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insecticides
(INDIA) LIMITED

ISO 9001, 14001 & OHSAS 18001



Ref: IIL/SE/2020/0702/3
February 07, 2020

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 Q3 - FY2020

Dear Sir/Madam,

Please find the enclosed Earning Presentation & Press release for the Quarter and nine months Ended December 31, 2019.

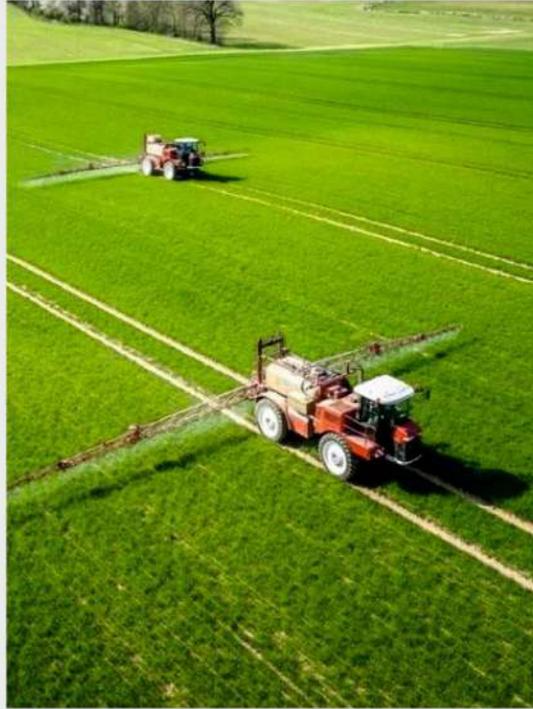
This is for your information and record.

Thanking You,
Yours Truly
For Insecticides (India) Limited

Sandeep Kumar
Sandeep Kumar
Company Secretary & CCO



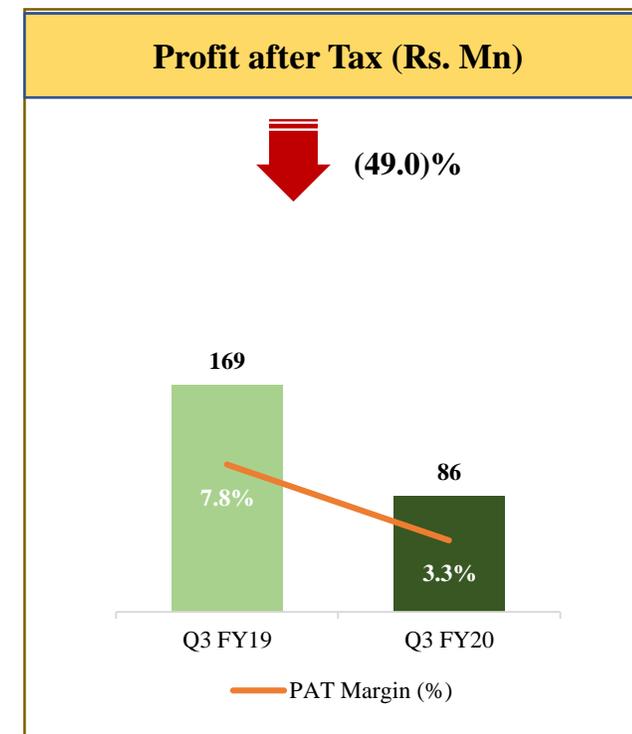
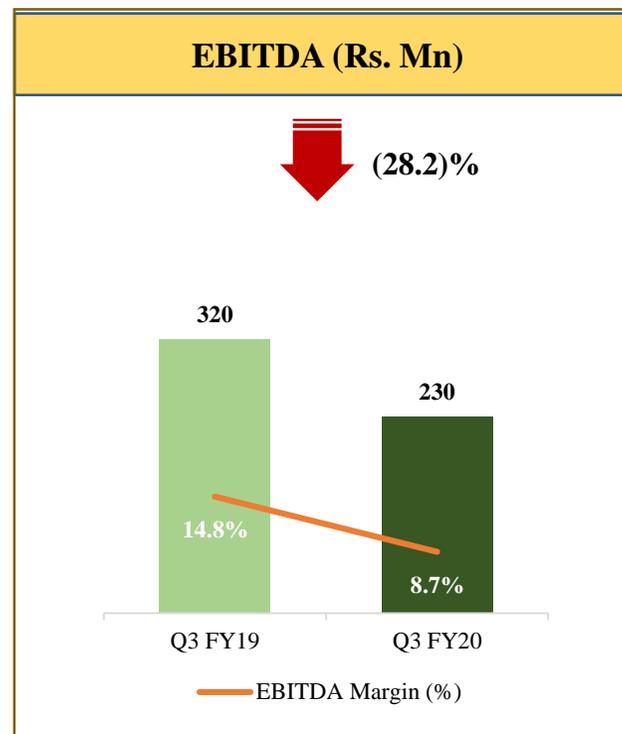
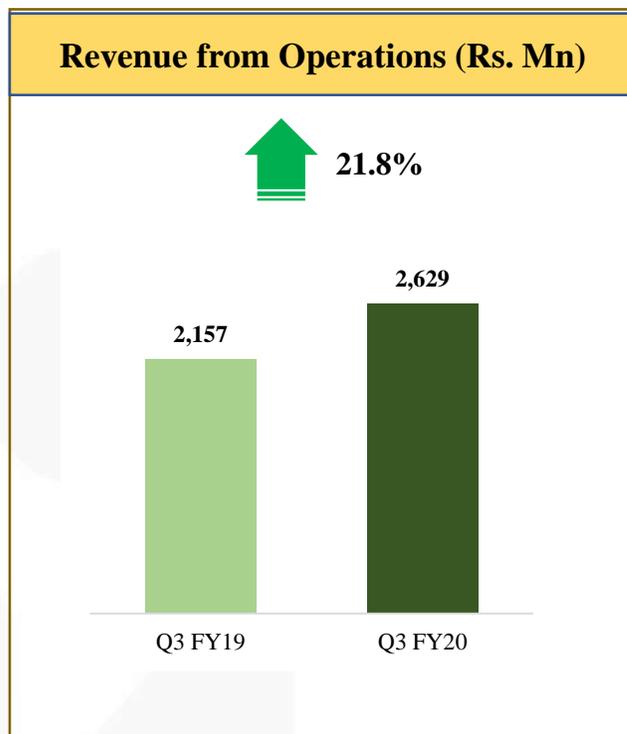
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(BSE: 532851 NSE: INSECTICID)

