

NACL Industries Limited

(formerly known as 'Nagarjuna Agrichem Limited')



Ref: NACL/SE/2020-21

11th December, 2020

1) BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street,
Fort, Mumbai,
Mumbai – 400001
Stock Code: 524709

2) National Stock Exchange of India Ltd

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

Dear Sir,

Sub: Investor Presentation — reg.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing the investor presentation for the quarter and half year ended 30th September, 2020.

Kindly take the same into records.

Thanking you,

for **NACL Industries Limited**

Satish Kumar Subudhi

Company Secretary & Head-Legal

Regd. Office : Plot No. 12-A, 'C' Block, Lakshmi Towers, No. 8-2-248/1/7/78, Nagarjuna Hills, Panjagutta, Hyderabad - 500 082, Telangana, INDIA.
Phone : +91-40-33185100, Fax : +91-40-23358062 E-mail : info@naclind.com Website : www.naclind.com
CIN : L24219TG1986PLC016607

Factory-Technical :

Plot # 177, Arinama Akkivalasa Village, Allinagaram
Post, Etcherla Mandal, Srikakulam - 532403, A.P.
Phone : +91-08942-231172, 300400 / 401
Fax : +91-08942-231171

Factory-Formulation :

Unit - I, Unit - II
Ethakota-533238, Ravulapalem Mandal
East Godavari Dist., A.P.
Phone : +91-8855-305617 / 627

R&D Centre :

Sy. No. 1710 & 1711, Anthireddyguda Road, Nandigaon
Village & Mandal, R.R.District, Telangana - 509228
Phone : +91-08548-305004
Fa x : +91-08548-305801



NACL Industries Limited

**Q2/HY1 FY2021
Investor Presentation**

Forward Looking Statements:

This presentation contains forward-looking statements, including, but not limited to, the statements and expectations contained in the “Outlook” section of this presentation. Statements herein, other than statements of historical fact, regarding future events or prospects, are forward-looking statements. The words “may”, “will”, “should”, “expect”, “anticipate”, “believe”, “estimate”, “plan”, “predict”, “intend” or variations of these words, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements.

NACL Industries Ltd has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve a number of risks and uncertainties, which could cause actual results to differ materially from those predicted in the forward-looking statements and from the past performance of NACL Industries Ltd. Although NACL Industries Ltd believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ, e.g. as the result of risks related to the Agriculture sector and Agriculture input industry in general or NACL Industries Ltd in particular.

As a result, you should not rely on these forward-looking statements. NACL Industries Ltd undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by law.

ABOUT NACL



NACL is an established agrochemical Company in India, founded in 1993. The Company started as an Active Ingredient manufacturer and has built a sizable business in Domestic Retail, B2B and Exports, with many of the customers being large MNCs with long-standing relationships. The Company has also emerged as a strong player in the formulations business with over 50 products covering all major crops. In formulations, the Company manufactures products in all major categories such as Insecticides, Herbicides, Fungicides and Plant Growth Regulators.

5 Million Farmers (Customers)

12500 Retailers

53 Branded Products

2 Manufacturing Units

₹ 1015 Crores FY20 Revenue

Where We Are



Corporate Office

Plot No 12-A, C Block,
Lakshmi Towers, Nagarjuna Hills,
Punjagutta, Hyderabad
Telangana, India

Technical Plant

Plot No 177, Arinama Akkivalasa
Village, Allinagaram Post,
Etcherla Mandal, Srikakulam
Andhra Pradesh, India

Formulation Unit

Ethakota
Ravulapalem Mandal,
East Godavari District,
Andhra Pradesh, India

Research and Development Centre

Survey No. 1710 & 1711,
Anthireddy Guda Road,
Nandigaon Village & Mandal,
Rangareddy India



47

Stock Points

30

Countries/Exports

OUR PRODUCTS



Formulations



Branded Products Portfolio of NACL
Includes Insecticides, Herbicides,
Fungicides and Plant Growth Regulators.

Technical (Active Ingredients)

Profenofos
Tricyclazole
Pretilachlor
Propiconazole
Myclobutanil
Bispyribac Sodium
Metribuzin
Lambda-Cyhalothrin
Clodinafop-Propargyl

Formulations Launched in FY20

Dxtar FS
Cairo
Subtle
Senior
Twofour
Cambium
Status

HY1 Product Highlights



Research & Development:

During Q1, R&D has developed processes for few important Active Ingredients and Formulations, both for Domestic and Export Market.



