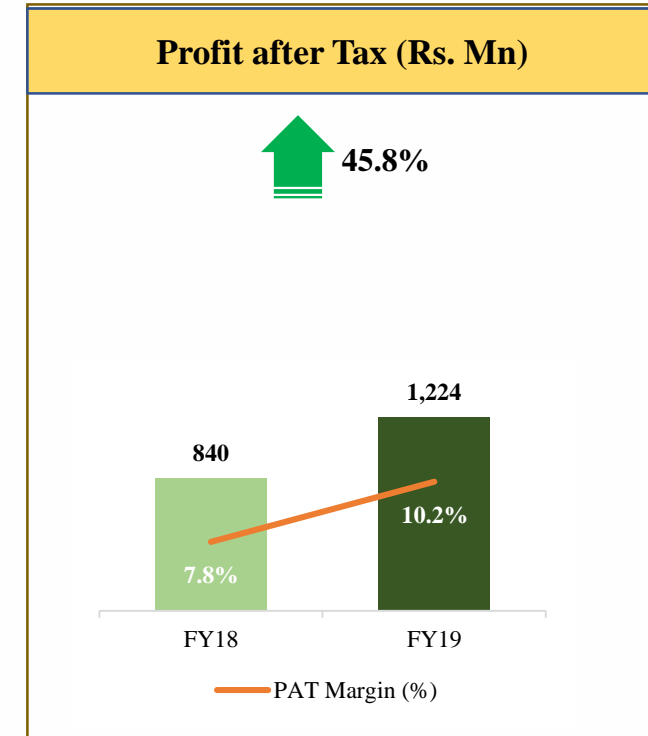
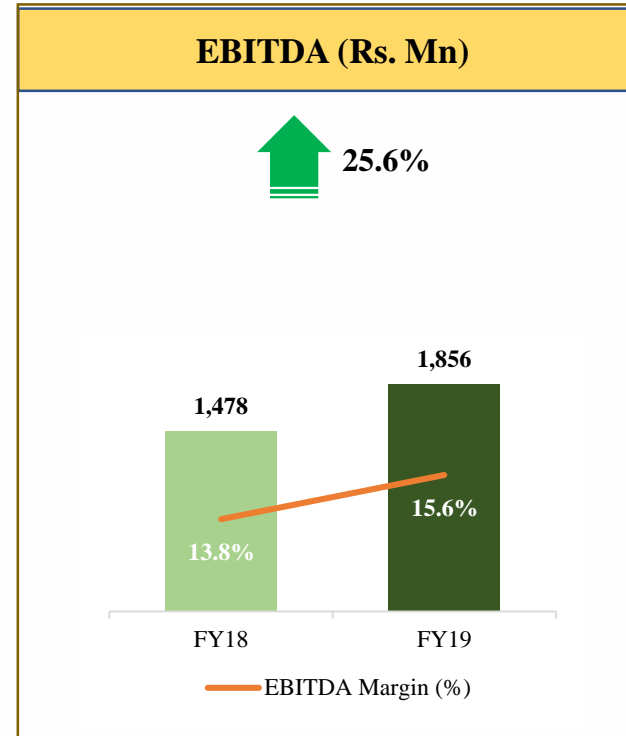
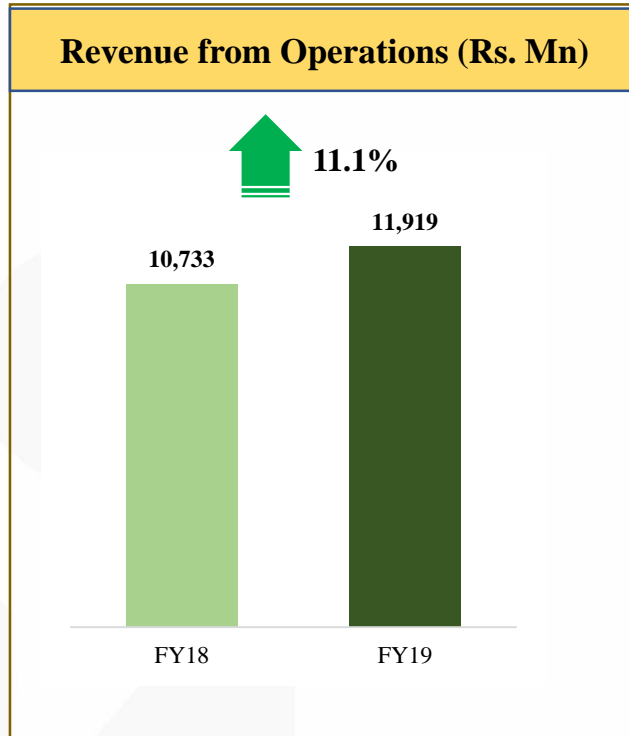




(BSE: 532851 NSE: INSECTICID)

