



NATH SEEDS®

**Nath Bio-Genes (I) Ltd.**

(CIN L01110MH1993PLC072842)

08<sup>th</sup> August 2020

The Manager-Listing  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai-400001

The Manager-Listing  
National Stock Exchange of India Ltd.,  
Exchange Plaza, Bandra-Kurla Complex  
Bandra (E)  
Mumbai-400051

BSE Code-537291

NSE Code-NATHBIOGEN \*

Dear Sir/Madam,

Subject- Presentation on Unaudited Financial Results.

Please find the attached herewith, presentation on unaudited financial results for the quarter ended 30<sup>th</sup> June 2020.

This is for your information and record purpose

Thanking You

For Nath Bio-Genes (India) Limited

Devinder Khurana  
Chief Financial Officer



# Nath Bio Genes

Investor Presentation



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**Nath Bio-Genes (I) Ltd.**

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# Safe Harbour

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Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements.

Nath Bio Genes (India) Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

# Strategy 4.0

## Altering strategy to create a more robust & de-risked business model



### Risks

- **Portfolio Concentration Risk**
  - *Cotton & Paddy seeds portfolio in excess of 30% each*
- **Geographic Risk**
  - *Spatial distribution of rainfall*
- **Regulatory Risk**
  - *Price control on cotton seeds likely to be continue*
  - *Unpredictable policy for new transgenes technology*
- **Seasonal Risk**
  - *Skewed Growth*



### Change in Strategy

- Limiting revenue contribution of any single crop to less than 25%
- Achieve wide Geographical spread to mitigate risks of adverse spatial distribution of monsoon
- Higher resource allocation for other food crops including vegetables & Plant Nutrient
- Concentrate on crops & products for multi seasonal sales for faster growth and profitability

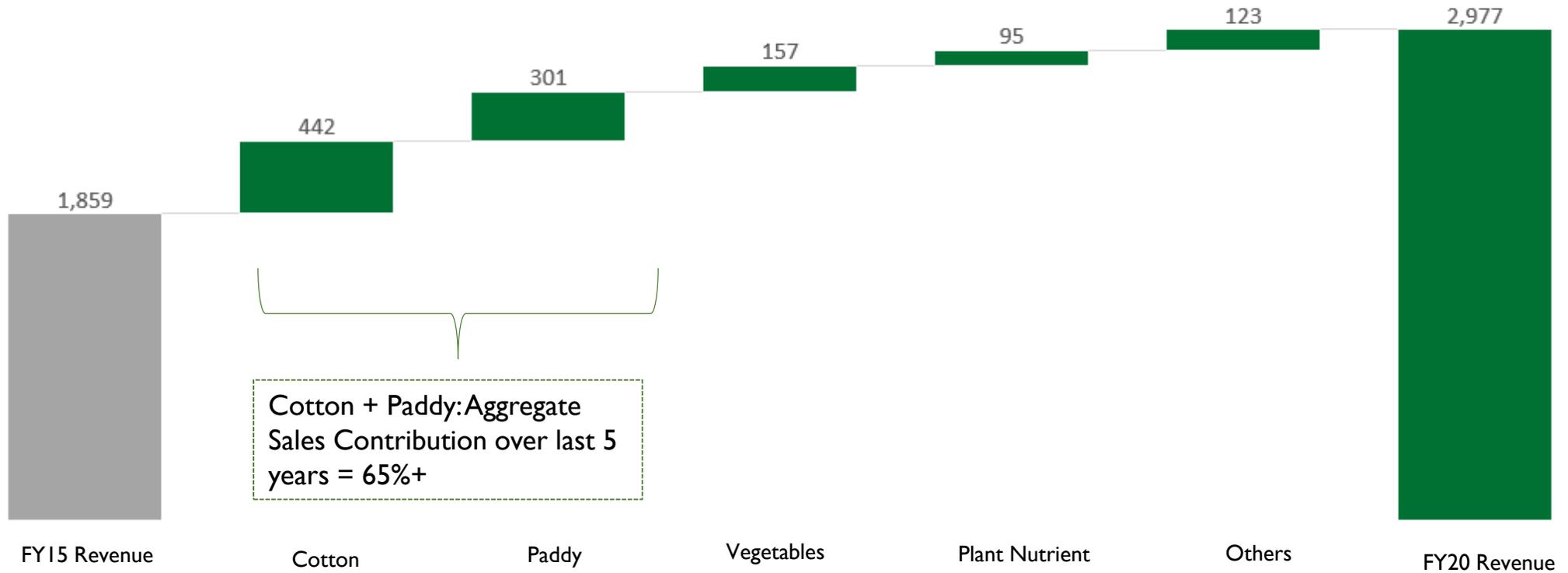


### Action Points

- Developing products in multiple field crops like Maize, Jowar, Bajra & Sorghum
- Develop export markets in South East Asia and Africa
- Cotton seeds to continue to grow at 20% CAGR in line with overall growth
- Add new products in vegetable segment
- Extend product range in Plant Nutrient Segment

