



NACL Industries Limited

Embracing Change Spurring Momentum



Annual Report
2022-23

Embracing Change, Spurring Momentum

In a dynamic world where progress is marked by the ability to transform challenges into stepping stones, NACL stands as a beacon of determination and achievement. With each hurdle we surmount, we garner valuable insights, refine our strategies and nurture innovation. The theme "Embracing Change, Spurring Momentum" is more than a statement; it's a philosophy that underscores our commitment for pushing boundaries and seeking triumph in adversity.

It echoes in the way we approach every project, every innovation and every interaction. Challenges, far from deterring us, fuel our determination to exceed expectations. Through our relentless pursuit of spurring momentum, we've learned that the road to success is paved with challenges and it's our ability to embrace these challenges that empower us to harvest the plentiful rewards of momentum. At NACL, challenges are not barriers; they are the catalysts that propel us towards excellence.

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About NACL

NACL Industries Limited (NACL) is one of India's long-standing public company in the business of developing, manufacturing and marketing crop protection and other products with national distribution reach serving the farming community all over the country and exporting sizable part of the production to various countries around the world.

NACL manufactures a comprehensive range of active ingredients, formulations and custom manufactured fine chemicals at its facilities in Srikakulam & Ethakota in Andhra Pradesh. It also has a state of the art Research & Development facility at Shadnagar, Telangana. The Company exports its products to 30+ nations across four continents. In the domestic formulation market, they have over 60 brands covering all major crops.

NACL is one of the most reliable contract manufacturers and maintains a strong relationship with MNCs domestically and abroad. The Company is professionally run by experienced leadership team and managed by strong board staffed with industry veterans. The Company's equity is listed on the BSE Limited and the National Stock Exchange of India Limited.

Values

- Concern
- Commitment
- Quality
- Integrity

Mission

- » To be a trusted name in providing high-quality products and solutions to the farming community
- » To be a trusted custom & contract manufacturing partner
- » To be a model company in meeting the expectations of all stakeholders



FY2023 Highlights



63.83%

Promoter Holding

₹57,741 Lakh

Net worth

₹1,626.73 Cr

Market capitalisation (as on March 31, 2023)

3

Manufacturing facilities

1350+

Employees

10,000+

Retailers

63

Branded products

5mn+

Customer (Farmers)

₹2,11,600 Lakh

Revenue from Operations

▲ 29%

₹20,777 Lakh

EBIDTA

▲ 32%

15%

Return on capital employed

▲ 11%

1.00

Debt equity ratio

▲ 9%

₹13,774 Lakh

Profit before tax

▲ 34%

₹10,279 Lakh

Profit after tax (PAT)

▲ 35%

19%

Return on equity

▲ 14%



Milestone Years

1994 - 1996

1994

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

1995

Project Work on 2nd Technical Manufacturing Block for manufacturing Acephate was initiated

1996

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

1998 - 2003

1998

Started exporting the products manufactured from the Technical Manufacturing Plant

2001

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

2003

SAP (Enterprise Resource Planning) was successfully implemented

2004 - 2005

2004

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

2005

The 5th Technical Manufacturing block was established

2006 - 2010

2006

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

2010

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

2012 - 2016

2012-16

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

2017 - 2018

2017

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

2018

Received the 'Best Management Award' from the Government of AP for the second time in 2018

2019 - 2021

2019

Commission of the Block 7 at Srikakulam Unit

2020

- » Registered the highest turnover of ₹1015 Crores
- » Setting up a Greenfield project at Dahej, Gujarat

2021

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

2022 - 2023

2022

- » Registered highest-ever turnover of ₹1640 Crores for the 3rd consecutive year
- » Received Agri-Business Summit Agri (ABSA) award 2022 under the category 'Company of the Year'
- » Commenced commercial production at Dahej with a capacity of 6,000MT

2023

- » Registered highest-ever turnover of ₹2116 Crores
- » PAT crosses the ₹100 Crores landmark
- » Commissioned a new plant at Dahej

Key Strengths and Strategies

Key Strengths



Three decades of Field Experience

Three decades of field experience has strengthened our position in the agrochemical industry since its establishment in 1993. Today, we stand as one of the most seasoned players, boasting extensive technical expertise and a strong foothold in the marketplace.



