Insecticides (India) Ltd.

Investor Presentation - November 2017

This is Insecticides (India)

Focused on enhancing farmer incomes

In line with the Indian PM focus of doubling farm incomes by 2022

Insecticides (India) Ltd.

1 Background

Commenced operations in 2001-02 (headquarters New Delhi);

1000+ employees

2 Product mix

Insecticides, herbicides, fungicides and plant growth regulators

107+ Branded products

15+ Technical products

375+ SKUs

3 Distribution and marketing

Pan-India distribution:

60,000+ retail outlets

3,000 Distributors

31 depots/ branches

500+ sales team, Prominent 'Tractor' brand

4 Where we make

Rajasthan, Gujarat, Jammu & Kashmir and Uttar Pradesh

5 formulation plants

2 technical synthesis plants

1 biological manufacturing unit

4 dedicated research facilities

Vision & Mission

Provide the highest quality product and services to the farmers within their reach, so that we feel ourself privileged to be able to contribute our efforts in the interest of the farmers of the nation.

Committed to give our best in whatever we do, so as we are able to make a difference to the person who is responsible for providing the food to everybody- The Farmer

Business model

Globally competitive: Any market viability

Diversified revenues (Active Ingredients, Bulk & branded Formulations): De-risking

Presence across value chain: Strong margins

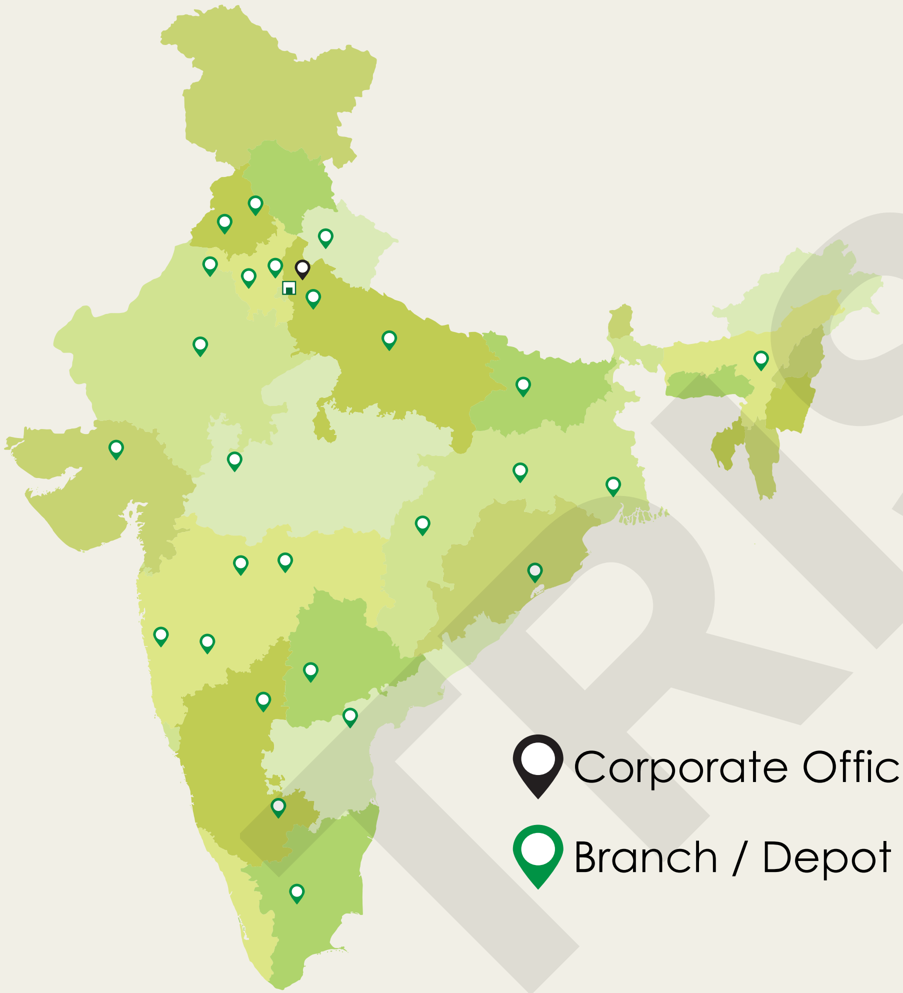
Establishing footprint in MEA and Asian markets: Quick offtake, robust recall