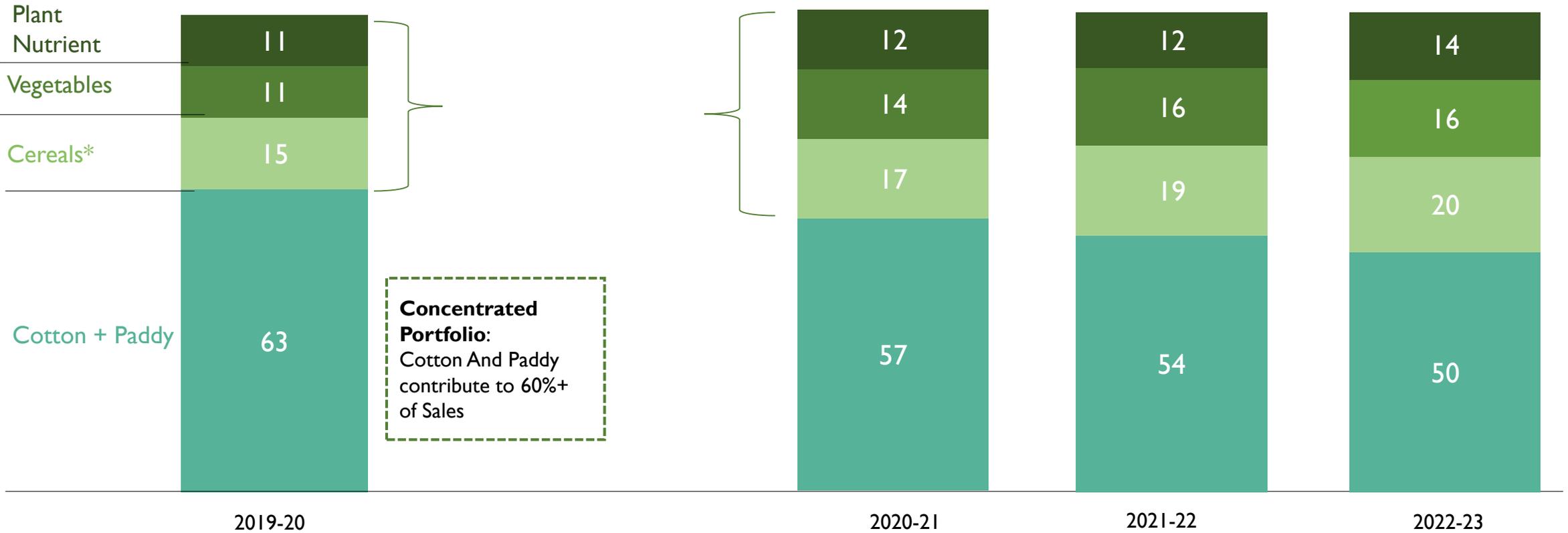
# Last 5 Years: Cotton & Paddy Driven Growth

## Revenue Growth Contributors (INR Mn)



# Next 5 Year: Multiple Growth Drivers

## Moving towards a Diversified and De-Risked Portfolio (% Sales)



\* include: Jowar, Bajra, Maize, Mustard, Wheat

# Strongly Positioned in Post Covid World

## Moving Towards a Higher Growth Trajectory

Revenue Guidance FY21	c.20%
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Gross Margin	c.50% +
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EBITDA Margin	Improving
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# Focussed on Shareholder Value Creation

- 1 Building A Strong Organisation
- 2 Developing Innovative Products
- 3 Making the Portfolio more Balanced
- 4 Balance Sheet becoming Stronger
- 5 Strategic Presence across Seed Value Chain
- 6 Delivering strong growth despite an uncertain environment

# Innovate, Help, Grow

## Innovate

**45**

New Seeds Developed in last 5 years

**100+ years**

R&D Team experience

**Ranking 1-3**

ICAR Trials

**20+**

Products in Pipeline

## Help

**150,000**

Employment Generated

**50,000**

Seed Growers

**20,000+**

Direct Retailers

**15,000**

Villages

## Grow

(5 Year Performance]

**73%**

Revenue Growth

**1.2x**

EBITDA Growth

**2.6x**

PAT Growth

**440 bps**

EBITDA Margin Expansion

# Building a Strong Organisation

- Imbibing a culture of continuous growth and strong governance
- Hiring the best talent in each key area of operations – R&D, Finance, Supply-Chain
- Empowered teams, well-aligned with organisation vision
- Strong risk management framework

