



# NACL Industries Limited

Ref: NACL/SE/2023-24

July 29, 2023

**1) BSE Limited**

Phiroze Jeejeebhoy Towers  
Dalal Street, Fort,  
Mumbai – 400001.

**Security code:524709**

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

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

**Symbol: NACLIND**

Dear Sir,

**Sub: Press Release**

**Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements)  
Regulations, 2015**

Please find enclosed a copy of the communication released to the press.

You are requested to take the same on records.

Thanking you

for **NACL Industries Limited**

**Satish Kumar Subudhi**

Vice President-Legal & Company Secretary

Encl: As above





# NACL Industries Limited

## NACL Industries Limited Announces Financial Results for Q1 FY 2023-24.

Hyderabad, July 29, 2023: NACL Industries Ltd. announced its financial results for the quarter ended June 30, 2023.

### Key Standalone Financial Highlights

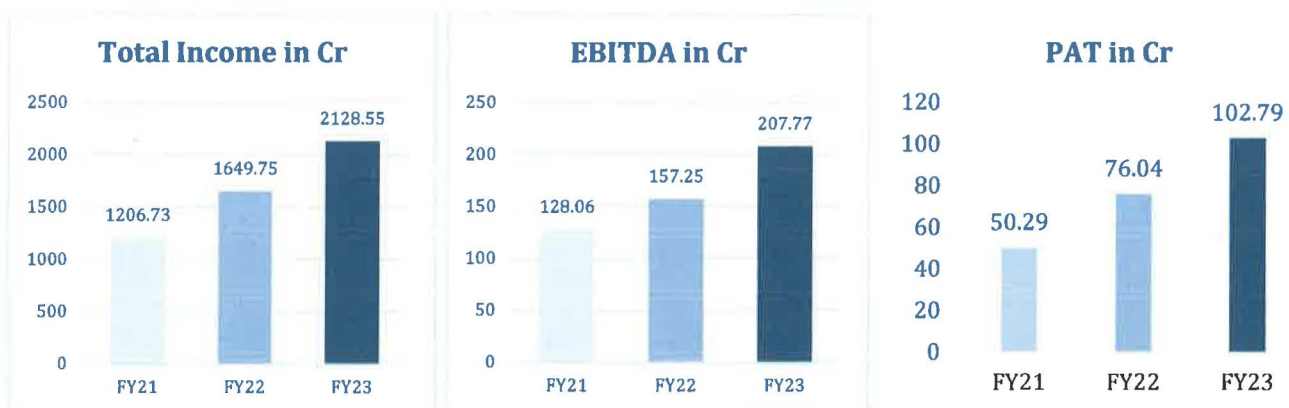
- Total income for the Quarter ended June 30, 2023, stood at Rs. 390.16 Cr, lower by 18% from the previous corresponding quarter.
- EBITDA negative for the quarter stood at Rs. 29.50 Cr compared to positive EBITDA of Rs. 36.34 Cr in the corresponding period of the previous year.
- Against a PAT of Rs. 15.13 Cr in Q1 FY' 23 the company's loss for the Quarter ended June 30, 2023, stood at 36.60 Cr.

### Key Strategic Highlights

- The Board of Directors approved the Company's plan to expand its business portfolio with entry into Specialty Materials and Intermediates (including Fluorinated compounds), Specialty Nutrition and Bioproducts, addressing Agriculture, Healthcare, Industrial and other sectors.
- The Company envisages an investment of about Rs.1000 crores over the next three years for the said businesses including expansion of its existing Manufacturing and R&D facilities for captive as well as Custom Development and Contract Manufacturing opportunities.
- The Company has launched two new Maize Herbicide formulations "ROZZER" & "TEMBOGUARD" in Q1 FY'24. Additional launches planned in the second quarter.

