

INDIA LEADS INTEGRALE

 STRATEGY FOR
SUSTAINABLE AGRICULTURE



insecticides
INDIA LIMITED



ANNUAL REPORT 2018-19



CORPORATE INFORMATION

Board of Directors

Hari Chand Aggarwal

Chairman & Whole-time Director (DIN:00577015)

Rajesh Aggarwal

Managing Director (DIN:00576872)

Nikunj Aggarwal

Whole-time Director (DIN:06569091)

Vinod Kumar Mittal

Independent Director (DIN:07421742)

Virjesh Kumar Gupta

Independent Director (DIN:06382540)

Navin Shah

Independent Director (DIN:02701860)

S. Jayaraman

Independent Director (DIN:02634470)

Executive Officers

Sandeep Aggarwal

Chief Financial Officer

Sandeep Kumar

Company Secretary

Board Committees

Audit Committee

Vinod Kumar Mittal (Chairperson)

Virjesh Kumar Gupta

S. Jayaraman

Corporate Social Responsibility Committee

Hari Chand Aggarwal (Chairperson)

Rajesh Aggarwal

Virjesh Kumar Gupta

Nomination and Remuneration Committee

S. Jayaraman (Chairperson)

Virjesh Kumar Gupta

Navin Shah

Stakeholders Relationship Committee

Virjesh Kumar Gupta (Chairperson)

Vinod Kumar Mittal

Navin Shah

Finance Committee

Hari Chand Aggarwal (Chairperson)

Rajesh Aggarwal

Nikunj Aggarwal

Statutory Auditors

M/s. Devesh Parekh & Co.

Chartered Accountants, Delhi

M/s. S.S. Kothari Mehta & Company

Chartered Accountants, Delhi

Secretarial Auditors

M/s. Akash Gupta & Associates

Company Secretaries, Delhi

Internal Auditors

M/s. Mohit Parekh & Co.

Chartered Accountants, Delhi

Cost Auditors

M/s. Aggarwal Ashwani k. & Associates

Cost Accountants, Delhi

Bankers

Punjab National Bank

Citi Bank N.A.

Standard Chartered Bank

Yes Bank Ltd.

HDFC Bank Ltd.

HSBC

Registrar & Transfer Agent

Alankit Assignments Ltd.

Alankit House, 1E/13, Jhandewalan Extn.,

New Delhi - 110 055

Registered & Corporate Office

401-402, Lusa Tower,

Azadpur Commercial Complex, Delhi - 110 033

CIN : L65991DL1996PLC063909

Website : www.insecticidesindia.com

E-mail Id : investor@insecticidesindia.com

Plant Location

a) Rajasthan

(i) E - 442, RIICO Industrial Area,

Chopanki, (Bhiwadi) - 301 707

(ii) E - 443-444, RIICO Industrial Area Chopanki,

(Bhiwadi) - 301 707

(iii) E-439-440, RIICO Industrial Area, Chopanki,

(Bhiwadi) - 301 707

b) Jammu & Kashmir

(i) SIDCO Industrial Growth Centre, Samba - 184 121

(ii) II D Centre, BattalBalian, Udhampur - 182 101

c) Gujarat

CH-21, CIDC Industrial Estate, Dahej,

Dist. Bharuch - 392 130

INDEX

Management's Discussion and Analysis	29
Board's Report	34
-Annexure to Board's Report	39
Corporate Governance Report	58
Standalone Financial Report	71
Consolidated Financial Statements	118
Notice	168

insecticides
(INDIA) LIMITED

Innovate Integrate Lead

OUR STRATEGY FOR A SUSTAINABLE & SAFE FUTURE OF AGRICULTURE

In today's world, when rapid change is the order of the day in all spheres of life, technology is not just an outcome of a strategic planning exercise, it is the new strategy! Today the biggest challenge is food security and the welfare of the man who stands at the last end of the food chain.

We have clearly defined strategies endeavouring towards a common goal of growth that is consistent, competitive and responsible. Further binding the goals, we have put in place three guiding principles.

