



NATH SEEDS®

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

(CIN L01110MH1993PLC072842)

07<sup>th</sup> November 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 period ended 30<sup>th</sup> September 2020.

This is for your information and record purpose

Thanking You

For Nath Bio-Genes (India) Limited

Devinder Khurana  
Chief Financial Officer

- Nath House, Nath Road, Aurangabad - 431005 (MS) Tel : 0240-2376314/5/6/7  
Email : [info@nathseeds.com](mailto:info@nathseeds.com) [www.nathbiogenes.com](http://www.nathbiogenes.com)
- 1, Chateau Windsor, 86 Veer Nariman Road, Mumbai - 400020 (MS) Tel : 022-22871001, 22875653/4/5

**NATH**  
GROUP



# HIFY21 Performance



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# 87% of FY20 PAT Achieved in H1FY21

## Strong Financial Performance

- H1FY21 revenue growth of 16% despite covid19 led disruptions
- EBITDA margins maintained at 23%
- **87% of Full year PAT achieved in H1FY21**

## Driven By Superior Operating Performance

- Plant Nutrient Segment sale doubled in H1FY21
  - Win Chi Win registered a strong growth of 113%
- Cotton performing in line with expectations - 20% growth in H1FY1
  - Sales returns of 20% - as provisioned
- Paddy registered a growth of 12.38%

(INR Mn except as stated)

	H1FY21	H1FY20	YoY %
Revenue	2,165	1,869	16.0%
EBITDA	492	423	16.4%
PAT	443	389	13.7%
EPS	23.3	20.5	13.7%

# Innovate, Help, Grow

## Innovate

**45**

New Seeds Developed in last 5 years

**100+ years**

R&D Team experience

**#1-3**

ICAR Trials

**15+**

Products in Pipeline

## Help

**150,000**

Employment Generated

**50,000**

Contract Farmers

**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



# Focussed on Shareholder Value Creation

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- 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

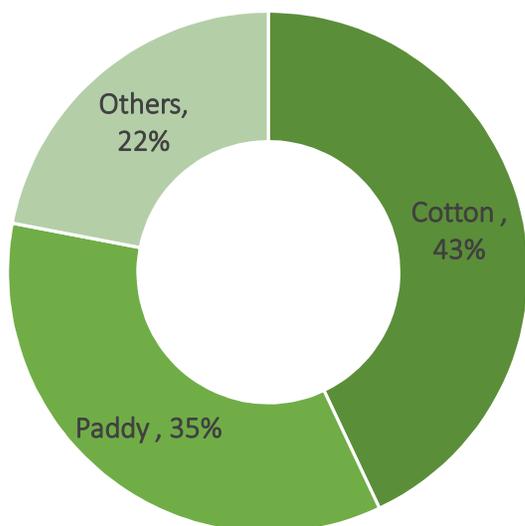
# Strongly Positioned in Post Covid World

## Moving Towards a Higher Growth Trajectory

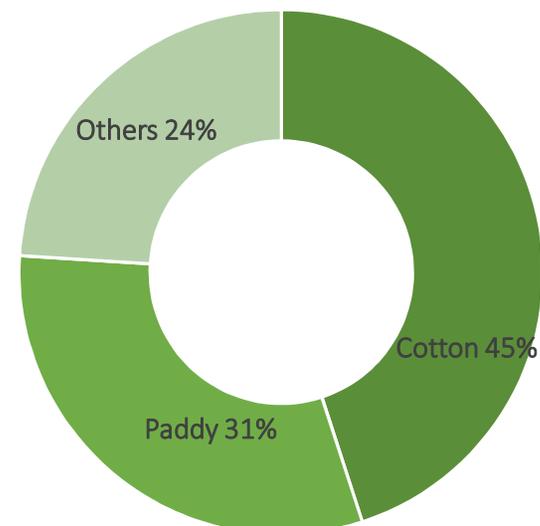
Revenue Guidance FY21	c.20%
Gross Margin	c.50%
EBITDA Margin	Improving

