



NACL Industries Limited

Ref: NACL/SE/2024-25

February 28, 2025

BSE Limited

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

Company Code: 524709

National Stock Exchange of India Ltd

Exchange Plaza, 5th Floor,
Plot No.C/1 G Block, Bandra- Kurla Complex,
Bandra, Mumbai – 400051

Symbol: NACLIND

Dear Sir/Madam,

Sub: Intimation of Credit Rating – reg.

Pursuant to the Regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform that, CRISIL, has revised the credit rating assigned to the Long Term & Short Term Bank Facilities of NACL Industries Limited and NACL Spec-Chem Limited (a Wholly Owned Subsidiary of NACL). The details of the same are given herein below:

A) NACL Industries Limited - Rating Action:

Facility	Rating Type	Rating Action	Rated Amount
Bank Loan	Long Term Rating	CRISIL BB+/Negative (Downgraded from 'CRISIL BBB-/Negative')	₹ 915 Crores
	Short Term Rating	CRISIL A4+ (Downgraded from 'CRISIL A3')	

B) NACL Spec-Chem Limited - Rating Action:

Facility	Rating Type	Rating Action	Rated Amount
Bank Loan	Long Term Rating	CRISIL BB/Negative (Downgraded from 'CRISIL BB+/Negative')	₹ 175 Crores
	Short Term Rating	CRISIL A4+ (Reaffirmed)	

Kindly take the same into records.

Thanking you,

for **NACL Industries Limited**

Satish Kumar Subudhi

Vice President -Legal & Company Secretary



Rating Rationale

February 19, 2025 | Mumbai

NACL Industries Limited

Ratings downgraded to 'Crisil BB+/Negative/Crisil A4+'

Rating Action

Total Bank Loan Facilities Rated	Rs.915 Crore
Long Term Rating	Crisil BB+/Negative (Downgraded from 'Crisil BBB-/Negative')
Short Term Rating	Crisil A4+ (Downgraded from 'Crisil A3')

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings.

The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has downgraded its ratings on the bank loan facilities of NACL Industries Ltd (NACL; part of the NACL group) to '**Crisil BB+/Negative/Crisil A4+**' from 'Crisil BBB-/Negative/Crisil A3'.

The downgrade reflects the significantly weak business performance of the group in the third quarter of fiscal 2025, as reflected in net loss of Rs 36 crore for the quarter. This, along with continued pressure on liquidity owing to constraints placed by lenders on working capital limit, and higher debt obligation will continue to impact growth and financial flexibility. The negative outlook reflects the expected weakening in business performance over the medium term because of funding restrictions placed by bankers.

Promoter has infused equity of Rs 35 crore to support operations and Rs 10 crore is expected to be infused by an investor, subject to requisite approvals. The group's management plans to raise funds via issuance of non-convertible and compulsorily convertible debentures to fund working capital requirement. The promoter may also infuse unsecured loans to support the operations.

Timely infusion of funds by the promoter and investors, revival in business performance and ability of the management to raise funds or bank loans in a timely manner will remain monitorables.

The ratings reflect the strong market presence and brand of NACL in the agrochemicals industry, supported by the extensive experience of the management, its established clientele, geographic diversification in revenue and a moderate financial risk profile. These strengths are partially offset by large working capital requirement, and susceptibility to competition, regulatory changes and seasonality inherent in the agrochemicals sector.

Analytical Approach

Crisil Ratings has combined the business and financial risk profiles of NACL and its subsidiaries and associate companies. This is because these entities, collectively referred to as the NACL group, are in the same business and have common promoters and strong business and financial linkages. Also, NACL holds 26% stake in Nasense Labs Pvt Ltd and has been consolidated accordingly.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

- **Established market presence:** Supported by an experienced management team, NACL has built strong market position in the agrochemicals segment over the past three decades. The management has established healthy relationships with customers across geographies, comprising established players such as Syngenta Asia Pacific Pte Ltd, Saraswati Agro Chemicals India Pvt Ltd and Nissan Chemical Corporation. NACL sells a wide range of insecticides, fungicides, herbicides and plant growth regulators. Its ability to develop products to meet demand may enhance growth over the medium term. The promoters' expertise, strong understanding of market dynamics and healthy relationships with customers and suppliers will continue to support the business.