Q3 FY2020 Earnings Presentation

Q3 FY2020 Highlights

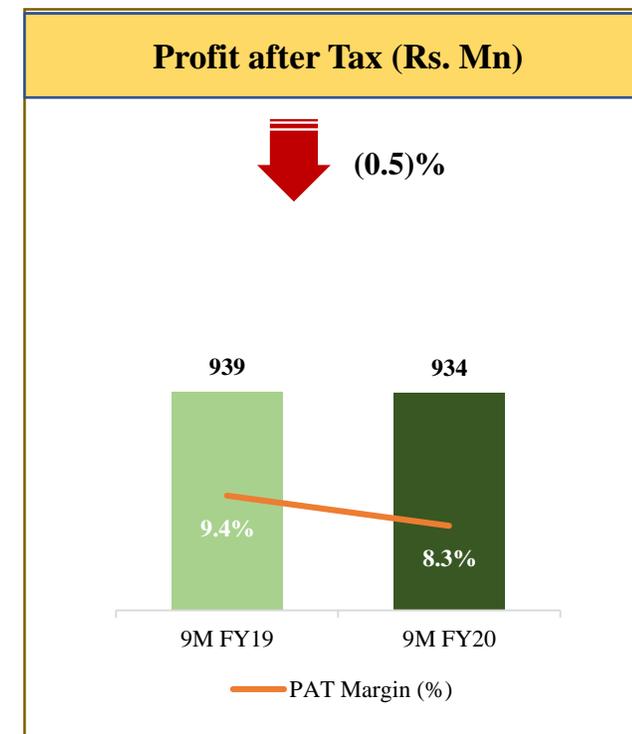
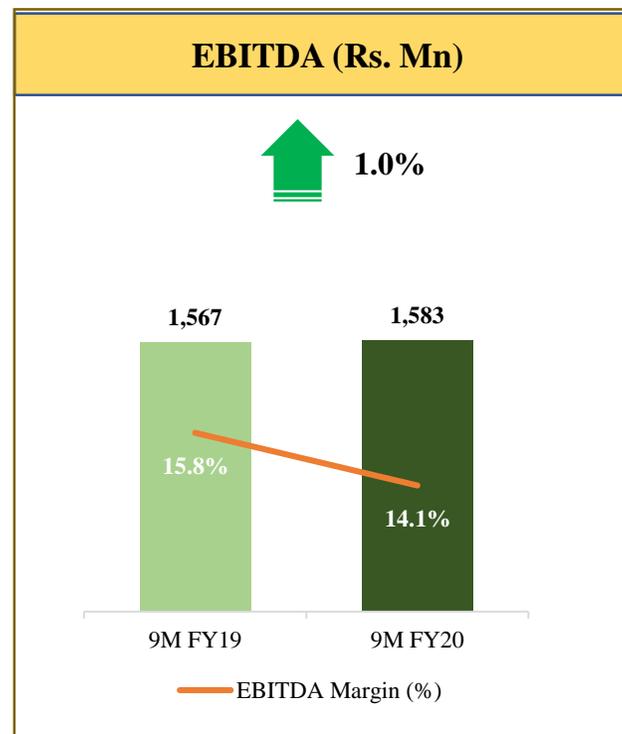
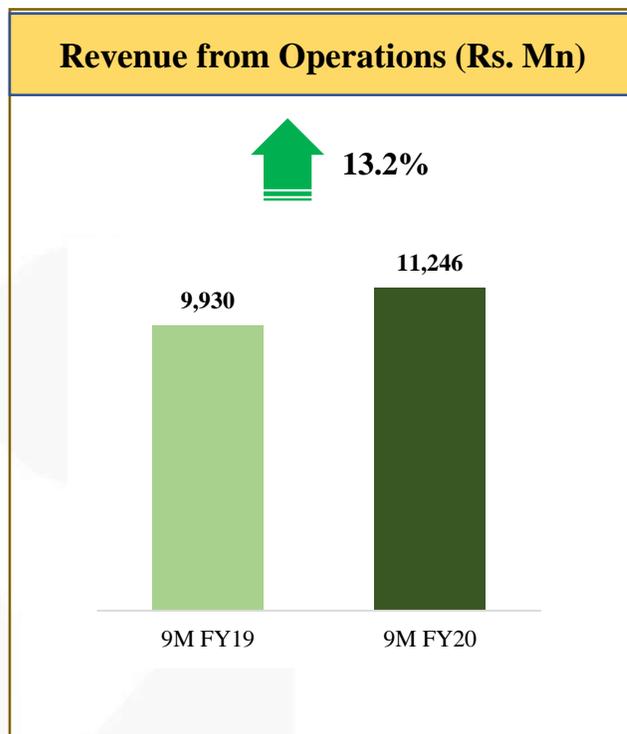


Quarterly Highlights:

- Higher contribution from Maharatna products which registered 112% growth y-o-y and total branded sales increased by 70%, contributing 75% to the total sales
- Higher realization in the Maharatna categories driven by successful recently launched products such as Hercules, Sofia, Xplode, Encounter and Hakama
- Profitability during the quarter was impacted due to fair valuation of inventory and lower margins from Institutional Sales

Note: EBITDA does not include other income

9M FY2020 Highlights



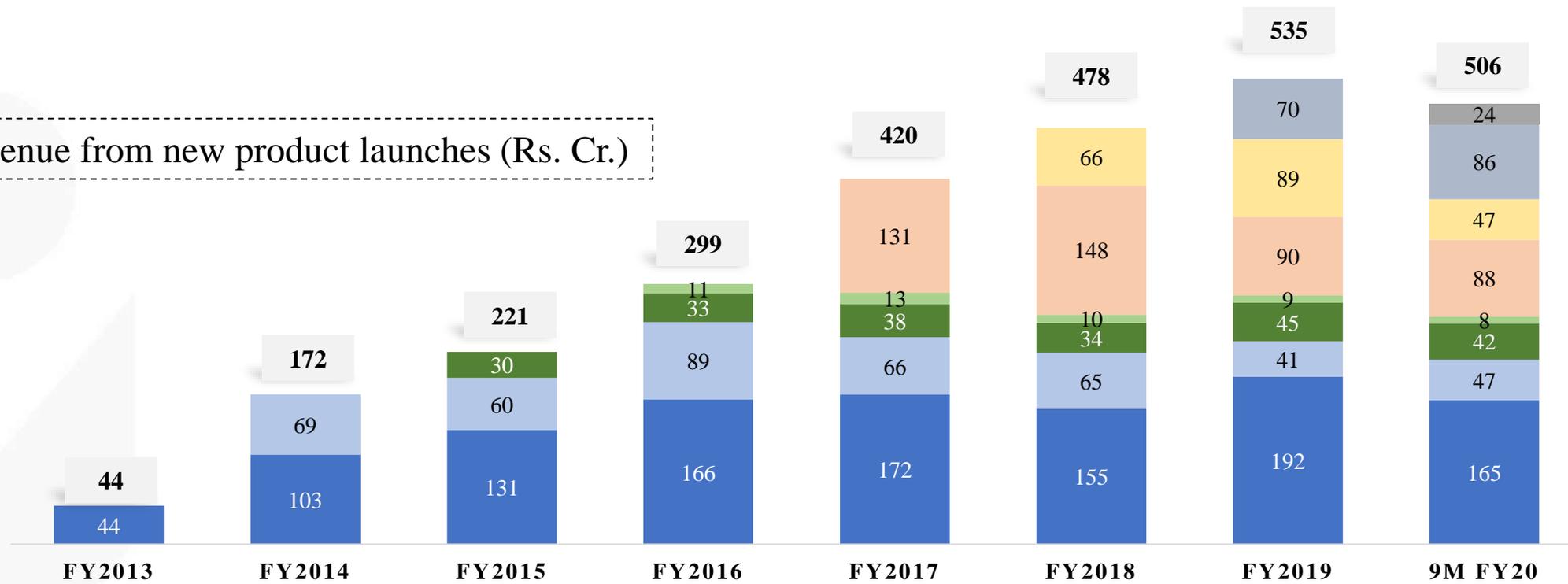
Nine Month Highlights:

