



INSECTICIDES (INDIA) LIMITED

Originally incorporated as 'Insecticides (India) Private Limited' on 18th December 1996, with registered office at 208, Anupam Bhawan, Azadpur Commercial Complex, Delhi-110033, our Company was converted into a Public Limited Company on 02nd November 2001. The Registered office was shifted from, Anupam Bhawan, Azadpur Commercial Complex, Delhi-110033 to its current address 401-402, Lusa Tower, Azadpur Commercial Complex, Azadpur, Delhi-110033 with effect from 24th October 2001.

Registered/Corporate Office: 401-402, Lusa Tower, Azadpur Commercial Complex, Azadpur, Delhi – 110033.

Tel No: (011) 27679700-04; **Fax No:** (011) 27671617; **Website:** www.insecticidesindia.com; **Email:** ipo@insecticidesindia.com

Contact Person: Mr. Pankaj Gupta, Company Secretary & Compliance Officer

PUBLIC ISSUE OF 32,10,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE, INCLUDING SHARE PREMIUM OF RS. [●] PER EQUITY SHARE AGGREGATING RS. [●] LACS BY INSECTICIDES (INDIA) LIMITED ('THE COMPANY' OR 'THE ISSUER'). THE ISSUE COMPRISES OF RESERVATION OF 32,100 EQUITY SHARES AGGREGATING RS. [●] LACS FOR PERMANENT EMPLOYEES (EMPLOYEES RESERVATION PORTION) ON A COMPETITIVE BASIS AND THE "NET ISSUE TO THE PUBLIC" OF 31,77,900 EQUITY SHARES AGGREGATING RS. [●] LACS. THE NET ISSUE TO THE PUBLIC WOULD CONSTITUTE 25.06% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

Price Band: Rs. 97 To Rs. 115 Per Equity Share of Face Value of Rs. 10 Each

The Issue Price is 9.7 times of the Face Value at the Lower End of the Price Band and 11.5 times of the Face Value at the Higher End of the Price Band

In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days after such revision, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE), whose online IPO system will be available for bidding, by issuing a press release and by indicating the change on the website of the Book Running Lead Manager ("BRLM") and the terminals of the members of the Syndicate.

This Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue to the Public will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds. Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

OUR COMPANY HAS NOT OPTED FOR IPO GRADING.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of the Equity Shares of Insecticides (India) Limited (the "Company"), there has been no formal market for the Equity Shares of the Company. The face value of shares is Rs.10/- and the Issue Price of Rs. [●]/- per share is [●] times of the face value. The Issue Price (has been determined and justified by the Book Running Lead Manager and Insecticides (India) Limited as stated herein under the paragraph titled "Basis for Issue Price") should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risk involved. The Equity Shares issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of Risk Factors beginning on Page 11 of this Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

Insecticides (India) Limited, having made all reasonable enquiries, accepts responsibility for, and confirms that this Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue; that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

BOOK RUNNING LEAD MANAGER ("BRLM")



UTI Securities Limited

(Subsidiary of Securities Trading Corporation of India Limited)
SEBI Reg. No.- INM 000007458; AMBI Registration No: AMBI/083
1st Floor, Dheeraj Arma, Anant Kanekar Marg, Station Road
Bandra (East), Mumbai – 400 051.
Tel: (022) 6751 5825; Fax: (022) 6702 3194
Website: www.utisel.com
Email: insecticides@utisel.com
Contact Person: Mr. Rajesh Ranjan / Mr. Akash Aggarwal

REGISTRAR TO THE ISSUE



Alankit Assignments Limited

Alankit House 2E/21
Jhandewalan Extension
New Delhi - 110055
Tel No: (011) 4254 1234 / 2354 1234
Fax No: (011) 4254 1967
Website: www.alankit.com
Email: insecticidesipo@alankit.com
Contact Person: Mr. Mahesh Jairath

BID / ISSUE PROGRAMME

BID / ISSUE OPENS ON: Monday May 07, 2007

BID / ISSUE CLOSING ON: Friday May 11, 2007

LISTING

The Equity Shares issued through this Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and on the National Stock Exchange of India Limited (NSE). The in-principle approval has been received from BSE and NSE for the listing of the Equity Shares vide their letter dated January 18, 2007 and February 9, 2007 respectively. For the purpose of this Issue, Bombay Stock Exchange Limited shall be the Designated Stock Exchange.

TABLE OF CONTENTS

SECTION I – DEFINITIONS AND ABBREVIATIONS	1
Definitions	1
Conventional /General Terms	1
Issue Related Terms	2
Company / Industry Related Terms	6
Abbreviations	6
SECTION II – GENERAL	9
Certain Conventions; Use of Market Data	9
Forward Looking Statements	10
SECTION III – RISK FACTORS.....	11
SECTION IV – INTRODUCTION.....	21
Summary	21
The Issue	25
Summary of Financial Information	26
General Information	28
Capital Structure	34
SECTION V – OBJECTS OF THE ISSUE	42
Objects of the Issue	42
Basic Terms of the Issue	60
Basis for Issue Price	61
Statement of Tax Benefits	65
SECTION VI – ABOUT US	74
Industry Overview	74
Our Business.....	77
Key Industry Regulations and Policies	95
Our History and Certain Corporate Matters.....	103
Our Management	105
Our Promoters and their Background	115
Currency of Presentation	117
Dividend Policy	117
SECTION VII – FINANCIAL INFORMATION	118
Auditor's Report	118
Our Subsidiary and Group Company	148
Management's Discussion and Analysis	151
SECTION VIII – LEGAL AND OTHER REGULATORY INFORMATION	162
Outstanding Litigations	162
Statutory Approvals and Licenses	173
Other Regulatory and Statutory Disclosures	183
SECTION IX – ISSUE RELATED INFORMATION	191
Terms of the Issue	191
Issue Structure	194
Issue Procedure	196
Restrictions on Foreign Ownership of Indian Securities.....	221
SECTION X – DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION	222
Main Provisions of Articles of Association	222
SECTION XI – OTHER INFORMATION	244
Material Contracts and Documents for Inspection	244
SECTION XII – DECLARATION	246

SECTION I - DEFINITIONS AND ABBREVIATIONS

DEFINITIONS	
Term	Description
“The Issuer” or “The Company” or “IL” or “Insecticides (India) Limited”	Insecticides (India) Limited, a public limited company incorporated under the Companies Act, 1956
“We” or “us” or “our”	Unless otherwise specified, these references mean Insecticides (India) Limited
CONVENTIONAL / GENERAL TERMS	
Term	Description
Act or Companies Act	The Companies Act, 1956, as amended from time to time
Articles/Articles of Association/AoA	Articles of Association of Insecticides (India) Limited
DP/Depository Participant	A depository participant as defined under the Depositories Act, 1996
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time being NSDL and CDSL
Depository Act	Depositories Act, 1996 as amended from time to time
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations framed there under
FII	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI and as required under FEMA (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 and under other applicable laws in India.
F.Y. / FY / Fiscal / Financial Year	Period of twelve months ended March 31 of that particular year unless stated otherwise in the context thereof
FIPB	Foreign Investment Promotion Board
Government/GOI	Government of India
Indian GAAP	Generally Accepted Accounting Policies in India
IT Act/Income Tax Act	The Income Tax Act, 1961, as amended from time to time
Memorandum/ Memorandum of Association/MOA	The Memorandum of Association of Insecticides (India) Limited
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Non Resident	A person who is not an NRI, an FII and is not a person resident in India

INSECTICIDES (INDIA) LIMITED

Term	Description
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time.
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended from time to time
Stock Exchanges	BSE and NSE, referred to as collectively

ISSUE RELATED TERMS

Term	Description
Allotment	Issue of Equity Shares pursuant to the Issue to the successful bidders as the context requires
Allottee	The successful bidder to whom the Equity Shares are being/have been issued
Banker(s) to this Issue/ Escrow collection bank	ABN Amro Bank, ICICI Bank Ltd., Standard Chartered Bank, The Hong Kong and Shanghai Banking Corporation Ltd., Centurion Bank of Punjab Ltd., Citibank N.A.
Bid	An indication to make an offer made during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount/Bid Price	The amount equal to highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid for this Issue
Bid/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be notified in widely circulated English national newspaper, a Hindi national newspaper (which is also the regional newspaper) in the same place where the registered office of our Company is situated
Bid/ Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in widely circulated English national newspaper, a Hindi national newspaper (which is also the regional newspaper) in the same place where the registered office of our Company is situated
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to purchase the Equity Shares of our Company and which will be considered as the application for allotment of the Equity Shares in terms of this Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus
Bidding/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids

Term	Description
Book Building Process	Guidelines on book building as explained under Chapter XI of the SEBI Guidelines
BRLM	Book Running Lead Manager to this Issue, in this case being UTI Securities Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
Cap Price	The highest end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Cut-off/Cut-off price	This refers to any price within the price band. A bid submitted at cut-off is a valid bid at all price levels within the price band
Designated Stock Exchange	Bombay Stock Exchange Limited
Designated Date	The date on which the funds are transferred from the Escrow Account of our Company to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders
Eligible Employees	Eligible Employees means permanent employees/executive (working) directors of our Company, who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid-cum-Application Form
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount
Escrow Agreement	Agreement entered into amongst our Company, the Registrar to this Issue, the Escrow Collection Bank(s), and the BRLM for collection of the Bid amounts and refunds (if any) of the amounts collected, to the Bidders
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lowest end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
Issue/Public Issue/IPO/Offer	Issue of 32,10,000 Equity shares of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share, including share premium of Rs. [●] per Equity Share aggregating Rs. [●] lacs by Insecticides (India) Limited ("IIL" or "our Company" or "the issuer"). The issue comprises of reservation of 32,100 Equity Shares aggregating Rs. [●] lacs for permanent employees on a competitive basis and the "Net Issue to Public" of 31,77,900 Equity Shares aggregating Rs. [●] lacs. The Issue would constitute 25.06% of the fully diluted Post Issue Paid up capital of our Company.

INSECTICIDES (INDIA) LIMITED

Term	Description
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Red Herring Prospectus, as determined by our Company in consultation with the BRLM, on the Pricing Date
Margin Amount	The amount paid by the Bidder at the time of submission of Bid, being 10% to 100% of the Bid Amount
Minimum Bid/allotment lot	60 Equity Shares and in multiples of 60 Equity Shares thereof
Net Issue to public	31,77,900 Equity Shares of Rs. 10/- each, aggregating Rs. [•] lacs
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 1, 00,000
Non Institutional Portion	The portion of the Issue being not less than 15% of this Net Issue i.e. 4,76,685 Equity Shares of Rs.10/- each available for allocation to Non Institutional Bidders
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% Margin Amount at the time of bidding, as applicable
Pay-in-Period	This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date
Price Band	Being the price band of a minimum price (Floor Price) of Rs. 97 and the maximum price (Cap Price) of Rs. 115 and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the BRLM finalizes the Issue Price
Promoters	Following mentioned below is the Promoter for our Company ● Mr. Rajesh Aggarwal ● Rajesh Aggarwal (HUF)
Prospectus	The Prospectus, filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the number of Equity shares being issued through this Issue and certain other information.
Public Issue Account	In accordance with section 73 of the Companies Act, 1956, an account opened with the Banker(s) to this Issue to receive monies from the Escrow account for this Issue on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FII's registered with SEBI, Scheduled Commercial banks, Mutual Funds registered with SEBI, Multilateral and Bilateral Development

Term	Description
	Financial Institutions, Indian Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with Insurance Regulatory and Development Authority (IRDA), Provident Funds with minimum corpus of Rs. 25 crores and Pension Funds with minimum corpus of Rs. 25 crores
QIB Portion	The portion of this Issue being up to 50% of the Net Issue, i.e. 15,88,950 Equity Shares of Rs. 10 each available for allocation on proportionate basis to QIB's of which 5% shall be proportionately allocated to Mutual Funds registered with SEBI
Red Herring Prospectus	Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and the size (in terms of value) of the issue
Registrar/Registrar to the issue	Alankit Assignments Limited
Retail Individual Bidders	Individual Bidders (including HUFs) who have not Bid for an amount in excess of Rs. 1,00,000/- in any of the bidding options in this Issue
Retail Portion	The portion of this Issue being not less than 35% of this Net Issue i.e. 11,12,265 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
Syndicate/Members of the Syndicate	BRLM and the Syndicate Members collectively
Syndicate Agreement	The agreement to be entered into among our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue
Syndicate Member	Intermediaries registered with SEBI and Stock Exchanges and eligible to act as underwriters. Syndicate Member is appointed by the BRLM
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as a proof of registration of the Bid on the online system of BSE/NSE
Underwriters	Members of the Syndicate who are signatories to the Underwriting agreement
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date

INSECTICIDES (INDIA) LIMITED

COMPANY / INDUSTRY RELATED TERMS

Term	Description
Auditors	The Statutory Auditors of our Company namely, M/s Mohit Parekh & Company, Chartered Accountants
Articles/ Articles of Association	The Articles of Association of Insecticides (India) Limited
Board / Board of Directors	Board of Directors of Insecticides (India) Limited unless otherwise specified
Project	The purpose of present issue of Equity Share by our Company. The details of the project are provided in the section 'Objects of the issue' on page 42 of this Red Herring Prospectus.
Registrar of Companies/ROC	Registrar of Companies, NCT of Delhi & Haryana
Registered Office	401-402, Lusa Tower, Azadpur Commercial Complex, Azadpur, Delhi – 110033.
Subsidiary Company	Advance Crop Solutions Limited
Group Company	ISEC Organics Limited

ABBREVIATIONS

Term	Description
A.Y./ AY	Assessment Year
A/c	Account
ACIT	Assistant Commissioner of Income Tax
AGM	Annual General Meeting
Amt	Amount
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
BIS	Bureau of Indian Standards
B.Sc	Bachelor of Science
BG	Bank Guarantee
BIFR	Bureau of Industrial and Financial Reconstruction
BRLM	Book Running Lead Manager
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CIB	Central Insecticides Board
CIN	Company Identification Number
CIT	Commissioner of Income Tax
CDSL	Central Depository Services (India) Limited

Term	Description
CENVAT	Central Value Added Tax
CLB	Company Law Board
CMD	Chairman-cum-Managing Director
DCA	Department of Company Affairs
DCIT	Deputy Commissioner of Income Tax
DIN	Directors Identification Number
DP	Depository Participant
EBDIT	Earning before depreciation, interest and tax
EC	Emulsifiable Concentrate
ED	Executive Director
EGM	Extra-ordinary General Meeting of our Company
EIA	Environmental Impact Assessment
EPS	Earnings Per Share
ESOS/ESPS	Employee Stock Option Scheme/ Employee Stock Purchase Scheme
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations framed there under.
FI	Financial Institution
FIIs	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI and as required under FEMA (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 and under other applicable laws in India.
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India
GOI	Government of India
HUF	Hindu Undivided Family
HSC	Higher Secondary Certification
IPO	Initial Public Offer
IPR(s)	Intellectual Property Right(s)
ISO	International Standards Organization
KVA	Kilo Volt Ampere
L/C	Letter of Credit
MBA	Master of Business Administration
MD	Managing Director
MF	Mutual Fund
MoU	Memorandum of Understanding

INSECTICIDES (INDIA) LIMITED

Term	Description
MT	Metric Tonne
N.A.	Not Applicable
NAV	Net Asset Value
NOC	No Objection Certificate
NRIs	Non Resident Indians as defined under FEMA
NRO	Non-Resident Ordinary
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
OTC	Over-the-counter
P.A./pa	Per Annum
PAN	Permanent Account Number
PAT	Profit After Tax
PBDIT	Profit Before Depreciation, Interest and Tax
PBIT	Profit Before Interest and Tax
PBT	Profit Before Tax
PE Ratio	Price earning Ratio
PR	Public Relations
QIB	Qualified Institutional Buyers
R&D	Research and Development
RBI	Reserve Bank of India
RIICO	Rajasthan State Industrial Development & Investment Corporation Limited
RONW	Return on Net Worth
Rs.	Indian Rupees
SEBI	The Securities and Exchange Board of India
SIA	Secretariat for Industrial Assistance
SIDCO	State Industrial Development Corporation
SSI	Small Scale Industry
US/ USA/ America	The United States of America
USD or \$ or US\$	United States Dollar
UTI	UTI Securities Limited
WDG	Wetable Dispersable Granules
WDP	Wetable Dispersable Powder
WTD	Whole Time Director
w.e.f	With Effect From

SECTION II - GENERAL

CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Red Herring Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Insecticides (India) Limited”, unless the context otherwise indicates or implies, refers to Insecticides (India) Limited. In this Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac/Lakh” means “one hundred thousand”, the word “million (million)” means “ten lac/lakh”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”. In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off. Throughout this Red Herring Prospectus, all figures have been expressed in lacs.

Unless indicated otherwise, the financial data in this Red Herring Prospectus is derived from our restated unconsolidated financial statements prepared in accordance with Indian GAAP and included in this Red Herring Prospectus. Unless indicated otherwise, the operational data in this Red Herring Prospectus is presented on an unconsolidated basis and refers to the operations of our Company. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practice and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions used in this Red Herring Prospectus, see the section Definitions and Abbreviations on page 1 of this Red Herring Prospectus. In the section entitled “Main Provisions of Articles of Association”, defined terms have the meaning given to such terms in the Articles of Association of our Company.

Market Data

Unless stated otherwise, market data used throughout this Red Herring Prospectus was obtained from internal Company reports, data, websites and industry publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although, we believe market data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.

FORWARD LOOKING STATEMENTS

This Red Herring Prospectus contains certain forward-looking statements. These forward-looking statements generally can be identified by words or phrases like “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward looking statements”. Similarly, the statements that describe our objectives, plans or goals are also forward-looking statements.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the pesticides industry in India and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and our overseas markets which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ, see “Risk Factors” beginning on page 11 of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the BRLM, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

SECTION III - RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, profitability and financial condition could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

MATERIALITY

The Risk Factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

- Some events may not be material individually but may be found material collectively.
- Some events may have material impact qualitatively instead of quantitatively.
- Some events may not be material at present but may be having immaterial impact in future.

The risk factors are as envisaged by the management along with the proposals to address the risk if any.

Note: Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any risks mentioned herein under:

PROJECT RELATED RISK

1. We have not obtained any third party appraisals for our Project.

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. Our estimation are based on quotation received from vendors and hence are subject to change at the time of placing final orders.

2. We have not entered into any definitive agreements with the suppliers to utilize the net proceeds of the Issue.

We intend to use the net proceeds of the Issue for the purposes described in the section titled “Objects of the Issue” on page 42. The Project Cost is estimated at Rs. 3610.67 Lacs, of which we have placed orders to the extent of Rs. 448.99 Lacs as detailed below.

(Rs. in Lacs)

Particulars	Phase	Amount to be spent	Orders placed	Orders yet to be placed	% value of orders yet to be placed
Formulation Plant in the State of Jammu & Kashmir	I	358.82	263.31	95.51	26.62%
	II	668.85	0	668.85	100.00%
	Sub total	1027.67	263.31	764.36	74.38%
Plant for manufacturing technicals at Bhiwadi, Rajasthan	I	667.55	185.68	481.87	72.18%
	II	1448.81	0	1448.81	100.00%
	Sub total	2116.36	185.68	1930.68	91.23%
Research and development facility at Bhiwadi, Rajasthan	I	119.28	0	119.28	100.00%
	II	347.36	0	347.36	100.00%
	Sub total	466.64	0	466.64	100.00%
	Total	3610.67	448.99	3161.68	87.56%

INSECTICIDES (INDIA) LIMITED

The total cost of the plant & machinery is estimated at Rs. 1887.95 Lacs, of which we have placed orders to the extent of Rs. 106.22 Lacs and are yet to place orders for Rs. 1781.73 Lacs representing approximately 94.37% of plant and machinery cost. For plant and machinery for which orders has not been placed, our Company has already received quotations from the proposed/short-listed suppliers and the orders shall be placed in due course of time as per implementation schedule. The commissioning of the projects for phase II is by June, 2007. To the extent the orders have not been placed, the project cost may change at the time of placing the final orders.

3. ***We do not have definitive agreement with SIDCO and RIICO for lease of land required for second phase of expansion***

Second phase of our expansion includes expansion of capacity and diversification project. For completion of second phase we intend to lease a land area of 1.5 acres in Bhiwadi, Rajasthan and 3 acres in the state of Jammu and Kashmir. We intend to have lands in industrial area in these places. We have already made application to SIDCO for allotment of land at Jammu and we are in process of making application to RIICO for allotment of land in Bhiwadi, Rajasthan. In case we are not able to get the land of desired size in time our expansion in second phase could be impacted till we are able to make alternative arrangement.

COMPANY RELATED RISK

1. ***There are legal proceedings and inquiries pending against us that if determined against us, may have a material adverse effect on our business.***

There are certain claims pending against us, which are discussed under the section titled "Outstanding Litigations" beginning on page 162. Some of these actions against us may result in financial settlements and penalties that may affect our earnings. A summary of the pending cases and disputes instituted against our Company and by our Company has been set out hereunder:

Litigations/Defaults	Total no. Of Cases	Total financial implications (where quantifiable) (Rs. in Lakhs)
Cases Involving our Company		
<i>Cases Against our Company</i>		
Criminal (Under Insecticides Act)	5	NA
<i>Notices issued against our Company</i>		
Income Tax	1	NA
Under Insecticides Act	6	NA
<i>Cases filed by our Company</i>		
Excise	1	40.06
Criminal	13	32.64
Consumer	1	0.11

There are no cases against our Promoters/Directors/group company/subsidiary company.

2. *Our failure to obtain and renew regulatory approvals required for our business may be detrimental for our business.*

Pesticides industry is highly regulated industry in India. For details of various approvals, Licences required by our company please refer to sub- section titled “Approvals/Registration for which renewal has been Applied” under section titled “Statutory Approvals and Licences” beginning on page 173 of this Red Herring Prospectus. Most of our licences and approvals for manufacturing pesticides products are valid for certain period and requires regular renewals. These renewals are required in ordinary course of business and are subject to our compliances with various conditions stipulated in those approval/ Licences. In case we are unable to get our licences and approval renewed in time our production may be hampered, which can affect our results of operations and financials.

3. *Our sales are to a large extent dependent on the overall area under cultivation and the cropping pattern adopted by the farming community in India*

Our sales for the FY 2006 was Rs. 13048.64 of which we derived about 50% of sales from pesticides used on paddy, about 20% from pesticides used on cotton and about 7% from pesticides used on wheat. Thus our Company derives majority of sales from major pesticides consuming crop like Paddy, Cotton, Wheat etc. Any significant reduction(10% or more) in the area under cultivation in these crops may significantly reduce the demand for our products. Also the demand of our products is dependent on the cropping pattern which may vary year on year for these major crops. Any significant changes in the cultivable area and the cropping pattern in India of these crops may impact our sales and profitability.

4. *Our inability to meet the quality norms prescribed by the Government.*

Quality of Pesticides products manufactured in India is open to independent verification by Government agencies. Government agencies carry out surprise sample checking of our product for their contents. In case, the content in the sample does not comply with the quality norms prescribed by the Government, it could lead to issuance of show cause notices. For details of pending show cause notices issued to our company under Insecticides Act, please refer to sub section “show cause notices issued against our company” in section titled “outstanding litigation” on page no 162 of this Red Herring Prospectus. Any failure on quality control by our Company could lead to suspension of sales of those batches and /or product in that particular state or our products being banned for sales. In past our Company has not faced any suspension/ ban on sale of any product. However the same cannot be guaranteed for future. Any such event are likely to impact our business.

5. *Our ability to introduce new products is dependent on getting the approval for manufacturing and/ or selling under Insecticides Act.*

As per Section 9 of the Insecticides Act, any person desiring to import or manufacture any insecticides may apply to registration committee (Central Insecticides Board and Registration Committee) for registration of such insecticides and there shall be separate registration for each insecticide. Our Company has duly obtained the registration under the Insecticides Act, 1968, for manufacturing 161 pesticides at both its Chopanki Unit at Rajasthan and Samba unit at Jammu. Currently there are no pending application for any insecticides. For details of approval our Company has for manufacturing various products, please refer to sub section “approval for manufacturing various products” on page 177 of this red herring prospectus. Our ability to introduce new products either developed in house or imported from elsewhere is subject to getting these registrations. Over a long period of time pests develop immunity to the pesticides used. Hence inability to launch new products to overcome such immunity will affect our business.

INSECTICIDES (INDIA) LIMITED

6. *Non effectiveness of our products in the long term.*

From empirical tests and data, it is well documented that over a period of time pests develop immunity to the pesticides which are used constantly. Hence over a period of time the pests may develop immunity for our products. We may be required to change the chemical formula of our products and/or develop new products, which may not be as effective against the pests, which may adversely affect our business operations and our reputation.

7. *Risk in relation of indiscriminate uses of pesticides manufactured by us.*

All our product are packed with instructions about the optimum dosage and usage method. However any wrong usage of our pesticide by any farmer could damage his crop, which could raise questions on our product quality and tarnish our brand Image. Till date there is one case of damage of crop. For details please refer to sub section titled "Litigation Filed by our Company" in section titled "outstanding litigation" on page no 162 of this Red Herring Prospectus. Any regular occurrence of these incidents could impact our sales and hence our profitability.

8. *Risk in relation to usage of hazardous chemical and poisonous substances in our production*

We are exposed to risk of usage of hazardous chemicals and poisonous substances in production. Any mishandling of hazardous chemical and poisonous substances could lead to fatal accidents, which may affect our business operations. In order to prevent such mishandling our Company has established various measures including training of workers, no entry to production area without safety devices, prominent display of safety measures and precaution measures in production area etc. Effluent water treatment plant has been installed and recycled water is used in gardens inside the factory. Fresh air induction systems have been installed to create a better production environment. Our Company's dedication to preserve the environment and various steps taken by Us as per international norms, has enabled Us to achieve ISO 14001:2004 certification issued by United Registrar of System Limited.

9. *If we fail to comply with environmental laws and regulations or face environmental Litigation, our results of operation may be adversely affected.*

Environmental laws and regulations in India are becoming stringent and it is possible that they will become significantly more stringent in the future. If, as a result of non-compliance with any environmental regulations, any heavy penalty is imposed on us or any of our units or the operations of such units are shut down, we will continue to incur costs in complying with these regulations, appealing against any decision to close our facilities, maintaining production at our existing facilities and continuing to pay labour and other costs which continue, even if the facility is closed. As a result, our overall operating expenses will increase and our profits will decrease.

10. *Some of the benefits, which are presently available to us may not be available to us in future.*

One of our manufacturing unit is located at Samba in the state of Jammu & Kashmir. This unit is entitled to get various subsidies and incentives like refund of additional Excise duty, Income tax Benefits, etc. For details of these benefits available to our Company please refer to section titled "Key Industry Regulations and Policies" on page 95 of this Red Herring Prospectus. These benefits will be gradually reduced and eventually withdrawn after FY 2015. In case there are some adverse changes in the Government policies of Jammu & Kashmir in relation to these exemptions, our profitability may be affected.

11. *We face competition from other established companies and future entrants into the industry.*

We operate in the domestic market where we face competition from Multinational companies and Indian domestic players. Some of the listed Multinational companies from which our Company faces competition include Rallis India, Monsanto India, Bayer Crop Sciences, Syngenta India etc. Growing competition may

force us to reduce the prices of our products, which may reduce revenues and margins and/or decrease market share, either of which could impact our results of operations.

12. *Failure to adequately protect our intellectual property rights may adversely affect our revenues.*

Registration, under relevant intellectual property laws, of some of our brands, through which we carry on our business, are pending details of which are given under the section titled “Intellectual Property” beginning on page 90 of this Red Herring Prospectus. Also, some of brands in which we carry our business are in the name of our Promoter Rajesh Aggarwal. An application, dated 03rd September 2003, was filed by Mr. Rajesh Aggarwal before the Registrar of Trade Marks, Mumbai, for the correction of the name of the Applicant, to be Insecticides India Limited instead of Mr. Rajesh Aggarwal. While we do not envisage any difficulty in obtaining these registrations, in the event such registration is not obtained by us on the ground that there are prior users of the said brands, failure to use those brands in the future as a result of such occurrence may affect our revenues. Further we have also applied for process patent for preparing Acetamprid and Imidacloprid. For details please refer to sub section titled “Details of patents applied for registration” on page 93 of this Red Herring Prospectus. In case we are not awarded patent for process patent for preparing Acetamprid and Imidacloprid our business may be impacted.

13. *We have certain contingent liabilities, which have not been provided for.*

As on 31st December 2006 following are our contingent liabilities not provided for.