- **Moderate financial risk profile:** The financial risk profile remained moderate with higher debt of around Rs 789 crore as on March 31, 2024, resulting in gearing of 1.6 times. Networth moderated to Rs 511 crore on account of loss in fiscal 2024, but reliance on working capital borrowing was high. The group will continue to rely heavily on creditors and external debt for funding the working capital cycle over the medium term. Consequently, capital structure will remain leveraged while the debt service coverage metrics will likely remain subdued. The promoter has infused equity of Rs 35 crore to support the operations of the company and is expected to infuse additional Rs 10 crore, subject to requisite approvals.

Timely infusion of funds and disbursement of working capital limit will remain monitorables.

Weaknesses:

- **Large working capital requirement:** The working capital cycle was stretched in fiscal 2024 because of a weak industry scenario, prompting the company to provide extended credit to customers. Gross current assets were at 258 days as on March 31, 2024, driven by receivables of around 159 days (134 days a year earlier). The company offers extensive credit in the domestic formulations business and must maintain adequate inventory owing to sizeable stocks keeping units, import of raw materials and seasonality in operations. The working capital cycle is managed efficiently through a mix of cash accrual and bank borrowing. Nevertheless, operations will remain working capital intensive, especially in the biological segment. Prudent working capital management will be monitorable.
- **Susceptibility to competition, regulatory changes and seasonality in the agrochemicals sector:** The domestic agrochemical formulations industry has numerous organised players with regional presence. As NACL is into generic molecules, it faces intense competition from organised as well as unorganised players in the domestic market. The domestic agrochemicals sector is dependent on the monsoon and the level of farm income. Fortunes of this sector are, therefore, linked to the quantum, timing and distribution of rainfall in a year, exposing the players' revenue to seasonal trends. Besides, surplus or inadequate rainfall could impact the profitability of players and lead to build-up in the working capital requirement. The business performance of NACL, like that of other agrochemical manufacturers, may be impacted by regulatory changes, such as export and import policies, registration policies and product and environment safety requirements.

Liquidity: Stretched

Liquidity was constrained by continued losses and is expected to remain stretched as annual cash accrual is expected to be insufficient to cover debt obligation this fiscal. Moreover, a few lenders have placed restriction on full utilisation of working capital limit. The fund infusion of Rs 40 crore by the promoter and Rs 10 crore from an investor will likely support liquidity but timely infusion of the funds will remain critical. Current ratio was 1.13 times as on March 31, 2024.

Outlook: Negative

The outlook is Negative on account of weaker-than-expected performance of the NACL group and its stretched liquidity, with restrictions on availing working capital limits.

Rating Sensitivity Factors

Upward factors:

- Steady increase in revenue and operating margin leading to net cash accrual more than Rs 70 crore
- Improvement in the liquidity of the group on account of sizeable fund infusion
- Strengthening of the financial risk profile, especially debt protection metrics

Downward factors:

- Revenue declining to less than Rs 1,400 crore resulting in sizeable cash losses.
- Weakening of liquidity due to restrictions on utilisation of limits
- Any further provision towards doubtful debtors or write-offs

About the group

NACL, incorporated in 1986, manufactures and exports crop protection technicals (active ingredients) and formulations. The company manufactures pesticides, insecticides, herbicides, fungicides and other plant growth chemicals. The formulations business is mainly in the domestic market, and the company sells through a large retail dealer network. It also has a range of branded formulations. The company has two manufacturing units at Srikakulam and Ethakota in Andhra Pradesh and a research and development centre in Telangana. Ms K Lakshmi Raju is the promoter and Mr M Pavan Kumar manages the operations.

NACL Spec-Chem Ltd, set up in April 2020, has a manufacturing unit in Dahej Industrial Zone. The unit has installed capacity of 6,000 TPA for agrochemical technicals and intermediates for domestic as well as export markets. Ms K Lakshmi Raju is the promoter.