# Segmental Revenue Contribution

H1FY20 Revenue  
INR 1,869 Millions



H1FY21 Revenue  
INR 2,165 Millions



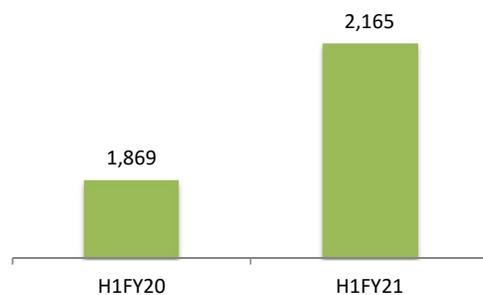
# Working Capital Cycle - improving

All figures in INR mn	H1FY21	H1FY20
Revenue	2,165	1,869
Inventories	1,742	1,324
Trade Receivables	1,216	1,294
Trade Payables	146	108
Net Working Capital	2,827	2,510
	<b>H1FY21</b>	<b>H1FY20</b>
Inventory Days	205	181
Receivable Days	145	177
Payable Days	17	15
Working Capital Cycle	333	343

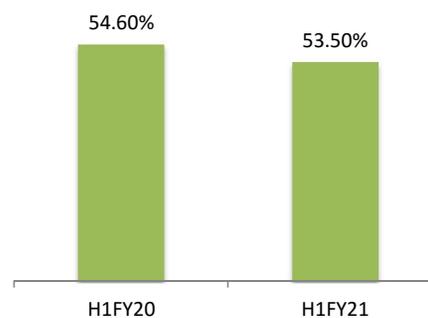
- **Increase in Inventory due to :**
  - Delay in cotton seed procurement due to Covid19 and subsequent stock build up
  - Inventory to normalise over next 2years. No losses expected

# Strong Financial Performance

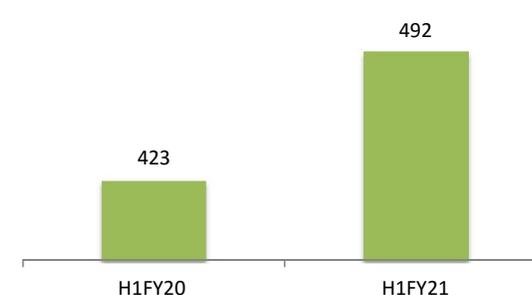
Revenue (INR Mn)



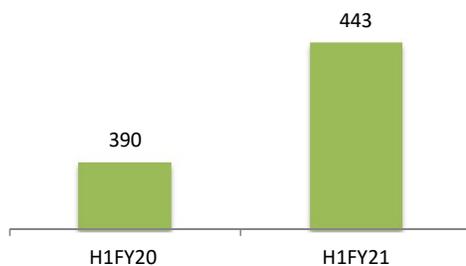
Gross Margin (%)



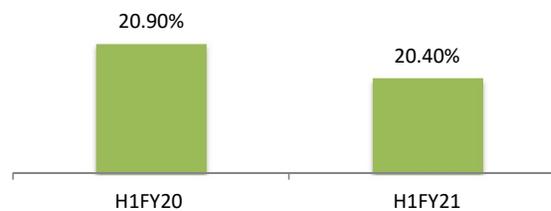
EBITDA (INR Mn)



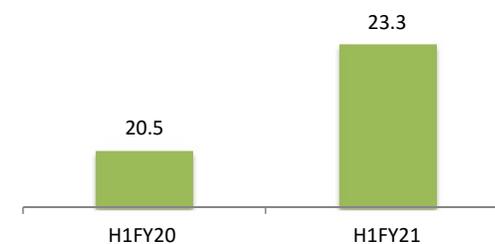
PAT (INR Mn)



PAT Margin (%)



EPS (INR/Share)