(Rs. in Lacs)

Particulars	Amount
Bank Guarantee	112.10
Disputed Excise/ Tax Liabilities	75.66
LC issued by the bankers (Net of Margin Money)	150.47
Total	338.23

In the event any of these contingent liabilities gets crystallized, our financial condition may be adversely affected. For further information please see section titled “Financial Information” on page 118 of this Red Herring Prospectus.

14. *The insurance policies obtained by us may not be adequate to protect us against all potential losses, which we may be subject to in future.*

Our Company has covered itself against majority of the risks. Our significant insurance policies consist of coverage for risks relating to physical loss or damage as well as business interruption loss. In addition, we have obtained separate insurance coverage for personnel related risks and motor vehicle risks. While we believe that the insurance cover we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time.

15. *Our future growth requires additional working capital, which may not be available on terms acceptable to us, which may impact our profitability.*

Our business is working capital intensive. We intend to pursue a strategy of funding our major working capital requirements from banks and other financial institutions. We may not be successful in obtaining these funds in a timely manner, or on favorable terms or at all. We cannot assure you that our future working capital requirements shall be funded at the current/lower cost. Our inability to get funds on acceptable term could impact our growth and profitability.

INSECTICIDES (INDIA) LIMITED

16. *Our indebtedness and the conditions and restrictions imposed by our financing agreements could restrict our ability to conduct our business and operations*

As on December 31, 2006, we have availed an aggregate of Rs 1463.39 lacs as secured loans from our bankers. Most of our loans are secured by way of mortgage of fixed assets and hypothecation of current assets both present and future. In case we are not able to pay our dues in time, the same could adversely impact our operations. In addition to the above our financing arrangements also include conditions and covenants that require us to obtain consents of our lenders prior to carrying out certain activities and entering into certain transactions like effect any change in the capital structure, undertake any new project/ expansion/ modernization scheme or make any capital expenditure other than those estimated or projected, enter into borrowing arrangement either on secured or unsecured basis with any other bank/ FI/ borrower or otherwise etc. For details of restrictive covenants of our loan, please refer to sub section titled "Restrictive covenants of the loans agreements" on page no 93 of this Red Herring Prospectus. Failure to obtain such consents in time can have significant consequences on our capacity to expand and therefore adversely affect our business and operations

17. *Our Company has issued shares in last six month whose Issue price could be lesser than the issue price to be determined by the Book Building Process.*

Our Company has issued 1,69,700 Equity Shares of Rs. 10 each at a premium of Rs. 90 per Equity Shares i.e at a issue price of Rs. 100 per Equity Share on November 15, 2006 to our Group company Isec Organics Limited. The issue price of these Equity Shares, may be lower than the price to be determined by the book Building process

18. *Our group company has incurred losses in the last 3 financial years*

Our group company "Isec Organics Limited" has incurred losses in last 3 years. The following table put forth the details

(Rs. in lacs)

Group Company	For Nine month period ended December 2006	FY 2006	FY 2005	FY 2004
Isec Organics Limited	1.65	(0.91)	0.11	0.097

For details, please refer to sectioned titled "Our Subsidiary and Group Company" on page 148 of this Red Herring Prospectus.

19. *Risks of retention of manpower*

Our sustained growth depends on our ability to attract and retain skilled manpower as research and development is a key component of our business model. Failure to attract and retain skilled manpower could adversely affect our growth strategy. Any significant changes in the key managerial personnel, may affect the performance of our Company.

20. *We had negative cash flow from operating and investing activities of our company during past 5 financial years. Any negative cash flows in the future could have an adverse effect on our results of operations.*

There has been a negative cash flow from operations of the company for the years ended 31st March 2006, 31st March 2004, 31st March 2003 and 31st March 2002. The negative cash flows are on account of increased levels of current assets. Further there have been negative cash flows from investing activities for last five years. This has been on account of purchase of fixed assets. For details, please refer to Annexure - 6 in sections titled "Financial Information" on page 118 of this Red Herring Prospectus

21. *Our Company has unsecured loans which are payable on demand, which could impact our cash flow and our results of operation*

The unsecured loans of our Company are payable on demand and also includes several entities related to the promoters / directors of the company. The unsecured loans outstanding as on December 31, 2006 is Rs. 120.29 Lacs out of which amount outstanding with related party is Rs.106.98 lacs. For details, please refer to Annexure 12 in sections titled "Financial Information" on page 118 of this Red Herring Prospectus

External Risk factors

1) *Certain factors beyond the control of our Company like floods, droughts, monsoons, etc. can adversely affect operations of our Company.*

Natural calamities like floods and droughts directly affect the cropping pattern in India, where agriculture is dependent on monsoon. To that extent our sales are dependent on the monsoon. Our sales and profitability may be affected due to excessive rains or droughts, when the farmers do not undertake cropping.

2) *Considering seasonality of our business, our sales may be low during periods other than seasonal.*

Seasonal cycles are typical in the pesticide industry. During monsoon season demand for pesticides increases due to which profits during such period may be higher than what they are during non-monsoon season.

3) *Terrorist attacks involving India, can adversely affect our business.*

Terrorist attacks and other acts of violence or war, including those involving India, or any other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition.

4) *Any significant change in the Government's economic liberalization and deregulation policies could disrupt the business and adversely affect the financial performance of our Company.*

Any significant change in the Government's policies or any political instability in India could adversely affect the business and economic conditions in India and could also adversely affect the business, future financial performance and the price of our Company's Equity Shares.

5) *The price of our Equity Shares may be volatile.*

The Equity Shares of our Company are currently not listed. The price of our Equity Shares on the Indian Stock Exchanges may fluctuate after listing as a result of several factors including -

- Volatility in Indian and global securities market;
- Our results of operations and performance;
- Performance of our competitors and perception in the Indian market about investment in the Pesticides Industry;
- Adverse media reports, if any, on our Company or the Pesticide Industry;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant development in India's economic liberalization and de-regulation policies; and
- Significant development in India's fiscal and environmental regulations.

There can also be no assurance that the price at which our equity shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue.

INSECTICIDES (INDIA) LIMITED

6) *The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.*

The Issue Price of our Equity Shares will be determined by the Book Building Process. This price will be based on numerous factors (discussed in the section titled 'Basis for Issue Price' beginning from page 61 of this Red Herring Prospectus) and may not be indicative of the market price for our Equity Shares after the Issue

The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure the investors that they will be able to resell their Equity Shares at or above the Issue Price. Among the factors that could affect our share price are:

- Quarterly and other variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;
- General market conditions; and

Domestic and international economic, legal and regulatory factors unrelated to our performance

7) *Certain factors beyond the control of our Company like civil unrest, droughts, floods, earthquakes, war etc. or any other acts of violence involving India and other countries can adversely affect our Company and financial markets, where the Equity Shares of our Company will be traded*

Certain events are beyond our control such as the tsunami or seismically generated sea waves capable of considerable destruction and terrorist attacks. The other acts of violence or war including civil unrest, military activity and hostilities among countries may adversely affect worldwide financial markets and could lead to economic recession. Any such event could adversely affect our financial performance or the market price of the equity shares.

8) *Our Company's outstanding debt, exposure it to interest rate fluctuations. Changes in interest rates could significantly affect our results of operations.*

Changes in interest rates could significantly affect our financial condition and results of operations. Most of our borrowings are at floating rates of interest. If the interest rate for our existing or future borrowings increases significantly, our cost of servicing such debt will increase. This may adversely impact our results of operations, planned capital expenditures and cash flows.

Notes to Risk Factors:

1. Pre-Issue Net worth of our Company as per the financial accounts of our company for the period ending on December 31 2006 is Rs. 4078.74 lacs.
2. Size of the Present Issue – Issue of 32,10,000 Equity Shares of Rs. 10/- each issued at a premium of Rs. [●] for cash, aggregating Rs. [●] lacs. The face value of the Equity Shares is Rs. 10/- and the issue price is [●] times the face value. The issue would constitute 25.31% of the fully diluted post issue paid up capital of our Company.
3. The average cost of acquisition of Equity Shares of the promoters is given below

Sr. No	Name of our Promoters	Cost Per Equity Share (Rs.)
1.	Mr. Rajesh Aggarwal	1.77
2.	Rajesh Aggarwal (HUF)	1.73

4. Book value of the Equity Shares of our Company as on December 31, 2006 is Rs. 43.06 per equity share.
5. Our Company has issued 15,50,500 Equity Shares of Rs. 10/- each as bonus shares by capitalization of free reserves during the year on November 21, 2005, for details please refer to note no. 14 of Notes to Capital Structure on page 34.
6. Trading in equity shares of our Company for all the Investors shall be in Dematerialised form only.
7. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in consultation with the Designated Stock Exchange.
8. Investors may contact the BRLM or the Compliance officer for any compliant/clarification/information pertaining to the issue. For contact details of the BRLM please refer to the front cover page.
9. All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
10. There are no contingent liabilities as on December 31, 2006, except as mentioned in Annexure 17 of the Auditor's report on page 118 of this Red Herring Prospectus.
11. Investors are advised to refer to the paragraph 'Basis for issue price' on page 61 before making an investment in this Issue.
12. Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation. Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form and also update their demographic details with their respective depository participant.
13. For details of liens and hypothecation on the properties and assets of our Company please see Annexure 11 of the 'Financial Information' on page 118 of this Red Herring Prospectus.
14. For details of related party transactions, please refer to the Annexure 18 of the Financial Statements on page 142 of this Red Herring Prospectus.
15. Other than as disclosed in the 'Related Party Information' in this Red Herring Prospectus, the Promoters / Directors / Key Management Personnel of our Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits.
16. No part of the Issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or Group Company.
17. This Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
18. The details regarding transactions in our Equity Shares during the past six months undertaken/financed directly or indirectly by our promoter, his relatives and associates and our directors are mentioned under notes to the capital structure beginning on page 42 of this Red Herring Prospectus.

INSECTICIDES (INDIA) LIMITED

19. Our Company has changed its name from Insecticides (India) Private Limited' on 02nd November 2001 to Insecticides (India) Limited by a fresh certificate of incorporation of even date. A fresh certificate of incorporation dated 02nd November 2001 was issued to us upon conversion into a public limited company.

20. We issued the following shares in the last six months prior to the date of filing of the Red Herring Prospectus:

Sr. No	Shareholders	Number of Equity Shares	Issue price per Equity Share	Date of Issue of Equity Share
1)	Isec Organics Limited	1,69,700	100	November 15, 2006

21. Our Company and the BRLM will update the Offer Document in accordance with the Companies Act and the SEBI DIP Guidelines and our Company and the BRLM will keep the public informed of any material changes relating to our Company till the listing of our shares on the stock exchanges.

SECTION IV - INTRODUCTION

SUMMARY

You should read the following summary together with the risk factors and the more detailed information about us and our financial data included in this Red Herring Prospectus.

Note: Unless otherwise indicated, all financial and statistical data relating to the industry in the following discussion is derived from internal Company reports & data, industry publication and estimates. This data has been reclassified in certain respects for purposes of presentation. For more information, see “Forward Looking Statements and Market Data” on page no. 10 in this DRHP.

Summary of Our Industry

Pesticides are the special category of toxic agro-chemicals used to control pests, insects rodents, fungus, herbs etc. The following categories of pesticides are produced and used in the country:-

- (i) Insecticides
- (ii) Fungicides
- (iii) Herbicides
- (iv) Rodenticides
- (v) Weedicides
- (vi) Fumigants
- (vii) Nematocides
- (viii) Plant Growth Regulators

Pesticides are manufactured first as technical grade chemicals having higher commercial purity. These are not used as such and the successful use to control harmful insects, mites, micro-organisms and weeds depends to a large degree on their formulation and the conditions under which the chemical compound is brought into contact with the pests, vectors, diseases, stored product pests and the unwanted plants. Technical grade pesticides are used in various types of formulations suitable for application.

In India presence of more than 40,000 different types of insects has been recorded and of these about 1000 have been listed as potential pests of economic plants, 500 pests have caused serious damage at some time or the other and 70 have been causing damage more often. Therefore, pesticides have been recognized in India as essential in increasing agricultural production by preventing crop losses before and after harvesting. Insecticides also play an important role in combating insect borne diseases.

The size of world market of pesticides is estimated to be around US\$ 26000- 27000 Million. The world market for pesticides has been more or less constant. The Indian pesticides market is estimated to be about Rs. 3500 Cr to 4000 Cr.

Our Business:

We are in the business of manufacturing and distribution of formulations of plant protection chemicals and house hold pesticides. Till FY 2006, we had been concentrating on the agrochemicals and in the last financial year we have introduced house hold pesticides. Our product range includes more than 80 types of insecticides, fungicides, weedicides, herbicides and plant growth regulator for all types of crops and also house hold pesticides. We cater mostly to domestic market. Our largest selling brands are Lethal, Victor, Thimet, Indan 4g and Kaiser.

Our manufacturing units are located at Chopanki (Rajasthan) and Samba (Jammu) with a total manufacturing capacity of 60 lacs litres of Emulsifiable Concentrate (EC), 2900 MT of Wettable Dispersable Powder (WDP) and 10500 MT of granules per annum.

INSECTICIDES (INDIA) LIMITED

Our income for the years FY 2004, FY2005, FY2006 and for nine month period ended December 31st, 2006 was Rs. 7628.14 lacs, Rs.11134.81 lacs, Rs. 13778.90 lacs and Rs 16816.22 lacs respectively. Our Profit for the years FY 2004, FY2005, FY2006 and for nine month period ended December 31st, 2006 was Rs.39.03 lacs, Rs. 661.24 lacs, Rs. 1025.98 lacs and Rs. 1547.79 lacs. Our Profit Margins for the years FY 2004, FY2005, FY2006 and for nine month period ended December 31st, 2006 was 0.51%, 5.94%, 7.45% and 9.20% respectively.

Our Strengths:

Distribution Strengths:

Our distribution network consists of distributors and dealers through out the country except North Eastern States. We have more than 3000 distributors who help us in selling our products to end users through the chain of more than 40000 dealers. We hold regular farmers meets at different places to educate and disseminate new methods of the plant protection with the help of our techno commercial marketing sales staff, dealers and distributors. With the help our distribution network & marketing team, we keep ourselves updated about the occurrence of a particular pest. Based on this information and our experience, we reschedule our production and distribution. We have established 24 depots spread through out country (except North eastern states) wherein we maintain adequate stocks to make our products available at short notices. This strategy helps us in selling our products effectively.

Our Product Range:

We have more than 80 products in our product portfolio which consists of different kind of insecticides, fungicides, weedicides, herbicides, plant growth regulators and house hold products. We manufacture various formulations comprising of liquids, granules and powder formulations. Our products are available in various sizes of packaging catering to the needs of small, marginal and large farmers. Our product range covers most of the crops and majority of plant infections. We provide end to end plant protection solutions to farmers through our distributors. Our product range helps us in attracting large distributors of agrochemicals to become our distributor.

Our Brand:

We have registered more than 70 brands. Our largest selling brands are Lethal, Victor, Thimet, Indan 4g and Kaiser. Out of these leading brands Victor, Indan 4g and Kaiser have been introduced by us and the brand Lethal was acquired by us in 2003 from Montari Industries Limited. We have entered into Technical and marketing MoU with AMVAC Chemical Corporation USA under which we are permitted to manufacture and market our product under the brand name "Thimet". We carry out brand awareness exercises with the help of advertisement both in the print and electronic media. Our product quality and brand awareness helps us in getting repeat purchases by end users.

Our Team and Management :

Our Chairman Mr. H. C. Aggarwal, who has more than 30 years of experience in this Industry, has been instrumental in guiding the board in formulation of strategy and planning. Our managing director Mr. Rajesh Aggarwal with more than 10 years experience in this industry has overall control over day to day activities of our Company and has been able to motivate our key managerial personnel to create a team of dedicated techno commercial marketing staff, dealers and distributors.

Our Production Facilities

Our Company has set up production units at Chopanki, Rajasthan and Samba, J&K for production of a wide range of pesticides. We have 5 fully automated granule sections, 4 automatic lines of WDP's, 2 fully automatic and 12 semi automatic liquid lines, 14 chemical resistant reactors for insecticides, herbicides etc. We have laid out a Quality Assurance plan for all products and practices Quality Control checks, testing and inspection at all stages. In recognition of the quality system, established by our Company in the corporate office and the plant at Chopanki and Samba in respect of manufacturing, formulation and marketing of agrochemicals, we have obtained ISO 9001:2000 certificate no. 14642 dated June 27, 2005 valid upto 30th June 2008 issued by United Registrar of System Limited. ISO 9000 is a set of rules that companies follow to assure that they have the systems needed to meet their customers' needs. It involves writing procedures, following them, and getting the same audited by an accredited registrar who after satisfying himself (by examining the systems) will certify that the required standards are being followed and will then grant certification.

Preserving Environment

Our Company has established various measures for preservation of an eco-friendly production environment. Effluent water treatment plant has been installed and recycled water is used in gardens inside the factory. Fresh air induction systems have been installed to create a better production environment. Our Company's dedication to preserve environment and various steps taken by it as per international norms, has enabled it to achieve ISO 14001:2004 certification (certificate no. 124840 A dated June 12th 2006 valid upto December 31st 2007) issued by United Registrar of System Limited. ISO 14001 is an emerging standard entitled "Environmental Management Systems - Specification". A central element of the ISO 14001 standard is the "Environmental Policy" defined by an organization's top management. A system is then defined that ensures that the environmental policy is carried out by the organization. This involves planning, implementation and operations, checking and corrective action, and management review.

Packaging

We have synchronized our production planning with the end user demand. We sell our product in different SKUs (Stock keeping units) from pouches to bottles to drums. Thus we cater to the needs of the all our customers from small, marginal to big farmers. We have obtained a registration for the design and shape of packaging of our product victor.

Our Research & Development:

We are taking steps towards capitalizing on the revolution in crop protection, which is an integral part of holistic crop management. Our Company has established an R&D centre recognized by Department of Scientific & Industrial Research, Ministry of Science and technology. Our R&D Center has augmented its infrastructure with sophisticated instruments like HPLC, GLC, AAS, UV and Infrared Spectrophotometer that are used for standardization of manufacturing processes. Our focus areas for R&D are identifying and manufacturing high value added, developing complex new molecules for introduction in generic market. We also focus on development of eco friendly formulations like Soluble Concentrates (SCs), Emulsion in Water (EWs), Wettable Dispersible Granules (WDGs) etc. We are also engaged in synthesis of new molecules which are more environmental friendly. Through our R&D we have developed two processes for which the patent applications have been filed with Government of India, Patent Office Branch as on 24th March 2005 and 16th February 2005, respectively.

Our Strategy

Increasing our product range and market :

Currently, we have more than 80 products catering to different markets and needs. Currently most of our revenue is derived from plant protection chemicals. We intend to improve our market share in house hold pesticides. We also intend to increase our product range by introducing new generation and environmentally safe products. We derive most of our revenue from the domestic market. Break up of our sales between export and domestic market is as follows:

FY Ending	Domestic Sales		Export Sales		Total Sales (Rs. in Lacs)
	Amount (Rs.in Lacs.)	% of Total Sales	Amount (Rs. in Lacs)	% of Total Sales	
March 2004	7494.83	100.00	Nil	0.00	7494.83
March 2005	10631.09	99.82	19.59	0.18	10650.68
March 2006	13333.90	99.92	10.81	0.08	13344.71
December 2006	16816.22	100.00	Nil	0.00	16816.22

We intend to reduce our dependence on the rural market by exploring the urban market through the house hold pesticides. We also intend to explore the possibility of exporting some of our products including Technicals which are concentrated chemicals.

To go for backward integration

Technical (concentrated chemicals) is the most important raw material for us. We currently source the Technicals from various suppliers across India and also import a small quantity. Timely sourcing of Technicals is a challenge for us. We intend to reduce our dependence on the other suppliers of Technicals by producing the Technicals ourselves. We have

INSECTICIDES (INDIA) LIMITED

developed various processes in our R&D center to produce Technicals and we wish to commercialize these processes. We also intend to acquire necessary equipment and technology for adding new Technicals which are concentrated chemicals.

Increasing the manufacturing capacity

Our Company has kept on increasing the capacity of various products manufactured. Our capacity for FY 2003 was 30 lac litres of EC, 1500 MT of WDP, 4500 MT of Granules which we increased to 60 lac litres of EC, 2900 MT of WDP, 10500 MT of Granules by end of FY 2006. We intend to keep on adding the capacity to meet the requirement of demand of the various products and take benefit of various government policy.

Brand and brand promotion.

We have purchased Tractor, Lethal and various other brands from Montari Industries Limited in the year 2003. We intend to keep on purchasing the generic brand whenever there is an opportunity. We also intend to create brand for the new generation products developed by innovation. We have been advertising in both print and electronic media and maintained brand the recall of our brand through farmers meet and by participating in the various farmers fair. We intend to keep on promoting our key brands in future.

Entering into strategic alliance

We have entered into Technical and marketing agreement with American Vanguard Corporation, USA under which we are permitted to manufacture and market our product in the brand name Thimet. We intend to keep on entering into such alliances which in the view of our Management is beneficial to share holders, in future whenever possible.

THE ISSUE

Equity Shares offered:

Fresh Issue by our Company	32,10,000 Equity Shares
Issue Price	Rs. [●] per Equity Share

Less: Reservation for Employees On competitive Basis *

32,100 Equity Shares

Net Issue to the Public

31,77,900 Equity Shares

Of which:

(A) Qualified Institutional Buyers portion (QIBs)	15,88,950 Equity Shares (Allocation on a proportionate basis)
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Of the above 15,88,950 Equity Shares, 79,448 shall be available for allocation to Mutual Funds

The balance 15,09,502 Equity Shares shall be available to all QIBs, including Mutual Funds

(B) Non-Institutional Portion	4,76,685 Equity Shares (Allocation on a proportionate basis)
(C) Retail Portion	11,12,265 Equity Shares (Allocation on a proportionate basis)

Note: Under-subscription, if any, in any of the categories would be allowed to be met with spillover from the other categories, at the sole discretion of our Company and the BRLM.

Equity Shares outstanding prior to the Issue	94,72,700 Equity Shares of face value of Rs.10/- each
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Equity Shares outstanding after the Issue	1,26,82,700 Equity Shares of face value of Rs.10/- each
--	---

Use of Issue proceeds	Please see section titled "Objects of the Issue" on page no. 42 of this Red Herring Prospectus for additional information.
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* Means Permanent Employees of our Company, who are Indian Nationals, based in India and are physically present in India on the date of submission of the Bid- cum-Application Form.

However, our Promoter Mr. Rajesh Aggarwal, who is also our Managing Director is not eligible to bid through the Employee Reservation Portion.

INSECTICIDES (INDIA) LIMITED

SUMMARY OF FINANCIAL INFORMATION

The following summary financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report of our statutory auditor's, M/s. Mohit Parekh & Company, Chartered Accountants dated February 22, 2007 in the section titled "Financial Information". You should read this financial data in conjunction with our financial statements for each of Fiscal 2002, 2003, 2004, 2005, 2006, and Nine months period ended December 31, 2006 including the Notes thereto and the Reports thereon, which appears under the paragraph on "Financial Information" on page 117 of this Red Herring Prospectus, and "Management's Discussion and Analysis" on page 151 of this Red Herring Prospectus.

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in Lacs)

Particulars	As at					
	Dec. 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002
A Fixed Assets						
Gross Block	903.63	858.45	747.80	452.80	373.60	177.32
Less: Depreciation	144.09	108.26	72.22	40.91	17.82	1.84
Net Block	759.54	750.19	675.58	411.89	355.78	175.48
Capital Work in Progress	228.14	12.77	0.04	65.46	—	7.38
Total Fixed Assets (A)	987.68	762.96	675.63	477.35	355.78	182.86
B Investments (B)	9.94	—	—	0.22	0.22	—
C Current Assets, Loans and advances						
Inventories	3198.26	2679.99	1988.55	1174.41	1230.86	124.98
Sundry Debtors	5743.94	2047.57	1187.99	872.17	481.37	48.45
Cash and bank balance	320.30	169.37	119.29	114.18	66.78	11.18
Loans and Advances	1156.84	834.11	554.53	446.05	222.62	247.17
Total (C)	10419.34	5731.04	3850.36	2606.81	2001.64	431.78
D Liabilities and provisions						
Secured Loans	1463.39	893.24	440.23	537.92	377.97	43.38
Unsecured Loans	120.29	245.29	62.78	64.86	144.56	57.13
Current Liabilities & Provision	5686.54	2763.48	2491.12	1664.04	1317.54	227.60
Deferred Tax Liability	68.00	61.50	56.90	33.60	20.48	6.77
Total (D)	7338.22	3963.50	3051.03	2300.42	1860.55	334.87
E Net Worth (A+B+C-D)	4078.74	2530.49	1474.96	783.96	497.08	279.77
F Represented By:-						
1 Equity Share Capital	947.27	930.30	775.25	745.25	470.00	200.00
2 Share application money	0.00	170.20	0.50	2.05	27.50	86.30
3 Reserves and Surplus	2979.77	1431.98	702.47	41.23	2.21	—
4 Share Premium A/C	152.73	—	—	—	—	—
5 Miscellaneous						
Expenditure	1.03	1.99	3.26	4.57	2.63	0.94
6 Debit balance of Profit & Loss A/C	—	—	—	—	—	5.59
Net Worth (1+2+3-4)	4078.74	2530.49	1474.96	783.96	497.08	279.77

SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rs in Lacs)

Particulars	For the period ended					
	Dec. 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002
	9 Months	12 Months	12 Months	12 Months	12 Months	12 Months
INCOME						
Sales						
Of Products Manufactured by the Company	16476.91	13048.64	10462.14	7138.79	4029.81	—
Of products Traded by the Company	28.35	296.07	188.54	356.04	119.03	234.54
Net Sales	16505.26	13344.71	10650.68	7494.83	4148.84	234.54
Other Income	14.45	9.20	15.54	4.74	6.78	5.40
Increase/(Decrease) in stocks	296.51	424.99	468.59	128.57	729.63	97.73
Total	16816.22	13778.90	11134.81	7628.14	4885.24	337.66
EXPENDITURE						
Material Consumed	8316.12	6705.58	5611.42	4165.86	2845.72	61.48
Cost of traded goods Purchased	34.22	230.70	158.11	326.07	66.88	221.31
Manufacturing Expenses	3218.57	2532.99	2345.52	1866.35	1012.45	8.72
Administrative, Selling & Distribution Expenses	3300.77	2946.38	2134.51	1104.09	853.69	39.61
Other Expenses	52.44	50.97	11.93	5.88	0.66	0.19
Total	14922.12	12466.62	10261.48	7468.26	4779.39	331.30
Profit before Interest, Depreciation, Tax and Extraordinary items	1894.10	1312.28	873.33	159.88	105.85	6.37
Less: Depreciation	35.82	43.27	34.58	23.09	15.98	1.84
Profit before Interest, Tax and Extraordinary items	1858.28	1269.01	838.75	136.79	89.87	4.53
Less: Interest & Finance Charges	80.19	127.01	96.12	80.64	61.70	3.10
Net Profit Before Tax and Extraordinary items	1778.09	1142.00	742.63	56.15	28.17	1.43
Less:						
Current Tax	200.00	97.00	58.00	4.25	2.25	0.11
Deferred Tax	6.50	4.60	23.30	13.12	13.71	6.77
Provision for FBT	15.00	11.00	—	—	—	—
Income Tax for earlier years	8.80	3.43	0.09	(0.25)	—	—
Net Profit before Extraordinary items	1547.79	1025.98	661.24	39.03	12.21	(5.45)
Less:						
Loss due to fire (Stocks)	—	—	—	—	1.12	—
Loss due to fire (Capital Goods)	—	—	—	—	3.29	—
Net Profit after tax and Extraordinary items as Restated	1547.79	1025.98	661.24	39.03	7.80	(5.45)
Add: Balance brought forward from previous years as restated	1381.08	702.47	41.23	2.21	(5.59)	(0.14)
Amount available for Appropriation	2928.87	1728.45	702.47	41.23	2.21	(5.59)
Appropriations:						
Bonus shares issued during the year	—	155.05	—	—	—	—
Transfer to General reserve	—	50.90	—	—	—	—
Dividend including Corporate Dividend Tax	—	141.42	—	—	—	—
Balance Carried to Balance Sheet, as restated	2928.87	1381.08	702.47	41.23	2.21	(5.59)

INSECTICIDES (INDIA) LIMITED

GENERAL INFORMATION



Insecticides (India) Limited Registered/Corporate Office:

401-402, Lusa Tower, Azadpur Commercial Complex,
Azadpur, Delhi – 110033 Tel No: (011) 27679700-04; Fax No: (011) 27671617

Plants

1. E-443-444, Industrial Area Chopanki, Distt. Alwar (Rajasthan) Telefax: (01493) 516602
 2. Chemical Zone, Industrial Growth Centre, SIDCO, Samba, 184121 (J & K) Telefax: (01923) 243023
- Website: www.insecticidesindia.com; Email: ipo@insecticidesindia.com
Contact Person: Mr. Pankaj Gupta, Company Secretary & Compliance Officer
Company Registration No: 55-083909

Our Company is registered with the Registrar of Companies, NCT of Delhi & Haryana at: B-Block,
Paryavaran Bhavan, CGO Complex, Lodi Road, New Delhi-110003.