For the nine months through December 2024, the group reported total income and net loss of Rs 1,040.51 crore and Rs 42.13 crore, respectively, against Rs 1,326.58 crore and Rs 49.88 crore, respectively, in the corresponding period of the previous fiscal.

Key Financial Indicators

As on/for the period ended March 31	Unit	2024	2023	9m FY2025	9m FY2024
Operating income	Rs crore	1762	2,105	1033.09	1321.57
Reported profit after tax (PAT)	Rs crore	-59	95	-42.13	-49.88
PAT margin	%	-3.34	4.51	-4.08	-3.77
Adjusted debt/adjusted networth	Times	1.66	1.37	NA	NA
Interest coverage	Times	0.26	4.23	0.36	0.21

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Cash Credit*	NA	NA	NA	460.00	NA	Crisil BB+/Negative
NA	Letter of Credit	NA	NA	NA	125.00	NA	Crisil A4+
NA	Proposed Working Capital Facility	NA	NA	NA	197.62	NA	Crisil A4+
NA	Long Term Loan	NA	NA	31-Jan-26	13.13	NA	Crisil BB+/Negative
NA	Long Term Loan	NA	NA	28-Feb-26	40.00	NA	Crisil BB+/Negative
NA	Long Term Loan	NA	NA	31-Jan-26	28.85	NA	Crisil BB+/Negative
NA	Long Term Loan	NA	NA	31-Mar-28	19.34	NA	Crisil BB+/Negative
NA	Long Term Loan	NA	NA	30-Jun-25	19.40	NA	Crisil BB+/Negative
NA	Long Term Loan	NA	NA	31-Jan-25	11.66	NA	Crisil BB+/Negative

*Working capital demand loan and pre and post shipment credit are sublimits of cash credit

Annexure - List of Entities Consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
NACL Industries Ltd	Full	Parent company
LR Research Laboratories Pvt Ltd	Full	Same business and common promoters
NACL Spec-Chem Ltd	Full	Same business and common promoters
Nagarjuna Agrichem (Australia) Pty Ltd	Full	Same business and common promoters
NACL Multichem Pvt Ltd	Full	Same business and common promoters

Annexure - Rating History for last 3 Years

		Current		2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT/ST	790.0	Crisil BB+/Negative / Crisil A4+	09-01-25	Crisil A3 / Crisil BBB-/Negative	26-08-24	Crisil BBB+/Stable / Crisil A2	07-08-23	Crisil A/Negative / Crisil A1	08-08-22	Crisil A1 / Crisil A/Stable	--

			--		--	23-07-24	Crisil A-/Negative / Crisil A2+	27-07-23	Crisil A1 / Crisil A/Stable		--	--
			--		--	02-05-24	Crisil A-/Stable / Crisil A2+		--		--	--
			--		--	02-02-24	Crisil A-/Stable / Crisil A2+		--		--	--
Non-Fund Based Facilities	ST	125.0	Crisil A4+	09-01-25	Crisil A3	26-08-24	Crisil A2	07-08-23	Crisil A1	08-08-22	Crisil A1	--
			--		--	23-07-24	Crisil A2+	27-07-23	Crisil A1		--	--
			--		--	02-05-24	Crisil A2+		--		--	--
			--		--	02-02-24	Crisil A2+		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit ^{&}	75	Axis Bank Limited	Crisil BB+/Negative
Cash Credit ^{&}	33.68	Kotak Mahindra Bank Limited	Crisil BB+/Negative
Cash Credit ^{&}	35	YES Bank Limited	Crisil BB+/Negative
Cash Credit ^{&}	55	RBL Bank Limited	Crisil BB+/Negative
Cash Credit ^{&}	35	SVC Co-Operative Bank Limited	Crisil BB+/Negative
Cash Credit ^{&}	125	HDFC Bank Limited	Crisil BB+/Negative
Cash Credit ^{&}	30	SBM Bank (India) Limited	Crisil BB+/Negative
Cash Credit ^{&}	34	Shinhan Bank	Crisil BB+/Negative
Cash Credit ^{&}	26.32	Kotak Mahindra Bank Limited	Crisil BB+/Negative
Cash Credit ^{&}	11	IndusInd Bank Limited	Crisil BB+/Negative
Letter of Credit	30	SBM Bank (India) Limited	Crisil A4+
Letter of Credit	30	YES Bank Limited	Crisil A4+
Letter of Credit	45	IndusInd Bank Limited	Crisil A4+
Letter of Credit	20	Axis Bank Limited	Crisil A4+
Long Term Loan	19.34	RBL Bank Limited	Crisil BB+/Negative
Long Term Loan	19.4	Doha Bank	Crisil BB+/Negative
Long Term Loan	11.66	RBL Bank Limited	Crisil BB+/Negative
Long Term Loan	13.13	Bajaj Finance Limited	Crisil BB+/Negative
Long Term Loan	40	Bajaj Finance Limited	Crisil BB+/Negative
Long Term Loan	28.85	RBL Bank Limited	Crisil BB+/Negative
Proposed Working Capital Facility	152.62	Not Applicable	Crisil A4+
Proposed Working Capital Facility	45	Not Applicable	Crisil A4+