# Income Statement

Particulars (INR Mn)	H1FY21	H1FY20	% Change (YoY)	Q2FY21	Q2FY20	% Change (YoY)
Total Revenue	2,165	1,869	16.0%	233	214	8.9%
Gross Profit	1,158	1,019	9.7%	163	203	-19.8%
Gross Margin (%)	53.5%	54.6%		70.1%	95.2%	
EBITDA	492	423	16.5%	54	53	1.5%
EBITDA Margin (%)	22.7%	22.6%		23.3%	25.0%	
Depreciation	13	7	84.6%	7	4	79.1%
Finance Cost	40	32	31.6%	23	15	52.5%
PBT	447	393	13.3%	29	38	-22.9%
Tax Rate (%)	1.0%	0.8%		5.3%	3.0%	
PAT	443	390	13.1%	28	37	-24.5%
PAT Margin (%)	20.4%	20.9%		12.0%	17.3%	
EPS	23.3	20.5	13.1%	1.5	1.9	-24.8%

## Stable Balance Sheet Despite Growth

Assets (INR Mn)	H1FY21	H1FY20	Liabilities (INR Mn)	H1FY21	H1FY20
Fixed Assets	2,452	2,310	Share Capital	190	190
Financial Assets	60	52	Reserves & Surplus	5,829	5,275
Other Non-current Assets	10	24	Long-Term Borrowings	6	7
Inventories	1,742	1,324	Long-term Provisions	32	21
Trade Receivables	1,216	1,294	Short Term Borrowings	788	659
Cash & Bank Balances	204	200	Trade Payables	146	108
Loans & Advances	1,331	1,083	Other Current Liabilities	116	60
Other Current Assets	97	40	Short Term Provisions	4	6
<b>Total</b>	<b>7,111</b>	<b>6,326</b>	<b>Total</b>	<b>7,111</b>	<b>6,326</b>

# Balance Sheet Becoming Stronger

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

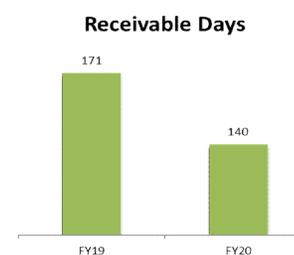
**1.3x**  
Positive Degree of operating  
Leverage

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

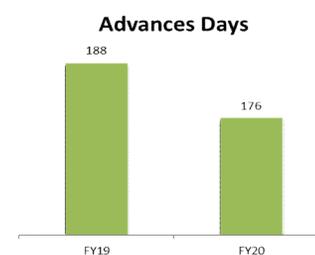
Maintaining high inventory for achieving higher sales



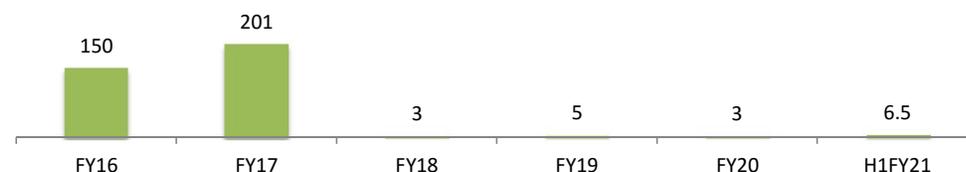
Ramping up collections from Receivables



Giving lesser advances as products gain prominence in the market



## Long Term Debt (INR Mn)



# Cotton Segment: Facing Headwinds

## Cotton Business Impacted by Multiple Challenges

### Issues

### Business Impact

### Action Taken

#### Price Regulation

- Price regulated by government has remained unchanged for many years

#### Margins adversely Impacted

- Cost of production and processing has continuously increased

#### Government Regulations

- Uncertainty around policies to the new technology, particularly around new pests and diseases

#### R&D Impacted

- Difficult to develop products purely based on consumer preferences

#### Illegal Seeds

- Increasing proliferation of illegal seeds in cotton growing states

#### Sales adversely impacted

- Farmers using illegal products which are herbicide tolerant

#### 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



# Highly Ranked Cotton Products

- Cotton growth of 20% in line with expectation
- Sales return of 20% - as provisioned
- Launched two new products- Sanket and Daksh this year
- Focusing on increasing presence in untouched areas of the existing states