**500+**  
Employees

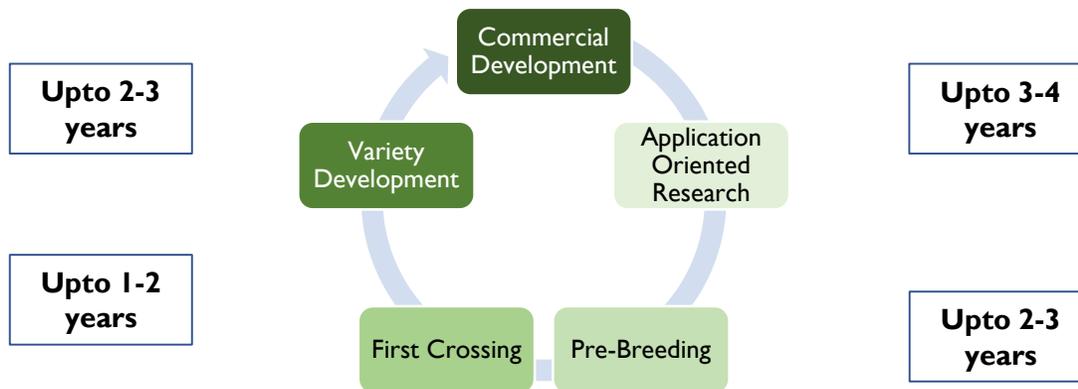
**150+**  
New Employees Hired in Last 3 Years

**20+**  
Senior Level Hiring in Last 3 Years

# Developing Innovative Products

- World Class R&D Infrastructure
- Launched 36 Innovative Products Developed across Segments
- 4-6 new products in pipeline in cotton
- 6-8 new products in pipeline in field crops
- 10+ new products in pipeline in Vegetables

Seed Development: 7-10 Year Cycle



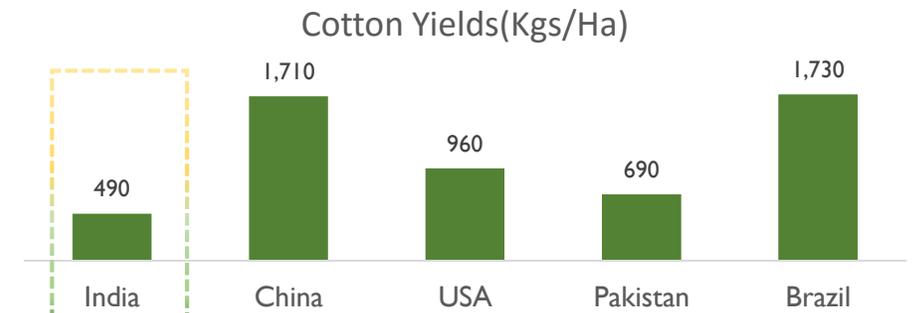
## Holistic Products to Address Problems of

