

ANNUAL  
REPORT | 2010-11



*Painting a brighter* **future**





# Our Brand Spread to Cherish Farmers





## Message of Chairman

Dear Stakeholders,

I feel immense pleasure in expressing my feelings and gratitude to you for the trust and confidence poised on us. This year we have many milestones that I will share with you, along with the achievements and financial snapshots.

Agriculture in India has a long history dating back to ten thousand years. Indian agriculture began by 9000 BC as a result of early cultivation of plants, and domestication of crops and animals. Indian products soon reached the world via existing trading networks and many foreign crops were introduced. Today, India ranks second in world farm output. According to World Bank, Indian Branch: Priorities for Agriculture and Rural Development\*, one of the reasons of low productivity in India is adoption of modern agricultural practices and use of technology is inadequate.

The agricultural production is notable to cope up with the increasing demand for food due to population explosion. This gap can be narrowed by shortening the difference between potential production and actual production with use of efficient and innovative technology to enhance per hectare productivity of agricultural land.

We, at Insecticides (India) Limited (IIL) invest significantly in the research and development for higher quality agriculture production. At IIL, we approach each challenge armed with our knowledge of agri-science & motivated by our commitment to increase crop yield. Recently our R&D center has also bagged NABL accreditation.

Our new manufacturing facilities at Udampur and Dahej have started their operations to cater the increasing demand and increase the spectrum of our products. This will enable us to reduce the time cycle of our supplies. These are state of the art manufacturing facilities with fully automatic machines as well as packaging.

To strengthen the leading product line of Lethal, Victor and Thimet, this year we have also acquired one of the biggest

brand of agrochemicals MONOCIL, an insecticide. To create a niche for our products, we have also signed renowned actor **Suniel Shetty** to endorse for our products. We are presenting Suniel Shetty as a representative of the modern farmers using all the modern agri techniques. With Global collaborations and national tie-ups, IIL has placed new challenges for itself and is all set to extent towards new pinnacle.

I would also like to share that your company has been graded 3 out of 5 by CRISIL for equity research. Your company has also been rated A Stable for long term and P1 for short term funding.

I would also like to share with you, that your company has achieved a turnover of ₹ 477.90 Cr. with an increase of 20 % and PAT of ₹ 32.21 Cr. with an increase of 14% compared to last fiscal. Company's scrip has also touched all time high of ₹ 352. With our vision to think ahead of times I am sure that this is just the beginning.

On this note, I would like to thank all our board of directors, bankers, employees, vendors, customers, associates, experts of agri community, government bodies and shareholders for their continuous support, which has contributed immensely in taking your company to new heights.