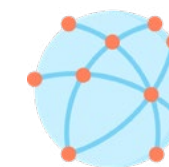
Robust Research & Development capability

NACL possesses a state-of-the-art research facility, giving us a competitive edge by delivering quality products and capturing new markets through innovation.



Ground connect

We have established direct channels to connect with retailers, enabling us to reach customers in even the remotest corners of the country.



Reach 30+ international markets

Beyond domestic success, we export our products to over 30 countries across North America, Latin America, Europe, the Middle East, South East Asia, and Africa, contributing to 35% of our revenue.



Strong background of Board of Directors

The Board of Directors are a formidable force, with 9 out of the 13 members being accomplished experts in agricultural or chemical fields. Their combined knowledge drives us towards excellence.



Diverse product portfolio

NACL showcases a diverse product portfolio, offering pesticides, herbicides, fungicides and plant growth regulators.



Strong and time-tested ties with MNCs

Having nurtured strong and time-tested ties with major corporations over its 30-year journey, NACL has grown exponentially in its niche domain.



Distribution Network

With a vast distribution network encompassing more than 10,000 retailers and 47 stock points pan India, We have established direct contact with farmers across the nation, ensuring hassle-free product sales.



Prominent presence in the entire value chain

Demonstrating a prominent presence across the entire agrochemical value chain, NACL controls multiple functions from R&D to manufacturing of intermediates and active ingredients, formulations, distribution, brand building and customer engagement programmes.



Pan-India brand presence

NACL has a dominant market position with approximately 60 reputed brands, and our pan-India brand presence is felt far and wide.



Strategies

Capacity Enhancement: Accelerating Production and Expanding Facilities

NACL is fervently committed to profound expansion of its production capabilities in the domains of agrochemicals, speciality chemicals and advanced intermediaries. As part of this endeavour, we are currently undertaking two Greenfield projects in Dahej, Gujarat and Srikakulam, Andhra Pradesh. These projects are poised to bolster NACL's manufacturing capacity significantly.

Additionally, we have successfully obtained the necessary approvals for expanding the existing plant in Srikakulam, Andhra Pradesh, from 30 tonnes per day (TPD) to an impressive 70.1 tonnes per day (TPD).

Thrust on Research & Development: Pioneering Progress and Quality Assurance

NACL's R&D Facilities in Hyderabad and Ethakota have achieved the ISO 17025:2017 Certificate of Accreditation from the National Accreditation Board for Testing and Calibration of Laboratories (NABL), alongside recognition by the Department of Scientific and Industrial Research (DSIR), Government of India. Within this framework, a primary focus of the R&D is to develop innovative formulation products and facilitate their registration for both domestic and international market penetration.

Notably, the R&D division secured GLP certification in 2021 and initiated studies aimed at facilitating product registration across African and Southeast Asian nations, a strategic step towards enabling effective product marketing.



Customer-Centric Approach: Tailoring Products to Meet Specific Needs

At NACL, customer satisfaction is paramount. Through close collaboration with customers and retailers, we gain vital insights that inform the development of tailor-made products to precisely meet the unique requirements of our clientele. This customer-centric approach not only enhances product reliability but also expands the brand's market reach.

Market Expansion: Exploring New Horizons and Growth Opportunities

NACL is actively pursuing new export markets. We are diligently working on new product registrations and brand building initiatives in untapped geographies. Furthermore, we are proactively seeking opportunities for inorganic growth in areas that synergises with our existing business.

Sustainable Manufacturing Practices: Fostering Growth While Protecting the Environment

NACL ensures the certification of all manufacturing plants concerning quality, environment, health and safety. Integral to these endeavours, we have advanced Zero Liquid Discharge (ZLD) facilities located in Srikakulam Plant. Plants are designed for optimal energy and water consumption and they operate with high efficiencies.

A team of dedicated professionals safeguard the environment, embodying the company's commitment.

Digital Leap: Embracing Technology for Enhanced Engagement

We have entered the digital sphere with the launch of the Krishi Kalyan App. This innovative platform fosters closer engagement with farmers while disseminating best practices related to agriculture and crop protection. We are also actively bolstering our brand presence across various social media platforms to enhance brand awareness and communication.

