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insecticides
(INDIA) LIMITED

Ref: IIL/SE/2019/1311/2
November 13, 2019

The Manager

Listing Compliance Department BSE Limited (Through BSE Listing Centre) Scrip Code: 532851	Listing Compliance Department National Stock Exchange of India Limited (Through NEAPS) Symbol: INSECTICID
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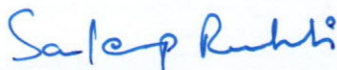
Sub: Investor Presentation Q2 - FY2020

Dear Sir/Madam,

Please find the enclosed Earning Presentation for the Quarter and Half Year Ended September 30, 2019.

This is for your information and record.

Thanking You,
Yours Truly
For Insecticides (India) Limited


Sandeep Kumar
Company Secretary
Encl : As Above

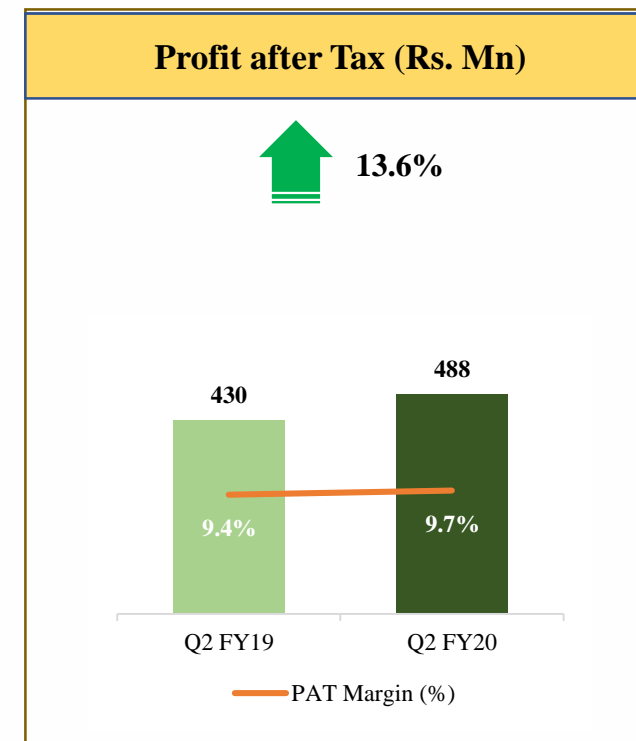
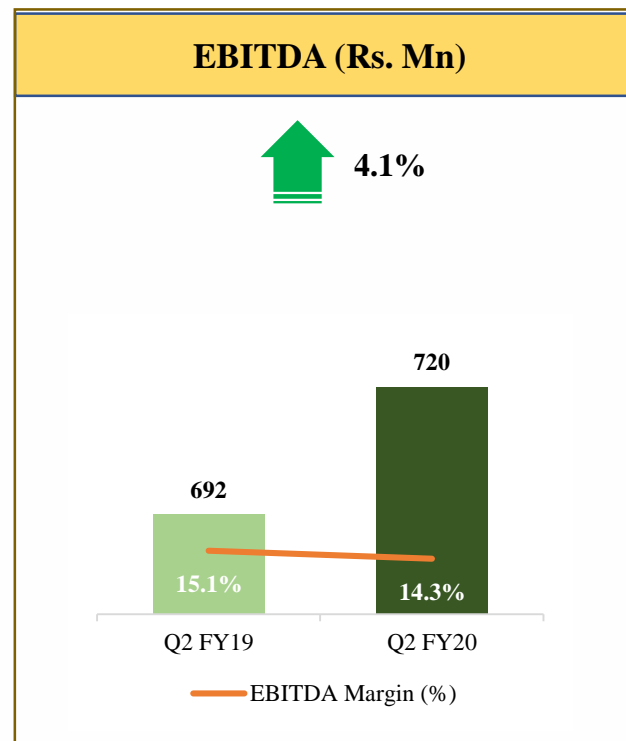
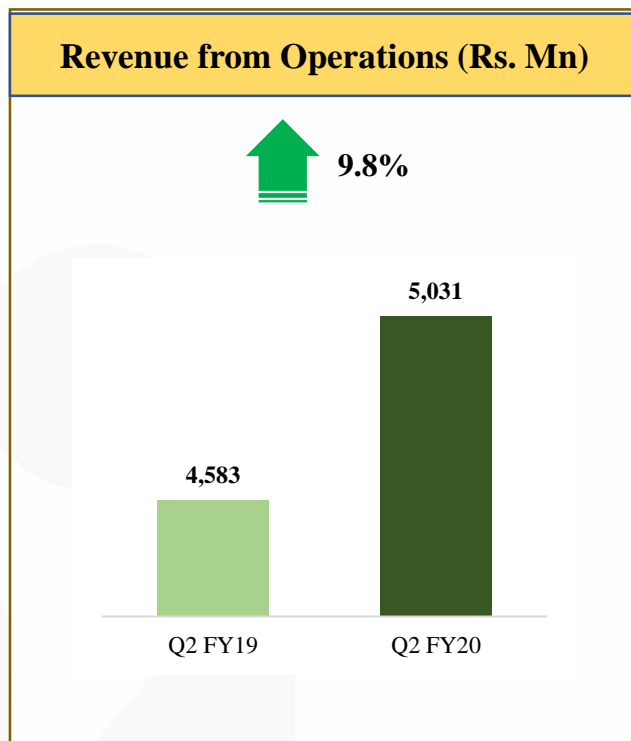




(BSE: 532851 NSE: INSECTICID)