Warm regards,  
Yours sincerely



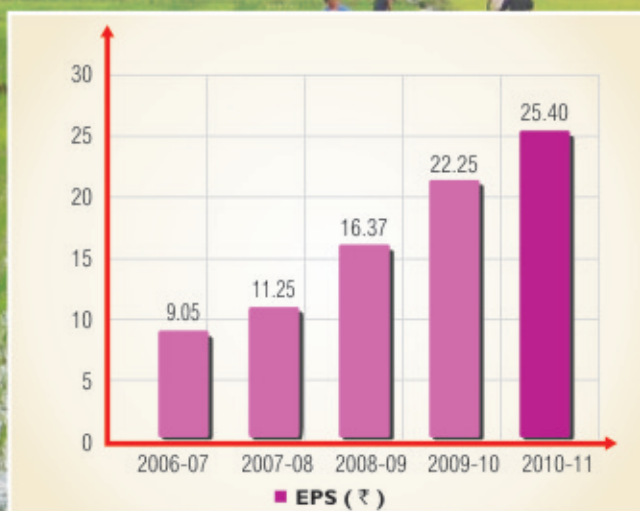
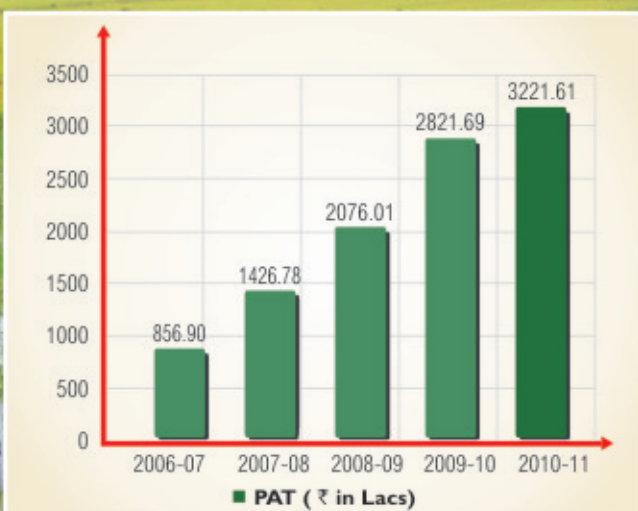
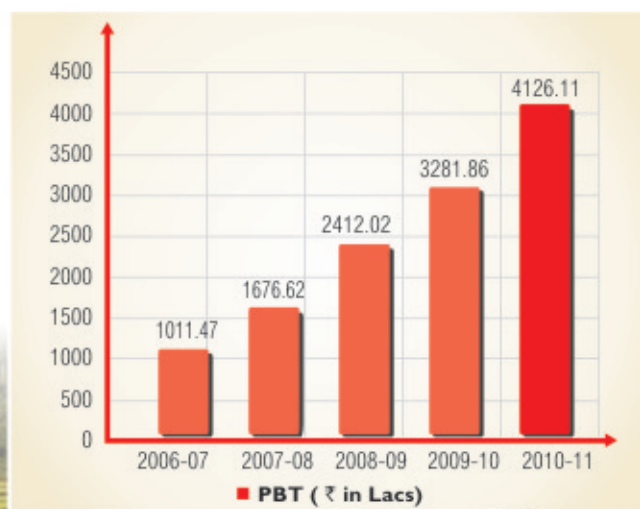
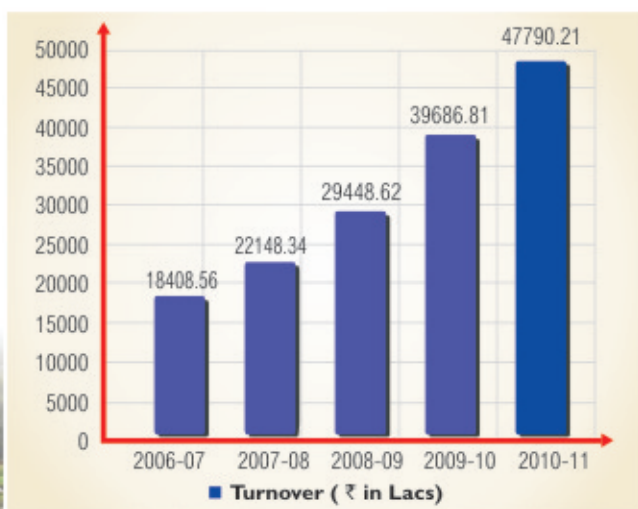
H.C. Aggrawal  
Chairman



# Financial Summary

(₹ in Lacs)

Description	2010-11	2009-10	2008-09	2007-08	2006-07
<b>PROFIT AND LOSS ACCOUNT</b>					
Sales	47790.21	39686.81	29448.62	22148.34	18408.56
Other Income	15.25	128.53	145.78	178.95	25.63
Total Revenue	47805.46	39815.34	29594.40	22327.29	18434.19
Increase/Decrease in Stocks	1641.97	1135.98	2332.73	689.80	559.30
Expenditure	45321.32	37669.46	29515.11	21340.47	17982.02
Earnings before Depreciation, Interest and Tax (EBDITA)	4521.10	3653.55	2944.40	1969.94	1223.68
EBDITA Margins (%)	9.5	9.2	10.0	8.9	6.6
Profit before Tax	4126.11	3281.86	2412.02	1676.62	1011.47
Tax	904.50	460.17	336.01	249.84	154.57
<b>Profit after Tax (PAT)</b>	<b>3221.61</b>	<b>2821.69</b>	<b>2076.01</b>	<b>1426.78</b>	<b>856.9</b>
Pat Margins (%)	6.7	7.1	7.0	6.4	4.7
Dividend - Equity	317.08	253.66	253.66	190.24	0
Tax on Distributed Profit	51.44	42.13	43.11	32.33	0
Retained Earnings	2853.09	2525.90	1782.55	1204.21	856.9
<b>BALANCE SHEET</b>					
Equity Capital	1268.30	1268.30	1268.30	1268.30	947.27
Share Application Money	-	-	-	-	-
Reserve & Surplus	14206.31	11353.22	8813.45	7030.89	2455.90
Net Worth	15474.61	12621.52	10081.75	8299.19	3403.17
Borrowings	3804.22	2189.75	1379.78	1495.94	1378.98
Deferred Tax Liability (Net)	204.92	168.11	139.83	101.87	58.21
Total Capital Employed	19483.75	14979.38	11601.36	9897.00	4840.36
Net Fixed Assets	9062.82	3259.01	2528.26	2005.75	1258.55
Investments	5.21	499.62	1717.24	1837.89	9.94
Net Current Assets	10066.54	10858.98	6984.05	5669.63	3571.05
Miscellaneous Expenditure (to the extent not written-off)	349.18	361.77	371.81	383.72	0.83
Earning per Share before/after Exceptional Items	25.40	22.25	16.37	11.25&11.75	9.05
<b>Book Value</b>	<b>122.01</b>	<b>99.52</b>	<b>79.49</b>	<b>65.44</b>	<b>35.93</b>