## Q4 and Full Year FY2019 Earnings Presentation

# FY2019 Highlights

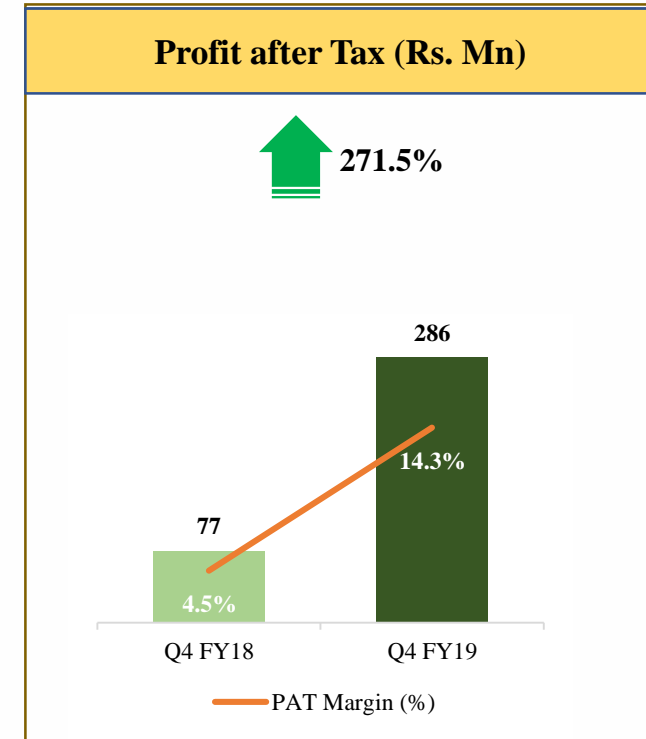
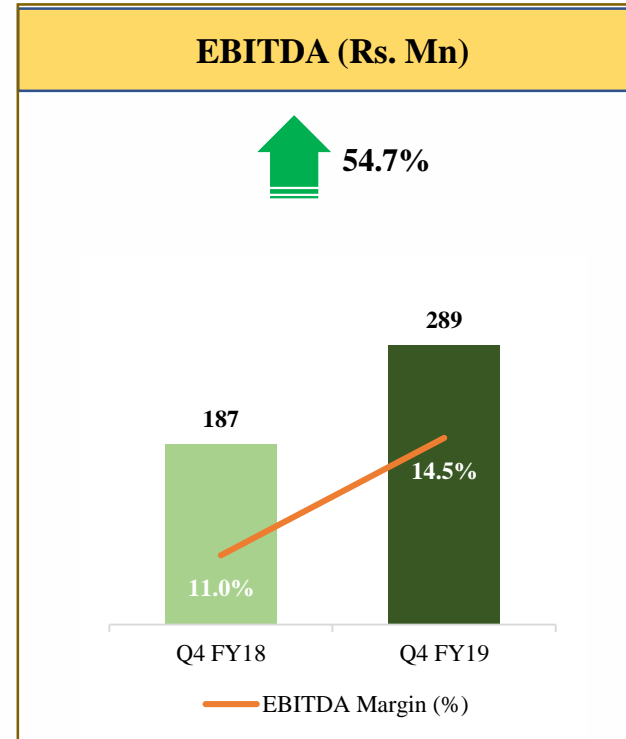
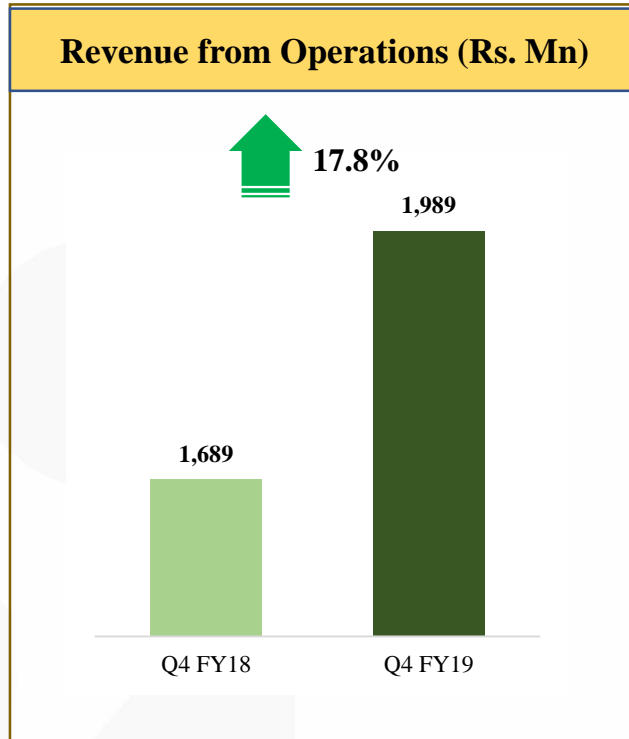


## Annual Highlights:

- Higher contribution from recently launched products along with contribution from eight new products launched during the year
- Better product mix and higher realization in the Maharatna categories
- Board of Directors have recommended a dividend of 20%, Rs. 2 per share

Note: EBITDA does not include other income

# Q4 FY2019 Highlights



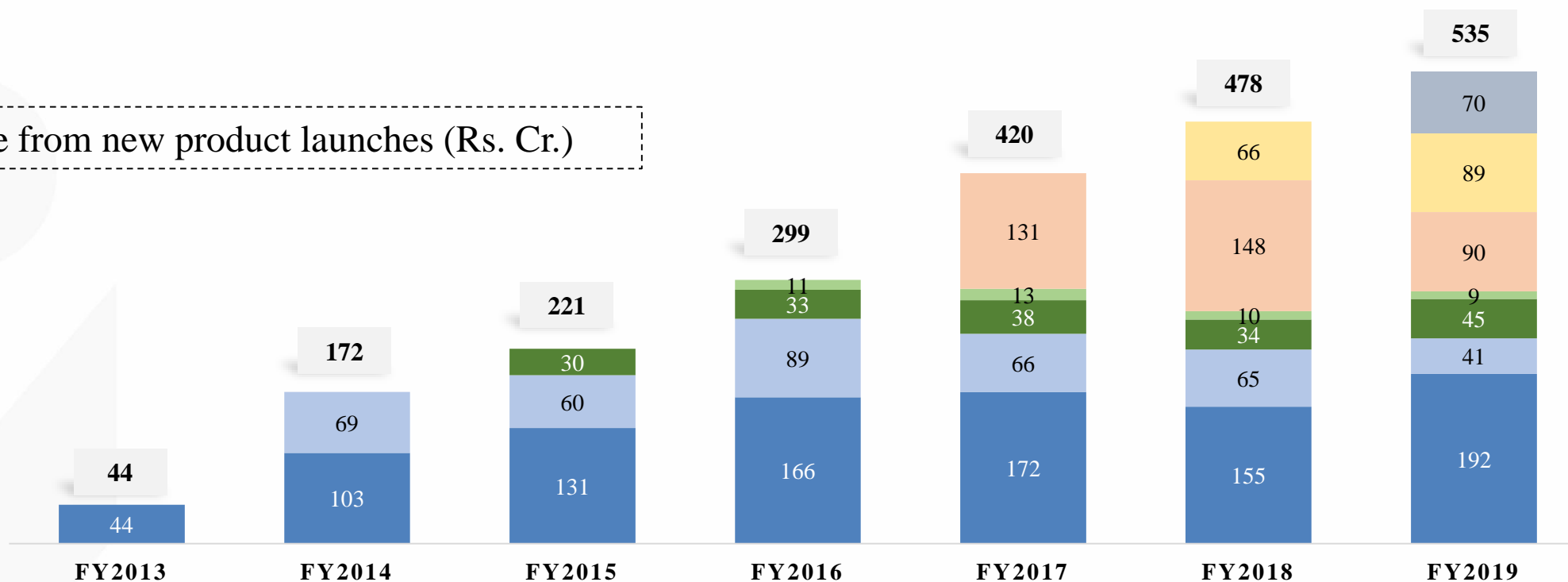
## Quarterly Highlights:

- Higher contribution from recently launched products along with contribution from eight new products launched during the year
- Profit after tax registered a strong growth of 271.5% which was also driven by net favourable impact of Rs. 12 Crores due to revision of prior year tax returns

# Products Freshness Index

**Proven track record of successful new product launches exhibits IIL's strong R&D capabilities and continues to provide competitive edge**

Revenue from new product launches (Rs. Cr.)



New Products launched during the year	5	5	3	2	5	5	8
% of Revenue from Operations	7.1%	19.9%	22.9%	30.3%	37.9%	43.1%	44.9%

# Management Commentary

## **Commenting on the results, Mr. Rajesh Aggarwal, Managing Director, said:**

“I am pleased to report that the Company recorded revenue from operations of Rs. 1,192 crores in FY2019, representing a robust growth of 11.1% on Y-o-Y basis. The Company delivered EBITDA of Rs. 186 crores in FY2019 an increase of 25.6% year on year basis. EBITDA margins improved to 15.6% as compared to 13.8% in FY2018. Net profit was Rs. 122 crores, an increase of 45.8% with margins of 10.2%. There were challenges on the cost front due to raw material price fluctuations however, we managed to mitigate the risks by better production and purchase planning. Our continuous focus on introducing new innovative products through international collaborations has helped us in delivering superior results.



In Q4 FY2019, agrochemical industry registered a mixed performance with a soft Rabi season due to deficient post monsoon and winter rainfall whereas export revenues increased due to favourable demand in global markets. Even in the subdued domestic market conditions, Insecticides India delivered an impressive growth across segments and products in the latest quarter and full year.

Our dedicated focus on R&D initiatives have resulted in launch of eight new products during the year with four products under the Maharatna category. This has resulted in a total of 11 products approved under 9(3) category. It is heartwarming to know that our new product launches have shown high acceptability in the market due to our strong farmer connect and widely spread distribution network. We have demonstrated a strong track record of successful new product launches over the last six years and is a testament of IIL's strong R&D capabilities.

We are committed in implementing IIL strategic plan in the coming years. Insecticides India Management team is expected to set new milestones to drive growth through new innovative product launches, scale up recently launched products, increasing customer engagement and ongoing geographic expansion. The Company is well positioned as we go in the new fiscal year and look forward to create maximum value for all stakeholders”

# Growth Strategy

## Phase out Generic Products

- Gradual reduction in the sale of Generic products (high volume-low margin) for fiscal year is on expected lines
- Introduction of new products in the Maharatna category

## Backward and Forward Integration

- Moving on the strategic path of backward and forward integration
- Capitalize on the Make in India initiative
- Will result in better margins across technicals and formulations

## Optimum Capital Structure and Operational Efficiency

- Strong cash flow generation
- Capex of Rs. 1 bn in next 2-3 years for synthesis facilities in Gujarat and Rajasthan

## R& D will results in New product launches

- Focus on in-house R&D and international partners to launch new products
- Launched 8 new products out of which 4 are under 9(3) category
- Expected 10 new products in next fiscal year

## Focussed Approach on Biologicals

- Developed and commercialized VAM (Vascular Arbuscular Mycorrhizae)
- Developed and commercialized soil energizer, Kayakalp
- Development of 3-4 new biological products is in pipeline

## Exports

- Working on registration in new countries with 100+ export agreements
- Expanding in new geographies: Exporting to 20+ countries  
Expand to 25+ countries by the end of FY2019

# Business Overview



## Insecticides India - A Leading Agro Chemicals Manufacturing Company

Engaged in the manufacturing and marketing of crop-protection products

Four product categories: Insecticides, Herbicides, Fungicides, Biologicals and Plant Growth Regulators (PGRs)

Distribution network of 375+ SKUs, 5,000+ distributors and 60,000+ retail networks

Total 11 registration approved under 9(3)

4 R&D centers – Developing a comprehensive range of agro chemical products

State-of-the-art manufacturing facilities in Chopanki (Rajasthan), Samba & Udhampur (Jammu & Kashmir) and Dahej (Gujarat)

Owner of the prestigious Tractor brand, highly popular among the farmers

**Rs. 1,192 Cr**  
FY19 Sales

**60,000+**  
Retail Outlets

**100+**  
Formulation Products

**21+**  
Technical Products

**20+**  
Maharatna Products

**8**  
New product launches\*

**4**  
New Maharatna product launches\*

**1,200+**  
Employees

Note: For fiscal year FY2019

\*New products also include new Maharatna Products

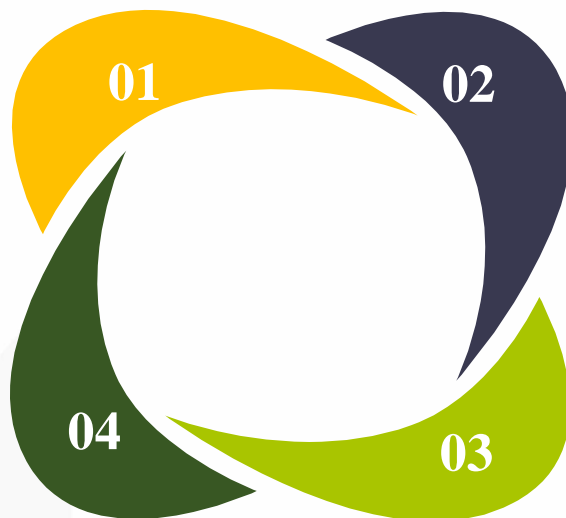
# Capabilities and Geographical Presence