Q2 FY2020 Earnings Presentation

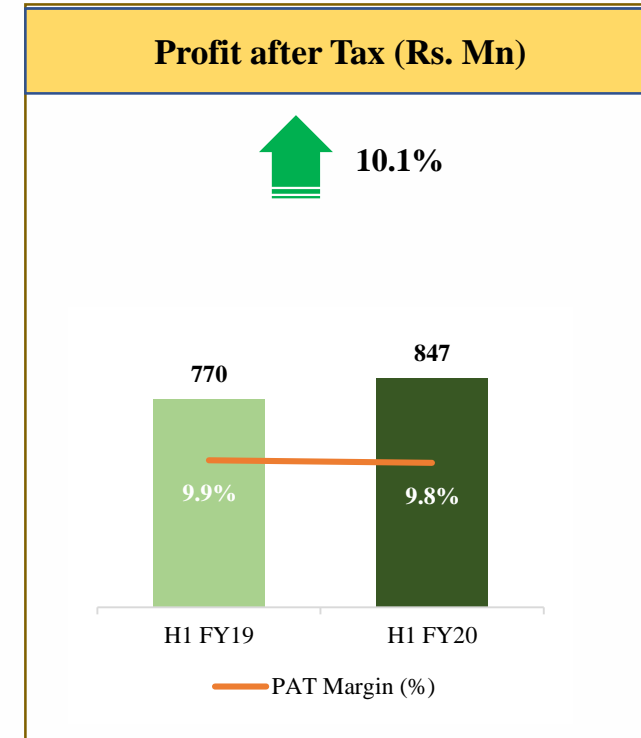
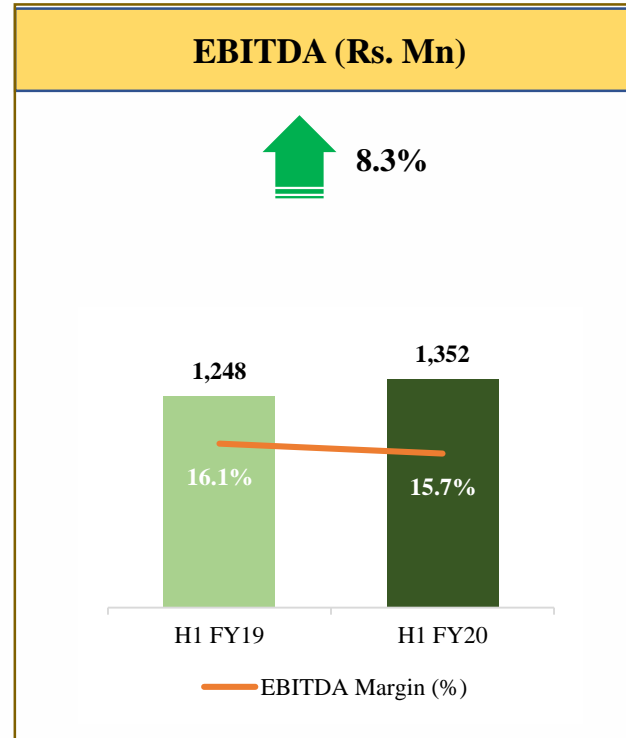
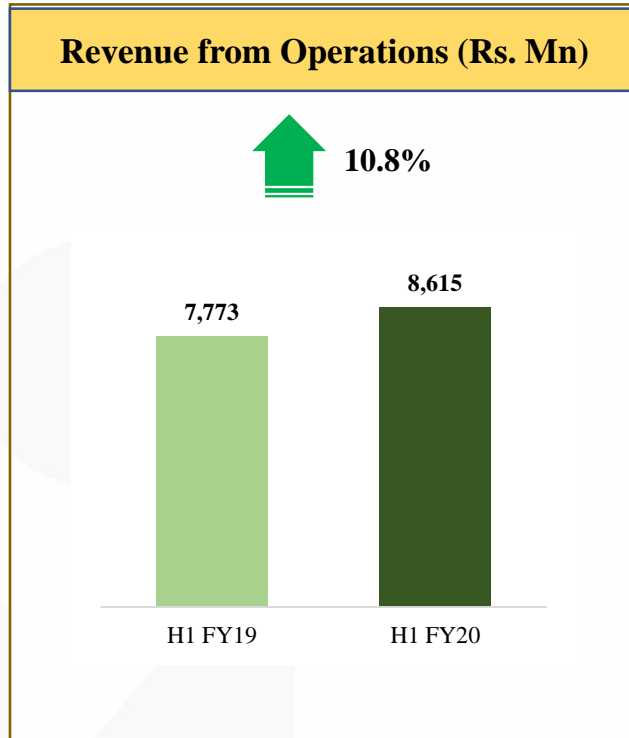
Q2 FY2020 Highlights



Quarterly Highlights:

- Higher contribution from Maharatna products which registered 7.7% growth y-o-y
- Higher realization in the Maharatna categories driven by successful recently launched products such as Hercules, Sofia, Xplode and Hakama

H1 FY2020 Highlights



Half Year Highlights:

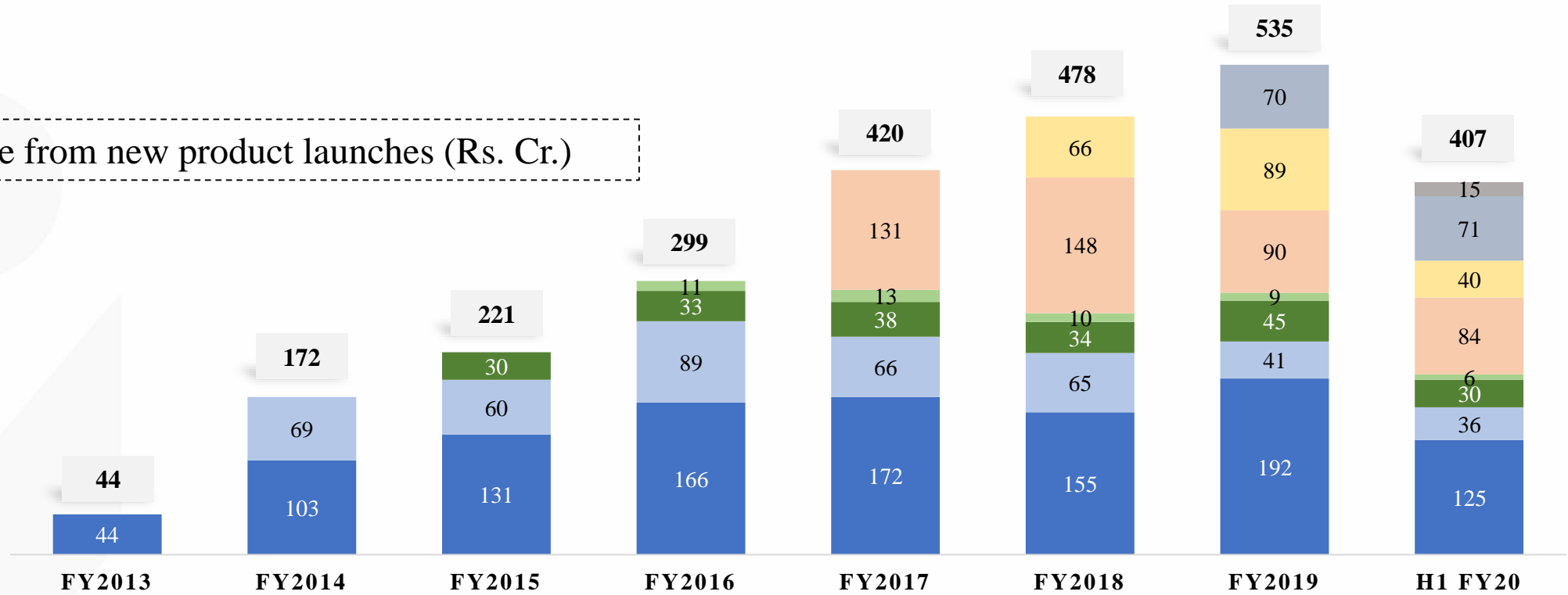
- Higher contribution from Maharatna products which registered 5.8% growth y-o-y, further supported by growth in other branded products which registered 7.5% growth
- Higher realization in the Maharatna categories driven by successful recently launched products such as Hercules, Sofia, Xplode and Hakama

Note: EBITDA does not include other income

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.)



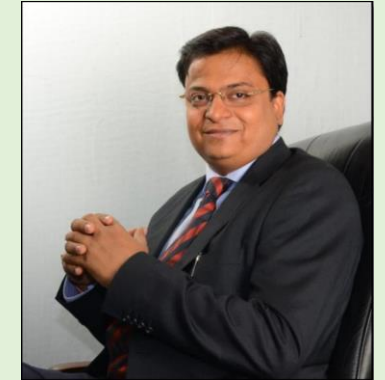
New Products launched during the year	5	5	3	2	5	5	8	5
% of Revenue from Operations	7.1%	19.9%	22.9%	30.3%	37.9%	43.1%	44.9%	47.3%

Management Commentary



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

“The domestic economy in Q2 FY2020 continues to face headwinds which were present at the beginning of fiscal year. Due to broad based slowdown in rural demand, the impact of slowdown was visible in agrochemicals sector as well. Monsoon during the last quarter was scattered, with heavy rainfalls in some parts of the country impacting agriculture cycle. Sales growth was mixed as there was a 20-day delay in the season as a result of prolonged crop cycle and was adversely impacted due to continuous rainfall and lower pest infestation. Despite the challenging business environment, Insecticides India delivered growth in revenues and profitability owing to our strong product portfolio and greater market acceptability of products among farmers.



I am pleased to report that the Company recorded revenue from operations of Rs. 503 crores in Q2 FY2020, representing a growth of 9.8% on a Y-o-Y basis. The Company delivered EBITDA of Rs. 72 crores in Q2 FY2020, an increase of 4.1% with margins of 14.3%. Net profit for the quarter was Rs. 49 crores, an increase of 13.6% with margins of 9.7%.

Our focus on R&D initiatives have resulted in the launch of five new products during the H1 FY2020. However, three of our key new products which were expected during the period got delayed due to pending regulatory approvals and is expected to be launched in the coming period. We now have 12 products approved under 9(3) category. Our new product launches have high acceptability in the market due to our strong value proposition, widely spread distribution network and farmer centric approach.

As the sowing period extended to October combined with benefits of PM Kisan scheme, it is expected demand picks up for Rabi crop in coming period. Our objective to improve product mix through new innovative product launches and ongoing geographic expansion for both domestic and exports market will help us in achieving our full year targets and implement IIL strategic plan which will generate value for all our 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 5 new products during H1 FY2020
- Expected 10 new products in full year FY2020

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 FY2020

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 12 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. 861 Cr