Added one new product in Q1:

Company launched a Rice herbicide by the brand name CUBIT.



Added two new products in Q2:

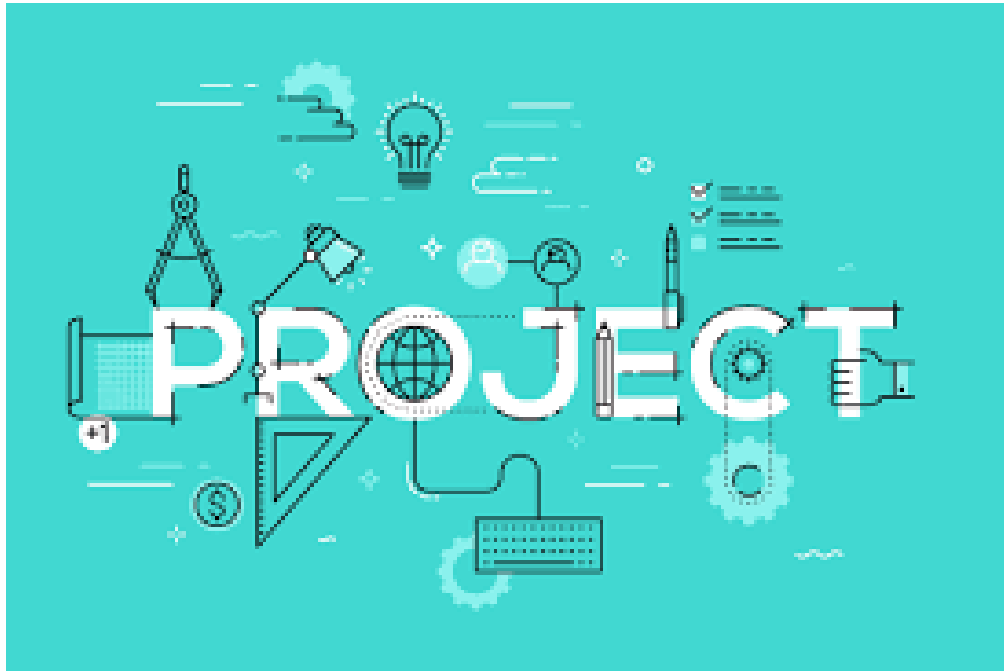
Eraze Plus (Herbicide) and Fenny (Insecticide) enabling company's expansion in rice and oil seed crop segments.

HY1 21 Highlights

The Board of Directors, in its meeting held on August 12, 2020, have approved raising of funds for an amount of ₹ 1,950 lakhs by way of issuing 50,00,000 Convertible Warrants at an issue price of ₹ 39/- on a preferential basis to Mrs.K.Lakshmi Raju, Promoter of the Company.

The Board & Shareholders approved 'NACL Employee Stock Option Scheme-2020'





Greenfield Project: Gujarat

The Company's Wholly Owned Subsidiary (WoS) namely NACL Spec-Chem Ltd (NSCL) has acquired the Gujarat Industrial Development Corporation (GIDC)'s industrial land at Dahej (with environment clearance) for setting up a green field project for manufacturing of Active Ingredients and Formulations.

HY1 21 Highlights



Srikakulam Unit, AP

- Reported record production in Q2
- Expansion to increase technical manufacturing progressing
- During Q2 received an award of appreciation from NSIC for safety initiatives in FY19



