

Ref: NACL/SE/2018-19

09th February, 2019

1) BSE Limited

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

2) National Stock Exchange of India Ltd

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

Dear Sir,

Sub: Intimation regarding the execution of Share Subscription Cum Shareholders Agreement pursuant to Regulation 30 of SEBI (LODR) Regulations – reg.


Ref: Stock Code: 524709 - Trading Symbol: NACLIND

This is to inform that, the NACL Industries Limited (“Company”) has entered into the Share Subscription Cum Shareholders Agreement (“SSSA”) with Investors and Promoters of the Company, for subscribing to the equity shares and warrants of the Company by the Investors and Promoter, proposed to be issued on a preferential basis, in accordance with the provisions of the Companies Act, 2013, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”) and such other acts/rules/regulations as may be applicable (each as amended), subject to approval of the members. The prescribed details of the SSSA, in accordance with the SEBI Circular dated 9th September, 2015, is appended at Annexure I hereto.

Please take the same on record and disseminate the same to your members.

Thanking you,

for **NACL Industries Limited**


Satish Kumar Subudhi
Company Secretary & Head-Legal



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
Fax : +91-08548-305801

Annexure I

Details of Share Subscription Cum Shareholders Agreement (“SSSA”) entered into by the Company:

S.No.	Particulars	Information
1)	Names of Investors	<p>a) M/s. Krishi Rasayan Exports Private Limited (“KREPL”);</p> <p>b) Mr. Rajesh Kumar Agarwal and Mr. Atul Churiwal jointly representing M/s. Agro Life Science Corporation (“ALSC”) a registered partnership firm.</p> <p>The above are collectively referred to as the “Investors”.</p> <p>Mrs. K. Lakshmi Raju, a promoter of the Company, is also participating in the preferential issue.</p>
2)	Type of securities	<p>Equity shares and warrants are to be issued are as follows:</p> <p>a) 78,12,500 equity shares and 78,12,500 warrants to be issued to KREPL;</p> <p>b) 31,25,000 equity shares and 1,25,00,000 warrants to be issued to Mr. Rajesh Kumar Agarwal and Mr. Atul Churiwal jointly representing ALSC, a registered partnership firm.</p> <p>c) 46,87,500 warrants to be issued to Mrs. K. Lakshmi Raju, Promoter.</p> <p>25% of the consideration for the warrants to be paid upfront.</p>



S.No.	Particulars	Information
3)	Name(s) of Parties with whom the agreement is entered.	<p>SSSA is entered into by and between:</p> <p>A) Investors:</p> <p>B) Promoters: Mrs. K. Lakshmi Raju and M/s. KLR Products Limited</p> <p>C) Company: M/s. NACL Industries Limited</p>
4)	Purpose of entering into agreement	<p>The purpose of entering into the SSSAs is to allot the equity shares of the Company, proposed to be issued on a preferential basis, to each of the Investors and a Promoter, (subject to customary conditions precedent, including the approval of the members, 'in-principle' approval from the stock exchanges regarding listing of the equity shares to be allotted, and such other regulatory approvals, as may be applicable).</p> <p>Use of Proceeds:</p> <p>Company will utilise the funds for the growth of the Company in the technical and formulation business, including the requirements of registration, product development etc. both in India and overseas; for expansion /upgradation/ de-bottlenecking of the factories, working capital needs and other Business-related activities.</p>
5)	Shareholding, if any, in the entity with whom the agreement is executed	<p>The following are the details of the shareholding of each of the Investors in the Company:</p> <p>a) KREPL is not shareholders of the Company</p> <p>b) Mr. Rajesh Kumar Agarwal – (Nil holding)</p>



S.No.	Particulars	Information
		<p>and Mr. Atul Churiwal is holding 2,55,325 equity shares representing 0.16% of total paid-up share capital.</p> <p>c) Mrs. K. Lakshmi Raju, Promoter of the Company, is holding 30,18,360 shares representing 1.93% of total paid-up share capital.</p>
6)	<p>Significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure, etc.</p>	<p>Board of Directors:</p> <p>a) The Investors (Non-Promoter) together shall have the right to appoint 2 (two) nominee directors on the Board. Such Investor nominee directors shall be non-executive directors and shall not be liable to retire by rotation.</p> <p>b) If (after the expiry of the Warrant Exercise Period) at any point of time the shareholding of the Investors (Non-Promoter) (calculated on a Fully Diluted Basis) goes below 10% of the paid-up share capital of the Company, the Investors (Non-Promoter) shall have the right to appoint only 1 (one) nominee director on the Board. If the shareholding of the Investors (Non-Promoter) goes below 5% of the paid-up share capital of the Company, the right of the Investors (Non-Promoter) to appoint any nominee director on the Board shall fall away.</p>