H1 FY20 Sales

60,000+

Retail Outlets

100+

Formulation Products

21

Technical Products

21+

Maharatna Products

5

H1 FY2020 New product launches*

10

Full Year Target of New Product launches*

1,250+

Employees

Note: *New products also include new Maharatna Products

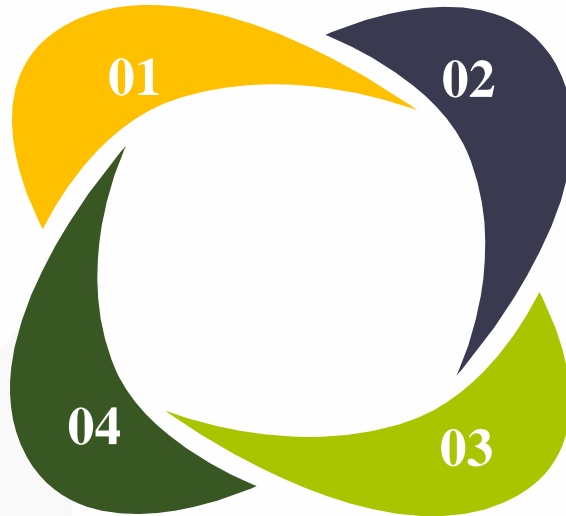
Capabilities and Geographical Presence

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

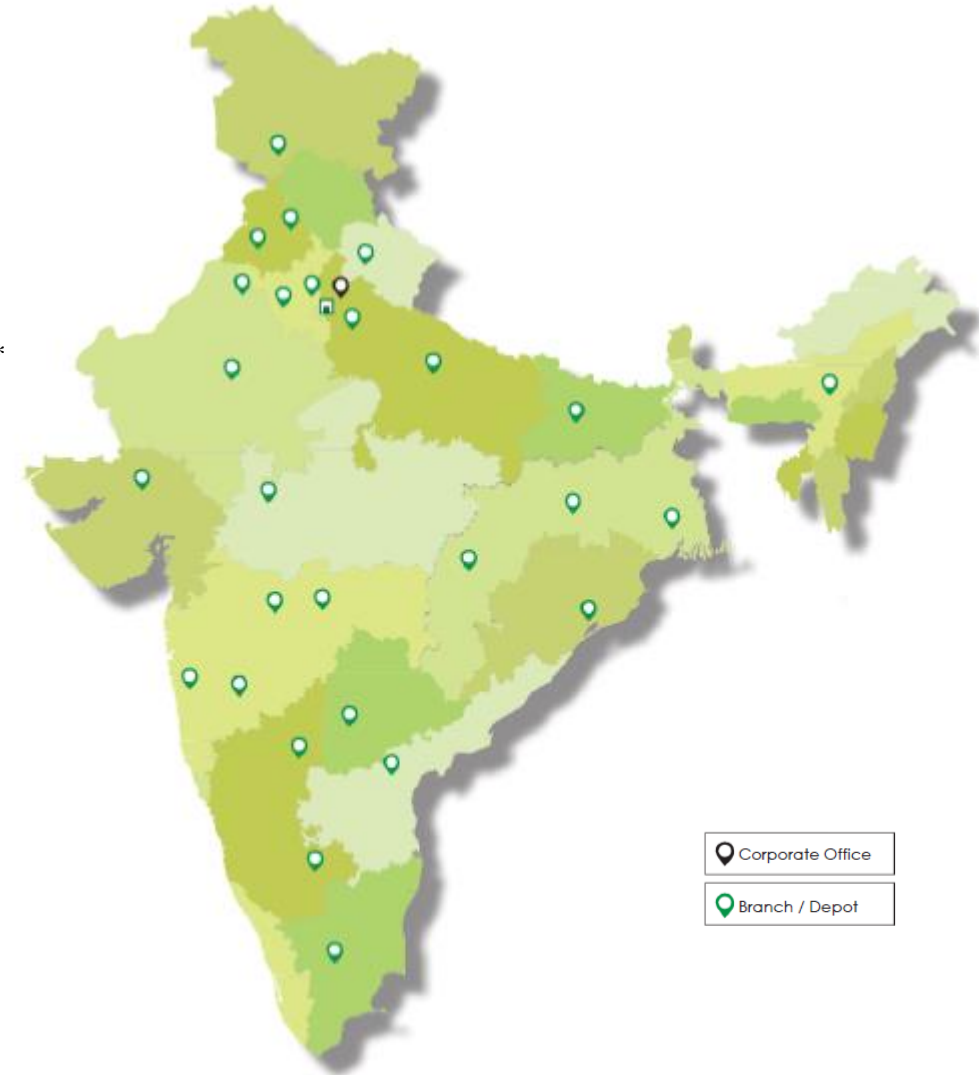


Manufacturing

- 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



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

7 Patents Received

24 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)	Q2		Y-o-Y	Q1	Q-o-Q	Half Year		Y-o-Y
	FY2020	FY2019	Growth(%)	FY2020	Growth(%)	FY2020	FY2019	Growth(%)
Operating Revenue	5,031	4,583	9.8%	3,584	40.4%	8,615	7,773	10.8%
Other Income	18	3		12		29	5	
Total Revenue	5,049	4,586	10.1%	3,595	40.4%	8,644	7,777	11.1%
EBITDA	720	692	4.1%	631	14.1%	1,352	1,248	8.3%
<i>EBITDA Margin (%)</i>	<i>14.3%</i>	<i>15.1%</i>		<i>17.6%</i>		<i>15.7%</i>	<i>16.1%</i>	
EBIT	678	646	5.0%	584	16.1%	1,262	1,155	9.3%
<i>EBIT Margin (%)</i>	<i>13.4%</i>	<i>14.1%</i>		<i>16.2%</i>		<i>14.6%</i>	<i>14.9%</i>	
Profit After Tax (PAT)	488	430	13.6%	359	35.8%	847	770	10.1%
<i>PAT Margin (%)</i>	<i>9.7%</i>	<i>9.4%</i>		<i>10.0%</i>		<i>9.8%</i>	<i>9.9%</i>	
Basic EPS	23.61	20.79	13.6%	17.39	35.8%	41.00	37.24	10.1%

Note: EBITDA Margins are calculated on Operating Revenue

Leverage Profile

(Rs. Million)	FY2017	FY2018	FY2019	H1 FY2020
Long Term Debt	283	145	68	34
Short Term Debt	2,060	968	2,952	2,972
Total Debt	2,342	1,112	3,020	3,006
Cash & Cash Equivalents	68	196	89	91
Net Debt	2,274	917	2,931	2,915
Total Equity	4,645	5,476	6,613	7,407
Net Debt/Equity	0.49x	0.17x	0.44x	0.39x