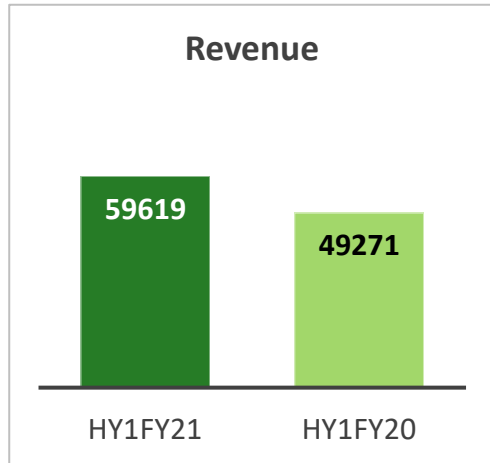
Ethakota Unit, AP

Production volumes in Q2 increased in line with the growing demand

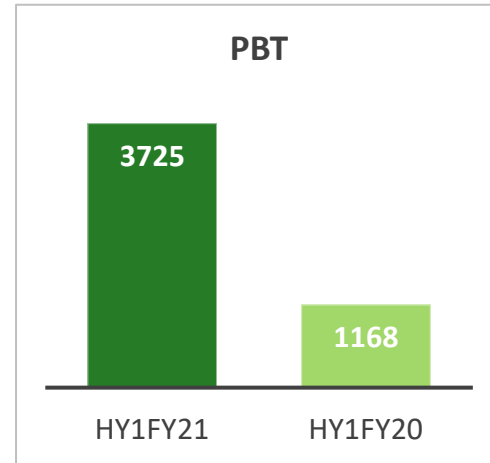
HY1 21 Financial Highlights (Standalone)



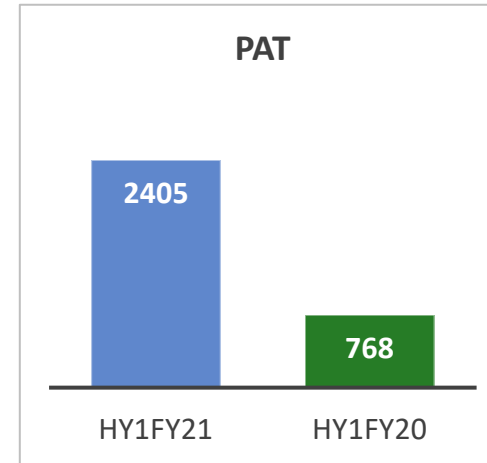
(In ₹ Lakhs)



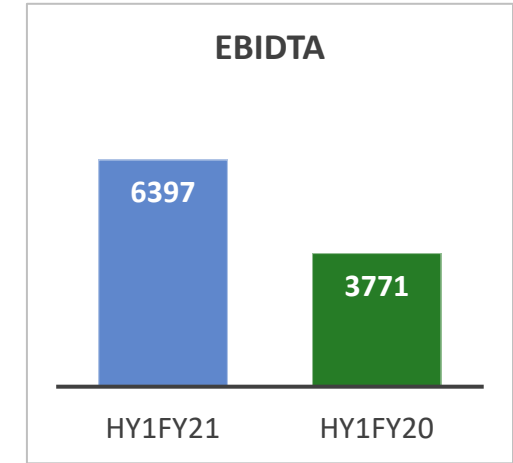
+ 21 %
Year on Year



+ 219%
Year on Year



+ 213%
Year on Year



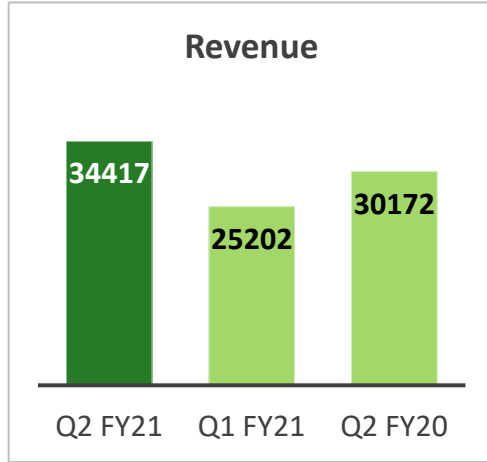
+ 70%
Year on Year

Export Business grew **80%** + year on year in HY1 21

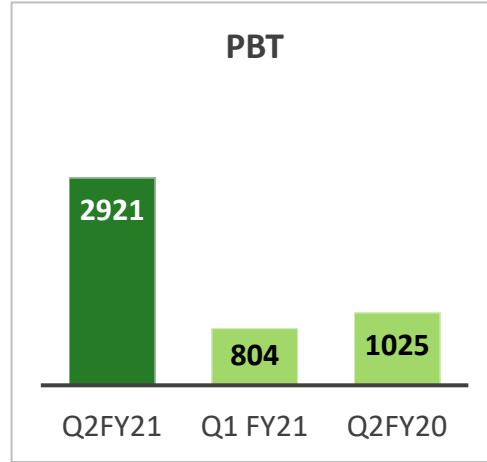
Standalone Financial Performance: Q2 2021