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



## Progress of Acreage under COTTON BT (in Lk Hectare) - STATE-WISE

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>

Source: Ministry of Agriculture, Data updated till 31 July, 2020



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

**8-10**  
Products in Pipeline

# Paddy: Strategic Position in Hybrid Paddy

- Paddy grew 12.38% in H1FY21
- 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  
Super Duper  
Tehelka

### Key Markets

Bihar  
Jharkhand  
UP  
Haryana

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

**10+**

Paddy Products launched in last 5 years

**8-10**

Products in Pipeline

# Highly diversified vegetable Portfolio

- High Margin segment : 60%+ margins
- Presence across 10 products;Vegetables sold Pan India
- Separate teams to focus on distribution and marketing

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



**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%

**30+**  
Vegetable Products launched in last 5 years

**20+**  
Products in Pipeline



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# Win Chi Win : to be a major growth booster

- Sales doubled - Registered a strong growth of 113% in H1FY21
- High Margin segment : 70%+ Margins
- NBIL has a long-term agreement in place as the sole seller of WCW in India



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

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

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



# Corporate Overview



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# 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 extended
- **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
- Concentrate on vegetable & Plant Nutrient Supplement for faster growth and profitability



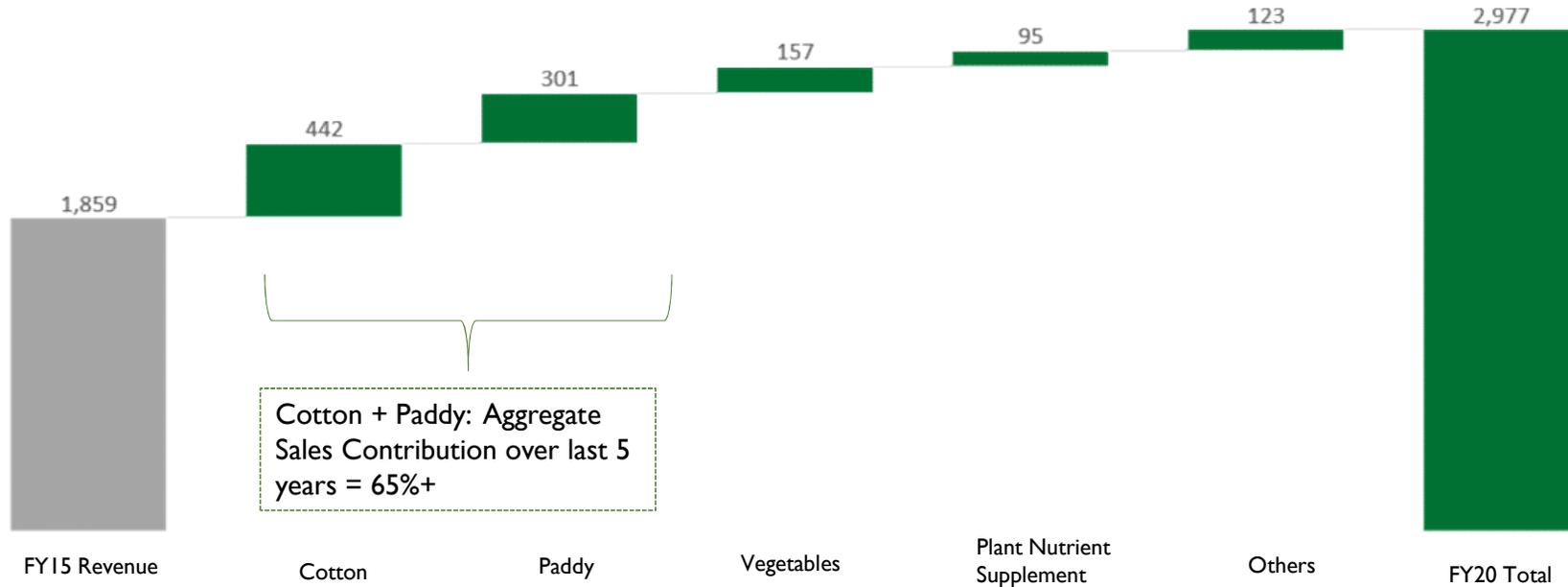
### Action Points

- Developing products in multiple food crops like Maize, Jowar, Bajra etc
- Develop export markets
- Cotton seeds to grow at 20% CAGR in line with overall growth
- Add new products in vegetable segment; Extend product range in Plant Nutrient Supplement Segment