LTM Sep 2019

17.6%

Return on Equity

17.2%

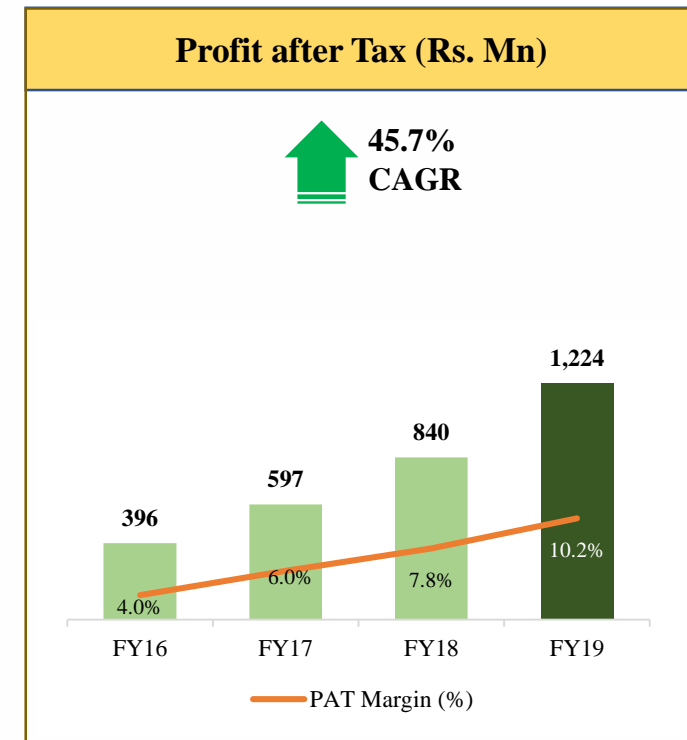
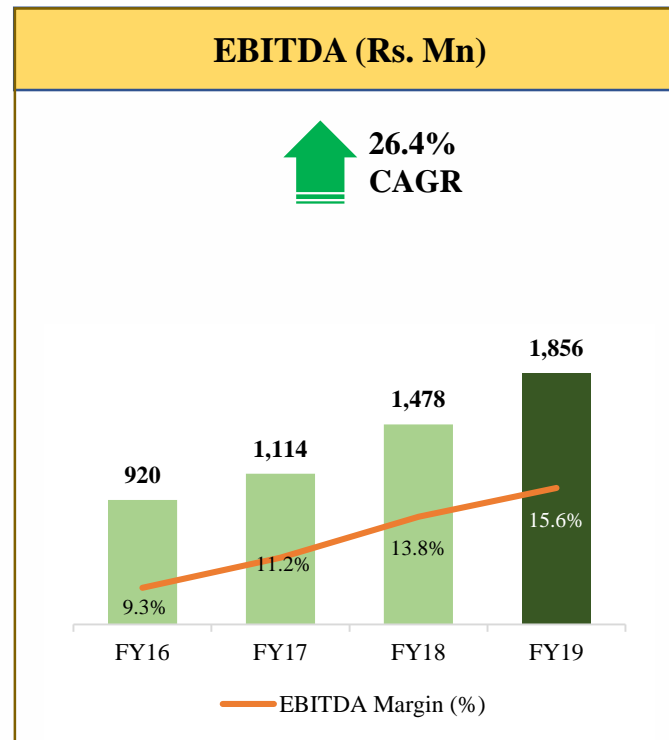
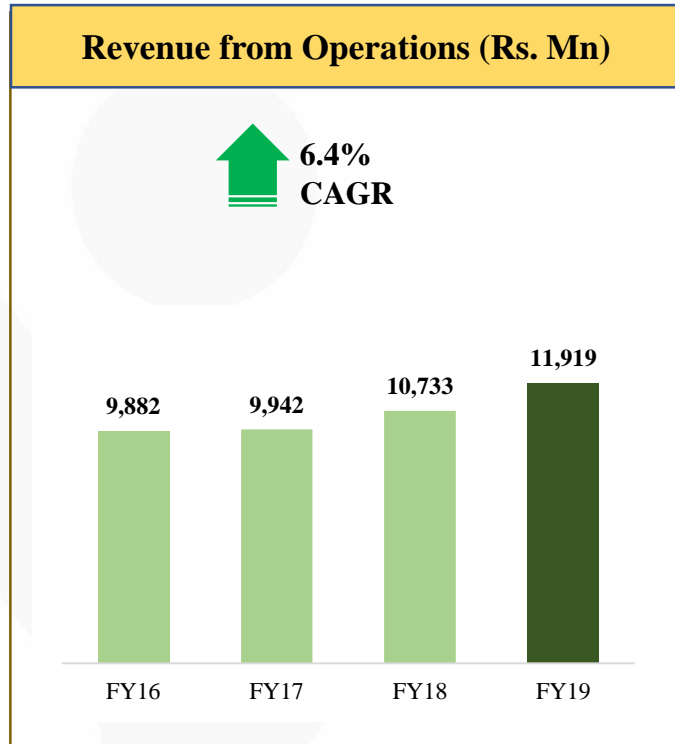
Return on Capital Employed

Notes:

1. Long Term Debt also includes Current Maturities of Long Term Debt
2. Total Debt excludes Vehicles Loans
3. Capital Employed = Total Debt + Total Equity