- Higher contribution from Maharatna products which registered 18% growth y-o-y, %, total branded sales increased by 30%, contributing 76% to the total sales
- Overall profitability maintained despite negative fair valuation of inventory and lower margins from Institutional Sales in during Q3 FY20

Products Freshness Index

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

Gross Revenue from new product launches (Rs. Cr.)



New Products launched during the year	5	5	3	2	5	5	8	8
% of Revenue from Operations	7.1%	19.9%	22.9%	30.3%	37.9%	43.1%	44.9%	45.0%

Management Commentary



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

“Q3 FY2020 started on a positive note for agrochemicals sector as the sowing period extended to October and demand picking up during Rabi season. There were late rains in some parts of the country, where sowing has been delayed a bit, but output in general is expected to be better due to optimum moisture content in the soil.

I am pleased to report that the Company recorded revenue from operations of Rs. 263 crores in Q3 FY2020, representing a growth of 21.8% on a Y-o-Y basis. Revenue growth was primarily driven by branded sales which grew 70% on a Y-o-Y basis contributing 75% to Total Sales and was partially offset by decline in Institutional Sales and Exports. The Company delivered EBITDA of Rs. 23 crores in Q3 FY2020, a decline of 28.2% with margins of 8.7%. Net profit for the quarter was Rs. 9 crores, a decrease of 49.0% with margins of 3.3%.

The profitability for the quarter was impacted due to decline in Institutional Sales and Exports and fair valuation of inventory in this environment, further aggravated the situation. However, on a year to date basis our margins were less impacted, and we are hopeful that the profitability will improve going forward with recovery in prices is expected by end of next quarter.

Our focus on R&D initiatives have resulted in the launch of three new product in Q3 FY2020 with total eight new products launched in 9M FY2020. The new product launches contributed Rs. 20 crores to net sales and full year impact will come in next fiscal year. We currently have 12 products approved under 9(3) category. Our new product launches continue to have high acceptability in the market due to our strong value proposition and we will continue to leverage our R&D expertise to develop innovative molecules.

Management team remains fully committed to drive growth through new innovative products, improving product mix and increasing brand business sales. With a clear strategic direction, we look forward to delivering sustainable growth and enhanced profitability in the time ahead.”



Growth Strategy

R& D will results in New product launches in Maharatna Category

- Focus on in-house R&D and international partners to launch new products
- Launched 8 new products during 9M FY2020
- Expected 10 new products in full year FY2020

Exports

- Working on registration in new countries with 100+ export agreements
- Expanding in new geographies: Exporting to 20+ countries
Expand to 50+ countries and 100+ customers by the end of FY2023

Phase out Generic Products

- Phasing out the Generic Products (high volume-low margin)
- Introduction of new products in the Maharatna category and moving up the value chain

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

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

Optimum Capital Structure and Operational Efficiency

- Focus on sustainable generation of cash flows
- Capex of Rs. 1.5 bn in next 3 years in a phased manner for setting up SEZ, synthesis facilities and backward integration plant