## C O N T E N T S

Chairman's Statement .....	
Board of Directors .....	2
Directors' Report .....	3
Annexure of Directors' Report .....	6
Management Discussion and Analysis .....	8
Corporate Governance Report .....	11
Auditors' Report .....	23
Balance Sheet .....	26
Profit and Loss Account .....	27
Cash Flow Statement .....	28
Schedules and Notes on Accounts .....	30

### IMPORTANT INTIMATION TO THE MEMBERS

As you may be aware, The Ministry of Corporate Affairs, Government of India ('MCA') has recently introduced 'Green Initiative in Corporate Governance' by allowing paperless compliance by Companies i.e. Service of notice/ documents including Annual Report can be sent by e-mail to its Members. Keeping in view the underlying spirit and pursuant to the said initiative of MCA, we request to the members who have not registered their e-mail addresses, so far, to register their e-mail addresses, in respect of electronic holdings with the Depository through their respective Depository Participants. Members holding shares in physical form are also requested to register their e-mail addresses with Company's Registrar & Share Transfer Agent viz. Alankit Assignments Limited.

**BOARD OF DIRECTORS**

Mr. Hari Chand Aggarwal	Chairman
Mr. Rajesh Aggarwal	Managing Director
Mr. Sanjeev Bansal	Whole-time Director
Mr. Rajender Pershad Gupta	Director
Mr. Navneet Goel	Director
Mr. Gopal Chandra Agarwal	Director
Mr. Navin Shah	Director
Mr. Anil Kumar Singh	Director

**COMPANY SECRETARY & COMPLIANCE OFFICER**

Mr. Pankaj Gupta

**AUDITORS**

M/s Mohit Parekh & Co.  
Chartered Accountants  
Delhi

**INTERNAL AUDITORS**

M/s Devesh Parekh & Co.  
Chartered Accountants  
Delhi

**BANKERS**

Punjab National Bank  
Citi Bank N.A  
Standard Chartered Bank

**REGISTRAR & TRANSFER AGENT**

Alankit Assignments Ltd.  
Alankit House, 2E/21, Jhandewalan Exten.  
New Delhi – 110 055

**REGISTERED & CORPORATE OFFICE**

401-402, Lusa Tower,  
Azadpur Commercial Complex, Delhi – 110 033

**WORKS OFFICE**

E – 442, RIICO Industrial Area,  
Chopanki, (Bhiwadi) – 301 707 (Raj.)

E – 443 – 444, RIICO Industrial Area,  
Chopanki, (Bhiwadi) – 301 707 (Raj.)

SIDCO, Industrial Growth Centre,  
Post & Dist. Samba (J & K)

II D, Centre Battal Ballian, Udhampur (J&K)

CH-21, GIDC Industrial Estate, Dahej, Dist. Bharuch (Gujarat)

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fourteenth Annual Report and the Audited Statements of Accounts of the Company for the year ended on March 31, 2011.

### 1. FINANCIAL RESULTS

(₹ in Lacs)

Particulars	Current Year March 31, 2011	Previous Year March 31, 2010
Turnover	47790.21	39686.81
Other Income	15.25	128.53
<b>Total Income</b>	<b>47805.46</b>	39815.34
<b>Earnings before Interest, Depreciation &amp; Taxation (EBIDTA)</b>	<b>4521.10</b>	3653.55
Less : Interest & Financial Charges	242.03	251.68
Depreciation	152.96	120.01
<b>Profit before Taxation (PBT)</b>	<b>4126.11</b>	3281.86
Less: Provision for Income Tax	864.38	432.65
Deferred Tax	36.81	27.52
Wealth Tax	3.31	-
<b>Profit after Tax (PAT)</b>	<b>3221.61</b>	2821.69
<b>Amount available for appropriation</b>	<b>10516.86</b>	7783.44
Proposed Final Dividend	317.08	253.66
Income Tax on the Proposed Final Dividend	51.44	42.13
Transfer to General Reserve	322.16	211.63
<b>Balance carried forward to Balance Sheet</b>	<b>9826.18</b>	7295.25

### 2. REVIEW OF PERFORMANCE

During the year under review, the turnover of the Company rose to ₹ 47790.21 lacs as against ₹ 39686.81 lacs reported last year, registering a growth of 20%. The Company has earned net profit ₹ 3221.61 lacs, as against the net profit of ₹ 2821.69 lacs reported last year, registering a growth of 14%. The improvement in performance of your Company could mainly be attributed to better capacity utilization, ongoing emphasis on productivity and efficiency, improvement in all areas of operation.