Investments in product development, registration, capacities and relationships: Prospective pipeline

100 global export partnerships: Expanding clientele

Pipeline: 500+ export contracts on hand: Substantial growth

Our Presence



Corporate Office

Branch / Depot

Milestones - 1

2001	Commenced Operation
2002	Chopanki (Rajasthan) formulations plant commenced
2003	Acquired 21 brands of Montari Industries
2004	Samba (J&K) plant commissioned
2005	Chopanki plank got ISO 9001: 2008 certification; set up R&D Lab
2006	Technical collaboration with AMVAC, USA, to manufacture and market Thimet
2007	Listed on NSE and BSE; Chopanki Technical plant commenced; Samba plant expansion
2008	Received OHSAS 18001 certification

Milestones - 2

2011

Acquired MONOCIL from NOCIL; commissioned two plants (Dahej and Udhampur)

2012

Launched NUVAN with AMVAC; launched HAKAMA and PULSOR with NISSAN (Japan)

2016

Tie-up with MOMENTIVE (USA) for AGRO SPRED* MAX; tie-up with NIHON NOHYAKU (Japan) for SUZUKA and HAKKO; launched GREEN LABEL (Bispyribac Sodium 10% SC); manufactured in India for the first time

2014

Commenced product invention R&D center in JV with OAT Agiro Co. (Japan); commenced new formulations unit in Chopanki

2015

Launched bio-product MYCORAYA; bonus shares issued; followed by QIPs

Insecticides (India) Ltd.

"Ultra-modern automated manufacturing facilities baked by process that are empowered by technology. This has allowed us to manufacture products with consistent quality and safety across all verticals."

Manufacturing plants and locations

- Formulation plant, Chopanki, Rajasthan
- Technical Plant, Chopanki, Rajasthan
- Formulations plant, Dahej, Gujarat
- Formulations plant, Samba, J&K
- Formulations plant, Udhampur, J&K
- Formulations plant 2, Chopanki, Rajasthan
- Biological plant, Shamli, UP
- Technical Plant, Dahej, Gujarat

R&D centre and locations

- Product invention R&D Centre in JV with OAT AGRIO, Chopanki, Rajasthan
- Formulations R&D Center, Dahej, Gujarat
- In-house R&D Centre, Chopanki, Rajasthan
- Biological R&D Centre, Shamli, UP