Enhancing Capabilities



NACL Industries facility at Srikakulam, Andhra Pradesh

A brownfield expansion increased the capacity from 10,000 MTPA to 17,000 MTPA and further to increase to 25,000 MTPA in the due course.

NACL Spec-Chem Limited, Dahej, Gujarat

The initial 6,000MTPA project phase began commercial production on December 28, 2022, with two production lines operating at full capacity. The remaining three lines are projected to reach full capacity by Q3 FY2024.



NACL Multichem Pvt. Ltd, Ranasthalam Mandal, Srikakulam

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

The major land acquisition are being completed and after obtaining the EC, other approvals/ licenses is being obtained.



Competitive Advantages

NACL proudly stands as a dominant force in a fiercely competitive industry. Our remarkable success can be attributed to our well-established position throughout the crop protection value chain. This strategic position allows us to maintain full control over various aspects crucial to our growth, including cost structure, product quality, innovation, customisation, and efficient deliveries.

We export our products to more than 30 nations spanning four continents. Within India, the domestic formulation market houses over 60 well-known brands, catering to a

diverse range of major crops. As one of the most dependable contract manufacturers, we maintain robust partnerships with multinational corporations both domestically and internationally.

A driving force behind NACL's success lies in our professionally managed leadership team, enriched by years of experience. Furthermore, we are supported by a dedicated Board comprised of industry veterans.

Our commitment to transparency and growth is evident through our listing on BSE Limited and the National Stock Exchange of India Limited.



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

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



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



Developed a robust distribution network, employing a direct-to-retail approach, ensuring cost-effective and seamless product delivery to farmers



Collaborated with agriculture scientists to educate farmers on crop protection, product usage, safety practices, and other essential features. Field development associates conduct product demos to demonstrate proper usage techniques



516

Number of registrations

10,000

Metrication (Capacity)

53,000

MT/KL per annum (capacity)

Product Description

Formulations

NACL Industries Limited proudly presents an extensive array of cutting-edge formulations meticulously crafted for supreme agricultural efficacy. Our diverse range of solutions encompasses a comprehensive selection of insecticides, fungicides, herbicides, regulators, and nematicides, tailored to address a multitude of farming needs.

Available in various user-friendly forms such as wettable powders, granules, emulsifiable concentrates, and suspensions, our products empower farmers with efficient, targeted, and sustainable crop cultivation solutions.



Insecticides		Fungicides	Herbicides		PGR & Bio Stimulants
» Cairo	» Pest Lock	» Combi Plus	» Cambium	» Nagastra	» Atonik
» Cannon	» Profex	» Font	» Eraze	» Nagastra Strong	» Gallant EG
» Dxtar	» Profex Super	» Index	» Eraze - N	» Narilon	» Gallant Gold
» Dxtar Fs	» Pymet	» Kazan	» Eraze Plus	» Point	
» Ennova	» Quick Sp	» Mass	» Eraze Strong	» Rhino	
» Fenny	» Status	» Mass Plus	» Globus	» Senior	
» Force Super	» Syndicate	» Nagarjuna Rizostar	» Globus Sg	» Sirius	
» Fury	» Task Gr	» Oscar	» Goemon	» Smash	
» Hurricane Plus	» Task Sc	» Result	» Imax	» Surya	
» Monocrown	» Trust	» Sivic	» Nagarjuna Cubit	» Twofour	
» Nagarjuna 4g	» Warrior	» Slogan	» Nagarjuna Dicaught		
» Nagarjuna Mantle	» Warrior Plus	» Subtle	» Nagarjuna Dicaught Plus		
» Nagarjuna Mida		» Trica			
» Nagarjuna Spice		» Zeb			
		» Zen			

₹83,260 Lakh

Insecticides
▲ 22%

₹85,106 Lakh

Fungicides
▲ 39%

₹32,616 Lakh

Herbicides
▲ 22%

₹8,789 Lakh

Plant growth regulators
▲ 140%

Our Technical Superiority

At NACL Industries Limited, our expertise lies in both utilising technicals for captive consumption and supplying them to esteemed companies within India and abroad. In addition to this, we take pride in our manufacturing capabilities, producing a wide range of technicals, intermediates, and fine chemicals exclusively tailored for major multinational corporations (MNCs).