Our Board of Directors

Name of Director	Designation
Mr. Rajesh Aggarwal	Managing Director
Mr. H C Aggarwal	Non Executive Director
Mr. Sanjeev Bansal	Executive Director
Mr. Rajender Pershad Gupta	Independent Director
Mr. Tej Lal Bharti	Independent Director
Mr. Gaurav Barathi	Independent Director

For detailed profile of our Directors, please refer to the section titled 'Our Management' on page 105 of this Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Pankaj Gupta

Insecticides (India) Limited

401-402, Lusa Tower, Azadpur Commercial Complex,
Azadpur, Delhi – 110033.
Tel No: (011) 27679700
Fax No: (011) 27671617
Website: www.insecticidesindia.com;
Email: ipo@insecticidesindia.com

Registrar to the Issue

Alankit Assignments Limited

Alankit House 2E/21, Jhandewalan Extension
New Delhi - 110055
Tel No: (011) 4254 1234 / 2354 1234
Fax No: (011) 4254 1967
Website: www.alankit.com
Email: insecticidesipo@alankit.com
Contact Person: Mr. Mahesh Jairath

Book Running Lead Manager**UTI Securities Limited**

(Subsidiary of Securities Trading Corporation of India Limited)

SEBI Reg. No. INM 000007458

AMBI Registration No: AMBI/083

1st Floor, Dheeraj Arma,

Anant Kanekar Marg, Station Road,

Bandra (East), Mumbai – 400 051.

Tel No: (022) 6751 5825

Fax No: (022) 6702 3194

Website: www.utisel.com

Email: insecticides@utisel.com

Contact Person: Mr. Rajesh Ranjan/ Mr. Akash Aggarwal

Investors can contact the Compliance Officer or the Registrar or Book Running Lead Manager in case of any pre-issue or post-issue related problems, such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary accounts or refund orders, if any, etc

Statutory Auditor to our Company**M/s. Mohit Parekh & Co.**

Chartered Accountants

572, Gandhi Cloth Market,

2nd Floor, Chandni Chowk,

New Delhi - 110006

Tel No: (011) 23918093

Fax No: (011) 23911496

Email: mm_ap_c@yahoo.co.in

Contact person: Mr. Mohit A Parekh

Legal Advisor to the Issue**Corporate Professionals**

7/9, Sarvpriya Vihar,

New Delhi - 110016

Tel : (011) 26966100

Fax : (011) 26967100

Email: info@indiacp.com

Contact person: Ms. Deepika Vijay

Bankers to our Company**Punjab National Bank**

K- Block , Cannought Circus

Minto Road, New Delhi

Tel : (011) 23412393

Fax : (011) 23417690

Email: bo0129@pnb.com

Contact person: Mr. B C Mishra

INSECTICIDES (INDIA) LIMITED

Citi Bank N.A.

Commercial Banking Group
Birla Tower
3rd Floor, West wing
25 Barakhambha Road
New Delhi-110001
Tel : (011) 42594600
Fax : (011) 23766461
Email: manish.arora@citigroup.com
Contact person: Mr. Manish Arora

Bankers to the Issue and Escrow Collection Banks

ABN AMRO Bank

Brady House, 14, Veer Nariman Road, Fort, Mumbai – 400001
Tel: (022) 22877042
Fax: (022) 22877042
Email : neeraj.chhabra@in.abnamro.com
Contact Person: Mr. Neeraj Chhabra

ICICI Bank Limited

Capital Markets Division
30, Mumbai Samachar Marg, Mumbai – 400001
Tel: (022) 22627600
Fax: (022) 22611138
Email : sidhartha.routray@icicibank.com
Contact Person: Mr. Sidhartha Shankar Routray

Standard Chartered Bank

270 D. N. Road Fort, Mumbai – 400 001
Tel: (022) 22683965/22092213/22683831
Fax: (022) 22096067 - 70
Email : rajesh.malwade@in.standardchartered.com
Contact Person: Mr. Rajesh Malwade

The Hongkong and Shanghai Banking Corporation Limited

JMD Regent Square, DLF Phase – II
Gurgaon Mehrauli Road, Gurgaon - 122002
Tel: (0124) 4182132
Fax: (0124) 4058974
Email : saketbanka@hsbc.co.in/amitkhanna@hsbc.co.in
Contact Person: Mr. Saket Banka/Mr. Amit Khanna

Centurion Bank of Punjab Limited

Modern Centre, C Wing, Ground Floor,
Sane Guruji Marg, Mahalaxmi East,
Mumbai – 400 011
Tel: (022) 67540000
Fax: (022) 67540011
Email : mayankb@centurionbop.co.in
Contact Person: Mr. Mayank Bhargava

Citi Bank N.A.

Commercial Banking Group
Birla Tower
3rd Floor, West wing
25 Barakhambha Road
New Delhi-110001
Tel : (011) 42594600
Fax : (011) 23766461
Email: manish.arora@citigroup.com
Contact person: Mr. Manish Arora

Syndicate Member(s)**UTI Securities Limited**

(Subsidiary of Securities Trading Corporation of India Limited)
SEBI Reg. No,- INM 000007458
AMBI Registration No: AMBI/083
1st Floor, Dheeraj Arma,
Anant Kanekar Marg, Station Road,
Bandra (East), Mumbai – 400 051.
Tel No: (022) 6751 5825
Fax No: (022) 6702 3194
Website: www.utisel.com
Email: insecticides@utisel.com
Contact Person: Mr. Rajesh Ranjan/ Mr. Akash Aggarwal

Brokers to the Issue

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

Credit Rating

This being an issue of Equity Shares, credit rating is not required.

Trustees

This being an issue of Equity Shares, appointment of trustees is not required.

Project Appraisal and Monitoring Agency

The project is not appraised by any Bank/Financial Institution/Merchant Banker and there is no monitoring agency appointed to monitor the use of proceeds of the Issue, as on the date of filing this Red Herring Prospectus. As per the SEBI Guidelines, there is no requirement for appointment of monitoring agency as the Issue size is not more than Rs.500 crores.

Grading of Issue

We have not opted for grading of our securities and therefore no credit rating agency has graded the Issue.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date without assigning any reason thereof.

In the event of withdrawal of the Issue anytime after the Bid/Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of withdrawal, then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

INSECTICIDES (INDIA) LIMITED

Book Building Process

Book building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. Our Company
2. The Book Running Lead Manager; and
3. The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters. The BRLM appoints the Syndicate Members.

The SEBI DIP Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein up to 50% of the Issue shall be available for allocation to QIBs on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Qualified Institutional Buyers Portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue price. Further, not less than 15% of the Issue shall be available for allotment to Non Institutional Bidders and not less than 35% of the Issue shall be available for allotment to Retail Individual Bidders on a proportionate basis, subject to valid Bids being received at or above the Issue Price. We will comply with the SEBI DIP Guidelines for this Issue. In this regard, we have appointed the BRLM to procure subscriptions to the Issue.

The process of book building, under SEBI DIP Guidelines, is relatively new and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue. Pursuant to recent amendments to SEBI DIP Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. Please refer to the section entitled "Terms of the Issue" on page 191 of this Red Herring Prospectus for more details.

Steps to be taken by the Bidders for bidding:

1. Check eligibility for bidding (see the section titled "Issue Procedure - Who Can Bid" on page 197 of this Red Herring Prospectus)
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form
3. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid-cum-Application Form

Bid/Issue Program

Bid/Issue opens on: Monday May 07, 2007	Bid/Issue closes on: Friday May 11, 2007
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Bids and any revision in Bids shall be accepted only between 1000 hrs and 1500 hrs (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 1000 hrs and 1300 hrs (Indian Standard Time) and uploaded till such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

Investors please note that as per letter no. List/smd/sm/2006 dated 03rd July 2006 and letter no. NSE/IPO/25101-6 dated 06th July 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Exchanges.

The Price Band will be decided by us in consultation with the BRLM. The announcement on the Price Band shall also be made available on the websites of the BRLM and at the terminals of the Syndicate.

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price and can move up or down to the extent of 20%.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLM and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed prior to filing of the Prospectus with RoC)

Name and Address of the Underwriters	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (Rs. in Lacs)
UTI Securities Limited 1st Floor, Dheeraj Arma, Anant Kanekar Marg, Station Road, Bandra (East), Mumbai – 400 051. Tel: (022) 6751 5825 Fax: (022) 6702 3194 Contact person: Mr. Rajesh Ranjan/ Mr. Akash Aggarwal Email: insecticides@utisel.com	[.]	[.]
Total	[.]	[.]

The above-mentioned amount is indicative underwriting and would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [•].

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange(s).

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Member(s) shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount as specified in the Underwriting Agreement.

INSECTICIDES (INDIA) LIMITED

CAPITAL STRUCTURE

The share capital structure of our Company as on the date of filing of this Red Herring Prospectus with RoC is as set forth below:

	No. of Shares	Nominal Value(Rs.)	Aggregate Value(Rs.)
A.	AUTHORISED CAPITAL 1,50,00,000 Equity Shares of Rs. 10/- each	15,00,00,000	
B.	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL 94,72,700 Equity shares of Rs. 10/- each	9,47,27,000	
C.	PRESENT ISSUE 32,10,000 Equity Shares of Rs. 10/- each at a premium of Rs. [●]/- per share	3,21,00,000	[●]
D.	RESERVATION FOR EMPLOYEES ON COMPETITIVE BASIS 32,100 Equity Shares of Rs. 10/- each at a premium of Rs. [●]/- per share	3,21,000	[●]
E.	NET ISSUE TO THE PUBLIC 31,77,900 Equity Shares of Rs. 10/- each at a premium of Rs. [●]/- per share	3,17,79,000	[●]
F.	PAID UP CAPITAL AFTER THE PRESENT ISSUE 1,26,82,700 Equity shares of Rs. 10/- each	12,68,27,000	[●]
G.	SHARE PREMIUM ACCOUNT Before the issue After the issue	1,52,73,000 [●]	

Notes to Capital Structure

1. Details of Increase in Authorized Capital

Sr. No.	Particulars of increase	Date of meeting	AGM/EGM
1.	Rs.1,00,00,000	Incorporation	-
2.	Rs.1,00,00,000 to Rs.2,50,00,000	December 26, 2001	EGM
3.	Rs.2,50,00,000 to Rs.3,00,00,000	December 26, 2002	EGM
4.	Rs.3,00,00,000 to Rs.5,00,00,000	March, 04, 2003	EGM
5.	Rs.5,00,00,000 to Rs.6,00,00,000	August 05, 2003	EGM
6.	Rs.6,00,00,000 to Rs.10,00,00,000	March 22, 2004	EGM
7.	Rs.10,00,00,000 to Rs.15,00,00,000	December, 19, 2005	EGM

2. Capital Build-up: Our existing Equity Share capital has been subscribed and allotted as under:

Date on which Equity Shares were allotted/ made fully paid-up	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Nature of Allotment	Cumulative Paid-up Capital (Rs.)	Share premium (Rs.)	Cumulative Share Premium (Rs.)
December 18, 1996	2000	10	10	Cash	Subscription to the Memorandum of Association	20,000	-	-
October 23, 2001	80,000	10	10	Cash	Further Allotment of shares to Promoters and Promoter Group	8,20,000	-	-
March 30, 2002	19,18,000	10	10	Cash	Further Allotment of shares to Promoters, Promoter Group and Others	2,00,00,000	-	-
March 31, 2003	27,00,000	10	10	Cash	Further Allotment of shares to Promoter Group and Others	4,70,00,000	-	-
February 02, 2004	13,00,000	10	10	Cash	Further Allotment of shares to Others	6,00,00,000	-	-
March 30, 2004	14,52,500	10	10	Cash	Further Allotment of shares to Promoter Group and Others	7,45,25,000	-	-
October 25, 2004	3,00,000	10	10	Cash	Further Allotment of shares to Others	7,75,25,000	-	-
November 21, 2005	15,50,500	10	10	Bonus	Bonus in the ratio of 1:5 to all shareholders	9,30,30,000	-	-
November 15, 2006	1,69,700	10	100	Cash	Further allotment of shares to Promoter Group	9,47,27,000	1,52,73,000	1,52,73,000

3. Shares issued for consideration other than cash

Except as mentioned in the table above, we have not issued any shares for consideration, other than cash.

4. Promoters' Contribution and Lock-in details in respect of Promoters, whose names figure in this Red Herring Prospectus as Promoters in the paragraph on "Promoters and their Background" is as under:

a. Capital built up of the promoters is detailed below:

Sr. No	Name of Promoter / Person	Date of allotment/ Transfer and made Fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of post issue paid up capital	Lock-in period
1	Mr. Rajesh Aggarwal	18/12/1996	Cash	1000	10	10	#	
		23/10/2001	Cash	20000	10	10		#
		30/03/2002	Cash	24500	10	10		#
		20/03/2003	Cash Transfer from Others	1090000	10	2	#	
		30/03/2004	Cash Transfer from Others	930000	10	2		#
		20/10/2004	Cash Transfer from Others	720000	10	2	#	
		20/02/2005	Cash Transfer from Others	155000	10	2		#
		21/11/2005	Cash Bonus	588100	10	Nil		#
		Total (A)		3528600			27.82	

INSECTICIDES (INDIA) LIMITED

Sr. No	Name of Promoter / Person	Date of allotment/ Transfer and made Fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of post issue paid up capital	Lock-in period
2	Rajesh Aggarwal (HUF)	23/10/2001	Cash	10000	10	10		#
		30/03/2004	Cash Transfer from Others	775000	10	2		#
		20/10/2004	Cash Transfer from Others	75000	10	2		#
		20/02/2005	Cash Transfer from Others	225000	10	2		#
		21/11/2005	Bonus	217000	10	Nil		#
		Total (B)		1302000			10.27	
		Grand Total (A+B)		4830600				

As per the table below

b. The following shares of the promoters (eligible for lock-in) shall be locked-in for a period of 3 years from the date of allotment in the public issue:

Sr. No	Name of Promoter	Date of allotment/ Transfer and made Fully paid-up	Consideration (Cash, Bonus, Kind)	No. of Equity Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of post issue paid up capital	Lock in period
1.	Mr. Rajesh Aggarwal	30/03/2004	Transfer from Others	3,89,700	10	2		
		20/10/2004	Transfer from Others	7,20,000	10	2		
		20/02/2005	Transfer from Others	1,55,000	10	2		
		21/11/2005	Bonus	5,88,100	10	Nil		
		Total (A)		18,52,800			14.61	3 Yrs
2.	Rajesh Aggarwal (HUF)	30/03/2004	Transfer from Others	1,66,740	10	2		
		20/10/2004	Transfer from Others	75,000	10	2		
		20/02/2005	Transfer from Others	2,25,000	10	2		
		21/11/2005	Bonus	2,17,000	10	Nil		
		Total (B)		6,83,740			5.39	3 Yrs
		Grand Total (A+B)		25,36,540			20.00	

As per clause 4.1.1 of the SEBI DIP guidelines, the promoters, will ensure at least 20% of the post issue capital is held by them. The below mentioned shares (eligible for lock-in), held by them shall be locked in on LIFO basis (i.e. shares which have been issued last shall be locked-in first) for a period of 3 years from the date of allotment in the present public issue.

Post Issue number of Equity Shares	1,26,82,700
20% of the post issue number of Equity Shares* Contributed by:	25,36,540
1. Mr. Rajesh Aggarwal	18,52,800
2. Rajesh Aggarwal (HUF)	6,83,740
Total	25,36,540

* It is confirmed that the Equity Shares offered for by the Promoters for three years lock in are not pledged. Further all the Equity Shares, which are being locked in for three years, are not ineligible for computation of promoter's contribution and lock in as per clause 4.6 of SEBI Guidelines.

Other than the above the entire pre-issue capital of our Company comprising of 69,36,160 Equity Shares, constituting 54.69% of the post Issue paid up capital shall be locked in for a period of 1 year from the date of allotment of Equity Shares in the public issue, details of which is as under:

Sr. No	Name of shareholder	No. of Shares
1	Mr. Rajesh Aggarwal	16,75,800
2	Ms. Pushpa Aggarwal	14,34,600
3	Rajesh Aggarwal (HUF)	6,18,260
4	Hari Chand Aggarwal (HUF)	9,96,000
5	Ms. Nikunj Aggarwal	7,50,000
6	Mr. Hari Chand Aggarwal	6,15,600
7	Master Sanskar Aggarwal	6,01,200
8	ISEC Organics Ltd	1,69,700
9	Ms. Kritika Aggarwal	75,000
	Total	69,36,160

The lock-in period shall commence from the date of allotment of Equity Shares in the public issue.

- The specific written consent has been obtained from the promoters for inclusion of such number of their existing shares to ensure minimum Promoters' contribution is subject to lock-in to the extent of 20% of Post-Issue Paid-up Capital.
- For the purpose of calculating Promoter's contribution, the same has been brought in, in the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 1,00,000/- from companies.
- The Equity Shares forming part of promoter's contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary.
- The Equity Shares held by persons other than Promoters may be transferred to any other person holding shares prior to the Issue, subject to continuation of lock-in with transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

The Equity Shares to be held by the Promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares held by Promoters, which are locked in, may be transferred to and among Promoter/Promoter Group or to a new promoter or persons in control of our Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable. The Promoters may pledge their Equity Shares with banks or financial institutions as additional security for loans whenever availed by them from banks or financial institutions, provided pledge of securities is one of the conditions for the grant of loan.

- The details of sale/ purchase/ financing of shares by Promoters/Directors/Promoters' Group:

The Promoters/Directors/Promoters' Group have not purchased and/or sold/financed any securities of our Company during the past 6 months except as listed below:

INSECTICIDES (INDIA) LIMITED

Sr. No.	Name	Date of Transaction	Buy / Sell/ Allotment	Number of Shares	Face Value per Share (Rs.)	Price per Share (Rs.)
1.	ISEC Organics Limited	November 15, 2006	Allotment	1,69,700	10	100

10. Shareholding Pattern of our Company before and after the Issue is as under:

Category	Pre-Issue		Post-Issue*	
	No. of Shares	% holding and corresponding voting rights	No. of Shares	% holding and corresponding voting rights
Promoters	48,30,600	50.99	48,30,600	38.09
Promoter Group	46,42,100	49.01	46,42,100	36.60
Employees	-	-	32,100	0.25
Public	-	-	31,77,900	25.06
Total	94,72,700	100.00	1,26,82,700	100.00

* The above shareholding pattern is indicative, and is based on the fact that all shareholders in their respective categories will subscribe to 100% of the shares offered in their respective categories. The final Post Issue Shareholding pattern will be determined after the Book-Building Process.

11. Particulars of top 10 shareholders:

a. As on the date of filing this Red Herring Prospectus with RoC:

Sr. No	Name of shareholder	No. of Shares	% of Issued Capital
1	Mr. Rajesh Aggarwal	35,28,600	37.25
2	Ms. Pushpa Aggarwal	14,34,600	15.14
3	Rajesh Aggarwal (HUF)	13,02,000	13.74
4	Hari Chand Aggarwal (HUF)	9,96,000	10.51
5	Ms. Nikunj Aggarwal	7,50,000	7.92
6	Mr. Hari Chand Aggarwal	6,15,600	6.50
7	Master Sanskar Aggarwal	6,01,200	6.35
8	Isec Organics Ltd	1,69,700	1.79
9	Ms. Kritika Aggarwal	75,000	0.79
	Total	94,72,700	100.00

b. 10 days prior and as on the date of filing this Red Herring Prospectus with RoC:

Sr. No	Name of shareholder	No. of Shares	% of Issued Capital
1	Mr. Rajesh Aggarwal	35,28,600	37.25
2	Ms. Pushpa Aggarwal	14,34,600	15.14
3	Rajesh Aggarwal (HUF)	13,02,000	13.74
4	Hari Chand Aggarwal (HUF)	9,96,000	10.51
5	Ms. Nikunj Aggarwal	7,50,000	7.92
6	Mr. Hari Chand Aggarwal	6,15,600	6.50
7	Master Sanskar Aggarwal	6,01,200	6.35
8	Isec Organics Ltd	1,69,700	1.79
9	Ms. Kritika Aggarwal	75,000	0.79
	Total	94,72,700	100.00

c. 2 years prior to the date of filing this Red Herring Prospectus with RoC:

Sr. No	Name of shareholder	No. of Shares	% of then Issued Capital
1	Mr. Rajesh Aggarwal	29,40,500	37.93
2	Ms. Pushpa Aggarwal	11,95,500	15.42
3	Rajesh Aggarwal (HUF)	10,85,000	13.99
4	Hari Chand Aggarwal (HUF)	8,30,000	10.71
5	Mrs. Nikunj Aggarwal	6,25,000	8.06
6	Mr. Hari Chand Aggarwal	5,13,000	6.62
7	Master Sanskar Aggarwal	5,01,000	6.46
8	Ms. Kritika Aggarwal	62,500	0.81
	Total	77,52,500	100.00

12. Shareholding Pattern of Promoter and Promoter Group:

S.No	Particular	Before the Issue		After the Issue	
		No. of Equity Shares	% Holding	No. of Equity Shares	% Holding
	Promoter				
1	Mr. Rajesh Aggarwal	35,28,600	37.25	35,28,600	27.82
2	Rajesh Aggarwal (HUF)	13,02,000	13.74	13,02,000	10.27
	Sub Total (a)	48,30,600	50.99	48,30,600	38.09
	Promoter Group				
1	Ms. Pushpa Aggarwal	14,34,600	15.14	14,34,600	11.31
2	Hari Chand Aggarwal (HUF)	9,96,000	10.51	9,96,000	7.85
3	Ms. Nikunj Aggarwal	7,50,000	7.92	7,50,000	5.91
4	Mr. Hari Chand Aggarwal	6,15,600	6.50	6,15,600	4.85
5	Master Sanskar Aggarwal	6,01,200	6.35	6,01,200	4.74
6	ISEC Organics Ltd	1,69,700	1.79	1,69,700	1.34
7	Ms. Kritika Aggarwal	75,000	0.79	75,000	0.59
	Sub Total (b)	46,42,100	49.01	46,42,100	36.60
	Total (a+b)	94,72,700	100.00	94,72,700	74.69

13. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any Equity Shares to our employees under ESOS/ESPS scheme from the proposed Issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.

14. Our Company has not issued any bonus shares except as stated below:

Date of Allotment	No. of Bonus Shares	Ratio
November 21, 2005	15,50,500	1:5

INSECTICIDES (INDIA) LIMITED

All the bonus shares have been issued out of free reserves only and have not been made out of revaluation reserve or reserves without accrual of cash reserves.

15. Our Company, our Promoters, Directors and the Book Running Lead Manager to this Issue have not entered into any buy-back, standby or similar arrangements for purchase of Equity Shares from any person.
16. Our Company has not raised any bridge loan against the proceeds of this Issue.
17. A bidder cannot make a bid for more than the number of Equity Shares offered through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor. However, in case of reserved category, a single applicant in the reserved category can make application for a number of securities, which exceeds the reservation but not more than the total issue size.
18. An over-subscription to the extent of 10% of the Net Issue to public can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment being equal to 60 Equity Shares, which is the minimum application size in this issue.
19. Only Eligible Employees of our Company (including working Directors excluding promoter director Mr. Rajesh Aggarwal) who are Indian Nationals based in India and are physically present in India on the date of submission of the Bid-cum-Application Form would be eligible to apply in this Issue under the Employees Reservation Portion on competitive basis. Bid/ Application by Eligible Employees can also be made in the "Net Issue to the Public" and such Bids shall not be treated as multiple Bids.
20. Under-subscription, if any, in the Employees Reservation Portion will be added back to the Net Issue to the Public and the ratio amongst the investor categories will be at the discretion of our Company, and BRLM. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employees Reservation Portion.
21. In case of over-subscription in all categories, up to 50% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (including specific allocation of 5% within the category of QIBs for Indian Mutual Funds). Further a minimum of 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and a minimum of 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any portion would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM.
22. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares offered through this Red Herring Prospectus have been listed.
23. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
24. At any given time, there shall be only one denomination for the Equity shares of our Company and our Company shall comply with such disclosure norms as specified by SEBI from time to time.
25. As on the date of filing of this Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares. The Promoters may pledge the Equity Shares with banks or Financial Institutions as additional security for loan whenever availed by them from banks/ Financial Institutions, provided the pledge of shares is one of the terms of sanction of loan.
26. Since the entire money of Rs. [●]/- per share (Rs. 10/- face value + Rs. [●]/- premium) is being called on application, all the successful applicants will be issued fully paid-up shares. The securities offered through this public issue shall be made fully paid-up or may be forfeited within 12 months from the date of allotment of securities, if not made fully paid-up, in the manner specified in clause 8.6.2 of the SEBI DIP guidelines.

27. The Equity Shares of our Company are fully paid up and there are no partly paid up shares as on date.
28. No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by us or our promoters to the persons who receive allotments, if any, in this Issue.
29. We have not revalued our assets since inception.
30. The securities which are subject to lock-in shall carry the inscription “non-transferable” and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to BSE and NSE, where the shares are to be listed, before the listing of the securities.
31. Our Company has 9 members as on the date of filing this Red Herring Prospectus.

INSECTICIDES (INDIA) LIMITED

SECTION V - OBJECTS OF THE ISSUE

The issue is being made to raise the funds for the following purposes:

1. To set up a formulation plant in the state of Jammu & Kashmir;
2. To set up a plant for manufacturing Technicals at Bhiwadi, Rajasthan;
3. To set up a research and development facility at Bhiwadi, Rajasthan;
4. General Corporate Purpose;
5. To meet the expenses of the public issue;
6. To list the shares offered through this issue on BSE and NSE

The objects clause of the Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Public Issue.

Cost of Project and Means of Finance

The cost of the project and means of finance as estimated by our management are given below:

Cost of Project

(Rs in lacs)

	Formulation Plant		Technical Plant		R&D Unit		
Particulars	Phase I	Phase II	Phase I	Phase II	Phase I	Phase II	Total
Land & Site development	12.33	75.00	29.10	160.00	-	105.00	381.43
Building & Civil work	206.22	296.38	236.74	365.08	42.88	64.00	1211.29
Plant & Machineries	130.28	282.47	371.71	873.73	61.40	168.36	1887.95
Miscellaneous Fixed Assets	10.00	15.00	30.00	50.00	15.00	10.00	130.00
Sub Total	358.82	668.85	667.55	1448.81	119.28	347.36	3610.67
General Corporate Purpose							[•]
Public issue Expenses							[•]
Total							[•]

Means of Finance

(Rs. in Lacs)

Particulars	Amount
Proceeds from Initial Public Offer	[•]
Internal Accruals	600
Total	[•]

[•] – The relevant figure will be updated on finalization of the issue price.

As per deployment certificate by M/s Mohit Parekh & Co, Chartered Accountants dated 3rd March, 2007, our Company has already deployed Rs. 543.05 lacs through internal accruals. Thus we confirm that firm arrangements of finance through verifiable means towards minimum 75% of the stated means of finance, excluding the amount to be raised through proposed Issue, has been ensured.

Proceeds from the Initial Public Offer would be crystallized on finalization of the Issue Price on conclusion of the book building process. Any shortfall in the cost of the project would be met out of internal accruals and/or debt.

In case the IPO does not go as planned, our Company will make alternative arrangements like availing of fresh loans from bank(s) and/or utilizing internal accruals.

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution or any independent organization. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; construction/development delays or defects; receipt of critical governmental approvals; availability of working capital finance on acceptable terms; and changes in management's views of the desirability of current plans, among others.

In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity may be met with by surplus funds, if any available in any other project and/or our Company's internal accrual, and/ or the term loans/working capital loans that may be availed from the Banks/ Financial Institutions. No part of the proceeds of this Issue will be paid as consideration to our promoters, directors, key managerial employees or companies promoted by our promoters.

Appraisal

The project is not appraised by any Bank/Financial Institution/Merchant Banker.

