.2018	79,990	0.05	5,00,000	0.32
	Add: Purchase as per Benpos 08.02.2019	70,000	0.04	4,30,000	0.27
	Add: Purchase as per Benpos 01.03.2019	2,22,000	0.14	6,52,000	0.42
	At the end of the year (or on the date of separation, if separated during the year)	**-**	**-**	**6,52,000**	0.39

9.	Tapan Kumar Dey	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	**5,18,076**	**0.33**	**-**	**-**
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease.				
	Less: Sale as per Benpos 06.04.2018	8,577	0.01	5,09,499	0.33
	Add: Purchase as per Benpos 13.04.2018	3,000	0.00	5,12,499	0.33
	Add: Purchase as per Benpos 20.04.2018	3,626	0.00	5,16,125	0.33
	Add: Purchase as per Benpos 27.04.2018	8,990	0.01	5,25,115	0.34
	Add: Purchase as per Benpos 04.05.2018	9,006	0.01	5,34,121	0.34
	Add: Purchase as per Benpos 18.05.2018	14,998	0.01	5,49,119	0.35
	Add: Purchase as per Benpos 25.05.2018	5,000	0.00	5,54,119	0.35
	Add: Purchase as per Benpos 01.06.2018	14,491	0.01	5,68,610	0.36
	Add: Purchase as per Benpos 08.06.2018	7,000	0.00	5,75,610	0.37
	Add: Purchase as per Benpos 29.06.2018	4,716	0.00	5,80,326	0.37
	Add: Purchase as per Benpos 20.07.2018	1,488	0.00	5,81,814	0.37
	Less: Sale as per Benpos 27.07.2018	7,000	0.00	5,74,814	0.37
	Less: Sale as per Benpos 03.08.2018	15,000	0.01	5,59,814	0.36
	Less: Sale as per Benpos 10.08.2018	10,000	0.01	5,49,814	0.35
	Less: Sale as per Benpos 17.08.2018	14,900	0.01	5,34,914	0.34
	Less: Sale as per Benpos 07.09.2018	9,039	0.01	5,43,953	0.35
	Add: Purchase as per Benpos 14.09.2018	5,000	0.00	5,48,953	0.35
	Add: Purchase as per Benpos 29.09.2018	5,276	0.00	5,54,229	0.35
	Add: Purchase as per Benpos 19.10.2018	5,000	0.00	5,59,229	0.36
	Add: Purchase as per Benpos 02.11.2018	3,000	0.00	5,62,229	0.36
	Add: Purchase as per Benpos 09.11.2018	5,000	0.00	5,67,229	0.36
	Add: Purchase as per Benpos 30.11.2018	5,000	0.00	5,72,229	0.37
	Less: Sales as per Benpos 11.01.2019	7,727	0.00	5,64,502	0.36
	Less: Sale as per Benpos 18.01.2019	2,502	0.00	5,62,000	0.36
	Less: Sale as per Benpos 25.01.2019	6,700	0.00	5,55,300	0.36
	Less: Sale as per Benpos 01.02.2019	5,000	0.00	5,50,300	0.35
	Less: Sales as per Benpos 15.02.2019	7,500	0.00	5,42,800	0.35
	Add: Purchase as per Benpos 08.03.2019	3,500	0.00	5,46,300	0.35
	Add: Purchase as per Benpos 15.03.2019	6,833	0.00	5,53,133	0.35
	At the end of the year (or on the date of separation, if separated during the year)	**-**	**-**	**5,53,133**	0.33

10.	Indian Syntans Investments Private Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	**3,64,285**	**0.23**	**-**	**-**
	Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease.				
	Reasons: NIL	Nil	Nil	Nil	Nil
	At the end of the year (or on the date of separation, if separated during the year)	**-**	**-**	**3,64,285**	**0.22**

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
1)	**Mr. V. Vijay Shankar (Managing Director)**				
	At the beginning of the year	**57,731**	**0.037**	**-**	**-**
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): ESOP Shares allotted on 12.11.2018	-	-	18,750	0.01
2)	**At the end of the year**	**-**	**-**	**76,481**	**0.05**
	Mrs. K. Lakshmi Raju (Promoter & Director)				
	At the beginning of the year	**30,18,360**	**01.93**	**-**	**-**
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.,): No change in the shareholding during the year	-	-	-	-
	At the end of the year	**-**	**-**	**30,18,360**	**01.80**
3)	**Mr. R.K.S Prasad(Chief Financial Officer)**				
	At the beginning of the year	**35,625**	**0.023**	**-**	**-**
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): ESOP Shares ESOP Shares allotted on 12.11.2018	-	-	13,125	0.01
	At the end of the year	**-**	**-**	**48,750**	**0.03**
4)	**Mr. Satish Kumar Subudhi (Company Secretary & Head Legal)**				
	At the beginning of the year	**2,05,008**	**0.131**	**-**	**-**
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): ESOP Shares allotted on 12.11.2018	-	-	7,500	0.01
	At the end of the year	**-**	**-**	**2,12,508**	**0.13**

vi) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	22,167	1,526	-	23,693
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	53	-	-	53
Total (i+ii+iii)	**22,220**	**1,526**	**-**	**23,746**

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
Addition	500	-		500
Reduction	2,709	388	-	3,097
Net Change	**(2,209)**	**(388)**	**-**	**(2,597)**
Indebtedness at the end of the financial year				
i) Principal Amount	19,953	1,138	-	21,091
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	58	-	-	58
Total (i+ii+iii)	**20,011**	**1,138**		**21,149**

vii) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

Sl. no.	Particulars of Remuneration	Mr.V.Vijay Shankar, Managing Director
1.	Gross salary:	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	1,19,63,510
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	49,374
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2.	Stock Option	1,68,750
3.	Sweat Equity	-
4.	Commission	-
	- as % of profit	-
	- others, specify (performance bonus)	-
5.	Others, please specify (Contribution to Provident Fund)	5,18,400
Total (A)		**1,27,00,034**
Ceiling as per the Act		**2,40,00,000**

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount (Rs.)
	Independent Directors	**Mr. D. Ranga Raju**	**Mr.Sudhakar Kudva**	**Mr. R.S. Nanda**	**Mr. Raghavender Mateti**	**Mr. K. Raghuraman**	
1	Fee for attending board/ committee meetings	45,000	1,70,000	1,05,000	1,95,000	1,70,000	**6,85,000**
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	45,000	1,70,000	1,05,000	1,95,000	1,70,000	**6,85,000**
2	**Other Non-Executive Directors**				**Mrs. K.Lakshmi Raju**	**Mr. N. Vijayaraghavan**	
	Fee for attending board committee meetings				95,000	95,000	**1,90,000**
	Commission				-	-	-
	Total (2)				95,000	95,000	**1,90,000**
	Total (B)=(1+2)	**-**	**-**	**-**	**-**	**-**	**8,75,000**
	Overall Ceiling* as per the Act	-	-	-	-	-	

* *Directors are paid sitting fees for attending the Board and Committee meetings, which are within the limits specified under the Act.*

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer	Company Secretary	Total (Rs.)
		Mr. R.K.S. Prasad	Mr. Satish Kumar Subudhi	
1.	Gross salary:			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	59,92,269	28,61,562	88,53,831
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	8570	460	9,030
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option	1,18,125	67,500	1,85,625
3.	Sweat Equity			
4.	Commission			
	- as % of profit			
	- others, specify			
5.	Others, please specify	3,26,880	1,52,640	4,79,520
Total		**64,45,844**	**30,82,162**	**95,28,006**

***** *Gross remuneration shown above is subject to tax and comprises salary, allowances, commission, incentives (including the performance linked incentives received for the previous years), monetary value of perquisites (including Stock Options), Company's contribution to provident fund and superannuation fund calculated on accural basis. In addition to the above, employees are also entitled to gratuity, medical benefits etc. in accordance with Company's Rules.*

viii) PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. Company	NIL				
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board

K.Lakshmi Raju
Chairperson
(DIN:00545776)

Place: Hyderabad
Date: 03rd July, 2019

ANNEXURE –VI TO DIRECTORS REPORT

The disclosure of remuneration during the year 2018-19 pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

1. Ratio of remuneration of each Director to the median remuneration of employees of the Company for the financial year 2018-19 and the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any in the financial year.

S. No	Director and KMP	Remuneration (Rs. in lakhs)	Ratio median remuneration	% increase in remuneration in the FY
1	Mrs.K.Lakshmi Raju, Non-Executive Director	0.95	0.26	-5.00
2	Mr.D.Ranga Raju, Independent Director#	0.45	0.12	-25.00
3	Mr.Sudhakar Kudva, Independent Director	1.70	0.46	47.83
4	Mr.K.Raghuraman, Independent Director	1.70	0.46	-5.56
5	Mr.Raghavender Mateti, Independent Director	1.95	0.53	2.63
6	Mr.N.Vijayaraghavan, Non-Executive Director	0.95	0.26	-5.00
7	Mr.Ranvir Sain Nanda, Independent Director	1.05	0.28	16.67
8	Mr.V.Vijay Shankar, Managing Director	127	34.38	24.05
9	Mr.R.K.S Prasad, Chief Financial Officer	64.46	17.45	-5.09
10	Mr.Satish Kumar Subudhi Company Secretary & Head-Legal.	30.82	8.34	4.18

 # Mr.D.Ranga Raju, ceased to be Independent Director of the Company with effect from 13th June, 2018.

Notes:

a) During the year under review, the sitting fees paid to the directors for attending meetings of the Board, Audit Committee and Nomination and Remuneration Committee of Non-Executive Directors.

b) Employees for the purpose above include all employees excluding employees governed under collective bargaining.

2. The Percentage increase in the median remuneration of employees in the financial year: 06.31 %.

3. The number of permanent employees on the rolls of the Company: 1177.

4. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year 2018-19, and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

   The average increase in the salaries of employees other than the managerial personnel in 2018-19 was 16.42%. The Percentage increase in the managerial remuneration for the same financial year was 7.71%.

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

   (a) i) Gross remuneration shown above is subject to tax and comprises salary, allowances, commission, incentives, monetary value of perquisites, Company's contribution to provident fund and superannuation fund. In addition to the above, employees are also entitled to gratuity, medical benefits etc. in accordance with Company's Rules

   ii) None of the above employee, along with the spouse and dependent children holds more than 2% of the equity shares of the Company.

   iii) All employees are permanent employee of the Company.

   (b) Employed throughout the financial year and in receipt of remuneration aggregating One Crore and Two Lakhs Rupees per financial year: Except Managing Director (whose details are furnished in page No. 44) No other employee employed throughout the financial year was in receipt of the remuneration aggregating One Crore and Two Lakhs Rupees.

   (c) Employed for part of the financial year and in receipt of remuneration aggregating Eight Lakhs and Fifty Thousand Rupees per month or more: Nil

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

6. Affirmation that the remuneration is as per the remuneration policy of the Company:

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

For and on behalf of the Board

K.Lakshmi Raju
Chairperson
(DIN:00545776)

Place; Hyderabad
Date: 03rd July, 2019

ANNEXURE –VII TO DIRECTORS REPORT

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

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

A. CONSERVATION OF ENERGY:

1. Steps taken or impact on conservation of energy:

   i) Steam conservation and power reduction project commissioned in Zero Liquid Discharge plant and achieved reduction in cost of effluent treatment.

   ii) Electrical energy conservation by replacing the old motors with IE3 motors and conventional light fittings with LED light fittings.

   iii) Profonofos production capacity increased by de bottleneck of process which will reduce specific energy consumption norms.

   iv) Metribuzin production capacity increased in record time and production started which will reduce specific energy consumption n**orms.**

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

(Rs. in lakhs)

Sl. No.	Area	Details	Investment	
1	Production/ Utility			
	Cooling Water Pumps	Ball Float type Steam traps	1.63	
		Replacing Pumps with high efficiency pumps	3.36	
		VFDs	2.74	7.73
2	Plant/Common Area	LED Lighting	5.10	5.10
3	ZLD (Environment)	Steam saving Project	17.84	17.84
		Total		**30.67**

B. DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:

1	The efforts made towards technology absorption		Many new chemical reactions were carried out in the laboratory. Process technical data for new products were generated. Few instruments were purchased.
2	The benefits derived like product improvement, cost reduction, product development or import substitution.		a) The plants operated effectively with the new addition of products. b) Exports started growing. c) Number of Products were registered. d) Cost reduction in manufacturing.
3	In case of imported technology (imported during the last three (3) years reckoned from the beginning of the financial year)		The Company has not imported any technology during the year
	a)	Details of Technology Imported	None
	b)	Year of Import	Not applicable
	c)	Whether the Technology has been fully absorbed	Not applicable
	d)	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	Not applicable

4	The expenditure incurred on Research & Development		
	a. Specific areas in which R&D carried out by the company	i) Indigenous process development for new products of a number of active ingredients and intermediates. ii) R&D work on the existing processes to make them environment friendly and cost effective iii) For registration of our product, a large number of impurities are required which were synthesized.	
	b. Benefits delivered as a result of the above R&D	Increased export and domestic business, cost reduction and improved product quality.	
	c. Future plans of action	i) Introduction of new products through indigenously developed technology for domestic and export market. ii) Accreditation from CIB for in-house data generation.	
5	Expenditure on R&D for the financial year	**2018-19**	**2017-18**
	a. Capital	Rs.45 Lakhs	Rs. 6 Lakhs
	b. Revenue Expenditure Capitalised	Rs.353 Lakhs	Rs. 481 Lakhs
	c. Revenue Expenditure charged to Statement of Profit and Loss Account.	Rs.117 Lakhs	Rs.111 Lakhs
	d. Total expenditure as a percentage of total turnover	0.60%	0.69%

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 : Rs. 22,395 lakhs
2. Foreign Exchange Used: Rs.17,604 lakhs

For and on behalf of the Board

K.Lakshmi Raju
Chairperson
(DIN:00545776)

Place : Hyderabad
Date: 03rd July, 2019

Management Discussion and Analysis Report

The Discussion report is on the Crop Protection Business covering the Indian and global markets. This outlook is based on assessment of the business environment as foreseen currently. It can change due to economic and other developments, both in India and abroad.

ECONOMIC SCENARIO:

The Global Economy Growth was projected at 3.9 percent in 2018 and 2019. However, with the escalation of US–China trade tensions, macroeconomic stress in countries such as Argentina and Turkey, disruptions to the auto sector in Germany, tighter credit policies in China, and financial tightening alongside the normalization of monetary policy in the larger advanced economies have all contributed to a significantly weakened global expansion. The Growth in advanced economies is projected to slow from 2.2 percent in 2018 to 1.8 percent in 2019 and 1.7 percent in 2020. The decline in growth relative to 2018 are due to lower growth in China and as well as a deepening contraction in Iran. The global economic growth for the year 2020 is projected to return to 3.6 percent. The growth in emerging and developing Asia will dip from 6.4 percent in 2018 to 6.3 percent in 2019 and 2020. Global growth in 2019 is also weighed down by the emerging market and developing economy group, where growth is expected to tick down to 4.4 percent in 2019 (from 4.5 percent in 2018). (Source: IMF World Economic Outlook - April 2019).

Trade tensions, weak emerging market currencies and exceptionally strong US grain yields constituted the primary drags on global food prices in the first three quarters of 2018. Since then, prices have been less volatile. Food prices are projected to decrease by 2.9 percent a year in 2019 and then increase by 2.1 percent in 2020. Weather disruptions are an upside risk to the forecast. (Source: IMF World Economic Outlook - April 2019).

According to the UN's World Economic Situation and Prospects (WESP) 2019, India's GDP growth is expected to accelerate to 7.6 per cent in 2019-20 from an estimated 7.4 per cent in the current fiscal ending March 2019. India will continue to remain the world's fastest-growing large economy in 2019 as well as in 2020, much ahead of China.

As per the provisional estimate of national income, the growth of real Gross Domestic Product (GDP) of India for 2018-19 is estimated at 7.0 percent, as against the growth rates of GDP at constant prices for the years 2015-16, 2016-17 and 2017-18 were 8.0 percent, 8.2 percent and 7.2 percent respectively. (Source: DEA- Ministry of Finance-Monthly Economic Report-January 2019)

INDUSTRY OVERVIEW:

The global agrochemical market in 2018 shows a year-on-year increase of 2.0% to $64,179 million, representing the second consecutive year of growth following downturns in the industry in 2015 and 2016.

Agriculture remains the pre-dominant occupation in India for vast sections of the population. Over the years, several new challenges have emerged before the sector. Agriculture sector in India typically goes through cyclical movement in terms of its growth. The Gross Value Added (GVA) in agriculture improved from a negative 0.2 per cent in 2014-15 to 6.3 per cent in 2016-17 only to decelerate to 2.9 per cent in 2018-19. Average annual growth rate in real terms in agricultural & allied sectors has remained at around 2.88 per cent during 2014-15 to 2018-19. However, the volatility of output growth as measured by the coefficient of variation has declined from 2.7 in the period of 1961-1988 to 1.6 during 1989-2004 and further to 0.8 during 2005 to 2018. The share of agriculture, forestry & fishing sector in GVA has seen a steady decrease over the years from 15.4 per cent in 2015-16 to 14.4 per cent in 2018-19. The decline was mainly due to decline in the share of crops in GVA from 9.2 per cent in 2015-16 to 8.7 per cent in 2017-18. As per Phase-I results of the Agriculture Census, 2015-16, the number of operational holdings, i.e. land put to agricultural use, has increased to 14.6 crore in 2015-16 from 13.8 crore in 2010-11, thereby registering an increase of 5.3 per cent. The share of marginal holdings (less than 1 ha) in total operational holdings increased from 62.9 per cent in 2000-01 to 68.5 per cent in 2015-16, while the share of small holdings (1 ha to 2 ha) decreased from 18.9 per cent to 17.7 per cent during this period. Large holdings (above 4 ha) decreased from 6.5 per cent to 4.3 percent. The area operated by the marginal and small holdings increased from 38.9 per cent in 2000-01 to 47.4 per cent in 2015-16, while that of the large holdings decreased from 37.2 per cent to 20 per cent during this period. Procurement of rice as on 30th April 2019 during Kharif Marketing Season 2018-19 was 39.3 million tonnes. Procurement of wheat during Rabi Marketing Season 2019-20 was 19.6 million tonnes.(Source: Economic Survey Report: 2018-19).

As per the 3rd Advance Estimates (AE) for 2018-19, the total production of food grains during 2018-19 is estimated at 283.4 million tonnes compared to 279.6 million tonnes in 2017-18 (3rd AE).

Insecticides dominate the Indian crop protection market and form almost 53% of the domestic agrochemicals market. Herbicides are, however, emerging as the fastest growing segment amongst the agrochemicals. Paddy accounts for the maximum share of agrochemicals consumption around (26%-28%) followed by cotton (18% -20%). The eight states viz. Andhra Pradesh, Maharashtra, Punjab, Madhya Pradesh, Chhattisgarh, Gujarat, Tamil Nadu and Haryana account for usage of >70% of the agrochemicals used in India. Andhra Pradesh is a leading consumer of crop protection chemicals with a market share of 24%. (Source: CARE-Indian Agrochemicals Industry: Insights and Outlook)

The agrochemicals market is estimated to register a CAGR of 3.7% during the forecast period of 2019 - 2024 and is projected to reach a market size of USD 269.7 billion, by the year 2022.(Source: Mordorintelligence: Agrochemicals Market Report)

OUTLOOK AND OPPORTUNITIES:

The IMF's positive sentiment towards the Indian economy is echoed by other major agencies such as the World Bank and United Nations Development Programme (UNDP), and is a testament to their confidence in the country and the expectation that it will drive global economic growth. Various measures of the Government under "Make in India" and other similar initiative have begun to showing positive results. Population statistics in the country have been responsible for maintaining adequacy in agricultural practices, ensuring greater utilization of agrochemical products in areas that were ignored in the past. By embracing modern practices in the fields, use of agrochemicals has seen tremendous growth particularly for pesticides and fertilizer consumption. India is the second biggest consumer of agrochemical products in the world after China.

Globalization of agrochemical industry has a huge impact on the Indian market. With the high rate of population growth, increasing the need for food production and economic growth, the market for agrochemicals gets pushed ahead. The ambitious project of food security can only be achieved through improved product performance and productivity with the scarce resources available. Land scarcity due to urbanization, soil degradation, water scarcity etc. makes it more essential for the farmers to use agrochemicals to sustain. Export potential and Integrated Farming Practices would provide future growth opportunities. Pesticides market is currently lead by insecticides products followed by fungicides and herbicides; reportedly insecticide demand accounts for 65% of the total pesticide market share.

The opportunities for growth of your Company are good in domestic, export and contract manufacturing given the following factors:

a) In the direction of the doubling farmers income by FY 2022, the Ministry of Agriculture and Farmers' Welfare has been allocated Rs. 57,600 crore in 2018-19 to agricultural sector, which is 14.6% more than the revised estimate in 2017-18.

b) Agriculture credit being provided to farmers under the Interest Subsidy Scheme with interest subvention of 2% on short term crop loans up to Rs. 3 lakhs will augur well for the Industry.

c) Increase in demand for food grains: India has 17% of the world's population. An increasing population, need for food security and high emphasis on achieving food grain self-sufficiency is expected to drive the demand for crop protection chemicals.

d) Growth of horticulture: Fruits and vegetables account for nearly 90% of total horticulture production in the country. India is now the 2nd largest producer of fruits and vegetables in the World and is the leader in several horticultural crops namely mango, banana, papaya, cashew-nuts, areca nut, potato and okra. Growth in horticulture and floriculture industries is to result in increase in demand for agrochemicals, especially fungicides. As India's diverse climate ensures production of all varieties of fresh fruits & vegetables, the trend has slowly shifted from production of food grains to horticulture, with production of horticulture consistently exceeding the production of food grains.

e) Incidence of pest attacks: One of the major challenges to ensure food security and good crop yields is incidence of pests. On an average agro-pests are estimated to cause 15%–20% yield losses in principal major food and cash crops. Pest attacks across various stages of crop life-cycles are affecting farmers. Due to the hot humid climatic conditions prevalent in India, the number of pest attacks has been increasing. Use of agrochemicals can help mitigate the pest problem and increase crop output by 25%-50%. So far, the presence of more than 40,000 different types of insects have been recorded in India and of these about 1,000 have been listed as potential pests of economic plants, 500 pests have caused serious damage at some time and 70 have been causing damage more often.

f) Increasing awareness: Educating the farmers about advantages of agrochemicals and its safe usage, will lead to increase in demand. Companies are increasingly training farmers regarding the right use of agrochemicals in terms of quantity to be used, the right application methodology and appropriate chemicals to be used for identified pest problems.

g) Off-patent: Pesticides valuing US$ 2.9 billion are expected to go off-patent between 2017-20, according to a FICCI Report. This patent cliff will result in a decline in market share of patented products from 20%-22% to around 13%-15% by 2020. This will provide significant opportunities for the Indian players with high proportion of exports as part of their total turnover.

h) Contract Manufacturing: As China looks to shut down capacities to curb pollution, the shift in manufacturing base from China and Japan is opening opportunities for Indian players. The "Make in India" program of the Central Government coupled with conducive financial systems for lending further strengthens the capex plans for the Indian Agrochemical players.

i) Changing climatic conditions: Erratic climatic conditions are impacting crop output. Farms need an array of inputs to protect crops from adverse climatic realities. Irregular monsoons coupled with lack of irrigation (60% of cultivable land is non-irrigated) results in low agricultural yield in India. Damp and warm weather conditions aid in breeding of weeds.

j) Limited farmland availability: Rapid urbanization has had a detrimental impact on land availability. The pressure is therefore to increase yield per hectare which can be achieved through increased usage of farm productivity-enhancing inputs like agrochemicals.