Aggregate installed capacity

17,450 KLPA
Liquid

75,600 MTPA
Granules

16,980 MTPA
Powder

13,800 MTPA
Active Ingredient & Bulk

Facilities

Technical synthesis facilities

1. Two technical synthesis plants
2. Variety of technicals
3. 11 streams of technical synthesis

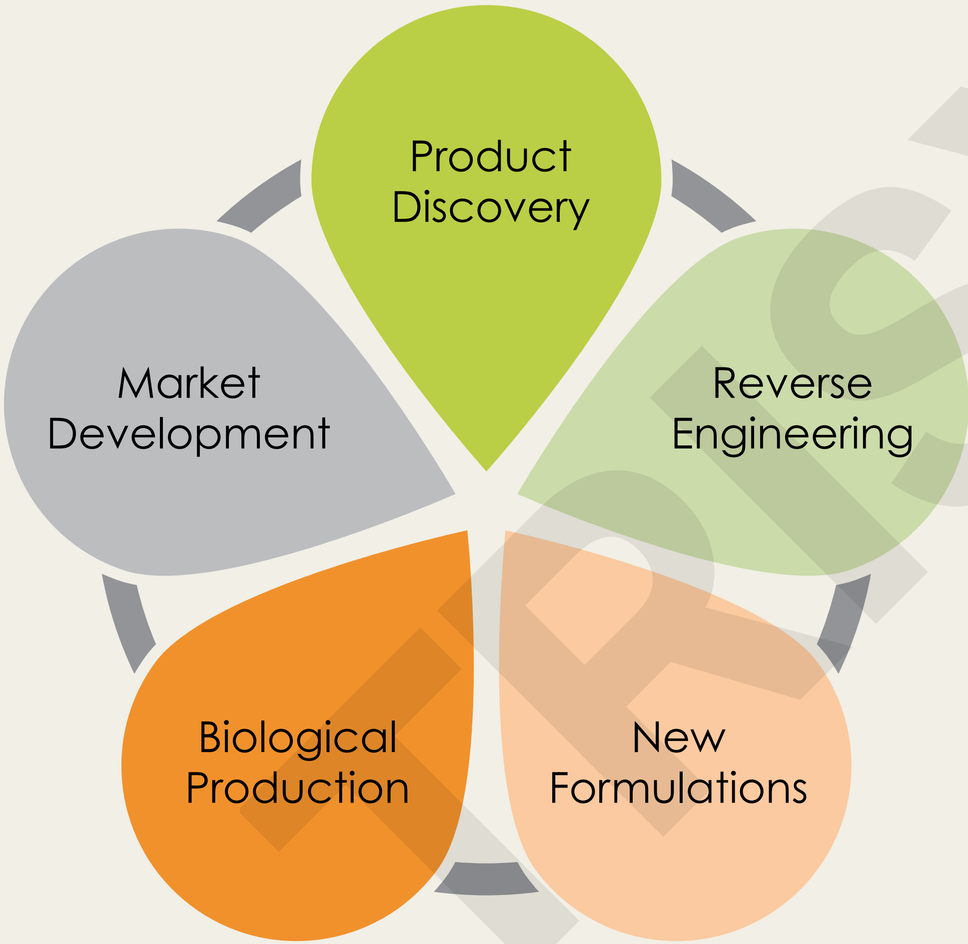
Formulation facilities

1. 5 formulation plants
2. One of the largest formulation capacities in the country
3. Capabilities for the new formulations
4. Automatic packing lines with variety of pack size
5. Capacities for toll manufacturing

Technical synthesis facilities

1. Sterile environment
2. Latest ultra-modern production facilites
3. Automatic filling lines
4. Organic certified products manufactured
5. Biological products manufactured under the expert supervision of bio technologists and Micro biologists
6. QC facility equipped with latest instruments for detection and quantification of microorganisms

Unmatched R&D



Developed 50+ new processes

4 Process Patents received

More than 18 patents pending

Development and launch of soil transformation formula

In-house R&D Centre

State of the Art In House facility established in 2005

Approved by DSIR, Ministry of Science and Technology

Signed an agreement with DSIR for commercialization of MNIO, an import substitute

Working on new formulations & new combination products as per trend

Synthesis of new molecules in process

Over 50 processes developed and 21 processes commercialized

Product Invention R&D Centre

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A unique initiative of product discovery in India by forming a JV with Japanese co., OAT Agrio Co. Ltd.

Pioneer step to establish such facility in the field of agro chemicals

Spread in 25000 Sq feet of working area

Team of over 40 Scientists

Equipped with the latest machines and equipment's like NMR, Lab set designed by Kewanee, USA

Lead by the internationally renowned scientists with more than 25 years of experience

Ultra-modern green houses to compliment the effective testing

One of its kind Breeding centers, Bio Assay Rooms and Spray-Cabinets

Formulations R&D Centre

Development of new generation formulations

Focus on cost reduction, customer friendly and environment safe products

In house R&D Centre

insecticides (INDIA) LIMITED

Equipped with bio assay and product development facilities such as Isolation, detection and multiplication of biological microorganisms

Made a break through by developing and commercializing VAM (Vaslcular Arbuscular Mycorrhiaze)

Looking forward to development of 3-4 new biological products

Our differentiated business structure

1 Marketing

- Sales & Market development
- Branding
- International Tie ups and Collaborations

2 Manufacturing

- 5 Formulation Plants
- 2 Technical Synthesis Plants
- 1 Biological Manufacturing Plant