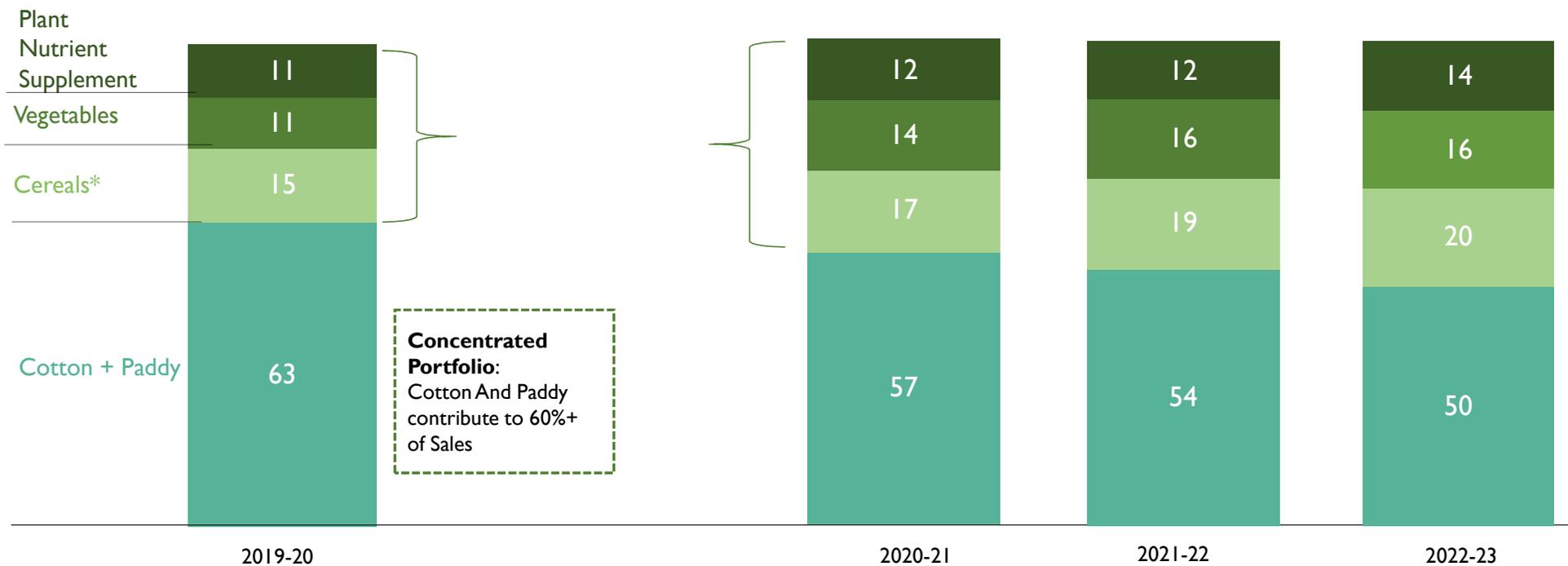
# Last 5 Years: Cotton & Paddy Driven Growth

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

# Building a Strong Organisation

- Imbibing a culture of continuous growth and strong governance
- Hiring industry experts 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