About the projects

1. Formulation Plant in the state of Jammu & Kashmir

With a view to expand our operations we intend to establish two more pesticide formulation plants both in the state of Jammu & Kashmir. These units will not only enhance the production capacity and meet the additional demand for our products but also help us in achieving the economies of scale. These plants would also enable us to enjoy extended tax benefits for another few years improving the bottom line after taxes for extended period.

The project would be completed in two phases.

Our current unit in Samba is located at Industrial growth center SIDCO with installed capacity of 6000MT in Granules, 1100MT in Wettable dispersible powders(WDP) and 30 Lacs Litres in Emulsifiable concentrate(EC). In the first phase we will be enhancing our capacity by 7000MT in Granules, 1000MT in Wettable dispersible powders(WDP) and 10 Lacs Litres in Emulsifiable concentrate(EC) at land adjoining to this current unit at Samba.

In the second phase, we propose to increase our capacities by 5000MT in Granules, 1000MT in Wettable dispersible powders(WDP) and 10 Lacs Liter in Emulsifiable concentrate(EC). We would also be diversifying our product portfolio by adding new products viz. Wettable Dispersible Granules(WDG) and Suspension Concentrates with capacities of 200 MT and 50 Lac Liters respectively. This Second is proposed to be set in the state of Jammu & Kashmir.

Thus, post expansion our formulation capacity in the state of Jammu & Kashmir stands at 18000MT in Granules, 3100MT in Wettable dispersible powders(WDP), 50 Lacs Liter in Emulsifiable concentrate(EC), 200MT in Wettable Dispersible Granules(WDG) and 50 lac liters in Suspension Concentrates.

The total cost of this project has been estimated at Rs.1027.67 lacs out of which Rs.358.82 lacs would be deployed in first phase and Rs. 668.85 lacs will be deployed in second stage.

INSECTICIDES (INDIA) LIMITED

Phase I (Formulation Plant in the state of Jammu & Kashmir)

Sr. No.	Description	Amount (Rs. in Lacs)
1	Land & Site Development	12.33
2	Building & Civil Work	206.22
3	Plant & Machinery	130.28
4	Miscellaneous Fixed Assets	10.00
	Total	358.82

Land & Site Development

The proposed plant is being set up at Samba, Jammu. We have already acquired one plot of lease hold land measuring a total of 1.28 acres at a cost of Rs. 8.67 lacs from SIDCO vide lease agreement dated November 16, 2005. The lease is for a period of 90 years from the date of the agreement dated 22nd June 2005. The site development cost for the entire land has been estimated at Rs. 3.66 lacs by our management.

Sr. No	Particulars	Area (in acres)	Amount (Rs. in Lacs)
1	Cost of Land	1.28	8.67
2	Site Development including Land filling		3.66
	Total		12.33

Building and Civil work

Building and civil work charges, as per the estimate of architect dated 28th February 2007, Gupta Rajesh & Associates will cost Rs. 206.22 Lacs. The detailed breakup of which is as under:

Sr. No	Particulars	Floor Area (Sq. Mts)	Amount (Rs. in Lacs)
1	Store at Ground Floor	947.50	52.11
2	Office & Store at First Floor	947.50	62.54
3	Phorate Formulation Plant at Ground Floor	667.65	30.04
4	W.D.P Plant at Ground Floor	889.30	40.02
5	Mezzanine Floor	469.00	8.44
6	Road and Boundary Wall	13.06	
	Total		206.22

(Note: The earlier estimate of architect dated 30th March 2006, Gupta Rajesh & associates were of Rs. 171.85 lacs which now stand revised to Rs.206.22 Lacs vide letter dated 28th February 2007. The change is mainly on account of increase in cost of office and store at First floor for additional interior expenses and addition of Road and boundary walls cost)

The construction for this building has already started in April 2006.

Plant & Machinery

Cost of plant and machinery includes impact of taxes and duties. All the plant and machinery would be procured indigenously the details of which is as follows:

(A) Details of Plant and Machinery received

Sr. No.	Machine Details	Name of the Supplier	Qty (Nos.)	Amount (Rs. in Lacs)
1	Generator 125 kva	J.K.Machines	1	5.93
2	Storage Tank	S.K.Fabricators(P)Ltd	1	0.52
3	Various Machines for Phorate Plant	S.K.Fabricators(P)Ltd	Various	17.17
4	Electric Panels	Super Agencies	1	1.58
5	Transformer 500 KVA	GTB Technosys	1	2.63
6	WDP filling machines	R.R.J. Engineering Industries Pvt. Limited	2	8.92
7	storage vessels	S.K. Fabricators	1	1.03
8	MS Electric Panels	S.K. Fabricators	1	0.82
9	Pollution Control Equipment	S.K. Fabricators	1	1.25
10	Servo Voltage Stabiliser	GTB Technosys	1	3.40
11	Condenser (Part of Pollution Control Equipment)	Tema Refrigeration & Engineers	1	2.19
12	Ms Storage vessel	S.K. Fabricators	1	1.03
13	Semi Automatic WDP filling machine	R.R.J. Engineering Industries Pvt. Limited	1	6.25
14	Blender	Reta Engineering Works	1	4.28
	Total			57.00

(B) Details of plant and machinery for which orders have been placed but not yet delivered.

Sr. No.	Machine Details	Name of the Supplier	Qty (Nos.)	Amount (Rs. in Lacs)
1	Semi automatic WDP filling machine	R.R.J. Engineering Industries Pvt. Limited	1	4.16
	Total			4.16

INSECTICIDES (INDIA) LIMITED

(C) Details of plant and machinery for which orders have not been placed

Sr. No.	Machine Details	Name of the Supplier	Qty (Nos.)	Amount (Rs. in Lacs)
1	Storage Tanks	S.K.Fabricators(P)Ltd	1	1.13
2	SS Kettle	S.K.Fabricators(P)Ltd	3	5.88
3	SS Storage Vessels	S.K.Fabricators(P)Ltd	1	1.60
4	Filter	S.K.Fabricators(P)Ltd	6	0.40
5	Charcoal Absorption Column	S.K.Fabricators(P)Ltd	1	1.69
6	Dust Collector	S.K.Fabricators(P)Ltd	1	0.67
7	Blower	S.K.Fabricators(P)Ltd	1	0.46
8	Machines for Phorate Plant	S.K.Fabricators(P)Ltd	various	2.31
9	Transformer	Arihant Industrial Equipment	1	8.77
10	Air Compressor	RD Dutta & Co. Pvt Ltd	1	35.26
11	Inkjet Printers	Willet India Pvt. Ltd.	2	6.31
12	GLC (Gas Chromatograph)	Chemito Technologies (P) Ltd	1	4.64
	Total			69.12

Miscellaneous fixed assets

Miscellaneous fixed assets have been estimated at Rs. 10.00 lacs by our management. The detailed break up is as under:

Sr. no.	Description	Amount (Rs. in Lacs)
1	Office Furniture & Fixture	4.00
2	Office Automation	2.00
3	Vehicles	4.00
	Total	10.00

Phase II (Formulation Plant in the state of Jammu & Kashmir)

Sr. no.	Description	Amount (Rs. in Lacs)
1	Land & Site Development	75.00
2	Building & Civil Work	296.38
3	Plant & Machinery	282.47
4	Miscellaneous Fixed Assets	15.00
	Total	668.85

Land & Site Development

For this phase we are in the process of acquiring land and we have already made an application to SIDCO in this regard. The site development cost for the entire land has been estimated at Rs. 15 lacs by our management.

Sr. No	Particulars	Area (in acres)	Amount (Rs. in Lacs)
1	Cost of Land	3	60.00
2	Site Development including Land filling		15.00
	Total		75.00

Building and Civil work

The cost of construction of building and civil works has been estimated at Rs. 296.38 lacs by architect, Gupta Rajesh & Associates as on 14th November 2006. This building would house manufacturing facility with auxiliary services like administration block, storage tank farm, electrical room, workshop, canteen, boundary wall and other allied civil works. The detailed break of cost is as follows:

Sr. No	Particulars	Floor Area (Sq. Mts)	Amount (Rs. in Lacs)
1	Powder Formulation Plant at Ground Floor	1600	88.00
2	Liquid Formulation Plant at Ground Floor	1800	99.00
3	Granules formulation plant at Ground Floor	1200	66.00
4	Administration Block at Ground Floor	100	8.00
5	Storage tank farm (Underground)	10 Nos.	3.00
6	Electrical room	50	0.20
7	Workshop	50	2.50
8	Canteen and Toilets	40	0.16
9	Boundary wall	368 Mtrs	11.04
10	Land development	8400	8.40
11	Road	1680	10.08
	Total		296.38

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Plant & Machinery

For this phase we have not yet placed orders for any plant and machinery. We have obtained quotations from different suppliers and cost of plant and machinery including impact of taxes and duties have been estimated at Rs.282.47 lacs. All the plant and machinery would be procured indigenously the details of which is as follows:

Sr. No.	Machine Details	Name of the Supplier	Qty (Nos.)	Amount (Rs. in Lacs)
1	HPLC Systems	Waters India P Ltd	2	15.45
2	Genarator	Sudhir Gensets Ltd	1	21.79
3	Liquid Packing Machine	Spheretech Packaging India Pvt. Ltd	2	39.80
4	Automatic Screw Capping Machine	Spheretech Packaging India Pvt. Ltd	2	10.89
5	Induction Sealer	Spheretech Packaging India Pvt. Ltd	2	7.50
6	Inkjet printer	Willett India P Ltd.	2	6.31
7	Transformer (500 KVA On load)	Skipper Electricals India Limited	1	9.82
8	Automatic Powder Packing Machine	RRJ Engg. Ind. Pvt. Ltd	2	23.72
9	Storage Tanks	S.K.Fabricators(P)Ltd	4	4.44
10	SS Kettle	S.K.Fabricators(P)Ltd	4	7.84
11	SS Storage Vessels	S.K.Fabricators(P)Ltd	6	4.73
12	Filter	S.K.Fabricators(P)Ltd	9	0.60
13	Powder Blender(Capacity 1000Kg)	S.K.Fabricators(P)Ltd	2	4.36
14	Charcoal Absorption Column	S.K.Fabricators(P)Ltd	2	3.38
15	Dust Collector	S.K.Fabricators(P)Ltd	2	1.33
16	Blower	S.K.Fabricators(P)Ltd	1	0.46
17	Jet Mill	Techno Bonanza P Ltd	1	120.07
			Total	282.47

Miscellaneous fixed assets

Miscellaneous fixed assets have been estimated at Rs. 15 lacs by our management. The detailed break up is as under:

Sr. no.	Description	Amount (Rs. in Lacs)
1	Office Furniture & Fixture	5.00
2	Office Automation	3.00
3	Vehicles	7.00
	Total	15.00

2. Plants for Manufacturing Technicals at Bhiwadi, Rajasthan

Technical is most important raw material for our production. As a part of our backward integration program we are planning to set up new pesticide technical manufacturing plants at Bhiwadi, Rajasthan. The proposed unit is expected to reduce our raw material cost for pesticide production and further we will have assured availability of consistent quality product.

The project will be implemented in two phases. In first phase, we will be setting up capacity for producing 350MT Technicals.

In the second phase we will be enhancing our capacity by 1200MT making our total technical capacity at 1550MT. This plant, in addition to catering to in house consumption of technicals would also be used for sales in the open market. The total cost of this project has been estimated at Rs.2116.36 lacs out of which Rs.667.55 lacs would be deployed in first phase and Rs. 1448.81 lacs will be deployed in second stage.

Phase I (Plant for manufacturing technicals at Chopanki, Bhiwadi, Rajasthan)

Sr. no.	Description	Amount (Rs. in Lacs)
1	Land	29.10
2	Building & Civil Work	236.74
3	Plant & Machinery	371.71
4	Miscellaneous Fixed Assets	30.00
	Total	667.55

Land

The proposed plant is being set up at Chopanki, Bhiwadi, Rajasthan. We have already acquired lease hold plot admeasuring a total of one acre at a cost of Rs. 29.10 lacs from RIICO vide lease agreement dated February 19, 2005. The lease is for period of 99 years from 19th February 2005. This land is adjacent to our existing unit at Chopanki, Bhiwadi, Rajasthan.

Building and Civil work

The cost of various plant structures has been estimated at Rs. 236.74 Lacs based on the estimate of architect, Gupta Rajesh & Associates dated 30th March 2006. The detailed break-up of cost estimates is as under:

Sr. No	Particulars	Floor Area (Sq. Mts)	Amount (Rs. in Lacs)
1	Administration Block	115	9.20
2	Technical Plant at Ground Floor	550	35.75
3	Technical Plant at First Floor	550	27.50
4	Technical Plant at Second Floor	550	28.05
5	Technical Plant at Third Floor	550	28.60
6	Boiler House at Ground Floor	87	3.48
7	Incinerator Plant at Ground Floor	20	0.80
8	ETP Plant		7.20
9	Workshop at basement	50	2.75
10	Workshop at Ground floor	50	2.25
11	Meter room	9	0.34
12	DG Room	13.5	0.51
13	Guard Room	9	0.34
14	Underground Tank 150KL		1.05
15	Storage Tank	6 Nos.	1.80
16	Canteen & Toilet	19	0.36
17	Godown	620	34.10
18	Boundry Wall	260	7.80
19	Land Development		7.86
20	RCC road	800	4.80
21	Technical Plant Second floor (near R&D centre)	400	32.20
	Total		236.74

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Plant & Machinery

Cost of plant and machinery includes impact of taxes and duties. All the plant and machinery would be procured indigenously the details of which is as follows:

(A) Details of Plant and Machinery received

Sr. No.	Machine Details	Name of the Supplier	Qty (Nos.)	Amount (Rs. in Lacs)
1	MSLB measuring Vessel 750 Ltr.; MSLB measuring Vessel 500 Ltr. and MS Heat Exchanger	Reta Engeneering Works	1	2.08
2	50 TR Brine Chilling Unit	Voltas Limited	1	10.60
3	30 TR Brine Chilling unit	ACR Enterprises	Various	13.80
4	Transformer 750 KVS crompton make	Super Agencies	1	8.25
5	Gear Box	Sangauss Traders	2	0.74
6	5000 ltr. GL reactor	Swiss Glasscoat Equipments Limited	1	8.89
7	Storage Tsnk 20 KI Ltr.	S K Fabricators	1	4.88
	Total			49.22

(B) Details of plant and machinery for which orders have been placed but not yet delivered.

Sr. No.	Machine Details	Name of the Supplier	Qty (Nos.)	Amount (Rs. in Lacs)
1	GLASS LINE REACTOR 3KL	Swissglass Coat Equipments. Ltd	1	6.53
2	CoolingTower for chilling plant	Paharpur Cooling Tower	1	1.62
3	CoolingTower for chemical plant	Paharpur Cooling Tower	1	3.40
4	IBR Boiler	Thermex India Ltd	1	15.74
5	Steam Jet Vaccuumm System (Part of ETP Plant)	H. K. industries	2	7.38
6	Graphite Absorber (Part of ETP Plant)	Cor-resist (Nasik) Pvt. Ltd.	1	3.69
7	Graphit Heat Exchanger 11m	Cor-resist (Nasik) Pvt. Ltd.	1	2.62
8	Graphite Heat Exchanger 6.6 m	Cor-resist (Nasik) Pvt. Ltd.	1	1.74
9	Effulant Water Treatment Plant	Gamani Engineering Pvt. Ltd.	1	16.75
10	Reactor102 6.5 KL	S K Fabricators	1	11.01
11	Reactor 106/R104 SS 316 5 KL	S K Fabricators	2	18.87
12	Reactor 108 3KL	Reeta Engineering	1	3.57
13	Measuring Vessels 2 KL	S K Fabricators	3	5.44
14	Measuring Vessels 1.5 KL	S K Fabricators	2	3.02
15	Reactor 109 MS Reactor 3 KL	Reeta Engineering	1	0.99
16	Measuring Vessel 3KL	Reeta Engineering	1	0.36
17	Reactor SS 316 2.5 KL	Reeta Engineering	2	1.88
18	CNF 2000 Ltr.	Reeta Engineering	1	4.78
19	Chimney (Part of ETP Plant)	S K Fabricators	1	2.79
20	Storage Tanks 10KL MS	S K Fabricators	2	1.04
21	Storage Tanks 5KL MS	S K Fabricators	1	0.39
22	Gear Box	Sangauss Traders	5	1.90
	Total			115.52

(C) Details of plant and machinery for which orders have not been placed

Sr. No.	Machine Details	Name of the Supplier	Qty (Nos.)	Amount (Rs. in Lacs)
1	GLC (Gas Chromatograph)	Chemito Technologies (P) Ltd	1	4.64
2	HPLC Systems	Waters India Pvt. Ltd	1	7.73
3	Graphite Condensor	Cor-Resist(Nasik) Pvt. Ltd	4	7.53
4	SS-316 HEAT EXCHANGER	SEPL	3	5.70
6	SS316 Measuring Vessel (1000 Ltr.)	SEPL	1	1.87
7	SS304 Measuring Vessel (1000 Ltr.)	SEPL	2	2.80
8	MS Measuring Vessel (3000 Ltr.)	SEPL	2	1.36
9	ML Sucking Tank	SEPL	1	2.15
10	SS316 Receiver Vessel	SEPL	1	0.86
11	MS Caustic Storage tank	SEPL	2	3.96
12	MS Hexane Storage tank	SEPL	1	1.62
13	Scrubber	Polymer Products	3	2.64
14	Centrifuge Machine	Vishvakarma Engineering Industries	2	5.16
15	Fluid Bed Drier	Ravi Industries	1	16.91
16	SS316RVD-1000 kgs	S.K.Fabricators(P)Ltd	1	15.00
17	SS316ANF-2000 ltr	S.K.Fabricators(P)Ltd	1	17.90
18	SS316 closed nutsch filter-2000ltr	S.K.Fabricators(P)Ltd	1	5.44
19	MS Solvent Storage Tank 20000ltr	S.K.Fabricators(P)Ltd	1	1.45
20	Incinerator	Mc clelland Engg. Pvt. Ltd	1	47.31
21	Inkjet Printers	Willet India Pvt. Ltd.	1	3.16
22	Genarator	Sudhir Gensets Ltd	1	21.79
23	Piping & Miscellaneous fixed Assets	Estimated	Various	30.00
	Total			206.98

Miscellaneous fixed assets

Miscellaneous fixed assets have been estimated at Rs. 30 lacs by our management. The detailed break up is as under:

Sr. no.	Description	Amount (Rs. in Lacs)
1	Office Furniture & Fixture	12.00
2	Office Automation	3.00
3	Vehicles	15.00
	Total	30.00

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Phase II (Plant for manufacturing Technicals at Bhiwadi, Rajasthan)

Sr. no.	Description	Amount (Rs. in Lacs)
1	Land & Site Development	160.00
2	Building & Civil Work	365.08
3	Plant & Machinery	873.73
4	Miscellaneous Fixed Assets	50.00
	Total	1448.81

Land & Site Development

We propose to acquire 1.5 acres of industrial land in Bhiwadi, Rajasthan for our second phase of expansion in technicals and total cost of land as well as site development is estimated at Rs. 160 lacs by our management. The break-up of cost estimates is as under:

Sr. No	Particulars	Area (in acres)	Amount (Rs. in Lacs)
1	Cost of Land	1.5	150.00
2	Site Development including Land filling		10.00
	Total		160.00

Building & Civil work

The cost of construction of building and civil works has been estimated at Rs. 365.08 lacs by architect, Gupta Rajesh & Associates dated 14th November 2006. This building would house manufacturing facility with auxiliary services like boiler house, incinerator plant, ETP plant, workshop, DG room, guard room, storage tank, canteen and other allied civil works. The detailed break of cost is as follows:

Sr. No	Particulars	Floor Area (Sq. Mts)	Amount (Rs. in Lacs)
1	Administration Block	200	16.00
2	Technical Plant at Ground Floor	750	48.75
3	Technical Plant at First Floor	750	37.50
4	Technical Plant at Second Floor	750	38.25
5	Boiler House at Ground Floor	200	8.00
6	Incinerator Plant at Ground Floor	150	6.00
7	ETP Plant		20.00
8	Workshop at basement	100	5.50
9	Workshop at Ground floor	100	4.50
10	Meter room	9	0.34
11	DG Room	13.5	0.51
12	Guard Room	9	0.34
13	Underground Tank 400KL		28.00
14	Storage Tank	10 Nos.	3.00
15	Canteen	150	0.60
16	Godown	1000	55.00
17	Boundry Wall	360 Mtrs.	10.80
18	Land Development	8000	8.00
19	RCC road	1600	9.60
20	Technical Plant Second floor(near R&D centre)	800	64.40
	Total		365.08

Plant and machinery

For this phase we have not yet placed orders for any plant and machinery. However, we have obtained quotations from different suppliers and cost of plant and machinery including impact of taxes and duties have been estimated at Rs. 873.73 lacs. All the plant and machinery would be procured indigenously the details of which is as follows:

Sr. No.	Machine Details	Name of the Supplier	Qty (Nos.)	Amount (Rs. in Lacs)
1	IBR Boiler	Thermex India Ltd	1	42.63
2	50 TR Brine chilling system	ACR Engineering Sales & Services Private Ltd.	1	72.41
3	200TR Water chilling system	ACR Engineering Sales & Services Private Ltd.	1	60.48
4	500 KVA Transformer (On Load)	Skipper Electricals Ltd	1	9.82
5	Generator	Sudhir Gensets Ltd	1	21.79
6	Glass lined Reactors-10000Ltr.	Swiss Glascoat Equipments. Ltd	2	41.01
7	Glass lined Reactors-12500Ltr.	Swiss Glascoat Equipments. Ltd	1	24.13
8	Glass lined Reactors-5000Ltr.	Swiss Glascoat Equipments. Ltd	2	22.98
9	Glass lined Reactors-3000Ltr.	Swiss Glascoat Equipments. Ltd	2	17.06
10	SS316 reactors-6500 ltr	SEPL	5	66.50
11	SS316 reactors-5000 ltr	SEPL	4	42.40
12	SS316 reactors-2500 ltr	SEPL	5	33.75
13	Graphite Condensor	Cor-Resist (Nasik) Pvt. Ltd	2	3.77
14	Motors	Ashoka Electrical Sales Corporation	Various	11.20
15	Incinerator	McClelland Engg. Pvt. Ltd	1	47.31
16	Cooling Tower for Chilling Plant	Paharpur Cooling Tower	2	4.36
17	Cooling Tower for Chemical Plant	Paharpur Cooling Tower	4	18.18
18	Inkjet Printers	Willet India Pvt. Ltd.	2	6.31
19	Solvent Storage Tank 20000ltr	S.K.Fabricators (P) Ltd	6	8.71
20	SS-316 Heat Exchanger	SEPL	3	5.70
21	MS Heat Exchanger	SEPL	2	1.56
22	SS316 Measuring Vessel (1000 Ltr.)	SEPL	4	7.48
23	SS304 Measuring Vessel (1000 Ltr.)	SEPL	2	2.80
24	SS304 Measuring Vessel (2000 Ltr.)	SEPL	2	4.30
25	MS Lead Lining Measuring Vessel (750 Ltr.)	SEPL	1	0.92
26	MS Measuring Vessel (3000 Ltr.)	SEPL	3	2.04
27	SS304 Measuring Vessel (1500 Ltr.)	SEPL	2	3.48
28	ML Sucking Tank	SEPL	1	2.15
29	SS316 Receiver Vessel	SEPL	5	4.30

INSECTICIDES (INDIA) LIMITED

Sr. No.	Machine Details	Name of the Supplier	Qty (Nos.)	Amount (Rs. in Lacs)
30	MS Caustic Storage tank	SEPL	2	3.96
31	MS Hexane Storage tank	SEPL	2	3.24
32	MS Solvent Storage tank	SEPL	3	7.26
33	Scrubber	Polymer Products	6	5.28
34	Centrifuge Machine	Vishvakarma Engineering Industries	2	5.16
35	Fluid Bed Drier	Ravi Industries	2	33.8
36	SS316 RVD-1000 kgs	S.K.Fabricators(P)Ltd	2	30.00
37	SS316 ANF-2000 ltr	S.K.Fabricators(P)Ltd	2	35.81
38	Glasswares	Sheel Scientific Supplier	Various	5.84
39	GLC (Gas Chromatograph)	Chemito Technologies (P) Ltd	4	18.56
40	HPLC Systems	Waters India P Ltd	2	15.45
41	Anlytical Balance GR-200	Jai Instrument System P Ltd	5	3.85
42	Moisture Analyzer	Jai Instrument System P Ltd	5	5.5
43	Electricals&Pipings Etc.	Estimated		50.00
44	Effulent Treatment	Sigma Wee Tech Corporation	1	60.49
	Total			873.73

Miscellaneous fixed assets

Miscellaneous fixed assets have been estimated at Rs. 50 lacs by our management. The detailed break up is as under:

Sr. no.	Description	Amount (Rs. in Lacs)
1	Office Furniture & Fixture	15.00
2	Office Automation	10.00
3	Vehicles	25.00
	Total	50.00

3. Research and development facility at Bhiwadi, Rajasthan

In view of the various expansion projects undertaken, focus on entering technical manufacturing and to compete effectively we are in the process of setting up a new Research & Development Centre at Bhiwadi, Rajasthan. The major focus of research and development is on identifying and manufacturing high value added, complex new molecules for introduction in the generic market. This project will be implemented in two phase. In first phase we will be enhancing our Research & Development capacities and in second phase in addition to enhancing our capacities we will also be adding new sophisticated instruments like UPLC & Mass Spectrometer. The first and second phase will be at proposed location of Phase I and Phase II of Plants for manufacturing technicals respectively.

The total cost of this project has been estimated at Rs.466.64 lacs out of which Rs.119.28 lacs would be deployed in first phase and Rs. 347.36 lacs will be deployed in second stage.

Phase I (Research & Development unit at Chopanki, Bhiwadi, Rajasthan)

Sr. no.	Description	Amount (Rs. in Lacs)
1	Building & Civil Work	42.88
2	Plant & Machinery	61.40
3	Miscellaneous Fixed Assets	15.00
	Total	119.28

Our Company does not proposes to acquire any land for this, as our Company proposes to utilize the part of area for Plant for manufacturing Technicals (Phase –I) at Chopanki, Bhiwadi, Rajasthan for which we have already taken on land on lease as given above.

Building and Civil work

The cost of construction of building and civil works has been estimated at Rs. 42.88 lacs by architect, Gupta Rajesh & Associates as on 14th November 2006 and would consist of research and development plant and other allied civil works.

Plant and machinery

We have not yet placed orders for any plant and machinery. However, we have obtained quotations from different suppliers and cost of plant and machinery including impact of taxes and duties have been estimated at Rs 61.40 lacs. All the plant and machinery would be procured indigenously the details of which is as follows:

Sr. No.	Machine Details	Name of the Supplier	Qty (Nos.)	Amount (Rs. in Lacs)
1	UV Spectrophotometer	Jay Instruments &System Private Ltd	2	7.00
2	Moisture Analyzer	Jay Instruments & System Private Ltd	4	4.40
3	Analytical balance	Jay Instruments & System Private Ltd	5	3.85
4	UPS (10 KVA) and batteries(65AH)	Unique Computers & networks	1	2.73
5	Nitrogen Generator	Waters India Pvt. Ltd.	1	6.80
6	GLC (Gas Chromatograph)	Chemito Technologies (P) Ltd	3	13.92
7	P.H.Meter	Science Enterprises	4	0.45
8	Digital Melting Point	Science Enterprises	2	0.75
9	Flash Point Apparatus	Science Enterprises	4	0.27
10	Wrist Action Shaking Machine	Science Enterprises	2	0.81
11	Magnetic Stirrer	Science Enterprises	2	0.18
12	Hot Plate	Science Enterprises	3	0.47
13	Mechanical Shaker	Science Enterprises	4	0.40
14	Centrifuge Machines	Science Enterprises	4	0.10
15	Refrigerators	Science Enterprises	4	0.50
16	Ovens	Science Enterprises	3	1.26
17	Surgical Water Bath	Science Enterprises	3	0.45
18	HPLC Systems	Waters India P Ltd	1	7.73
19	Accessories	Estimated	1	1.00
20	Fume Hood	Estimated	3	2.51
21	Glass Apparatus & Chemicals	Sheel Scientific Supplier	Various	5.84
	Total			61.40

INSECTICIDES (INDIA) LIMITED

Miscellaneous fixed assets

Miscellaneous fixed assets have been estimated at Rs. 15.00 lacs by our management. The detailed break up is as under:

Sr. No.	Description	Amount (Rs. in Lacs)
1	Office Furniture & Fixture	10.00
2	Office Automation	5.00
	Total	15.00

Phase II (Research & Development unit at Bhiwadi, Rajasthan)

Sr. No.	Description	Amount (Rs. in Lacs)
1	Land & Site Development	105.00
2	Building & Civil Work	64.00
3	Plant & Machinery	168.36
4	Miscellaneous Fixed Assets	10.00
	Total	347.36

Land & Site Development

We propose to acquire one acre of land for our Research & development unit and total cost of land as well as site development is estimated at Rs.105.00 lacs. This will near the same location as the location of proposed plant for manufacturing technical in Phase-II. The break-up of cost estimates is as under:

Sr. No	Particulars	Area (in acres)	Amount (Rs. in Lacs)
1	Cost of Land	1	100.00
2	Site Development including Land filling		5.00
	Total		105.00

Building & Civil work

The cost of construction of building and civil works has been estimated at Rs. 64.00 lacs by architect, Gupta Rajesh & Associates as on 14th November 2006 and would consist of research and development plant and other allied civil works.