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. 1,125 Cr
9M FY20 Sales

60,000+
Retail Outlets

100+
Formulation Products

21
Technical Products

21+
Maharatna Products

8
9M FY2020 New product launches*

10
Full Year Target of New Product launches*

1,250+
Employees

Note: *New products also include new Maharatna Products

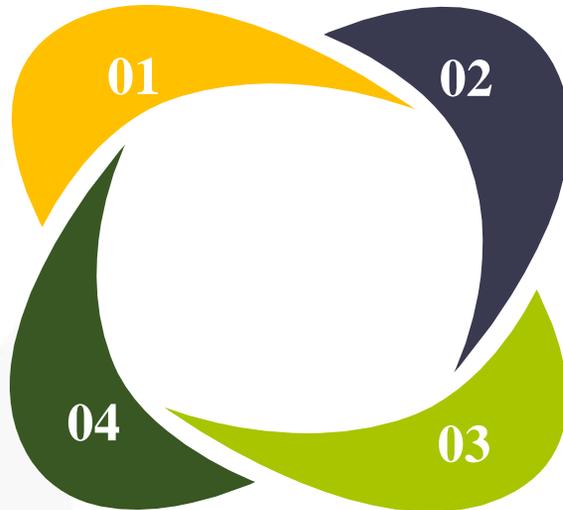
Capabilities and Geographical Presence

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

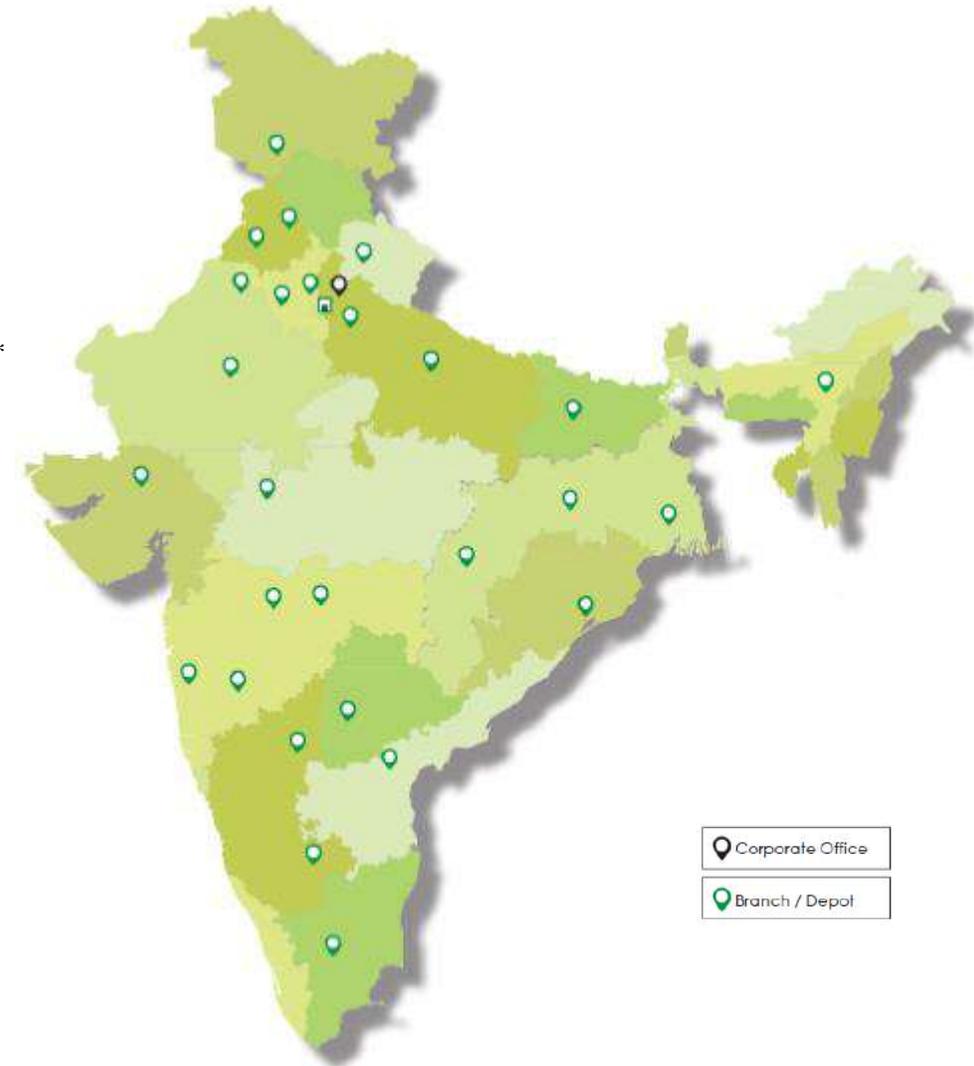


Manufacturing

- 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:

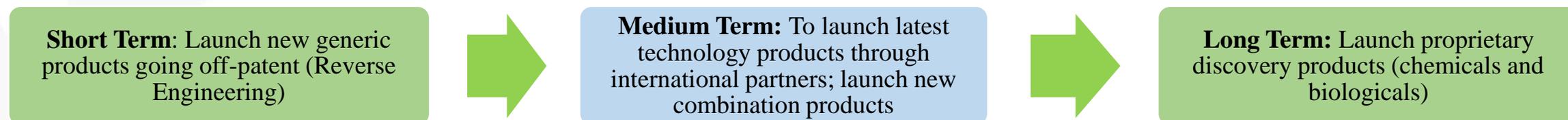
- AMVAC (USA), Momentive (USA), Nissan Chemical Corporation (Japan), Nihon Nohyaku (Japan)

8 Patents Received

21 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

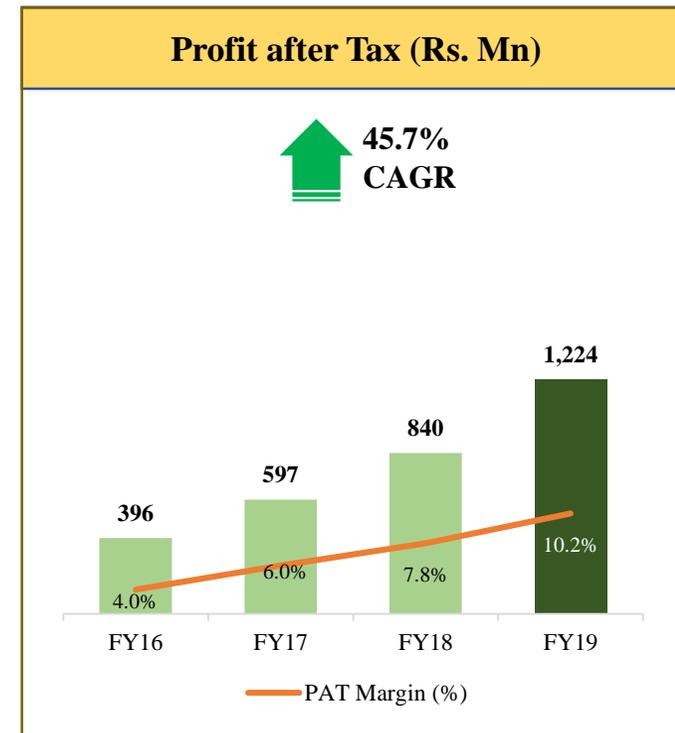
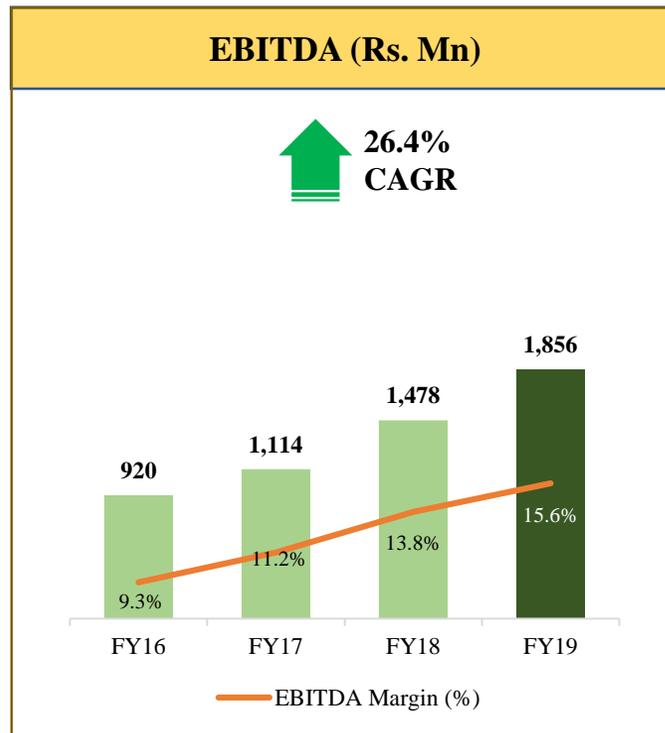
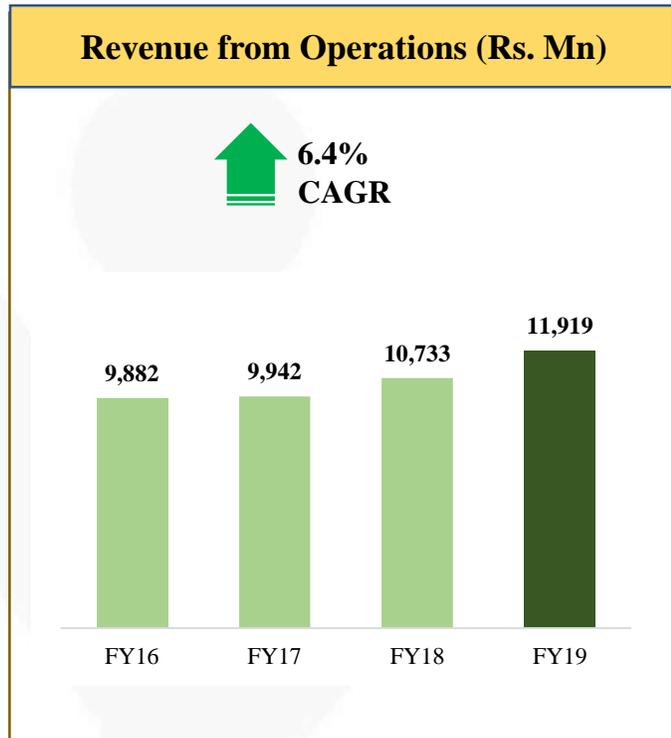