3 R&D

- NABL QC Labs
- IN-house R&D Centre
- JV with OAT Agrio Co. Japan for dedicated invention R&D centre

4 Development & Training

- Emphasis on field activities
- Farmer Awareness
- Sales force Training

Biological Products – Game-changer

First-mover advantage due to less number of players

Co-existence of agro-chemicals and biological inputs to enhance synergic farmer benefits

Dedicated R&D centre with latest infrastructure and researchers

Developed & commercialized Vaslcular Arbuscular Mycorrhizae

Upcoming products include

"KayaKalp" (Soil Energizer) has launched

NPK Consortia (Nitrogen, Potash & Phospherous)

Zinc Solubilizing bio-fertilizer

Strength to strength

Improved operating margins

Increasing capital expenditure

Capitalizing on tech transfer from Japan

Increased farmer coverage

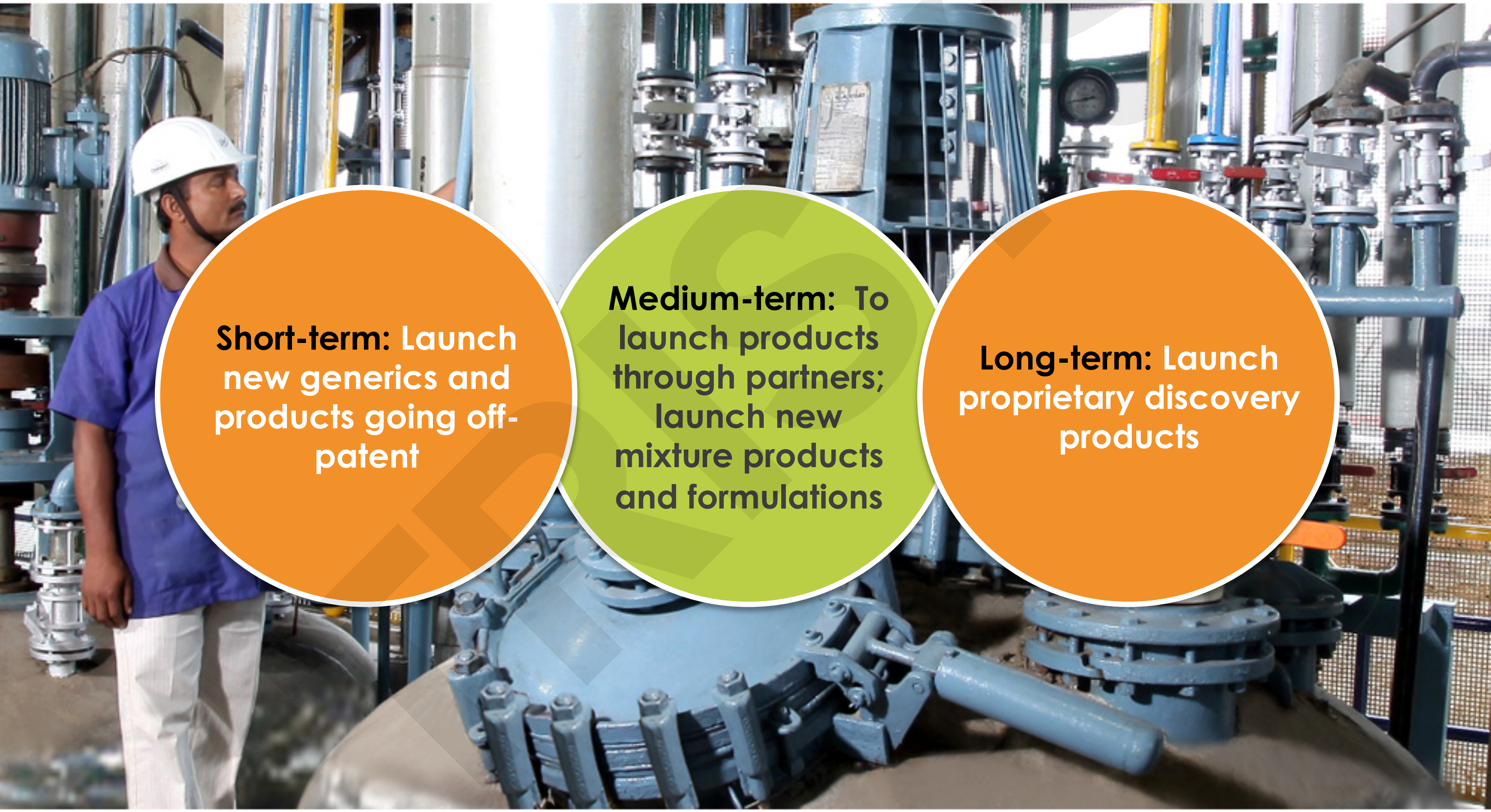
Launching new and improved products

Strong proprietary R&D to develop new molecules

Business strengths

- Low attrition among employees and distribution partners
- Strong marketing team; wide and deep distribution network
- State-of-the-art manufacturing facilities (with capacity fungibility); largest formulations facility
- Company with indigenous technical license to manufacture technicals
- Strong brand presence
- Widening international footprint
- Strong credit-rating

Targets



Short-term: Launch new generics and products going off-patent

Medium-term: To launch products through partners; launch new mixture products and formulations

Long-term: Launch proprietary discovery products

Forward-looking strategy

From a generic agrochemicals player, the company has developed a three-pronged growth strategy, which focuses on R&D, Manufacturing and Marketing.

Strong product pipeline

Likely to launch ~10 new products in FY19, mostly in the 9(3) category, which will drive margin improvement by 250-300bps over FY19-20

Negotiating with partners for launching new products in the Indian market

Brand acquisition

Backward integration to capitalize on Make in India initiative