[&]Working capital demand loan and pre and post shipment credit are sublimits of cash credit

Criteria Details

Links to related criteria

Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)

Basics of Ratings (including default recognition, assessing information adequacy)**Criteria for consolidation**

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p>Ramkumar Uppara Media Relations Crisil Limited M: +91 98201 77907 B: +91 22 6137 3000 ramkumar.uppara@crisil.com</p> <p>Sanjay Lawrence Media Relations Crisil Limited M: +91 89833 21061 B: +91 22 6137 3000 sanjay.lawrence@crisil.com</p>	<p>Himank Sharma Director Crisil Ratings Limited B: +91 124 672 2000 himank.sharma@crisil.com</p> <p>Nagarjun Alaparathi Associate Director Crisil Ratings Limited B: +91 40 4032 8200 nagarjun.alaparathi@crisil.com</p> <p>Akhil Thomas Senior Rating Analyst Crisil Ratings Limited B: +91 40 4032 8200 Akhil.Thomas@crisil.com</p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number: 1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com</p> <p>For Analytical queries: ratingsinvestordesks@crisil.com</p>

Note for Media:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to Crisil Ratings. However, Crisil Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites and portals.

About Crisil Ratings Limited (A subsidiary of Crisil Limited, an S&P Global Company)

Crisil Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

Crisil Ratings Limited ('Crisil Ratings') is a wholly-owned subsidiary of Crisil Limited ('Crisil'). Crisil Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisilratings.com

About Crisil Limited

Crisil is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: [TWITTER](#) | [LINKEDIN](#) | [YOUTUBE](#) | [FACEBOOK](#)

CRISIL PRIVACY NOTICE

Crisil respects your privacy. We may use your contact information, such as your name, address and email id to fulfil your request and service your account and to provide you with additional information from Crisil. For further information on Crisil's privacy policy please visit www.crisil.com.

DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') provided by Crisil Ratings Limited ('Crisil Ratings'). For the avoidance of doubt, the term 'report' includes the information, ratings and other content forming part of the report. The report is intended for use only within the jurisdiction of India. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as Crisil Ratings provision or intention to provide any services in jurisdictions where Crisil Ratings does not have the necessary licenses and/or registration to carry out its business activities. Access or use of this report does not create a client relationship between Crisil Ratings and the user.

The report is a statement of opinion as on the date it is expressed, and it is not intended to and does not constitute investment advice within meaning of any laws or regulations (including US laws and regulations). The report is not an offer to sell or an offer to purchase or subscribe to any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way.

Crisil Ratings and its associates do not act as a fiduciary. The report is based on the information believed to be reliable as of the date it is published, Crisil Ratings does not perform an audit or undertake due diligence or independent verification of any information it receives and/or relies on for preparation of the report. THE REPORT IS PROVIDED ON "AS IS" BASIS. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS, CRISIL RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE. In no event shall Crisil Ratings, its associates, third-party providers, as well as their directors, officers, shareholders, employees or agents be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

The report is confidential information of Crisil Ratings and Crisil Ratings reserves all rights, titles and interest in the rating report. The report shall not be altered, disseminated, distributed, redistributed, licensed, sub-licensed, sold, assigned or published any content thereof or offer access to any third party without prior written consent of Crisil Ratings.