S.No.	Particulars	Information
		<p>Promoter / Investors Rights:</p> <p>a) Right of First Offer:</p> <p>In the event the any of the Investors (Non-Promoter) propose to sell all or any part of its respective Investor Securities, it shall first offer such securities to the Promoters at a price equal to the higher of (i) the subscription price or (ii) the minimum preferential issue price under Regulation 164 of chapter V of SEBI ICDR Regulation, 2018. Promoters shall have the right but not the obligation to buy such Investor Securities.</p> <p>b) Right of First Refusal:</p> <p>i) In the event the Investors (Non-Promoter) receive an offer from a third Person to buy any part or all of the Investor Securities and the Investors intend to sell such Investor Securities, they shall send a written notice to the Promoters stating their interest of selling any part or entire Investor Securities along with the price and terms and conditions offered by such third Person ("ROFR Notice"). Promoters shall have the right but not the obligation to buy such portion of the Investor Securities as mentioned in the ROFR Notice ("Right of First Refusal") at a mutually agreed price</p>



S.No.	Particulars	Information
		<p>and time.</p> <p>ii) If the Promoters elect to exercise the Right of First Refusal, the Investors shall be bound to sell such Investor Securities in accordance with the terms mentioned in the ROFR Notice. Promoters shall have the right to complete the purchase of such Investor Securities within a period of 3 (three) months from the date when the Promoters elect to exercise the Right of First Refusal.</p> <p>c) Tag-along Right: In the event the Promoters intend to sell any of their Equity Shares to any third Person, each of the Investors (Non-Promoter) shall have a right but not an obligation to participate in such sale on a pro-rata basis and sell the pro-rata part of their respective Investor Securities to such third Person at the same price and on the same terms and conditions on which the Promoters propose to sell their Equity Shares to such third Person.</p>
7)	Whether the said parties are related to promoter / promoter group / promoter group companies in any manner.	<p>The following are the details of the relationship of each of the Investors vis a vis the Company:</p> <p>a) The aforesaid Investors are not related to any of the promoter / promoter group/ group companies.</p> <p>b) Mrs. K. Lakshmi Raju is one of the</p>



S.No.	Particulars	Information
	If yes, nature of relationship.	Promoters of the Company.
8)	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length".	Mrs. K. Lakshmi Raju, Promoter of the Company, is becomes a related party and the transaction shall fall under related party transactions. However, the said transactions shall be conducted at an arm's length basis.
9)	In case of issuance of shares to the parties, details of issue price, class of shares issued	The issue price of equity shares and warrants to be issued to the investors is Rs.32/- (including premium of Rs.31/-), which is higher than the price calculated in accordance with the requirements of the SEBI (ICDR) Regulations, 2018.
10)	Any other disclosures related to such agreements, i.e. details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc.	<p>a) The Investors together shall have the right to appoint 2 (two) nominee directors on the Board. Such Investor nominee directors shall be non-executive directors and shall not be liable to retire by rotation.</p> <p>b) Consequential changes in the voting rights and Change in Management: There will be no change in the control or management of the Company, as a result of the proposed issue of Equity Shares and Warrants and upon conversion of Warrants. However, voting rights will change in tandem with the shareholding pattern.</p>



11) Pre and Post Preferential Issue - Shareholding Pattern of the Company:						
Shareholders	Pre - Issue shareholding		Post issue - Equity		Post issue - Exercise of Warrants	
	No. of Equity Shares	% holding	No. of Equity Shares	% holding	No. of Equity Shares	% holding
Promoters:						
KLR Products Limited	113,623,500	72.61	113,623,500	67.87	113,623,500	59.05
K Lakshmi Raju ("First Promoter")	3,018,360	1.93	3,018,360	1.80	7,705,860	4.00
A) Promoters	116,641,860	74.54	116,641,860	69.67	121,329,360	63.05
Public holding	39,840,900	25.46	39,840,900	23.80	39,840,900	20.71
Fresh Issue of Shares / Warrants (to Investors)	-	-	10,937,500	6.53	31,250,000	16.24
B) Public	39,840,900	25.46	50,778,400	30.33	71,090,900	36.95
(A+B) Total paid up Capital	156,482,760	100.00	167,420,260	100.00	192,420,260	100.00

Note: The aforesaid percentage are based on capital as on 08th February, 2019 without taking into consideration any potential dilutions by way of issuance of shares under the employee's stock option scheme of the Company.