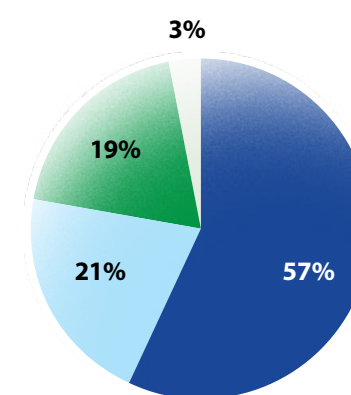
Driven by an unyielding pursuit of excellence and a customer-centric approach, we ensure that our technicals and chemical products meet the highest standards of quality, reliability, and effectiveness.

List of technicals offered by NACL

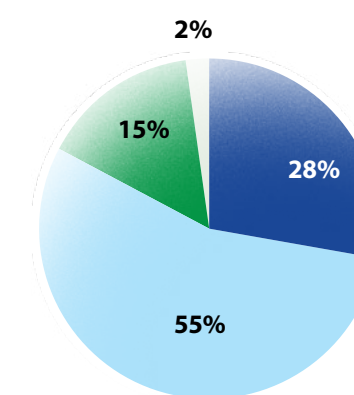
- » Myclobutanil
- » Propiconazole
- » Profenofos
- » Pretilachlor
- » Tricyclazole
- » Thiamethoxam
- » Lambda Cyhalothrin
- » Bifenthrin
- » Azoxystrobin
- » Tebuconazole
- » Thifluzamide
- » Difenconazole
- » Bispyribac Sodium
- » Glufosinate ammonium

Product Category-wise Share in Revenue

2021-22



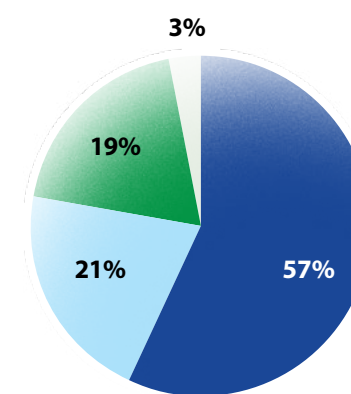
Formulation %



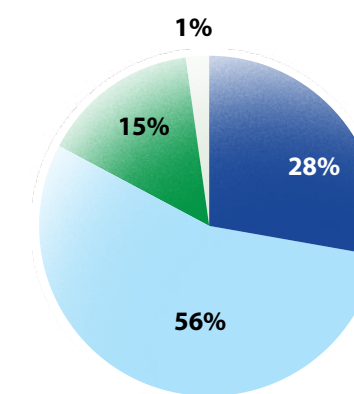
Technicals %

- Insecticides
- Fungicides
- Herbicides
- Plant growth regulators

2022-23



Formulation %



Technicals %

- Insecticides
- Fungicides
- Herbicides
- Plant growth regulators

Global Footprint

NACL Industries Limited has established a strong global presence, spanning various continents. With our products being exported to numerous countries, our Company's footprint extends far beyond our home country, India. Through strategic partnerships and a commitment to excellence, we continue to make a significant impact on the international agrochemical market.

30

Nations

₹84,376 Lakh

Export Revenue

₹59,368 Lakh

Americas

▲ 55% growth over FY22

₹2,757 Lakh

Europe

▼ (65%) growth over FY22

₹3,042 Lakh

Africa

▲ 21% growth over FY22

₹11,954 Lakh

Asia

▲ 76% growth over FY22

₹7,255 Lakh

Australia

▲ 56% growth over FY22



Message from the Chairperson

Dear Shareholders,

It is my privilege to present this report, illuminating our journey and accomplishments throughout the FY2023 in the dynamic arena of the agrochemical industry. This year has been a testament to our relentless pursuit of excellence, evident through remarkable achievements and significant strides towards sustainability and growth. In a world defined by change and challenge, our commitment remains steadfast, and we embark on the future with unwavering determination and dedication to thrive. Your trust and unwavering support have been the cornerstones of our success, and we eagerly anticipate the unfolding chapters of this shared narrative.