Low Yields

Pest Infestation

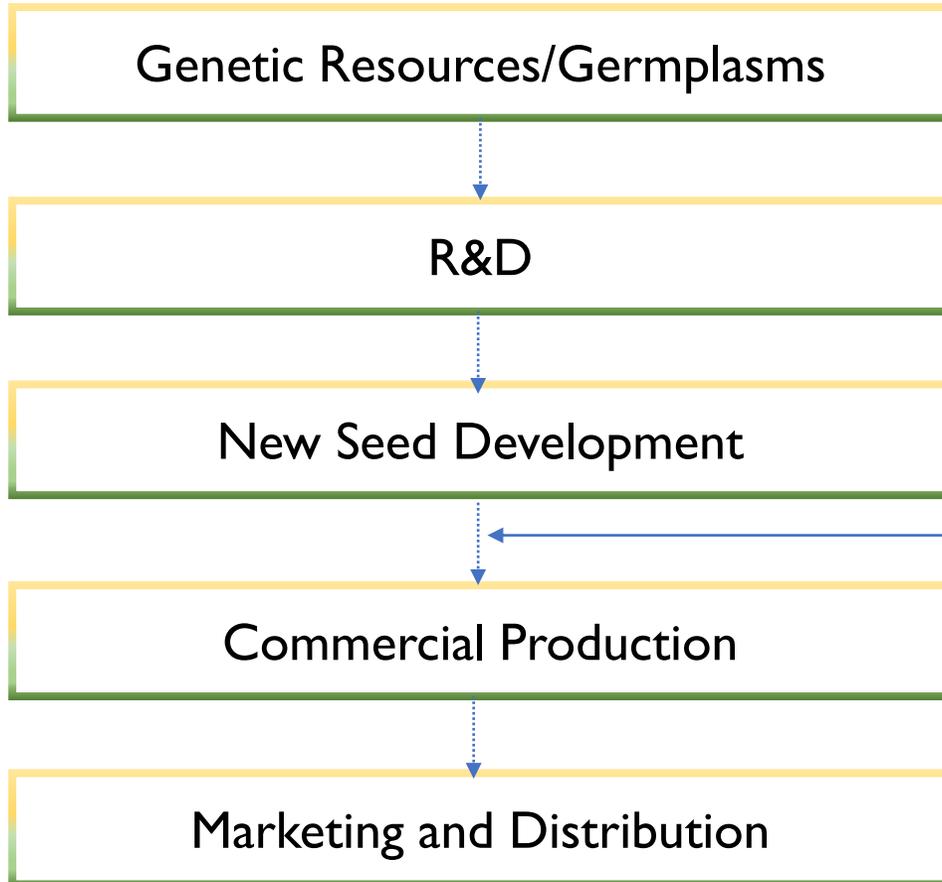
Climate Change

India: Amongst the Lowest in Cotton Yield



Source: OECD-FAO Agricultural Outlook 2019-2028

# Strategic Presence Across the Seed Value Chain



ICAR Trials  
done at  
this stage

**18,000+**  
Germplasm Library

**100+ years**  
R&D Team experience

**36**  
Seed varieties launched in last 3 years

**50,000**  
Seed Growers

# Balance Sheet Becoming Stronger

- No Debt Company despite double digit growth
- Working capital days substantially reducing
- Efficiently Managed Assets

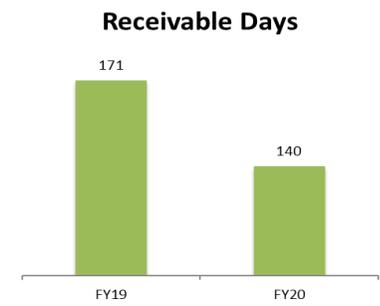
**1.3x**  
Positive Degree of operating  
Leverage

**3.8x**  
Positive Fixed Asset Turnover  
Ratio (ex-Revaluation of Fixed  
Assets)

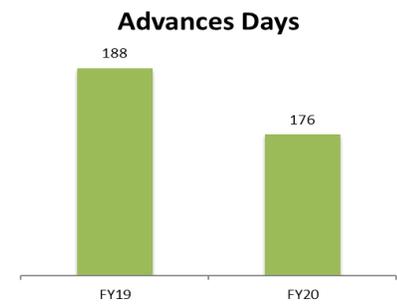
Maintaining adequate  
inventory for  
achieving higher sales



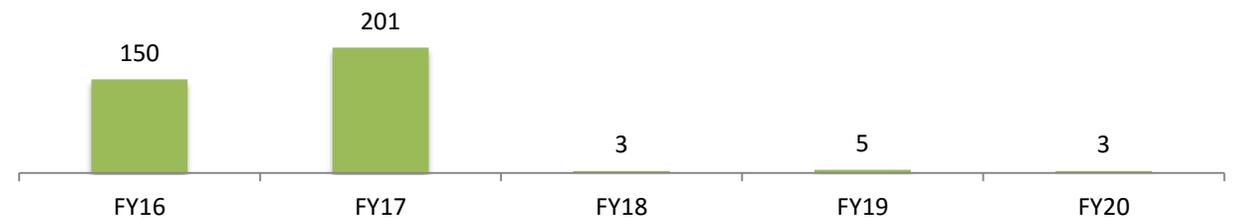
Ramping up  
collections from  
Receivables



Reduction in  
advances for  
production



**Long Term Debt (INR Mn)**



# Cotton Segment: Facing Headwinds

## Cotton Business Impacted by Multiple Challenges

### Issues

#### Price Regulation

- Price regulated by government has remained unchanged for many years

#### Government Regulations

- Uncertainty around policies for approval of the new technology

#### Illegal Seeds

- Increasing proliferation of illegal seeds in cotton growing states

### Business Impact

#### Margins adversely Impacted

- Cost of production and processing has continuously increased

#### R&D Impacted

- Difficult to develop products purely based on consumer preferences

#### Sales adversely impacted

- Farmers using illegal products which are herbicide tolerant

### Action Taken

#### Diversifying Portfolio

- Increase focus on 'All Season Products' for optimal utilisation of field force and Channel Partners
- Cotton to have a steady growth, in line with overall company growth
- Vegetable & Plant Nutrient growth at higher rate

# Highly Ranked Cotton Products

- Cotton growth expected to be at 20-22%
- Industry Leading Cotton Products
- Launched two new products- Sanket and Daksh this year
- Focusing on increasing presence in untouched areas of the existing states

 <b>Progress of Acreage under COTTON BT (in Lk Hectare) - STATE-WISE</b>			
STATE	2020-21	2019-20	% Change (YoY)
AP	4.19	2.28	84%
Telangana	21.49	15.56	38%
Gujarat	19.95	20.25	-2%
Haryana	7.30	6.69	9%
Karnataka	4.59	2.62	75%
MP	5.91	5.70	4%
Maharashtra	39.13	38.60	1%
Odisha	1.66	0.00	-
Punjab	4.96	3.94	26%
Rajasthan	6.40	5.41	18%
Tamil Nadu	0.05	0.03	56%
Others	0.22	0.24	-10%
<b>All India</b>	<b>115.85</b>	<b>101.32</b>	<b>14%</b>