Your Company's increased efforts in implementing various growth strategies and improving productivity across resources and assets, shall augur well in the time to come.

CHALLENGES, THREAT, RISKS AND CONCERNS:

Over past three years, the global agrochemical market has come under some rough weather with sales declining by around around 8% to 9%. There have been many reasons: unfavourable weather conditions, delaying planting patterns in key markets such as Latin America, severe drought situations in Mexico and Australia, dry weather in Southern Europe, piling up of Inventory, stagnancy in prices and pressure in margins etc. (Source: www.outlookbusiness.com)

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 hererin below:

a) Increase in raw material prices due to rising crude oil prices and supply constraints emanating from the shut-down of industries in China on pollution concerns added pressure on the profitability of agrochemical manufacturers.

b) An increase in crude oil prices by 33.2%, and the on-going farm distress has led to the fall in the margins of the agrochemical companies.

c) Lower acreages during the existing rabi season and ban on use of organophosphorus compounds in several states, erratic rainfall in key agrarian states and poor price realization in the key crops has impacted the margins of the industry.

d) The margins of agrochemical companies have been stagnant mainly due to the varying weather conditions (including El Nino phenomenon and weak monsoons), drought like conditions which affected the acreages and crop prices and weakening herbicide prices.

Keeping in view the above, your Company is gearing itself to seize the emerging opportunities amidst the challenging macro-economic environment, by focusing in better portfolio management, productivity and expansion plans, and leveraging strengths in domestic as well as international markets.

Internal Control System:

The Company has proper and adequate systems of internal controls which ensure that all the assets are safeguarded and are structured to provide adequate support and controls for the business of the Company. The Company's internal audit systems are geared towards ensuring adequate Internal controls to meet the size and needs of business, for safeguarding the assets of the Company, evaluating reliability of financial and operational information, identifying weaknesses and areas of improvement and to meet with all compliances.

Financial Performance: (Consolidated)

During the year 2018-19, the Revenue from operations Rs 86,549 Lakhs reflects an increase of 3% over the previous year. The EBIT and Cash Profit stood at Rs 2,049 Lakhs and Rs. 688 Lakhs (before exceptional items) respectively compared to Rs. 4,885 and Rs. 3,591 Lakhs.

The financial performance of your Company during 2018-19 was as under:

(Rs. in Lakhs)

Particulars	2018-19	2017-18
Revenue from Operations (excluding Excise Duty)	**86,549**	84,670
EBIDTA (as % of Revenue from Operations)	**4.72%**	8.10%
Profit before depreciation, tax (as % of revenue from operations)	**0.79%**	4.16%
Return on Capital Employed	**6.59%**	17.36%
Return on Net Worth	**(2.45%)**	4.84%
Earnings per share (FV Rs.1 each)	**(0.44)**	0.74
Book value per share	**16.97**	15.30

The loss is mainly attributable to poor domestic Rabi season, steep raw material price increase due to temporary closure of some of the chemical manufacturing facilities in China and rupee depreciation etc.

On adoption of Indian Accounting Standards ('Ind AS') by the Company with effect from April 1, 2017, the financial were prepared in accordance with said Accounting Standards.

Previous year comparative figures were recast/regrouped as required by Ind AS.

Industrial Relations and Human Resources Development:

The number of employees in the Company as on the 31st March, 2019 was 1177. 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:

The Statement in the Report of the Board of Directors and Management Discussion & Analysis Report describing the Company's projections, estimates, exceptions or prediction may be forward looking statement within meaning of applicable of Securities Laws and Regulations. Actual results could differ materially from those expressed implied since the Company's operations are influenced by many external and internal factors beyond the control of Company.

Disclaimer:

Readers are cautioned that this Management Discussion and Analysis contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words "anticipate", "believe", "estimate", "intend", "will", and "expected" and other similar expressions as they relate to the Company or its business are intended to identify such forward looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements and risks and opportunities could differ materially from those expressed or implied in such forward-looking statements. The important factors that would make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic and overseas markets, raw material prices, changes in the Governmental regulations, labour negotiations, tax laws and other statutes, economic development within India and the countries within which the Company conducts business and incidental factors. The Company undertakes no obligation to publicly amend, modify or revise any forward-looking statements on the basis, of any subsequent developments, information or events. The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.

For and on behalf of the Board

K.Lakshmi Raju

Place: Hyderabad — Chairperson

Date: 03rd July, 2019 — (DIN:00545776)

REPORT ON CORPORATE GOVERNANCE

A. CORPORATE GOVERNANCE:

At NACL we believe in the philosophy of SERVING SOCIETY THROUGH INDUSTRY.

This philosophy is backed by principles of concern, commitment, quality and integrity in all its acts and relationships with stakeholders, customers, associates and community at large, which has always propelled the Company towards higher horizons.

At NACL we continue to strive to transform the business environment we operate in. We are also at work transforming the society around us. Our aim is to create an environment which enhances opportunities for all the good things, better health, education and overall quality of living that life has to offer.

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 31st March, 2019. 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:

1) Composition of the Board:

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.

The details of the composition of the existing Board of Directors as on 31st March, 2019 are given below:

a) **Composition of Board:** The Company's Board of Directors, as on 31st March, 2019, comprises of 7 (Seven) Directors, out of which, 2 (two) are Non-Executive Non-Independent Directors (NEDs) including 1 (One) Woman Director. Further, out of the remaining Directors, 4 (four) are Non-Executive Independent Directors, and 1 (one) is an Executive Director. None of the Directors of the Company are inter-se related to each other. 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"). During the year Mr.D.Ranga Raju, Non-Executive Independent Director, resigned from the position of Directorship of the Company, with effect from 13th June, 2018 on account of advanced age and related medical reasons.

b) **Number of Board Meetings held during the year and the dates of the Board Meetings:** During the year 2018-19, the Board met 4 (four) times on 19th May, 2018; 06th August, 2018; 12th November, 2018 and 08th February, 2019.

c) The maximum time gap between any two of the Board Meetings was not more than 120 (One Hundred and Twenty) days.

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

Sl. No.	Name, Position and DIN of the Director	Category of Directorship	No. of Board Meeting held	No. of Board Meeting Attended	Whether present at previous AGM held on 06th August, 2018
1)	Mrs.K.Lakshmi Raju, Chairperson **DIN:**00545776	Promoter, Non-Executive,	4	3	Yes
2)	Mr.D.Ranga Raju# **DIN:**00066546	Non-Executive-Independent	1	1	-
3)	Mr.K.Raghuraman **DIN:**00320507	Non-Executive, Independent	4	3	-
4)	Mr.Sudhakar Kudva **DIN:**02410695	Non-Executive, Independent	4	4	Yes
5)	Mr.N.Vijayaraghavan **DIN:**02491073	Non-Executive, Non-Independent	4	3	-
6)	Mr.Raghavender Mateti **DIN:**06826653	Non-Executive, Independent	4	4	Yes
7)	Mr.Ranvir Sain Nanda **DIN:**00008255	Non-Executive, Independent	4	3	Yes
8)	Mr.V.Vijay Shankar, Managing Director **DIN:**00015366	Executive Director	4	4	Yes

Mr.D.Ranga Raju, ceased to be a Non-Executive Independent Director with effect from 13.06.2018.

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) are liable to retire by rotation unless otherwise specifically approved by the shareholders.

None of the Directors on the Board is 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 number of Directorship and Committee positions held by Directors in public limited companies 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 Directorship
1)	Mrs.K.Lakshmi Raju	1	-	**1**	-	1	-	-
2)	Mr.Sudhakar Kudva	-	3	**3**	2	1	Bhagiradha Chemicals and Industries Ltd.	NED & ID@
3)	Mr.N.Vijayaraghavan	-	1	**1**	-	2	-	-
4)	Mr.K .Raghuraman	-	8	**8**	3	2	Oriental Carbon & Chemicals Ltd.	NED & ID
							Rama Phosphates Ltd.	NED & ID
							Nelco Ltd.	NED & ID
							Birla Cable Ltd.	NED & ID
5)	Mr.V.Vijay Shankar	-	1	**1**	-	1	-	-
6)	Mr.Raghavender Mateti	-	1	**1**	-	1	-	-
7)	Mr.Ranvir Sain Nanda	-	1	**1**	1	-	-	-

** 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 include 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.

3) Shareholding of Non-Executive Director of the Company:

Mrs.K.Lakshmi Raju holds 30,18,360 equity shares of the Company. The Company, has issued and allotted 46,87,500 convertible warrants to Mrs.K.Lakshmi Raju on 27th March, 2019, on preferential basis. No other Director holds any shares/warrants in the Company.

4) 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's about Company, Memorandum and Articles of Association, Annual Reports for previous 2 years, Investor Presentations and recent Media Releases, Brochures, Organization policies, to the newly inducted Independent Directors. 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 make periodical presentations to the Board members at the Board and Board 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 patter, plans, strategy, new initiatives etc.

The details of such familiarization programmes for Independent Directors are put up on the Company's website and can be accessed at https://www.naclind.com.

5) 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. 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 pursuant to Regulation 34(3) of the Listing Regulations, forms part of this Annual Report.

6) 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.

7) 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 19th May, 2018 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.D.Ranga Raju, Mr.Sudhkar Kudva, Mr.R.S.Nanda, Mr.K.Raghuraman and Mr.Raghavender Mateti 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 (Shareholders and Investors' Grievance Committee):

Mr. R.S.Nanda, is the Chairperson of the Stakeholders Relationship Committee. The other members of the Committee are Mr.N.Vijayaraghavan, Mrs. K.Lakshmi Raju, Mr.V.Vijay Shankar. During the year, the Board has reconstituted the Committee with the induction of Mr.R.S.Nanda as Chairperson of the Committee, in place of Mr.Sudhakar Kudva, with effect from 06th August, 2018. The quorum of the Committee is 2 members. The terms of reference of Stakeholders Relationship Committee inter-alia includes:

- 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.
- consider and redress the complaints received from shareholders relating to transfer of shares, non-receipt of annual report, declared dividend, notices, balance sheet etc.,
- 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. All the share transfer applications received up to 31st March, 2019 have been processed. The details of share transfers are reported to the Board of Directors. The Committee met eleven (11) times during the year.

The details of attendance of members of the Stakeholders Relationship Committee Meetings are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr.R.S.Nanda**	Chairperson	8	8
Mr. N.Vijayaraghavan	Member	11	3
Mrs.K.Lakshmi Raju	Member	11	2
Mr. V.Vijay Shankar	Member	11	11
Mr.Sudhakar Kudva#	-	3	3

 # Ceased to be the Chairperson and Member of the Committee with effect from 06th August, 2018.

*** Inducted as a Member & Chairperson of the committee with effect from 06th August, 2018.*

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 01st April, 2018 to 31st March, 2019 received 08 complaints from the investors and the same were resolved and there were no balance investor's complaints pending/unresolved as on 31st March, 2019.

2) Audit Committee:

Mr. Sudhakar Kudva, is the Chairperson of the Audit Committee. The other members of the Committee are Mr. K. Raghuraman, Mr. N.Vijayaraghavan and Mr. Raghavender Mateti. Mr.D.Ranga Raju have tendered the resignation from the position of Directorship of the Company and consequent to the said resignation, he ceased to be the Chairperson and Member of the Audit Committee. The Board, in its meeting held on 06th August, 2018, has reconstituted the Committee by appointing Mr. Sudhakar Kudva as Chairperson of the Committee and inducted Mr.N.Vijayaraghavan as Member of the Committee with immediate effect.

The terms of reference of the Audit Committee are in accordance with 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).

The quorum of the Committee is 2 members.

The Audit Committee met five (5) times during the period under review and the meetings was held on 19th May, 2018; 13th June, 2018; 06th August, 2018; 12th November, 2018 and 08th February, 2019. 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 of the Audit Committee are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. Sudhakar Kudva**	Chairperson	5	5
Mr. K.Raghuraman	Member	5	4
Mr. Raghavender Mateti	Member	5	5
Mr.N.Vijayaraghavan@	Member	5	2
Mr.D.Ranga Raju#	-	2	1

 # Ceased to be the Chairperson and Member of the Audit Committee with effect from 13th June, 2018.

*** Appointed as a Chairperson of the Audit Committee with effect from 06th August, 2018.*

@ Inducted as a Member of the Audit Committee with effect from 06th August, 2018.

3) Banking Committee:

Mr.N.Vijayaraghavan is the Chairperson of the Banking Committee. The other members of the Committee are Mr.Sudhakar Kudva, Mr.R.S.Nanda and Mr.V.Vijay Shankar. The terms of reference of the Banking Committee inter-alia includes the following:

a) To open new Accounts with any Bank and approve the list of persons authorised to operate such accounts and to make such changes as may be necessary from time to time.

b) To approve availment of working capital facilities/credit facilities by the Company and creation of the charge on the assets of the Company thereto, subject that such credit facilities so availed along with the existing credit facilities shall not exceed the limits as approved by the Board from time to time.

c) To approve the creation of charge/mortgage by deposit of title deeds or otherwise on the assets of the Company for availing the aforesaid credit facilities from time to time.

d) To sub-delegate to Managing Director or any other Director/Executives of the Company to execute various documents including but not limited to loan documents, charge documents etc. and to exercise any of the powers delegated by Board to this Committee and to do all such acts, deeds and things as may be necessary.

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

f) To authorise persons to sign necessary documents and for affixation of Common Seal and matters incidental thereto, for availing of such credit facilities.

The quorum of the Committee is 2 members. The Banking Committee met thirteen (13) times during the year. The details of attendance of members of the Banking Committee are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. N.Vijayaraghavan	Chairperson	13	2
Mr. Sudhakar Kudva	Member	13	3
Mr. R.S.Nanda	Member	13	13
Mr. V.Vijay Shankar	Member	13	13

4) Nomination and Remuneration Committee:

Mr.K.Raghuraman is the Chairperson of the Nomination and Remuneration Committee. The other members of Committee are Mr. Raghavender Mateti, Mrs.K.Lakshmi Raju and Mr.R.S.Nanda. 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. It determines the Company's policy on all elements of the remuneration packages of the Directors including the Executive Directors. The Company has adopted a remuneration policy, which is available on the Company's website. The remuneration of the Directors is approved by the Nomination and Remuneration Committee and the Board of Directors as per the Nomination and Remuneration Policy of the Company.

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

a) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal, and shall carryout evaluation of every Director's performance.

b) Formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board of Directors a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

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

d) Devising a policy on diversity of Board of Directors.

e) Make recommendations regarding the composition of the Board, identify Independent Directors to be inducted to the Board from time to time and take steps to refresh the composition of the Board from time to time.

f) Evaluate and approve the appointment and remuneration of senior Executives, including the Key Managerial Personnel, the Company's remuneration plan, annual salary increase principles and budgets, annual and long term incentive plans of the Company, policies and programmes such as succession planning, employment agreements, severance agreements and any other benefits.

g) 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.

The quorum of the Committee is 2 members. The Nomination and Remuneration Committee had met three (3) times during the period under review and the meeting were held on 19th May, 2018; 06th August, 2018 and 08th February, 2019. The details of attendance of members of the Remuneration Committee are as follows

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. K.Raghuraman	Chairperson	3	3
Mrs.K.Lakhsmi Raju	Member	3	2
Mr. Raghavender Mateti	Member	3	3
Mr. R.S.Nanda	Member	3	2

Nomination and Remuneration Policy:

The Company's philosophy for remuneration of Directors, Key Managerial Personnel and all other employees is based on the commitment of fostering a culture of leadership with trust. The Company has adopted a policy for remuneration of Directors, Key Managerial Personnel and other employees, which is aligned to this philosophy. The key factors considered in formulating the Policy areas under:

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks and,

c) remuneration to Directors, KMP and SMP involves a balance between fixed and incentives pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

5) Corporate Social Responsibility (CSR) Committee:

Mr.R.S.Nanda is the Chairperson of the Corporate Social Responsibility Committee. The other members of the Committee are Mrs.K.Lakshmi Raju, Mr. Sudhakar Kudva, Mr. V. Vijay Shankar and Mr.N.Vijayaraghavan. The terms of reference of the CSR Committee inter-alia includes the following:

a) To formulate and recommend to the Board, a CSR Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013;

b) To oversee the implementation of those activities, monitor the implementation of the framework of the CSR Policy and also report to the Board from time to time. It shall be ensured that the Company's CSR programmes will be identified and implemented according to the Board's approved CSR policy;

c) The Committee shall monitor the implementation report from the Organizations receiving funds. In this regard, the Committee may delegate designated Company official(s) to co-ordinate with the Organization receiving funds to inspect the activities undertaking and ensure information in a timely manner;

d) To sub-delegate/empower the Managing Director or any of the Executives of the Company authorized by him to spend such amounts as they think appropriate for some other strategic CSR contingencies that may arise during any financial year. The amount so spent shall be put for ratification of the Committee at its next meeting and shall be reported to the Board accordingly.

e) To recommend the amount to be spent on the CSR activities.

f) To attend to such other matters and functions as may be prescribed from time to time.

The quorum of the CSR Committee is 2 members. The CSR Committee had met one (1) time during the period under review and the meeting was held on 19th May, 2018. The details of attendance of members of the Corporate Social Responsibility Committee are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. R.S.Nanda	Chairperson	1	1
Mr.Sudhakar Kudva	Member	1	1
Mr.N.Vijayaraghavan	Member	1	1
Mrs.K.Lakhsmi Raju	Member	1	1
Mr.V.Vijay Shankar	Member	1	1

6) Risk Management Committee:

Mr.Sudhakar Kudva is the Chairperson of the Risk Management Committee. The others members of the Committee are Mr. V. Vijay Shankar; Mr.R.S.Nanda; 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 provisions of Section 134(3)(n) and 177(4)(vii) and other applicable provisions of Companies Act, 2013 and Rules made thereunder. The Company has duly framed the Risk Management Policy and laid down procedures to inform the Board members about the identification of elements of risk and minimization procedures.

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

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

  i) 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;

  ii) 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.

  iii) 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;

  iv) 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;

  v) 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 proactively 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;

vi) 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 risks 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;

vii) to oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes. A comprehensive system of control should be established to ensure that risks are mitigated and that the Company's objectives are attained;

viii) 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;

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

x) 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.

The quorum of the Risk Management Committee is 2 members. No meeting of the Risk Management Committee held during the period.

7) Compensation Committee:

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

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

a) To formulate, administer, supervise and implement or alter the ESOS -2015 Scheme.

b) To Identify the employees entitled to participate under Employee stock option scheme

c) To Grant and determine the number of options to be granted under Employee stock option scheme.

d) To determine the method for exercising the vested options.

e) To determine the exercise price of the option granted.

f) To reissue of lapsed, surrendered, cancelled and forfeited options.

g) To determine the conditions under which options vested in employee shall lapse.

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

The quorum of the Compensation Committee is 2 members. The committee met one (1) time during the year and the meeting was held on 12th November, 2018.

The attendance details of the members of the Compensation Committee are as follows:

Name of the Member	Status	No. of meetings	
		Held	Attended
Mr. Raghavender Mateti	Chairperson	1	1
Mr.Sudhakar Kudva	Member	1	1
Mr.N.Vijayaraghavan	Member	1	1
Mrs.K.Lakhsmi Raju	Member	1	1

E. REMUNERATION TO DIRECTORS:

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

(a) The details of sitting fees paid to the Non-Executive Directors of the Company during the year from 1st April, 2018 to 31st March, 2019 are given below:

Sl. No.	Name of the Director	Sitting fees paid for attending meetings of Board of Directors and Committees of Directors. (Amount in Rs.)
01.	Mr.D.Ranga Raju *	45,000
02.	Mrs.K.Lakshmi Raju	95,000
03.	Mr.Sudhakar Kudva	1,70,000
04.	Mr.N.Vijayaraghavan	95,000
05.	Mr.K.Raghuraman	1,70,000
06.	Mr.Raghavender Mateti	1,95,000
07.	Mr.Ranvir Sain Nanda	1,05,000

* Mr.D. Rana Raju ceased to be Non-Executive Independent Director with effect from 13.06.2018.

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.

(b) Details of Remuneration paid to Mr.V.Vijay Shankar, Managing Director for the financial year ended 31st March, 2019 is mentioned hereunder:

Sl. No.	Components	Amount
1.	Gross salary	1,19,63,510
2.	Perquisites	49,374
3.	Stock Option	1,68,750
4.	Contribution to Provident Fund	5,18,400
	Total	***1,27,00,034**

* for details refer page no. 44

The tenure of office of the Managing Director is for 3 (three) years from their respective date off 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	Place of venue
2015-16	19-09-2016	10.00 a.m.	Surana Udyog Auditorium, Federation of Telangana and Andhra Pradesh Chamber of Commerce & Industry (FTAPCCI), Federation, Red Hills, Hyderabad-500004, TS India.
2016-17	05-08-2017	03.00 p.m.	Katriya Hotel, No.8, Raj Bhavan Road, Somajiguda, Hyderabad-500082, TS India.
2017-18	06-08-2018	10.00 a.m.	FTAPCCI Auditorium, M/s. Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, (FTAPCCI), Federation House, 11-6-841, FAPCCI Marg, Red Hills, Hyderabad-500004, T.S. India.

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

Financial Year	Date	Time	Place of venue
2017-18	03.02.2018	10.00 a.m.	FAPCCI Auditorium, Federation of Telangana and Andhra Pradesh Chamber of Commerce & Industry, Red Hills, Hyderabad-500004, TS India.
2018-19	07.03.2019	10.00 a.m.	FAPCCI Auditorium, Federation of Telangana and Andhra Pradesh Chamber of Commerce & Industry, Red Hills, Hyderabad-500004, TS India.

3) No Postal Ballot Notices are issued to the public during the year ended 31st March, 2019.

4) All the Resolutions including the Special Resolution were passed through e-voting, physical ballot by post and poling process 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 all shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more, to Investor Education and Protection Fund Authority. Adherence to the various requirements set out in the Rules, the Company has transferred 8,52,973 equity shares to IEPF Authority during the previous years. 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. Shareholders are requested to refer to the web link to verify the details of un-cashed 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:

As per the Regulation 39(4) read with Schedule V & VI of Listing Regulations, all physical shares remaining unclaimed by the shareholders, were required to be dematerialized by the Company and kept in the "Unclaimed Suspense Account" to be opened and operated by the Company/Committee for this purpose. As per the requirements of the amended clause, the Company had sent three reminders to the respective shareholders. The shares in respect of which no valid response has been received were transferred to the said unclaimed suspense account. The Company opened a separate demat account with Stock Holding Corporation (India) Ltd, Hyderabad in the name and style of "Nagarjuna Agrichem Limited Unclaimed Suspense Account" in the month of July, 2013 in this regard.

