

IN PURSUIT OF GREENER FUTURE

ANNUAL REPORT 2015-16



SOWING THE SEEDS OF A SUSTAINABLE FUTURE

Sustainable development is the pathway to the future; we need for the growing demands of food. It offers a framework to generate economic growth, achieve social justice and exercise environmental stewardship.

Indian agriculture has come a long way since independence, with chronic food scarcity giving way to grain self-sufficiency despite a two-and-a-half fold increase in population. In 1966-67, just before India's Green and White Revolutions, Indian wheat and milk production were just about one third of US output. By 2013-14, Indian wheat output was 60 percent higher and the milk output was 50 per cent higher than America. (Source: Indian Economic Survey 2015-16)

But the sector is yet to realize its full potential in terms of bringing in efficiencies across all the stages in the value chain. The population of marginal cultivators is now increasing, whereas

the landholdings are decreasing thus making the agriculture profession unviable. Besides this, the sector is highly susceptible to vagaries of the nature. Difficulties in adopting modern farming technologies and lack of knowhow about modern farming processes and agri-inputs are creating immense pressure on the agriculture sector to undergo transformation.

Thus in the next generation agriculture practices, there is a need to do more with less and increase the yield by optimizing the available resources.

At Insecticides (India) Ltd., we are striving hard to empower the farming community by providing technology & knowledge to help them in preventing crop losses, reducing input costs and adopting judicious use of agrochemicals to ensure a sustainable and secure future.



Drivers of Growth

- Speed
- Innovation
- Trust
- Service
- Customer Delight
- Green Growth
- Strategic Saving



INDIAN AGRICULTURE

A UN study on global population trends predicts that India will surpass China to become the most populous nation in the world by 2022. With a present size of 1.32 billion, India currently supports nearly 17.84% of the world population, with 2.4% land resources and 4 % of water resources.

It is also noted that about 15-25% potential crop production is lost due to pests, weeds and diseases. These indeed are challenging times. Keeping pace with these growing numbers, the country will not only have to raise its agricultural production but also the productivity to ensure food and nutrition security of the nation.

Crop protection and crop enhancement solutions, based on best global practices and the latest technologies available are the answer. There are good emerging trends and solutions for sustainable crop protection which include crop protection chemicals, agronomy, fertigation, seed treatment, bio-technology development etc.

The next generation agriculture in the country will have to encompass all such possible solutions using the best mode in a given scenario. The sector faces many challenges and solution to same can lead to India becoming a global manufacturing hub of quality crop protection chemicals.

Although yield per hectare has doubled in the past years, Indian agriculture is still grappling with challenges like high monsoon dependency, unpredictable weather patterns, reduction in arable land, low per hectare yield, increase in pest attacks, etc.

Source: FICCI Report July 2016



IIL - A JOURNEY TOWARDS A GREENER FUTURE

IIL started its business in 2001, with the vision of bringing world class environment friendly agrochemical products within the reach of farmers. Since the beginning, the core of the mission was to ensure sustainable agriculture and safe food. With the visionary leadership, it made rapid strides by becoming one of the most preferred brands for the farmers of India.

In the process, it has emerged as an integrated company having an advanced R&D facilities, robust manufacturing facilities, strong brand portfolio enriched by partnerships with leading international companies and supported by pan India distribution network. As per the CRISIL report of 2015, your company has around 7% of total market share in the domestic agrochemical market of USD 4.4 billion (FY15).

With a brand portfolio of more than 99 products, 5000+ distributors and 60,000

dealers across the length and breadth of country, your company today has become formidable player in the market.

Amongst its fast growing product portfolio, 8 out of its leading league of 9 products feature in top 5 products of their categories. The R&D facilities of company has so far developed 50 new processes and has received 2 process patent while 7 process patent applications are pending.

In JV with OAT Agrio Co., Ltd., Japan for new product discovery R&D centre, IIL looks forward to provide futuristic solutions to the world's agriculture.

Lately the company has forayed into the production of Bio products to reduce the usage of chemical fertilisers and promote soil health.

“Thinking ahead of time and its prudent execution has been the differentiator for the company.”

A BRAND CONTINUOUSLY EVOLVING IN THE BEST INTEREST OF FARMERS

Insecticides (India) Limited is committed to fortify agriculture with a highly productive and futuristic approach. This umbrella brand is continuously adopting innovative measures to bring in better products and newer technologies. To make these transitions more comprehensive and user friendly, Tractor brand- the choicest brand of the farmers has refreshed its identity and product line.