Plant & Machinery

We have not yet placed orders for any plant and machinery. However, we have obtained quotations from different suppliers and cost of plant and machinery including impact of taxes and duties have been estimated at Rs.168.36 lacs. All the plant and machinery would be procured indigenously the details of which is as follows:

Sr. No.	Machine Details	Name of the Supplier	Qty (Nos.)	Amount (Rs. in Lacs)
1	UPLC & Mass Spectrometer	Waters India P Ltd	1	156.65
2	HPLC Systems	Waters India P Ltd	1	7.73
3	Spray Drier	Jay Instruments&System Private Ltd	1	3.99
	Total			168.36

Miscellaneous fixed assets

Miscellaneous fixed assets have been estimated at Rs. 10.00 lacs by our management. The detailed break up is as under:

Sr. No.	Description	Amount (Rs. in Lacs)
1	Office Furniture & Fixture	7.00
2	Office Automation	3.00
	Total	10.00

4. General Corporate Purpose

Our management in accordance with the policies set up by the Board will have flexibility in applying the balance proceeds of this Issue, for general corporate purposes including finance working capital requirements, meeting the increase in project cost, corporate offices, advertising and brand Building etc.

5. Public Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees. The estimated Issue expenses are as follows:

Sr. No.	Particulars	Amount
1	Book Running Lead Manager's fees including Underwriting commission & Selling commission	[•]
2	Registrar's fees	[•]
3	Advertisement and Marketing expenses	[•]
4	Stock Exchange fees for providing bidding terminals	[•]
5	SEBI fees on filing of Offer Document	[•]
6.	Other Miscellaneous expenses (listing fees, Legal Advisor's fees etc)	[•]
	Total	[•]

Schedule of Implementation

Formulation Plant in the State of Jammu &Kashmir

S.No.	Activities	Phase I		Phase II	
		Month of Commencement	Month of Completion	Month of Commencement	Month of Completion
1	Acquisition of Land	Already Acquired		May, 2007	May, 2007
2	Building and civil work	March, 2006	April, 2007	August, 2007	January, 2008
3	Placement of order for machineries	August, 2006	April, 2007	November, 2007	February, 2008
4	Arrival, erection and commissioning of machineries	November, 2006	April, 2007	February, 2008	May, 2008
5	Commencement of Trial production	April, 2007		June, 2008	
6	Commencement of Actual production	May, 2007		June, 2008	

INSECTICIDES (INDIA) LIMITED

Plant for manufacturing technicals at Bhiwadi, Rajasthan

S.No.	Activities	Phase I		Phase II	
		Month of Commencement	Month of Completion	Month of Commencement	Month of Completion
1	Acquisition of Land	Already Acquired		June, 2007	June, 2007
2	Building and civil work	April, 2006	April, 2007	August, 2007	March, 2008
3	Placement of order for machineries	September, 2006	April, 2007	December, 2007	March, 2008
4	Arrival, erection and commissioning of machineries	December, 2006	May, 2007	March, 2008	August, 2008
5	Commencement of Trial production	May, 2007		October, 2008	
6	Commencement of Actual production	July, 2007		November, 2008	

Research and development facility at Bhiwadi, Rajasthan

S.No.	Activities	Phase I		Phase II	
		Month of Commencement	Month of Completion	Month of Commencement	Month of Completion
1	Acquisition of Land	Not Applicable		June, 2007	June, 2007
2	Building and civil work	February, 2007	April, 2007	August, 2007	March, 2008
3	Placement of order for machineries	March, 2007	April, 2007	December, 2007	March, 2008
4	Arrival, erection and commissioning of machineries	March, 2007	May, 2007	March, 2008	August, 2008

Deployment of Funds in the Project

We have incurred the following expenditure on the project till 28th February 2007. The same has been certified by M/s Mohit Parekh & Co, Chartered Accountants vide their certificate dated 3rd March, 2007

Deployment of Funds	Rs. in Lacs
Formulation Plant (Phase – I) at Samba, Jammu	
1) Land & Site Development	12.33
2) Building & Civil Work	193.98
3) Plant & Machinery	57.00
Plant for manufacturing Technicals (Phase –I) at Chopanki, Bhiwadi, Rajasthan	
1) Land & Site Development	29.10
2) Building & Civil Work	107.36
3) Plant& Machinery	49.22
Public issue Expenses	94.06
Total	543.05

Sources of Funds	Rs. in Lacs
Internal Accruals	543.05
Total	543.05

Details of Balance Fund Deployment

The overall cost of the proposed project and the proposed year wise break up of deployment of funds is as under:

(Rs. in Lacs)

Project Details	Already incurred	2006-07	2007-08	2008-09	Total
Formulation Plant in the state of Jammu & Kashmir					
Phase I	263.31	95.51	-	-	358.82
Phase II	-	-	653.85	15.00	668.85
Plants for manufacturing technicals at Bhiwadi, Rajasthan					
Phase I	185.68	451.87	30.00	-	667.55
Phase II	-	-	870.00	578.81	1448.81
Research and development facility at Bhiwadi, Rajasthan					
Phase I	-	104.28	15.00	-	119.28
Phase II	-	-	210.00	137.36	347.36
Sub Total	448.99	651.66	1778.85	731.17	3610.67
General Corporate Purpose	-	[•]	[•]	[•]	[•]
Public Issue Expenses	94.06	[•]	[•]	[•]	[•]
Total	543.05	[•]	[•]	[•]	[•]

Interim Use of Funds

Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, deposit with banks for necessary duration. GILT edged securities and other 'AAA+' rated interest bearing securities as may be approved by the Board of Directors or a Committee thereof. We also intend to apply part of the proceeds of the issue, pending utilization for the purposes described above, to temporarily reduce our working capital borrowings from banks and financial institutions. Should we utilize the funds towards temporary reduction in utilization of short-term working capital facilities, we undertake that we would ensure consistent and timely availability of the issue proceeds so temporarily deposited in the working capital facilities to timely meet the fund requirement of the project.

MONITORING OF UTILIZATION OF FUNDS

We will disclose the utilization of the Issue proceeds under separate head in our balance sheet for the FY 2007-08 & 2008-09 and provide all the details, if any, in relation to all proceeds of the Issue that have not been utilized thereby, also indicating investments, if any, of such unutilized proceeds of the Issue. Further, no part of the Issue proceeds will be paid by us as consideration to our Promoter, Directors, key management personnel or companies promoted by our Promoter.

INSECTICIDES (INDIA) LIMITED

BASIC TERMS OF ISSUE

Terms of the Issue

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, the Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Terms of Payment:

Applications should be for a minimum of 60 equity shares and in multiples of 60 equity shares thereafter. The entire price of the equity shares of Rs. [●]/- per share (Rs. 10/- face value + Rs. [●]/- premium) is payable on application.

In case of allotment of lesser number of equity shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.

Authority for the Issue

Pursuant to Section 81 (1A) of the Companies Act, 1956, the present issue of equity shares has been authorized vide a Special Resolution passed at the Extra Ordinary General Meeting of our Company held on 22nd November 2006.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Red Herring Prospectus at a price of Rs. [●]/- per Equity Share. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors.

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of 60 Equity Shares to the successful bidders.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Net Issue to the Public including devolvement of the members of the Syndicate, in any within 60 days from the Bid Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest prescribed under Section 73 of the Companies Act 1956.

BASIS FOR ISSUE PRICE

The issue price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the equity shares offered by way of book building.

Investors should read the following summary with the Risk Factors included starting from page 11 and the details about our Company and its Financial Informations included in this Red Herring Prospectus on page 118. The trading price of the equity shares of our Company could decline due to these risks and you may lose all or part of your investments.

Qualitative Factors

Distribution Strengths:

Our distribution network consists of distributors and dealers through out the country except North Eastern States. We have more than 3000 distributors who help us in selling our products to end users through the chain of more than 40,000 dealers. We hold regular farmers meets at different places to educate and disseminate new methods of the plant protection with the help of our techno commercial marketing sales staff, dealers and distributors. With the help our distribution network & marketing team, we keep ourselves updated about the occurrence of a particular pest. Based on this information and our experience, we reschedule our production and distribution. We have established 24 depots spread through out country (except North eastern states) wherein we maintain adequate stocks to make our products available at short notices. This strategy helps us in selling our products effectively.

Our Product Range:

We have more than 80 products in our product portfolio which consists of different kind of insecticides, fungicides, weedicides, herbicides, plant growth regulators and house hold products. We manufacture various formulations comprising of liquids, granules and powder formulations. Our products are available in various sizes of packaging catering to the needs of small, marginal and large farmers. Our product range covers most of the crops and majority of plant infections. We provide end to end plant protection solutions to farmers through our distributors. Our product range helps us in attracting large distributors of agrochemicals to become our distributor.

Our Brand:

We have registered more than 70 brands. Our largest selling brands are Lethal, Victor, Thimet, Indan 4g and Kaiser. Out of these leading brands Victor, Indan 4g and Kaiser have been introduced by us and the brand Lethal was acquired by us in 2003 from Montari Industries Limited. We have entered into Technical and marketing MoU with AMVAC Chemical Corporation USA under which we are permitted to manufacture and market our product in the brand name "Thimet". We carry out brand awareness exercises with the help of advertisement both on the print and electronic media. Our product quality and brand awareness help us in getting repeat purchases by end users.

Our Team and Management :

Our Chairman Mr. H. C. Aggarwal, who has more than 30 years of experience in this Industry, has been instrumental in guiding the board in formulation of strategy and planning. Our managing director Mr. Rajesh Aggarwal with more than 10 years experience in this industry has overall control over day to day activities of our Company and has been able to motivate our key managerial personnel to create a team of dedicated techno commercial marketing staff, dealers and distributors.

Our Production Facilities

Our Company has set up production units at Chopanki, Rajasthan and Samba, J&K for production of a wide range of pesticides. We have 5 fully automated granule sections, 4 automatic lines of WDP's, 2 fully automatic and 12 semi automatic liquid lines, 14 chemical resistant reactors for insecticides, herbicides etc. We have laid out a Quality Assurance plan for all products and practices Quality Control checks, testing and inspection at all stages. In recognition of the quality system, established by our Company in the corporate office and the plant at Chopanki and Samba in respect of manufacturing, formulation and marketing of agrochemicals, we have obtained ISO 9001:2000 certificate no. 14642 dated June 27, 2005 valid upto 30th June 2008 issued by United Registrar of System Limited. ISO 9000 is a set of rules that companies follow to assure that they have the systems needed to meet their customers' needs. It involves writing procedures, following them, and getting the same audited by an accredited registrar who after satisfying himself (by examining the systems) will certify that the required standards are being followed and will then grant certification.

INSECTICIDES (INDIA) LIMITED

Preserving Environment

Our Company has established various measures for preservation of an eco-friendly production environment. Effluent water treatment plant has been installed and recycled water is used in gardens inside the factory. Fresh air induction systems have been installed to create a better production environment. Our Company's dedication to preserve environment and various steps taken by it as per international norms, has enabled it to achieve ISO 14001:2004 certification (certificate no. 124840 A dated June 12th 2006 valid upto December 31st 2007) issued by United Registrar of System Limited. ISO 14001 is an emerging standard entitled "Environmental Management Systems - Specification". A central element of the ISO 14001 standard is the "Environmental Policy" defined by an organization's top management. A system is then defined that ensures that the environmental policy is carried out by the organization. This involves planning, implementation and operations, checking and corrective action, and management review.

Packaging

We have synchronized our production planning with the end user demand. We sell our product in different SKUs (Stock keeping units) from pouches to bottles to drums. Thus we cater to the needs of the all our customers from small, marginal to big farmers. We have obtained registration patent for the design and shape of packaging of our product victor.

Our Research & Development:

We are taking steps towards capitalizing on the revolution in crop protection, which is an integral part of holistic crop management. Our Company has established an R&D centre recognized by Department of Scientific & Industrial Research, Ministry of Science and technology. Our R&D Center has augmented its infrastructure with sophisticated instruments like HPLC, GLC, AAS, UV and Infrared Spectrophotometer that are used for standardization of manufacturing processes. Our focus areas for R&D are identifying and manufacturing high value added, developing complex new molecules for introduction in generic market. We also focus on development of eco friendly formulations like Soluble Concentrates (SCs), Emulsion in Water (EWs), Wettable Dispersible Granules (WDGs) etc. We are also engaged in synthesis of new molecules which are more environmental friendly. Through our R&D we have developed two processes for which the patent applications have been filed with Government of India, Patent Office Branch as on 24th March 2005 and 16th February 2005, respectively.

Quantitative Factors On Standalone Basis

Information presented in this section is derived from our Company's restated, unconsolidated financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Restated Earnings Per Share

Year	EPS (Rs.)	Weight
2003-04	0.66	1
2004-05	7.27	2
2005-06	12.35	3
2006-07*	22.12	4
Weighted average	14.07	

*Annualised for 31 December, 2006

2. Price/Earning Ratio (P/E) in relation to Issue Price of Rs. [●]/- per share

Particulars	At the lower price band of Rs. 97	At the higher price band of Rs. 115
Based on 2006-07 Annualised EPS of Rs. 22.12	4.35	5.19
Based on weighted average EPS of Rs. 14.07	6.89	8.17

Industry P/E: (Pesticides/Agrochemicals –Indian)

i. Highest –(Rallis India)	135.1
ii. Lowest – (Bhagiradha Chemical)	4.0
iii. Average	29.1

Source: Capital Markets Volume XXII/03, April 09--22, 2007

3. Return on Net Worth

Year	RONW (%)	Weight
2003-04	4.98	1
2004-05	44.83	2
2005-06	40.54	3
2006-07*	50.60	4
Weighted average	41.87	

*Annualised for 31 December, 2006

Minimum Return on Total Net Worth to maintain pre-issue EPS of Rs. 22.12

At the lower price band of Rs. 97/- 39.01

At the higher price band of Rs. 115/- 36.10

4. Net Asset Value

		At the lower price band of Rs. 97	At the higher price band of Rs. 115
a)	As on December 31, 2006	Rs. 43.06	Rs. 43.06
b)	After Issue	Rs. 56.71	Rs. 61.27
c)	Issue Price	Rs. [●]	Rs. [●]

4. Accounting Ratios of some of the Companies in the same Industry group:

Particulars	EPS (Rs)	P/E	RONW (%)	NAV (Rs.)
Rallis India*	1.8	135.1	34.5	73.1
P I Inds.*	10.9	15.3	7.2	163.0
Bharat Rasayan*	2.0	27.8	5.6	67.3
Bayer Crop Sciences*	13.2	15.4	13.7	83.9
Monsanto India*	66.7	20.1	20.5	378.9
Syngenta India*	18.9	24.9	21.2	135.8
Insecticides (India) Limited@	22.12**	#	50.60**	43.06

*Source: Capital Markets Volume XXII/03, April 09--22, 2007

** Annualised for 31 December, 2006

will be determined by book building process

@ as per restated standalone financials

INSECTICIDES (INDIA) LIMITED

6. The face value of our Equity Shares is Rs.10/- per Equity Share and the Issue Price of Rs. [●]/- is [●] times the face value of our Equity Shares. The final price would be determined on the basis of the demand from the investors.
7. The Book Running Lead Managers believe that the Issue Price of Rs. [●]/- per Equity Share is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and our financials as set out in the Auditors Report in this Red Herring Prospectus to have a more informed view about the investment proposition.

STATEMENT OF TAX BENEFITS

The Board of Directors

Insecticides (India) Limited

401-402, Lusa Tower,
Azadpur Commercial Complex,
Azadpur, Delhi – 110033

Dear Sirs,

We hereby report that the enclosed “Annexure 1” states the tax benefits available to Insecticides (India) Limited (the “Company”) and its Shareholders under the provisions of the Income-tax Act, 1961 and other tax laws, presently in force. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill. The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- (i) The Company or its shareholders will continue to obtain these benefits in future; or
- (ii) The conditions prescribed for availing the benefits have been / would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

While all reasonable care has been taken in the preparation of this opinion, Mohit Parekh & Co. accepts no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

For **Mohit Parekh & Co**

Chartered Accountants

(Mohit A Parekh)

Proprietor

Membership No: 81069

Place: Delhi

Date: December 20, 2006

Statement of possible benefits available to the Company and its shareholders

I. Under the Income Tax Act, 1961

A. 1 Benefits available to the Company

A.1.1 The Company is eligible under section 35D of the Income Tax Act, 1961 to a deduction equal to one-fifth of certain specified expenditure, including specified preliminary expenditure incurred in connection with the issue for the extension of the industrial undertaking, for a period of five successive years subject to the limits provided and conditions specified under the said section.

A.1.2 The Company would be eligible for depreciation @ 15% on the cost of Plant & Machinery as per the provisions of Income Tax Act, 1961. Further the company would be entitled to depreciation @ 80% of the cost of Plant & Machinery in the nature of boilers, Air and water pollution equipment and energy saving devices and would also be entitled to depreciation on its other assets as per Rule 5 of the Income Tax Rules, 1962.

A.1.3 As per provisions of section 32 (1) (iia) of the Income Tax Act, 1961 the company would be entitled to additional depreciation @ 20% of the actual cost of new Plant & Machinery during previous year ending on or after 31.3.2005 subject to the fulfillment of other conditions specified under the said section.

A.1.4 Note on Section 80 IB: Deduction in respect of profits and gains for certain industrial undertakings other than infrastructure development undertakings.

The company is eligible to claim deduction in respect of income earned by the industrial undertaking from manufacturing activity carried out by it in accordance of the provisions of Section 80 IB. As one of the industrial units is set up in Samba, in state of Jammu & Kashmir and is engaged in the manufacture of goods, the company is eligible for deduction under section 80IB. The amount eligible for a deduction would be the profits and gains derived from the sale of products manufactured by the company at Samba Unit.

The company is eligible to claim deduction of hundred per cent of the profits & gains for five assessment years beginning with the initial assessment year and thereafter it can avail a deduction of thirty per cent for the remaining period of five years.

A.1.5 Unabsorbed depreciation and business losses

As per the provisions of section 32(2) of the Act, where full allowance cannot be given to the depreciation allowance in any year, the same can be carried forward and claimed in the subsequent years. Further, as per the provisions of section 72 (2) of the Act, unabsorbed business losses which is not set off in any previous year can be carried forward and set off against the business profits of the subsequent assessment years. However, the carry forward and set off of the unabsorbed depreciation and business losses are subject to restrictions specified in section 10A, section 79 and section 80.

A.2. Computation of Capital gains

A.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other security listed in a recognized stock exchange in India or a unit of the UTI or a unit of a mutual fund specified under section 10(23D) or zero coupon Bonds) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a company, any other listed securities, units of UTI and Mutual Fund units, zero coupon bonds are considered as long term capital assets if these are held for a period exceeding 12 months.

Consequently, capital gains arising on sale of shares held in a company or any other listed security or units of UTI or Mutual Fund units or zero coupon bonds held for more than 12 months would be considered as "long term capital gains".

A.2.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/ improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the

indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as per explanation (iii) to section 48 of the Act, as prescribed from time to time.

- A.2.3 As per the provisions of Section 112(1)(b) of the Act, long term capital gains as computed above would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge and education cess).

Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30 percent (plus applicable surcharge and education cess), at the discretion of assessee. However, as per section 111A of the Act, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at the rate of 10 percent (plus applicable surcharge and education cess), if:

- The transaction of sale is entered into after 1st October 2004, through a recognized stock exchange and;
- Such transaction is chargeable to securities transaction tax under Chapter VII of Finance (No. 2) Act, 2004.

A.2.4 Exemption of long term capital gains from income tax

As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income-tax if:

- The transaction of sale is entered into on or after 1st October 2004, through a recognized stock exchange and;
- Such transaction is chargeable to securities transaction tax under Chapter VII of Finance (No. 2) Act, 2004.

- A.2.5. As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the Company on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Company transfers or converts the notified bonds into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- A.2.6. As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term capital assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an “eligible issue of capital” within six months from the date of transfer of the said long term capital assets.

Eligible issue of capital has been defined as an issue of equity shares which satisfies the following conditions - the issue is made by a public company formed and registered in India; and the shares forming part of the issue are offered for subscription to the public.

A.2.7 Dividends exempt under section 10(34) of the Act

Dividends (whether interim or final) declared, distributed or paid by a domestic company for any assessment year commencing on or after April 1, 2003 are exempt in the hands of the Company, in its capacity as shareholder, as per the provisions of Section 10(34) of the Act, if the same is subject to dividend distribution tax under section 115O of the Act.

- A.2.8. Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long- term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years short-term as well as long-term capital gains.

- A.2.9 Long – term capital loss suffered during the year is allowed to be set-off against long- term capital gains. Balance Loss, if any, could be carried forward for eight years for claiming set-off against subsequent years long-term capital gains.

INSECTICIDES (INDIA) LIMITED

A.2.10 As per section 88E of the Act, the STT paid in respect of the taxable securities transactions entered into in the course of business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains of Business or Profession' arising from taxable securities transactions.

B. The Shareholders

B.1. Benefits available to resident shareholders

B.1.1 Income of a minor exempt up to certain limit

Under Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the Act will be exempt from tax to the extent of Rs. 1,500 per minor child.

B.1.2 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company for any assessment year commencing on or after April 1, 2003 are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act, if the same is subject to dividend distribution tax under section 115O of the Act.

B.1.3 Computation of capital gains

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other security listed in a recognized stock exchange in India or a unit of the UTI or a unit of a mutual fund specified under section 10(23D) or zero coupon Bonds) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a company, any other listed securities, units of UTI and Mutual Fund units, zero coupon bonds are considered as long term capital assets if these are held for a period exceeding 12 months.

Consequently, capital gains arising on sale of shares held in a company or any other listed security or units of UTI or Mutual Fund units or zero coupon bonds held for more than 12 months would be considered as "long term capital gains".

B.1.4 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/ improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as per explanation (iii) to section 48 of the Act, as prescribed from time to time.

B.1.5 As per the provisions of Section 112(1)(b) of the Act, long-term capital gains as computed above would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge and education cess).

B.1.6 Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30 percent (plus applicable surcharge and education cess), at the discretion of assessee. However, as per section 111A of the Act, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at the rate of 10 percent (plus applicable surcharge and education cess), if:

- The transaction of sale is entered into on or after 1st October 2004 through a recognized stock exchange and;
- Such transaction is chargeable to securities transaction tax under Chapter VII of Finance (No. 2) Act, 2004.

B.1.7 Exemption of long term capital gains from income tax

As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income-tax if:

- The transaction of sale is entered into on or after 1st October 2004 and transactions are entered through a recognized stock exchange and ;
- Such transaction is chargeable to securities transaction tax under Chapter VII of Finance (No. 2) Act, 2004.

B.1.8 As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the Company on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Company transfers or converts the notified bonds into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

B.1.9 As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term capital assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an “eligible issue of capital” within six months from the date of transfer of the said long term capital assets. Eligible issue of capital has been defined as an issue of equity shares which satisfies the following conditions

- The issue is made by a public company formed and registered in India; and
- The shares forming part of the issue are offered for subscription to the public.

B.1.10 As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family (‘HUF’), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to income-tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house either purchased or constructed. If part of such net consideration is invested within the prescribed period in a residential house, then so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new asset bears to the net consideration shall not be chargeable to income-tax. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

B.1.11 As per provisions of U/s 88E of the Income Tax Act, 1961, the securities transactions tax paid by the shareholders in respect of taxable securities transaction entered into the course of his business would be eligible for rebate from the amount of income tax on the income chargeable under the head profits and gains of business or profession arising from taxable securities transactions subject to the fulfillment of other conditions specified under the said section.

B. 2. BENEFITS AVAILABLE TO NON-RESIDENT INDIAN SHAREHOLDERS

B.2.1 Income of a minor exempt up to certain limit

Under Section 10(32) of the IT Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the IT Act will be exempt from tax to the extent of Rs. 1,500 per minor child.

B.2.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company for any assessment year commencing on or after April 1, 2003 are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act, if the same is subject to dividend distribution tax under section 115O of the Act.

B.2.3 Computation of capital gains

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a company or any other security listed in a recognized stock exchange in India or a unit of the UTI or a unit of a mutual fund specified under section 10(23D) or zero

INSECTICIDES (INDIA) LIMITED

coupon Bonds) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a company, any other listed securities, units of UTI and Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months.

Consequently, capital gains arising on sale of shares held in a company or any other listed security or units of UTI or Mutual Fund units or Zero Coupon bonds held for more than 12 months would be considered as "long term capital gains".

- B.2.4 Section 48 of the Act contains special provisions in relation to computation of long term capital gains on transfer of an Indian company's shares by non-residents. Computation of long-term capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange as per rules 115 and 115A. Benefit of Indexation of cost is not available in above case.

Gains arising on transfer of short-term capital assets are normally chargeable at the tax rates as applicable to the status of the shareholder. However, as per section 111A, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge and education cess), if:

- The transaction of sale is entered into on or after the 1st October 2004 through a recognized stock exchange and;
- Such transaction is chargeable to securities transaction tax under Chapter VII of Finance (No. 2) Act, 2004.

B.2.5 Capital gains tax - Options available under the Act

Where shares have been subscribed in convertible foreign exchange –

Option available under Chapter XII-A of the Act Non-Resident Indians [as defined in Section 115C (e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

- As per the provisions of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.

- B.2.6 As per the provisions of Section 115F of the Act and subject to the conditions specified therein, gains arising from the transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within a period of six months from the date of transfer in any specified asset or in any saving certificate as specified. If only part of such net consideration is so invested, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the specified asset in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

- B.2.7 As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or long term capital gains or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

- B.2.8 Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

B.2.9 As per the provisions of Section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

B.2.10 Exemption of long-term capital gains from income tax

As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income-tax if:

- the transaction of sale is entered into on or after 1st October 2004 through recognized stock exchange and;
- Such transaction is chargeable to securities transaction tax under that Chapter.

B.2.11 As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the shareholder on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the Shareholder transfers or converts the notified bonds into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

B.2.12 As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an “eligible issue of capital” within six months from the date of transfer of the said long term capital assets.

Eligible issue of capital has been defined as an issue of equity shares which satisfies the following conditions:

- The issue is made by a public company formed and registered in India; and
- The shares forming part of the issue are offered for subscription to the public.

B.2.13 As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family (‘HUF’), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house either purchased or constructed. If part of such net consideration is invested within the prescribed period in a residential house, then so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new asset bears to the net consideration shall not be chargeable to income tax. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

B.2.14 Provisions of the Act vis-à-vis provisions of the tax treaty

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

B.3 Benefits available to Foreign Institutional Investors (“FIIs”)

B.3.1. As per provisions of section 10 (34) of the Act, any income by way of dividend referred to in section 115 O (i.e. dividend declared, distributed or paid on and after April 1, 2003 by the company) is exempt from tax.

INSECTICIDES (INDIA) LIMITED

B.3.2 Taxability of capital gains

As per the provisions of section 115AD of the Act, FII's will be taxed on the capital gains income at the following rates:

Nature of income	Rate of tax
Long term capital gains	10 percent
Short term capital gains	30 percent/10 percent (Reduced rate of 10% if transaction of sales is entered into on or after 1 st October 2004 through recognized stock exchange and securities transaction tax charged. The above tax rates would be increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not available to FII's.

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident.

B.3.3 Exemption of capital gain from income tax

As per the provisions of Section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income-tax if:

- The transaction of sale is entered into on or after 1st October 2004 through a recognized stock exchange and;
- Such transaction is chargeable to securities transaction tax under Chapter VII of Finance (No. 2) Act, 2004.

B.3.4 As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising to the Company on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain specified asset within six months from the date of transfer. However, if the Company transfers or converts the specified asset into money within a period of three years from the date of its acquisition, the amount of capital gain arising from the transfer of original asset exempted earlier would become chargeable to tax as long term capital gains in the year in which the specified asset are transferred or converted into money.