### 3. DIVIDEND

The Board of Directors has recommended a final dividend of ₹ 2.50 (25%) per Equity Share for the year 2010-11 (Previous year ₹ 2.00 (20%) per Equity Share). The final dividend, if approved at the ensuing Annual General Meeting will be

paid to all those Equity Shareholders whose name appear on the Register of Members as on August 23, 2011. The amount of dividend and the tax thereon aggregates to ₹ 317.08 lacs and ₹ 51.44 lacs.

### 4. FIXED DEPOSITS

During the year under review, the Company has neither accepted nor renewed any deposits within the meaning of Section 58-A and 58AA of the Companies Act, 1956 and rules made there under.

### 5. POLLUTION CONTROL

The Company has taken various initiatives to keep the environment free from pollution. It has already installed various devices in the factories to control the pollution.

### 6. SUBSIDIARY COMPANY

During the year, there is no any subsidiary company (ies) of the Company.

### 7. DIRECTORS

Presently your Board constitutes of Eight (8) Directors comprising of Mr. Hari Chand Aggarwal as Chairman, Mr. Rajesh Aggarwal as Managing Director, Mr. Sanjeev Bansal as Whole-time Director, Mr. Rajender Pershad Gupta, Mr. Navneet Goel, Mr. Gopal Chandra Agarwal, Mr. Navin Shah and Mr. Anil Kumar Singh being the Independent & Non-executive Directors.

Pursuant to the provisions of Section 256 of the Companies Act, 1956 and in accordance with Article 89 of the Articles of Association of the Company, Mr. Navin Shah and Mr. Gopal Chandra Agarwal, Directors of the Company who retires by rotation in the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Details of the Directors seeking re-appointment as required under Clause 49(VI) of the Listing Agreements entered into with the Stock Exchanges are provided in the Notice forming part of this Annual Report.

None of the Directors of the Company is disqualified for being appointed as Director as specified in Section 274(1)(g) of the Companies Act, 1956.

### 8. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed that:

- In the preparation of the annual accounts for the year ended on March 31, 2011, the applicable accounting

standards read with requirements set out under Schedule VI of the Companies Act, 1956, have been followed and there are no material departures from the same;

- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended on that date;
- iii) The Directors have proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) The Directors have prepared the annual accounts on a going concern basis.

## 9. CORPORATE GOVERNANCE

Your Company has complied with the requirements of Clause 49 of the Listing Agreement regarding Corporate Governance.

A report on the Corporate Governance practices followed by the Company, the Auditors' Certificate on compliance of mandatory requirements thereof and Management Discussion and Analysis are attached to this report.

## 10. AUDITORS AND AUDITORS' REPORT

The Company recommends the appointment Messer Mohit Parekh & Co., Chartered Accountants, Statutory Auditors of the Company, subject to the approval of Members at the ensuing Annual General Meeting. The Company has received a letter from Messer Mohit Parekh & Co., Chartered Accountants to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the said Act. The Auditors have also confirmed that they hold a valid certificate issued by the 'Peer Review Board' of Institute of Chartered Accountants of India (ICAI).

The notes on accounts referred to the Auditors' Report are self-explanatory and therefore do not call for any further comments.

## 11. COST AUDITORS

In reference General Circular No. 15/201 and 52/5/CAB-2011 issued by the Ministry of Corporate Affairs (MCA), M/s A.G.S. & Associates, Cost Accountants have been appointed as Cost Auditors of the Company for conducting audit of the cost accounts maintained by the Company in respect of Insecticides for the year 2011-12.

## 12. EXCISE DUTY

During the year under review, a sum of ₹ 2780.46 lacs was paid on account of Excise Duty on various products manufactured by your Company.

## 13. HUMAN RESOURCES

In spite of a challenging year with demands of the products decreasing, cordial industrial relations environment prevailed at all the manufacturing units of the Company during the year.

## 14. QUALITY POLICY/CERTIFICATION

The Company is committed to provide consistent good quality products to its customers worldwide and for achievement of world class quality in the products manufactured, every employee is involved in ensuring quality of products at all times. Management on its part is fully committed to further improve quality and provides all resources to accomplish this task. The Company is also committed to continually improve safety and health of employees and working environment through institutionalizing proactive safety, health and environmental management strategies.

