



# NACL Industries Limited

Ref: NACL/SE/2023-24

November 06, 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 Announces Financial Results for Q2 & H1 FY 2023-24.

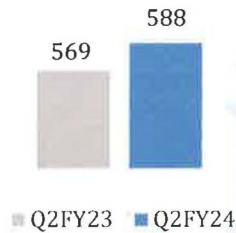
Hyderabad, November 06, 2023: NACL Industries Ltd. announced its financial results for the quarter and half year ended September 30, 2023.

### Key Standalone Financial Highlights

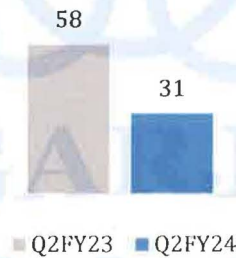
- Total income for the Quarter ended September 30, 2023 stood at Rs. 588 Cr, registering a YOY growth of 3%
- EBITDA and PAT for the quarter stood at Rs. 31 Cr and Rs. 8.5 Cr respectively compared to Rs. 58 Cr and Rs. 30 Cr in the corresponding period of the previous year
- Total income for the half year ended September 30, 2023 stood at Rs. 977 Cr, lower by 7% from previous corresponding period
- EBITDA for the half year ended September 30, 2023 stood at Rs. 2 Cr compared to Rs. 95 Cr in the corresponding period of the previous year
- Against PAT of Rs 45 Cr in first half of FY 2023 the Company's loss for the first half of FY 2024 stood at Rs 28 Cr

### Performance at Glance

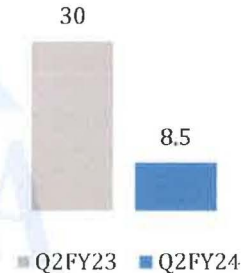
Total Income (Rs. Cr)



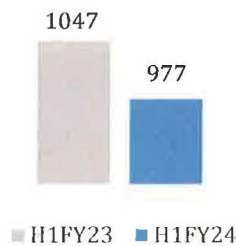
EBITDA (Rs. Cr)



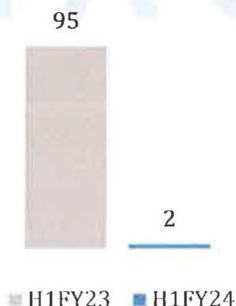
PAT (Rs. Cr)



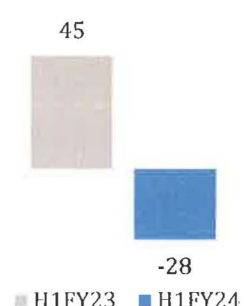
Total Income (Rs. Cr)



EBITDA (Rs. Cr)



PAT (Rs. Cr)



## Key Updates on Q2 & H1 2023-24

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- Exports contributed over 20% of H1. The exports business continued to be challenged by lower demand, principally driven by two factors – 1) All tiers in the channel destock their inventories to the minimum level. 2) Small lot purchases, owing to oscillating prices. Agricultural season remained closer to normal except Australia (suffering from dry conditions) and Indian subcontinent with erratic rains. The business shares the Industry sentiment that the situation will return to normal towards the end of Q1, next fiscal year. Focus of business has been on liquidating the high-priced inventory and be nimble on building stocks (except where good cost position opportunities are anticipated). Business is also working on diversifying its presence in all business segments to avoid risk from skewness in any particular segment.
- Extreme dry spell in August had an impact on demand in India and liquidation of material in Q2. This also had an impact on reservoir levels impacting southern states. Combined with the price erosion in generic molecules it presented a challenging environment. Despite these headwinds, domestic retail business was able to perform above expectations and increased sales revenue by 34.80% over the previous corresponding quarter. Outlook for Q3 FY'24 remains positive, despite the challenges presented by low water storage levels in key areas and high inventory.
- Domestic institutional business clocked robust growth in Q2, driven by higher volumes and product mix.
- The flagship technical plant in Srikakulam (AP) has achieved its production during Q2 ended Sep 23 reaching 1,953 MT. The formulation plant in Ethakota (AP) has started the inhouse production of two formulations, with the potential for significant cost savings.
- During Q2 2023-24, the supply of key raw materials for domestic products remained relatively stable. China experienced a price decline in the first quarter, but prices seem to have stabilized by the end of Q2. However, factors like the Ukraine conflict, Middle East tensions, and rising electricity and crude oil prices in various countries may impact the situation. China's increased production capacity and a lack of demand for finished products have created resistance to price increases, despite rising input material costs. A slight price increase is expected in Q4, as the market adjusts to these factors.
- The R&D team is continuously working on the process development and synthesis of New off-patent generic products and recipe development for various new patentable combinations.
- Registration and regulatory team is working on registering our own Technical (Active Ingredients) /Formulations and traded products in various countries across the World. With this effort, the Regulatory team has submitted over 100 new dossiers for registrations across the globe and also conducted in house trials for various new combinations and identified new combinations for registration. The Company has also filed patent application for more than 20 new combinations of Insecticides, Fungicides and Herbicides.



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

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Our revenues for Q2 FY24 were higher at ₹586 Cr vis-a-vis ₹564 Cr in Q2 FY23 but H1 FY24 were lower at ₹972 Cr vis-a-vis ₹1,040 Cr in H1 FY23 due to adverse market conditions particularly in Q1.

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 carefully and concertedly.

NACL is investing in R&D, optimizing supply chain efficiently and working on cost management, which has to enhance outcome. Despite the current setbacks, NACL remains optimistic of improved profitability in Q3 and Q4.

**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://naclind.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.*