A statement of the shares remaining outstanding in the Unclaimed Suspense Account as on 31st March, 2019 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	1,233	16,94,901
2.	No. of shareholders who approached for transfer of shares from the unclaimed suspense account during the year	11	11,211
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.	1,222	16,83,690

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 either credit the shares to the Shareholder's

Demat Account or deliver the physical certificates after re-materializing the same, depending on the option of the shareholder. 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 31st March, 2019.

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).

e) The Managing Director and the Chief Financial Officer have certified to the Board in accordance with Regulation 17(8) read with Part B of Schedule II to the Listing Regulations pertaining to CEO/CFO certification for the Financial Year ended 31st March, 2019.

f) **Subsidiary Companies**: The Company has two unlisted (Indian and Overseas) Wholly Owned Subsidiaries i.e., LR Research Laboratories Private Limited and Nagarjuna Agrichem (Australia) Pty. Ltd. An Executive Director and another Director of the Company are the Directors of Indian subsidiary. Two Executives (SMPs) of the Company are on the Board of Overseas subsidiary. The Audit Committee of the Company reviews the financial statements of the subsidiaries. The minutes of the Board Meetings, along with a report of the significant transactions, if any, and arrangements of the unlisted subsidiaries of the Company are duly placed before the Board of Directors of the Company. The Company has no Subsidiary which can be considered as material in terms of the Listing Regulations.

g) **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.

h) **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.

i) **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.

j) **Details of utilization of funds raised through preferential issue:**

The Company has allotted the 1,09,37,500 equity shares and 2,50,00,000 warrants against the receipt of the full consideration of Rs. 35 crores (Rs.32/- per equity shares) for equity and Rs.20 crores (Rs.8/- per warrant being 25% of issue price) for warrants aggregating to Rs.55 crores by way of preferential issue under Chapter V of Securities and Exchange Board of India (Issue of Securities and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR") on 27th March, 2019.

The details of the utilization of the funds are as follows:

(Rs. in Crores)

Particulars	Amount
Working Capital	15.00
Capital expenditure -Block 7	5.00
Total utilization (A)	**20.00**
Equity funds received **(B)**	55.00
Balance available funds (A-B)	**35.00**

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

Based on the certificate received from Mr. K.V.Chalama Reddy, Practicing Company Secretary, we confirm that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the SEBI / Ministry of Corporate Affairs or any such Statutory Authority.

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, Company Secretary & Head-Legal 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. 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	:	14th August, 2019 at 10:00 a.m at FTAPCCI auditorium, M/s Federation Telangana and Andhra Pradesh Chamber of Commerce and Industry, Federation House, 11-6-841, FAPCCI Marg, Red Hills, Hyderabad-500004, Telangana, India.
2)	Financial Year	:	01st April, 2018 to 31st March, 2019.
3)	Dividend	:	No dividend recommended during the financial year 2018-19.
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 2019-20.
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, Nagarjuna Hills, Panjagutta, Hyderabad-500082. Telangana State Tel.No.040-33605123/124/125, Fax No.040-23350234 e-mail id: investors@naclind.com
9)	Website	:	www.naclind.com
10)	Communication regarding registration of 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 **Note:** Shareholders holding shares in electronic mode should address all correspondence to their respective Depository Participants.
11)	Share Transfer system	:	Shares lodged for physical transfer at the RTA address are normally processed within a period of fifteen days from the date of lodging, if the documents are clear in all respects. The shares duly transferred would be dispatched to the concerned shareholders within a week from the date of approval of transfers by the Stakeholders Relationship Committee.
12)	Secretarial Audit	:	Mr. K. V. Chalama Reddy, Practicing Company Secretary has conducted a secretarial audit of the Company for the year 2018-19. 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.

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
2004-05	Final	7
2005-06	Final	20
2006-07	Interim	20
2006-07	Final	20
2007-08	Interim-1	10
2007-08	Interim-2	10
2007-08	Interim-3	10
2007-08	Final	15
2008-09	Interim-1	10
2008-09	Interim-2	10
2008-09	Final	30
2009-10	Interim-1	20
2009-10	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

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 This certificate is annexed to this Report.

16) The Company has not issued any GDRS/ADRS and there are no warrants or any Convertible instruments.

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 No. 34.4 of the Standalone Financial Statements.

18) Location of Plants and R&D unit:

a) Plot No. 177, Arinama Akkivalasa, Etcherla Mandal, Srikakulam District PIN-532403, Andhra Pradesh.

b) Ethakota, Ravulapalem P.O, East Godavari District, PIN-533238, Andhra Pradesh.

c) 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 01st April, 2018 to 31st March, 2019 are as follows:

Period	NACL Price (BSE)		BSE Sensex Index		NACL Price (NSE)		NSE Nifty Index	
	High	Low	High	Low	High	Low	High	Low
April,2018	46.50	39.15	35213.30	32972.56	46.40	38.35	10759.00	10111.30
May, 2018	42.00	28.50	35993.53	34302.89	42.60	28.30	10929.20	10417.80
June,2018	32.90	26.15	35877.41	34784.68	33.00	26.05	10893.25	10550.90
July, 2018	40.30	27.20	37644.59	35106.57	41.20	27.00	11366.00	10604.65
Aug, 2018	43.20	33.10	38989.65	37128.99	43.80	33.25	11760.20	11234.95
Sept, 2018	35.50	26.95	38934.35	35985.63	35.85	26.90	11751.80	10850.30
Oct, 2018	30.00	25.00	36616.64	33291.58	30.05	22.40	11035.65	10004.55
Nov, 2018	29.45	25.30	36389.22	34303.38	29.50	25.50	10922.45	10341.90
Decem, 2018	29.50	26.00	36554.99	34426.29	29.50	25.55	10985.15	10333.85
Jan, 2019	29.15	26.00	36701.03	35375.51	29.40	25.25	10987.45	10583.65
Feb, 2019	34.20	27.00	37172.18	35287.16	34.40	27.10	11118.10	10585.65
Mar, 2019	34.00	28.90	38748.54	35926.94	32.50	28.50	11630.35	10817.00

20) Performance in comparison to Sensex

Share prices movement for the period April, 2018 to March, 2019 of the Company and Sensex is given below:

Month	NACL Price (BSE)			BSE Sensex Index		
	High	Low	Close	High	Low	Close
April,2018	46.50	39.15	42.35	35213.30	32972.56	35160.36
May, 2018	42.00	28.50	31.20	35993.53	34302.89	35322.38
June,2018	32.90	26.15	29.20	35877.41	34784.68	35423.48
July, 2018	40.30	27.20	38.65	37644.59	35106.57	37606.58
Aug, 2018	43.20	33.10	34.75	38989.65	37128.99	38645.07
Sept, 2018	35.50	26.95	27.05	38934.35	35985.63	36227.14
Oct, 2018	30.00	25.00	27.60	36616.64	33291.58	34442.05
Nov, 2018	29.45	25.30	27.45	36389.22	34303.38	36194.30
Dec, 2018	29.50	26.00	27.70	36554.99	34426.29	36068.33
Jan, 2019	29.15	26.00	27.25	36701.03	35375.51	36256.69
Feb, 2019	34.20	27.00	28.90	37172.18	35287.16	35867.44
Mar, 2019	34.00	28.90	29.90	38748.54	35926.94	38672.91

BSE Sensex Vs NACL Share Price

21) Performance in comparison to Nifty

Share prices movement for the period April, 2018 to March, 2019 of the Company and Nifty is given below:

Month	NACL Price (NSE)			Nifty Index		
	High	Low	Close	High	Low	Close
April,2018	46.40	38.35	42.25	10759.00	10111.30	10739.35
May, 2018	42.60	28.30	31.20	10929.20	10417.80	10736.15
June,2018	33.00	26.05	29.05	10893.25	10550.90	10714.30
July, 2018	41.20	27.00	38.80	11366.00	10604.65	11356.50
Aug, 2018	43.80	33.25	34.80	11760.20	11234.95	11680.50
Sept, 2018	35.85	26.90	27.30	11751.80	10850.30	10930.45
Oct, 2018	30.05	22.40	27.40	11035.65	10004.55	10386.60
Nov, 2018	29.50	25.50	27.25	10922.45	10341.90	10876.75
Dec,2018	29.50	25.55	27.30	10985.15	10333.85	10862.55
Jan, 2019	29.40	25.25	27.50	10987.45	10583.65	10830.95
Feb, 2019	34.40	27.10	28.50	11118.10	10585.65	10792.50
Mar, 2019	32.50	28.50	29.95	11630.35	10817.00	11623.90

Nifty Index Vs NACL Share Price

22) 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.

23) Distribution of Shareholding:

The distribution of shareholding as on 31st March, 2019 was as follows:

Shareholding range	Shareholders		Share Amount	
	Member	in %	Rs.	in %
001 - 5000	6,385	49.05	11,25,759	00.67
50001 - 10000	1,484	11.40	12,33,029	00.74
10001 -20000	3,339	25.66	42,96,675	02.57
20001- 30000	508	03.90	12,90,126	00.77
30001- 40000	255	01.96	9,14,489	00.55
40001- 50000	196	01.51	9,36,986	00.56
50001-100000	425	03.26	30,02,931	01.79
100001 & above	425	03.26	15,46,20,265	92.35
Total	**13,017**	**100.00**	**16,74,20,260**	**100.00**

	Category	No of shares held	% of shareholding
A	**Promoters Holdings (A)**	11,66,41,860	69.67
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	31,61,124	1.89
	c) Central Govt./State Govt./President of India.		
	II) **Others:**		
	a) Private Corporate Bodies	1,40,68,346	08.40
	b) Indian Public	2,95,93,613	17.68
	c) Directors/Relatives	92,496	0.05
	d) Employees	4,94,771	0.29
	e) NRIs/OCBs	8,16,851	0.49
	f) Clearing members	14,536	0.01
	g) Others	25,36,663	01.52
	Sub-total (B I + B II)	**5,07,78,400**	**30.33**
	Grand Total (A) + (B)	**16,74,20,260**	**100.00**

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

S. No	Name of the Promoters	No. of shares held	No. of Warrants held
1.	KLR Products Limited	11,36,23,500	-
2.	K.Lakshmi Raju	30,18,360	46,87,500

25) Dematerialization of Shares and Liquidity:

Trading in equity shares of the Company is permitted only in dematerialized form as per the notification issued by SEBI. Dematerialization of shares is done through M/s.XL Softech System Ltd., Hyderabad and on an average the dematerialization process is completed within 21 days from the receipt of the valid demat request along with all documents. The breakup of physical and dematerialized shares as on 31st March, 2019:

Mode	No. of shares held	Shareholding %
Demat	16,36,22,080	97.73
Physical	37,98,180	2.27
Total	16,74,20,260	100

For and on beh alf of the Board

K.Lakshmi Raju
Chairperson
(DIN:00545776)

Place: Hyderabad
Date: 03rd July, 2019

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

The Board 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 31st March, 2019.

V.Vijay Shankar
Managing Director
(DIN:00015366)

Place: Hyderabad
Date:29th May, 2019

COMPLIANCE CERTIFICATE

We, V. Vijay Shankar, Managing Director and R.K.S. Prasad, Chief Financial Officer, of NACL Industries Limited, hereby certify that:

A. In terms of Regulation 33(2)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 we have reviewed the Audited Financial Results for the fourth quarter and financial year ended 31st March, 2019 and to the best of our knowledge and belief such Statements do not contain any false, untrue or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

B. We have reviewed the Audited Financial Statement (including Balance Sheet and Profit & Loss Account and notes on accounts) and the Cash Flow Statement of the Company for the financial year ended 31st March, 2019 and

   i) the statements do not contain any materially untrue statement or omit to state a material factor contains statement that might be misleading;

   ii) these statements together present a true and fair view of the Company's affairs and are incompliance with existing Accounting Standards, applicable laws and regulations.

C. To the best of our knowledge and belief that, no transactions entered into by the Company during the financial year ended 31st March, 2019, which are fraudulent, illegal or violative of the Company's code of conduct.

D. 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 take nor propose to take to rectify these deficiencies.

E. We have indicated to the Auditors and the Audit Committee:

   i. There have been no significant changes in the internal controls over financial reporting during the financial year 2018-19.

   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.

Place: Hyderabad	**R.K.S.Prasad**	**V.Vijay Shankar**
Date: 29th May, 2019	Chief Financial Officer (FCA 024958)	Managing Director (DIN:00015366)

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To

The Members of NACL Industries Limited

I have examined the relevant records of NACL Industries Limited ("Company") for the purpose of certifying compliance of the conditions of the Corporate Governance as specified in regulations 17-27, clauses (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) Regulations, 2015 ("Listing Regulations"), for the financial year ended 31st March, 2019. I have obtained all the information and explanations which to the best of my 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 our 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, I certify that, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, as applicable for the said financial year ended 31st March, 2019.

Restrictions on Use

This certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

K.V.Chalama Reddy

Practicing Company Secretary

M. No: F9268, C.P No: 5451

Place: Hyderabad

Date: 03rd July, 2019

INDEPENDENT AUDITOR'S REPORT

To The Members of NACL Industries Limited (formerly Nagarjuna Agrichem Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of NACL Industries Limited (formerly Nagarjuna Agrichem Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2019, 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, 2019, and its loss, total comprehensive loss, 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
Refer Note 23 to the standalone financial statements Revenue from sale of goods (hereinafter referred to as 'Revenue') is recognised when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery, and depends on the contractual terms agreed with the customers. Recognition of revenue closer to period-ends has to be specifically assessed for accounting in the correct period.	We carried out a combination of procedures involving test of internal controls and substantive procedures including: • Assessing the appropriateness of the Company's Revenue recognition accounting policies in line with Ind AS 115 ('Revenue from contracts with customers') and testing thereof; • Evaluating the integrity of the general information and technology control environment and testing the operating effectiveness of key IT application controls. • Evaluating the design and implementation of Company's controls in respect of revenue recognition. • Testing of effectiveness of such controls over revenue cut off at year-end. • Testing supporting documentation for sales transactions recorded during the period closer to the year end and subsequent to the year end, including examination of credit notes issued after the year end to determine whether revenue was recognised in the correct period. Performing analytical procedures on current year revenue based on monthly trends and where appropriate, conducting further enquiries and testing.

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 Director's Report, but does not include the standalone financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

- In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
- When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 will be 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.

2. As required by the Companies (Auditor's Report) Order, 2016 ("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.

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

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 29, 2019

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 (formerly Nagarjuna Agrichem Limited) ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The 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 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, 2019, 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.

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

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 29, 2019

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)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situationof property, plant and equipment.

(b) The Company has a program of verification of fixed assets 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 fixed assets 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) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for term loans and working capital loan are held in the name of the Company based on the confirmations directly received by us from lenders

ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

iii. According to the information and explanations given to us, the Company has granted loans, unsecured, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any outstanding unclaimed deposits as at March 31, 2019 and therefore, 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 for pesticides. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees'

State Insurance, Income-tax, Goods & Services Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Services Tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales Tax, Service Tax, and Value Added Tax which have not been deposited as on March 31, 2019 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	2005-06 2006-07	8	8
Central Excise Act,1994	Excise duty	Addl. Commissioner (Appeals), Visakhapatnam	2007-08	12	12
Sales Tax Act	Sales Tax	Sales Tax Department	2012-13 2013-14 2014-15 2015-16	40	32

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, 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. According to the information and explanations given to us, the Company has made preferential allotment of shares and share warrants during the year under review.

In respect of the above issue, we further report that:

a. the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and

b. the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 29, 2019

Balance Sheet as at March 31, 2019

(₹ in lakhs, unless otherwise stated)

	Particulars	Note	As at March 31, 2019	As at March 31, 2018
I	**ASSETS**			
	1 Non-current assets			
	(a) Property, plant and equipment	4	**13,673**	14,893
	(b) Capital work-in-progress	4	**1,517**	220
	(c) Intangible assets	5	**470**	891
	(d) Intangible assets under development	5	**554**	252
	(e) Financial assets			
	(i) Investments	6	**855**	526
	(ii) Loans	7	**-**	167
	(iii) Other financial assets	8	**316**	374
	(f) Other non-current assets	9	**246**	577
	(g) Deferred tax assets (net)	20	**103**	-
	(h) Income tax assets		**491**	-
	Total Non-current assets		**18,225**	**17,900**
2	**Current assets**			
	(a) Inventories	10	**22,401**	20,208
	(b) Financial assets			
	(i) Trade receivables	11	**26,772**	28,668
	(ii) Cash and cash equivalents	12	**680**	668
	(iii) Other bank balances	13	**519**	156
	(iv) Other financial assets	8	**469**	170
	(c) Current tax assets (net)	14	**267**	-
	(d) Other current assets	9	**4,355**	3,104
	Total current assets		**55,463**	**52,974**
	Total assets		**73,688**	**70,874**
II	**EQUITY AND LIABILITIES**			
	1 Equity			
	(a) Equity share capital	15	**1,674**	1,563
	(b) Other equity	16	**26,191**	21,937
	Total equity		**27,865**	**23,500**
	2 Non-current liabilities			
	(a) Financial liabilities			
	(i) Borrowings	17	**1,177**	2,024
	(ii) Other financial liabilities	18	**1,142**	1,224
	(b) Provisions	19	**382**	299
	(c) Deferred tax liabilities (net)	20	**-**	678
	Total non current liabilities		**2,701**	**4,225**
3	**Current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	17	**18,574**	19,871
	(ii) Trade payables	21		
	(a) total outstanding dues of micro enterprises and small enterprises		**301**	396
	(b) total outstanding dues of creditors other than micro enterprises and small enterprises		**20,599**	17,864
	(iii) Other financial liabilities	18	**1,551**	2,323
	(b) Provisions	19	**173**	312
	(c) Current tax liabilities (net)	14	**136**	7
	(d) Other current liabilities	22	**1,788**	2,376
	Total current liabilities		**43,122**	**43,149**
	Total liabilities		**45,823**	**47,374**
	Total equity and liabilities		**73,688**	**70,874**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : May 29, 2019

for and on behalf of the Board of Directors

Sudhakar Kudva
Director
(DIN:02410695)

V.Vijay Shankar
Managing Director
(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer
Place : Hyderabad
Date : May 29, 2019

Satish Kumar Subudhi
Company Secretary

Statement of Profit & Loss Account for the year ended March 31, 2019

(₹ in lakhs, unless otherwise stated)

	Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
I	**INCOME**			
	Revenue from operations	23	**86,549**	86,517
	Other income	24	**2,570**	1,906
	Total income		**89,119**	**88,423**
II	**EXPENSES**			
	Cost of materials consumed	25	**57,446**	48,614
	Purchases of stock-in-trade		**5,983**	6,271
	Changes in inventories of finished goods, work in progress and stock-in-trade	26	**(2,325)**	1,348
	Excise duty		**-**	1,911
	Employee benefits expenses	27	**7,931**	6,903
	Finance costs	28	**3,398**	3,342
	Depreciation and amortization expenses	29	**2,035**	1,977
	Other expenses	30	**16,143**	16,599
	Total expenses		**90,611**	**86,965**
III	**(Loss)/Profit before tax (I - II)**		**(1,492)**	1,458
IV	**Tax expense**			
	(i) Current tax	14.1	**-**	540
	(ii) Deferred tax	14.1	**(654)**	(154)
	Total tax expenses		**(654)**	**386**
V	**(Loss)/Profit for the year (III - IV)**		**(838)**	1,072
VI	**Other comprehensive income**			
	Items that will not be reclassified subsequently to statement of profit and loss			
	(a) Remeasurement of defined benefit obligation	19	**5**	71
	(b) Income tax expense on remeasurement above	14.1	**(2)**	(25)
	Total other comprehensive income		**3**	46
VII	**Total comprehensive (loss)/income for the year (V + VI)**		**(835)**	1,118
VIII	**Earnings per equity share ₹ 1 each**			
	Basic (₹)	35	**(0.54)**	0.69
	Diluted (₹)	35	**(0.53)**	0.68

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : May 29, 2019

for and on behalf of the Board of Directors

Sudhakar Kudva
Director
(DIN:02410695)

V.Vijay Shankar
Managing Director
(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer
Place : Hyderabad
Date : May 29, 2019

Satish Kumar Subudhi
Company Secretary

Cash Flow Statement for the year ended March 31, 2019

(₹ in lakhs, unless otherwise stated)

Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES			
(Loss)/Profit before tax		(1,492)	1,458
Adjustments for:			
Depreciation and amortisation expense		2,035	1,977
Finance costs		3,398	3,342
Interest income		(76)	(68)
Unrealised forex (loss)/gain		415	103
Excess provisions, no longer required, written back		-	(184)
Provision for doubtful debts and advances		350	210
Loss on sale of property, plant and equipment (net)		84	118
Share-based payments		16	15
Bad debts written off		147	101
Operating profit before working capital changes		**4,877**	**7,072**
Changes in working capital:			
Adjustment for (increase)/decrease in operating assets:			
Inventories		(2,193)	964
Trade receivables		1,334	(6,712)
Other financial assets		(381)	(23)
Other Current assets		(1,333)	(1,156)
Adjustment for increase/(decrease) in operating liabilities:			
Trade payables		2,567	3,809
Provisions		(56)	(354)
Other financial liabilities		(313)	(302)
Other current liabilities		(588)	(82)
Cash generated from operations		**3,914**	**3,216**
Income taxes paid (net)		(267)	(769)
Net cash generated from operating activities	**(A)**	**3,647**	**2,447**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment including capital advances		(2,251)	(1,341)
Proceeds from sale of property, plant and equipment		13	14
Investments made in subsidiary and associate		(329)	(1)
Movement in other bank balances		(363)	(126)
Interest income received		219	36
Net cash used in investing activities	**(B)**	**(2,711)**	**(1,418)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity shares		5,587	28
Proceeds from non-current borrowings		500	850
Repayment of non-current borrowings		(1,803)	(1,527)
Movement in current borrowings		(1,579)	3,074
Dividend paid including tax thereon		(236)	(234)
Finance costs paid		(3,393)	(3,323)
Net cash used in financing activities	**(C)**	**(924)**	**(1,132)**
Net increase/(decrease) in cash and cash equivalents (D) = (A+B+C)		**12**	**(103)**
Cash and cash equivalents at the beginning of the year (E)		**668**	**771**
Cash and cash equivalents at the end of the year (F) = (D)+(E) (refer note 1)		**680**	**668**

Cash Flow Statement for the year ended March 31, 2019

(₹ in lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Note:		
1. Cash and cash equivalents comprises of (Refer note 12)		
(a) Balance with Banks		
In Current accounts	676	660
(b) Cash on hand	4	8
Cash and cash equivalents as per cash flows	680	668

2. (i) Reconciliation of liabilities from financing activities

Particulars	As at March 31, 2018	Proceeds	Repayments	Foreign currency translation	As at March 31, 2019
Long term borrowings (including current portions)	3,820	500	1,803	-	2,517
Short-term borrowings	19,871	-	1,579	282	18,574
Total liabilities from financing activities	**23,691**	**500**	**3,382**	**282**	**21,091**

2. (ii) Reconciliation of liabilities from financing activities

Particulars	As at March 31, 2017	Proceeds	Repayments	Foreign currency translation	As at March 31, 2018
Long term borrowings (including current portions)	4,497	850	1,527	-	3,820
Short-term borrowings	16,761	3,074	-	36	19,871
Total liabilities from financing activities	**21,258**	**3,924**	**1,527**	**36**	**23,691**

Note:

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 financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : May 29, 2019

for and on behalf of the Board of Directors

Sudhakar Kudva
Director
(DIN:02410695)

V.Vijay Shankar
Managing Director
(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer
Place : Hyderabad
Date : May 29, 2019

Satish Kumar Subudhi
Company Secretary

Statement of changes in equity for the year ended March 31, 2019

(₹ in lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Note	Number of shares	Amount
Balance as at March 31, 2017		**156,144,008**	**1,561**
Add: Issue of equity shares under Company's employee stock option plan	15.2	164,376	2
Balance as at March 31, 2018		**156,308,384**	**1,563**
Add: Issue of equity shares under Company's employee stock option plan	15.2	174,376	2
Add: Issue of equity shares under Preferential Allotment		10,937,500	109
Balance as at March 31, 2019		**167,420,260**	**1,674**

B. Other equity

Particulars	Reserves and surplus				Items of other comprehensive income	Stock Option Reserve	Equity Share warrants	Total
	Capital reserve	Securities premium	General reserve	Retained earnings	Equity instruments through other comprehensive income			
Balance as at March 31, 2017	**21**	**216**	**4,175**	**17,114**	**(499)**	**-**	**-**	**21,027**
Profit for the year	-	-	-	1,072	-	-	-	1,072
Other Comprehensive Income for the year net of income tax	-	-	-	46	-	-	-	46
Stock option on vesting of employee stock options	-	-	-	-	-	15	-	15
Stock option on exercise of employee stock options	-	-	-	-	-	(15)	-	(15)
Amount received on exercise of employee stock options	-	26	-	-	-	-	-	26
Payment of dividends including tax thereon	-	-	-	(234)	-	-	-	(234)
Balance as at March 31, 2018	**21**	**242**	**4,175**	**17,998**	**(499)**	**-**	**-**	**21,937**
Loss for the year	-	-	-	(838)	-	-	-	(838)
Other Comprehensive Income for the year net of income tax	-	-	-	3	-	-	-	3
Stock option on vesting of employee stock options	-	-	-	-	-	16	-	16
Stock option on exercise of employee stock options	-	-	-	-	-	(16)	-	(16)
Amount received on exercise of employee stock options & Preferential Allotment	-	3,419	-	-	-	-	-	3,419
Expenses incurred on issue of preferential shares	-	(94)	-	-	-	-	-	(94)
Amount received on issue of equity share warrants	-	-	-	-	-	-	2,000	2,000
Payment of dividends including tax thereon	-	-	-	(236)	-	-	-	(236)
Balance as at March 31, 2019	**21**	**3,567**	**4,175**	**16,927**	**(499)**	**-**	**2,000**	**26,191**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : May 29, 2019

for and on behalf of the Board of Directors

Sudhakar Kudva
Director
(DIN:02410695)

V.Vijay Shankar
Managing Director
(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer
Place : Hyderabad
Date : May 29, 2019

Satish Kumar Subudhi
Company Secretary

Notes to the Financial Statements

1. General Information

NACL Industries Limited (formerly Nagarjuna Agrichem Limited) ("the Company"), is a Public Limited Company listed with the BSE Limited and National Stock Exchange Limited. The Company is in the business of crop protection and manufactures both Technicals (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 standalone 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 standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, and on accrual basis.