Management sees a huge opportunity in the Exports segment and aims to double the sales by FY19

Certification and Quality

ISO 9001:2008 System Compliance Certification

1

Occupational Health and Safety Assessment System (OHSAS) 18001:2007

2

Environmental Management System (EMS) ISO 14001:2004

3

NABL Accredited Q.C. Labs

4

GLP Certified Lab (In Process)

5

Brand

Brand principle

- To bring synergic benefits to farmers through comprehensive range of agro chemical product mix.
- Maximise farmer benefit
- Innovative measures
- Eco-friendly manufacture
- Sustainable agricultural practices
- Ultra-modern manufacturing processes

Signature umbrella brand (Tractor)

- Trusted across decades
- End-to-end solutions
- Preferred farmer choice

Leading brands

MONOCIL:	Systemic insecticide-cum-acaricide; controls broad pest spectrum across crops
HAKAMA:	Post-emergence selective herbicide; controls narrow leaf weeds across leaf crops
PULSOR:	Systemic fungicide with preventive and curative action; controls Rice Sheath Blight
NUVAN:	One of the largest selling insecticides with contact stomach and fumigant action
THIMET:	Organo-phosphorus insecticide; one of the biggest global agro-chemical brands
VICTOR:	Among 3 top brands in category; controls termites
LETHAL:	Organo-phosphorus group of insecticides; controls insects through contact, stomach and vapour action
XPLODE:	Naturally derived insecticide; controls all Lepidopteran stages
HIJACK:	Non-selective systemic herbicide; controls annual and perennial weeds
GREEN LABEL:	Specialist of weed control in paddy; in line with 'Make in India'

Global Partners

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AMVAC Amvac Chemical Corporation USA	NISSAN CHEMICAL INDUSTRIES, LTD. JAPAN	Nihon Nohyaku Co.,Ltd. JAPAN
MOMENTIVE USA	OAT Agrio Co., Ltd. JAPAN	OAT & IIL INDIA LABORATORIES PRIVATE LIMITED

Technical collaboration for manufacture and marketing of THIMET (since 2006) and NUVAN (since 2012)

Marketing tie-up for specialty products PULSOR fungicide and HAKAMA Selective Herbicide

Tie-up for SUZUKA (Flubendiamide) and HAKKO (Buprofezin)