Crisil Ratings or its associates may have other commercial transactions with the entity to which the report pertains or its associates. Ratings are subject to revision or withdrawal at any time by Crisil Ratings. Crisil Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors.

Crisil Ratings has in place a ratings code of conduct and policies for managing conflict of interest. For more detail, please refer to: <https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html>. Public ratings and analysis by Crisil Ratings, as are required to be disclosed under the Securities and Exchange Board of India regulations (and other applicable regulations, if any), are made available on its websites, www.crisilratings.com and <https://www.ratingsanalytica.com> (free of charge). Crisil Ratings shall not have the obligation to update the information in the Crisil Ratings report following its publication although Crisil Ratings may disseminate its opinion and/or analysis. Reports with more detail and additional information may be available for subscription at a fee. Rating criteria by Crisil Ratings are available on the Crisil Ratings website, www.crisilratings.com. For the latest rating information on any company rated by Crisil Ratings, you may contact the Crisil Ratings desk at crisilratingdesk@crisil.com, or at (0091) 1800 267 1301.

Crisil Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011, to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on Crisil Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: <https://www.crisilratings.com/en/home/our-business/ratings/credit-ratings-scale.html>

Rating Rationale

February 19, 2025 | Mumbai

NACL Spec-Chem Limited

Long-term rating downgraded to 'Crisil BB/Negative'; Short-term rating reaffirmed

Rating Action

Total Bank Loan Facilities Rated	Rs.175 Crore
Long Term Rating	Crisil BB/Negative (Downgraded from 'Crisil BB+/Negative')
Short Term Rating	Crisil A4+ (Reaffirmed)

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has downgraded its rating on the long-term bank facilities of NACL Spec-Chem Ltd (NSCL) to '**Crisil BB/Negative**' from 'Crisil BB+/Negative' while short term rating has been reaffirmed at 'Crisil A4+'.

The rating has been downgraded on account of a similar rating action on the parent, NACL Industries Ltd (NACL).

The ratings continue to reflect the extensive experience of the promoter in the agrochemicals industry and the strong support from the parent, NACL. These strengths are partially offset by weak financial risk profiles and exposure to intense competition, regulatory changes and seasonality in the sector.

Analytical Approach

Crisil Ratings has applied its parent notch-up criteria to factor in the support received from the parent, NACL.

Key Rating Drivers & Detailed Description

Strengths:

- Extensive experience of the promoter:** Supported by an experienced management team, NACL group has built a strong three-decade-long market presence in the agrochemicals segment. The customers are diversified across geographies and include established players in India and export markets. The group sells a wide range of insecticides, fungicides, herbicides and plant growth regulators. Expertise of the promoter, her strong understanding of market dynamics and healthy relationships with customers and suppliers should continue to support the business.
- Strong support from parent:** NSCL is a fully owned subsidiary of NACL. The company benefits from financial, operational and managerial support from the parent. The NACL group has extended support to NSCL by enabling them to raise need-based funds through term debt. NACL has also given corporate guarantee to the debt facilities availed by NSCL.

Weaknesses:

- Weak financial risk profile:** NSCL has moderate financial risk profile, with moderately leveraged capital structure on account of debt-funded projects and moderate debt protection metrics. However, as the project has been completed and debt repayment has started, the capital structure should improve over the medium term with better accretion to reserve and reduction in term debt. NACL has brought in additional funds in the form of compulsory convertible debentures, which supports the financial risk profile of NSCL.
- Exposure to competition, regulatory changes and seasonality in the agrochemicals sector:** The domestic agrochemical formulations industry has numerous organised players with regional presence. As the NACL group is into generic molecules, it faces intense competition from organised as well as unorganised players in the domestic market. Also, the domestic agrochemicals sector is dependent on monsoon and the level of farm income

Liquidity: Stretched

Bank limit utilisation was moderate at 86% for the 12 months through October 2024. Cash accrual is expected to be insufficient against yearly debt obligation of Rs 13-14 crore in fiscal 2025. Need-based funding support by the parent and efficient working capital management will remain key towards timely servicing of debt.