B.3.5 As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units of a mutual fund specified under section 10(23D) of the Act or of the UTI shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the said long term capital assets. Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

- the issue is made by a public company formed and registered in India; and
- the shares forming part of the issue are offered for subscription to the public

B.3.6 Tax Treaty Benefits:

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions the tax treaty to extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the beneficial provision of an applicable tax treaty.

Note: There is a legal uncertainty over whether a FII can elect to be governed by the normal provisions of the Act, instead of the provisions of section 115AD. Investors are advised to consult their tax advisors in this regard.

B. 4 Benefits available to Mutual Funds

As per the provisions of section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from income tax, subject to such conditions as may be prescribed in this behalf.

B.5 Benefits available to Venture Capital Companies/Funds

As per the provisions of section 10(23FB) of the Act, any income of Venture Capital Companies / Funds (set up to raise funds for investment in a venture capital undertaking registered and notified in this behalf) registered with the Securities and Exchange Board of India, would be exempt from income tax, subject to the conditions specified therein. However, the income distributed by the Venture Capital Companies / Funds to its investors would be taxable in the hands of the recipients.

II. Benefits available under the Wealth Tax Act, 1957

All assesses are entitled to exemption from wealth tax in respect of the shares of the company as shares or securities are not included in the definition of asset U/s 2 (ea) of the Wealth Tax Act, 1957.

III. Benefits available under the Gift-Tax Act, 1958

Gift of shares of the company made on or after October 1, 1998 would not be liable to Gift tax under the erstwhile Gift Tax Act. However, under section 56 (2) (v) of the Income Tax Act, 1961, where any sum of money (which could include gift of shares also) exceeding twenty five thousand rupees is received without consideration by an individual or a Hindu undivided family from any person on or after the 1st day of September, 2004, the whole of such sum, would be taxed as income in the hand of the recipient, provided that this clause shall not apply to any sum of money received:

- a) from any relative; or
- b) on the occasion of the marriage of the individual; or
- c) under a will or by way of inheritance; or
- d) in contemplation of death of the payer.

For the purposes of this clause, "relative" means:

- a) spouse of the individual;
- b) brother or sister of the individual;
- c) brother or sister of the spouse of the individual;
- d) brother or sister of either of the parents of the individual;
- e) any lineal ascendant or descendant of the individual;

IV. Benefits available under Export Import Policy

Import of Capital Goods under Export Promotion Capital Goods scheme (EPCG Scheme) at concessional rate of duty subject to fulfillment of obligations.

Notes:

- All the above benefits are as per the current tax laws and will be available only to the sole/first named holder in case the Equity Shares are held by joint holders.
- In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.
- In view of the individual nature of tax consequence, each investor is advised to consult his/her own tax adviser with respect to specific tax consequences of his/her participation in the scheme.

SECTION VI – ABOUT US

INDUSTRY OVERVIEW

Disclaimer: Pursuant to the requirements of the SEBI Guidelines, the discussion on the business of our Company in this Red Herring Prospectus consists of disclosures pertaining to industry grouping and classification. The industry grouping and classification is based on our Company's own understanding and perception and such understanding and perception could be substantially different or at variance from the views and understanding of third parties. The industry data has been collated from various industry and/or research publications and from information available from the World Wide Web.

The information in this section is derived from various government publications and other industry sources. Neither we, nor any other person connected with the issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

Pesticides are the special category of toxic agro-chemicals used to control pests, insects rodents, fungus, herbs etc. The following categories of pesticides are produced and used in the country:-

- (i) Insecticides
- (ii) Fungicides
- (iii) Herbicides
- (iv) Rodenticides
- (v) Weedicides
- (vi) Fumigants
- (vii) Nematocides
- (viii) Plant Growth Regulators

Pesticides are manufactured first as technical grade chemicals having higher commercial purity. These are not used as such and the successful use to control harmful insects, mites, micro-organisms and weeds depends to a large degree on their formulation and the conditions under which the chemical compound is brought into contact with the pests, vectors, diseases, stored product pests and the unwanted plants.

(Source: Standing committee on petroleum & chemicals (2002) report on Production and Availability of pesticides presented to Lok Sabha on 20.12.2002)

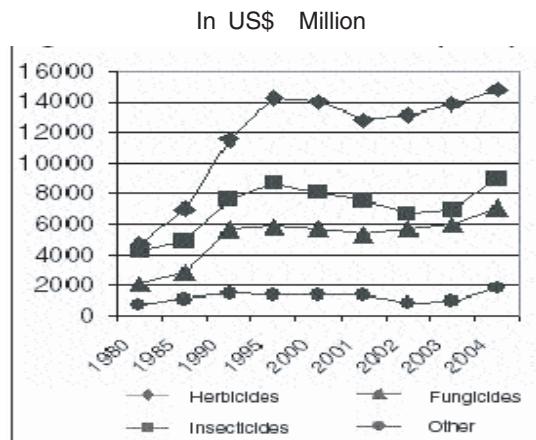
HISTORY OF PESTICIDES:

Since before 500 BC, humans have used pesticides to prevent damage to their crops. The first known pesticide was sulfur. By the 15th century, toxic chemicals such as arsenic, mercury and lead were being applied to crops to kill pests. In the 17th century, nicotine sulfate was extracted from tobacco leaves for use as an insecticide. The 19th century saw the introduction of two more natural pesticides, pyrethrum which is derived from chrysanthemums, and rotenone which is derived from the roots of tropical vegetables.

In 1939, Paul Muller discovered that DDT was a very effective insecticide. It quickly became the most widely-used pesticide in the world. However, in the 1960s, it was discovered that DDT was preventing many fish-eating birds from reproducing which was a huge threat to biodiversity. DDT is now banned in at least 86 countries, but it is still used in some developing nations to prevent malaria and other tropical diseases by killing mosquitoes and other disease-carrying insects. (Source: <http://en.wikipedia.org/>)

GLOBAL MARKET FOR PESTICIDES:

Following chart show the uses of various types of pesticides



(source: www.ficci.com)

The global market for chemical pesticides/agrochemicals is estimated at around US\$26-27 billion. Herbicides comprised 44% of the world market, followed by insecticides (27%), fungicides (20%), and others (9%).

The markets for chemical pesticides have undergone rapid changes over the last decade. Use of pesticides worldwide over the last decade has remained constant or declined. The reduction can be explained partly by changing crop prices, greater efficiency of pesticide use as a result of improvements in pest management practices and technology, increased adoption of genetically modified (GM) crops, and IPM techniques aimed at both improving pest management practices, and in some cases targeting a reduction in pesticide use.

Indian Pesticides Industry

India is 13th largest exporter of pesticides. Pesticides sector in India is being governed by two Ministries. Department of Chemicals and Petrochemicals under the Ministry of Chemicals & Fertilisers promotes the production of chemicals including pesticides whereas the role of Ministry of Agriculture is to regulate, register and monitor the quality and supply of pesticides in the country.

In India presence of more than 40,000 different types of insects has been recorded and of these about 1000 have been listed as potential pests of economic plants, 500 pests have caused serious damage at some time or the other and 70 have been causing damage more often. Therefore, pesticides have been recognized in India as essential in increasing agricultural production by preventing crop losses before and after harvesting. Insecticides also play an important role in combating insect borne diseases.

The following table give the capacity and production of pesticides industry.

In '000 TONES

Pesticides production	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Capacity	137.00	140.00	138.00	139.00	134.00	145.00
Production	94.50	92.00	83.00	72.00	84.00	94.00
Capacity Utilization %	69.00	65.70	60.10	51.80	62.70	64.80
Imports	0.50	0.60	1.00	0.60	2.00	2.00
Exports	15.00	14.00	13.00	17.00	20.00	20.00
Consumption	80.50	78.60	70.00	55.60	66.00	76.00

(source: <http://www.chemicals.nic.in>)

INSECTICIDES (INDIA) LIMITED

Trend in world & Indian Pesticides Industry.

The size of world market of pesticides is estimated to be around US\$ 26000- 27000 Million. The world market for pesticides has been more or less constant for last few years. The Indian pesticides market is estimated to be about Rs. 3500 Cr to 4000 Cr. Over decades the pesticides has become more specific and more effective.

With India recognizing the product patent, the multinational in India are expected to introduce newer products developed by them in other countries. The smaller companies in India in pesticides industry are also carrying out the research to develop process for producing generic products. India is mainly generic market for pesticides. In future with the introduction of newer ways of doing agriculture the generic will give ways to patented molecules.

OUR BUSINESS

We are in the business of manufacturing and distribution of formulations of plant protection chemicals and house hold pesticides. Till FY 2006, we had been concentrating on the agrochemicals and in the last financial year we have introduced house hold pesticides. Our product range includes more than 80 types of insecticides, fungicides, weedicides, herbicides and plant growth regulator for all types of crops and also house hold pesticides. We cater mostly to domestic market. Our largest selling brands are Lethal, Victor, Thimet, Indan 4g and Kaiser.

Our manufacturing units are located at Chopanki (Rajasthan) and Samba (Jammu) with a total manufacturing capacity of 60 lacs litres of Emulsifiable Concentrate (EC), 2900 MT of Wettable Dispersable Powder (WDP) and 10500 MT of granules per annum.

Our income for the years FY 2004, FY2005, FY2006 and for Nine month ended December 31, 2006 was Rs. 7628.14 lacs, Rs.11134.81 lacs, Rs. 13778.90 lacs and Rs 16816.22 lacs respectively. Our Profit for the years FY 2004, FY2005, FY2006 and for Nine month ended December 31, 2006 was Rs.39.03 lacs, Rs. 661.24 lacs, Rs. 1025.98 lacs and Rs.1547.79 lacs. Our Profit Margins for the years FY 2004, FY2005, FY2006 and for Nine month ended December 31, 2006 was 0.51 %, 5.94 %, 7.45% and 9.20% respectively.

Our Strengths:

Distribution Strengths:

Our distribution network consists of distributors and dealers through out the country except North Eastern States. We have more than 3000 distributors who help us in selling our products to end users through the chain of more than 40,000 dealers. We hold regular farmers meets at different places to educate and disseminate new methods of the plant protection with the help of our techno commercial marketing sales staff, dealers and distributors. With the help of our distribution network & marketing team, we keep ourselves updated about the occurrence of a particular pest. Based on this information and our experience, we reschedule our production and distribution. We have established 24 depots spread through out country (except North eastern states) wherein we maintain adequate stocks to make our products available at short notices. This strategy helps us in selling our products effectively.

Our Product Range:

We have more than 80 products in our product portfolio which consists of different kind of insecticides, fungicides, weedicides, herbicides, plant growth regulators and house hold products. We manufacture various formulations comprising of liquids, granules and powder formulations. Our products are available in various sizes of packaging catering to the needs of small, marginal and large farmers. Our product range covers most of the crops and majority of plant infections. We provide end to end plant protection solutions to farmers through our distributors. Our product range helps us in attracting large distributors of agrochemicals to become our distributor.

Our Brand:

We have registered more than 70 brands. Our largest selling brands are Lethal, Victor, Thimet, Indan 4g and Kaiser. Out of these leading brands Victor, Indan 4g and Kaiser have been introduced by us and the brand Lethal was acquired by us in 2003 from Montari Industries Limited. We have entered into Technical and marketing MoU with AMVAC Chemical Corporation USA under which we are permitted to manufacture and market our product in the brand name "Thimet". We carry out brand awareness exercises with the help of advertisement both on the print and electronic media. Our product quality and brand awareness help us in getting repeat purchases by end users.

Our Team and Management :

Our Chairman Mr. H. C. Aggarwal, who has more than 30 years of experience in this Industry, has been instrumental in guiding the board in formulation of strategy and planning. Our managing director Mr. Rajesh Aggarwal with more than 10 years experience in this industry has overall control over day to day activities of our Company and has been able to motivate our key managerial personnel to create a team of dedicated techno commercial marketing staff, dealers and distributors.

INSECTICIDES (INDIA) LIMITED

Our Production Facilities

Our Company has set up production units at Chopanki, Rajasthan and Samba, J&K for production of a wide range of pesticides. We have 5 fully automated granule sections, 4 automatic lines of WDP's, 2 fully automatic and 12 semi automatic liquid lines, 14 chemical resistant reactors for insecticides, herbicides etc. We have laid out a Quality Assurance plan for all products and practices Quality Control checks, testing and inspection at all stages. In recognition of the quality system, established by our Company in the corporate office and the plant at Chopanki and Samba in respect of manufacturing, formulation and marketing of agrochemicals, we have obtained ISO 9001:2000 certificate no. 14642 dated June 27, 2005 valid upto 30th June 2008 issued by United Registrar of System Limited. ISO 9000 is a set of rules that companies follow to assure that they have the systems needed to meet their customers' needs. It involves writing procedures, following them, and getting the same audited by an accredited registrar who after satisfying himself (by examining the systems) will certify that the required standards are being followed and will then grant certification.

Preserving Environment

Our Company has established various measures for preservation of an eco-friendly production environment. Effluent water treatment plant has been installed and recycled water is used in gardens inside the factory. Fresh air induction systems have been installed to create a better production environment. Our Company's dedication to preserve environment and various steps taken by it as per international norms, has enabled it to achieve ISO 14001:2004 certification (certificate no. 124840 A dated June 12th 2006 valid upto December 31st 2007) issued by United Registrar of System Limited. ISO 14001 is an emerging standard entitled "Environmental Management Systems - Specification". A central element of the ISO 14001 standard is the "Environmental Policy" defined by an organization's top management. A system is then defined that ensures that the environmental policy is carried out by the organization. This involves planning, implementation and operations, checking and corrective action, and management review.

Packaging

We have synchronized our production planning with the end user demand. We sell our product in different SKUs (Stock keeping units) from pouches to bottles to drums. Thus we cater to the needs of the all our customers from small, marginal to big farmers. We have obtained registration for the design and shape of packaging of our product victor.

Our Research & Development:

We are taking steps towards capitalizing on the revolution in crop protection, which is an integral part of holistic crop management. Our Company has established an R&D centre recognized by Department of Scientific & Industrial Research, Ministry of Science and technology. Our R&D Center has augmented its infrastructure with sophisticated instruments like HPLC, GLC, AAS, UV and Infrared Spectrophotometer that are used for standardization of manufacturing processes. Our focus areas for R&D are identifying and manufacturing high value added, developing complex new molecules for introduction in generic market. We also focus on development of eco friendly formulations like Soluble Concentrates (SCs), Emulsion in Water (EWs), Wetttable Dispersible Granules (WDGs) etc. We are also engaged in synthesis of new molecules which are more environmental friendly. Through our R&D we have developed two processes for which the patent applications have been filed with Government of India, Patent Office Branch as on 24th March 2005 and 16th February 2005, respectively.

Our Strategy

Increasing our product range and market :

Currently, we have more than 80 products catering to different markets and needs. Currently most of our revenue is derived from plant protection chemicals. We intend to improve our market share in house hold pesticides. We also intend to increase our product range by introducing new generation and environmentally safe products. We derive most of our revenue from the domestic market. Break up of our sales between export and domestic market is as follows:

FY Ending	Domestic Sales		Export Sales		Total Sales (Rs. in Lacs)
	Amount (Rs.in Lacs.)	% of Total Sales	Amount (Rs. in Lacs)	% of Total Sales	
March 2004	7494.83	100.00	Nil	0.00	7494.83
March 2005	10631.09	99.82	19.59	0.18	10650.68
March 2006	13333.90	99.92	10.81	0.08	13344.71
December 2006	16816.22	100.00	Nil	0.00	16816.22

We intend to reduce our dependence on the rural market by exploring the urban market through the house hold pesticides. We also intend to explore the possibility of exporting some of our products including Technicals which are concentrated chemicals.

To go for backward integration

Technical (concentrated chemicals) is the most important raw material for us. We currently source the Technicals from various suppliers across India and also import a small quantity. Timely sourcing of Technicals is a challenge for us. We intend to reduce our dependence on the other suppliers of Technicals by producing the Technicals ourselves. We have developed various processes in our R&D center to produce Technicals and we wish to commercialize these processes. We also intend to acquire necessary equipment and technology for adding new Technicals which are concentrated chemicals.

Increasing the manufacturing capacity

Our Company has kept on increasing the capacity of various products manufactured. Our capacity for FY 2003 was 30 lac litres of EC, 1500 MT of WDP, 4500 MT of Granules which we increased to 60 lac litres of EC, 2900 MT of WDP, 10500 MT of Granules by end of FY 2006. We intend to keep on adding the capacity to meet the requirement of demand of the various products and take benefit of various government policy.

Brand and brand promotion.

We have purchased Tractor, Lethal and various other brands from Montari Industries Limited in the year 2003. We intend to keep on purchasing the generic brand whenever there is an opportunity. We also intend to create brand for the new generation products developed by innovation. We have been advertising in both print and electronic media and maintained brand the recall of our brand through farmers meet and by participating in the various farmers fair. We intend to keep on promoting our key brands in future.

Entering into strategic alliance

We have entered into Technical and marketing agreement with American Vanguard Corporation, USA under which we are permitted to manufacture and market our product in the brand name Thimet. We intend to keep on entering into such alliances which in the view of our Management is beneficial to share holders, in future whenever possible.

Our Operation:

Our manufacturing units are located at E-443-444, Industrial Area Chopanki, Distt. Alwar (Rajasthan) and Chemical Zone, Industrial Growth Centre, SIDCO, SAMBA, 184121 (J & K). Our corporate office is located at 401-402, Lusa Tower, Azadpur Commercial Complex, Azadpur, Delhi – 110033.

INSECTICIDES (INDIA) LIMITED

Our products

We have divided our whole products into following four categories

INSECTIDES	FUNGICIDES	WEEDICIDES & HERBICIDES
VICTOR Imidacloprid 17.8% SL • LETHAL SUPER 505 Chlorpyrifos 50% + • Chlpermethrin 5% E.C. NAYAK • Alfamethrin 10% E.C. SHARP • Acetamiprid 20% SP INDAN 4G • Cartap Hydrochloride 4% G INDAN SP • Cartap Hydrochloride 50% SP SUPER FIGHTER • Cypermethrin 25% E.C. AFLATOON • Chlorpyrifos 16% • +Alphacypermethrin 1% EC BRAVO 5000 • Lambdacyhalothrin 5% EC BRAVO 2500 • Lambdacyhalothrin 2.5% EC RIM JHIM • Ethion 40%+Cypermethrin 5% EC CRUSH • Ethion 50% EC MALAMAL • Malathion 50% EC FLAME • Fenvalerate 20% EC ENDOIN • Endosulfan 35% EC BLOOM • Dichlorovos 76% EC (DDVP) • MILPHOS • Monocrotophos 36% SL CYPERMIL • Cypermethrin 10% EC • MILUX Quinalphos 25% EC • LASER Acephate 75% SP • SUMO 3G Carbofuran 3% G • AVVAL Indoxacarb 14.5% SC • TITAN Triazophos 40% EC	• SULFIN WP Sulphur 80% WP • SULFIN WG Sulphur 80% WDG • AVONE Hexaconazole 5% EC • FORCE 11 Tricyclozole 75% WP • CARE Carbendazim 12% + Mancozeb 63% WP • HIMIL Metalaxyl 8% + Mancozeb 64% WP • HIMIL GOLD Metalaxyl 35% WS SAHARA Carbendazim 50% WP • LEO M-45 Mancozeb 75% WP • PRISM Thiophanate Methyl 70% WP • STREPTOMIL Streptomycin Sulphate + Tetracycline Hydrochloride 9:1 SP	• HIJACK Glyphosate 41% SL • ARMY Anilophos 30% EC • SUPERHIT 2-4-D Sodium Salt 80% WP • HIT-44 2-4-D Ethyl Ester 38% EC • TWISTER 2-4-D, Amine Salt 58% EC • ANCHOR Metribuzin 70% WP • MILCHLOR Butachlor 50% EC • STRIKE Attazine 50% WP • RACER Pretilachlor 50% EC • PENDAMIL Pendimethalin 30% EC • WEED GRIP Metsulfuron Methyl 20% WP • GENIOUS Cladinafop 15% WP • MILRON Isoproturon 75% WP • MILCHLOR GR Butachlor 5% GR • MILQUAT Paraquat Dichloride 24% SL • KAISER Sulfosulfuron 75% WG • PLANT GROWTH REGULATOR MILPHON • Ethephon 36% SL • PRIME • Gibberellic Acid (Tech.) • NOVACULAN (Tricentanol EC 0.05%) • MILSTIM Bio Stimulant • EUROZYME (Granules) Organic Stimulant • EUROZYME (Liquid) BioStimulant • ANMOL A.N.A. 4.5% SL • (For Foliar Spray) • VESPA 100 Spray Adjuvant Concentrate

INSECTIDES		PLANT GROWTH REGULATOR
• ROGORIN Dimethoate 30% EC • METACIL Methyal Parathion 50% EC • WINNER Fenobucarb 50% EC (BPMC) • BANJO Profenofos 50% EC • ARROW Thiamethaxam 25% WG - DUST FORMULATIONS • PROFIT DP Methy Parathion 2% DP • MORE DP Melathion 5% DP • FLAME DP Fenvalerate 0.4% DP		• ACTIVE Triacontanol GR 0.05%

Production planning and Raw material procurement;

Our business is seasonal in nature i.e. demand for certain products are quite high during monsoon, incidence of pest and/or disease infestation. Before the close of each financial year, an assessment of performance for the year is done which involves inputs from all key managerial personnel. Inputs of sales/ field staff across the country is also taken at the annual staff meeting and sales target for the next financial year is finalized. Based on this, monthly production targets and raw materials procurement target are finalized. Sales, production and raw material procurement targets are reviewed on a regular basis depending upon market conditions.

Our raw material can be classified into two category Technicals and Adjuvants. Each product requires different Technical. We source the majority of Technical from suppliers in India and also import a small portion. The adjuvants like granules, emulsifiers, solvents, powders etc are sourced from various suppliers in India. We normally keep the sufficient stock of adjuvants to avoid any disruption in production of end product.

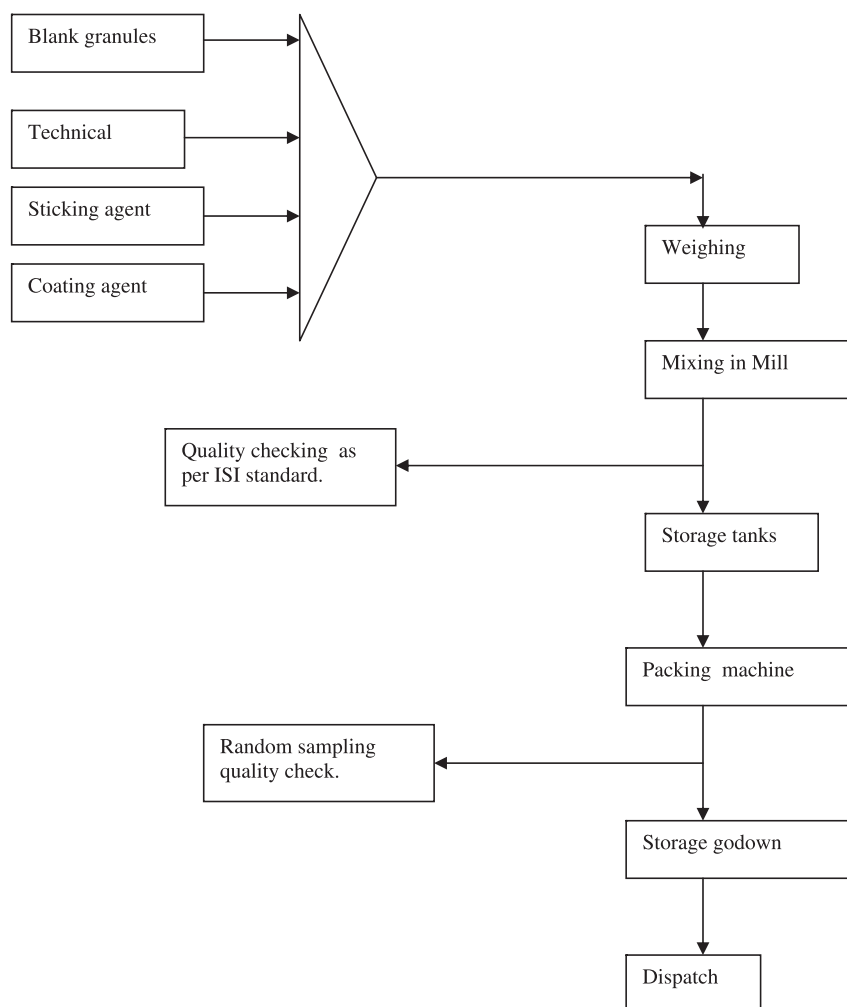
All the raw materials procured are tested for various chemical properties including solubility, purity etc. The test report is generated and recorded for any future reference. The raw material is released for further processing only if it passes the quality standard.

INSECTICIDES (INDIA) LIMITED

Manufacturing process current products

Depending upon the product character we choose the type of product manufactured. We have three different type products based on nature of products viz. Granules, Powder, Liquid.

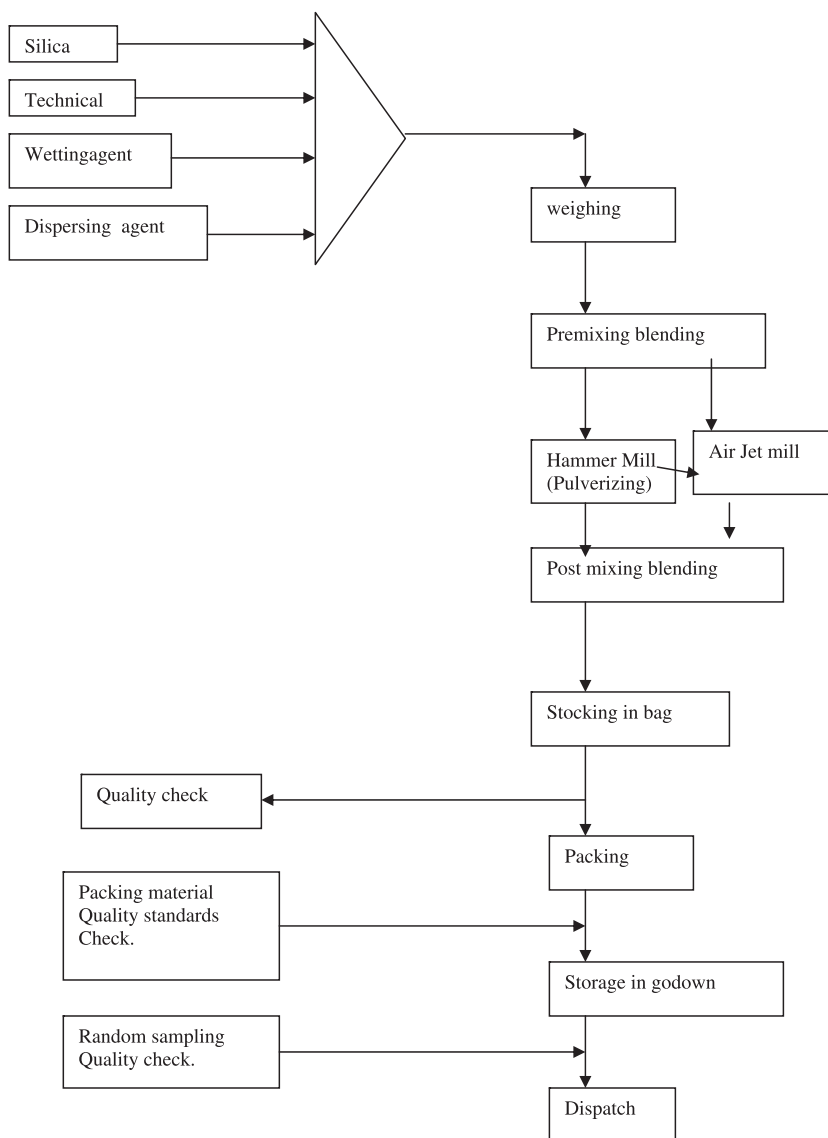
FLOW CHART FOR GRANULE



The plant and machinery required for granule manufacturing is granule plant and Coated granule mill. It is a completely automated plant where in the raw materials is fed and we get the finished product after passing through various processes shown in the flow chart above.

In granule manufacturing plant, each raw material is weighed and fed into the mixing mill as per BIS standard. In the mixing mill all the raw materials are mixed and finished granule is produced. After Quality checking, if the finished granules meet with the ISI Standard, the same is transferred to the storage tank for packing through automatic machine. The finished product is sent to storage godown for dispatch.