(Rs. Million)	Q3		Y-o-Y	Q2	Q-o-Q	Nine Month		Y-o-Y
	FY2020	FY2019	Growth(%)	FY2020	Growth(%)	FY2020	FY2019	Growth(%)
Operating Revenue	2,629	2,157	21.8%	5,031	(47.8)%	11,246	9,930	13.2%
Other Income	8	9	(9.1)%	18	(56.0)%	35	13	160.7%
Total Revenue	2,636	2,166	21.7%	5,049	(47.8)%	11,280	9,943	13.4%
EBITDA	230	320	(28.2)%	720	(68.1)%	1,583	1,567	1.0%
<i>EBITDA Margin (%)</i>	<i>8.7%</i>	<i>14.8%</i>		<i>14.3%</i>		<i>14.1%</i>	<i>15.8%</i>	
EBIT	177	278	(36.5)%	678	(74.0)%	1,439	1,433	0.4%
<i>EBIT Margin (%)</i>	<i>6.7%</i>	<i>12.8%</i>		<i>13.4%</i>		<i>12.8%</i>	<i>14.4%</i>	
Profit After Tax (PAT)	86	169	(49.0)%	488	(82.4)%	934	939	(0.5)%
<i>PAT Margin (%)</i>	<i>3.3%</i>	<i>7.8%</i>		<i>9.7%</i>		<i>8.3%</i>	<i>9.4%</i>	
Basic EPS	4.17	8.17	(49.0)%	23.61	(82.4)%	45.17	45.41	(0.5)%

Note: EBITDA Margins are calculated on Operating Revenue

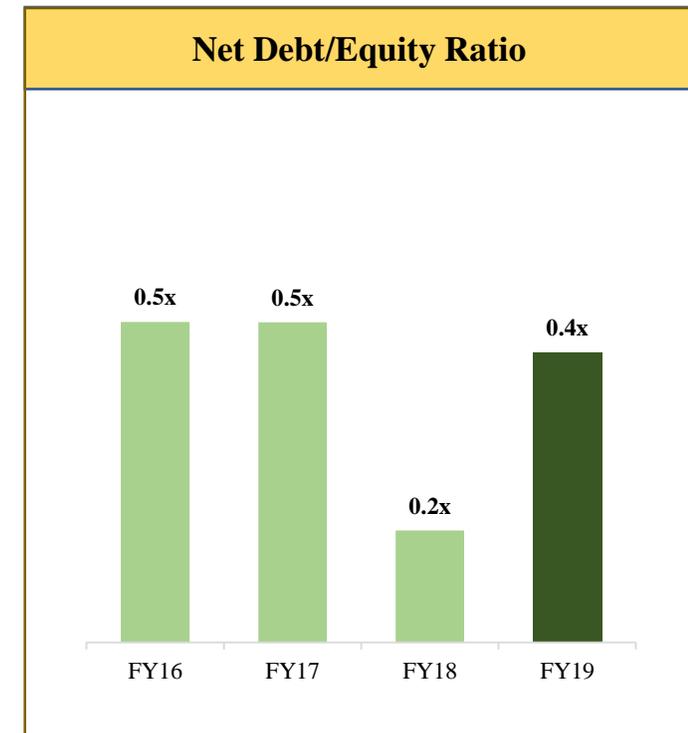
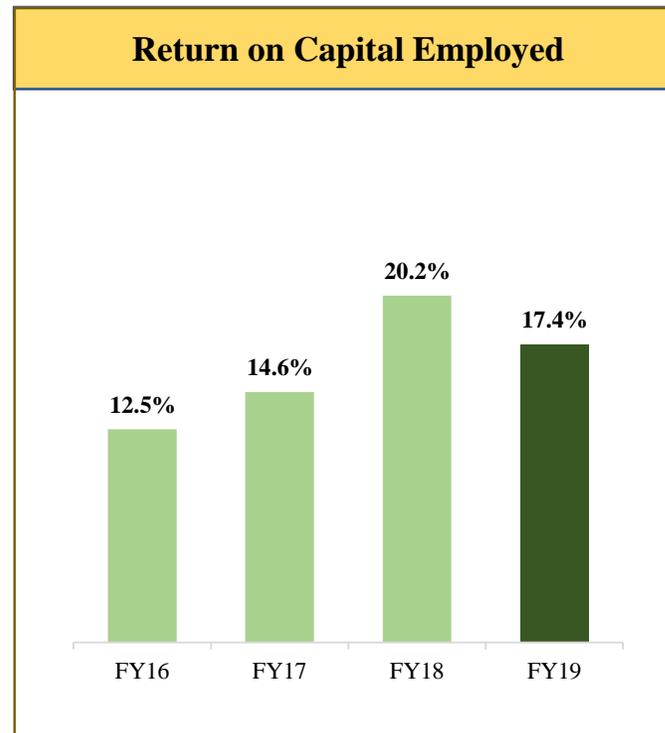
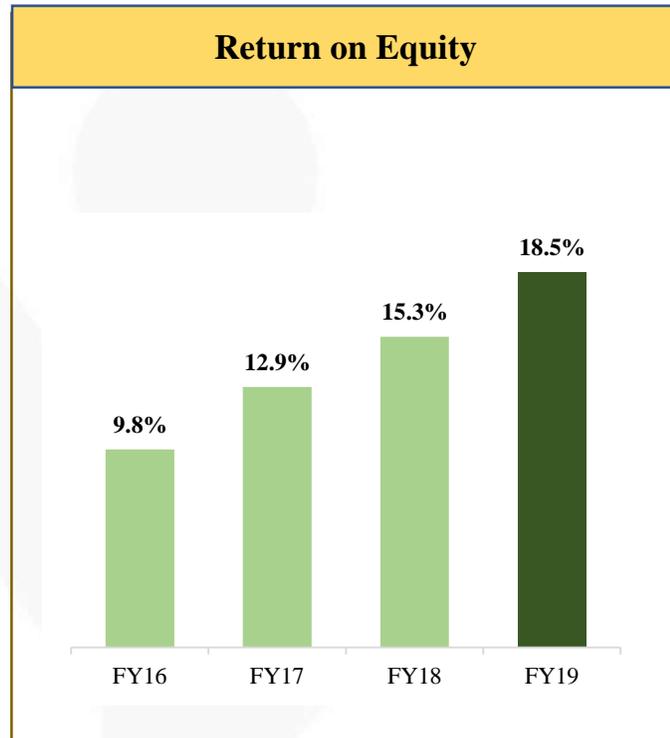
Financial Trends - Annual