## R & D

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

## Development & Training

- Emphasis on field activities
- Farmer awareness
- Sales force training

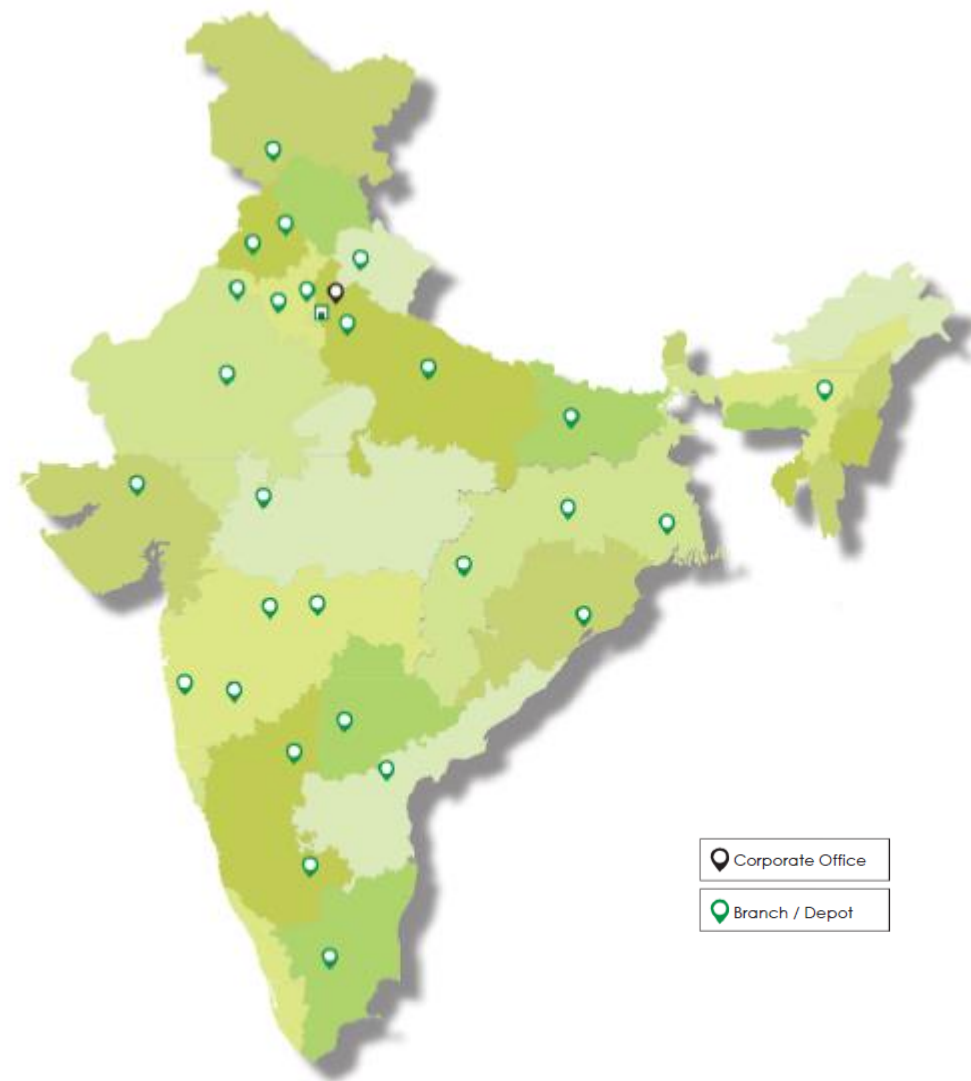


## Manufacturing

- 5 Formulations plant
- 2 Technical synthesis plants
- 1 Biological manufacturing plant\*

## Marketing

- Sale & market development
- Branding
- International tie ups and collaborations
- Evolving media mix



\*Under toll arrangement

# Leading Maharatna Brands



<b>PULSOR</b>	: Systemic fungicide with preventive and curative action; controls Rice Sheath Blight
<b>LETHAL</b>	: Organo-phosphorus group of insecticides; controls insects through contact, stomach and vapour action
<b>GREEN LABEL</b>	: Specialist of weed control in paddy; in line with 'Make in India'
<b>HAKAMA</b>	: Post-emergence selective herbicide; controls narrow leaf weeds across leaf crops
<b>XPLODE</b>	: Naturally derived insecticide; controls all Lepidopteran stages
<b>AIKIDO</b>	: Launched in technical collaboration with Nihon Nohyaku, Japan, providing complete protection from brown plant hoppers, white plant hoppers and leaf folder to paddy crop
<b>SOFIA</b>	: Broad spectrum fungicide which gives complete protection from various diseases in different crops
<b>MYCORAJA</b>	: Bio product equipped to promote healthy growth and greater nutrient absorption in a wide range of crops, oilseeds and cotton
<b>HIJACK</b>	: Non-selective systemic herbicide, control annual and perennial weeds
<b>FLITE</b>	: Broad spectrum non-systemic herbicides; effective against annual, perennial and broad leaf / grassy weeds

## Aggregate Installed Capacity

**19,400** KLPA  
Liquid

**75,750** MTPA  
Granules

**18,770** MTPA  
Powder

**13,800** MTPA  
Active Ingredient & Bulk



# Research & Development



**State-of-the-art in house R&D centre established in 2005**, augmented by product innovation R&D center, formulation R&D centre and biological R&D centre

- Approved by DSIR, Ministry of Science and Technology
- Working on new formulations and new combination products

## Formulation R&D Centre

- Development of new generation formulations
- Focus on cost reduction, customer friendly and environment safe products

## Biological R&D Centre

- Equipped with bio assay and product development facilities
- Looking forward to development of 3-4 new biological products

**Product invention R&D center:** A unique initiative of product discovery in India by forming a JV with Japanese company, OAT Agrio Co. Ltd.