**3 YEAR OUTLOOK:  
20% + Growth CAGR**

**8**  
Launched Cotton Products in last 5 years

**4-6**  
Products in Pipeline

# Paddy: Strategic Position in Hybrid Paddy

- Paddy growth expected to be at 15-20%
- Largest Consumed Grain in the country
- One of the fastest Growing Crops in India
- Pan India Paddy Sales to mitigate irregular monsoons
- Exploring Export Opportunities



## Presence of Paddy across India

### Key Products

Loknath

Gorakhnath

Nath Poha

Tehelka

Ford

### Key Markets

Bihar

UP

Gujrat, MP, Odissa

Chhatisgarh

North East

**3 YEAR OUTLOOK:**  
**15% + Growth**

**10+**

Launched Paddy Products in last 5 years

**6-8**

Products in Pipeline

# Highly diversified vegetable Portfolio

- Vegetable growth expected to be at around 30-32%
- High Margin segment : 60%+ margins
- Presence across 10 products;Vegetables sold Pan India
- Separate teams to focus on distribution and marketing



Hybrid Vegetable Market Size: INR 25 – 30 Bn

## Hybrid Vegetable Industry: Market Break-up

Okra	14%
Chilli	9%
Tomato	10%
Onion	9%
Gourds	9%
Cucumber	6%

**3 YEAR OUTLOOK:  
30% + Growth**

**30+**

Vegetable Products launched in last 5 years

**10+**

Products in Pipeline

# Win Chi Win : to be a major growth booster

- WCW growth expected to be at around 30% Plus
- High Margin segment



- A foliar spray containing essential elements required for regulation of growth
- A growth enhancer for Cereals, Fruits, Vegetable Crops, etc

**3 YEAR OUTLOOK:  
30% + Growth**

- Concentrate on Plant Nutrient Segment for higher growth and profitability
- Extend Product range in Plant Nutrient Segment

# New Crops under Focus

## Bajra

Most widely grown  
Millet in India

**4.42%**

Revenue contribution(%)  
in FY20

Bajra sales doubled in  
FY20

## Maize

Most Versatile Emerging  
Crop

**2.4%**

Revenue contribution(%)  
in FY20

Witnessing strong demand  
in products this year

## Mustard

Rapidly increasing acreages  
witnessed in FY20

**3.84%**

Revenue contribution(%)  
in FY20

Delivered 28% growth in  
the last two years

## Wheat

Second Largest  
consumed grain in the  
country

**2.34%**

Revenue contribution(%)  
in FY20

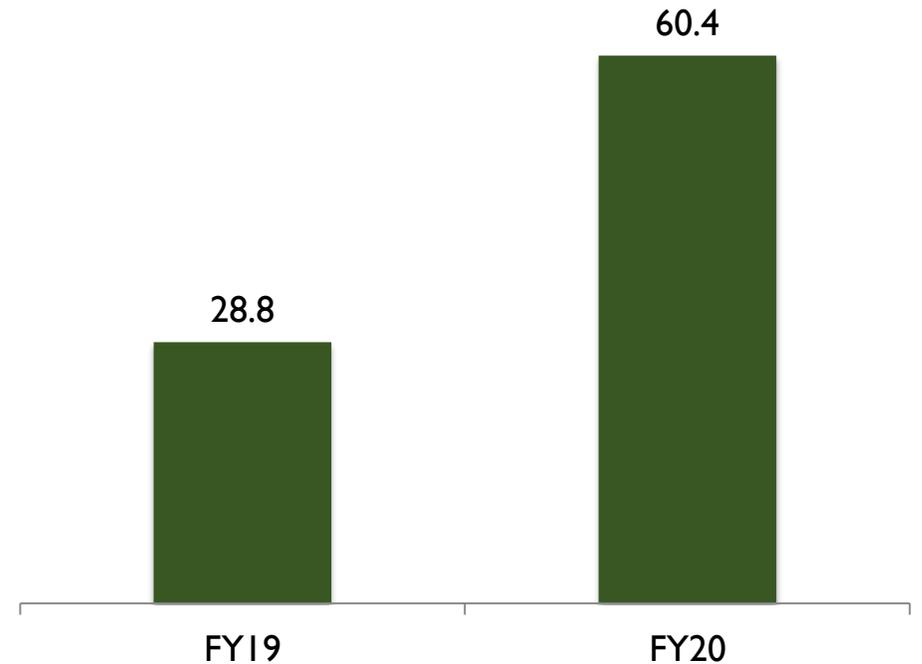
Has witnessed 6x growth  
in the last 2 years

# Exports: An Area Being Explored

- Potential to increase revenue multi-fold
- Huge opportunity in South East Asia and Africa
- Insulates from a 'Single country regulatory risk'