Strong EBITDA and PAT growth with margin improvements every successive years

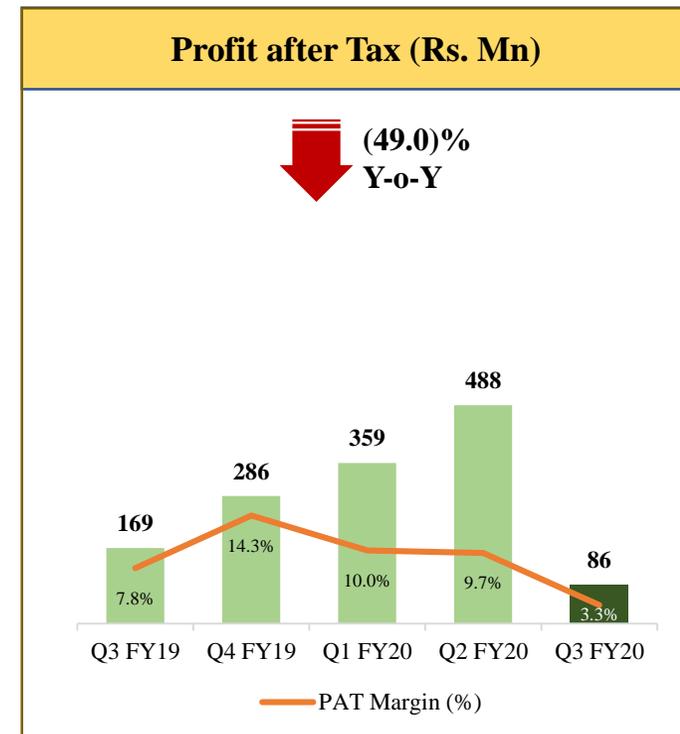
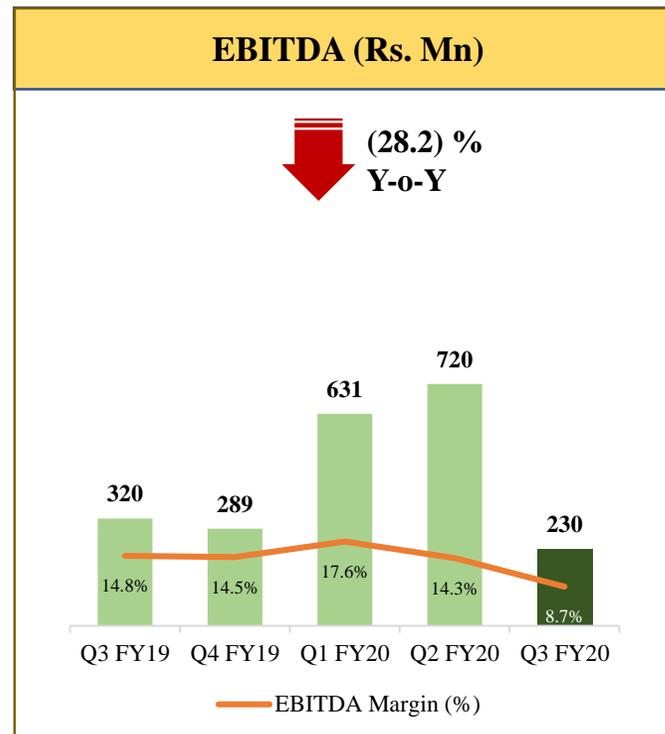
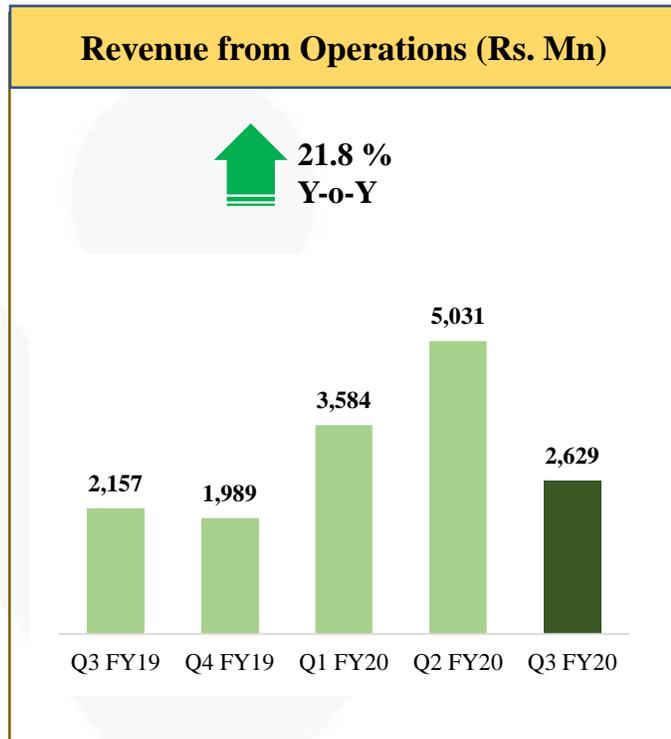