Pioneering Innovation Integrating Knowledge & Skill Leading the way to a safe Agriculture

For the foreseeable future, no other choice will matter to the future of agriculture, as much as the new technologies farmers will adopt. That is why; we are continuously creating a climate for innovation within and outside the organization. Inspired by the hope of our farmers, we are integrating resources and leading the transformational journeys, to create enduring success in these dynamic times.



INNOVATE

- R&D centre in JV with OAT Agrio, Japan
- Developed combination products for better control & cost effectiveness
- Introduced a biological solution addressing problem of soil degradation

INTEGRATE

- Bringing international technology to farmers with Nissan Chemical Corporation, Japan
- Marketing Tie-up with Nihon Nohyaku, Japan
- Joined hand with ICAR-IARI for the education of farmers
- Bringing international brands in collaboration with AMVAC, USA
- Tie up with Momeitive, USA

LEAD

- Farmer training on judicious use of Agrochem Augmenting Technical Knowhow
- Green Label-Making Bispyribac Tech for the first time in India (Make in India)
- Village Adoptions to promote safe agriculture providing complete crop protection solution for farmers

Agriculture holds prime importance in the socio-economic fabric of India. Agriculture and allied sectors remain the backbone of the Indian economy and account for 16% of the country's GDP.*

India, with the second largest agricultural land in the world (157 Mn hectares), is also ranked 2 globally in terms of agricultural output (USD 382 Bn) after China (USD 1,005 Bn).

Agriculture in India also employs more than 49% of India's working population.

In spite of that, lower crop yields are one of the biggest challenges faced by India. Even though India has doubled its per hectare yield in

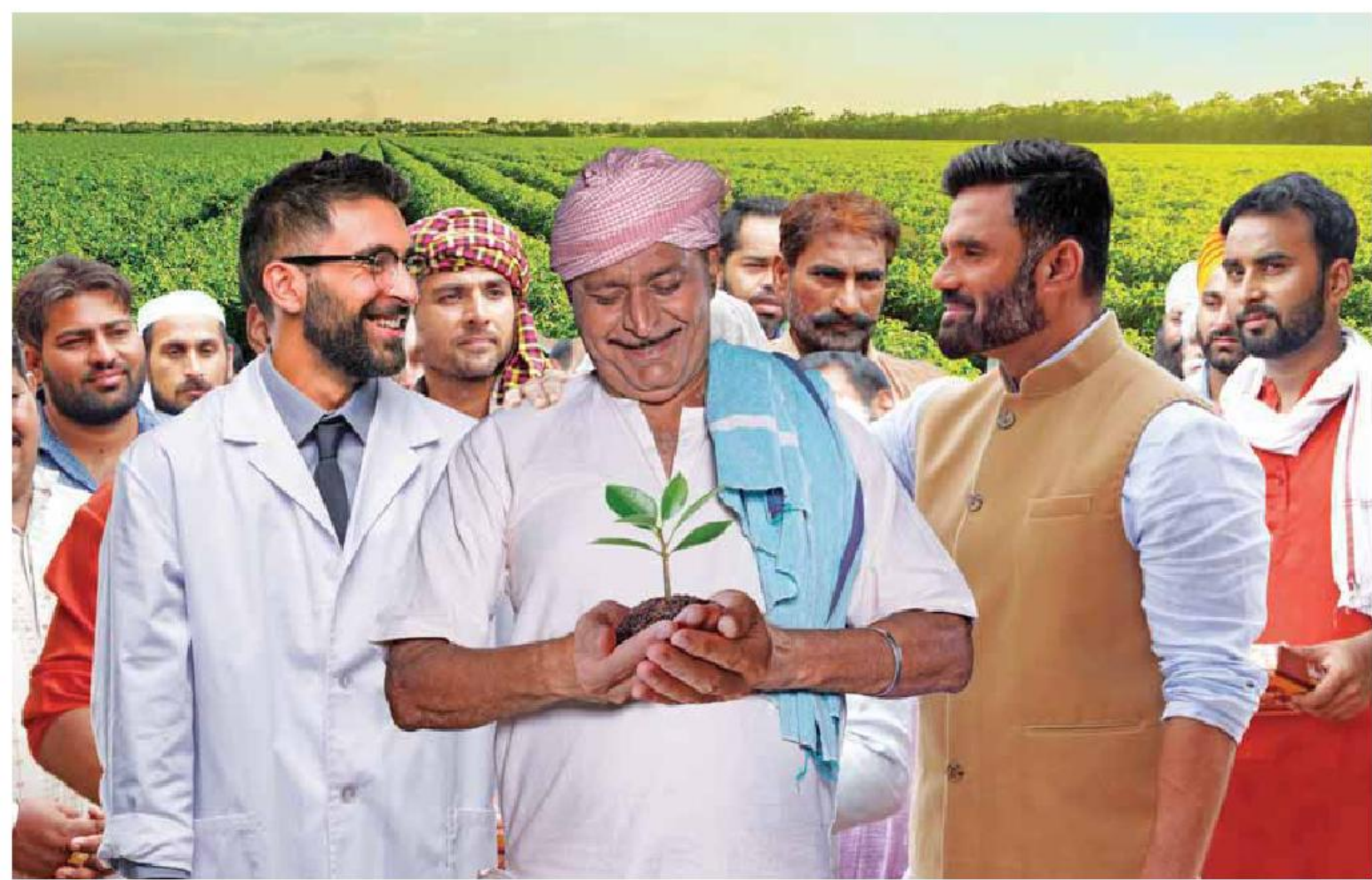
the past decades it continues to be lower than the peer economies. Farmers in India continue to face challenges like lack of irrigation facilities, depleting water table levels, fragmentation of land, lack of scientific knowledge in farming, etc. Moreover they also face the problem of low level of income. The yearly average income earned by an Indian farmer is close to \$ 1,800 as compared to USA's \$ 119,880, UK's \$ 50,365 and Japan's \$5,000.*