***Multi Geography Strategy requires a Broader Portfolio to meet varied customer requirements***

Export (INR Mn)





# QIFY21 Performance



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# Operational and Financial Highlights

## Strong Financial Performance...

- QIFY21 revenue growth of 16.9%
- Gross Margins maintained at 49.42%
- Working Capital cycle improving

## Driven By Superior Operating Performance

- Cotton registered a growth at 17.17% yoy
- Paddy registered a growth of 13.55%
- Vegetables registered a strong growth of 50.21%
- Plant Nutrient Supplement segment grew by 23%
- Kharif 20 Season progressing well, placed targeted seeds in the market

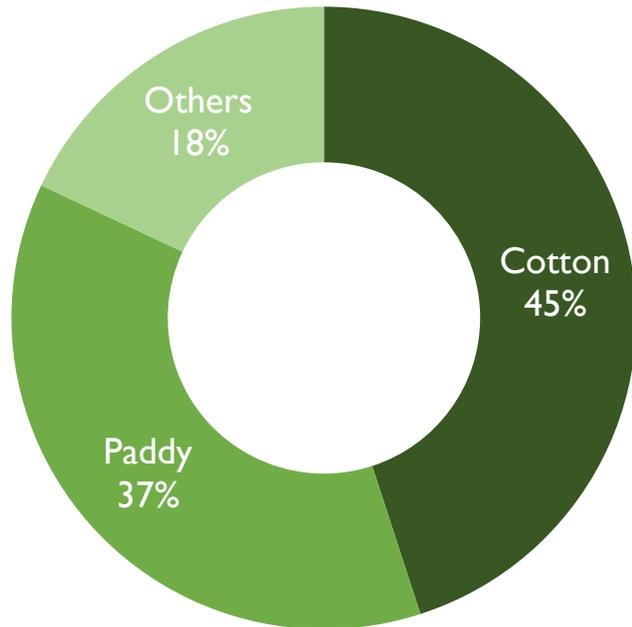
(INR Mn except as stated)

	QIFY21	QIFY20	YoY %
Revenue	1,933	1,653	16.9%
EBITDA	442	375	17.8%
PAT	413	353	16.9%
EPS	21.7	18.6	17.0%

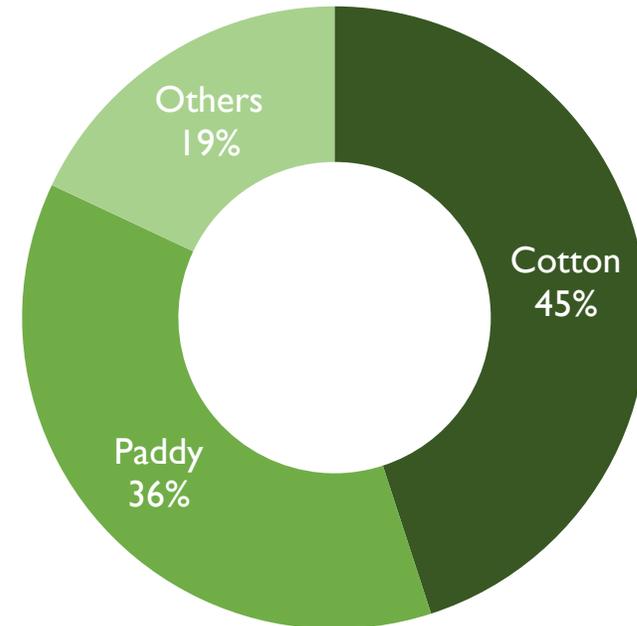
Product	Volume Growth	Revenue Growth
Cotton	17.83	17.17
Paddy	22.93	13.55
Vegetables	51.41	50.21
Plant Nutrient	23.26	23.00