Key Ratios

Consistently improving return ratios and generating wealth for shareholders



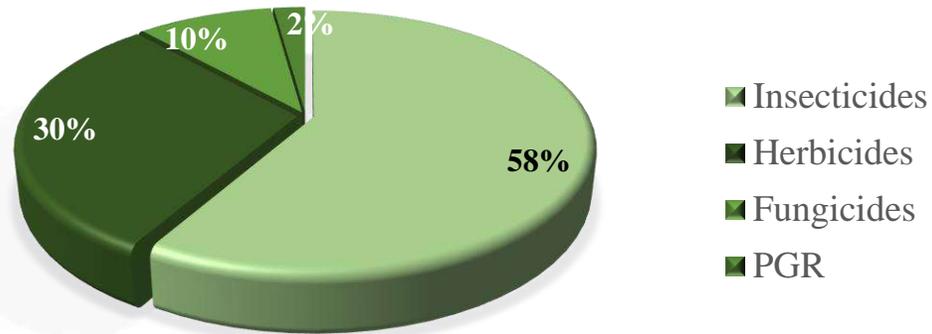
Financial Trends - Quarterly



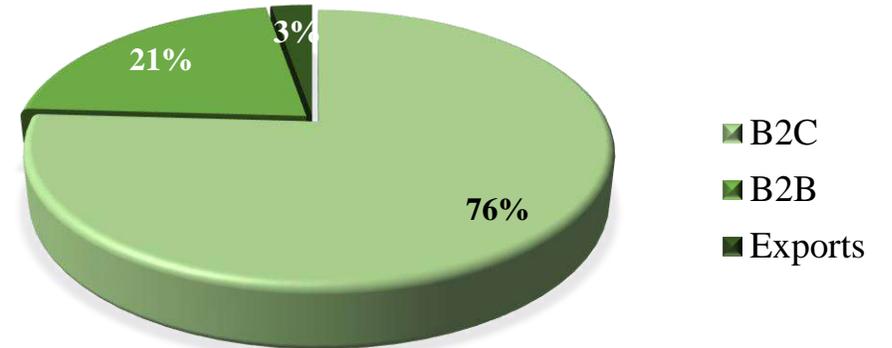
Segment Reporting – 9M FY2020



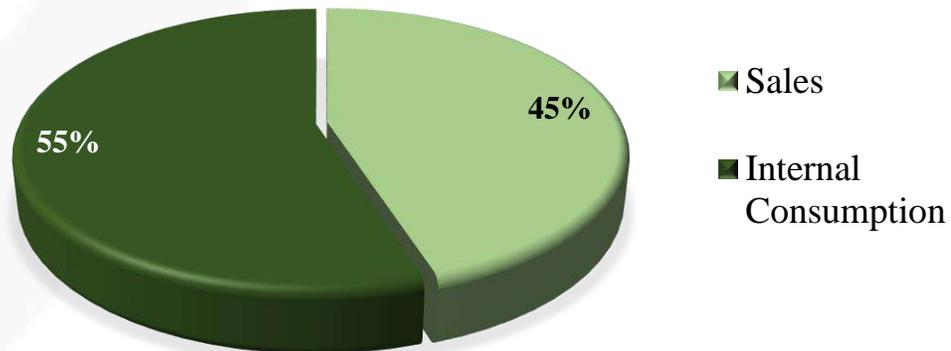
Net Sales by Product Category



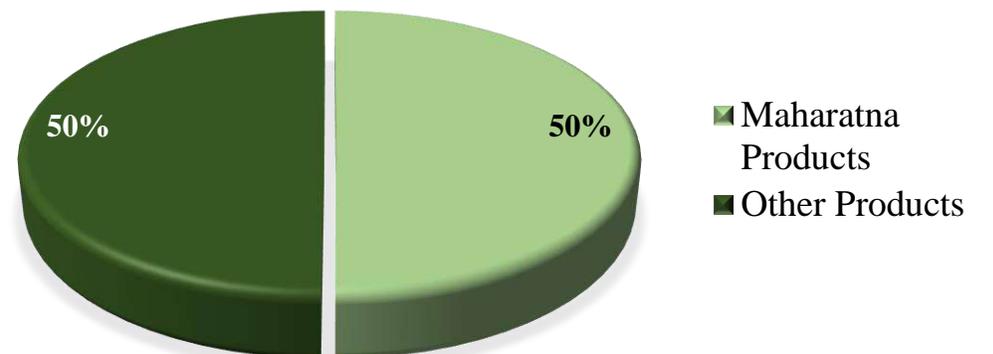
Net Sales by Segment



Net Sales vs Internal Consumption

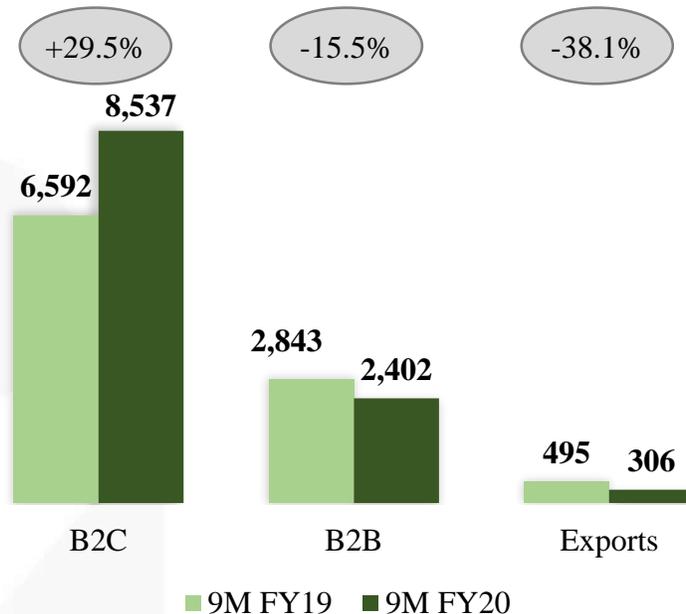


Breakdown of Top Seller Range in B2C



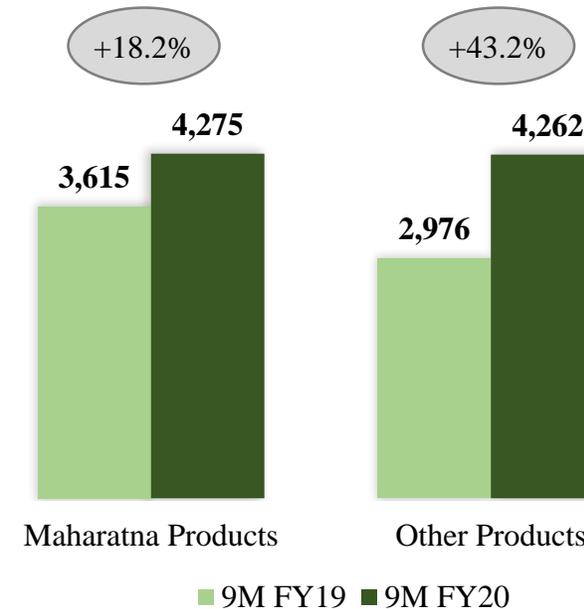
Segment Reporting – 9M FY2020

Net Sales by Segment (Rs. Mn)



- Growth in sales of B2C segment supported the revenue growth, while B2B and exports sales were down due to subdued business environment
- B2C increased from Rs. 6,592 Mn in 9M FY19 to Rs. 8,537 Mn in 9M FY20, a growth of 29.5% on Y-o-Y basis

Net Sales by Emphasized Product Category (Rs. Mn)



- Sale of Maharatna products continues its growth trajectory highlighting strong acceptance among farmers
- All product categories registered strong growth with Maharatna products sales increasing by 18.2% and other products by 43.2% on Y-o-Y basis

Recent Announcements

Insecticides (India) launches CHAPERONE of OAT Agro Japan in Dec 2019

- **Technical Name :** Sodium Para-Nitro Phenolate 0.3 % SL
- **Product Category:** Plant Growth Regulator
- Product of OAT Agrio Co. Ltd., Japan

Key Features:

- Improves the process of Photosynthesis
- Increases the water-holding capability of the plants
- Helps the plant to fight against the adverse conditions of dryness, heat, and cold
- Helps in strengthening the root system of the plants
- Increases the vegetative growth of the plant and increases the flowers and fruits



FY2020 Outlook



Opportunities

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



Quarterly Outlook

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



Monsoon

Cold weather in northern India is expected to boost yields of rabi crops increasing the country's food output, late rains in some parts of the country delaying sowing



Exports Surge

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



Public Policy

The recent announcements made by government regarding allocation for Agriculture, Irrigation & allied activities, higher agricultural credit along with several other initiatives will hopefully address the challenges faced by sector

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.