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 17, 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 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 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses for the periods reported.

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

Future results could differ from these estimates – estimates and underlying assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are reflected in the financial statements in the period in which results are known and, if material, are disclosed in the financial statements.

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 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 delivery. 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. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Interest Income

Interest income from financial assets is recognised when it is probable that 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 assets to that asset's net carrying amount on initial recognition.

2.5 Other income

a) Dividend income from investments is recognised in the year in which the right to receive the payment is established.

b) 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.

2.6 Leasing

As a lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease

The lease rentals under such agreements are recognised in the statement of profit and loss as per the terms of the lease. Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

As a lessor

Operating lease

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

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 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.

2.9 Foreign currencies

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.

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

2.11 Government grants

The benefit of a government loan/subsidy at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on effective interest rates.

Export entitlements from government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

2.12 Employee benefits

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

2.12.1 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.

2.12.2 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.

2.12.3 Short-term employee benefits

The employees of the Company are entitled to compensated absences. The employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on projected unit credit method.

2.12.4 Other long-term employee benefits

Other long term employee benefit comprise of leave encashment which is provided for based on the actuarial valuation carried out as at the end of the year.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.13 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.

2.14 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.

2.15 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.

2.15.1 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.

2.15.2 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.

2.15.3 Minimum Alternate Tax (MAT) Credit

Minimum alternate tax (MAT) credit is recognised in accordance with tax laws in India as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. The Company reviews the MAT credit at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.15.4 Current tax and deferred tax for the year

Current tax 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.

2.16 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 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.

2.17 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.

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.

2.18 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:

- Goodwill is amortised over a period of 10 years

- 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 statement of profit and loss when the asset is derecognized.

2.19 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.

2.20 Impairment of assets

2.20.1 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.

2.20.2 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 it's trade receivables. The provision matrix is based on it's 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.

2.21 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-process** - 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. Excise duty is included in the value of finished goods;

iv. **Stores and Spares, Packing Material** - Weighted average cost;

v. **Stock-in-trade** - Weighted average cost.

2.22 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.

2.23 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 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 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 with in one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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.

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.

2.24 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.

2.25 Exceptional Items

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

2.26 Recent accounting pronouncements:

Standards issued but not yet effective: -

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements is disclosed below. The Company intends to adopt the standard, if applicable, when it becomes effective.

IND AS 116 – Leases:

Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires leases to account for all leases under a single on balance sheet model, similar to accounting for finance lease under Ind AS 17.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessee will be required to separately recognise the interest expense on the lease liability and depreciation expense on the right of use asset. The Company is evaluating the impact of this amendment on its financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company’s accounting policies the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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 Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

Contingences 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.

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.

Notes to the Financial Statements

4. Property, plant and equipment and capital work-in-progress **(₹ in lakhs, unless otherwise stated)**

4.1 Carrying amounts of:

Particulars	As at March 31, 2019	As at March 31, 2018
Land	2,508	2,508
Buildings	3,134	3,201
Plant and equipment	7,565	8,689
Furniture and fixtures	192	228
Vehicles	83	72
Office equipment	55	51
Computers	136	144
Total	**13,673**	**14,893**
Capital work-in-progress	1,517	220

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, 2017	**2,508**	**4,832**	**31,374**	**593**	**173**	**218**	**575**	**40,273**
Add: Additions	-	163	801	7	14	11	55	1,051
Less: Disposals	-	-	-	-	36	2	60	98
Balance as at March 31, 2018	**2,508**	**4,995**	**32,175**	**600**	**151**	**227**	**570**	**41,226**
Add: Additions	-	83	303	17	24	21	50	498
Less: Disposals	-	-	2	-	23	1	27	53
Balance as at March 31, 2019	**2,508**	**5,078**	**32,476**	**617**	**152**	**247**	**593**	**41,671**

4.3 Accumulated depreciation:

Particulars	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers	Total
Balance as at March 31, 2017	**-**	**1,653**	**21,980**	**318**	**99**	**161**	**427**	**24,638**
Less: Disposals	-	-	-	-	33	1	55	89
Add: Depreciation expense	-	141	1,506	54	13	16	54	1,784
Balance as at March 31, 2018	**-**	**1,794**	**23,486**	**372**	**79**	**176**	**426**	**26,333**
Less: Disposals	-	-	1	-	21	1	24	47
Add: Depreciation expense	-	150	1,426	53	11	17	55	1,712
Balance as at March 31, 2019	**-**	**1,944**	**24,911**	**425**	**69**	**192**	**457**	**27,998**

4.4 Carrying amounts:

Particulars	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers	Total
Balance as at March 31, 2018	**2,508**	**3,201**	**8,689**	**228**	**72**	**51**	**144**	**14,893**
Balance as at March 31, 2019	**2,508**	**3,134**	**7,565**	**192**	**83**	**55**	**136**	**13,673**

Notes:

(i) Above includes opening gross block of ₹ 1,924 lakhs (2018: ₹ 1,910 lakhs), additions amounting to ₹ 45 lakhs (2018: ₹ 6 lakhs) and net block amounting to ₹ 997 lakhs (2018: ₹ 1,042 lakhs) in respect of in-house research and development.

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

5. Intangible assets and intangible assets under development

5.1 Carrying amounts of:

Particulars	As on March 31, 2019	As on March 31, 2018
Goodwill	-	-
Computer software	36	55
Developed products	434	836
Technical knowhow	-	-
Total	**470**	891
Intangible assets under development	**554**	252

5.2 Movement of intangible assets:

Particulars	Goodwill	Computer software	Developed products	Technical Knowhow	Total
Cost or deemed cost					
Balance as at March 31, 2017	**121**	**324**	**1,012**	**65**	**1,522**
Add: Additions	-	55	635	-	690
Less: Disposals	-	-	393	-	393
Balance as at March 31, 2018	**121**	**379**	**1,254**	**65**	**1,819**
Add: Additions	-	-	-	-	-
Less: Disposals	-	-	54	-	54
Balance as at March 31, 2019	**121**	**379**	**1,200**	**65**	**1,765**

5.3 Accumulated amortisation:

Particulars	Goodwill	Computer software	Developed products	Technical Knowhow	Total
Balance as at March 31, 2017	**121**	**324**	**360**	**65**	**870**
Less: Disposals	-	-	268	-	268
Add: Amortisation expense	-	-	326	-	326
Balance as at March 31, 2018	**121**	**324**	**418**	**65**	**928**
Less: Disposals	-	-	13	-	13
Add: Amortisation expense	-	19	361	-	380
Balance as at March 31, 2019	**121**	**343**	**766**	**65**	**1,295**

5.4 Carrying amounts of:

Particulars	Goodwill	Computer software	Developed products	Technical Knowhow	Total
Balance as at March 31, 2018	-	55	836	-	891
Balance as at March 31, 2019	-	36	434	-	470

6. Non-current investments

Particulars	Nominal value	Number of shares	As at March 31, 2019	Number of shares	As at March 31, 2018
Unquoted equity investments (all fully paid)					
(a) Investment in subsidiaries at cost					
Nagarjuna Agrichem (Australia) Pty Limited (Refer note (i) below)	AUD 1	64,734	32	52,277	25
LR Research Laboratories Private Limited	₹ 10	10,000	1	10,000	1
(a) Investment in associate at cost					
Nasense Labs Private Limited (Refer note (ii) below)	₹ 10	6,127,513	816	4,936,052	494

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Particulars	Nominal value	Number of shares	As at March 31, 2019	Number of shares	As at March 31, 2018
(a) Other equity investment at fair value through other comprehensive income					
New India Co-operative Bank Limited	₹ 10	50,000	5	50,000	5
SVC Co-operative Bank Limited	₹ 25	100	*	100	*
Total equity investments (A)			**854**		**525**
Investment in preference shares at fair value through other comprehensive income					
Nagaarjuna Shubho Green Technologies Private Limited					
10% cumulative redeemable preference shares	₹ 100	5,00,000	1	5,00,000	1
Total other investments (B)			**1**		**1**
Total unquoted investments (A) + (B)			**855**		**526**

*less than a lakh

Notes:

(i) The Company infused additional share capital ₹ 7 lakhs (comprising 12,457 number of equity shares of AUD 1 each) during the year.

(ii) Pursuant to agreement with Nasense Labs Private Limited, the Company converted the outstanding loan amount, interest accrued thereon and other receivables aggregating to ₹ 324 lakhs to equity share capital comprising of ₹ 322 lakhs denominated in 617,007 and 574,454 number of equity shares of ₹ 10 each (premium of ₹ 17 each) alloted on July 11, 2018 and September 27, 2018 respectively.

7. Loans

Particulars	As at March 31, 2019	As at March 31, 2018
Non Current		
Unsecured, considered good		
Loan to associate company - Nasense Labs Private Limited	-	167
Total	**-**	**167**

8. Other financial assets

Particulars	As at March 31, 2019	As at March 31, 2018
Non - Current		
Security deposits (refer note below)	316	313
Others	-	61
Total	**316**	**374**
Current		
Interest accrued on deposits and others	12	155
Insurance claims receivable	227	-
Interest receivable from dealers, considered good	215	-
Interest receivable from dealers, considered doubtful	2	-
Allowance for doubtful interest receivable from dealers	(2)	-
Others	15	15
Total	**469**	**170**

Note:

Security deposits include rental deposit aggregating ₹ 50 lakhs (2018: ₹ 50 lakhs) with Smt. K. Lakshmi Raju, Chairperson of the Company.

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

9. Other assets

Particulars	As at March 31, 2019	As at March 31, 2018
Non Current		
Capital advances	141	60
Balance with government authorities	102	512
Prepaid expenses	3	5
Total	**246**	**577**
Current		
Advance to suppliers	796	439
Balance with government authorities	2,595	2,277
Advance to related parties (refer note 31)	7	99
Prepaid expenses	269	284
Export Incentive Receivable	684	-
Advance to employees	4	5
Total	**4,355**	**3,104**

10. Inventories

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials (refer note (i) and (ii) below)	6,031	6,176
Work-in-progress	1,342	1,067
Finished goods (refer note (ii) below)	10,447	8,934
Traded goods	3,210	2,673
Packing materials	667	741
Stores and spares	704	617
Total	**22,401**	**20,208**

Notes:

(i) Raw materials includes goods in transit ₹ 640 lakhs (2018: ₹ 1,230 lakhs).

(ii) Raw materials aggregating ₹ Nil lakhs (2018: ₹ 85 lakhs) are written off during the year. Finished goods written off during the year on account of expired stock aggregated ₹ 13 lakhs (2018: ₹ 105 lakhs).

(iii) Inventory is hypothecated to working capital lenders.

11. Trade receivables

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Unsecured, considered good	26,772	28,668
Considered doubtful	224	797
Allowance for doubtful debts	(224)	(797)
Total	**26,772**	**28,668**

Note:

Expected credit loss (ECL):

(i) (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.

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

(ii) Movement in the allowance for doubtful debts

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Balance at the beginning of the year	797	1,520
Provision made during the year	350	190
Provision reversed against receivables write-off	(923)	(913)
Balance at the end of the year	**224**	**797**

(iii) The concentration of risk with respect to trade receivables is reasonably low, as its Company's customers are located in several jurisdictions representing large number of minor receivables operating in independent markets. No single customer constitutes more than 5% balance of the total trade receivables as at the Balance Sheet date.

12. Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks		
In current accounts	676	660
Cash on hand	4	8
Total	**680**	**668**

13. Other bank balances

Particulars	As at March 31, 2019	As at March 31, 2018
In earmarked accounts		
Unclaimed dividend accounts	21	16
Margin money / deposit (refer note below)	498	140
Total	**519**	**156**

Note:

Margin money / deposit

Amounts in margin money represents deposit with bank against the letter of credit and bank guarantees issued by them and deposit accounts represent amounts deposited with certain government agencies.

14. Current tax asset / liability

Particulars	As at March 31, 2019	As at March 31, 2018
Advance tax (net of provison ₹ Nil; March 31, 2018 ₹ Nil)	267	-
Provision for tax (net of advance tax ₹ 1,593 lakhs; March 31, 2018 ₹ 1,593 lakhs)	136	7

14.1 Tax expense

A. Income tax expense / (benefit) recognised in the statement of profit and loss

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax		
In respect of current year	-	540
Total (A)	**-**	**540**
Deferred tax credit:		
In respect of current year	(654)	107
MAT credit	-	(261)
Total (B)	**(654)**	**(154)**
Total tax expense (A)+(B)	**(654)**	**386**

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Income tax expense/(benefit) recognised directly in equity consists of:		
Tax effect on actuarial gains/losses on defined benefit obligations	(2)	(25)
Total	**(2)**	**(25)**

C. Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(Loss)/Profit before tax	(1,492)	1,458
Enacted rate in India	34.94%	34.61%
Computed expected tax expense	**(521)**	**505**
Effect of exemptions / deductions for tax purpose	(739)	(1,088)
Effect of expenses that are not deductible in determining taxable profit	606	1,230
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	-	-
Excess of MAT tax over normal tax	-	-
MAT Credit entitlement	-	(261)
Income tax expense	**(654)**	**386**
Effective tax rate	**44%**	**26%**

15. Equity

15.1 Equity share capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
Authorised share capital:	250,000,000	2,500	200,000,000	2,000
Fully paid equity shares of ₹ 1 each (refer note below)				
Issued, subscribed and fully paid up capital	167,420,260	1,674	156,308,384	1,563
Fully paid equity shares of ₹ 1 each				
Total	**167,420,260**	**1,674**	**156,308,384**	**1,563**

Note:
The Company increased its authorised share capital from 200,000,000 equity shares of ₹ 1 each to 250,000,000 equity shares of ₹ 1 each after obtaining the regulatory approvals.

15.2 Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
Share capital at the beginning of the year	**156,308,384**	**1,563**	**156,144,008**	**1,561**
Add: Issue of equity shares under Company's employee stock option plan	174,376	2	164,376	2
Add: Issue of equity shares under Preferential Allotment	10,937,500	109	-	-
Share capital at the end of the year	**167,420,260**	**1,674**	**156,308,384**	**1,563**

15.3 Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. 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 the number of equity shares held by the shareholders.

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

15.4 Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at March 31, 2019		As at March 31, 2018	
	% of shareholding	Number of shares held	% of shareholding	Number of shares held
KLR Products Limited (Holding Company)	**67.87%**	**113,623,500**	72.69%	113,623,500

15.5 "Nagarjuna Agrichem Limited-Employee Stock Option Scheme-2015"

i) 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.

ii) 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.

iii) Summary of stock option:

Particulars	As at March 31, 2019	As at March 31, 2018
	Number of stock options	Number of stock options
Options outstanding at the beginning of the year	593,124	697,500
Options granted during the year	90,000	60,000
Options forfeited / lapsed during the year	-	-
Options exercised during the year*	174,376	164,376
Options outstanding at the end of the year**	508,748	593,124
Options vested but not exercised at the end of the year	-	-
* options exercised by employees of subsidiary companies	10,500	10,500
** options outstanding with employees of subsidiary companies	21,000	31,500

iv) Fair value of shares granted during the year:

The weighted average fair value of the share options granted during the year is ₹ 20.89 - ₹ 24.21. 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, 2019	As at March 31, 2018
Risk free Interest Rate (%)	6.43 - 7.29	6.74 - 7.73
Expected life (years)	6	6
Expected volatility (%)	61.84 - 82.46	63.92 - 64.89
Dividend yield (%)	0.32	0.31 - 0.66
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	-
Weighted average share price at the date of exercise	28	47
Weighted average remaining contractual life		
-Grant 1	3 - 4 years	3 - 4 years
-Grant 2	2 - 3 years	3 - 4 years
-Grant 3	4 - 5 years	5 - 6 years
-Grant 4	5 - 6 years	

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Assumptions :

Stock price : Closing price on BSE Limited on the previous date to the date of grant has been considered.

Volatility : The historical volatility over the expected life has been considered to calculate the fair value.

Risk-free rate of return : The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity nearly equal to the expected life of the options based on the zero-coupon yield curve Government securities.

Exercise price : Exercise price of ₹ 8 as per the ESOS-2015 considered.

Expected life : Expected life of options is the period for which the Company expects the options are available to be vested.

Expected dividend yield : Expected dividend yield has been calculated as an average of dividend yields for the financial years preceding the date of grant.

15.6 Preferntial allotment of equity shares:

The Board of Directors and the Shareholders, in their meetings held on February 08, 2019 and March 07, 2019 respectively, approved issuance of 10,937,500 equity shares (of face value of ₹ 1 each) on preferential basis to M/s. Krishi Rasayan Exports Private Limited and Mr. Rajesh Kumar Agarwal and Mr. Atul Churiwal, jointly representing M/s. Agro Life Science Corporation (collectively referred to as "Investors") 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. Basis of the shareholders approval, the Company entered into a Shareholders cum Share Subscription Agreement with the aforesaid Investors. Consequently, the Company allotted 10,937,500 equity shares of ₹ 1 each at an issue price of ₹ 32 subscribed by the said Investors on March 27, 2019. Upon the aforesaid allotment, the Company's paid up capital stands increased to 167,420,260 equity shares of ₹ 1 each.

16. Other equity

Particulars	As at March 31, 2019	As at March 31, 2018
General reserve	4,175	4,175
Reserve for equity instruments through other comprehensive income	(499)	(499)
Sharewarrants	2,000	-
Stock Option Reserve	-	-
Retained earnings	16,927	17,998
Capital reserve	21	21
Securities premium account	3,567	242
Total	**26,191**	**21,937**

16.1 Other equity

Particulars	As at March 31, 2019	As at March 31, 2018
Capital reserve	**21**	21
Securities premium account		
Opening balance	242	216
Add: On allotment of shares during the year	3,419	26
Less: Utilised	94	-
Closing balance	**3,567**	**242**
Amounts received on issue of shares in excess of the par value has been classified as securities premium.		
Stock option reserve		
Opening balance	-	-
Add: Stock options on vesting of employee stock options	16	15
Less: Stock option on exercise of employee stock options	16	15
Closing balance	**-**	**-**
This represents Employee stock option reserve on ESOS-2015 scheme of the Company.		

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
General reserve	**4,175**	**4,175**
This represents appropriation of profit by the Company.		
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		
Opening balance	-	-
Add/(less): Movement during the year	2,000	-
Closing balance	**2,000**	**-**
The balance represents part amount received against share warrants and pending conversion to equity shares allotted to M/s. Krishi Rasayan Exports Private Limited and Mr. Rajesh Kumar Agarwal and Mr. Atul Churiwal, jointly representing M/s. Agro Life Science Corporation and Mrs.K.Lakshmi Raju, a promoter of the Company, (collectively referred to as "Investors") pursuant to approval given by the Board and shareholders of the Company. The amount represents 25% of 25,000,000 warrants convertible into an equity share of ₹ 1 each at a price of ₹ 32, subscribed by the said Investors and Promoter.		
Retained earnings		
Opening balance	17,998	17,114
Add: (Loss)/Profit for the year	(838)	1,072
Add: Other comprehensive income arising from remeasurement of defined benefit obiligation (net of taxes)	3	46
	17,163	18,232
Less: Dividends including corporate dividend tax	236	234
Closing balance	**16,927**	**17,998**
Retained earnings comprise of undistributed earnings after taxes (including current year profits).		
Total	**26,191**	**21,937**

17. Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
Non current		
Secured - at amortised cost		
Term loans from banks (refer note (a) below)	1,177	1,981
Unsecured - at amortised cost		
Deferred payment liabilities (refer note (b) below)	-	43
Total - non current	**1,177**	**2,024**

Current		
Secured - at amortised cost		
Repayable on demand from banks (refer note (c) below)	17,480	18,392
Unsecured - at amortised cost		
from banks (refer note (d) below)		
Short term loans	-	1,311
Others	1,094	168
Total - current	**18,574**	**19,871**

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Notes:

a. Terms of repayment of term loans

New-India Co-operative Bank Limited

Particulars	As at March 31, 2019	As at March 31, 2018	Payment Terms
Term loans	1,133	1,765	Repayable over next 3 years
Secured by: first ranking pari-passu charge on fixed assets of the Company and other movable assets on pari-passu basis with other term loan lenders. Repayable in 8 quarterly instalments. Rate of interest 12.50% p.a.			