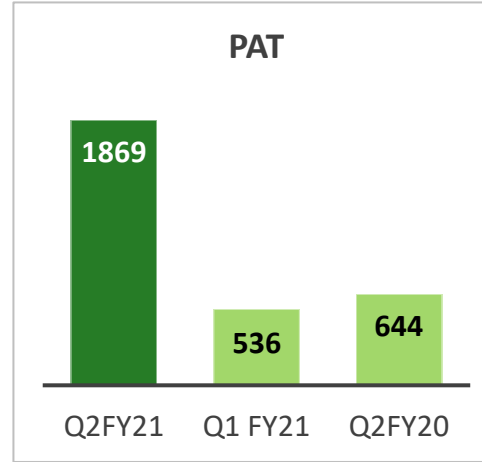
(In ₹ Lakhs)



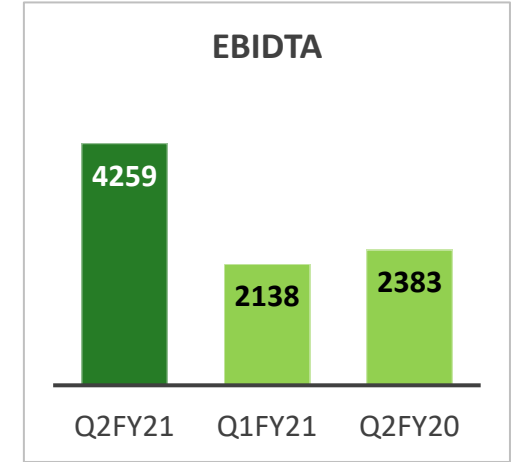
+ 14%
Year on Year



+ 185%
Year on Year



+ 190%
Year on Year



+ 79%
Year on Year

Standalone Financial Performance Q2/HY1 2021 : Profit & Loss



(In ₹ Lakhs)

Particulars	Standalone					
	Quarter ended			Half-year ended		Year ended
	30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenue from operations	34,417	25,202	30,172	59,619	49,271	1,01,489
Other income	258	322	393	580	1,123	749
Total Income (1+2)	34,675	25,524	30,565	60,199	50,394	1,02,238
Expenses						
(a) Cost of materials consumed	24,262	18,213	15,896	42,475	30,722	60,450
(b) Purchase of stock-in-trade	1,373	993	909	2,366	1,150	4,564
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,335)	(1,491)	5,435	(2,826)	3,177	6,319
(d) Employee benefits expense	2,236	2,170	2,278	4,406	4,170	8,627
(e) Finance costs	686	679	739	1,365	1,393	2,916
(f) Depreciation and amortisation expense	652	655	619	1,307	1,210	2,397
(g) Other expenses	3,880	3,501	3,664	7,381	7,404	14,671
Total Expenses	31,754	24,720	29,540	56,474	49,226	99,944
Profit before share of profit of associate (3-4)	2,921	804	1,025	3,725	1,168	2,294
Share of profit from Associate						
Profit before tax (5+6)	2,921	804	1,025	3,725	1,168	2,294
Tax expense:						
(a) Current tax	1,065	310	167	1,375	198	423
(b) Deferred tax (net)	(13)	(42)	214	(55)	202	294
Total Tax Expense	1,052	268	381	1,320	400	717
Profit for the period (7-8)	1,869	536	644	2,405	768	1,577
Other Comprehensive Income						
Items that will not be reclassified subsequently to statement of profit or loss						
Re-measurement of the defined benefit obligation	(53)	(22)	(37)	(75)	(32)	(28)
Income tax expense on the above	19	7	13	26	11	10
Items that will be reclassified subsequently to statement of profit or loss						
Effective portion of gain/(loss) on designated portion of hedging instrument in a cash flow hedge	22	4	(50)	26	(124)	(174)
Income tax expense on the above	(8)	(1)	27	(9)	43	60
Total Other Comprehensive Income/(Loss) for the period	(20)	(12)	(47)	(32)	(102)	(132)
Total Comprehensive Income for the period (9+10)	1,849	524	597	2,373	666	1,445
Paid-up equity share capital (Face value of ₹ 1 per equity share)	1,926	1,926	1,674	1,926	1,674	1,926
Other Equity						33,127
Earnings Per Share						
(a) Basic (in ₹)	0.97	0.28	0.38	1.25	0.46	0.94
(b) Diluted (in ₹)	0.97	0.28	0.38	1.25	0.46	0.94