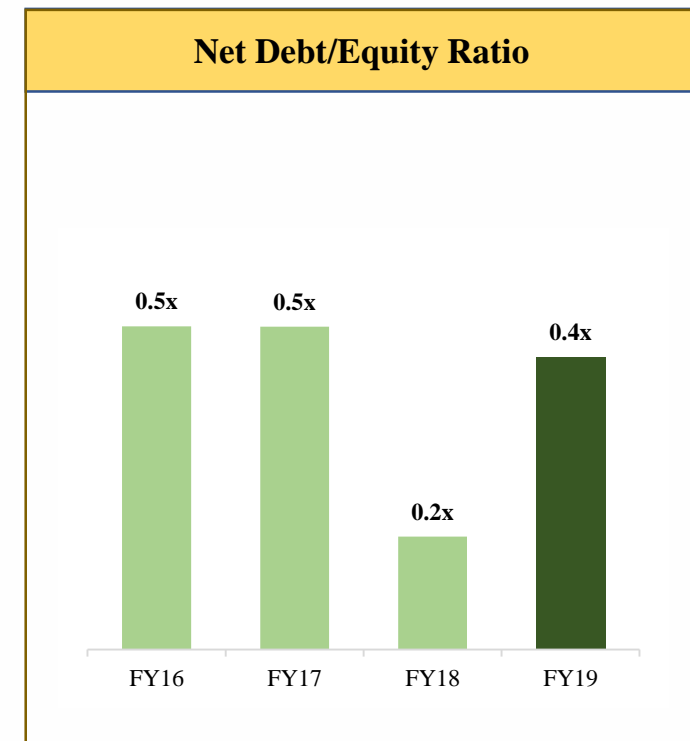
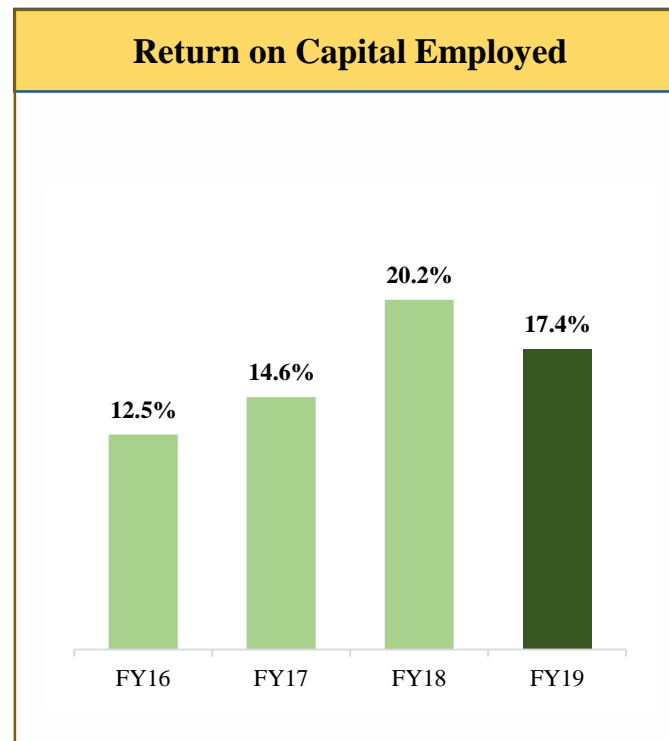
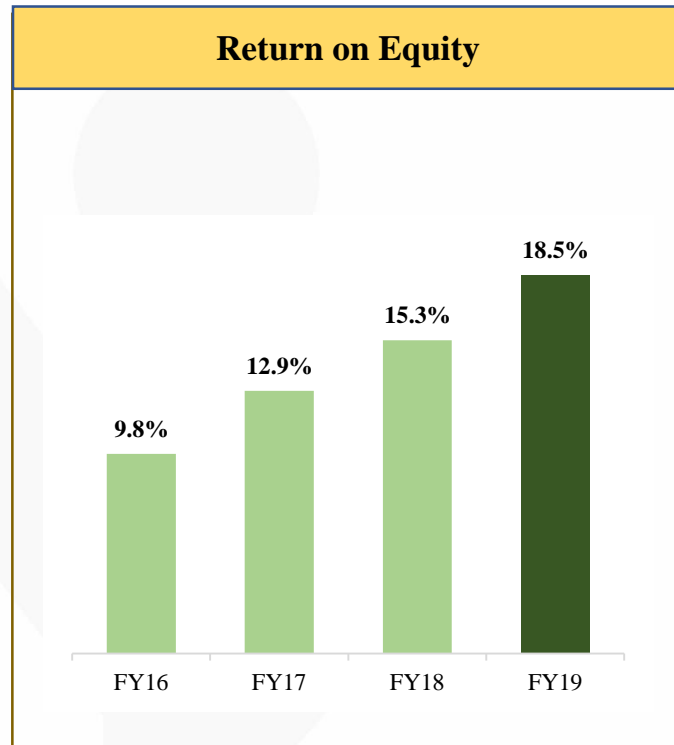
Financial Trends - Annual

Strong EBITDA and PAT growth