SVC Co-Operative Bank Limited

Particulars	As at March 31, 2019	As at March 31, 2018	Payment Terms
Term loan	1,341	2,010	Repayable over next 2 years
Secured by: first ranking pari-passu charge on fixed assets of the Company, second ranking pari-passu charge on current assets of the company and is guaranteed by Smt. K. Lakshmi Raju, Director of the Company. Repayable in 18 quarterly instalments. Rate of interest 12.50% p.a.			

Current maturities of non-current borrowings have been disclosed under the head other current financial liabilities.

(b) Deferred payment liabilities

The Government of Andhra Pradesh vide order No.10/1/9/0023/0387/ID dated January 31, 2001 had sanctioned sales tax deferment to the Company in respect of Acephate and Profenofos for a period of fourteen years commencing from September 9, 1997 for Acephate and from February 23, 2000 for Profenofos subject to a maximum of ₹ 1,029 lakhs. The sales tax deferred in a year is payable at the end of 14th year without interest. Since financial year 2006-07 the Company has decided not to avail the sales tax deferment. First repayment commenced from September 25, 2013 as prescribed in the order. Based on the sales tax returns the sales tax so deferred aggregates to ₹ 43 lakhs as at March 31, 2019 (2018 ₹ 47 lakhs). Of which ₹ 43 lakhs as at March 31, 2019 (2018 ₹ 4 lakhs) has been grouped under note 18 - other current financial liabilities, which are payable in next 12 months.

(c) Loans repayable on demand

Loans repayable on demand from banks (along with non fund based limits of letters of credit and bank guarantees) from the Consortium i.e. State Bank of India, IDBI Bank Limited, HDFC Bank Limited, SVC Co-operative Bank Limited RBL Bank Limited and Karnataka 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. The facilities sanctioned by State Bank of India and IDBI Bank Limited are guaranteed by Sri K.S. Raju Director of the Company (ceased to be a director with effect from February 3, 2017). The facilities sanctioned by HDFC Bank Limited, SVC Co-operative Bank Limited RBL Bank Limtied and Karnataka Bank Limited are guaranteed by Smt. K. Lakshmi Raju, Director of the Company.

(d) Unsecured short term loan

Unsecured short term loan is availed from HDFC Bank Limited and unsecured others comprise of export bill discounting facilities availed from HDFC Bank Limited.

18. Other financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Non current		
Trade deposits from dealers	1,142	1,224
Total - non current	**1,142**	**1,224**
Current		
Current maturities of long-term borrowings	1,297	1,793
Payable to employees	-	237
Payable on purchase of property, plant and equipment	132	221
Interest accrued but not due	58	53
Deferred payment liabilities	43	3
Unclaimed dividend (refer note below)	21	16
Total - current	**1,551**	**2,323**

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Note : As at the date March 31, 2019 (2018: ₹ Nil) of this Balance Sheet, there are no amounts of unclaimed dividend due for remittance to the Investor Education & Protection Fund.

19. Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Non current		
Gratuity liability	102	82
Compensated absences	280	217
Total - non current	**382**	**299**
Current		
Gratuity liability	69	74
Compensated absences	104	82
Other provisions	-	156
Total - current	**173**	**312**

a) Defined benefit plans

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.

Change in Defined Benefit Obligation (DBO) during the year

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Present value of DBO at the beginning of the year	594	603
Current service cost	69	66
Past service cost	-	13
Interest cost	45	53
Actuarial loss arising from changes in financial assumptions	17	8
Actuarial loss arising from changes in experience adjustments	(24)	(83)
Benefits paid	(67)	(66)
Present value of DBO at the end of the year	**634**	594

Change in fair value of plan assets during the year

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Fair value of plan assets at the beginning of the year	438	343
Interest income	33	30
Employer contributions	61	134
Benefits paid	(67)	(65)
Remeasurements – return on plan assets (excluding interest income)	(2)	(4)
Present value of plan assets at the end of the year	**463**	438

Amounts recognised in the Balance Sheet

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Present value of DBO at the end of the year	634	594
Fair value of plan assets at the end of the year	463	438
Funded status of the plans – liability	**171**	156
Liability recognised in the Balance Sheet	**171**	156

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Nature and extent of investment details of the plan assets

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Insurer managed funds	100%	100%

Assumptions

Particulars	Gratuity plan	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Discount rate	7.65%	8%
Estimated rate of return on plan assets	7.65%	8%
Expected rate of salary increase	3%	3%
Attrition rate	1% to 3%	1% to 3%
Retirement age	58 years	58 years
Mortality table	IALM(2006-08) (Mod)	

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	634	0.00%
Salary escalation - up by 1%	693	9.30%
Salary escalation - down by 1%	581	-8.30%
Attrition rate - up by 1%	652	2.90%
Attrition rate - down by 1%	613	-3.20%
Discount rate - up by 1%	587	-7.40%
Discount rate - down by 1%	687	8.40%

Expected cash flows

Particulars	Amount
Maturity profile of Defined Benefit Obligations	
Within 1 year	69
Year 2	25
Year 3	71
Year 4	36
Year 5	62
> 5 years	371

b) **Actuarial assumptions for long-term compensated absences**

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.65%	8%
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.

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

20. Deferred tax liabilities (net)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax liability	1,143	1,795
MAT credit available	(1,246)	(1,117)
Total	**(103)**	**678**

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

Particulars	As at March 31, 2019	As at March 31, 2018
Property, plant and equipment	2,001	2,340
Employee related provisions	(248)	(157)
carry forward losses	(422)	-
Provisions for doubtful debts	(79)	(282)
MAT credit available	(1,247)	(1,118)
Others	(108)	(105)
Deferred tax liabilities / (assets) net	**(103)**	**678**

Movement in deferred tax assets and liabilities

2018-19	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	2,340	(339)	-	-	2,001
Employee related provisions	(157)	(93)	2	-	(248)
Provisions for doubtful debts	(282)	203	-	-	(79)
Carry forward losses	-	(422)	-	-	(422)
MAT credit entitlement	(1,118)	-	-	(129)	(1,247)
Others	(105)	(3)	-	-	(108)
Total	**678**	**(654)**	**2**	**(129)**	**(103)**

2017-18	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Utilisation/ Reversals	Closing balance
Deferred tax liability / (asset) in relation to:					
Property, plant and equipment	2,496	(156)	-	-	2,340
Employee related provisions	(184)	2	25	-	(157)
Provisions for doubtful debts	(525)	243	-	-	(282)
MAT credit entitlement	(1,095)	(261)	-	238	(1,118)
Others	(98)	(7)	-	-	(105)
Total	**594**	**(179)**	**25**	**238**	**678**

21. Trade payables

Particulars	As at March 31, 2019	As at March 31, 2018
Total outstanding dues to micro enterprises and small enterprises (refer note (i) below)	301	396
Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note (iii) below)	20,599	17,864
Total	**20,900**	**18,260**

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Notes:

(i) Based on the information available with the Company, the balance due to micro, small and medium enterprises as defined under “Micro, Small and Medium Enterprises Development (MSMED) Act, 2006”, is ₹ 301 lakhs (March 31, 2018 ₹ 396 lakhs) and no interest has been paid or is payable under the terms of MSMED Act, 2006. Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the Management.

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Principal amount due to suppliers under MSMED Act, as at end of the year	301	396
(ii) Interest accrued and due to suppliers under MSMED Act on the above amount as at the year end	-	-
(iii) Payment made to suppliers (other than interest) beyond the apppointed day, during the year	-	-
(iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(v) Interest paid to suppliers under MSMED Act (Section 16)	-	-
(vi) Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
(vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) +(iv)	-	-

(ii) 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.

(iii) The dues above include acceptances against the letter of credit issued to bank amounting to ₹ 2,706 lakhs as at March 31, 2019 (2018: ₹ 639 Lakhs).

22. Other current liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Advances from customers	1,272	1,659
Statutory payables	516	717
Total	**1,788**	2,376

23. Revenue from operations

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products (including excise duty)	85,751	86,082
Other operating revenue*	798	435
Total	**86,549**	**86,517**

* Other Operating Revenue comprises of export benefits, scrap sales and miscellaneous conversion charges.

Disclousure under Ind AS 115 - Revenue from Contracts with customers

Effective April 01, 2018 the Company adopted Ind AS 115, Revenue from Contracts with Customers using cumulative catchup transition method applied to contracts that were not completed as at April 01, 2018. Accordingly, comparatives have not been retrospectively adjusted. The effect of adoption of Ind AS 115 was not material.

Revenue for the year ended March 31, 2019 and March 31, 2018 are as follows:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of Manufactured Products	79,499	80,810
Sale of Traded Products	6,252	5,272
Total	**85,751**	**86,082**

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

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 uncertainity of its revenues and cashflows are affected.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Manufactured Products		
Domestic	57,137	68,070
Exports	22,362	12,740
Total Manufactured Products	**79,499**	**80,810**
Traded Products		
Domestic	6,252	5,272
Exports	-	-
Total Traded Products	**6,252**	**5,272**
Total Sales	**85,751**	**86,082**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Domestic Sales		
Dealer sales	45,902	54,503
Institutional sales	17,487	18,838
Total Domestic sales	**63,389**	**73,341**
Export Sales		
Institutional sales	22,362	12,741
Total Export Sales	**22,362**	**12,741**
Total Sales	**85,751**	**86,082**

24. Other Income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Insurance claims	307	-
Interest income		
- On outstanding receivables	1,631	1,416
- Others	76	68
Bad debts written off recovered	138	78
Excess provisions written back	-	184
Net Loss on disposal of property, plant and equipment and intangible assets	-	(118)
Net foreign exchange losses	-	(100)
Miscellaneous income	418	378
Total	**2,570**	**1,906**

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

25. Cost of materials consumed

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Raw material consumption	53,119	43,992
Packing material consumption	4,327	4,622
Total	**57,446**	**48,614**

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening balance		
Work-in-progress	1,067	787
Finished goods	8,934	11,730
Stock-in-trade	2,673	1,505
Total opening balance	**12,674**	**14,022**
Closing balance		
Work-in-progress	1,342	1,067
Finished goods	10,447	8,934
Stock-in-trade	3,210	2,673
Total closing balance	**14,999**	**12,674**
Net decrease / (increase) in inventories	**(2,325)**	**1,348**

27. Employee benefit expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus	6,753	5,900
Contribution to provident and other funds (refer note (i) below)	508	444
Employee stock compensation expense	16	15
Staff welfare expenses	654	544
Total	**7,931**	**6,903**

Notes:

(i) 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 ₹ 427 lakhs (2018 ₹ 342 lakhs).

- Gratuity (funded):

Amount recognised in statement of profit and loss in respect of gratuity ₹ 81 lakhs (2018 ₹ 102 lakhs).

28. Finance cost

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expenses		
Interest on working capital and term loans	2,413	2,092
Other interest expenses	452	683
Finance charges	533	567
Total	**3,398**	**3,342**

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

29. Depreciation and amortisation expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation of property, plant and equipment (refer note 4)	1,712	1,784
Less: Depreciation capitalised during the year	57	133
	1,655	1,651
Add: Amortisation of intangible assets (refer note 5)	380	326
Total	**2,035**	**1,977**

30. Other Expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Consumption of stores and spare parts	936	823
Repairs and maintenance		
Buildings	66	111
Plant and Machinery	128	70
Others	47	39
Other manufacturing costs	1,325	1,412
Power and fuel	3,330	3,185
Rent	387	316
Rates and taxes	74	61
Communication expenses	103	123
Travel and conveyance	1,227	1,243
Legal and professional charges	513	403
Insurance	282	270
Directors' sitting fees	9	8
Auditors' remuneration (refer note (i) below)	32	26
Product development expenses	97	120
Bad debts written off	147	101
Allowances for doubtful receivables and advances	350	210
Royalty	775	-
Marketing expenses	2,986	5,008
Freight outward	2,124	2,436
Net Loss on disposal of property, plant and equipment and intangible assets	84	-
Net foreign exchange losses	422	-
Expenditure for corporate social responsibility (refer note (ii) below)	79	79
Miscellaneous expenses	620	555
Total	**16,143**	**16,599**

Notes:

(i) Auditors' remuneration (net of applicable taxes) comprises of:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
For statutory audit	21	21
For tax audit	4	4
For others	7	1
Total	**32**	**26**

Includes ₹ 1 lakh with respect to services provided by predecessor auditors during FY 2018.

(ii) Corporate social responsibility:

The Company contributes towards Corporate Social Responsibility (CSR) activities. As per section 135 of the Companies Act, 2013, a CSR Committee has been formed by the Company. The areas for CSR activities are rural development, promoting education and other social projects. The expense is charged to the Statement of Profit and Loss under 'other expenses' amounting ₹ 79 lakhs. (2018 - ₹ 79 lakhs)

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

31. Related party disclosures :

(A) Names of the related parties and their relationship :

(i) Details of subsidiaries & associates :

Names	Nature of relation-ship	Country of incor-poration	Percentage of holding as at	
			March 31, 2019	March 31, 2018
LR Research Laboratories Private Limited (LRLPL)	Subsidiary	India	100%	100%
Nagarjuna Agrichem (Australia) Pty Limited, Australia (NAPL)	Subsidiary	Australia	100%	100%
Nasense Labs Private Limited (NLPL)	Associate	India	26%	26%

(ii) Details of other related parties :

Name	Nature of relationship
KLR Products Limited (KLRPL)	Parent Company
Bhagiradha Chemicals and Industries Limited (BCIL)	Entity with common director
"Nagaarjuna Shubho Green Technologies Private Limited (NSGTPL)"	Entity with common director
Indo International Fertilizers Limited (IIFL)	Entity where KMP holds directorship. (KMP ceased to be a director w.e.f. May 2, 2018)

(iii) Key Managerial Personnel (KMP) :

Name	Designation
Mrs. K Lakshmi Raju	Chairperson
Mr. V.Vijay Shankar	Managing Director
Mr. R.K.S. Prasad	Chief Financial Officer (CFO)

(B) Transactions during the year :

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(i) Sales		
a. Associate - NLPL	729	-
(ii) Purchases		
a. Associate - NLPL	983	-
b. Other related party - NSGTPL	-	7
c. Other related party - BCIL	1,142	1,006
(iii) Professional charges		
b. Subsidiary - (LRLPL)	62	64
b. Subsidiary - (NAPL)	12	-
(iv) Rent paid		
a. Mrs.K Lakshmi Raju (KMP)	134	129
(v) Director's sitting fees		
a. Mrs.K Lakshmi Raju (KMP)	1	1
(vi) Investments		
a. Subsidiary - (NAPL)	7	7
b. Associate (NLPL)	322	-

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

(C) Outstanding balances as at the year end

Advance to related parties

Particulars		As at March 31, 2019	As at March 31, 2018
a.	Subsidiary - LRLPL	7	7
b.	Other related party - IIFL	-	92

Trade receivables

Particulars		As at March 31, 2019	As at March 31, 2018
a.	Associate - NLPL	13	24

Security deposits

Particulars		As at March 31, 2019	As at March 31, 2018
a.	Mrs.K Lakshmi Raju - KMP	50	50

Investments :

Particulars		As at March 31, 2019	As at March 31, 2018
a.	Subsidiary - NAPL	33	27
b.	Associate - NLPL	815	494
c.	Other related party - NSGTPL	1	1

Loans

Particulars		As at March 31, 2019	As at March 31, 2018
a.	Associate - NLPL	-	167

Other financial assets

Particulars		As at March 31, 2019	As at March 31, 2018
a.	Associate - NLPL	-	133

(D) Transactions with key management personnel

Nature of transaction	Party name	For the year ended March 31, 2019	For the year ended March 31, 2018
Short-term employee benefits	Managing Director and CFO	188	158
Share based payments	Managing Director and CFO	3	12

Short term employee benefits does not include expenses for gratuity and leave encashment.

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

32. Contingent liabilities

S. No.	Particulars	As at March 31, 2019	As at March 31, 2018
(i)	Claims against the Company not acknowledged as debts in respect of the matters under dispute:		
	Excise duty (refer note (a) below)	35	35
	Service tax (refer note (b) below)	13	18
	Income tax (refer note (c) below)	430	430
	Sales tax (refer note (d) below)	95	49
(ii)	Counter guarantees given to bankers (refer note (e) below)	389	260
(iii)	Others (refer note (f) below)	125	125
	Total	**1,087**	**917**

Notes:

(a) The Company has disputed various demands raised by excise duty authorities for the Financial years 2003-04 to 2008-09, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.

(b) The Company has disputed various demands raised by service tax authorities for the Financial years 2012-13 to 2016-17, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.

(c) The Company has disputed various demands raised by income tax authorities for the assessment years 2004-05 to 2009-10, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.

(d) The Company has disputed various demands raised by sales tax authorities for the financial years 2009-10 to 2016-17, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.

(e) Guarantees given to bank for guarantees given by bank to third party in ordinary course of business.

(f) 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.

33. Commitments

S. No.	Particulars	As at March 31, 2019	As at March 31, 2018
(i)	Estimated amount of contracts, remaining to be executed on capital account and not provided for (net of advance)	1,899	90
	Total	**1,899**	**90**

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.

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Gearing ratio

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current borrowings	1,177	2,024
Current borrowings, current maturities of non-current borrowings and Deferred payment liabilities	19,914	21,668
Cash and cash equivalents	(680)	(668)
Net debt (Refer note (i) below)	20,410	23,024
Equity (Refer note (ii) below)	27,865	23,500
Net debt to equity ratio	**0.73**	**0.98**

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, 2019			As at March 31, 2018		
	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
Financial assets						
Investments in equity instruments / preferential shares	-	6	-	-	6	-
Loans	-	-	-	167	-	-
Other financial assets	785	-	-	544	-	-
Trade receivables	26,772	-	-	28,668	-	-
Cash & cash equivalents	680	-	-	668	-	-
Other bank balances	519	-	-	156	-	-
Total	**28,756**	**6**	**-**	**30,203**	**6**	**-**
Financial liabilities						
Borrowings (refer note (i) below)	19,751	-	-	21,895	-	-
Other financial liabilities	2,693	-	-	3,546	-	-
Trade payables	20,900	-	-	18,260	-	-
Total	**43,344**	**-**	**-**	**43,701**	**-**	**-**

Notes:

(i) Borrowings include non-current and current borrowings (refer note 17)

(ii) 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.

(iii) Investments (unquoted) are measured at fair value through initial designation in accordance with Ind-AS 109.

34.3 Fair Value by hierarchy

Valuation technique and key inputs

Level 1

Quoted prices (unadjusted) in an active 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).

Level 3

Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

Quantitative disclosures of fair value measurement hierarchy-Level 3 for financial instruments:

Particulars	As at March 31, 2019	As at March 31, 2018
Financial Assets		
Unquoted equity shares	6	6

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	Senstivity 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 following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of March 31, 2019:

Particulars	US Dollars	₹ (in lakhs)	EURO	₹ (in lakhs)	Total (₹ lakhs)
Cash and cash equivalents	938,171	649	-	-	649
Trade receivables	9,561,958	6,612	116,775	91	6,703
Borrowings	(3,849,455)	(2,662)	-	-	(2,662)
Trade payables	(7,932,762)	(5,486)	-	-	(5,486)
Net assets/(liabilities)	**(1,282,088)**	**(887)**	**116,775**	**91**	**(796)**

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

The following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of March 31, 2018:

Particulars	US Dollars	₹ (in lakhs)	EURO	₹ (in lakhs)	Total (₹ lakhs)
Cash and cash equivalents	845,557	551	-	-	551
Trade receivables	6,261,383	4,078	50,200	41	4,119
Borrowings	(8,606,122)	(5,615)	-	-	(5,615)
Trade payables	(5,992,290)	(3,911)	-	-	(3,911)
Net assets/(liabilities)	**(7,491,472)**	**(4,897)**	**50,200**	**41**	**(4,856)**

Sensitivity analysis:

For the year ended March 31, 2019 and March 31, 2018, every increase / decrease of ₹ 1 in the respective foreign currencies compared to functional currency of the Company would impact profit before tax by (₹ 11 lakhs)/ ₹ 11 lakhs and (₹ 74 lakhs)/ ₹ 74 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.

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 credits limits from the bank of ₹ 7,520 lakhs and ₹ 5,929 lakhs as at March 31, 2019 and March, 2018 respectively.

The working capital position of the Company:

Particulars	As at March 31, 2019	As at March 31, 2018
Current assets	55,463	52,974
Current liabilities	43,122	43,149
Working capital	**12,341**	**9,825**

The table below provides details regarding the contractual maturities of significant financial liabilities (excluding current, non-current borrowings and deferred payment liabilities) as at March 31, 2019:

Particulars	Less than 1 year	1-2 years	2 years and above
Trade payables	20,900	-	-
Other current financial liabilities	211	-	-
Other non-current financial liabilities	-	1,142	-
Total	**21,111**	**1,142**	**-**

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

The table below provides details regarding the contractual maturities of significant financial liabilities (excluding current, non-current borrowings and deferred payment liabilities) as at March 31, 2018:

Particulars	Less than 1 year	1-2 years	2 years and above
Trade payables	18,260	-	-
Other current financial liabilities	526	-	-
Other non-current financial liabilities	-	1,224	-
Total	**18,786**	**1,224**	**-**

The Company's obligation towards payment of borrowings has been included in note 17 & 18.

35. Earnings per share :

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(Loss)/Profit for the year attributable to shareholders of the Company	(838)	1,072
Basic:		
Number of shares outstanding at the year end	167,420,260	156,308,384
Weighted average number of equity shares	156,525,097	156,203,367
Earnings per share (₹)	**(0.54)**	0.69
Diluted:		
Effect of potential equity shares on employee stock options outstanding	169,648	494,367
Weighted average number of equity shares outstanding	156,694,745	156,697,734
Earnings per share (₹)	**(0.53)**	0.68

Note: EPS is calculated based on profits excluding the other comprehensive income.

36. Research and development expense charged to Statement of Profit & Loss account:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employee benefits expense	32	36
Depreciation	24	-
Other expenses	61	75
Revenue Expenditure	**117**	111

37. Research and development expense capitalised:

Revenue Expenditure capitalised during the year under respective heads:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employee benefit expenses	154	169
Depreciation	57	133
Other expenses	142	179
Total	**353**	481

38. Leases:

The Company has entered into certain operating lease agreements and an amount of ₹ 387 lakhs (2018: ₹ 316 lakhs) paid under such agreements is charged to the statement of profit and loss. These leases are generally cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements.

Notes to the Financial Statements

(₹ in lakhs, unless otherwise stated)

39. Segment Reporting:

As the Company's business activities fall within a single primary segment viz-a-viz "manufacture 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. Since the sales outside India are below the threshold limit, no separate geographical segment disclosure is considered necessary.