Outlook: Negative

The outlook is negative in line with the outlook of the parent company, NACL.

Rating sensitivity factors

Upward factors:

- Improvement in liquidity profile with NCA vs RO higher than 1.2 times
- Improvement in the financial risk profile
- Upgrade in credit rating of the parent.

Downward factors:

- Lower-than-expected revenue or profitability, resulting in cash accrual less than Rs. 4 crores.
- Any significant change in strategy of the parent, which could impact the business risk profile of NSCL, or downgrade in the credit rating of the parent

About the Company

NSCL was incorporated in April 2020. It is a part of the NACL group and a wholly owned subsidiary of NACL. The company is set to manufacture agrochemical technical and intermediate for domestic as well as export markets with an installed capacity of 6,000 tonne per annum. Its facility is at Dahej Industrial Zone in Gujarat. Ms K Lakshmi Raju is the promoter.

About the parent

NACL, incorporated in 1986, manufactures and exports crop protection technical (active ingredient) and formulations. It manufactures all kinds of pesticides, insecticides, herbicides, fungicides and other plant growth chemicals. The formulation business of the company is mainly in the Indian market, and it sells through a large retail dealer network spread across India; it also has a range of branded formulations. The company has two manufacturing units at Srikakulam and Ethakota in Andhra Pradesh and one research and development centre in Telangana. Ms K Lakshmi Raju is the promoter and Mr M Pavan Kumar manages the operations

Key Financial Indicators

As on/for the period ended March 31	Unit	2024	2023
Operating income	Rs crore	178.79	16.22
Reported profit after tax (PAT)	Rs crore	-12.43	-7.54
PAT margin	%	-6.95	-46.46
Adjusted debt/adjusted networkth	Times	1.87	1.64
Interest coverage	Times	0.74	0.23

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

Crisil Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings' complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Cash Credit*	NA	NA	NA	30.00	NA	Crisil BB/Negative
NA	Letter of Credit	NA	NA	NA	20.00	NA	Crisil A4+
NA	Proposed Working Capital Facility	NA	NA	NA	2.86	NA	Crisil BB/Negative
NA	Term Loan	NA	NA	31-Mar-28	32.36	NA	Crisil BB/Negative
NA	Term Loan	NA	NA	31-Mar-28	89.78	NA	Crisil BB/Negative

*WCDL and Pre&post shipment Credit are sublimits of CC.

Annexure - Rating History for last 3 Years

Instrument	Current			2025 (History)		2024		2023		2022		Start of 2022
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	155.0	Crisil BB/Negative	09-01-25	Crisil BB+/Negative	26-08-24	Crisil BBB/Stable	07-08-23	Crisil A-/Negative	03-10-22	Crisil BBB+/Stable	--
				--	--	23-07-24	Crisil BBB+/Negative	27-07-23	Crisil A-/Stable	--	--	
				--	--	02-02-24	Crisil BBB+/Stable	--	--	--	--	
Non-Fund Based Facilities	ST	20.0	Crisil A4+	09-01-25	Crisil A4+	26-08-24	Crisil A3+	07-08-23	Crisil A2+	--	--	--
				--	--	23-07-24	Crisil A2	27-07-23	Crisil A2+	--	--	
				--	--	02-02-24	Crisil A2	--	--	--	--	

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit ^{&}	20	HDFC Bank Limited	Crisil BB/Negative
Cash Credit ^{&}	10	Axis Bank Limited	Crisil BB/Negative
Letter of Credit	20	Axis Bank Limited	Crisil A4+
Proposed Working Capital Facility	2.86	Not Applicable	Crisil BB/Negative
Term Loan	32.36	Axis Bank Limited	Crisil BB/Negative
Term Loan	89.78	HDFC Bank Limited	Crisil BB/Negative

&WCDL and Pre&post shipment Credit are sublimits of CC.