Agricultural sustainability rests on the principle that we must meet the needs of the present without compromising the ability of future generations to meet their own needs. Practitioners of sustainable agriculture seek to integrate three main objectives into their work, a healthy environment, economic profitability, and social and economic equity. Every person involved in the food system, growers, food processors, distributors, retailers, consumers, waste managers and others can play a role in ensuring a sustainable agricultural system. There are good emerging trends and solutions for sustainable crop protection which include crop protection chemicals,



*Source: FICCI (Report on Indian Agriculture Industry, July, 2018)

INDIAN AGRICULTURE: WAY AHEAD



agronomy, fertigation, seed treatment, biotechnology 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. To accelerate high growth and ensure sustainability, combined effort in terms of technology, policies and institutional support must be adopted.

To ensure sustainable growth, it is important that Indian Agriculture not only safeguard the need of growing population, but also caters to the need for nutrition by ensuring environmentally safe crop protection & crop health solutions.



CHAIRMAN'S OVERVIEW

THE FUTURE ALWAYS
BEGINS NOW

Dear Shareholders,

Agriculture sector continues to be the backbone of Indian economy, providing employment to 49% of the population and contributing to over 16% to GDP. However, Indian agriculture sector faces some challenges such as water resource scarcity, high dependence on rainfalls and lower crop yields. Hence, there is definite need of continuous innovation, use of modern technology and infrastructure, advanced products and solutions to improve productivity and farmer's income.

A number of measures and initiatives have been proposed during FY2020 budget for the improvement of the agriculture sector and the rural economy. Government's focus on agriculture to drive domestic consumption, doubling farmer income by 2022, assured income support and improving rural infrastructure, all are expected to provide an impetus to the farm income driven by higher awareness amongst farmers. In this scenario, the role of crop protection industry becomes increasingly important to achieve higher crop yields.

Insecticides (India) Limited, being a leading player in crop protection sector, is shaping up the trend through its constant endeavours towards providing latest and end to end solutions to large to small and marginal farmers within their reach.