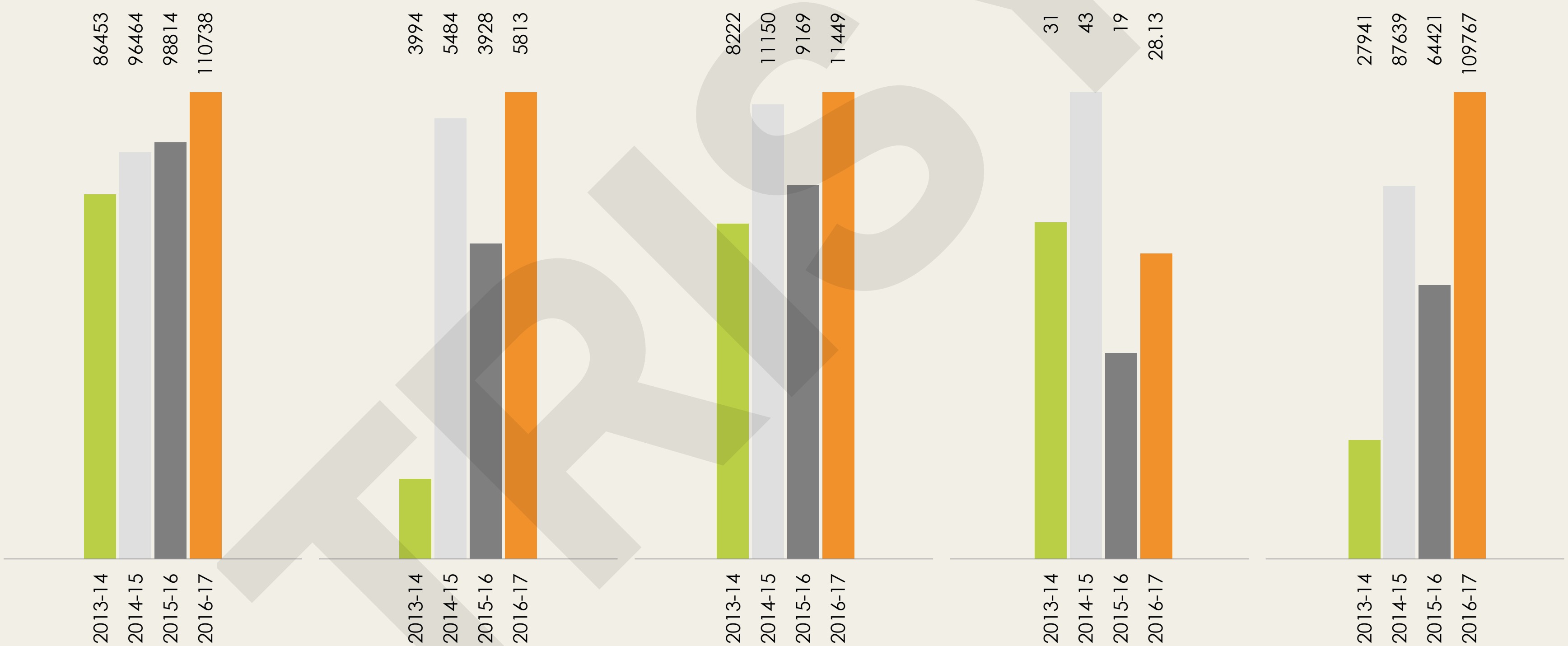
Tie-up with MOMENTIVE Performance Material Inc., USA for AGROSPRED

Tie-up with OAT Agrio to bring specialized seed treatment product (ROOTBEAD)

JV for dedicated R&D Centre to discover new agrochemical molecules

Performance highlights

Revenue	Profit after tax	EBITDA	EPS	Market capitalisation
(Rs. Lacs)	*(Rs. Lacs)*	*(Rs. Lacs)*	*(Rs.)*	*(Rs. Lacs)**
+12.06%	**+47%**	**+24.86%**	**+48.05%**	**+70.39%**