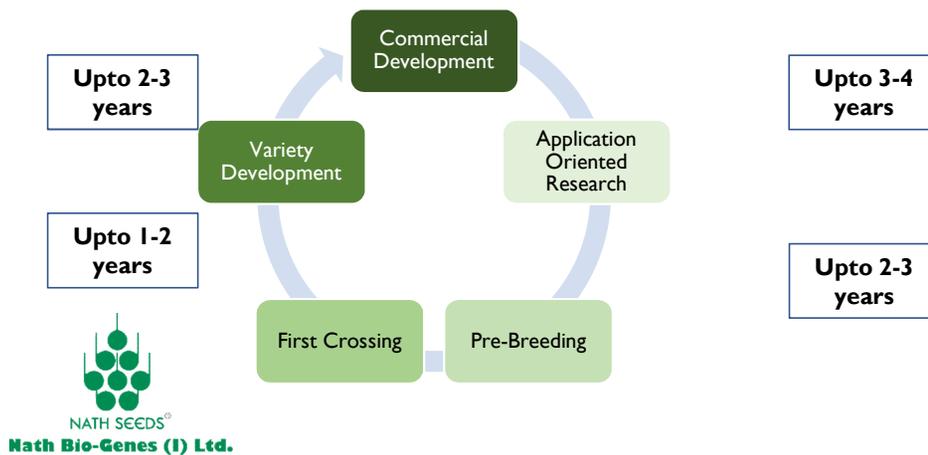
**20+**

Senior Level Hiring in Last 3 Years

# Developing Innovative Products

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

Seed Development: 7-10 Year Cycle



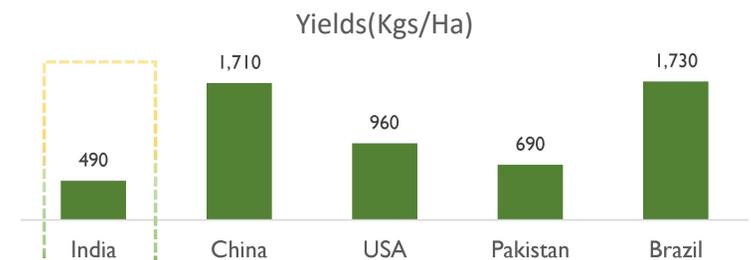
## Holistic Products to Address Problems of

Low Yields

Climate Change

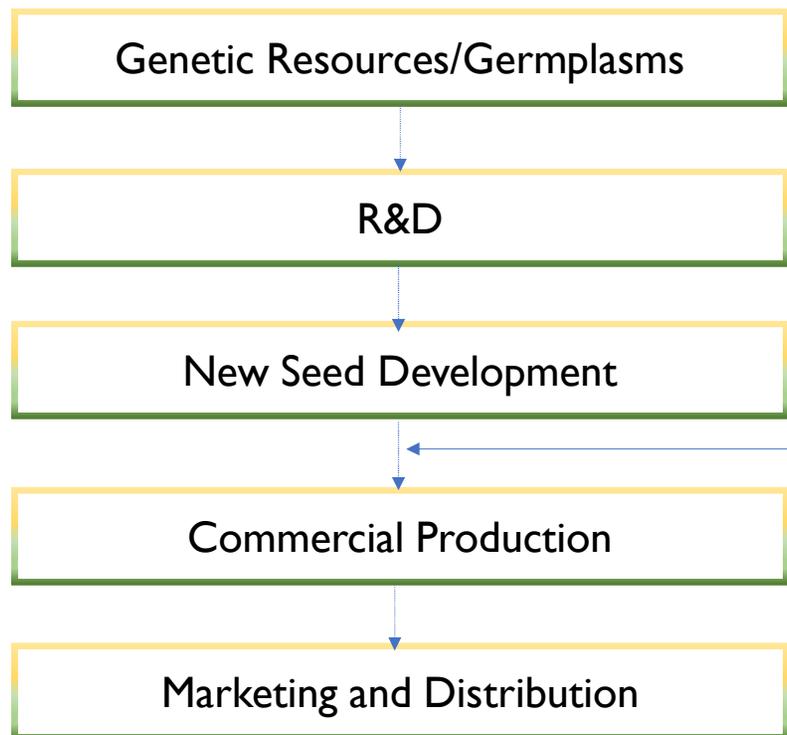
Pest Infestations

India: Amongst the Lowest 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**  
Contract Farmers