- 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
- One of its kind breeding centers, bio assay rooms and spray cabinets

**Technical collaboration with international partners for manufacturing and marketing innovative products:**

- AMVAC (USA), Momentive (USA), Nissan Chemical Corporation (Japan), Nihon Nohyaku (Japan)

**5 Patents Received**

**22+ Patents Pending**

**59+ New Processes Developed**

**60+ Scientists in R&D Centres**

**Short Term:** Launch new generic products going off-patent (Reverse Engineering)



**Medium Term:** To launch latest technology products through international partners; launch new combination products



**Long Term:** Launch proprietary discovery products (chemicals and biologicals)

# Financial Performance

(Rs. Million)	Q4		Y-o-Y	Q3		Full Year		Y-o-Y
	FY2019	FY2018	Growth(%)	FY2019	Growth(%)	FY2019	FY2018	Growth(%)
<b>Operating Revenue (net of excise)</b>	<b>1,989</b>	<b>1,689</b>	<b>17.8%</b>	<b>2,157</b>	<b>(7.8)%</b>	<b>11,919</b>	<b>10,733</b>	<b>11.1%</b>
Other Income	10	4	167.5%	9	14.1%	23	32	(28.8)%
<b>Total Revenue</b>	<b>1,999</b>	<b>1,693</b>	<b>18.1%</b>	<b>2,166</b>	<b>(7.7)%</b>	<b>11,943</b>	<b>10,765</b>	<b>10.9%</b>
<b>EBITDA</b>	<b>289</b>	<b>187</b>	<b>54.7%</b>	<b>320</b>	<b>(9.7)%</b>	<b>1,856</b>	<b>1,478</b>	<b>25.6%</b>
<b>EBITDA Margin (%)</b>	<b>14.5%</b>	<b>11.0%</b>		<b>14.8%</b>		<b>15.6%</b>	<b>13.8%</b>	
EBIT	249	143	74.5%	278	(10.3)%	1,682	1,340	25.5%
<b>EBIT Margin (%)</b>	<b>12.5%</b>	<b>8.4%</b>		<b>12.8%</b>		<b>14.1%</b>	<b>12.4%</b>	
<b>Profit After Tax (PAT)</b>	<b>286</b>	<b>77</b>	<b>271.5%</b>	<b>169</b>	<b>69.0%</b>	<b>1,224</b>	<b>840</b>	<b>45.8%</b>
<b>PAT Margin (%)</b>	<b>14.3%</b>	<b>4.5%</b>		<b>7.8%</b>		<b>10.2%</b>	<b>7.8%</b>	
Basic EPS	13.81	3.72	271.2%	8.17	69.0%	59.23	40.63	45.8%

Note: EBITDA Margins are calculated on Operating Revenue

# Leverage Profile

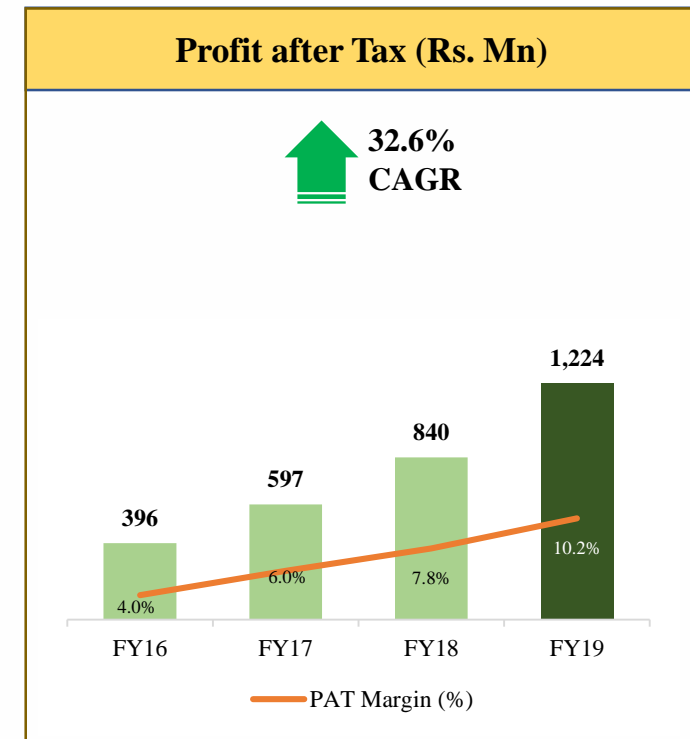
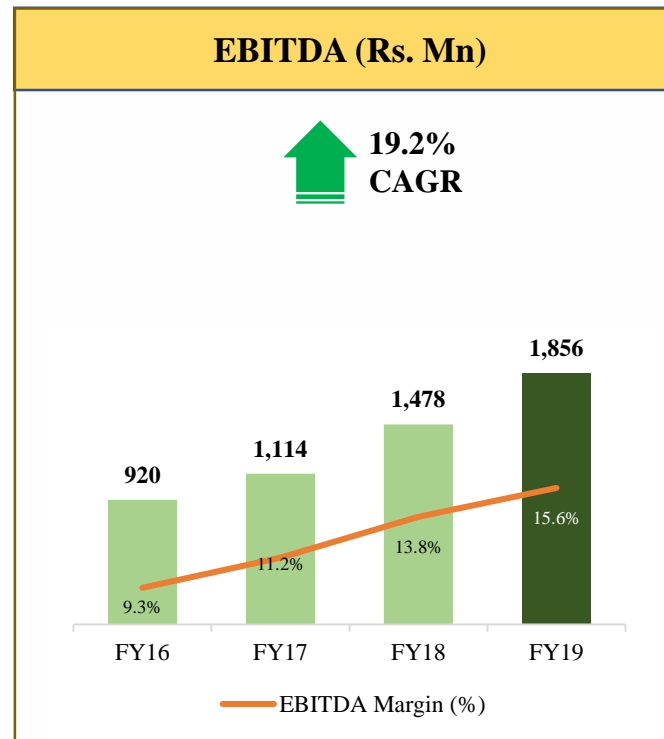
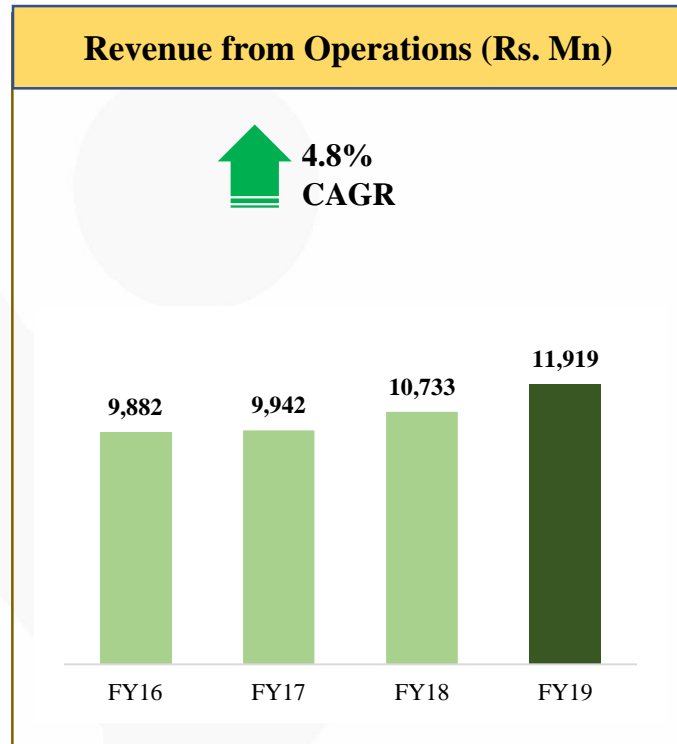
(Rs. Million)	FY2017	FY2018	FY2019
Long Term Debt	154	83	13
Short Term Debt	2,212	1,061	3,039
<b>Total Debt</b>	<b>2,366</b>	<b>1,144</b>	<b>3,052</b>
Cash & Cash Equivalents	68	196	89
<b>Net Debt</b>	<b>2,298</b>	<b>948</b>	<b>2,963</b>
<b>Total Equity</b>	<b>4,645</b>	<b>5,476</b>	<b>6,613</b>
Net Debt/Equity	0.49x	0.17x	0.45x