# Segmental Revenue Contribution

QIFY20 Revenue  
INR 1,600 Millions

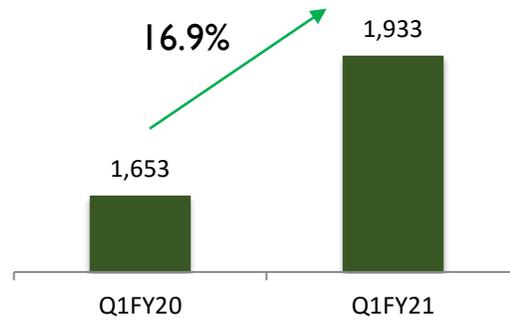


QIFY21 Revenue  
INR 1,933 Millions

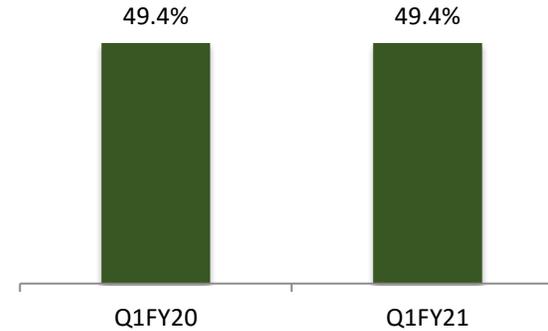


# Strong Financial Performance

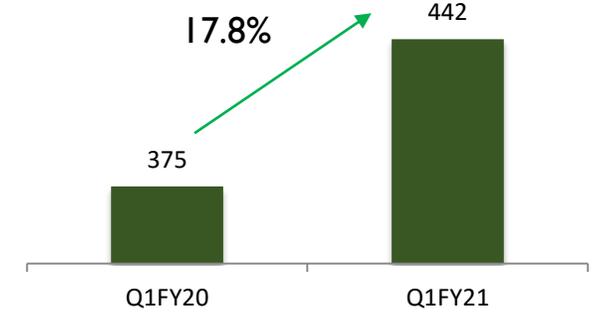
### Revenue (INR Mn)



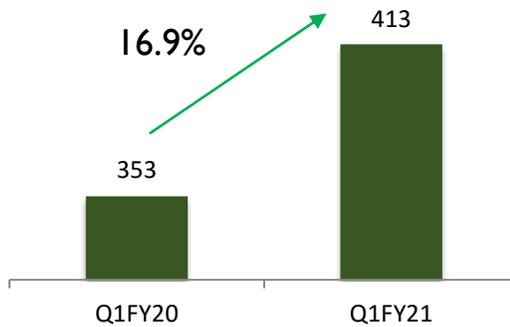
### Gross Margin (%)



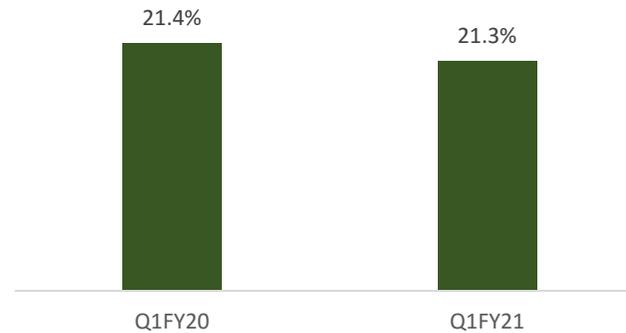
### EBITDA (INR Mn)



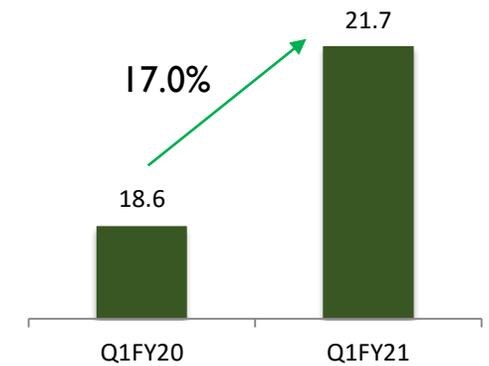
### PAT (INR Mn)



### PAT Margin (%)



### EPS (INR/Share)



# Income Statement

Particulars (INR Mn)	QIFY21	QIFY20	% Change (YoY)
Total Revenue	1,933	1,653	16.9%
<b>Gross Profit</b>	<b>956</b>	<b>816</b>	<b>17.1%</b>
Gross Margin (%)	49.42%	49.4%	
<b>EBITDA</b>	<b>442</b>	<b>375</b>	<b>17.8%</b>
EBITDA Margin (%)	22.9%	22.7%	
Depreciation	7	4	65.0%
Finance Cost	19.7	17	15.9%
<b>PBT</b>	<b>416</b>	<b>356</b>	<b>16.7%</b>
Tax Rate (%)	0.7%	0.6%	
<b>PAT</b>	<b>413</b>	<b>353</b>	<b>16.9%</b>
PAT Margin (%)	21.3%	21.4%	
<b>EPS</b>	<b>21.7</b>	<b>18.6</b>	<b>17.0%</b>



# Appendix



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# Visionary Leadership : Attracting the Best Talent



**Nandkishor  
Kagliwal  
Chairman**



**Satish  
Kagliwal  
MD**

Nath Promoters are committed to sustainable growth and are working towards making NATH one of the best seeds company globally.