## 15. CREDIT RATING

Your Company has sustained its long term credit rating of A/Stable and its short term credit rating of P1 by CRISIL. This indicates a very strong degree of safety with regard to timely payment of interest and principal.

## 16. PHASE – II OF EXPENSION (AS PER PROSPECTUS) – PRESENT STATUS

The Company have successfully commenced the commercial production from both units one of unit at Udhampur (J&K) and other unit at Dahej, Gujarat.

## 17. CORPORATE SOCIAL RESPONSIBILITY

The Company is contributing to sustainable development by its economic activities combined with the fulfillment of its social responsibilities relating to the education, health, safety and environment aspects.

## 18. EXPORT

During the year, the export turnover is ₹ 328.89 lacs compared to ₹ 79.06 lacs achieved during the previous year. The Company has participated in various exhibitions and conferences through the World and the Company is planning for registration in various countries.

## 19. INSURANCE

The Company has taken the required insurance coverage for its assets against the possible risks like fire, flood, public liability, marine, etc.

**20. BRAND ACQUISITION**

Your Company has acquired the Brand “MONOCIL” from NOCIL Limited. The said brand is most popular in Indian Farming Community and this is largest selling product in generic category.

**21. THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AS AMENDED**

During the year under report, there was no employee drawing a salary exceeding the limits prescribed u/s 217 (2A) of the Companies Act, 1956 read with rules made there under.

**22. ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO**

A Statement containing necessary information, as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed hereto.

**23. CASH FLOW ANALYSIS**

The Cash Flow Statement for the year under reference in terms of Clause 32 of the Listing Agreement with the Stock Exchanges is attached to this report.

**24. APPRECIATION**

The Directors wish to thank Creditors, Investors, Banks and Government Authorities for their continued support. The Directors also wish to place on record their deep sense of gratitude for the committed services of the Executives Staff and Workers of the Company.

We would also like to express sincere thanks to our Shareholders for their confidence and understanding.

For and on behalf of the Board  
**Insecticides (India) Limited**

**(Hari Chand Aggarwal)**

Chairman

DIN-00577015

Place : Delhi

Date : May 30, 2011

**ANNEXURE TO THE DIRECTORS' REPORT**
**(Under Section 217(1)(e) of the Companies Act, 1956)**

Information as required u/s 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 is set out as under:

**A. Conservation of Energy**
**i) Energy Conservation Measures taken**

Energy conservation efforts are ongoing activities. During the year under review, further efforts were made to ensure optimum utilization of fuel and electricity.

**ii) Additional investments and proposals, if any, being implemented for reduction of consumption of energy : Nil**
**iii) Impact of measures at (i) & (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods.**
**iv) Total energy consumption and energy consumption per unit of production as per FORM 'A'**
**FORM 'A'**
**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**
**I. Power and Fuel Consumption**

		Current Year	Previous Year
<b>(1) Electricity</b>			
a) Purchase – Chopanki Unit			
Unit	(KWH)	232764	206420
Total Amount	(₹ in Lacs)	11.74	10.37
Average Rate/Unit	(₹)	4.93	5.02
b) Purchase – Samba Unit			
Unit	(KWH)	461800	326297
Total Amount	(₹ in Lacs)	14.30	9.81
Average Rate/Unit	(₹)	3.10	3.00
c) Purchase – Technical Plant (Chopanki)			
Unit	(KWH)	925890	889008
Total Amount	(₹ in Lacs)	41.32	39.71
Average Rate/Unit	(₹)	4.46	4.47
d) Own Generation – Chopanki Unit (Through Diesel Generator)			
Unit	Ltr.	9170	6250
Total Amount	(₹ in Lacs)	3.38	2.60
Average Rate/Unit	(₹)	36.88	32.99
e) Own Generation – Samba Unit (Through Diesel Generator)			
Unit	Ltr.	40500	29000
Total Amount	(₹ in Lacs)	15.56	9.73
Average Rate/Unit	(₹)	38.41	33.56
f) Own Generation – Technical Plant (Chopanki) (Through Diesel Generator)			
Unit	Ltr.	36752	36324
Total Amount	(₹ in Lacs)	13.51	11.94
Average Rate/Unit	(₹)	36.76	32.87
<b>(2) Coal (Quantity)</b>			
Total Cost & Average Rate		Nil	Nil
<b>(3) Furnace Oil (KL)</b>			
Total Cost & Average Rate		Nil	Nil
<b>(4) Other/Internal Generation (MT)</b>			
Total Cost & Average Rate		Nil	Nil