40. Change in the name of Company

The Company has changed its name from Nagarjuna Agrichem Limited to NACL Industries Limited with effect from September 4, 2017.

41. Approval of financial statements

The financial statements are approved for issue by the Board of Directors on May 29, 2019.

for and on behalf of the Board of Directors

Sudhakar Kudva
Director
(DIN:02410695)

V.Vijay Shankar
Managing Director
(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Place : Hyderabad
Date : May 29, 2019

INDEPENDENT AUDITOR'S REPORT

To The Members of
NACL Industries Limited (formerly Nagarjuna Agrichem Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of NACL Industries Limited (formerly Nagarjuna Agrichem limited) ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes Group's share of profit in its associate, which comprise the Consolidated Balance Sheet as at March 31, 2019, 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 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, 2019, and their consolidated loss, their consolidated total comprehensive loss, 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 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 and the audit evidence obtained by other auditors in terms of their reports referred to in Other Matters section below, 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
Refer Note 23 to the consolidated financial statements Revenue from sale of goods (hereinafter referred to as 'Revenue') is recognised when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery, and depends on the contractual terms agreed with the customers. Recognition of revenue closer to period-ends has to be specifically assessed for accounting in the correct period.	We carried out a combination of procedures involving test of internal controls and substantive procedures including: • Assessing the appropriateness of the Company's Revenue recognition accounting policies in line with Ind AS 115 ('Revenue from contracts with customers') and testing thereof; • Evaluating the integrity of the general information and technology control environment and testing the operating effectiveness of key IT application controls. • Evaluating the design and implementation of Company's controls in respect of revenue recognition. • Testing of effectiveness of such controls over revenue cut off at year-end. • Testing supporting documentation for sales transactions recorded during the period closer to the year end and subsequent to the year end, including examination of credit notes issued after the year end to determine whether revenue was recognised in the correct period. Performing analytical procedures on current year revenue based on monthly trends and where appropriate, conducting further enquiries and testing.

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 Director's Report, but does not include the consolidated financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
- When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's 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 Group and of associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or 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 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 business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such business activities included in the consolidated financial statements of which we are the independent auditors. For the business activities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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 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 two subsidiaries whose financial statements reflect total assets of ₹ 24 lakhs as at March 31, 2019, total revenues of ₹ 73 lakhs and net cash flows amounting to ₹ 1 lakh 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 profit of ₹ 137 lakhs for the year ended March 31, 2019, 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 explanations given to us by the Management, these financial information 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 matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries and associate referred to in the Other Matters section above we report, to the extent applicable that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

    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 as on March 31, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its, subsidiary companies and associate company incorporated in India, none of the directors of the Group companies and associate company incorporated in India is disqualified as on March 31, 2019 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' reports of the Parent, subsidiary companies and associate company incorporated in India, to whom internal financial controls over financial reporting is applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

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 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and associate;

   ii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies and associate company incorporated in India.

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

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 29, 2019

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, 2019, we have audited the internal financial controls over financial reporting of NACL Industries Limited (hereinafter referred to as “Parent”) and its associate, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its associate, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 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 internal financial controls over financial reporting of the Parent, its associate, which are companies incorporated in India, 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 and based on the consideration of Other Matters paragraph below, the Parent, and its associate company, which are companies incorporated in India, 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, 2019, based on the criteria for internal financial control over financial reporting established by the respective companies 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.

Other matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one associate company, which are companies incorporated in India, is based solely on the corresponding reports of the management of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

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

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 29, 2019

Consolidated Balance Sheet as at March 31, 2019

(₹ in lakhs, unless otherwise stated)

Particulars	Note	As at March 31, 2019	As at March 31, 2018
I ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	4	**13,673**	14,893
(b) Capital work-in-progress	4	**1,517**	220
(c) Intangible assets	5	**470**	890
(d) Intangible assets under development	5	**554**	252
(e) Financial assets			
(i) Investments	6	**1,405**	949
(ii) Loans	7	**-**	167
(iii) Other financial assets	8	**316**	374
(f) Other non-current assets	9	**246**	577
(g) Deferred tax assets (net)	20	**103**	-
(h) Income tax assets		**492**	-
Total Non-current assets		**18,776**	18,322
2 Current assets			
(a) Inventories	10	**22,401**	20,208
(b) Financial assets			
(i) Trade receivables	11	**26,772**	28,668
(ii) Cash and cash equivalents	12	**684**	671
(iii) Other bank balances	13	**519**	156
(iv) Other financial assets	8	**469**	170
(c) Current tax assets (net)	14	**279**	3
(d) Other current assets	9	**4,348**	3,104
Total current assets		**55,472**	52,980
Total assets		**74,248**	71,302
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	15	**1,674**	1,563
(b) Other equity	16	**26,739**	22,344
Total equity		**28,413**	23,907
2 Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	**1,177**	2,024
(ii) Other financial liabilities	18	**1,142**	1,224
(b) Provisions	19	**382**	299
(c) Deferred tax liabilities (net)	20	**-**	678
Total non current liabilities		**2,701**	4,225
3 Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	**18,574**	19,871
(ii) Trade payables	21		
(a) total outstanding dues of micro enterprises and small enterprises		**301**	396
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		**20,609**	17,887
(iii) Other financial liabilities	18	**1,551**	2,324
(b) Provisions	19	**173**	311
(c) Current tax liabilities (net)	14	**136**	-
(d) Other current liabilities	22	**1,790**	2,381
Total current liabilities		**43,134**	43,170
Total liabilities		**45,835**	47,395
Total equity and liabilities		**74,248**	71,302

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : May 29, 2019

for and on behalf of the Board of Directors

Sudhakar Kudva
Director
(DIN:02410695)

V.Vijay Shankar
Managing Director
(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer
Place : Hyderabad
Date : May 29, 2019

Satish Kumar Subudhi
Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

(₹ in lakhs, unless otherwise stated)

	Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
I	**INCOME**			
	Revenue from operations	23	**86,549**	86,581
	Other income	24	**2,572**	1,906
	Total income		**89,121**	88,487
II	**EXPENSES**			
	Cost of materials consumed	25	**57,446**	48,614
	Purchases of stock-in-trade		**5,983**	6,271
	Changes in inventories of finished goods, work in progress and stock-in-trade	26	**(2,325)**	1,348
	Excise duty		**-**	1,911
	Employee benefits expense	27	**7,992**	6,969
	Finance costs	28	**3,398**	3,342
	Depreciation and amortization expenses	29	**2,035**	1,977
	Other expenses	30	**16,078**	16,606
	Total expenses		**90,607**	87,038
III	**(Loss)/Profit before tax (I - II)**		**(1,486)**	1,449
IV	**Share of profit from associate**	40	**137**	94
V	**(Loss)/Profit before tax (III + IV)**		**(1,349)**	1,543
VI	**Tax expense:**			
	(i) Current tax	14.1	**-**	540
	(ii) Deferred tax	14.1	**(654)**	(154)
	Total tax expense		**(654)**	386
VII	**(Loss)/Profit for the year (V - VI)**		**(695)**	1,157
VIII	**Other comprehensive income**			
	Items that will not be reclassified subsequently to profit and loss			
	(a) Remeasurement of defined benefit obligation	19	**2**	71
	(b) Income tax expense on remeasurement above	14.1	**(1)**	(25)
	Total other comprehensive income		**1**	46
IX	**Total comprehensive (loss)/income for the year (VII + VIII)**		**(694)**	1,203
X	**Earnings per equity share of ₹ 1 each**			
	Basic (₹)	35	**(0.44)**	0.74
	Diluted (₹)	35	**(0.44)**	0.74

See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : May 29, 2019

for and on behalf of the Board of Directors

Sudhakar Kudva
Director
(DIN:02410695)

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Managing Director
(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer
Place : Hyderabad
Date : May 29, 2019

Satish Kumar Subudhi
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2019

(₹ in lakhs, unless otherwise stated)

Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES			
(Loss)/Profit before tax		**(1,349)**	1,543
Adjustments for:			
Depreciation and amortisation expense		**2,035**	1,977
Finance costs		**3,398**	3,342
Interest income		**(77)**	(68)
Unrealised forex (loss)/gain		**415**	103
Share of profit from associate		**(137)**	(94)
Excess provisions, no longer required, written back		**(1)**	(184)
Provision for doubtful debts and advances		**350**	210
Loss on sale of property, plant and equipment (net)		**84**	118
Share-based payments		**16**	15
Bad debts written off		**147**	101
Operating profit before working capital changes		**4,881**	**7,063**
Changes in working capital:			
Adjustment for (increase)/decrease in operating assets:			
Inventories		**(2,193)**	964
Trade receivables		**1,334**	(6,712)
Other financial assets		**(381)**	(23)
Other current assets		**(1,326)**	(1,156)
Adjustment for increase/(decrease) in operating liabilities:			
Trade payables		**2,554**	3,820
Provisions		**(56)**	(353)
Other financial liabilities		**(314)**	(304)
Other current liabilities		**(590)**	(80)
Cash generated from operations		**3,909**	**3,219**
Income taxes paid (net)		**(268)**	(771)
Net cash generated from operating activities	**(A)**	**3,641**	**2,448**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment including capital advances		**(2,251)**	(1,341)
Proceeds from sale of property, plant and equipment		**13**	14
Investments made in associate		**(322)**	-
Movement in other bank balances		**(363)**	(126)
Interest income received		**219**	36
Net cash used in investing activities	**(B)**	**(2,704)**	**(1,417)**

Consolidated Cash Flow Statement for the year ended March 31, 2019

(₹ in lakhs, unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	**5,587**	28
Proceeds from non-current borrowings	**500**	850
Repayment of non-current borrowings	**(1,803)**	(1,527)
Movement in current borrowings	**(1,579)**	3,074
Dividend paid including tax thereon	**(236)**	(234)
Finance costs paid	**(3,393)**	(3,323)
Net cash used in financing activities (C)	**(924)**	**(1,132)**
Net increase/(decrease) in cash and cash equivalents (D) = (A+B+C)	**13**	**(101)**
Cash and cash equivalents at the beginning of the year (E)	**671**	**772**
Cash and cash equivalents at the end of the year (F) = (D)+(E) (refer note 1)	**684**	**671**

Notes:

1. Cash and cash equivalents comprises of (Refer note 12)

(a) Balance with Banks		
In Current accounts	679	663
(b) Cash on hand	5	8
Cash and cash equivalents as per cash flows	**684**	**671**

2. (i) Reconciliation of liabilities from financing activities

Particulars	As at March 31, 2018	Proceeds	Repayments	Foreign currency translation	As at March 31, 2019
Long term borrowings (including current portions)	3,820	500	1,803	-	2,517
Short-term borrowings	19,871	-	1,579	282	18,574
Total liabilities from financing activities	**23,691**	**500**	**3,382**	**282**	**21,091**

2. (ii) Reconciliation of liabilities from financing activities

Particulars	As at March 31, 2017	Proceeds	Repayments	Foreign currency translation	As at March 31, 2018
Long term borrowings (including current portions)	4,497	850	1,527	-	3,820
Short-term borrowings	16,761	3,074	-	36	19,871
Total liabilities from financing activities	**21,258**	**3,924**	**1,527**	**36**	**23,691**

Note:

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 commitments.

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : May 29, 2019

for and on behalf of the Board of Directors

Sudhakar Kudva
Director
(DIN:02410695)

V.Vijay Shankar
Managing Director
(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer
Place : Hyderabad
Date : May 29, 2019

Satish Kumar Subudhi
Company Secretary

Consolidated Statement of changes in equity for the year ended March 31, 2019

(₹ in lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Note	Number of shares	Amount
Balance as at March 31, 2017		**156,144,008**	**1,561**
Add: Issue of equity shares under Company's employee stock option plan	15.2	164,376	2
Balance as at March 31, 2018		**156,308,384**	**1,563**
Add: Issue of equity shares under Company's employee stock option plan	15.2	174,376	2
Add: Issue of equity shares under Preferential Allotment		10,937,500	109
Balance as at March 31, 2019		**167,420,260**	**1,674**

B. Other equity

Particulars	Reserves and surplus				Items of other comprehensive income			Total
	Capital reserve	Securities premium	General reserve	Retained earnings	Equity instruments through other comprehensive income	Stock Option Reserve	Equity Share warrants	
Balance as at March 31, 2017	**37**	**216**	**4,175**	**17,420**	**(499)**	**-**	**-**	**21,349**
Profit for the year	-	-	-	1,157	-	-	-	1,157
Other Comprehensive Income for the year net of income tax	-	-	-	46	-	-	-	46
Stock option on vesting of employee stock options	-	-	-	-	-	15	-	15
Stock option on exercise of employee stock options	-	-	-	-	-	(15)	-	(15)
Amount received on exercise of employee stock options	-	26	-	-	-	-	-	26
Payment of dividends	-	-	-	(234)	-	-	-	(234)
Balance as at March 31, 2018	**37**	**242**	**4,175**	**18,389**	**(499)**	**-**	**-**	**22,344**
Loss for the year	-	-	-	(695)	-	-		(695)
Other Comprehensive Income for the year net of income tax	-	-	-	1	-	-		1
Stock option on vesting of employee stock options	-	-	-	-	-	16	-	16
Stock option on exercise of employee stock options	-	-	-	-	-	(16)	-	(16)
Amount received on exercise of employee stock options & Preferential Allotment	-	3,419	-	-	-	-	-	3,419
Expenses incurred on issue of preferential shares	-	(94)	-	-	-	-	-	(94)
Amount received on issue of equity share warrants	-	-	-	-	-	-	2,000	2,000
Payment of dividends including tax thereon	-	-	-	(236)	-	-	-	(236)
Balance as at March 31, 2019	**37**	**3,567**	**4,175**	**17,459**	**(499)**	**-**	**2,000**	**26,739**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Ganesh Balakrishnan
Partner

Place : Hyderabad
Date : May 29, 2019

for and on behalf of the Board of Directors

Sudhakar Kudva
Director
(DIN:02410695)

V.Vijay Shankar
Managing Director
(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer
Place : Hyderabad
Date : May 29, 2019

Satish Kumar Subudhi
Company Secretary

Notes to the Consolidated Financial Statements (₹ in lakhs, unless otherwise stated)

1. **General Information**

NACL Industries Limited (formerly Nagarjuna Agrichem Limited) ("the Company") is a Public Limited Company listed with the BSE Limited and National Stock Exchange Limited. The Company and two 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 associates considered for consolidation

Name of the Company	Relationship	Country of incorporation	Percentage of voting power as at March 31, 2019	Percentage of voting power as at March 31, 2018
LR Research Laboratories Private Limited	Subsidiary	India	100%	100%
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary	Australia	100%	100%
Nasanse 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 the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, and on accrual basis.

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 17, 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.

Notes to the Consolidated Financial Statements (₹ in lakhs, unless otherwise stated)

The principal accounting policies are set out below.

2.3 Use of estimates

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses for the periods reported.

The management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable.

Future results could differ from these estimates – estimates and underlying assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are reflected in the financial statements in the period in which results are known and, if material, are disclosed in the consolidated financial statements.

2.4 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.

2.5 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 delivery. 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. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Interest Income

Interest income from financial assets is recognised when it is probable that 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 assets to that asset's net carrying amount on initial recognition

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

2.6 Other income

a) Dividend income from investments is recognised in the year in which the right to receive the payment is established.

b) 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.

2.7 Leasing

As a lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease

The lease rentals under such agreements are recognised in the consolidated statement of profit and loss as per the terms of the lease. Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

As a lessor

Operating lease

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

2.8 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.

2.9 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.

2.10 Foreign currencies

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.

2.11 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.

Notes to the Consolidated Financial Statements (₹ in lakhs, unless otherwise stated)

2.12 Government grants

The benefit of a government loan/subsidy at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on effective interest rates.

Export entitlements from government authorities are recognised in the statement of consolidated profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Group, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

2.13 Employee benefits

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

2.13.1 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.

2.13.2 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.

2.13.3 Short-term employee benefits

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.

2.13.4 Other long-term employee benefits

Other long term employee benefit comprise of leave encashment which is provided for based on the actuarial valuation carried out as at the end of the year.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

2.14 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.

2.15 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.

2.16 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.

2.16.1 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.

2.16.2 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.

2.16.3 Minimum Alternate Tax (MAT) Credit

Minimum alternate tax (MAT) credit is recognised in accordance with tax laws in India as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. The Group reviews the MAT credit at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Group will pay normal income tax during the specified period.

2.16.4 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.

Notes to the Consolidated Financial Statements (₹ in lakhs, unless otherwise stated)

2.17 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 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.

2.18 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)	Useful life (in years)
Particulars	**For the year ended March, 31, 2019**	**For the year ended March 31, 2018**
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.

2.19 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:

- Goodwill is amortised over a period of 10 years
- 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.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

2.20 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 measure d 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.

2.21 Impairment of assets

2.21.1 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

2.21.2 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 it's trade receivables. The provision matrix is based on it's 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.

2.22 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. Excise duty is included in the value of finished goods;
- **iv.** Stores and Spares, Packing Material - Weighted average cost;
- **v.** Stock-in-trade - Weighted average cost.

2.23 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).

Notes to the Consolidated Financial Statements **(₹ in lakhs, unless otherwise stated)**

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.

2.24 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 with in one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

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.

De-recognition 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 consoldiated 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 consoldiated 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 .

2.25 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

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

2.26 Exceptional Items

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

2.27 Recent accounting pronouncements:

Standards issued but not yet effective:-

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements is disclosed below. The Company intends to adopt the standard, if applicable, when it becomes effective.

IND AS 116 – Leases:

Ind AS 116 Leases was notified in October 2018 and it replaces Ind AS 17 Leases. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires leases to account for all leases under a single on balance sheet model, similar to accounting for finance lease under Ind AS 17

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessee will be required to separately recognise the interest expense on the lease liability and depreciation expense on the right of use asset. The Company is evaluating the impact of this amendment on its financial statements..

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:

Contingences 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.

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.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

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

4.1 Carrying amounts of:

Particulars	As at March 31, 2019	As at March 31, 2018
Land	2,508	2,508
Buildings	3,134	3,201
Plant and Equipment	7,565	8,689
Furniture and Fixtures	192	228
Vehicles	83	72
Office equipment	55	51
Computers	136	144
Total	**13,673**	**14,893**
Capital work-in-progress	**1,517**	**220**

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, 2017	**2,508**	**4,832**	**31,374**	**593**	**173**	**218**	**575**	**40,273**
Add: Additions	-	163	801	7	14	11	55	1,051
Less: Disposals	-	-	-	-	36	2	60	98
Balance as at March 31, 2018	**2,508**	**4,995**	**32,175**	**600**	**151**	**227**	**570**	**41,226**
Add: Additions	-	83	303	17	24	21	50	498
Less: Disposals	-	-	2	-	23	1	27	53
Balance as at March 31, 2019	**2,508**	**5,078**	**32,476**	**617**	**152**	**247**	**593**	**41,671**

4.3 Accumulated depreciation

Particulars	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers	Total
Balance as at March 31, 2017	**-**	**1,653**	**21,980**	**318**	**99**	**161**	**427**	**24,638**
Less: Disposals	-	-	-	-	33	1	55	89
Add: Depreciation expense	-	141	1,506	54	13	16	54	1,784
Balance as at March 31, 2018	**-**	**1,794**	**23,486**	**372**	**79**	**176**	**426**	**26,333**
Less: Disposals	-	-	1	-	21	1	24	47
Add: Depreciation expense	-	150	1,426	53	11	17	55	1,712
Balance as at March 31, 2019	**-**	**1,944**	**24,911**	**425**	**69**	**192**	**457**	**27,998**

4.4 Carrying amounts:

Balance as at March 31, 2018	2,508	3,201	8,689	228	72	51	144	14,893
Balance as at March 31, 2019	2,508	3,134	7,565	192	83	55	136	13,673

Notes:

(i) Above includes opening gross block of ₹ 1,924 lakhs (2018: ₹ 1,910 lakhs), additions amounting to ₹ 45 lakhs (2018: ₹ 6 lakhs) and net block amounting to ₹ 997 lakhs (2018: ₹ 1,042 lakhs) in respect of in-house research and development.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

5. Intangible assets and intangible assets under development

5.1 Carrying amounts of:

Particulars	As at March 31, 2019	As at March 31, 2018
Goodwill	-	-
Computer software	36	55
Developed products	434	835
Technical knowhow	-	-
Total	**470**	**890**
Intangible assets under development	**554**	**252**

5.2 Movement of intangible assets:

Particulars	Goodwill	Computer software	Developed products	Technical Knowhow	Total
Cost or deemed cost					
Balance as at March 31, 2017	**121**	**324**	**1,012**	**65**	**1,522**
Add: Additions	-	55	634	-	689
Less: Disposals	-	-	393	-	393
Balance as at March 31, 2018	**121**	**379**	**1,253**	**65**	**1,818**
Add: Additions	-	-	-	-	-
Less: Disposals	-	-	53	-	53
Balance as at March 31, 2019	**121**	**379**	**1,200**	**65**	**1,765**

5.3 Accumulated amortisation:

Particulars	Goodwill	Computer software	Developed products	Technical Knowhow	Total
Balance as at March 31, 2017	**121**	**324**	**360**	**65**	**870**
Less: Disposals	-	-	268	-	268
Add: Amortisation expense	-	-	326	-	326
Balance as at March 31, 2018	**121**	**324**	**418**	**65**	**928**
Less: Disposals	-	-	13	-	13
Add: Amortisation expense	-	19	361	-	380
Balance as at March 31, 2019	**121**	**343**	**766**	**65**	**1,295**

5.4 Carrying amounts of:

Balance as at March 31, 2018	-	55	835	-	890
Balance as at March 31, 2019	-	36	434	-	470

6. Non-current investments

Particulars	Nominal value	Number of shares	As at March 31, 2019	Number of shares	As at March 31, 2018
Unquoted equity investments (all fully paid)					
(a) Investment in associate at equity method					
Nasense Labs Private Limited (refer note below)	₹ 10	6,127,513	1,265	4,936,052	849
Add: Share of profit for current year (including other comprehensive income)			134		94
			1,399		943
(a) Other equity investment at fair value through other comprehensive income					
New India Co-operative Bank Limited	₹ 10	50,000	5	50,000	5
SVC Co-operative Bank Ltd	₹ 25	100	*	100	*
Total equity investments (A)			**1,404**		**948**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

Particulars	Nominal value	Number of shares	As at March 31, 2019	Number of shares	As at March 31, 2018
Investment in preference shares at fair value through other comprehensive income Nagaarjuna Shubho Green Technologies Private Limited 10% cumulative redeemable preference shares	₹ 100	500,000	1	500,000	1
Total other investments (B)			**1**		**1**
Total unquoted investments (A) + (B)			**1,405**		**949**

*less than a lakh

Note:

Pursuant to agreement with Nasense Labs Private Limited, the Company converted the outstanding loan amount, interest accrued thereon and other receivables aggregating to ₹ 324 lakhs to equity share capital comprising of ₹ 322 lakhs denominated in 617,007 and 574,454 number of equity shares of ₹ 10 each (premium of ₹ 17 each) alloted on July 11, 2018 and September 27, 2018 respectively.