## Leadership Team



**Devinder Khurana  
CFO**



**Madhav Dhande  
Business Leader**



**Mr K Reddy Head –  
Supply Chain**



**Dr S Raina  
Head - Cotton**



**Dr Ish Kumar  
Head - Paddy**



**Dr C Pathak  
Head - VEG**

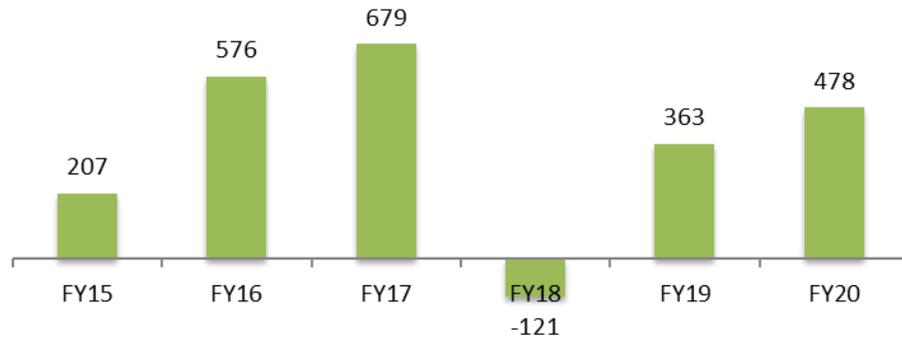
Nath leadership team shares the same passion as its promoters. The leadership team comprises of the best talent in Industry.

**Combined work experience of 250 Years**

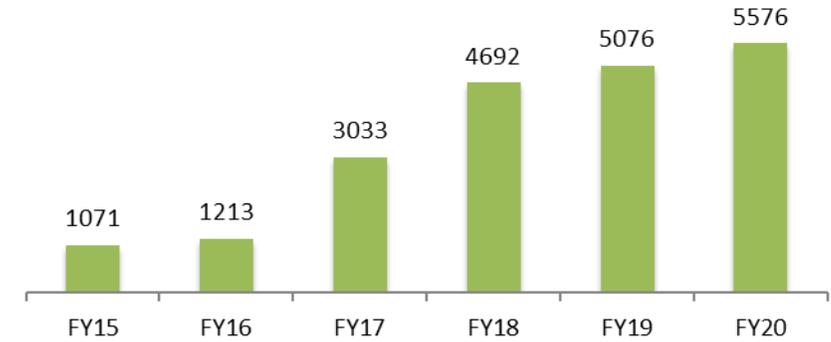
**Combined R&D experience of 100 Years**

# Improving Profitability; Strong Balance Sheet

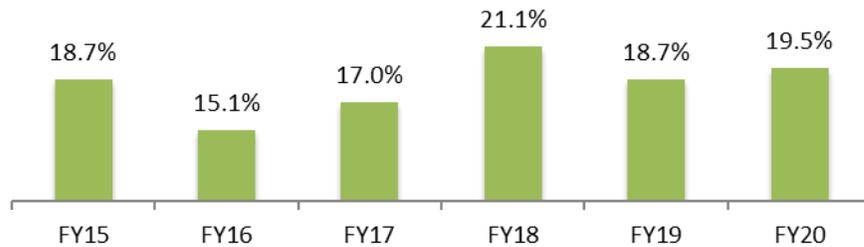
### Net Debt (INR Mn)



### Net Worth (INR Mn)



### EBITDA Margin (%)



### PAT Margin (%)



# Historical Income Statement

Particulars (INR Mn)	FY20	FY19	FY18
Total Revenue	2,799	2,309	1,917
<b>Gross Profit</b>	<b>1,536</b>	<b>1,253</b>	<b>1,073</b>
<i>Gross Margin (%)</i>	54.89%	54.3%	56.0%
<b>EBITDA</b>	<b>547</b>	<b>433</b>	<b>404</b>
<i>EBITDA Margin (%)</i>	19.5%	18.7%	21.1%
Depreciation	14.5	14	10
Finance Cost	66	52	103
<b>PBT</b>	<b>485</b>	<b>389</b>	<b>300</b>
<b>PAT</b>	<b>505</b>	<b>386</b>	<b>294</b>
<i>PAT Margin (%)</i>	17.9%	17.9%	15.3%
<b>EPS</b>	<b>26.6</b>	<b>20.3</b>	<b>15.5</b>

# Historical Balance Sheet

Assets (INR Mn)	FY20	FY19	FY18	Liabilities	FY20	FY19	FY18
Fixed Assets	2,460	2,317	2,109	Share Capital	190	190	190
Financial Assets	52	52	51	Reserves & Surplus	5,386	4,885	4,502
Other Non-current Assets	15	20	11	Long-Term Borrowings	3	5	4
Inventories	2,043	1,554	1,235	Long-term Provisions	24	19	19
Trade Receivables	1,070	1,080	820	Short Term Borrowings	695	572	320
Cash & Bank Balances	220	214	447	Trade Payables	682	502	366
Loans & Advances	1,346	1,187	982	Other Current Liabilities	310	278	278
Other Current Assets	93	37	58	Short Term Provisions	10	9	29
<b>Total</b>	<b>7,299</b>	<b>6,460</b>	<b>5,712</b>	<b>Total</b>	<b>7,299</b>	<b>6,460</b>	<b>5,712</b>

# Thank You

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For further information, please get in touch with:

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