Criteria Details

Links to related criteria
<u>Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)</u>
<u>Basics of Ratings (including default recognition, assessing information adequacy)</u>
<u>Criteria for factoring parent/ group/government linkages</u>

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p>Ramkumar Uppara Media Relations Crisil Limited M: +91 98201 77907 B: +91 22 6137 3000 ramkumar.uppara@crisil.com</p> <p>Sanjay Lawrence Media Relations Crisil Limited M: +91 89833 21061 B: +91 22 6137 3000 sanjay.lawrence@crisil.com</p>	<p>Himank Sharma Director Crisil Ratings Limited B: +91 124 672 2000 himank.sharma@crisil.com</p> <p>Nagarjun Alaparathi Associate Director Crisil Ratings Limited B: +91 40 4032 8200 nagarjun.alaparathi@crisil.com</p> <p>Akhil Thomas Senior Rating Analyst Crisil Ratings Limited B: +91 40 4032 8200 Akhil.Thomas@crisil.com</p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number: 1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com</p> <p>For Analytical queries: ratingsinvestor@crisil.com</p>

Note for Media:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to Crisil Ratings. However, Crisil Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites and portals.

About Crisil Ratings Limited (A subsidiary of Crisil Limited, an S&P Global Company)

Crisil Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

Crisil Ratings Limited ('Crisil Ratings') is a wholly-owned subsidiary of Crisil Limited ('Crisil'). Crisil Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisilratings.com

About Crisil Limited

Crisil is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: [TWITTER](#) | [LINKEDIN](#) | [YOUTUBE](#) | [FACEBOOK](#)

CRISIL PRIVACY NOTICE

Crisil respects your privacy. We may use your contact information, such as your name, address and email id to fulfil your request and service your account and to provide you with additional information from Crisil. For further information on Crisil's privacy policy please visit www.crisil.com.

DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') provided by Crisil Ratings Limited ('Crisil Ratings'). For the avoidance of doubt, the term 'report' includes the information, ratings and other content forming part of the report. The report is intended for use only within the jurisdiction of India. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as Crisil Ratings provision or intention to provide any services in jurisdictions where Crisil Ratings does not have the necessary licenses and/or registration to carry out its business activities. Access or use of this report does not create a client relationship between Crisil Ratings and the user.

The report is a statement of opinion as on the date it is expressed, and it is not intended to and does not constitute investment advice within meaning of any laws or regulations (including US laws and regulations). The report is not an offer to sell or an offer to purchase or subscribe to any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way.

Crisil Ratings and its associates do not act as a fiduciary. The report is based on the information believed to be reliable as of the date it is published, Crisil Ratings does not perform an audit or undertake due diligence or independent verification of any

information it receives and/or relies on for preparation of the report. THE REPORT IS PROVIDED ON "AS IS" BASIS. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS, CRISIL RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE. In no event shall Crisil Ratings, its associates, third-party providers, as well as their directors, officers, shareholders, employees or agents be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

The report is confidential information of Crisil Ratings and Crisil Ratings reserves all rights, titles and interest in the rating report. The report shall not be altered, disseminated, distributed, redistributed, licensed, sub-licensed, sold, assigned or published any content thereof or offer access to any third party without prior written consent of Crisil Ratings.

Crisil Ratings or its associates may have other commercial transactions with the entity to which the report pertains or its associates. Ratings are subject to revision or withdrawal at any time by Crisil Ratings. Crisil Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors.

Crisil Ratings has in place a ratings code of conduct and policies for managing conflict of interest. For more detail, please refer to: <https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html>. Public ratings and analysis by Crisil Ratings, as are required to be disclosed under the Securities and Exchange Board of India regulations (and other applicable regulations, if any), are made available on its websites, www.crisilratings.com and <https://www.ratingsanalytica.com> (free of charge). Crisil Ratings shall not have the obligation to update the information in the Crisil Ratings report following its publication although Crisil Ratings may disseminate its opinion and/or analysis. Reports with more detail and additional information may be available for subscription at a fee. Rating criteria by Crisil Ratings are available on the Crisil Ratings website, www.crisilratings.com. For the latest rating information on any company rated by Crisil Ratings, you may contact the Crisil Ratings desk at crisilratingdesk@crisil.com, or at (0091) 1800 267 1301.

Crisil Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011, to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on Crisil Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: <https://www.crisilratings.com/en/home/our-business/ratings/credit-ratings-scale.html>