7. Loans

Particulars	As at March 31, 2019	As at March 31, 2018
Non Current		
Unsecured, considered good		
Loan to associate company - Nasense Labs Private Limited	-	167
Total	**-**	**167**

8. Other Financial Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Non - Current		
Security deposits (refer note below)	316	313
Others	-	61
Total	**316**	**374**
Current		
Interest accrued on deposits and others	12	155
Insurance claims receivable	227	-
Interest receivable from dealers, considered good	215	-
Interest receivable from dealers, considered doubtful	2	-
Allowance for doubtful interest receivable from dealers	(2)	-
Others	15	15
Total	**469**	**170**

Note:

Security deposits include rental deposit aggregating ₹ 50 lakhs (2018: ₹ 50 lakhs) with Smt. K. Lakshmi Raju, Chairperson of the Company.

9. Other Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Non Current		
Capital advances	141	60
Balance with government authorities	102	512
Prepaid expenses	3	5
Total	**246**	**577**
Current		
Advance to suppliers	796	446
Balance with government authorities	2,595	2,277
Advance to related parties (refer note 31)	-	92
Prepaid expenses	269	284
Export Incentive Receivable	684	-
Advances to employees	4	5
Total	**4,348**	**3,104**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

10. Inventories

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials (refer note (i) and (ii) below)	6,031	6,176
Work-in progress	1,342	1,067
Finished goods (refer note (ii) below)	10,447	8,934
Traded Goods	3,210	2,673
Packing materials	667	741
Stores and Spares	704	617
Total	**22,401**	**20,208**

Notes:

(i) Raw materials includes goods in transit ₹ 640 lakhs (2018: ₹ 1,230 lakhs).

(ii) Raw materials aggregating ₹ Nil lakhs (2018: ₹ 85 lakhs) are written off during the year. Finished goods written off during the year on account of expired stock aggregated ₹ 13 lakhs (2018: ₹ 105 lakhs)

(iii) Inventory is hypothecated to working capital lenders.

11. Trade Receivables

Particulars	As at March 31, 2019	As at March 31, 2018
Current		
Unsecured, considered good	26,772	28,668
Considered doubtful	224	797
Allowance for doubtful debts	(224)	(797)
Total	**26,772**	28,668

Note:

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 Group grants credit terms in the normal course of business. The credit period on sale of goods varies with seasons and markets and generally ranges between 30 to 180 days. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed annually.

As a practical expedient, the Group uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL allowance (or reversal) during the year is recognised in the statement of profit and loss.

(ii) Movement in the allowance for doubtful debts

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Balance at the beginning of the year	797	1,520
Provision made during the year	350	190
Provision reversed against receivables write-off	(923)	(913)
Balance at the end of the year	**224**	**797**

(iii) The concentration of risk with respect to trade receivables is reasonably low, as its Group customers are located in several jurisdictions representing large number of minor receivables operating in independent markets. No single customer constitutes more than 5% balance of the total trade receivables as at the Balance Sheet date.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

12. Cash and Cash Equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks		
In Current accounts	679	663
Cash on hand	5	8
Total	**684**	**671**

13. Other bank balances

Particulars	As at March 31, 2019	As at March 31, 2018
In earmarked accounts		
Unclaimed dividend accounts	21	16
Margin money / deposit (refer note (i) below)	498	140
Total	**519**	**156**

Notes:

(i) Margin money / deposit

Amounts in margin money represents deposit with bank against the letter of credit and bank guarantees issued by them and deposit accounts represent amounts deposited with certain government agencies.

14. Current tax asset / liability

Particulars	As at March 31, 2019	As at March 31, 2018
Advance tax (net of provison ₹ Nil; March 31, 2018 ₹ Nil)	279	3
Provision for tax (net of advance tax ₹ 1,593 lakhs)	136	-

14.1 Tax expense

A. Income tax expense / (benefit) recognised in the statement of profit and loss

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax		
In respect of current year	-	540
Total (A)	**-**	**540**
Deferred tax credit		
In respect of current year	(654)	107
MAT credit	-	(261)
Total (B)	**(654)**	**(154)**
Total tax expense (A)+(B)	**(654)**	**386**

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Income tax expense/(benefit) recognised directly in equity consists of:		
Tax effect on actuarial gains/losses on defined benefit obligations	(1)	(25)
Total	**(1)**	**(25)**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

C. Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(Loss)/Profit before tax	(1,349)	1,543
Less: Share of profit from associate	137	94
(Loss)/Profit before tax	(1,486)	1,449
Enacted rate in India	34.94%	34.608%
Computed expected tax expense	**(519)**	**502**
Effect of exemptions/deductions for tax purpose	(739)	(1,088)
Effect of expenses that are not deductible in determining taxable profit	606	1,230
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	-	-
Excess of MAT tax over normal tax	-	-
MAT Credit entitlement	-	(261)
Others	(2)	3
Income tax expense	**(654)**	**386**
Effective tax rate	**44%**	**27%**

15. Equity

15.1 Equity Share Capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	Amount	Number of Shares	Amount
Authorised share capital:	250,000,000	2,500	200,000,000	2,000
Fully paid equity shares of ₹ 1 each (refer note below)				
Issued, Subscribed and fully Paid up capital	167,420,260	1,674	156,308,384	1,563
Fully paid equity shares of ₹ 1 each				
Total	**167,420,260**	**1,674**	**156,308,384**	**1,563**

Note:
The Company increased its authorised share capital from 200,000,000 equity shares of ₹ 1 each to 250,000,000 equity shares of ₹ 1 each after obtaining the regulatory approvals.

15.2 Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	Amount	Number of Shares	Amount
Share capital at the beginning of the year	**156,308,384**	**1,563**	**156,144,008**	**1,561**
Add: Issue of equity shares under Company's employee stock option plan	174,376	2	164,376	2
Add: Issue of equity shares under Preferential Allotment	10,937,500	109	-	-
Share Capital at the end of the year	**167,420,260**	**1,674**	**156,308,384**	**1,563**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

15.3 Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. 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 the number of equity shares held by the shareholders.

15.4 Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at March 31, 2019		As at March 31, 2018	
	% of Shareholding	Number of shares held	% of Share-holding	Number of shares held
KLR Products Limited (Holding Company)	**67.87%**	**113,623,500**	72.69%	113,623,500

15.5 "Nagarjuna Agrichem Ltd.-Employee Stock Option Scheme-2015"

i) The Company set up the "Nagarjuna Agrichem Limited-Employee Stock Option Scheme-2015" (hereinafter referred to as "ESOS-2015") and earmarked 1,150,000 number of equity shares of ₹ 1 each for issue to employees. The plan was approved in financial year 2015-16 and is administred by the Compensation Committee of the Board of Directors.

ii) Under the ESOS-2015 scheme, options are granted to eligible employees at an exercise price, which shall not be less than the 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.

iii) Summary of stock option:

Particulars	As at March 31, 2019	As at March 31, 2018
	Number of stock options	Number of stock options
Options outstanding at the beginning of the year	593,124	697,500
Options granted during the year	90,000	60,000
Options forfeited / lapsed during the year	-	-
Options exercised during the year*	174,376	164,376
Options outstanding at the end of the year**	508,748	593,124
Options vested but not exercised at the end of the year	**-**	-
* options exercised by employees of subsidiary companies	10,500	10,500
** options outstanding with employees of subsidiary companies	21,000	31,500

iv) Fair value of shares granted during the year:

The weighted average fair value of the share options granted during the year is ₹ 20.89 - ₹ 24.21. 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.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

The following assumptions were used for calculation of fair value of grants as per Black Scholes Options Pricing model:

Particulars	As at March 31, 2019	As at March 31, 2018
Risk free Interest Rate (%)	6.43 - 7.29	6.74 - 7.73
Expected life (years)	6	6
Expected volatility (%)	61.84 - 82.46	63.92 - 64.89
Dividend yield (%)	0.32	0.31 - 0.66
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	-
Weighted average share price at the date of exercise	28	47
Weighted average remaining contractual life		
-Grant 1	3 - 4 years	3 - 4 years
-Grant 2	2 - 3 years	3 - 4 years
-Grant 3	4 - 5 years	5 - 6 years
-Grant 4	5 - 6 years	-

Assumptions :

Stock price : Closing price on BSE Limited on the previous date to the date of grant has been considered.

Volatility : The historical volatility over the expected life has been considered to calculate the fair value.

Risk-free rate of return : The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity nearly equal to the expected life of the options based on the zero-coupon yield curve Government securities.

Exercise price : Exercise price of ₹ 8 as per the ESOS-2015 considered.

Expected life : Expected life of options is the period for which the Company expects the options are available to be vested.

Expected dividend yield : Expected dividend yield has been calculated as an average of dividend yields for the financial years preceding the date of grant.

15.6 Preferential allotment of equity shares:

The Board of Directors and the Shareholders, in their meetings held on February 08, 2019 and March 07, 2019 respectively, approved issuance of 10,937,500 equity shares (of face value of ₹ 1 each) on preferential basis to M/s. Krishi Rasayan Exports Private Limited and Mr. Rajesh Kumar Agarwal and Mr. Atul Churiwal, jointly representing M/s. Agro Life Science Corporation (collectively referred to as "Investors") 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. Basis of the shareholders approval, the Company entered into a Shareholders cum Share Subscription Agreement with the aforesaid Investors. Consequently, the Company 10,937,500 equity shares of ₹1 each at an issue price of ₹ 32 subscribed by the said Investors on March 27,2019. Upon the aforesaid allotment, the Company's paid up capital stands increased to 167,420,260 equity shares of ₹ 1 each.

16. Other equity

Particulars	As at March 31, 2019	As at March 31, 2018
General reserve	4,175	4,175
Reserve for equity instruments through other comprehensive income	(499)	(499)
Sharewarrants	2,000	-
Stock Option Reserve	-	-
Retained earnings	17,459	18,389
Capital reserve	37	37
Securities premium account	3,567	242
Total	**26,739**	**22,344**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

16.1 Other equity

Particulars	As at March 31, 2019	As at March 31, 2018
Capital reserve	**37**	**37**
Securities premium account		
Opening balance	242	216
Add: On allotment of shares during the year	3,419	26
Less: Utilised	94	-
Closing balance	**3,567**	**242**
Amounts received on issue of shares in excess of the par value has been classified as securities premium.		
Stock option reserve		
Opening balance	-	-
Add: Stock options on vesting of employee stock options	16	15
Less: Stock option on exercise of employee stock options	16	15
Closing balance	**-**	**-**
This represents Employee stock option reserve on ESOS-2015 scheme of the Company.		
General reserve	**4,175**	**4,175**
This represents appropriation of profit by the Group.		
Reserve for equity instruments through other comprehensive income	**(499)**	**(499)**
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		
Opening balance	-	-
Add/(less): Movement during the year	2,000	-
Closing balance	**2,000**	**-**
The balance represents part amount received against share warrants and pending conversion to equity shares allotted to M/s. Krishi Rasayan Exports Private Limited and Mr. Rajesh Kumar Agarwal and Mr. Atul Churiwal, jointly representing M/s. Agro Life Science Corporation and Mrs.K.Lakshmi Raju, a promoter of the Company, (collectively referred to as “Investors”) pursuant to approval given by the Board and shareholders of the Company. The amount represents 25% of 25,000,000 warrants convertible into an equity share of ₹ 1 each at a price of ₹ 32, subscribed by the said Investors and Promoter.		
Retained earnings		
Opening balance	18,389	17,420
Add: (Loss) / Profit for the year	(695)	1,157
Add: Other comprehensive income arising from remeasurement of defined benefit obiligation (net of taxes)	1	46
	17,695	18,623
Less: Dividends including corporate dividend tax	236	234
Closing balance	**17,459**	**18,389**
Retained earnings comprise of undistributed earnings after taxes (including current year profits).		
Total	**26,739**	**22,344**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

17. Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
Non current		
Secured - at amortised cost		
Term loans		
from banks (refer note (a) below)	1,177	1,981
Unsecured - at amortised cost		
Deferred payment liabilities (Refer note (b) below)	-	**43**
Total - non current	**1,177**	**2,024**

Current		
Secured - at amortised cost		
Repayable on demand from banks (refer note (c) below)	17,480	18,392
Unsecured - at amortised cost		
from banks (Refer note (d) below)		
Short term loans	-	1,311
Others	1,094	168
Total - current	**18,574**	**19,871**

Notes:

a. Terms of repayment of term loans

New-India Co-operative Bank Limited

Particulars	As at March 31, 2019	As at March 31, 2018	Repayment commencing from
Term loans	1,133	1,765	Repayable over next 3 years
Secured by: first ranking pari-passu charge on fixed assets of the Company and other movable assets on pari-passu basis with other term loan lenders. Repayable in 8 quarterly instalments. Rate of interest 12.50% p.a.			

SVC Co-Operative Bank Limited

Particulars	As at March 31, 2019	As at March 31, 2018	Repayment commencing from
Term loan	1,341	2,010	Repayable over next 2 years
Secured by: first ranking pari-passu charge on fixed assets of the Company, second raking pari-passu charge on current assets of the company and is guaranteed by Smt. K. Lakshmi Raju, Director of the Company. Repayable in 18 quarterly instalments. Rate of interest 12.50% p.a.			

Current maturities of non-current borrowings have been disclosed under the head other current financial liabilities.

(b) Deferred payment liabilities

The Government of Andhra Pradesh vide order No.10/1/9/0023/0387/ID dated January 31, 2001 had sanctioned sales tax deferment to the Company in respect of Acephate and Profenofos for a period of fourteen years commencing from September 9, 1997 for Acephate and from February 23, 2000 for Profenofos subject to a maximum of ₹ 1,029 lakhs. The sales tax deferred in a year is payable at the end of 14th year without interest. Since financial year 2006-07 the Company has decided not to avail the sales tax deferment. First repayment commenced from September 25, 2013 as prescribed in the order. Based on the sales tax returns the sales tax so deferred aggregates to ₹ 43 lakhs as at March 31, 2019 (2018 ₹ 47 lakhs). Of which ₹ 43 lakhs as at March 31, 2019 (2018 ₹ 4 lakhs) has been grouped under note 18 - other current financial liabilities, which are payable in next 12 months.

Notes to the Consolidated Financial Statements (₹ in lakhs, unless otherwise stated)

(c) Loans repayable on demand

Loans repayable on demand from banks (along with non fund based limits of letters of credit and bank guarantees) from the Consortium i.e. State Bank of India, IDBI Bank Limited, HDFC Bank Limited, SVC Co-operative Bank Limited, RBL Bank Limited and Karnataka 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. The facilities sanctioned by State Bank of India and IDBI Bank Limited are guaranteed by Sri K.S. Raju Director of the Company (ceased to be a director with effect from February 3, 2017). The facilities sanctioned by HDFC Bank Limited, SVC Co-operative Bank Limited, RBL Bank Limtied and Karnataka Bank Limited are guaranteed by Smt. K. Lakshmi Raju, Director of the Company.

(d) **Unsecured short term loan**

Unsecured short term loan is availed from HDFC Bank Limited and unsecured others comprise of export bill discounting facilities availed from HDFC Bank Limited.

18. Other financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Non current		
Trade deposits from dealers	1,142	1,224
Total-non current	**1,142**	**1,224**
Current		
Current maturities of long-term borrowings	1,297	1,793
Payable to employees	-	238
Payable on purchase of property, plant and equipment	132	221
Interest accrued but not due	58	53
Deferred payment liabilities	43	3
Unclaimed dividend (refer note below)	21	16
Total-current	**1,551**	**2,324**

Note: As at the date March 31, 2019 (2018: ₹ Nil) of this Balance Sheet, there are no amounts of unclaimed dividend due for remittance to the Investor Education & Protection Fund.

19. Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Non current		
Gratuity liability	102	82
Compensated absences	280	217
Total-non current	**382**	**299**
Current		
Gratuity liability	69	73
Compensated absences	104	82
Other provisions	-	156
Total-current	**173**	**311**

a) Defined benefit plans

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.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

Change in Defined Benefit Obligation (DBO) during the year

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Present value of DBO at the beginning of the year	594	603
Current service cost	69	66
Past service cost	-	13
Interest cost	45	53
Actuarial loss arising from changes in financial assumptions	17	8
Actuarial loss arising from changes in experience adjustments	(24)	(83)
Benefits paid	(67)	(66)
Present value of DBO at the end of the year	**634**	**594**

Change in fair value of plan assets during the year

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Fair value of plan assets at the beginning of the year	438	343
Interest income	33	30
Employer contributions	61	134
Benefits paid	(67)	(66)
Remeasurements – return on plan assets (excluding interest income)	(2)	(4)
Present value of plan assets at the end of the year	**463**	**438**

Amounts recognised in the Balance Sheet

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Present value of DBO at the end of the year	634	593
Fair value of plan assets at the end of the year	463	438
Funded status of the plans – liability	**171**	**155**
Liability recognised in the Balance Sheet	**171**	**155**

Nature and extent of investment details of the plan assets

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Insurer managed funds	**100%**	100%

Assumptions

Particulars	Gratuity plan	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Discount rate	7.65%	8%
Estimated rate of return on plan assets	7.65%	8%
Expected rate of salary increase	3%	3%
Attrition rate	1% to 3%	1% to 3%
Retirement age	58 years	58 years
Mortality table	IALM(2006-08) (Mod)	

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	634	0.00%
Salary escalation - up by 1%	693	9.30%
Salary escalation - down by 1%	581	-8.30%
Attrition rate - up by 1%	652	2.90%
Attrition rate - down by 1%	613	-3.20%
Discount rate - up by 1%	587	-7.40%
Discount rate - down by 1%	687	8.40%

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

Expected cash flows

Particulars	Amount
Maturity Profile of Defined Benefit Obligations	
Within 1 year	69
Year 2	25
Year 3	71
Year 4	36
Year 5	62
> 5 years	371

b) Actuarial assumptions for long-term compensated absences

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.65%	8%
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.

20. Deferred tax liabilities (asset)/liabilities (net)

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax liability	1,143	1,795
MAT credit available	(1,246)	(1,117)
Total	**(103)**	**678**

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

Particulars	As at March 31, 2019	As at March 31, 2018
Property, plant and equipment	2,001	2,340
Employee related provisions	(248)	(157)
Carry forward losses	(422)	-
Provisions for doubtful debts	(79)	(282)
MAT credit available	(1,247)	(1,118)
Others	(108)	(105)
Deferred tax liabilities / (assets) net	**(103)**	**678**

Movement in deferred tax assets and liabilities

2018-19	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Utilisation/ Reversals	Closing balance
Deferred tax liability / (asset) in relation to:					
Property, plant and equipment	2,340	(339)	-	-	2,001
Employee related provisions	(157)	(93)	2	-	(248)
Provisions for doubtful debts	(282)	203	-	-	(79)
Carry forward losses	-	(422)	-	-	(422)
MAT credit entitlement	(1,118)	-	-	(129)	(1,247)
Others	(105)	(3)	-	-	(108)
Total	**678**	**(654)**	2	**(129)**	**(103)**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

2017-18	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Utilisation/ Reversals	Closing balance
Deferred tax liability / (asset) in relation to:					
Property, plant and equipment	2,496	(156)	-	-	2,340
Employee related provisions	(184)	2	25	-	(157)
Provisions for doubtful debts	(525)	243	-	-	(282)
MAT credit entitlement	(1,095)	(261)	-	238	(1,118)
Others	(98)	(7)	-	-	(105)
Total	**594**	**(179)**	25	**238**	**678**

21. Trade payables

Particulars	As at March 31, 2019	As at March 31, 2018
Total outstanding dues to micro enterprises and small enterprises (refer note (i) below)	301	396
Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note (iii) below)	20,609	17,887
Total	**20,910**	18,283

Notes:

(i) Based on the information available with the management, the balance due to micro, small and medium enterprises as defined under "Micro, Small and Medium Enterprises Development (MSMED) Act, 2006", is ₹ 301 lakhs (March 31, 2018 ₹ 396 lakhs) and no interest has been paid or is payable under the terms of MSMED Act, 2006. Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the Management.

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Principal amount due to suppliers under MSMED Act, as at end of the year	301	396
(ii) Interest accrued and due to suppliers under MSMED Act on the above amount as at the year end	-	-
(iii) Payment made to suppliers (other than interest) beyond the apppointed day, during the year	-	-
(iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(v) Interest paid to suppliers under MSMED Act (Section 16)	-	-
(vi) Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
(vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) +(iv)	-	-

(ii) 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.

(iii) The dues above include acceptances against the letter of credit issued to bank amounting to ₹ 2,706 lakhs as at March 31, 2019 (2018: ₹ 639 Lakhs)

22. Other current liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Advances from customers	1,272	1,659
Statutory payables	518	722
Total	**1,790**	2,381

23. Revenue from operations

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products (including excise duty)	85,751	86,082
Other operating revenue*	798	499
Total	**86,549**	**86,581**

* Other Operating Revenue comprises of export benefits, scrap sales and miscellaneous conversion charges.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

Disclousure under Ind AS 115 - Revenue from Contracts with customers

Effective April 1, 2018 the Group adopted Ind AS 115, Revenue from Contracts with Customers using cumulative catchup transition method applied to contracts that were not completed as at April 1, 2018. Accordingly, comparatives have not been retrospectively adjusted. The effect of adoption of Ind AS 115 was not material.

Revenue for the year ended March 31, 2019 and March 31, 2018 are as follows:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of Manufactured Products	79,499	80,810
Sale of Traded Products	6,252	5,272
Total	**85,751**	**86,082**

Disaggregation of revenue information:

The tables below presents disaggregated revenues from contracts with customers by customers and geography. The Group believes that the this disaggregation best depicts how the nature, amount, timing and uncertainity of its revenues and cashflows are affected.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Manufactured Products		
Domestic	57,137	68,070
Exports	22,362	12,740
Total Manufactured Products	**79,499**	**80,810**
Traded Products		
Domestic	6,252	5,272
Exports	-	-
Total Traded Products	**6,252**	**5,272**
Total Sales	**85,751**	**86,082**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Domestic Sales		
Dealer sales	45,902	54,503
Institutional sales	17,487	18,838
Total Domestic sales	**63,389**	**73,341**
Export Sales		
Institutional sales	22,362	12,741
Total Export Sales	**22,362**	12,741
Total Sales	**85,751**	**86,082**

24. Other Income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Insurance claims	307	-
Interest income		
- On outstanding receivables	1,631	1,416
- Others	77	68
Bad debts written off recovered	138	78
Excess provisions written back	1	184
Net loss on disposal of property, plant and equipment and intangible assets	-	(118)
Net foreign exchange losses	-	(100)
Miscellaneous income	418	378
Total	**2,572**	**1,906**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

25. Cost of Materials Consumed

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Raw material consumption	53,119	43,992
Packing material consumption	4,327	4,622
Total	**57,446**	**48,614**

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening balance		
Work-in-progress	1,067	787
Finished goods	8,934	11,730
Stock-in-trade	2,673	1,505
Total opening balance	**12,674**	**14,022**
Closing balance		
Work-in-progress	1,342	1,067
Finished goods	10,447	8,934
Stock-in-trade	3,210	2,673
Total closing balance	**14,999**	**12,674**
Net decrease / (increase) in inventories	**(2,325)**	**1,348**

27. Employee Benefit Expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus	6,814	5,966
Contribution to provident and other funds (refer note (i) below)	508	444
Employee stock compensation expense	16	15
Staff welfare expenses	654	544
Total	**7,992**	**6,969**

Notes:

(i) 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 ₹ 427 lakhs (2018 ₹ 342 lakhs).