During the year under review, performance of the Indian agriculture industry has been not as encouraging as per the past years attributing to number of factors including erratic rainfalls, raw

material constraints and weak domestic demand. Despite the challenging market conditions, Insecticides (India) Limited's performance remained resilient as we remained focussed on strengthening our brand products portfolio.

Your company has continued on implementing the strategy of phasing out generic products and launching new technology products every year by capitalizing on strong R&D capabilities, collaborations & Tie-ups with International research based companies. During the year, we have launched 8 new products, out of which 4 products were novel combinations launched first time in India. These products will provide value to the farmers in terms of cost and effectiveness under Maharatna category. Our Maharatna products had a greater resonance and acceptability in the market, which is visible from the substantial growth observed by all our products in this category. Our company is also focussed on expanding the exports and have been signing new agreements with international partners and adding on new countries. This has resulted in doubling our exports compared to the last year. This is in line with our long-term objectives and the trend is expected to continue in the coming years as well.

Through its continued focus on R&D and innovation, the Company is growing at strong pace. We have a strong spectrum of innovative products and solutions which are going to be launched in a phased manner in the coming years.

As an organization, we take pride in working hand in hand with the farmers and educating them about the benefits of new technology products and how it can help them achieve better crop yields. During the financial year, the CSR wing of our company, IIL Foundation has adopted another village to promote safe and optimal use of agrochemicals.

With a defined strategy for future, we are fully committed to create long term values for our stakeholders and continue on embarking upon our journey of delivering a sustainable growth.

Insecticides (India) Limited, being a leading player in crop protection sector, is shaping up the trend through its constant endeavours towards providing latest and end to end solutions to large to small and marginal farmers within their reach.

H. C. AGGARWAL
Chairman

MD'S THOUGHT PROCESS INNOVATION SPREADS WITH INTEGRATION

Over its last 16 years of journey, IIL has incessantly evolved. Starting from a crop protection chemical formulation company, it has evolved into a 'Make in India' manufacturing company producing its own molecules and technicals. We have created brands, acquired talents and partners to bring futuristic solutions to the farmers. Today, these Great Brands and Great People are the biggest assets of our company.

Together, we believe that the future will depend on being more lean, agile and competitive in a resource-challenged world. And we are working towards creating a simpler, diverse and agile organisation that will help farmers in moving faster, implementing innovation and leveraging our expertise to lead growth.

For that, the ability to learn and change has become the most important differentiator. Keeping this very principle in mind, we have embarked upon our own journey transforming the way we operated and the way we invested into the future. We have focussed heavily on farmers, reinvented our interactive system and made investments in new age technologies as well as partnerships. This is helping us in creating a solid organizational foundation as a partner of the farmers.

In line with our long term objective of positioning Insecticides (India) Limited as a preferred brand of choice in the agrochemical space, we have launched eight new products during the year along with four products under the Maharatna category. This has resulted in a total of 12 products approved under 9(3) category. We are delighted with the success and acceptance of new products in the market and this further underscores our strong R&D capabilities. The Company will continue to leverage its R&D expertise to develop innovative molecules and products to offer a complete solution to farmers. We are also focussed on increasing our exports in order to capitalize on the growing international market opportunities. Our dedicated export team has signed over 100 export agreements with an aim to expand presence in more than 25+ countries by the end of FY2020.

Management team remains fully committed to drive growth through new innovative products, simultaneously phasing out generic products, increasing customer engagement and ongoing geographic expansion. With a clear strategic direction, we look forward to delivering a sustainable growth and enhanced profitability in the coming years."

I take this opportunity to express my gratitude and appreciation to the farmers who present to us the opportunity of dealing with the exciting challenges of farming. Thanks to our employees, partners and shareholders; who enable us to meet our commitments, and our shareholders for their unflinching support in pursuing our goals in a steadfast manner.

Together, we believe that the future will depend on being lean, agile and competitive in a resource-challenged world.

RAJESH AGGARWAL
Managing Director