**at closing price of BSE on 31.03.2017*

Sequential Quarterly Performance

Profit and Loss

Particulars (INR MN)	FY18 Q2	FY 17 Q2	FY 18 H1	FY 17 H1	FY 17 12M	FY 16 12M
Revenue from Operations	4165.12	4135.82	7283.84	6874.99	11073.84	9881.45
Other Income	24.08	11.35	30.19	13.54	5.50	5.56
Total Revenue	**4189.20**	**4147.17**	**7314.03**	**6888.53**	**11079.34**	**9887.01**
Cost of Materials Consumed	2621.43	2591.27	4354.33	4182.24	6289.06	5976.72
Purchase of Stock in Trade	362.69	520.84	516.55	698.82	1428.61	678.73
Change in Inventories	120.88	93.35	437.97	377.02	-295.07	90.25
Employee Benefit Expenses	136.98	142.45	263.56	240.22	433.44	400.68
Other Expenses	366.62	315.07	649.56	552.66	2078.35	1823.74
Total Expenses	3608.60	3662.98	6221.97	6050.96	9934.39	8970.12
EBITDA	**580.60**	**484.19**	**1092.06**	**837.57**	**1144.95**	**916.89**
EBITDA Margin (%)	**13.94%**	**11.71%**	**14.99%**	**12.18%**	**10.34%**	**9.28%**
Depreciation	38.67	40.51	81.62	79.91	159.56	159.25
Finance Cost	44.08	47.41	91.00	106.31	185.38	258.78
PBT with Exceptional Item	**497.85**	**396.27**	**919.44**	**651.35**	**800.01**	**498.86**
Exceptional Items	0.00	0.00	0.00	0.00	0.00	0.00
PBT	497.85	396.27	919.44	651.35	800.01	498.86
Tax	136.43	115.41	252.99	188.20	218.60	105.98
PAT	**361.42**	**280.86**	**666.45**	**463.15**	**581.41**	**392.88**
PAT Margin %	**8.68%**	**6.79%**	**9.15%**	**6.74%**	**5.25%**	**3.98%**
Diluted EPS	17.49	13.59	32.24	22.41	28.13	20.01

Financials FY16-17

insecticides (INDIA) LIMITED

Standalone Profit and Loss Statement

Particulars (INR MN)	FY14	FY15	FY16	FY17
Revenue from Operations	8640.81	9641.91	9881.45	11073.84
Other Income	4.53	4.35	5.56	5.50
Total Revenue	**8645.34**	**9646.26**	**9887.01**	**11079.34**
Cost of Materials Consumed	5502.88	6796.36	5976.72	6289.06
Purchase of Stock in trade	1018.41	496.22	678.73	1428.61
Change in Inventories	-506.20	-809.71	90.25	-295.07
Employee Benefit Expenses	293.04	344.44	400.68	433.44
Other Expenses	1515.02	1704.01	1823.74	2078.35
Total Expenses	**7823.15**	**8531.32**	**8970.12**	**9934.39**
EBITDA	**822.19**	**1114.94**	**916.89**	**1144.95**
EBITDA Margin (%)	**9.52%**	**11.56%**	**9.28%**	**10.34%**
Depreciation	66.55	141.68	159.25	159.56
Finance Cost	269.11	331.56	258.78	185.38
PBT with Exceptional Item	486.53	641.70	498.86	800.01
Exceptional Items	0.00	0.00	0.00	0.00
PBT	486.53	641.70	498.86	800.01
Tax	87.08	93.24	105.98	218.60
PAT	**399.45**	**548.46**	**392.88**	**581.41**
PAT Margin %	**4.62%**	**5.69%**	**3.98%**	**5.25%**
Diluted EPS	31.49	43.24	20.01	28.13