with margin improvements every successive years

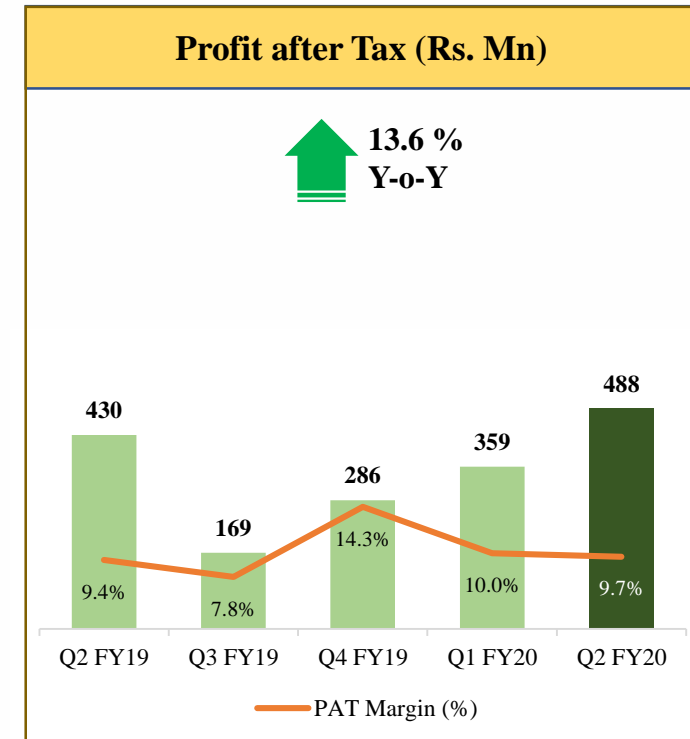
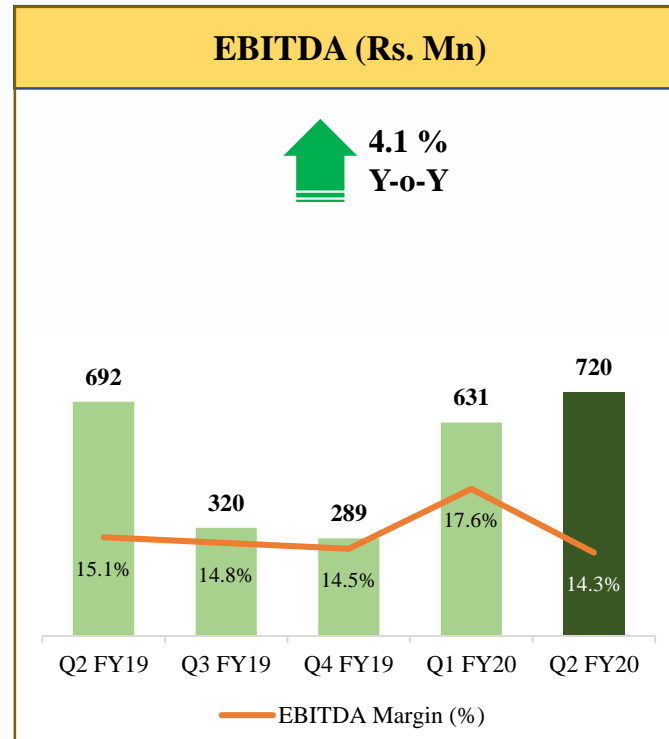
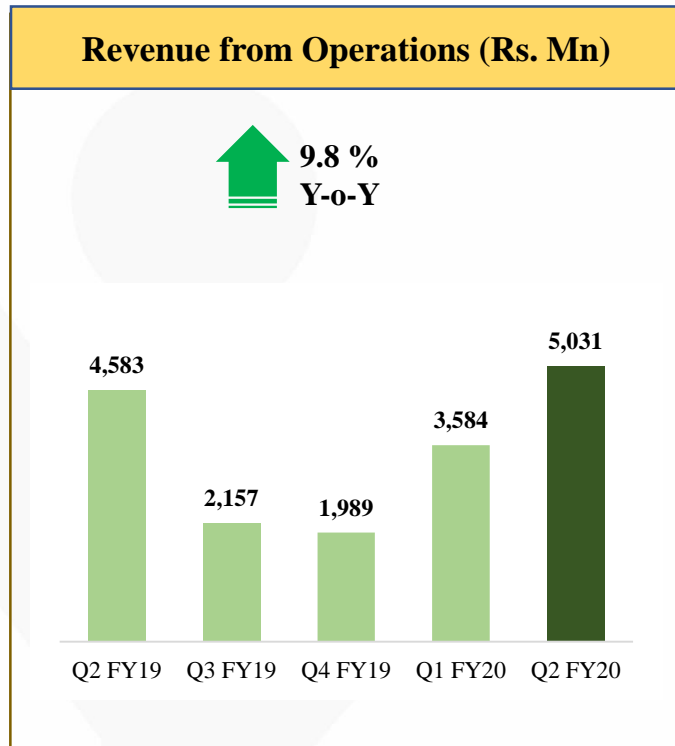