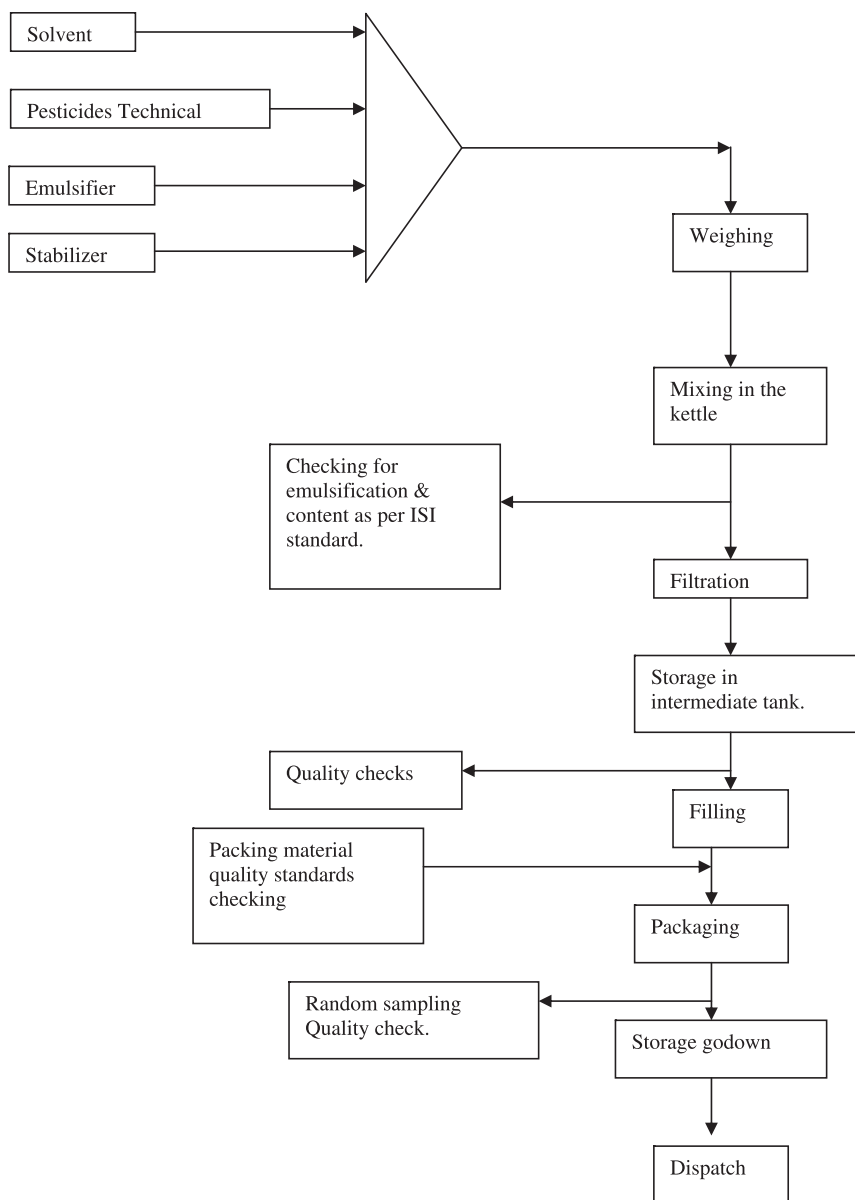
FLOW CHART FOR WETABLE POWDER FORMULATION



The plant and machinery required for wettable powder manufacturing is hammer mill and/or jet mill. It is completely automated plant. Each raw material is weighed and fed as per BIS standard into pre mixing blender which is then sent to hammer mill for pulverising for producing dustable powders. For the water dispersible powder we use the air jet mill. After this, the product is sent to blending machine where the blending of products take place and final product is produced. After Quality checking, if the finished products meets with the ISI Standard, the same is transferred to the stocking bags for packing through automatic machine. The finished product is sent to storage godown for dispatch.

INSECTICIDES (INDIA) LIMITED

FLOW CHART FOR E.C. FORMULATION

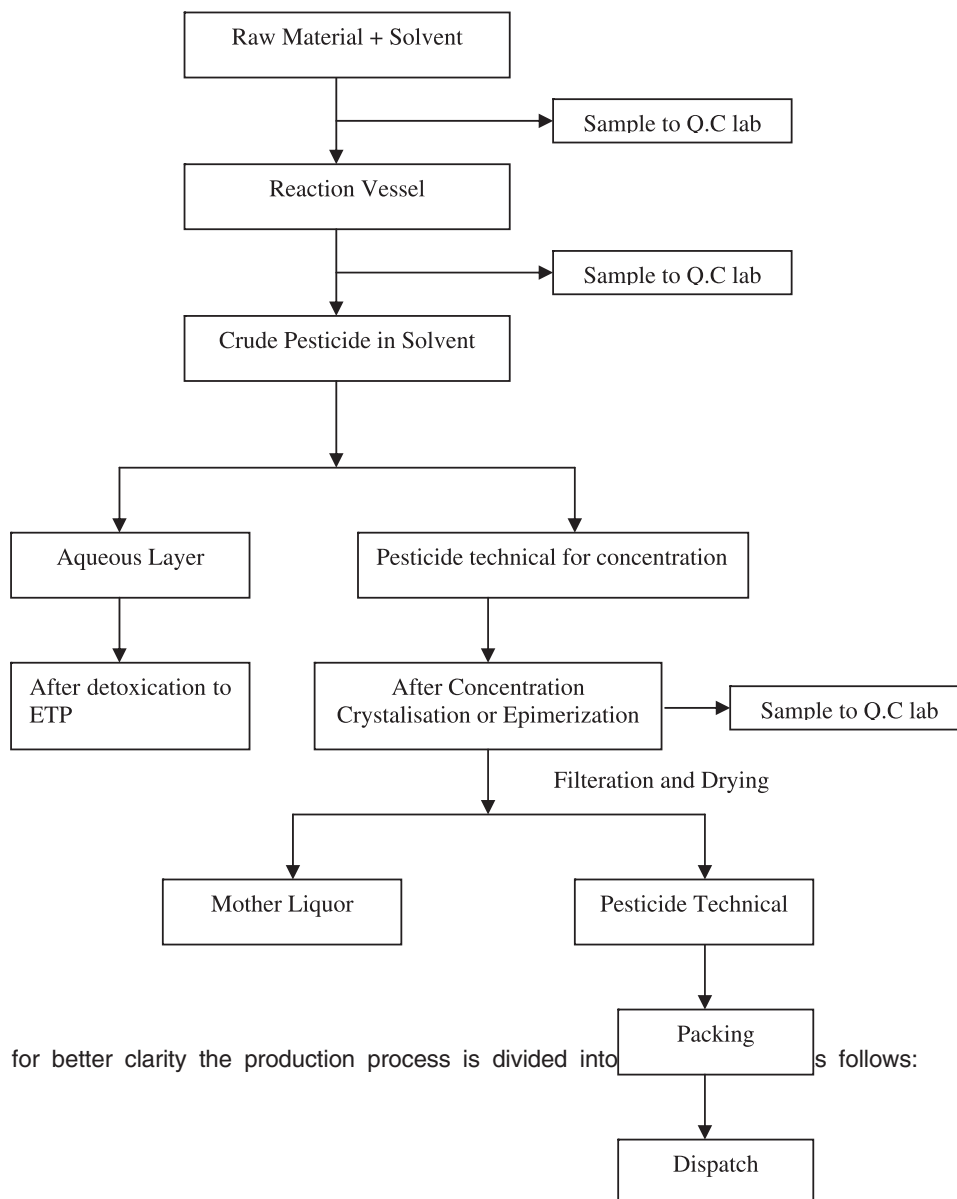


For the manufacturing of the EC formulation, raw materials are mixed in the kettle after weighing. The product is checked for quality standards. If product meet the BIS specifications, it is sent for filtration process. The finished product is stored in intermediate tank. From the intermediate tank these products are sent for packaging. The packed material is sent to storage godown for dispatch.

Manufacturing process of proposed project:

One of the objects of the proposed issue is to carry out the backward integration for the manufacture of Technicals (concentrated chemical) which we are currently sourcing through various suppliers. For details of the plant and machinery required for this please refer to sub section titled “Plants for Manufacturing Technicals at Bhiwadi, Rajasthan” in section titled “object of the issue” beginning on page 42 of this Red Herring Prospectus The manufacturing process is as follow

FLOW DIAGRAM FOR MANUFACTURING PESTICIDES TECHNICAL



For the Purposes for better clarity the production process is divided into as follows:

INSECTICIDES (INDIA) LIMITED

- Stage 1 - the raw material and solvent samples is sent to QC lab for quality check.
- Stage 2 - If quality is up to the mark then the same is loaded to a reaction vessel to produce crude pesticide in solvent form, which is sent for quality check.
- Stage 3 - the Crude pesticide in solvent form is ready for washing. As per the requirement of end product washing is carried out in batch.
- Stage 4 - after washing excess water is removed and the concentrated form of technicals to sent to another vessel.
- Stage 5 - the concentrated Technicals is then sent for crystallization or epimerization (the process of converting one isomer to any other isomer).
- Stage 6 - after quality check the crystallized from or the converted isomer is sent for filtration and drying.
- Stage 7 - the mother liquor is separated and the end product Technicals is sent for packing and dispatch.

The excess water removed at stage 4 is sent to Aqua layer which is sent to ETP after detoxification.

The mother liquor separated at stage 7 is recycled again and recover raw material in recovery vessel and rest waste material is sent to incinerator.

Quality control

Both our plant are ISO 9001:2000 certified and ISO 14001:2004 certified. These certifications are testimony of our quality. We carry out Quality Control at each stage of production. The quality of input is tested and recorded for the future reference. Based on the input quality the finer adjustment is done manufacturing process to maintain the quality and consistency of end product. The semi finished product is tested for quality and consistency. If there is any deviation from accepted norm the whole batch is reprocessed. Further before the end product is sent for the packing the finished product is tested for quality. If the finished product meets the quality norms then it is sent to the packaging.

Packaging:

We pack our product in various size depending as per the norms of the insecticides act. The granules are packed in 1kg, 5 Kg, 25 Kg, the EC are packed in 50ml, 100ml, 200ml, 250ml 500ml, 1lt, 5 ltr, 10lt, 20lt packs depending on the products. We use various packaging material including HDPE Bottle of various sizes, Aluminum bottle, Plastic packaging (including the water soluble plastic), Jar, Drums, cartons, bags etc. The finished product is packed in suitable packaging material in suitable quality for the transportation. The packed product passes through the quality checks and send to warehouse before transportation after the getting the clearance of the QC manager.

Infrastructure:

Our manufacturing units are in industrial area in Chopanki, Rajasthan and Samba, Jammu Kashmir

Power:

Our sanctioned power at Chopanki plant is 250 KVA and Samba plant is 250 KVA. We also have the standby DG sets of capacity 125KVA at Chopanki plant and Samba plant each.

Water requirement:

We do not require water for our manufacturing process except for cleaning process. Our daily water consumption is approximately 5000 litres at our Chopanki plant and 4000 litres at the Jammu unit which is available through bore well. We have installed water treatment plants in both units for reusing the water in the gardens and toilets.

Environment aspect:

Our Company's dedication to preserve environment and various steps taken by it as per international norms, has enabled it to achieve ISO 14001:2004 certification (certificate no. 12840 A dated June 12th 2006 valid upto December 31st 2007) by United Registrar of System Limited. Our manufacturing units are ISO 14001: 2004 a certified. We have installed sufficient equipment including ETP, STP for the controlling the pollution levels in the water. We have also installed scrubbers & chimney to discharge gaseous waste.

Fuel:

We do not require fuel except for the generation of power during the power failures.

Capacity and Capacity Utilization for last three years

Products	2003 - 04			2004 - 05				2005 - 06	
	Installed Capacity	Actual Utilisation	Percentage Utilisation	Installed Capacity	Actual Utilisation	Percentage Utilisation	Installed Capacity	Actual Utilisation	Percentage Utilisation
E.C (Lac-Ltr.)	30	25.18	84	60	33.31	56	60	37.08	62
WDP (MT)	1500	1334	89	2600	1862	72	2900	2658	92
Granules (MT)	4500	4085	91	10500	5130	49	10500	5087	48

Approach to marketing, Competition and proposed marketing set up

Our product is available across India except the seven North Eastern State. We support our marketing efforts with the advertisements in print and electronic media. Most of our advertisements revolves around selected products. We also undertake ground activities at the grass root level through field work by maintaining regular contacts with farmers through meetings and also provide after sales support. We also participate regularly in exhibition and fairs at national, state as well as taluka level.

After the expansion we will be producing the Technicals for in house consumption and for sales to formulator in corporate sector. Our own Technical, will provide the consistency of quality and supply our raw material which will help us in maintaining consistency of quality and supply of finished products. This will allow us to compete the market in more effective manner. Sales to formulator in corporate sector will help us in reducing our dependence on rural market.

Technology

We do not have any technology agreement for the current products as the technology used for the manufacturing of current product is readily available. Our Company has entered into an MoU with AMVAC Chemical Corporation, California USA for the purpose of obtaining technical information relating to promotion marketing distribution and sale of certain type of insecticide under the brand name of Thimet. We have automatic liquid filling Lines, granule sections and automatic lines for manufacturing & packing powders

Research and Development

Our Company has established an R&D centre recognized by Department of Scientific & Industrial Research, Ministry of Science and technology. Our R&D Center has augmented its infrastructure with sophisticated instruments like HPLC, GLC, AAS, UV and Infrared Spectrophotometer that are used for standardization of manufacturing processes. Our focus area for R&D are identifying and manufacturing high value added, developing complex new molecules for introduction in generic market. We also focus on development of eco friendly formulations like Soluble Concentrates (SCs), Emulsion in Water (EWs), Wettable Dispersible Granules (WDGs) etc. We are also engaged in synthesis of new molecules which are more environmental friendly. Through our R&D we have developed two processes for which the patent application is filed.

Export possibilities and export obligations

Our Company does not have any export obligation. Our Company will explore the possibility of exporting the Technicals after the expansion.

Manpower:

We have 338 employee and 10 contract labour as on January 31, 2007 detailed breakup of which is as under:

Particular	Employees	Contract Labourers
Skilled	53	-
Semi-Skilled	165	-
Unskilled	120	10
Total	338	10

INSECTICIDES (INDIA) LIMITED

Department wise breakup of our manpower is as under:

Sr. No.	Name of the Department	No. of Staff
1	Administration	56
2	Marketing And Sales	148
3	Materials And Logistics	8
4	EDP	24
5	Accounts	27
6	Legal And Secretarial	1
7	Works	65
8	Research And Development	9
9	Contract Labour	10
	Total	348

Manpower requirement for our proposed projects is as follows:

Particular	Formulation plant in the State of J&K		Plant for manufacturing Technicals		Research & Development	
	Phase I	Phase II	Phase I	Phase II	Phase I	Phase II
Skilled	18	20	28	20	17	17
Semi-Skilled	15	20	30	40	10	7
Unskilled	66	90	30	35	8	4
Total	99	130	88	95	35	28

Property:

We own the property in Delhi and the property at Jammu and Rajasthan are held on a lease hold basis. The godowns at various places across the country are also held on lease hold basis and the details are as under.

Owned property:

Name of parties	Address	Area	Date of Agreement	Consideration
Agreement between Smt. Rominder P. Singh and M/s Insecticides (India) Limited	401 LUSA TOWER AZADPUR, DELHI. 110033	397 Sq. Ft.	03.11.2006	Rs. 3,97,000/-
Agreement between Smt. Tripta Gosh and M/s Insecticides (India) Limited	402 LUSA TOWER AZADPUR, DELHI. 110033	405 Sq Ft	03.11.2006	Rs. 4,05,000/-
Agreement between Smt. Molly Saha and M/s Insecticides (India) Limited	402 A LUSA TOWER AZADPUR, DELHI. 110033	338 Sq Ft	03.11.2006	Rs. 3,38,000/-
Agreement between (1) Dr. Pritam Singh, (2) Dr. A B Ghosh, (3) Dr N C Saha and M/s Insecticides (India) Limited	407-408 LUSA TOWER AZADPUR, DELHI. 110033	992 Sq Ft	03.11.2006	Rs. 6,32,400/-
Agreement between M/s LUSA Builders (P) Limited and M/s Insecticides (India) Limited	405-406 LUSA TOWER AZADPUR, DELHI. 110033	754 Sq Ft	09.12.2002	Rs. 3,00,000

Leased property
1. Samba -Jammu

Name of parties	Address	Area	Date of Agreement	Consideration
Agreement between J & K State Industrial Development Corporation Limited and M/s Insecticides (India) Limited	SIIDCO, Industrial Growth Central, Samba, Jammu	08 Kanals	20-01-2004. Term of Lease: for a period of 90 years from the date of the Agreement i.e. 20.01.2004	Non Refundable Premium = Rs. 45,000/- per Kanal Annual Ground Rent: Rs. 2,790/- per Kanal
Agreement between J & K State Industrial Development Corporation Limited and M/s Insecticides (India) Limited	SIIDCO, Industrial Growth Central, Samba, Jammu	10.5 Kanals	16-11-2005. Term of Lease: for a period of 90 years from the date of the Agreement i.e. 22.06.2005	Non Refundable Premium = Rs. 60,000/- per Kanal + 1.20 Lacs on account of land already allotted Annual Ground Rent: Rs. 2,790/- per Kanal

2 Chopanki- Rajasthan

Name of parties	Address	Area	Date of acquisition	Consideration & Stamping
Agreement between Rajasthan State Industrial Development & Investment Corp. Ltd. and M/s Insecticides (India) Limited	E-442, RIICO Industrial Area, Chopanki	4000 Sq. Mt.	19.02.2005 Term of Lease: for a period of 99 years from 19.02.2005	Rent @ Rs. 237/- per Sq. Mt. per annum for a total of 4000 sq. mt.
Agreement between Rajasthan State Industrial Development & Investment Corp. Ltd. and M/s Insecticides (India) Limited.	E-443, RIICO Industrial Area, Chopanki	4000 Sq. Mt.	28.12.2001. Term of Lease: for a period of 99 years from 28.12.2001	Rent @ Rs. 190/- per Sq. Mt. per annum for a total of 4000 sq. mt.
Agreement between Rajasthan State Industrial Development & Investment Corp. Ltd. and M/s Insecticides (India) Limited.	E-444, RIICO Industrial Area, Chopanki	4000 Sq. Mt.	22.03.2002 Term of Lease: for a period of 99 years from 22.03.2002	Rent @ Rs. 190/- per Sq. Mt. per annum for a total of 4000 sq. mt.

INSECTICIDES (INDIA) LIMITED

Rented Properties at Branches

Place	Address	Area	USE	Consideration	Agreement Valid up to
HISSAR	4th Mile Stone, Sirsa Road, Hissar, Haryana	4000 Sq. Ft	Godown	Rent @ 13000/= P.M.	31/03/2007
LUDHIANA	83,84 & 85, SCO, New Grain Market, Gill Road, Ludhiana Punjab	4711 Sq Ft	Office cum Godown	Rent @ 27285/= P.M	31/03/2014
BHATINDA	A-1 Ganpati Agro Complex, Malout Road Bhatinda, Punjab	720 Sq. Ft	Godown	Rent @ 2200/= P.M.	29/02/2008
BHATINDA,	2 Ganpati Agro Complex, Malout Road Bhatinda, Punjab	1200 Sq. Ft	Godown	Rent @ 4600/= P.M.	30/04/2008
SINDHANUR	R. K. Complex, near APMC, Khustagi road, Sindhanur	2200 Sq Ft	Office cum Godown	Rent @ 10420/= P.M	31/10/2008
HYDERABAD	Municipal 5-9-30/5/A, Paigah Plaza, Basheerbagh, Hyderabad-63	1258 Sq.Ft	Office	Rent @ 5000/= P.M	
HYDERABAD	Block No. 43, Plot No. 15 Autonagar, Hyderabad	7010 Sq Ft	Godown	Rent @ 30143/= P.M	30/05/2016

For the above mentioned properties, the lessors are not in any way related to the promoters / directors of the company.

INTELLECTUAL PROPERTY

DESIGN

Company has registered one design of 'Packing Box' in class 09-03, under the Design No. 192966, subject to the provisions of the Design Act, 2000 and the Design Rules, 2001. The Design is registered with the Controller General of patents, Designs & Trade Marks. The registration of design was issued to our Company on March 08, 2004.

TRADE MARKS

At present our Company is using 72 Trade Marks registered in the name of IIL and Mr. Rajesh Aggarwal, Director of our Company. The details of which are laid down as follows:

Sr. No.	CERTIFICATE REG. NO.	TRADE MARK NO.	TRADE MARK	REGISTERED IN THE NAME OF	DATE OF APP.	DATE OF REG.
1	324071	1057897	TRICK	Rajesh Aggarwal	Nov 09 2001	Mach 02 2005
2	324066	1057892	FLY HIGH	Rajesh Aggarwal	Nov 09 2001	Mach 02 2005
3	324417	1057899	RIM JHIM	Rajesh Aggarwal	Nov 09 2001	Mach 03 2005
4	324239	1057898	MILLIONARE	Rajesh Aggarwal	Nov 09 2001	March 02 2005
5	347601	1058893	METAFOLD	Rajesh Aggarwal	Nov 12 2001	April 07 2005
6	347617	1058885	GAJRA	Rajesh Aggarwal	Nov 12 2001	April 07 2005
7	347612	1058888	CYPERIL	Rajesh Aggarwal	Nov 12 2001	April 07 2005
8	347607	1058890	MATIZ	Rajesh Aggarwal	Nov 12 2001	April 07 2005

Sr. No.	CERTIFICATE REG. NO.	TRADE MARK NO.	TRADE MARK	REGISTERED IN THE NAME OF	DATE OF APP.	DATE OF REG.
9	347620	1058883	MALAIL	Rajesh Aggarwal	Nov 12 2001	April 07 2005
10	347603	1058892	TWISTER	Rajesh Aggarwal	Nov 12 2001	April 07 2005
11	347623	1058882	PARAIL	Rajesh Aggarwal	Nov 12 2001	April 07 2005
12	351972	1060295	HIJACK	Rajesh Aggarwal	Nov 16 2001	April 14 2005
13	369988	1060290	GOLDEN 5000	Rajesh Aggarwal	Nov 16,2001	May 13 2005
14	369974	1060296	CANTT	Rajesh Aggarwal	Nov 16,2001	May 13 2005
15	369854	1057907	AERO	Rajesh Aggarwal	Nov 09,2001	May 13,2005
16	378882	1057888	BLOSSOM	Rajesh Aggarwal	Nov 09,2001	May 30,2005
17	379988	1060293	LADEN	Rajesh Aggarwal	Nov 16,2001	June 01,2005
18	443365	1264906	GUIDE	Insecticides(I) Ltd.	Feb 04,2004	Oct. 15,2005
19	443272	1264910	MISSION	Insecticides(I) Ltd.	Feb 04,2004	Oct. 15,2005
20	443370	1264908	SELECT	Insecticides(I) Ltd.	Feb 04,2004	Oct. 15,2005
21	441272	1299707	ENDOIN	Insecticides(I) Ltd.	July 30,2004	Oct. 13,2005
22	382584	1058887	ATTRAIL	Rajesh Aggarwal	Nov 12,2001	June 04,2005
23	422036	1057930	STROKE	Rajesh Aggarwal	Nov 09,2001	Sept. 13,2005
24	431120	1264905	ALBRIGHT	Insecticides(I) Ltd.	Feb 04,2004	Sept 26,2005
25	418151	1085528	ALIMINATOR	Rajesh Aggarwal	Mar 07,2002	Sept 03,2005
26	422422	1057953	BANJO	Rajesh Aggarwal	Nov 09,2001	Sept 14,2005
27	496781	1299698	NAYAK	Insecticides(I) Ltd.	Jul 30,2004	Dec 24,2005
28	496862	1299699	JEEVAN DHARA	Insecticides(I) Ltd.	Jul 30,2004	Dec 24,2005
29	491725	1235126	SPOT	Insecticides(I) Ltd.	Sept 12,2003	Dec 19,2005
30	491303	1235130	KAISER	Insecticides(I) Ltd.	Sept 12, 2003	Dec 19,2005
31	496784	1299706	ROGORIN	Insecticides(I) Ltd.	Jul 30,2004	Dec 24,2005
32	496909	1299704	INMAT	Insecticides(I) Ltd.	Jul 30,2004	Dec 24,2005
33	496858	1299703	HIMIL	Insecticides(I) Ltd.	Jul 30,2004	Dec 24,2005
34	496943	1299702	HIMIL GOLD	Insecticides(I) Ltd.	Jul 30,2004	Dec 24,2005
35	496914	1299701	PENDAMIL	Insecticides(I) Ltd.	Jul 30,2004	Dec 24,2005
36	491761	1235123	CLOUD	Insecticides(I) Ltd.	Sept 12, 2003	Dec. 19,2005
37	491733	1235122	KICK	Insecticides(I) Ltd.	Sept 12, 2003	Dec 19,2005
38	498013	1264907	WEEDGRIP	Insecticides(I) Ltd.	Feb.04,2004	Dec 26,2005
39	498813	1235120	SUPERSTAR	Insecticides(I) Ltd.	Sept 12,2003	Dec 27,2005
40	498809	1235121	BOSS	Insecticides(I) Ltd.	Sept 12, 2003	Dec 27,2005
41	491313	1235127	TRACK	Insecticides(I) Ltd.	Sept 12, 2003	Dec 19,2005

INSECTICIDES (INDIA) LIMITED

Sr. No.	CERTIFICATE REG. NO.	TRADE MARK NO.	TRADE MARK	REGISTERED IN THE NAME OF	DATE OF APP.	DATE OF REG.
42	469983	1057935	FANTA	Rajesh Aggarwal	Nov 09,2001	Nov. 23,2005
43	469990	1057931	ARMY	Rajesh Aggarwal	Nov 09,2001	Nov. 23,2005
44	469986	1057934	ASHWA	Rajesh Aggarwal	Nov 09,2001	Nov. 23,2005
45	422495	1057954	WRANGLER	Rajesh Aggarwal	Nov 09 2001	Sept 14,2005
46	422497	1057955	MAHAAN	Rajesh Aggarwal	Nov 09,2001	Sept 14,2005
47	470137	1057945	WIPE OUT	Rajesh Aggarwal	Nov 09,2001	Nov. 23,2005
48	470017	1057928	ALICE	Rajesh Aggarwal	Nov 09,2001	Nov. 23,2005
49	470022	1057940	STRIDE	Rajesh Aggarwal	Nov 09,2001	Nov. 23,2005
50	470013	1057916	SKY-LARK	Rajesh Aggarwal	Nov.09,2001	Nov. 23,2005
51	470130	1057941	FLAME	Rajesh Aggarwal	Nov.09,2001	Nov. 23,2005
52	470135	1057942	SPARCLE	Rajesh Aggarwal	Nov 09,2001	Nov. 23,2005
53	470175	1057950	HEERA-MOTI	Rajesh Aggarwal	Nov.09,2001	Nov. 23,2005
54	470177	1057947	SHAURYA	Rajesh Aggarwal	Nov. 09,2001	Nov. 23,2005
55	432205	1171048	TING-TONG	Rajesh Aggarwal	Jan 31,2003	Sept. 27.2005
56	425058	1057936	LASER	Rajesh Aggarwal	Nov 09,2001	Sept. 19.2005
57	523124	1299700	COPPERIN	Insecticides(I) Ltd.	July 30,2004	March 21,2006
58	510198	1057904	AMAZE	Rajesh Aggarwal	Nov.09,2001	January 13,2006
59	425061	1057946	TRUE	Rajesh Aggarwal	Nov.09,2001	Sept. 19,2005
60	512656	1057948	MUST	Rajesh Aggarwal	Nov 09,2001	January 20,2006
61	513465	1057951	TARANG	Rajesh Aggarwal	Nov 09,2001	January 21,2006
62	529240	1057919	LEDDER	Rajesh Aggarwal	Nov 09, 2001	May 08, 2006
63	530410	1057923	HIRA – PANNA	Rajesh Aggarwal	Nov 09, 2001	May 12, 2006
64	501477	1281035	EUROZYME	Insecticides(I) Ltd.	Apr 27,2004	Dec 30,2005
65	352292	521807	TRACTOR	Insecticides(I) Ltd.	Dec 26, 1989	April 14, 2005*
66	545163	1235125	GENIOUS	Insecticides(I) Ltd.	Sep, 12 2003	August 03, 2006
67	555108	1203183	LETHAL TC	Insecticides(I) Ltd.	Jun 02, 2003	Sept 12, 2006
68	553015	1203182	LETHAL	Insecticides(I) Ltd.	Jun 02, 2003	Sept, 07 2006
69	533601	1057911	NIROG	Rajesh Aggarwal	Nov, 9 2001	June 07, 2006
70	510219	1057906	WONDER	Rajesh Aggarwal	Nov, 9 2001	Jan 13, 2006
71	563369	1235124	Anggar	Insecticides(I) Ltd.	Sep 12, 2003	Sept 29, 2006
72	571701	1216991	LETHAL RTU	Insecticides (I) Ltd.	23.07.2003	18.10.2006

*Assigned in the name of Insecticides India Ltd. by deed of Assignment dated 10.03.2003

For all the above laid Trade Marks, registered in the name of Mr. Rajesh Aggarwal, an application, dated 03rd September 2003, was filed by Mr. Rajesh Aggarwal before the Registrar of Trade Marks, Mumbai, for the correction of the name of the Applicant, to be Insecticides India Limited instead of Mr. Rajesh Aggarwal. Action on the same is still pending with respective authority.