THE JOURNEY



Converted into a Public Limited Company

2001



Acquired 21 leading brands of Montari Industries Limited

2003



- Set up a R&D Laboratory in Chopanki
- Plant at Chopanki accredited with ISO 9001:2008 certification

2005



- The Company got listed on NSE and BSE with an Initial Public Offering
- The Technical plant at Chopanki commenced operations
- Expansion of capacity at the Formulations plant was completed in Samba

2007



- Acquired Monocil brand from NOCIL Limited
- Set up two new formulation plants at Dahej and Udhampur

2011



- Established the R&D Centre in Joint Venture with OAT Agrio Co., Ltd., Japan, at Chopanki, Rajasthan
- Commencement of New Formulation unit at E439- 440, Chopanki (Rajasthan)

2014

2002

Started operations by commencing formulation plant in Chopanki (Rajasthan)



2004

Commissioned second formulation plant in Samba (Jammu & Kashmir)



2006

Acquired the exclusive rights to sell the Thimet brand in India from American Vanguard Corporation, USA in technical collaboration



2008

Received the OHSAS 18001 certification



2012

- Launched Nuvan in technical collaboration with AMVAC, USA
- Launched Hakama and Pulsor in tie-up with Nissan, Japan
- Entered into a Joint Venture with OAT Agrio Co., Ltd., Japan, for research and invention of new agro chemicals
- Commencement of operations at the Technical plant at Dahej



2015

- Launch of Biological products
- Follow on QIP
- Issue of Bonus Shares



CHAIRMAN'S QUOTE

Dear Shareholders,

Agriculture plays a vital role in India's economy. Over 58 per cent of our rural households depend on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry, is one of the largest contributors to the Gross Domestic Product (GDP).

As per estimates by the Central Statistics Office (CSO), the share of agriculture and allied sectors (including agriculture, livestock, forestry and fishery) was 15.35 per cent of the Gross Value Added (GVA) during 2015–16 at 2011–12 prices.

India is the largest producer, consumer and exporter of spices and spice products. India's fruit production has grown faster than vegetables making it the second largest fruit producer in the world. India's horticulture output, comprising fruits, vegetables and spices, has reached to a record high of 283.5 million tonnes (MT) in 2014-15. It ranks third in farm and agriculture outputs.

Agricultural export constitutes 10 per cent of the country's exports and is the fourth-largest exported principal commodity.

On the contrary, India currently supports nearly 17.84% of the world population, with 2.4% land resources and 4% of water resources. It is also an alarming fact that about 15-25% potential crop production is lost due to pests, weeds and diseases. This indeed is a challenging fact for the agriculture sector of India.

Keeping pace with the growing numbers, the country will not only have to raise its agricultural production but also the productivity to ensure food and nutrition security of the nation.

Amidst these circumstances, your company is continuing its drive to impart knowledge, manufacture quality products and bring highly successful global brands & products in India. As an integrated company having a mix of strong R&D facilities, robust manufacturing facilities, Pan-India distribution network, established brands, global tie-ups and experienced management team, we are constantly focussed to help farmers in building a sustainable future for agriculture.

As we move forward, we remain committed to pursue growth by further strengthening our own capabilities and expanding our reach to more and more farmers across the globe.

While we are gaining foothold in domestic territory, we are growing our business by entering international market as well. Our export wing will soon start contributing to our revenues substantially.

I would like to thank all our employees for their energy and dedication they have put so far. Your dedication to work for the farmers generously has really made a difference in all parts of the country. We feel ourselves fortunate to work for the farmers and will keep working in this direction tirelessly. It is our prime endeavour to bring a change to the lives of the farmer.

I also take this opportunity to thank our customers, vendors and channel partners for their endowing support and belief in their company. We look forward to the next year, where we plan to launch new products that will set the milestone for the industry.

“ In spite of another unfavourable year in India for agriculture and rather fragile world market, Insecticides (India) Ltd. has continued on the path of progress through the fiscal year 2015-16. The company has put up a constant progress performance with net sales of ₹ 988 crore and net profit of ₹ 39 crore. Our Earnings per Share stood at ₹ 19.01. ”



Mr. H. C. AGGARWAL
Chairman

“ 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. ”



FROM THE DESK OF MANAGING DIRECTOR

In the journey of business excellence, your company is committed to increase the value for stakeholder. Our ambition to be amongst the top global players has a clear identified path based on four pillars of growth: Quality, Sustainability, Innovation and Collaboration.

With a diverse portfolio of branded formulations, active ingredients and bulk formulations supported by state-of-art infrastructure and ultra modern technologies, we continuously strive to deliver high quality products. Our multipurpose technical synthesis plants have a total of 11 streams, which provide us the variety and flexibility to expand our product range and change our product mix in response to the changes in the customer demands and industry trends.

It also gives us the advantage of inventory control and lessens dependence on one or two products.

Mr. Rajesh Aggarwal
Managing Director

We are endeavouring to enrich our product mix with high value added solutions. To bring in the patented technologies, we are working with Japanese players like Nissan Chemical Industries, Ltd. and OAT Agrio Co., Ltd. In addition, our In-House R&D wing is developing new patented formulations.

Your company is also working in the direction of establishing technologies for the off-patented molecules to make them in India and bring them in the reach of the common farmers.

To expand the product range, our biological wing having a dedicated bio R&D laboratory & manufacturing plant set up in toll had launched one bio fertilizer product, Mycoraja last year. This eco-friendly product will help farmers to

optimize the use of the chemical fertilisers. The research team is working further on developing 3-4 new products, to be launched in the near future.