**18.5%**  
Return on Equity

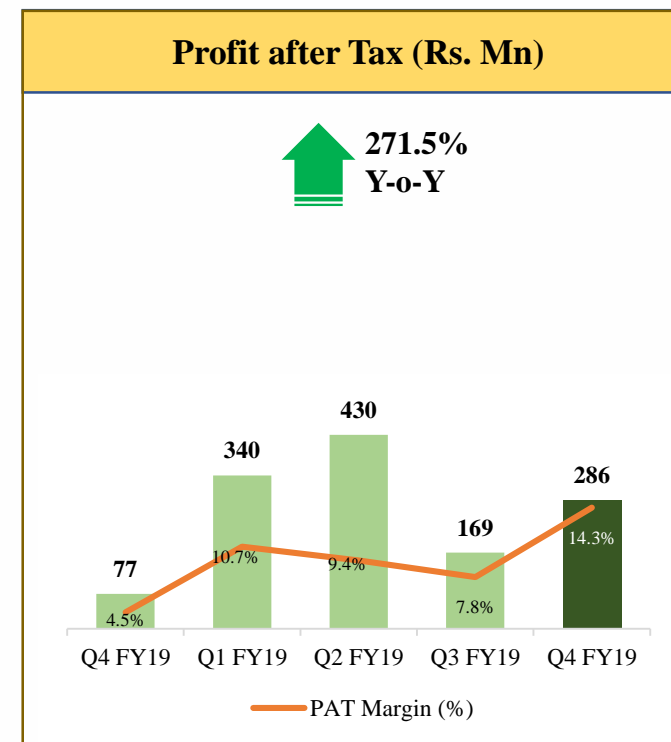
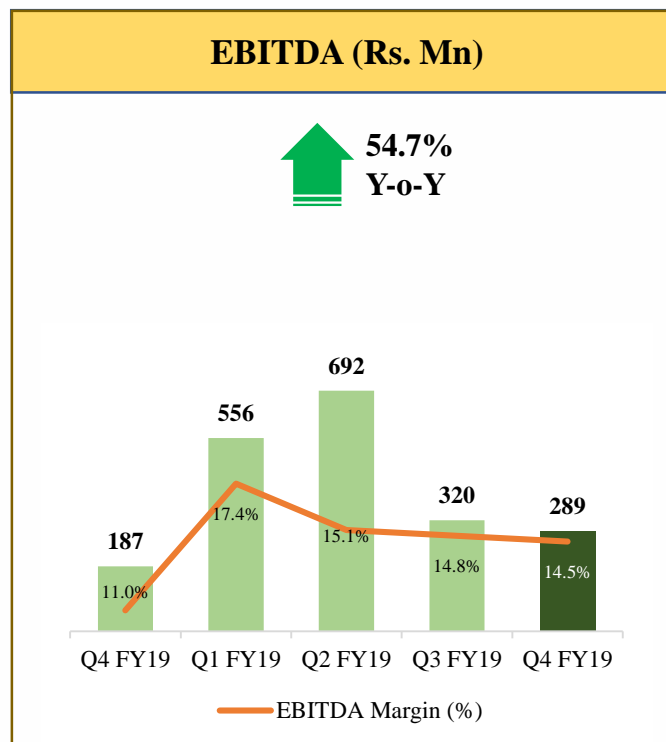
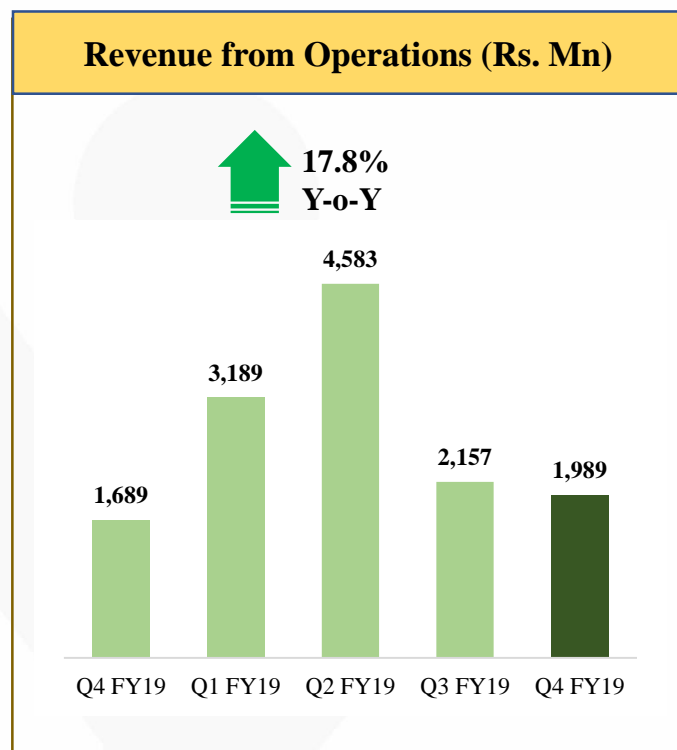
**17.4%**  
Return on Capital Employed