Standalone Financial Results Q2 FY2021: Balance Sheet



(In ₹ Lakhs)

Particulars	Standalone		Consolidated	
	As at 30.09.2020	As at 31.03.2020	As at 30.09.2020	As at 31.03.2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
ASSETS				
Non-current assets				
(a) Property, plant and equipment	17,477	18,291	17,477	18,291
(b) Right-to-use assets	419	597	419	597
(c) Capital work-in-progress	4,090	3,482	4,090	3,482
(d) Intangible assets	164	174	164	174
(e) Intangible assets under development	713	751	713	751
(f) Financial assets				
(i) Investments	1,059	858	1,527	1,503
(ii) Other financial assets	388	482	388	482
(g) Other non-current assets	294	663	394	663
(h) Income tax assets	407	407	407	407
Total non-current assets	25,011	25,705	25,579	26,350
Current assets				
(a) Inventories	23,116	16,450	23,116	16,450
(b) Financial assets				
(i) Trade receivables	33,102	35,939	33,102	35,939
(ii) Cash and cash equivalents	11,599	8,353	11,701	8,358
(iii) Other bank balances	899	3,415	899	3,415
(iv) Other financial assets	355	394	355	394
(c) Income tax assets (net)	267	267	267	267
(d) Other current assets	5,353	4,278	5,350	4,278
Total current assets	74,691	69,096	74,790	69,101
Total Assets	99,702	94,801	1,00,369	95,451

Standalone Financial Results Q2 FY2021: Balance Sheet Cont...

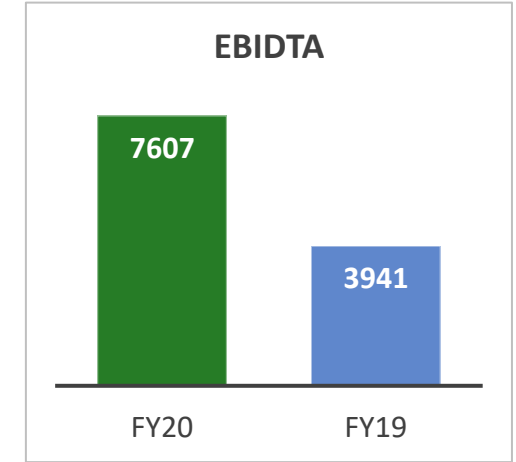
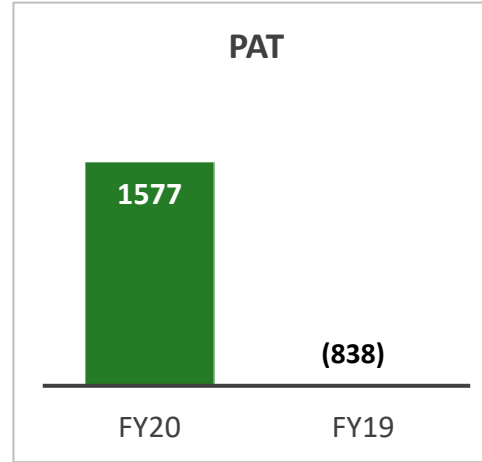
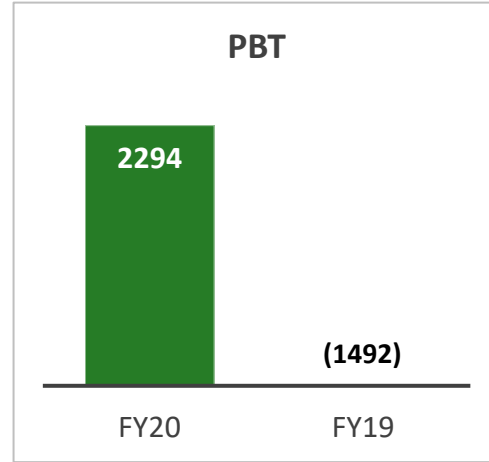
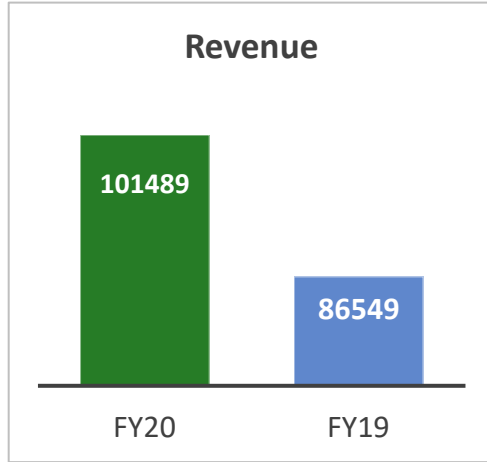