Financials FY16-17

Standalone Balance sheet

Liabilities (INR MN)	FY14	FY15	FY16	FY17
Shareholders Fund				
Share Capital	126.83	126.83	206.67	206.67
Reserve and Surplus	2338.72	2787.28	3882.29	4463.58
Total Shareholders Fund	**2465.55**	**2914.11**	**4088.96**	**4670.25**
Non-Current Liabilities				
Long term Borrowing	302.07	536.62	280.49	152.85
Deferred Tax Liabilities	132.66	155.69	175.51	202.54
Other Long term Liabilities	42.89	39.35	54.96	57.20
Long Term Provision	3.26	6.02	13.80	13.42
Total Non Current Liability	**480.88**	**737.68**	**524.76**	**426.01**
Current Liabilities				
Short Term Borrowing	2124.29	2409.45	1519.77	2063.18
Trade Payable	2036.04	2098.27	2109.11	1965.40
Other Current Liabilities	645.25	780.97	840.37	770.62
Short Term Provision	161.70	267.12	281.96	196.31
Total Current Liabilities	4967.28	5555.81	4751.21	4995.14
Total	**7913.71**	**9207.60**	**9364.93**	**10091.40**

Financials FY16-17

Standalone Balance sheet *Contd...*

Assets (INR MN)	FY14	FY15	FY16	FY17
Fixed Assets	2242.74	2423.55	2451.71	2430.67
Non Current Investment	110.85	110.85	110.85	110.85
Long Term Loans ad Advances	47.44	59.24	26.95	21.20
Other Non-Currents Assets	62.72	21.85	59.44	47.06
Total Non Current Assets	2463.75	2615.49	2648.95	2609.78
Current Assets				
Inventories	3116.59	3914.03	3506.03	4257.76
Trade Receivable	1278.74	1668.08	2076.32	2146.39
Cash & Cash Equivalent	90.33	65.57	94.82	92.20
Short term loans and Advances	662.65	575.93	45.55	56.33
Other Current Assets	301.63	368.50	993.17	929.35
Total Current Assets	5449.94	6592.11	6715.89	7482.03
Total Assets	**7913.69**	**9207.60**	**9364.84**	**10091.81**

Financial Profile

Insecticides India reported a 6% growth yoy to Rs. 7,314 million in H1 FY18

Gross margin improved by 330bps to 25.5% led by a better product mix

EBITDA increased by 30% yoy to Rs1,092 mn as EBITDA margin expanded by 300bps yoy to 15%

The company is likely to launch ~10 new products in FY19, mostly in the 9(3) category, which will drive margin improvement by 250-300bps over FY19-20

The company has also been gradually reducing sales of Red Triangle / generic products by Rs 400-500mn p.a.

Financial outlook

IIL's earnings to witness a CAGR of 10-12% plus over FY17-20E.

IIL has a strong edge here considering its future product pipeline and strong research skills via its JVs with MNC players and hence we believe that the future big picture over the next 2-3 years for IIL looks very strong

Going ahead we expect IIL to benefit from high operating leverage and sustainable EBITDA margins of around 12 to 12.5% which will lead to higher ROCE in coming years.

Margin will expand further in FY19 on the back of the rising share of Technical segment and a superior product mix

IIL will take advantage of the government's thrust on Make in India by enhancing its existing manufacturing facility at Dahej. In the first phase, the company will spend Rs300mn for expanding the present plant for forward integration. In the second phase, the company has earmarked ~Rs1bn for setting up Unit 2 at Dahej to augur new technical products / intermediary capacity

The company is also looking at the exports market as it sees huge potential in this segment. Currently, exports stand at ~Rs350-400mn

CSR initiatives

insecticides (INDIA) LIMITED

Children education programs in Punjab, Rajasthan, Bihar and Odisha

Adoption of village schools

Distribution of books, study materials and stationeries to children

Kisan Jagrukta Abhiyan

- Educates farmers in crop protection and agrochemical use
- Promotes cultivation of third crops for soil fertility
- Organizing special camps
- Signed MOU with ICAR -IARI to train farmers in maximizing yields and entrepreneur ship

Management Team

Shifting towards Safe and Clean Food is not just an act; it is a shift of consciousness. We are continuously evolving ourselves towards it through new age green chemistry.

Mr. H.C. Aggarwal
Chairman

Passion to work for the farmers & make sure they get best of the technology within their reach.

Mr. Rajesh Aggarwal
Managing Director

Management Team consists of senior and experienced players of the industry, Functional Heads, R&D, Procurement, Production, Marketing & Sales, Product Development, IT, Finance, Admin & HR, International Business

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Thank you

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