# Appendix



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# Visionary Leadership; Attracting the Best Talent



**Mr. N  
Kagliwal  
Chairman**



**Mr. S  
Kagliwal MD**

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

## Leadership Team



**Mr. D Khurana  
CFO**



**Mr. M Dhande  
Business Leader**



**Mr K Reddy Head –  
Supply Chain**



**Dr S Raina  
Head - Cotton**



**Dr Ish Kumar  
Head - Paddy**



**Dr C Pathak  
Head - VEG**



**Mr R Pandey  
Head - VEG**

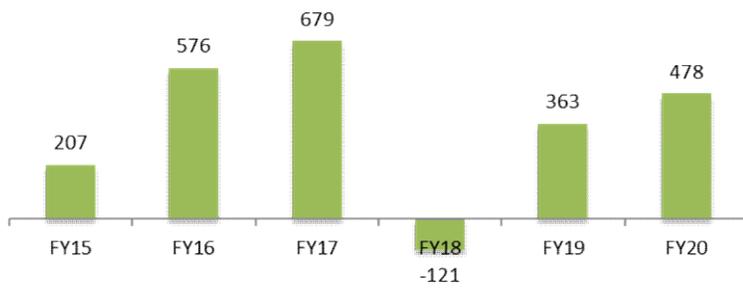
Nath leadership team shares the same passion as its promoters. The leadership team comprises of the best talent in Industry.

**Combined work experience of 250 Years**

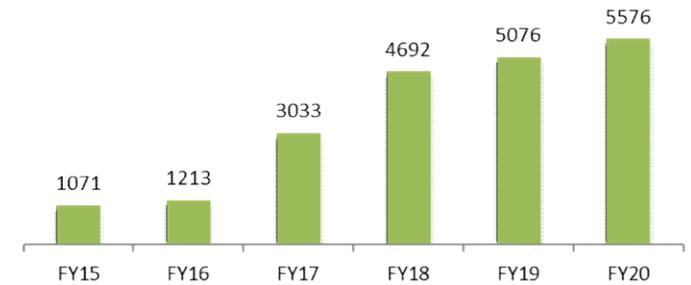
**Combined R&D experience of 100 Years**

# Improving Profitability; Strong Balance Sheet

Net Debt (INR Mn)



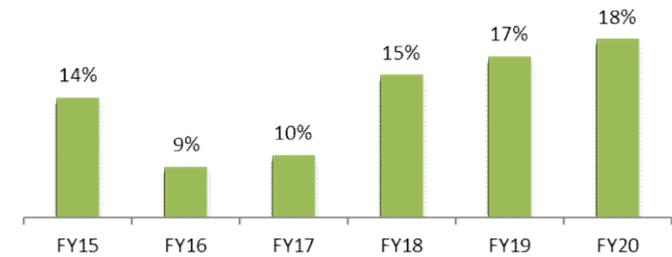
Net Worth (INR Mn)



EBITDA Margin (%)



PAT Margin (%)



# Historical Income Statement

Nath Bio-Genes' P&L Statement			
Particulars (INR Mn)	FY20	FY19	FY18
Total Revenue	2799	2,309	1,917
<b>Gross Profit</b>	1536	1,253	1,073
<i>Gross Margin (%)</i>	54.9%	54.3%	56.0%
<b>EBITDA</b>	547	433	404
<i>EBITDA Margin (%)</i>	19.5%	18.7%	21.1%
Depreciation	14	14	10
Finance Cost	65	52	103
<b>PBT</b>	485	389	300
<b>PAT</b>	505	386	294
<i>PAT Margin (%)</i>	17.9%	16.7%	15.3%
EPS	26.6	20.3	15.5

# 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>5712</b>	<b>Total</b>	<b>7,299</b>	<b>6,460</b>	<b>5712</b>

# Thank You

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For further information, please get in touch with:

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