(In ₹ Lakhs)

Particulars	Standalone		Consolidated	
	As at 30.09.2020	As at 31.03.2020	As at 30.09.2020	As at 31.03.2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	1,926	1,926	1,926	1,926
(b) Other equity	35,995	33,127	36,661	33,770
Total equity	37,921	35,053	38,587	35,696
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	1,800	2,175	1,800	2,175
(ii) Lease liabilities	226	316	226	316
(iii) Other financial liabilities	1,260	1,264	1,260	1,264
(b) Provisions	661	563	661	563
(c) Deferred tax liabilities (net)	753	101	753	101
Total non-current liabilities	4,700	4,419	4,700	4,419
Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	17,466	22,724	17,466	22,724
(ii) Lease liabilities	265	379	265	379
(iii) Trade payables				
(a) total outstanding dues of micro enterprises and small enterprises	850	533	850	533
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	31,781	26,284	31,786	26,293
(iii) Other financial liabilities	3,663	3,767	3,663	3,767
(b) Provisions	229	154	229	154
(c) Income tax liabilities (net)	536	248	531	245
(d) Other current liabilities	2,291	1,240	2,292	1,241
Total current liabilities	57,081	55,329	57,082	55,336
Total equity and liabilities	99,702	94,801	1,00,369	95,451

Standalone Financial Performance: FY20

(In ₹ Lakhs)



+ **17%**
Year on Year

+ **93%**
Year on Year

Introduction of new products and increased sales from existing products resulted in YoY revenue increase.

Better absorption of manufacturing expenses due to higher volume of production and cost saving measures initiated in supply chain management helped in increasing the margins.

Key External Drivers of the Business

Indian Agriculture

Agriculture is the primary source of livelihood for about 58 per cent of India's population. Gross Value Added (GVA) by agriculture, forestry and fishing was estimated at Rs 19.48 lakh crore (US\$ 276.37 billion) in FY20(PE). Growth in GVA in agriculture and allied sectors stood at 4 per cent in FY20.

Food grain Production (FY20)
295.67 million tonnes (MT)

Horticulture Production (FY20)
320.48 million tonnes (MT)



Biotic stresses in Indian Agriculture

Globally, an average of 35% of potential crop yield is lost to pre-harvest pests. Because of the diversified agro-ecosystems, a large number of crops are grown in India often serve as the hosts to different kinds of insect pests and pathogens which cause severe yield losses in many of the commercial crops.



Food Security

According to an estimate, India would require more than 450 million tonnes of food grains to feed 1.65 billion people by 2050 which will be a very difficult task. According to UN-India, there are nearly 195 million undernourished people in India.



India is Emerging as a preferred global source for Active Ingredients

With respect to crop protection chemicals India is considered as a net exporter. With many agrochemical/crop protection manufacturers investing in technical manufacturing capacity, India is fast emerging as a preferred destination for sourcing technical. Another big opportunity the Indian industry has is to undertake manufacturing of Active Ingredients that are scheduled to lose patent protection in the next few years.



Key Strengths



**Exporting
Technical to over
30 Countries**

**Large MNC clients
with long standing
relations**

**5 Million +
Farmers across
India using
NACL's Branded
Products**

Key Strengths Cont...