Global landscape

The past year unfolded amid notable global events, most significantly the Ukraine conflict, sparking shifts in commodity prices, stricter monetary policies, and global economic deceleration. Amidst these changes, macroeconomic volatility prevailed, with geopolitical factors exerting a notable influence on the business environment.

The global agricultural sector grapples with the complexities of climate change and resource constraints. Agriculture's role in economic development is pivotal, contributing over 4% to the global GDP. This sector's current transformation is driven by technological advancements such as precision agriculture and vertical farming, alongside biotechnological innovations addressing challenges like drought tolerance and nutrient deficiencies. However, disruptions like COVID-19, extreme weather events, and geopolitical tensions continue to cast shadows over food security and pricing dynamics.

The slowdown in China's economic growth had substantial ramifications, particularly given its prominent role as a leading exporter of agro chemicals and their associated raw materials.

Our industry showcased resilience in the face of challenges like escalating input costs and supply chain interruptions. Robust demand was observed in the herbicide product line particularly for non-selective herbicides like glyphosate. The insecticide and fungicide markets exhibited mixed performance due to diverse influences.

Indian Landscape

Amid the unprecedented challenges across the world, India's economy displayed remarkable resilience, outpacing several international counterparts with an impressive real GDP at 7.2%. Agriculture, contributing 18.3% to the GDP and engaging 45.5% of the workforce, remains a cornerstone of our nation's progress.

The agrochemical sector in India has experienced steady growth, with a CAGR of 6% from 2018 to 2022, reaching a milestone of approximately ₹22,300 Crores in 2022. Government initiatives promoting digital infrastructure and sustainable farming practices underscore our transition to a technology-driven agricultural landscape. This transformation, bolstered by policy measures and innovation, is instrumental in meeting the burgeoning food demands of our growing population.

Agrochemical sector

The agrochemical market has displayed consistent growth, marked by the increasing adoption of combined products and modern agricultural techniques. The escalating demand for food, improved quality, and the implementation of integrated pest management practices contribute significantly to this expansion. Projections indicate that the agrochemical market is poised to sustain a growth trend of 6-7%.

As for the Crop Protection market, the Indian sector is anticipated to showcase a robust Compound Annual Growth Rate (CAGR) of 4.6% throughout the forecast period spanning from 2023 to 2028. This growth is propelled by several pivotal factors. The global population's projected surge to 9.71 billion by 2050, especially in densely populated countries like India, the need for increased agricultural productivity intensifies. Impacts stemming from climate change have led to crop losses, making crop protection chemicals indispensable in mitigating these effects. An increase in disposable income among Indian farmers boosts demand for effective crop protection solutions. Furthermore, significant governmental support is driving the adoption of sustainable agricultural practices, ensuring both food security and environmentally-conscious approaches.

Company Performance

In the first quarter of FY2023, we achieved remarkable milestones. Exports witnessed a growth of over 100% compared to the previous year's corresponding quarter. Our commitment to productivity, quality, and timely deliveries remains unwavering.

Our flagship technical plant in Srikakulam achieved its highest ever monthly production record of 1002 MT in March 2023, while establishing new benchmarks in safety. Additionally, the formulation plant in Ethakota also achieved new production records. Despite global disruptions affecting raw material supply, we maintained operational stability. Our Dahej Greenfield site has successfully initiated commercial production, with expansion plans firmly on track.

Community Engagement

Our commitment to community well-being remains resolute. Initiatives in Srikakulam and Ethakota encompass vital undertakings such as providing purified drinking water, supporting educational institutions and students, and offering essential medical assistance. Infrastructure development projects continue to uplift the lives of our communities.

FY2023 exemplifies our resilience in adversity, adaptability to evolving landscapes, and unwavering pursuit of growth. As we stand at this juncture, our commitment to our overarching vision resonates even more powerfully – a vision that rests upon the pillars of innovation, sustainability, and collaborative synergy. Looking ahead, we stride forward with renewed vigor, eager to script new chapters of success, and to continue to contribute significantly to the realms we operate in.

Acknowledgements

We extend heartfelt appreciation to our dedicated teams, esteemed customers, and steadfast shareholders. Your contributions have indelibly shaped our journey and the narrative of our accomplishments.

K Lakshmi Raju

Chairperson