Key Ratios

Consistently improving return ratios and generating wealth for shareholders

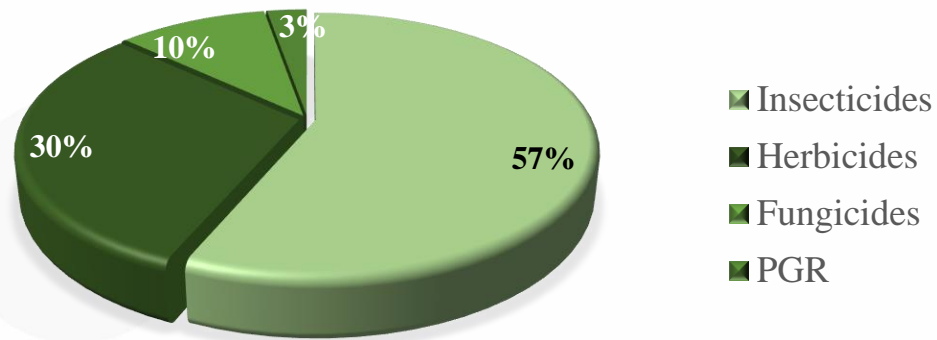


Financial Trends - Quarterly

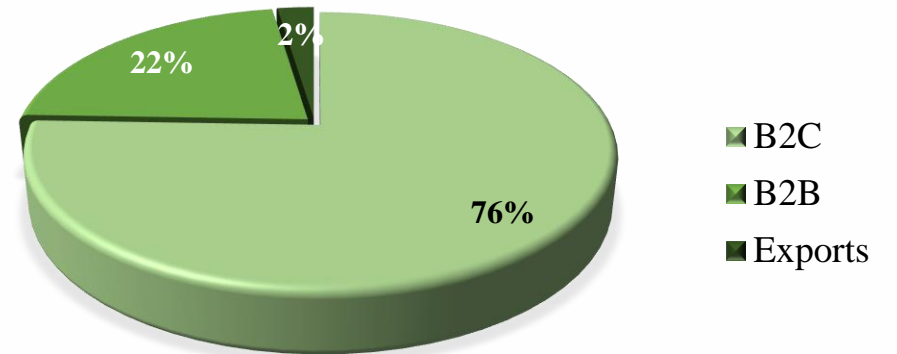


Segment Reporting – H1 FY2020

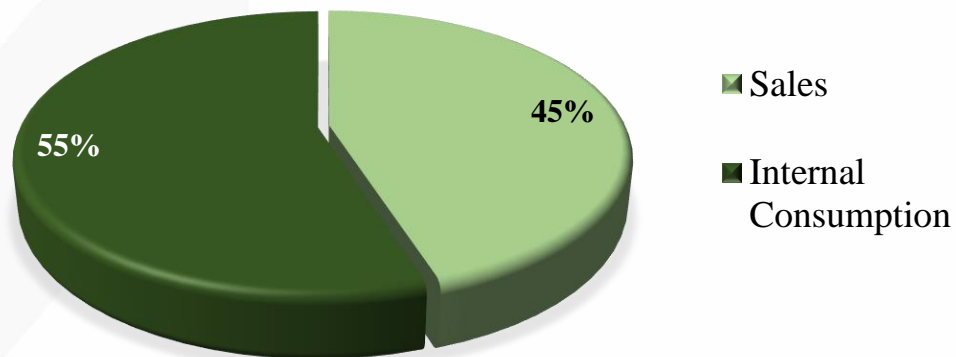
Gross Sales by Product Category



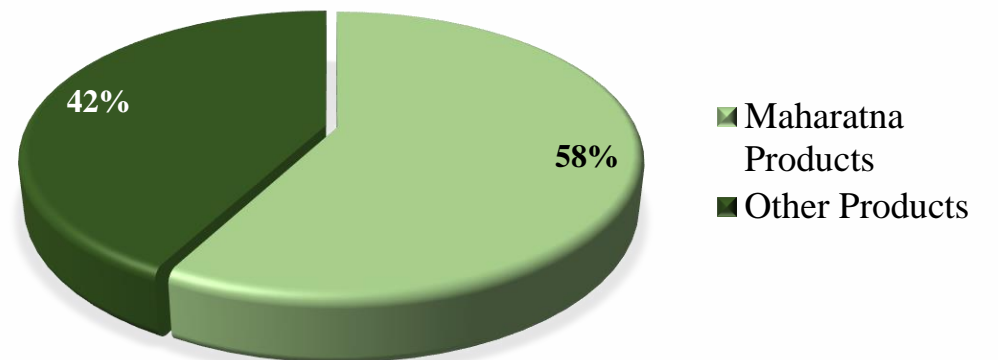
Gross Sales by Segment



Gross Sales vs Internal Consumption



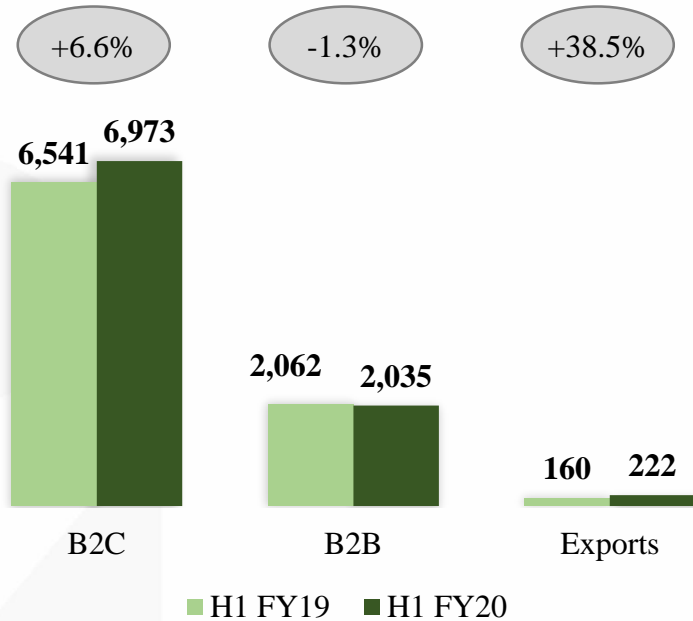
Breakdown of Top Seller Range in B2C



Segment Reporting – H1 FY2020

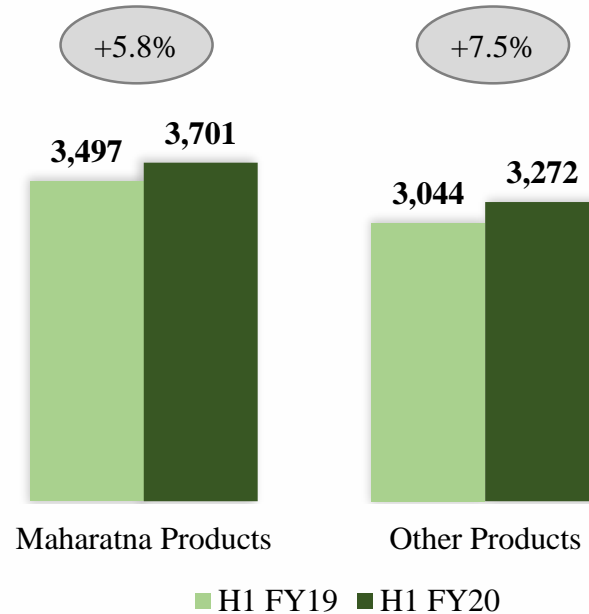


Gross Sales by Segment (Rs. Mn)



- Growth in sales of B2C and exports segment supported the revenue growth, while B2B sales was down due to subdued economic environment
- B2C increased from Rs. 6,541 Mn in H1 FY19 to Rs. 6,973 Mn in H1 FY20, a growth of 6.6% on Y-o-Y basis

Gross Sales by Emphasized Product Category (Rs. Mn)



- Sale of Maharatna products remained resilient; contributing 58% towards B2C revenue
- Other branded products registered a strong growth of 7.5% offsetting marginal lower sales from select Maharatna products

Recent Announcements

IIL Launches 'Kunoichi', a Patented Miticide of Japan's Nissan Chemical, at Hyderabad

- A product registered under 9 (3) category
- Kunoichi is invented and developed by Nissan Chemical Corporation, Japan and will be marketed in **India exclusively by the Insecticides (India) Ltd.**
- The miticide comprises **Cyenoxyfen 30% SC**, a novel molecule effective on different species of mites and has an ovicidal property, providing a long, effective control on mites affecting Chilies and vegetables.
- The molecule is already registered in other parts of the globe such as Japan, South Korea, Colombia, and Ecuador.

Commenting on the business development, Mr. Rajesh Aggarwal, Managing Director, Insecticides India said:

“IIL is proud to be a partner of Japan's leading company Nissan Chemical Corporation since 2012 and with the launch of Kunoichi, we are bringing one more research-based international technology patented product to the farmers after the huge success of other products of Nissan in the Indian market. The composition of the product is apt for the crops that grow in India like chilies and premium crops such as apple that constitute the base of the burgeoning Indian export. Kunoichi is a rather promising product that we hope will benefit lacs of farmers across the country. It is very effective against all types of mites and starts its action as quick as 6 hours. It is the latest and most effective miticide available in the world today,”



FY2020 Outlook



Opportunities

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



Quarterly Outlook

Prospects of rabi sowing looks bright due to better soil moisture on account of good monsoon and full reservoirs, but the general economic slowdown might impact agri-inputs



Monsoon

Initial delay and deficiency in the south-west monsoon has been mitigated by the resurgence of rains during July-September, comfortable reservoir levels predict normal rabi sowing



Exports Surge

The Company will evaluate and expand in new growth opportunities in the exports market



Public Policy

Increase in the Minimum Support Prices for Rabi Crops of 2019-20, disbursal under Pradhan Mantri Kisan Samman Nidhi and several other incentives will provided the necessary growth to agriculture sector which has reached a stage of high commercialization

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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