# Financial Trends - Annual

**Strong EBITDA and PAT growth with margin improvements every successive years**



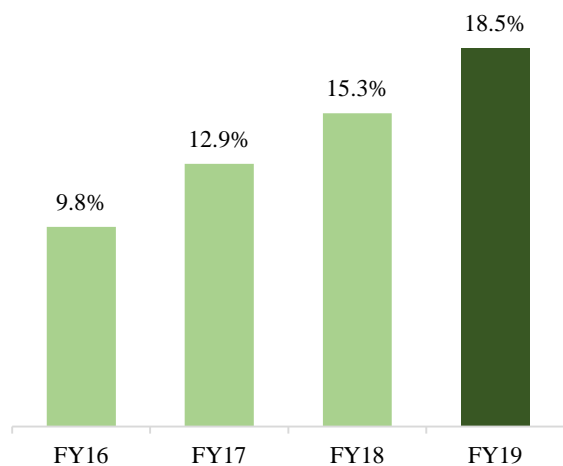
# Financial Trends - Quarterly



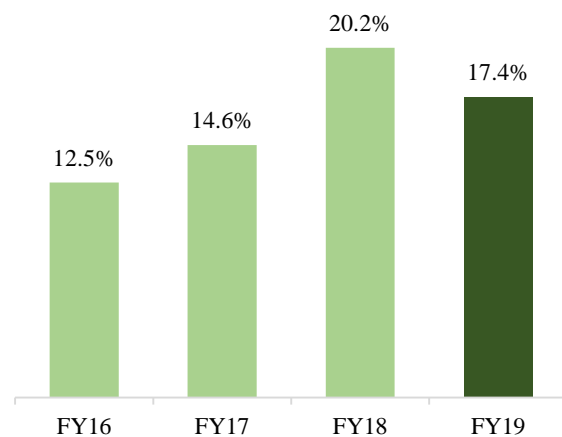
# Key Ratios

Consistently improving return ratios and generating wealth for shareholders

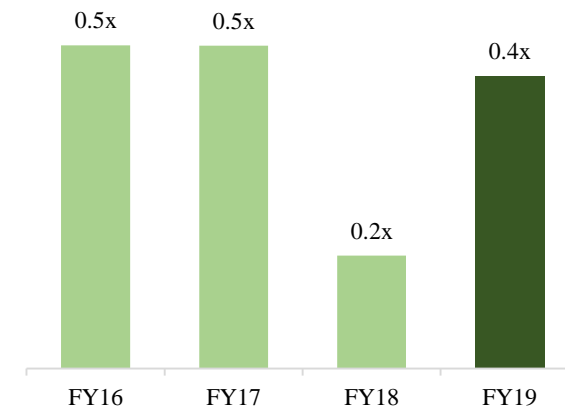
## Return on Equity



## Return on Capital Employed

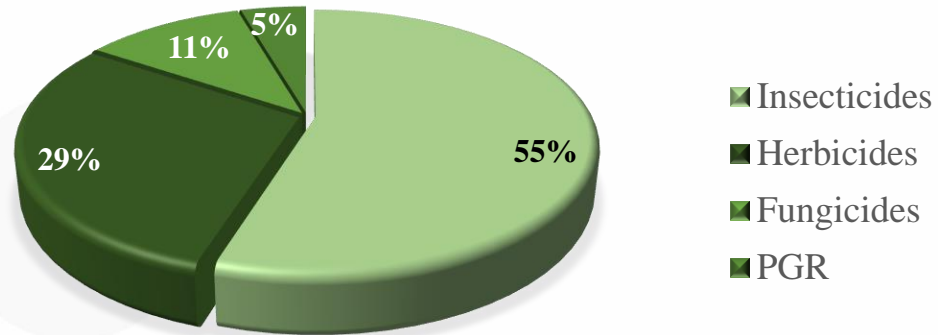


## Net Debt/Equity Ratio

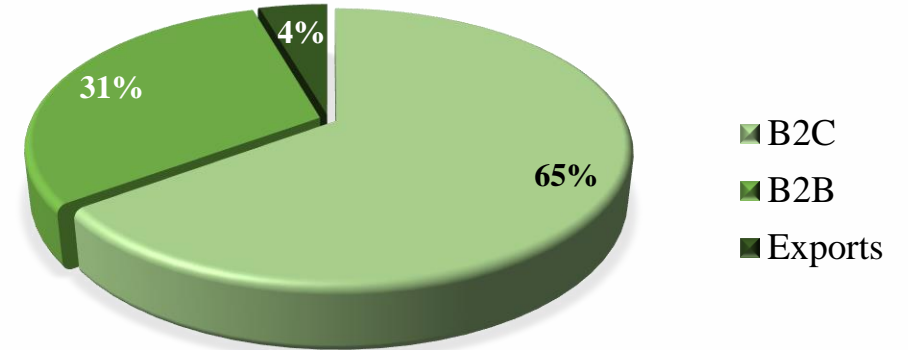


# Segment Reporting - FY2019

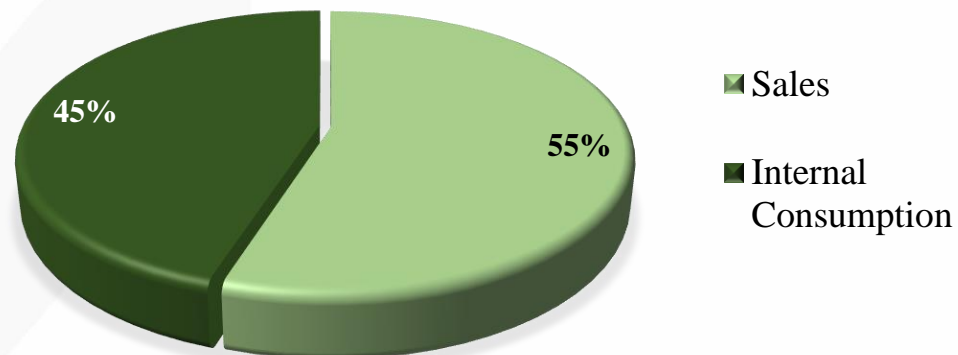
**Gross Sales by Product Category**



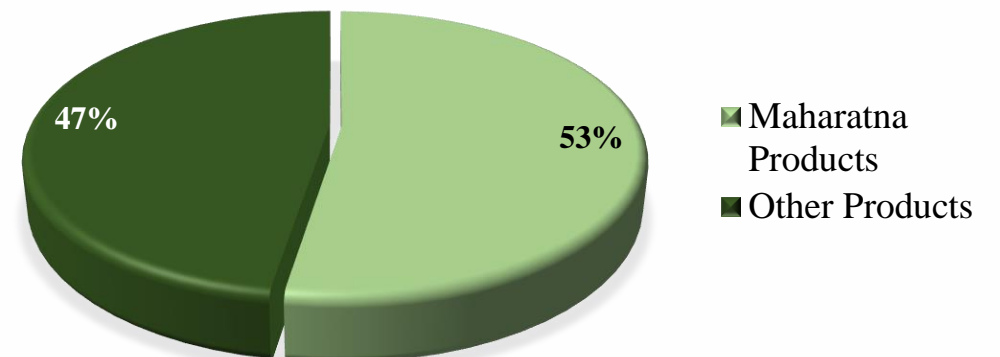
**Gross Sales by Segment**



**Gross Sales vs Internal Consumption**

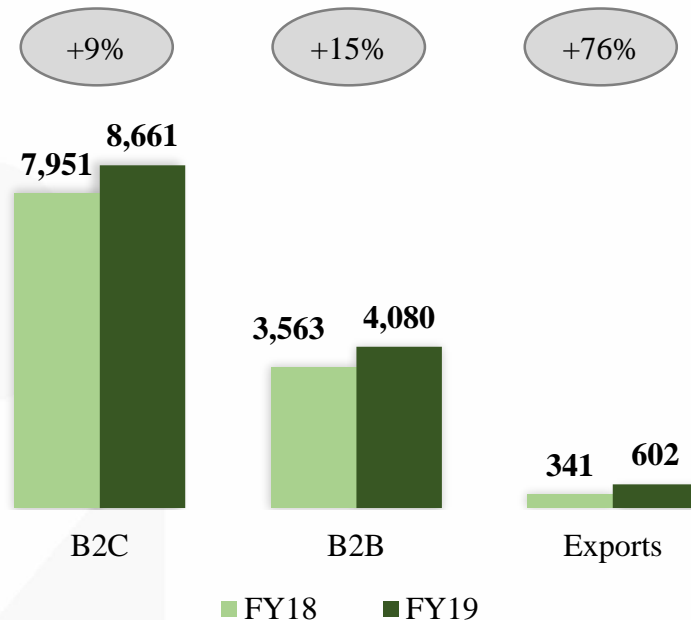


**Breakdown of Top Seller Range in B2C**



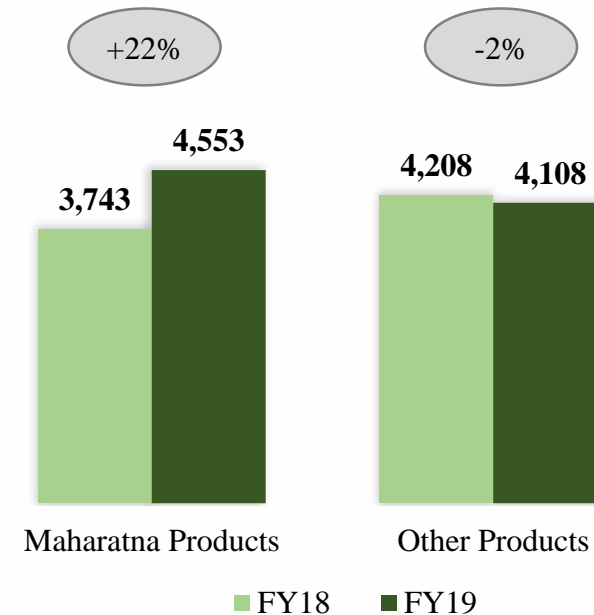
# Segment Reporting - FY2019

**Gross Sales by Segment (Rs. Mn)**



- Strong growth in sales across technical, formulated products and exports
- Exports have increased from Rs.341 Mn in FY18 to Rs.602 Mn in FY19, a growth of 76% on Y-o-Y basis

**Gross Sales by Emphasized Product Category (Rs. Mn)**



- Robust growth in the sales of Maharatna products; contributing 53% towards revenue (compared to 47% in FY18)
- Higher sales in Maharatna category is primarily driven by the introduction and positive acceptance of new products such as Sofia, Aikido, Hercules and Encounter during the year

# FY2020 Outlook



## Opportunities

India is currently the world's fourth largest producer of agrochemicals. Favourable manufacturing opportunities for agrochemical companies in India



## Quarterly Outlook

The quarter is expected to remain subdued due to inadequate rainfall and EL Nino impact which may push sowing of Kharif crops



## Monsoon

South-west monsoon expected to be near-normal, with 96% rainfall over a long-period average  
El Nino conditions are projected to weaken, with minimal impact on sowing season of Kharif crops



## Exports Surge

The Company had substantial growth in the exports market and achieved revenues in line with its annual exports targets



## Public Policy

A stable government, post General Elections, will ensure strong economic growth and provide necessary momentum to transform India into a globally competitive manufacturing hub for agrochemicals and fulfill the objective of doubling the farm incomes by 2020

# Disclaimer



This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Insecticides India Limited (“Insecticides India” or the Company) future business developments and economic performance.

While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.

Insecticides India undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

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