- Gratuity (funded):

Amount recognised in statement of profit and loss in respect of gratuity ₹ 81 lakhs (2018 ₹ 102 lakhs).

28. Finance Cost

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expenses		
Interest on working capital and term loans	2,413	2,092
Other interest expenses	452	683
Finance charges	533	567
Total	**3,398**	**3,342**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

29. Depreciation and Amortization Expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation of property, plant and equipement (refer note 4)	1,712	1,784
Less: Depreciation capitalised during the year	57	133
	1,655	1,651
Add: Amortisation of intangible assets (refer note 5)	380	326
Total	**2,035**	**1,977**

30. Other Expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Consumption of stores and spare parts	936	823
Repairs and maintenance		
Buildings	66	111
Plant and machinery	128	70
Others	47	39
Other manufacturing costs	1,325	1,412
Power and fuel	3,330	3,185
Rent	387	316
Rates and taxes	74	61
Communication expenes	103	123
Travel and conveyance	1,227	1,244
Legal and professional charges	457	408
Insurance	282	270
Directors' sitting fees	11	8
Auditors' remuneration (refer note (i) below)	32	27
Product development expenses	97	120
Bad debts written off	147	101
Allowances for doubtful receivables and advances	350	210
Royalty	775	-
Marketing expenses	2,975	5,008
Freight outward	2,124	2,436
Net Loss on disposal of property, plant and equipment and intangible assets	84	-
Net foreign exchange losses	422	-
Expenditure for corporate social responsibility (refer note (ii) below)	79	79
Miscellaneous expenses	620	555
Total	**16,078**	**16,606**

Notes:

(i) Auditors' remuneration (net of applicable taxes) comprises of:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
For statutory audit	21	21
For tax audit	4	4
For others	7	2
Total	**32**	27

Includes ₹ 1 lakh with respect to services provided by predecessor auditors during FY 2018.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

(ii) Corporate social responsibility:

The Company contributes towards Corporate Social Responsibility (CSR) activities. As per section 135 of the Companies Act, 2013, a CSR Committee has been formed by the Company. The areas for CSR activities are rural development, promoting education and other social projects. The expense is charged to the Statement of Profit and Loss under 'other expenses' amounting ₹ 79 lakhs. (2018- ₹ 79 lakhs)

31. Related party disclosures :

(A) Names of the related parties and their relationship

(i) Details of subsidiaries & associates :

Names	Nature of relationship	Country of incorporation	Percentage of holding as at	
			March 31, 2019	March 31, 2018
LR Research Laboratories Private Limited (LRLPL)	Subsidiary	India	100%	100%
Nagarjuna Agrichem (Australia) Pty Limited, Australia (NAPL)	Subsidiary	Australia	100%	100%
Nasense Labs Private Limited (NLPL)	Associate	India	26%	26%

(ii) Details of other related parties :

Names	Nature of relationship
KLR Products Limited (KLRPL)	Parent Company
Bhagiradha Chemicals and Industries Limited (BCIL)	Entity with common director
"Nagaarjuna Shubho Green Technologies Private Limited (NSGTPL)"	Entity with common director
Indo International Fertilizers Limited (IIFL)	Entity where KMP holds directorship. (KMP ceased to be a director w.e.f. May 2, 2018)

(iii) Key Managerial Personnel (KMP) :

Names	Designation
Mrs. K Lakshmi Raju	Chairperson
Mr. V.Vijay Shankar	Managing Director
Mr. R.K.S. Prasad	Chief Financial Officer (CFO)

(B) Transactions during the year :

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(i) Sales		
a. Associate - NLPL	729	-
(ii) Purchases		
a. Associate - NLPL	983	-
b. Other related party - NSGTPL	-	7
c. Other related party - BCIL	1,142	1,006
(iii) Rent paid		
a. Mrs.K Lakshmi Raju (KMP)	134	129
(iv) Director's sitting fees		
a. Mrs.K Lakshmi Raju (KMP)	1	1
(v) Investments		
a. Associate (NLPL)	322	-

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

(C) Outstanding balances as at the year end

Advance to related parties

Particulars	As at March 31, 2019	As at March 31, 2018
a. Other related party - IIFL	-	92

Trade receivables

Particulars	As at March 31, 2019	As at March 31, 2018
a. Associate - NLPL	13	24

Security deposits

Particulars	As at March 31, 2019	As at March 31, 2018
a. Mrs.K Lakshmi Raju (KMP)	50	50

Investments :

Particulars	As at March 31, 2019	As at March 31, 2018
a. Associate - NLPL	815	494
b. Other related party - NSGTPL	1	1

Loans :

Particulars	As at March 31, 2019	As at March 31, 2018
a. Associate - NLPL	1	167

Other financial assets :

Particulars	As at March 31, 2019	As at March 31, 2018
a. Associate - NLPL	-	133

(D) Transactions with key management personnel

Nature of transaction	Party name	For the year ended March 31, 2019	For the year ended March 31, 2018
Short-term employee benefits	Managing Director and CFO	188	158
Share based payments	Managing Director and CFO	3	12

Short term employee benefits does not include expenses for gratuity and leave encashment.

32. Contingent liabilities

S. No.	Particulars	As at March 31, 2019	As at March 31, 2018
(i)	Claims against the Company not acknowledged as debts in respect of the matters under dispute:		
	Excise duty (refer note (a) below)	35	35
	Service tax (refer note (b) below)	13	18
	Income tax (refer note (c) below)	430	430
	Sales tax (refer note (d) below)	95	49
(ii)	Counter guarantees given to bankers (refer note (e) below)	389	260
(iii)	Others (refer note (f) below)	125	125
	Total	**1,087**	**917**

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

Notes:

(a) The Company has disputed various demands raised by excise duty authorities for the financial years 2003-04 to 2008-09, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.

(b) The Company has disputed various demands raised by service tax authorities for the financial years 2012-13 to 2016-17, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.

(c) The Company has disputed various demands raised by income tax authorities for the assessment years 2004-05 to 2009-10, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.

(d) The Company has disputed various demands raised by sales tax authorities for the financial years 2009-10 to 2016-17, which are pending at various stages of appeals. The Company is confident that these appeals will be decided in its favour.

(e) Guarantees given to bank for guarantees given by bank to third party in ordinary course of business.

(f) 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.

33. Commitments

S. No.	Particulars	As at	
		March 31, 2019	March 31, 2018
(i)	Estimated amount of contracts, remaining to be executed on capital account and not provided for (net of advance)	1,899	90
	Total	**1,899**	**90**

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, 2019	As at March 31, 2018
Non-current borrowings	1,177	2,024
Current borrowings, current maturities of non-current borrowings and Deferred payment liabilities	19,914	21,668
Cash and cash equivalents	(684)	(671)
Net debt (Refer note (i) below)	20,407	23,021
Equity (Refer note (ii) below)	28,413	23,907
Net debt to equity ratio	**0.72**	**0.96**

Notes:

(i) Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.

(ii) Equity includes issued equity capital, securities premium and all other reserves.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

34.2 Financial Instruments by category

Particulars	As at March 31, 2019			As at March 31, 2018		
	Amortised Cost	FVTOCI	FVTPL	Amortised Cost	FVTOCI	FVTPL
Financial assets						
Investments in equity instruments / preferential shares	-	6	-	-	6	-
Loans	-	-	-	167	-	-
Others financial assets	785	-	-	544	-	-
Trade receivables	26,772	-	-	28,668	-	-
Cash & cash equivalents	684	-	-	671	-	-
Other bank balances	519	-	-	156	-	-
Total	**28,760**	**6**	**-**	**30,206**	**6**	**-**
Financial liabilities						
Borrowings (refer note (i) below)	19,751	-	-	21,895	-	-
Other financial liabilities	2,693	-	-	3,548	-	-
Trade payables	20,910	-	-	18,283	-	-
Total	**43,354**	**-**	**-**	**43,726**	**-**	**-**

Notes:

(i) Borrowings include non-current and current borrowings (refer note 17)

(ii) 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.

(iii) Investments (unquoted) are measured at fair value through initial designation in accordance with Ind-AS 109.

34.3 Fair Value by hierarchy

Valuation technique and key inputs

Level 1

Quoted prices (unadjusted) in an active 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).

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, 2019	As at March 31, 2018
Financial Assets		
Unquoted equity shares	6	6

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	Senstivity 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.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

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 following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of March 31, 2019:

Particulars	US Dollars	₹ (in lakhs)	EURO	₹ (in lakhs)	Total (₹ lakhs)
Cash and cash equivalents	938,171	649	-	-	649
Trade receivables	9,561,958	6,612	116,775	91	6,703
Borrowings	(3,849,455)	(2,662)	-	-	(2,662)
Trade payables	(7,932,762)	(5,486)	-	-	(5,486)
Net assets/(liabilities)	**(1,282,088)**	**(887)**	**116,775**	**91**	**(796)**

The following table analyses foreign currency exposures from financial instruments that have not been hedged by a derivative instrument as of March 31, 2018:

Particulars	US Dollars	₹ (in lakhs)	EURO	₹ (in lakhs)	Total (₹ lakhs)
Cash and cash equivalents	845,557	551	-	-	551
Trade receivables	6,261,383	4,078	50,200	41	4,119
Borrowings	(8,606,122)	(5,615)	-	-	(5,615)
Trade payables	(5,992,290)	(3,911)	-	-	(3,911)
Net assets/(liabilities)	**(7,491,472)**	**(4,897)**	**50,200**	**41**	**(4,856)**

Sensitivity analysis:

For the year ended March 31, 2019 and March 31, 2018, every increase / decrease of ₹ 1 in the respective foreign currencies compared to functional currency of the Group would impact profit before tax by (₹ 11 lakhs)/ ₹ 11 lakhs and (₹ 74 lakhs)/ ₹ 74 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.

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.

Notes to the Consolidated Financial Statements (₹ in lakhs, unless otherwise stated)

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 ₹ 7,520 lakhs and ₹ 5,929 lakhs as of March 31, 2019 and March 31, 2018 respectively.

The working capital position of the Group:

Particulars	As at March 31, 2019	As at March 31, 2018
Current assets	55,472	52,980
Current liabiltities	43,134	43,170
Working capital	**12,338**	**9,810**

The table below provides details regarding the contractual maturities of significant financial liabilities (excluding current, non-current borrowings and deferred payment liabilties) as at March 31, 2019:

Particulars	Less than 1 year	1-2 years	2 years and above
Trade payables	20,910	-	-
Other current financial liabilities	211	-	-
Other non-current financial liabilties	-	1,142	-
Total	**21,121**	**1,142**	**-**

The table below provides details regarding the contractual maturities of significant financial liabilities (excluding current, non-current borrowings and deferred payment liabilties) as at March 31, 2018:

Particulars	Less than 1 year	1-2 years	2 years and above
Trade payables	18,283	-	-
Other current financial liabilities	528	-	-
Other non-current financial liabilties	-	1,224	-
Total	**18,811**	**1,224**	**-**

The Group's obligation towards payment of borrowings has been included in note 17 & 18.

35. Earnings per share

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(Loss)/Profit for the year attributable to shareholders of the Company	(695)	1,157
Basic:		
Number of shares outstanding at the year end	167,420,260	156,308,384
Weighted average number of equity shares	156,525,097	156,203,367
Earnings per share (₹)	**(0.44)**	**0.74**
Diluted:		
Effect of potential equity shares on employee stock options outstanding	169,648	494,367
Weighted average number of equity shares outstanding	156,694,745	156,697,734
Earnings per share (₹)	**(0.44)**	**0.74**

Note: EPS is calculated based on profits excluding the other comprehensive income.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

36. Research and development expense charged to Statement of Profit & Loss account:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employee benefit expenses	32	36
Depreciation	24	-
Other expenses	61	75
Revenue Expenditure	**117**	**111**

37. Research and development expenses capitalised

Revenue Expenditure capitalised during the year under respective heads:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employee benefit expenses	154	169
Depreciation	57	133
Other expenses	142	179
Total	**353**	**481**

38. Leases:

The Group has entered into certain operating lease agreements and an amount of ₹ 387 lakhs (2018: ₹ 316 lakhs) paid under such agreements is charged to the statement of profit and loss. These leases are generally cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements.

39. Segment Reporting:

As the Group's business activities fall within a single primary segment viz-a-viz "manufacture 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. Since the sales outside India are below the threshold limit, no separate geographical segment disclosure is considered necessary.

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

40 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, 2019	Net assets March 31, 2019		Share in profit/(loss) March 31, 2019		Share in other comprehensive income March 31, 2019		Share in total comprehensive income March 31, 2019	
				% of consolidated net assets	Amount in lakhs	% of consolidated profit/(loss)	Amount in lakhs	% of consolidated other comprehensive income	Amount in lakhs	% of consolidated total comprehensive income	Amount in lakhs
NACL Industries Limited (formerly Nagarjuna Agrichem Limited)	Company	India		95%	27,016	121%	(838)	300%	3	120%	(835)
LR Research Laboratories Private Limited	Subsidiary	India	100%	*	(4)	*	1		-	*	1
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary	Australia	100%	*	-	-1%	5		-	-1%	5
Nasanse Labs Private Limited	Associate	India	26%	5%	1,401	-20%	137	-200%	(2)	-19%	135
Total					**28,413**		**(695)**		**1**		**(694)**

* less than 1%

Name of the Company	Relationship	Country of incorporation	Percentage of voting power as at March 31, 2018	Net assets March 31, 2018		Share in profit/(loss) March 31, 2018		Share in other comprehensive income March 31, 2018		Share in total comprehensive income March 31, 2018	
				% of consolidated net assets	Amount in lakhs	% of consolidated profit/(loss)	Amount in lakhs	% of consolidated other comprehensive income	Amount in lakhs	% of consolidated total comprehensive income	Amount in lakhs
NACL Industries Limited (formerly Nagarjuna Agrichem Limited)	Company	India		96%	22,980	93%	1,072	100%	46	93%	1,118
LR Research Laboratories Private Limited	Subsidiary	India	100%	*	(5)	*	(3)		-	*	(3)
Nagarjuna Agrichem (Australia) Pty Limited	Subsidiary	Australia	100%	*	(11)	*	(6)		-	*	(6)
Nasanse Labs Private Limited	Associate	India	26%	4%	943	8%	94		-	8%	94
Total					**23,907**		**1,157**		**46**		**1,203**

* less than 1%

Notes to the Consolidated Financial Statements

(₹ in lakhs, unless otherwise stated)

41. Change in the name of Company

The Company has changed its name from Nagarjuna Agrichem Limited to NACL Industries Limited with effect from September 4, 2017.

42. Approval of consolidated financial statements

The consolidated financial statements are approved for issue by the Board of Directors on May 29, 2019.

for and on behalf of the Board of Directors

Sudhakar Kudva
Director
(DIN:02410695)

V.Vijay Shankar
Managing Director
(DIN:00015366)

R.K.S.Prasad
Chief Financial Officer

Satish Kumar Subudhi
Company Secretary

Place : Hyderabad
Date : May 29, 2019

NACL Industries Limited

(formerly known as "Nagarjuna Agrichem Limited")
CIN: L24219TG1986PLC016607

ELECTRONIC CLEARING SERVICE (ECS) MANDATE FORM

(Members authorization to receive dividend through ECS mechanism)

1.	Name of the First / Sole Shareholder	
2.	Regd. Folio No/DP ID No. and Client ID No.	
3.	Particulars of Bank Account of First / Sole Shareholder:	
	(a) Name of the Bank	
	(b) Name of the Branch	
	(c) Branch code	
	(d) Address of the Bank	
	(e) Telephone No. of the Branch	
	(f) 9-Digit Code Number of the Bank and Branch as appearing on the MICR Cheque	
	(g) Account Number (as appearing on the Cheque Book / Pass Book)	
	(h) Account Type (S.B. Account / Current or Cash Credit)	
	(i) Ledger No./ Leger Folio No.	
	(j) Effective Date of this Mandate	

I hereby declare that the Particulars / Details given above are correct and complete. If the Transaction is delayed or not effected at all for reasons of incomplete or incorrect information supplied as above, the Company / XL Softech Systems Ltd (RTA) will not be held responsible. I agree to discharge the responsibility expected of me as a participant under the Scheme. I further undertake to inform the Company any change in my Bank/ Branch and Account Number.

Place: _______________________

Dated: _______________________ (Signature of First / sole Shareholder)

1) Please attach a Blank Cancelled Cheque or Photocopy of a Cheque. Alternatively, these particulars may be attested by the Bank Manager.
2) In case of more than one Regd. Folio/Demat Account, please complete the details separately for each such Folio / Demat Account.
3) The information provided would be utilized only for the purpose of effecting dividend payments to you. You also have the right to withdraw from this mode of payment by providing the Company with one month advance Notice.
4) Members of the Company holding the Shares in Dematerialized Form are requested to inform to their respective Depository Participant with regard to the following:
   (i) Changes in particulars of Bank Mandate / Address / PAN
   (ii) Correction in Name.
   These changes as updated by the respective depository participants are automatically registered with the NSDL / CDSL from whom the Company obtains data of its Members.
5) Please send the duly filled in mandate Form to:
   (i) the Depository Participant who is maintaining your Demat Account in case you hold shares in dematerialised form.
   (ii) the Company, at the Registered Office / its Registrar and Transfer Agent (RTA).

E-COMMUNICATION REGISTRATION FORM

(In terms of Circular no. 17/2011 Dated 21.04.2011 Issued by the Ministry of Corporate Affairs)

To
The Company Secretary & Head-Legal,
NACL Industries Limited,
Regd. Office: Plot no. 12-A, "C" Block, No. 8-2-248/1/7/78, Nagarjuna hills,
Panjagutta, Hyderabad-500082, Telangana State, INDIA.

Dear Sir,

Sub: Registration of E-mail

Folio No. / DP ID & Client ID: ....
Name of 1st Registered Holder: ....
Name of Joint Holder(s):..
Registered Address: ....
....
E-mail ID (to be registered): ....

I/We Shareholder(s) of NACL Industries Limited agree to receive communication from the Company in Electronic Mode. Please register my above e-mail id in your records for sending communication through E-mail.

Place: ____________________________

Dated: ____________________________ Signature: ………………………

- On registration of e-mail, all the communications, including the Annual Reports, will be sent to the said registered mail.
- Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail.

NACL Industries Limited

(formerly known as 'Nagarjuna Agrichem Limited')

CIN: L24219TG1986PLC016607

Registered Office: Plot No.12-A "C" Block, Lakshmi Towers, No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta, Hyderbad-500082, Telangana State, INDIA Tel. No. 040-33185100 Fax No. 040-23358062

Email address: investors@naclind.com Website: www.naclind.com

FORM NO. MGT-11

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) :..

Registered address : ....

E-mail ID :...

Folio No/DP ID - Client ID :..

I/We, being the Member (s) of .... shares of the above named Company, hereby appoint

1. Name : ....

   Address :...

   E-mail Id :..

   Signature :...or failing him

2. Name :...

   Address :...

   E-mail Id :..

   Signature :...or failing him

3. Name :...

   Address :...

   E-mail Id :..

   Signature :..

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual General Meeting of M/s. NACL Industries Limited will be held at 10.00 a.m. on Wednesday the 14th day of August, 2019 at FTAPCCI Auditorium, M/s Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, (FTAPCCI), Federation House, 11-6-841, FAPCCI Marg, Red Hills, Hyderabad-500004, Telangana State, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	No. of shares	I / We assent to the Resolution (FOR)	I / We dissent to the Resolution (AGAINST)
Ordinary Business:				
1.	To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2019, the Balance Sheet as on that date and the Cash Flow Statement for the year ended on that date and the Reports of Directors and Auditors thereon.			
2.	To appoint a Director in place of Mr.N.Vijayaraghavan (DIN: 02491073) who retires by rotation and being eligible, offer himself for re-appointment.			
Special Business:				
3.	To ratify the remuneration of the Cost Auditors.			
4.	Re-appointment of Mr.Raghavender Mateti (DIN: 06826653) as an Independent Director of the Company.			
5.	Appointment of Mr.Dorairaj Kuppurangam (DIN: 00902788) as an Independent Director of the Company.			
6.	Appointment of Mr. M. Pavan Kumar (DIN:01514557) as a Director of the Company.			
7.	Appointment of Mr. M. Pavan Kumar (DIN:01514557) as Managing Director & CEO of the Company.			
8.	Appointment of Mr.Rajesh Kumar Agarwal (DIN:00210719) as an Investor Nominee Director of the Company.			
9.	Appointment of Mr. Atul Churiwal (DIN:00180595) as an Investor Nominee Director of the Company.			
10.	To approve the material related party transactions with M/s. Krishi Rasayan Exports Private Limited.			
11.	To approve the material related party transactions with M/s.Agro Life Science Corporation, a registered Partnership Firm.			
12.	To consider the adoption of new set of Memorandum of Association.			

Affix `1/- Revenue Stamp

Signed this ....day of 2019

Signature of Shareholder ....

Signature of Proxy holder(s) ....

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

NACL INDUSTRIES LIMITED

(formerly known as 'Nagarjuna Agrichem Limited')

CIN: L24219TG1986PLC016607

Registered Office: Plot No.12-A "C" Block, Lakshmi Towers, No.8-2-248/1/7/78, Nagarjuna Hills, Panjagutta, Hyderbad-500082, Telangana State, INDIA Tel. No. 040-33185100 Fax No. 040-23358062
Email address: investors@naclind.com Website: www.naclind.com

Please fill up this Attendance slip and hand it over at the entrance of the Meeting hall. Please also bring your copy of the enclosed annual report.

ATTENDANCE SLIP

I hereby by record my presence at the 32nd Annual General Meeting of M/s. NACL Industries Limited being held at 10.00 a.m. on Wednesday the 14th day of August, 2019 at FTAPCCI Auditorium, M/s Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, (FTAPCCI), Federation House, 11-6-841, FAPCCI Marg, Red Hills, Hyderabad-500004, Telangana State, India.

REGD. FOLIO NO/ CLIENT ID

NO.OF SHARES

Name of the Share holder (In block letters)

Note: Member / Proxy who wish to attend the Meeting must bring this attendance slip to the Meeting and handover at the entrance at the Meeting hall duly signed .

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NACL launched "Krishi Kalyan"
Android Mobile App

NACL Product launch - Syndicate

NACL Product yield demonstration

NACL Srikakulam Tehcnical Unit - Block 7 implementation in progress

NACL 'STAR' Products

NACL Industries Limited

(formerly known as 'Nagarjuna Agrichem Limited')

CIN:L24219TG1986PLC016607

Regd.Off.: Plot No.12-A, 'C' Block, Lakshmi Towers, Nagarjuna Hills, Punjagutta, Hyderabad - 500 082, Telangana, Indi

Ph: 040-33185100, Fax: 040-23358062

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NAGARJUNA
NACL

Nagarjuna - Pride of the Indian Farmers