Presence in the entire value chain of Agrochemicals i.e
Technical > Formulations > Research >
Retail > Farmer Outreach

Direct retail connect with over 12500
NACL dealers across India

Brand Equity based on consistent quality,
reliability and farmer handholding

A state-of-the-art R&D center near Hyderabad, where cost effective processes are developed for the manufacture of Active ingredients and intermediates for herbicides, insecticides and fungicides and new formulations of pesticides

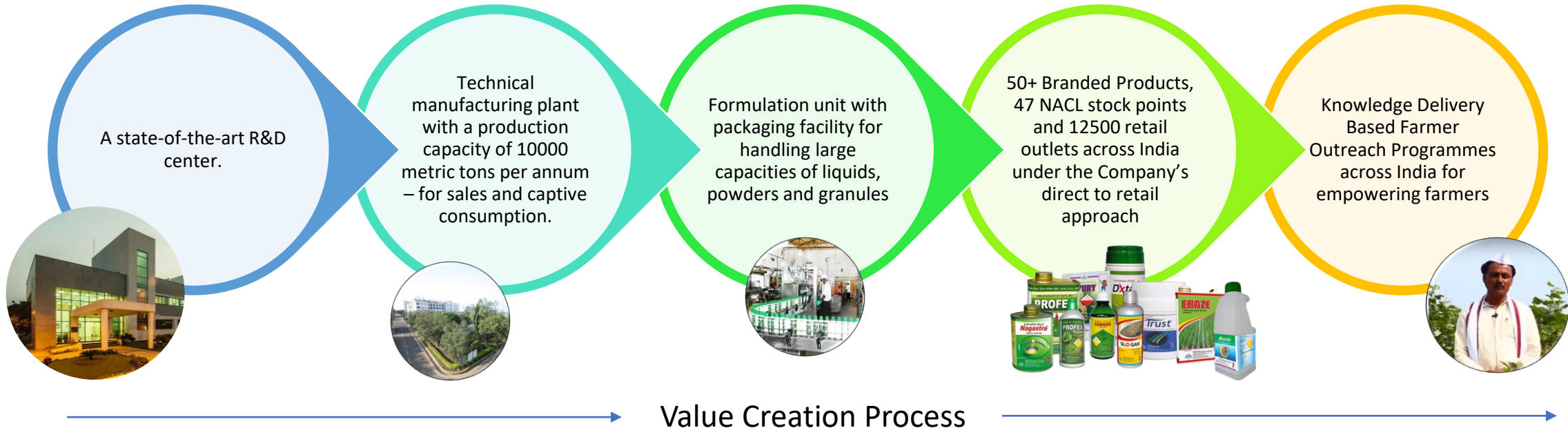
50+ Products across insecticides,
herbicides, fungicides, plant growth
regulators and nematicides

Long standing business relations with MNC Crop Protection
Chemicals Companies

11 member board with 8 of them having
experience in Agrichem/Agri inputs /
Chemicals business

Experienced Senior Management and good Human
Potential Development initiatives

NACL's Business Model



Key Strategies



Aggressive capacity enhancement strategy in Agrochemical, Specialty Chemicals & Advanced Intermediaries

Invest in soft assets – Product Registrations, Process know – how, Brand building

Expand to new geographies in India and Abroad.

Farmer Centric product development and sales approach. Leverage on digital marketing to enhance customer connect

Strengthening and enhancing global collaborations

Human Development Initiatives to develop leadership skills, and for enabling each employee to focus on KRIs ad KPIs

Leverage on R&D and manufacturing capabilities for sustainable & profitable growth

Focus on Quality

- Well-defined Quality Management Systems
- Well equipped and compliant Quality control laboratories at manufacturing sites and R&D.
- Analytical instruments in the Quality control labs are complying with the latest requirements.
- Laboratories manned by qualified and trained manpower.
- NABL accredited (ISO/IEC 17025) Quality control laboratory at Technical Plant , Srikakulam and R & D at Shadnagar



Environment, Health & Safety

- In Srikakulam plant more than 70% of the land is under green cover.
- State-of-the-art Zero Liquid Discharge (ZLD) plants at Srikakulam and Ethakota.
- State of the art electrical fittings for reduced energy consumption.
- Manufacturing plants with first aid items / medicines, Ambulance under the supervision of qualified Medical Practitioners and Nurses.
- Periodical medical check-up and occupational health check-up are carried out for Associates to identify and prevent health risks.



For More details contact



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Company Secretary & Head-Legal
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