### Annual Performance at a Glance

#### FY'22 Vs FY'23



## Key Updates on Q1 2023-24

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- Exports contributed 29% of the total revenues during the first quarter of FY 2024. For the quarter ended 30.06.2023, there was a decrease of 42% over the last previous corresponding quarter. High inventories in most markets (particularly LATAM), sharp decline in AI prices and continued price pressures have impacted business. Additionally, compulsion to liquidate high value inventory, by a number of companies suggests a challenging outlook for the next quarter, with prospects likely to improve in Q3 FY'24.
- A delay in the onset of monsoons and their slow progress has delayed sowing this Kharif season. This combined with the price erosion in generic molecules presented a challenging environment. Despite these headwinds domestic retail business was able to perform above expectations and arrest the decrease in sales revenue to 16% over the previous corresponding quarter. Outlook for Q2 FY'24 remains positive, despite the challenges presented by floods in some areas and high inventory.
- The flagship technical plant in Srikakulam (AP) has achieved its highest monthly production in April 23 reaching 1101 MT. Concurrently a new manufacturing line was successfully commissioned for a key "Intermediate" which will facilitate greater backward integration in the production of Active Ingredients. The formulation plant in Ethakota (AP) has started the inhouse production of two formulations, with the potential for significant cost savings.
- The Company's raw material supply remains largely stable, despite the price crash in few products due to a lack of demand. The declining trend in the prices of raw materials is expected to continue for Q2 FY'24, and no disruptions in supply are anticipated.
- CRISIL has reaffirmed the company's credit rating favourably for long term & short-term bank facilities. For long term - CRISIL A/ Stable and for short term - CRISIL A1
- The long-term credit rating for Ms NACL Spec-Chem Limited a wholly owned subsidiary of the Company was upgraded to CRISIL A-/Stable (Upgraded from 'CRISIL BBB+/Stable'). It was also assigned CRISIL A2+ for short term banking facilities.
- Mr. Santanu Mukherjee former MD of State Bank of Hyderabad, has been appointed as a Non-Executive and Independent Director on the Board of the Company with effect from July 27, 2023.
- The R&D team is working on improving process for the synthesis of emerging AIs and new agrochemical combination (formulations) for overseas and Indian customers. As a result of these efforts over 100 registrations across the globe for several Active Ingredients and formulations are currently in progress
- The company continues to invest in improving its sustainability benchmarks, with the recent commissioning of a vacuum distillation-based evaporation unit at Srikakulam, which will reduce effluent discharge by almost 90%.

## Comments from Mr. Pavan Kumar, MD & CEO

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Despite the efforts of our dedicated team, our revenues for Q1 FY24 were lower at ₹390.16 Cr vis-a-vis ₹478.27 Cr in Q1 FY23 due to adverse market conditions.

The crop protection industry has been facing significant headwinds in both the domestic as well as export markets, needing higher inventory provisioning amidst supply chain uncertainties and incessant price drops all coming together to create an unprecedented storm of market challenges.

In light of these challenges, NACL is actively implementing measures to strengthen its position and navigate these market conditions successfully carefully and concertedly.

We are investing in R&D, optimizing supply chains and cost management processes to enhance efficiency and mitigate costs and risks. Despite the current setbacks, NACL remains committed to its long-term goals of capacity expansion, portfolio diversification and customer centrality.

The company is confident that its strategic initiatives and customer centrality will lead to improved financial performance in the upcoming quarters and thereafter.

## About NACL

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NACL is an established, integrated player in the Agrochemical industry, having entered the sector in 1993. The Company is reckoned as a reliable manufacturer of quality Active Ingredients, Intermediates and branded Formulations and built sizable businesses in Domestic Retail, Institutional and Export segments. Many of the Company's customers are large MNCs with longstanding relationships. The retail formulations business has a nation-wide distribution footprint with over 50 brands covering all major crops and product-categories such as Insecticides, Herbicides, Fungicides and Plant Growth Regulators.

For more information: visit <https://naciind.com/>

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## Cautionary Statement:

*Except for historical information, all of the statements, expectations and assumptions contained in this presentation may be forward-looking statements that involve a number of risks and uncertainties. Although NACL attempts to be accurate in making these forward-looking statements, it is possible that future circumstances might differ from the assumptions on which such statements are based. Other important factors which could cause these statements to differ materially include economic conditions, Government policies, dependence on partnerships, retention of key personnel, technological advances that may make our service offerings less competitive; NACL does not undertake to update any forward-looking statements that may be made from time to time.*