For further information, please contact:

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Q3 and 9M FY2020 Results - Press Release

Delhi, India, February 7, 2020: Insecticides India Limited (referred to as “IIL” or the “Company”), one of the premier agrochemical companies in India, today announced its financial results for the fiscal quarter and nine month ending December 31, 2019.

Performance Highlights: Q3 FY2020 vs. Q3 FY2019

- Revenue from operations of Rs. 263 Crore, growth of 21.8 %
- EBITDA of Rs. 23 Crore, decline of 28.2 %
- EBITDA margin at 8.7 % compared to 14.8 %
- PAT of Rs. 9 Crore, decline of 49.0 %, Margin of 3.3 %

Commenting on the performance, Mr. Rajesh Agarwal, Managing Director, said:

“Q3 FY2020 started on a positive note for agrochemicals sector as the sowing period extended to October and demand picking up during Rabi season. There were late rains in some parts of the country, where sowing has been delayed a bit, but output in general is expected to be better due to optimum moisture content in the soil.

I am pleased to report that the Company recorded revenue from operations of Rs. 263 crores in Q3 FY2020, representing a growth of 21.8% on a Y-o-Y basis. Revenue growth was primarily driven by branded sales which grew 70% on a Y-o-Y basis contributing 75% to Total Sales and was partially offset by decline in Institutional Sales and Exports. The Company delivered EBITDA of Rs. 23 crores in Q3 FY2020, a decline of 28.2% with margins of 8.7%. Net profit for the quarter was Rs. 9 crores, a decrease of 49.0% with margins of 3.3%.

The profitability for the quarter was impacted due to decline in Institutional Sales and Exports and fair valuation of inventory in this environment, further aggravated the situation. However, on a year to date basis our margins were less impacted, and we are hopeful that the profitability will improve going forward with recovery in prices is expected by end of next quarter.

Our focus on R&D initiatives have resulted in the launch of three new product in Q3 FY2020 with total eight new products launched in 9M FY2020. The new product launches contributed Rs. 20 crores to net sales and full year impact will come in next fiscal year. We currently have 12 products approved under 9(3) category. Our new product launches continue to have high acceptability in the market due to our strong value proposition and we will continue to leverage our R&D expertise to develop innovative molecules.

Management team remains fully committed to drive growth through new innovative products, improving product mix and increasing brand business sales. With a clear strategic direction, we look forward to delivering sustainable growth and enhanced profitability in the time ahead.”

Financials Results – Q3 and 9M FY2020

(Rs. Million)	Q3		Y-o-Y	Q2	Q-o-Q	Nine Month		Y-o-Y
	FY2020	FY2019	Growth(%)	FY2020	Growth(%)	FY2020	FY2019	Growth(%)
Operating Revenue	2,629	2,157	21.8%	5,031	(47.8)%	11,246	9,930	13.2%
Other Income	8	9	(9.1)%	18	(56.0)%	35	13	160.7%
Total Revenue	2,636	2,166	21.7%	5,049	(47.8)%	11,280	9,943	13.4%
EBITDA	230	320	(28.2)%	720	(68.1)%	1,583	1,567	1.0%
<i>EBITDA Margin (%)</i>	<i>8.7%</i>	<i>14.8%</i>		<i>14.3%</i>		<i>14.1%</i>	<i>15.8%</i>	
EBIT	177	278	(36.5)%	678	(74.0)%	1,439	1,433	0.4%
<i>EBIT Margin (%)</i>	<i>6.7%</i>	<i>12.8%</i>		<i>13.4%</i>		<i>12.8%</i>	<i>14.4%</i>	
Profit After Tax (PAT)	86	169	(49.0)%	488	(82.4)%	934	939	(0.5)%
<i>PAT Margin (%)</i>	<i>3.3%</i>	<i>7.8%</i>		<i>9.7%</i>		<i>8.3%</i>	<i>9.4%</i>	
Basic EPS	4.17	8.17	(49.0)%	23.61	(82.4)%	45.17	45.41	(0.5)%

Insecticides India operating revenue increased to Rs. 1,125 Crores from Rs. 993 Crores in 9M FY2019, a growth of 13.2% on Y-o-Y basis. EBITDA increased by 1.0% to Rs. 158 Crores from Rs. 157 Crores as compared to same period last year. PAT declined marginally by 0.5% to Rs. 93 Crores from Rs. 94 Crores in 9M FY2019.

EBITDA margins declined to 14.1% as compared to 15.8% last year, a decrease of 180 basis points. Lower margins are due to decline in institutional sales, exports and fair valuation of inventory.

Exports for the six-month period have declined to Rs. 31 Crores from Rs. 49 Crores, representing a decrease of 38% on Y-o-Y basis.

In the current quarter, company have launched three new products with total eight new products in the fiscal year, contributing Rs. 20 crores to net sales. We have a total of 12 products approved under 9(3) category.

Maharatna category products registered a growth of 18.2% y-o-y and the overall topline growth is further supported by other branded products which registered a strong growth of 43.2% offsetting de-growth in institutional sales.

About Insecticides India:

Insecticides (India) Ltd. (IIL), is a BSE and NSE listed, India's leading and one of the fast growing Agrochemicals manufacturing company. IIL has emerged as a front-line performer in India's crop care market and is all set to grow impressively.

IIL owns the prestigious Tractor Brand which is highly popular among the farmers. This umbrella brand of its agro products signifies the company's deep connection with the farming community.

IIL has state-of-the-art formulation facilities in Chopanki (Rajasthan), Samba & Udhampur (Jammu & Kashmir) and Dahej (Gujarat). IIL also has technical synthesis plants at Chopanki and Dahej to manufacture technical grade chemicals also providing competitive edge by backward integration.

IIL foundation is an initiative by IIL which works closely with Indian farmers to impart them knowledge regarding modern agricultural practices and techniques.

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Safe Harbour:

This release 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’s 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, macroeconomic, 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.