As we enter the next phase of our strategy, your company is emerging as an innovation driven Agrochemical Company to have an exclusive product invention R&D centre in JV with OAT Agrio in India. We have aggressive plans for the coming year and plan to launch 7-8 new products, some of them will be of own manufacturing and some will be in partnership with global players.

As we move ahead, I look forward for more support from employees and stakeholders including farmers.

“ We are the first Indian agrochemical company to have a product discovery R&D centre in India in JV with a Japanese Company. We are looking forward to green chemistry and safe food. We plan to come up with 2-3 molecules within next few years, which will set an example for the industry.

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ECO-FRIENDLY

All our manufacturing facilities are equipped with technologies and infrastructure that help reduce the impact on environment. In testimony to this practice of IIL, stands the ISO 14001:2004 certification which confirms to the internationally recognised environmental management standards by the company.



MANUFACTURING

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



PEOPLE

The evolving nature of the sector requires us to strengthen our intellectual capabilities. At IIL, we are continuously strengthening our human resource across verticals to achieve desired goals and stay ahead of competition.



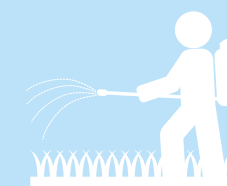
INGREDIENTS FOR SUSTAINABLE GROWTH

PRODUCT PORTFOLIO

IIL caters to the farmers with complete range of products like insecticides, herbicides, fungicides and PGRs. These products are available in more than 99 formulations, 15 technical and 350 SKUs.

GOVERNANCE

Our journey towards growth has been supported by our principle and Value System of doing things the right way. We focus strongly on transparency, ethics and governance (within and outside the organisation) to drive the organisation ahead.



NAVRATNA OF
TRACTOR BRAND

NUVAN
Nuvan is one of the largest selling insecticides with contact stomach & fumigant action.



MONOCIL
Monocil is a systemic insecticide-cum-acaricide which controls a broad spectrum of pests in a wide range of crops.



HAKAMA
Hakama is a post-emergence selective herbicide which controls narrow leaf weeds in broad leaf crops.



PULSOR
Pulsor is a systemic fungicide with preventive and curative action and it controls Rice Sheath Blight very effectively.



XPLODE
Xplode is a naturally derived insecticide that effectively controls all the stages of Lepidopteran pest on different crops.



VICTOR
Victor it is one of the top 3 brands in the category. It provides long term protection from sucking pests. Victor is a systemic insecticide that effectively controls termites.



THIMET
Thimet is one of the biggest agro-chemical brand internationally. It is an organo phosphorous insecticide.



LETHAL SUPER 505
Lethal Super 505 is one of the farmer's choicest brands & it belongs to an Organophosphorous group of insecticides that effectively controls a broad range of insects through contact, stomach and vapour action.



HIJACK
Hijack is a non selective systemic herbicide which provides effective control over annual and perennial weeds. Hijack provides long duration control over weeds and ensures more nutrients for crop.



Eight of the Nine Navratna product's are among top 5 products in their respective categories.
Source: CRISIL ISSUER PROFILE - APRIL 2015

ENTERING THE BIOSPHERE

Insecticides (India) Ltd. has always believed in moving ahead with times and has strive to provide a complete crop solution to the farmers. Today's crop solution is not complete without biological products. A proper combination of agro chemicals and biological products is required to optimise the cost of the farmers and increase productivity.

In order to achieve good yield from farm, Government of India has recommended adoption of the IPM (Integrated pest management) practices by the farmer. IPM is being mainstreamed in Food and Agriculture organisation of the United States, in the activities involving crop protection and production.

It involves a combination of practices such as biological control, modification of cultural practices and optimizing the use of the agro chemicals and fertilisers. Driven by this, Insecticides (India) Limited entered into the field of biological products i.e. fertilisers and crop protection products.

It has incepted a dedicated R&D centre for biologicals. The R&D Facility is equipped with bio assay and product development facilities such as microscopes (Stereo zoom binoculars with PC data station with imaging technique) , BOD incubators with shakers, laminar air flow hoods, vertical autoclave, infra red moisture balance, analytical mettler balances, ozone generator, bio reactor, plant growth chambers and insect rearing facilities.

This facility made a breakthrough by developing and commercialising for the company, Vascular Arbuscular Mycorrhizae (VAM) in various forms for use as a fertiliser and seed treatment which is a friendly fungi that helps the plant to intake the various macro and micro nutrients from the soil making the plant healthy and simultaneously decreasing the chemical fertilizer DAP load and thus increasing the production for the farmers. Project is in process for products like NPK consortia which will improve the intake of the nitrogen, potash and phosphorous from the soil and reduce the use of the chemical fertilisers, and Zinc solubilising bio fertiliser which will help the plant to utilise the zinc available in the soil and will limit the excessive use of zinc sulphate.

Manufacturing activities has been also initiated by providing technology, plant design up to production stage under toll manufacturing arrangement. Biological Products are being manufactured here under the able supervision of highly qualified bio technologists and micro biologists.

“ Agro Chemicals and Biological input need to coexist in order to bring synergistic benefits to farmers. ”