Details of Patents applied for Registration:

Sr. No.	Application No.	Registration in the name of	Process for which Registration Obtained
1.	App. No. 654/Del/2005	Insecticides(I) Ltd.	Process for preparing Acetampirid
2.	App. No.334/DEL/2005	Insecticides(I) Ltd.	Process for preparing Imidacloprid

Restrictive covenants of the loans agreements:
A) Restrictive Covenants of Punjab National Bank Loan Agreement

1. The stocks to remain comprehensively insured from full value with agreed bank clause and original policy to remain with bank.
2. The immovable property taken as collateral security shall be fully insured.
3. Company shall maintain a minimum current ratio of 1.33:1.
4. The company shall not without the prior written approval of bank
 - a) effect any change in the capital structure
 - b) formulate any scheme of amalgamation/ reconstruction
 - c) undertake any new project/ expansion/ modernization scheme or make any capital expenditure other than those estimated or projected
 - d) enter into borrowing arrangement either on secured or unsecured basis with any other bank/ FI/ borrower or otherwise.
 - e) Undertake guarantee obligation on behalf of any borrower / organization
 - f) Declare dividends for any year in case the accounts of the company remain irregular or any other terms & conditions remain uncomplied
 - g) Create charge/ lien/ encumbrance on its asset/ undertakings or any part thereof in favour of any other bank/ FI/ borrower/ firm or persons
 - h) Sell, assign, mortgage, alienate or otherwise dispose of any of the assets charged to the bank.
 - i) Enter into contractual obligations of long term nature effecting the company financially to a significant extent.
 - j) Undertake any activity other than those indicated in the object clause of the memorandum.
 - k) Permit any transfer of the controlling interest or make any drastic change in the management set up.

B) Restrictive covenants of Citibank Loan Agreement:

1. All the assets of the company, whether or not proposed to be given as security to Citibank to be covered under Comprehensive Insurance of full value.
2. No change shall take place in Equity, Management and operating structure of the company without the prior approval of Citibank.
3. For declaration of dividend prior permission of Citibank shall be obtained, in case operating profits fall below the audited value of the previous year.

We have received No Objection from Punjab National Bank and Citi Bank for proposed issue.

INSECTICIDES (INDIA) LIMITED

Insurance:

Our Company has taken out various insurance policies in respect of its business, its assets such as its stocks, machinery, buildings, furniture, vehicles and its employees for our different office and factory locations. The various insurance policies obtained by us are in the usual course of our business and are currently valid and in full force. Details of the policies is as under:

Factory related Insurance Policies

S. No	Type of Insurance Policy	Description	Policy No.	Sum Insured. (Rs. in Lacs)	Period Upto
1	Money Insurance	Cash In Transit	421800/48/06/7600000131	100.00	25.05.07
2	Marine Cargo	Chemicals, Raw Material, Packing Material used in Manufacturing or Formulation of Insecticides & Pesticides, Finished Goods etc.	421800/21/06/4400000013	10000.00	16.07.07
3	Electronic Equipment Insurance	Plant & Machinery	421800/44/06/6000000022	20.11	23.05.07
4	Standard Fire and Special Perils Policy	Building, Stock	421800/11/06/3100000090	150.00	25.05.07
5	Standard Fire and Special Perils Policy	Building, Plant and Machinery, Stock	421800/11/06/3300000081	610.00	20.05.07
6	Fire Policy	Factory Building, Plant & Machinery and Stock of Raw Material - Biwadi	11117553	500.00	20.05.07
7	Burglary	Furniture, Fixture & Fittings – Laptops, EPBX, Computer with Printer	361700/46/07/7500000010	5.00	16.04.08
8	Standard Fire and Special Perils Policy	Branch Stock	OG-07-1101-4003-00000061	1200.00	23.05.07
9	Burglary Insurance	Branch Stock	OG-07-1101-4010-00000302	1200.00	23.05.07
10	Standard Fire and Special Perils Policy	Office Equipment & Building	361700/11/07/3100000014	17.00	16.04.08
11	Standard Fire and Special Perils Policy	Stock of all kinds	11152033	100.00	19.11.07
12	Marine Cargo	Machinery	8635	16.00	N.A.
13	Marine Cargo	Plant & Machinery	8634	135.00	N.A.
14	Standard Fire and Special Perils Policy	Factory Building	361700/11/06/3100000494	200.00	21.01.08

Vehicle Insurance

Total No. of Insurance Policies **Sum Insured(Rs. in Lacs)**

64 Policies 103.94.

Besides this we have also taken medi claim policy for our employees and Executive Directors

KEY INDUSTRY REGULATIONS AND POLICIES

REGULATIONS AND POLICIES

The current business operations of our company comprises of manufacturing, export, import, and to deal in all kinds of technical grade pesticides, formulation grade pesticides, agro chemicals, other pesticides, insecticides, weedicides, fungicides, and the alike. Our operations are subject to a range of laws and regulations framed by Governmental and Local authorities and are subject to numerous regulations and controls governing their handling and storage. Certain regulatory policies affecting our Company's operations are described below.

J&K INDUSTRIAL POLICY-2004

1. In its meeting held on 23 January 04, the state cabinet accorded approval to its path breaking Industrial Policy 2004. With a view to give stability to the policy, it was decided that the Industrial Policy 2004 shall remain valid until March 31, 2015 when it will be reviewed. The cabinet emphasized on the need to promote local employment in industrial units of the state. If specific skills are not available in the state, special training will be organized to train local youth in such skills. Ensuring maximum local employment in industrial units will form a condition of approval for any new industrial units. The cabinet also laid great stress on ensuring that the incentives and subsidies reached the genuine industrialists without much loss of time.
2. Some new elements of the Industrial Policy 2004 are:
 - a. The policy lays emphasis on inviting private sector to participate in infrastructure development. Such private sector activities will be considered as 'industry' for the purpose of incentives.
 - b. With a view to encourage industrialization of the backward blocks of the state, the Capital Investment Subsidy (CIS) under state's incentive package shall be extended to these blocks. The CIS of the state is more attractive in that the rate of subsidy is 30% subject to a limit of Rs. 30 lakhs and the definition of investment is more comprehensive.
 - c. In this age of competition, it is necessary for the existing industrial units to modernize themselves to be able to compete with cheaper imports and also with more modern units. To encourage existing industrial units to modernize, the industrial policy provides for extending the state CIS to such units.
 - d. In today's competitive environment, the role of brands in promoting sales is significant. The policy has introduced an incentive for assisting industries of the state to acquire and promote their own brands. This incentive will be extended for the first three years, 50% of expenses subject to a limit of Rs. 20 lakhs in the first year, 30% of expenses subject to a limit of Rs. 15 lakhs in the second year and 10% of the expenses subject to a limit of Rs. 10 lakhs in the third year.
 - e. Environment protection has become an issue of global importance. To protect our environment and prevent damage to our land and water resources, the government would install common effluent treatment plants in industrial clusters where necessary, with central and state's resources. For individual units, installing their own pollution control devices, subsidy will be provided on such equipment to the extent of 30% subject to a limit of Rs. 20 lakhs.
 - f. The thrust areas for development have been expanded to conform to similar list of the central government. The limit of CIS available to the thrust area industries and prestigious units will be Rs. 45 lakhs and Rs. 60 lakhs. For prestigious industries in thrust areas the cap on CIS is Rs. 75 lakhs.
 - g. Transport subsidy under the government of India scheme will be available until 2007.
3. With a view to achieve closer interaction between the industry and the government, an Industrial Committee with the Chief Minister as the Chairman, Deputy Chief Minister in charge of Industries and Commerce and Minister of State for Industries and Commerce as members, Secretaries of all economic departments, representatives of Chambers of Commerce of Jammu and Kashmir, Federation of Industries of Jammu and Kashmir and representatives of Ministry of Commerce and Industry, Government of India, as members will be set up. This committee shall meet once a quarter. Principal Secretary, Industries and Commerce, will be the member-secretary of this committee. This committee will respond to the needs of the industry from time to time for providing prompt response to emerging situations in a highly competitive environment.

INSECTICIDES (INDIA) LIMITED

4. For interpretation of the provisions of Industrial Policy 2004, a Permanent Grievance Redressal Committee consisting of Director Industries and Commerce, Commissioner, Sales Tax and Commissioner Excise shall be established. No consignment claiming benefit under the Industrial Policy 2004 will be detained at the entry point of the state for more than 24 hours. In case of doubt, notices will be issued outlining objections and the Permanent Grievance Redressal Committee, meeting once a fortnight, will dispose of such notices. The decision of this committee shall be final.
5. The government expects that the Industrial Policy 2004 will usher in a new era of industrialization in the state.

Incentives under the Industrial Policy 2004

Sr. No.	Incentive	Maximum limit															
1	Land Allotment	Land /Plot not exceeding <table><tr><td>A Class</td><td>B Class</td><td>C Class</td></tr><tr><td>Four Kanals</td><td>60,000</td><td>45,000</td><td>30,000</td></tr><tr><td>Eight Kanals</td><td>90,000</td><td>67,500</td><td>45,000</td></tr><tr><td>Twenty Kanals</td><td>1,20,000</td><td>90,000</td><td>60,000</td></tr></table> Cost of acquisition of land plus cost of development plus 10% surcharge. A CLASS: Bari Brahmana, Kartholi, Gangyal, Birpur, Digiana, Zainakote, Barzulla, and Baghe- Ali- Mardhan Khan. B CLASS: Rangreth, Khunmoh, Zakura and Kathua. C CLASS: All other Estates which are not included in A & B Class above.	A Class	B Class	C Class	Four Kanals	60,000	45,000	30,000	Eight Kanals	90,000	67,500	45,000	Twenty Kanals	1,20,000	90,000	60,000
A Class	B Class	C Class															
Four Kanals	60,000	45,000	30,000														
Eight Kanals	90,000	67,500	45,000														
Twenty Kanals	1,20,000	90,000	60,000														
2	Capital investment subsidy (CIS)	30% capital investment subsidy is available to industrial units in backward blocks subject to the following ceiling: (A) Rs. 30.00 lacs for General Category (B) Rs. 45.00 lacs for units under thrust area category (C) Rs. 60.00 lacs for units under Prestigious category (D) Rs. 75.00 lac. for units under both Thrust area and prestigious category. In case of blocks other than industrially backward blocks, the new industrial units shall be eligible for CIS only under the central scheme. However, in case of blocks other than backward blocks, if the eligible amount of CIS under the central scheme exceeds Rs. 30.00 lakhs, which is maximum limit under that scheme, the state government shall provide the amount exceeding Rs. 30.00 lakhs subject to a ceiling of Rs. 15.00 lakhs, Rs. 30.00 lakhs and Rs. 45.00 lakhs, in case of thrust area units, prestigious units and prestigious units in thrust areas, respectively. For construction of a captive tube well or building a captive lifting plant, 75% subsidy shall be allowed to prestigious units in thrust areas in the entire state subject to a ceiling of Rs. 22.50 lacs.															
3	Interest Subsidy.	In addition to the 3% interest subsidy available to new industrial units under the Government of India package, 3% subsidy shall be payable on the working capital facilities available from the commercial banks to all existing units for the remaining period of their eligibility, subject to the															

Sr. No.	Incentive	Maximum limit
		conditions prescribed, under the Government Order No. 202-Ind of 1998 dated: 27-5-1998 and to the units not getting interest subsidy under the Central package.
4	D.G.Set subsidy	100% subsidy on purchase/installation of D.G Sets from 10 KWs to 1000 KWs capacity with a maximum limit of Rs. 25.00 Lakhs.
5	Testing equipment	100% Capital subsidy on purchase/installation of Testing Equipment. Maximum limit Rs. 25.00 lacs. Such refund shall be disbursed only if the unit obtains a national/international quality mark.
6	Project Report	100% Subsidy for preparation of feasibility Report subject to maximum of Rs. 2.00 lakhs.
7	Toll Tax	Exemption on toll tax to be continued up to 31-03-2015, subject to the negative lists. No toll tax on empty containers brought into the state for stuffing of industrial products for export out of the state.
8	GST Exemption	GST exemption to be continued till VAT is imposed or till 31-03-2015 for existing and new units, whichever is earlier, subject to the negative lists. The exemption of GST on the raw material procured by the local industrial units shall be available only to SSI units, subject to negative list.
9	CST Exemption	CST exemption to SSI units to be continued up to 31-03-2015. Extended to Medium & Large Industrial units, subject to a negative list.
10	Price preference	Up to 15% price preference to be given to SSI units on landed cost. Further, few safeguards added in the procedures to ensure that the SSI units are not forced to accept rates below the quoted rates, if within 15% of the lowest outside bid.
11	Air Freight Subsidy	Air freight subsidy shall be continued upto 31-03- 2015 at the rate of 50% subject to the ceiling of Rs. 5.00 lakhs per year per unit. Also made applicable to incoming raw
12	Research and Development	50% subsidy on the expenditure incurred on R&D subject to ceiling of Rs. 5.00 lakhs.
13	Human Resource Development	50% cost of training to be borne by the Govt. subject to ceiling of Rs. 5000/- per trainee, and Rs. 1 Lakh per annum for a unit.
14	5% interest subsidy on term loan available for Technocrats (Engineering Graduate/ M.B.A's)	5% interest subsidy on term loan available for Technocrats, Postgraduates shall also be now eligible for the subsidy.
15	Stamp Duty	Mortgage deed in favour of financial institutions to be signed by the promoters shall be exempted from payment of stamp duty upto 31-03-2015.

INSECTICIDES (INDIA) LIMITED

Sr. No.	Incentive	Maximum limit
16	Capital Investment Subsidy for modernization.	CIS of the State Government shall be available to SSI units, undergoing modernization subject to the limits as prescribed under CIS scheme of the State Government.
17	Brand promotion	Subsidy @ 50% of expenses incurred in the 1st year subject to a limit of Rs. 20.00 lakhs, 30% of expenses incurred in the 2nd year subject to a limit of Rs. 15.00 lakhs and 10% of expenses incurred in the 3rd year subject to a limit of Rs. 10.00 lakhs, shall be available.
18	30% subsidy on pollution control equipment	Under the new policy, it is proposed that 30% subsidy be extended for purchase of pollution control equipment subject to ceiling of Rs. 20.00 lakhs per unit
19	Exemption of Court fees	Registered industrial units shall be exempted from payment of court fee for registration of documents relating to lease of land.
20	Transport subsidy	This is a Govt. of India scheme and continued as such. The scheme stands extended upto 2007.
21	Earnest Money/Security Deposit.	SSI units required to pay only 50% of earnest money or Rs.5000/-, whichever is lower. Tender documents to SSI units @ 50% of the price of document or Rs.100/-, whichever is lower.

Environmental Regulations

We have to comply with the provisions of the Environment Protection Act, 1986, Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Hazardous Waste (Management and Handling) Rules, 1989. Entrepreneurs are required to obtain statutory clearances relating to pollution control and environment for setting up an industrial project.

A Notification (SO 60(E) dated 27.1.94) issued under The Environment (Protection) Act, 1986 has listed 30 projects in respect of which environmental clearance needs to be obtained from the Ministry of Environment, Government of India. This list includes petrochemical complexes, petroleum refineries, cement, thermal power plants, bulk drugs, chemicals, fertilizers, dyes and paper.

In addition to the above, there are certain other acts and legislations that are applicable to our industry and they are as under:

FACTORY RELATED ACT(S)/REGULATION(S):

1. The Insecticides Act, 1968

The provisions of the Insecticides Act, 1968 provides that the act shall be applicable on any process or part of a process which is involved in making, altering, finishing, packing, labeling, breaking up or otherwise treating or adopting any insecticide with a view to its sale, distribution or use but it does not include the packing or breaking up of any insecticide in the ordinary course of retail business.

The Act provides that any person desiring to import or manufacture any insecticide may apply to the Registration Committee for the registration of such insecticide and there shall be separate application for each such insecticide.

This Act also provides that any person desiring to manufacture or to sell, stock or exhibit for sale or distribute any insecticide, [or to undertake commercial pest control operations with the use of any insecticide] may make an application to the licensing officer for the grant of a License.

2. Factories Act, 1948

The said act is applicable on establishments employing 10 or more worker. As per the requirement under the Act,

Companies have to apply to the Chief Inspector of Factories for certificate of stability, before any premises of a factory are constructed, reconstructed or extended and are used as a factory.

The provisions of the Factories Act, 1948 further provides that before the occupier occupies or uses any premises as a factory, he has to inform Chief Inspector of Factories as to certain particulars of the factory, its occupier and its manager etc

3. The Petroleum Act, 1934

In accordance with the provisions of the Petroleum Act, 1934, anyone importing, transporting or storing any petroleum has to take License from Central Government and has to comply all such rules as specified under the Act.

Rules laid down by Central Government prescribe the place of import, period within which license shall be taken and regulates the transport of petroleum etc.

4. The Air (Prevention & Control of Pollution) Act, 1981

The provisions of the Air (Prevention & Control of Pollution) Act, 1981 provides that no person operating any industrial plant, in any air pollution control area shall discharge or cause or permit to be discharged the emission of any air pollution in excess of the standards laid down by the state board. Further as per the provisions of the said act, no person shall, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area.

5. The Water (Prevention & Control of Pollution) Act, 1974;

The provisions of the Water (Prevention & Control of Pollution) Act, 1974 provides that no person shall without the previous consent to establish or take any step to establish any industry, operation or process or any treatment and disposal system for any extension or addition thereto, which is likely to discharge sewage or trade effluent into a stream or well or sewer or on land or bring into use any new or altered outlet for the discharge of sewage or begin to make any new discharge of sewage.

6. The Manufacture, Storage & Import of Hazardous Chemicals Rules, 1989

The Rules are applicable on every industry which is carrying the activity which involves or likely to involve one or more of hazardous chemicals and includes on-site storage or on-site transport which is associated with that operation or process or isolated storage or pipeline and accordingly the Rules are applicable on our Company.

As per the said rules, an occupier of the industry shall undertake to identify the major accident hazards and also specify the steps initiated to prevent such major accidents and limit their consequences to persons and the environment.

7. Hazardous Waste (Management and Handling) Rules, 1989;

Every occupier and the operator who is involved in handling of hazardous waste shall be responsible for proper collection, reception, treatment, storage and disposal of hazardous wastes. The occupier, who intends to get his hazardous waste treated by the operator of a facility, shall give, to the operator, such information as may be specified by the State Pollution Control Board.

It shall be the responsibility of the occupier and the operator of a facility, to take all steps to ensure that the wastes are properly handled, and disposed of without any adverse effects to the environment.

8. The Explosives Act, 1884;

This is a comprehensive law which regulates the manufacture, possession, sale, transportation, exportation and importation of explosives. As per the definition of 'explosives' under the Act, any substance, whether a single chemical compound or a mixture of substances, whether solid or liquid or gaseous, used or manufactured with a view to produce a practical effect by explosion or pyrotechnic effect shall fall under the Act.

The Act requires for the licensing for the manufacture, possession, use, sale, transport and Importation of explosives

9. Contract Labour (Regulation and Abolitions) Act, 1970.

The Act applies to every establishment in which 20 or more workmen are employed or were employed on any day

INSECTICIDES (INDIA) LIMITED

on the preceding 12 months as contract labour. The Act provides for the welfare of the contract labour, their wages, appointment of the inspecting staff and maintenance of registers, records, etc.

As per the said Act, the establishments covered are required to be registered as the Principal Employer.

10. Industrial Disputes Act, 1947.

The Industrial Disputes Act, 1947 is applicable to establishments and undertakings wherein any systematic activity is carried out by co-operation between an employer and his workmen for the production, supply or distribution of goods or services. The Act requires for the maintenance peace and harmony for better working conditions.

11. Workmen's Compensation Act, 1923.

Workmen's Compensation Act 1923 is a central legislation which provides for payment of compensation for injuries suffered by a workman in the course of and arising out of his employment according to the nature of injuries suffered and disability incurred, where death results from the injury, the amount of compensation is payable to the dependants of the workmen.

12. Trade Union Act, 1926.

Provisions of the Trade Union Act, 1926 provides that any dispute between employers and workmen or between workmen and workmen, or between employers and employers which is connected with the employment, or non-employment, or the terms of employment or the conditions of labour, of any person shall be treated as trade dispute. For every trade dispute a trade union has to be form. For the purpose of Trade Union Act, 1926, Trade Union means combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive condition on the conduct of any trade or business etc.

STATUTORY DUES ACT(S)/REGULATION(S):

1. Central Excise Act, 1944

In accordance with the Central Excise Act & Central Excise Rules, every person who produces or manufactures any excisable goods is required to get itself registered with the Jurisdictional Deputy or Assistant Commissioner of Central Excise .Hence this Act is applicable on our Company.

Further the provisions of the Central Excise Rules provide that the manufacturer of final products (other than SSI's) shall submit the duty on goods removed from the factory or warehouse during the month by the fifth day of following month. Also a Monthly Return in Form ER1 is required to be submitted to the Superintendent of Central Excise within 10 days after the close of the month.

2. Value Added Tax, 2005

The levy of Sales Tax within the state is governed by the VAT Act and Rules of the respective states. VAT has resolved the problem of Cascading effect (double taxation) that were being levied under the hitherto system of sales tax. Under the current regime of VAT the trader of goods has to pay the tax (VAT) only on the Value added on the goods sold. Hence VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax- that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. Periodical returns and challans are required to be deposited with the VAT Department of the respective States.

3. Central Sales Tax, 1956

In accordance with the Central Sales Tax Act, every dealer registered under the Act shall be required to furnish a return in Form I (Monthly/ Quarterly/ Annually) as required by the State sale Tax laws of the assessee authority together with treasury challan or bank receipt in token of the payment of taxes due.

4. Income Tax Act, 1961

Income Tax Act, 1961 is applicable to every Domestic /Foreign Company whose income is taxable under the provisions of this Act or Rules made under it depending upon its "Residential Status" and "Type of Income" involved.

U/s 139(1) Every Company is required to file its Income tax Return for every Previous Year by 31st October of the Assessment Year .Other compliances like those relating to Tax Deduction at Source, Fringe Benefit Tax, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

5. Customs Duty

The provisions of the Customs Act, 1962 and rules made thereunder are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get it registered and obtain an IEC (Importer Exporter Code).

6. Service Tax (Finance Act, 1994)

In accordance with Rule 6 of Service tax Rules the assessee is required to pay Service tax in TR 6 challan by fifth of the month immediately following the month to which it relates. Further under Rule 7 (1) of Service Tax Rules, the company is required to file a half yearly return in Form ST 3 by twenty fifth of the month immediately following the half year to which the return relates.

7. Employees' State Insurance Act, 1948;

All the establishments to which the ESI Act applies are required to be registered under the Act with the Employees State Insurance Corporation. The Act requires all the employees of the factories and establishments to which the Act applies to be insured in the manner provided under the Act. Further, employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the ESI department.

8. Employees' Provident Funds and Miscellaneous Provisions Act, 1952;

The act is applicable to the factories employing more that 20 employees and as notified by the government from time to time. All the establishments under the Act are required to be registered with the Provident Fund Commissioners. Also, in accordance with the provisions of the Act the employers are required to contribute to the employees' provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund.

As per the provision of the Act, employers are to contribute 12% of the basic wages, dearness allowances and remaining allowances (if any) payable for the time being to the employees. A monthly return on Form 12 A is required to be submitted to the commissioner.

9. Industries (Development and Regulation) Act, 1951;

Under the New Industrial Policy dated July 24, 1991, all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defense equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking, which is exempt from licensing, is required to file an Industrial Entrepreneurs Memorandum ("IEM") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

10. Payment of Gratuity Act, 1972;

The provisions of the Act are applicable on all the Factories. As Act provides that within 30 days of opening of the establishment, it has to notify the controlling authority in Form A thereafter whenever there is any change in the name, address or in the change in the nature of the business of the establishment a notice in Form B has to be filed with authority.

The Employer is also required to display an abstract of the act and the rules made there-under in Form U to be affixed at the or near the main entrance. Further, every employer has to obtain insurance for his liability towards gratuity payment to be made under payment of Gratuity Act 1972, with Life Insurance Corporation or any other approved insurance fund.

INSECTICIDES (INDIA) LIMITED

11. Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 is applicable on every establishment employing 20 or more employees and is also applicable on us. The said act provides for payment of the minimum bonus to the employees specified under the Act. It further requires for the maintenance of certain books and registers like register showing computation of the allocable surplus; register showing the set on & set off of the allocable surplus and register showing the details of the amount of Bonus due to the employees.

Further it also require for the submission of Annual Return (FORM D) deposited by the employer within 30 days of payment of the bonus to the Inspector.

12. Payment of Wages Act, 1936

The Payment of Wages Act, 1936 applies to the persons employed in the factories and to persons employed in industrial or other establishments where the monthly wages payable to such persons is less than Rs. 1600/-. Person responsible for payment of wages shall display in such factory/establishment, the abstracts of this Act and Rules made there under.

Other Approvals

The Company needs to obtain certain approvals from various Central and State Government authorities, agencies and regulators in its business operations. For details on the approvals required and status of approvals, see “Statutory Approvals and Licences” on page 173.

OUR HISTORY AND CERTAIN CORPORATE MATTERS

OUR HISTORY AND BACKGROUND

Our Company was originally incorporated as Insecticides (India) Private Limited vide Certificate of Incorporation No. 55-83909 of 1996 dated 18.12.1996 under the Companies Act, 1956 with the Registrar of Companies, NCT of Delhi & Haryana with Registered address 208, Anupam Bhawan, Azadpur Commercial Complex, Delhi-33. Our Company was converted into Public Limited Company after passing the necessary special resolution on 29.10.2001 and consequent to this change it got the fresh certificate of incorporation on 02.11.2001 from Registrar of Companies NCT of Delhi & Haryana. The registered office of our company was changed from 208, Anupam Bhawan, Azadpur Commercial Complex, Delhi-33 to 401-402, Lusa Tower, Azadpur Commercial Complex, Azadpur, Delhi-33 with effect from 24th October, 2001.

Our Company was not carrying out any business from December 1996 till October 2001. The commercial production started in the month of March 2002 at our Chopanki unit in Rajasthan with an installed capacity of 29.40 Lacs litres of EC, and 2400 MTs of Granules. Our Company has two units one in Chopanki Rajasthan and another in Samba J&K. Unit at Samba was commissioned in 2004. The current installed capacity of our company is 60 Lacs litres of EC, 2900MTs of Granules, 10500MT of WDP. Our business primarily comprises of manufacturing of pesticides, weedicides, herbicides & allied products.

Both the manufacturing units and corporate office are ISO 9001:2001 certified in respect of manufacturing formulation and marketing of agrochemicals and household pesticides. Our Manufacturing units have also received ISO 14001:2004 certification for the Environment Management System.

HISTORY AND MAJOR EVENTS

The year wise steps in our corporate progress and growth were:

Year 1996	Incorporation of our company as private limited company
Year 2001	Converted into public limited company
Year 2002	Commissioned Formulation plant at Chopanki, Bhiwadi, Rajasthan for manufacturing wide range of innovative end to end solutions in the areas of Agrochemicals.
Year 2003	Our Company acquired all the brands of Montari Industries Ltd
Year 2004	Our Company commissioned another Formulation plant at Samba in the state of Jammu & Kashmir.
Year 2005	Our Company set up an R&D Laboratory at Chopanki and was granted ISO 9001-2000 Certification.
Year 2006	Our Company acquired the exclusive right to sell the Thimet brand in India from American Vanguard Corporation, USA. Obtained ISO 14001-2004 Certification for environmental protection.

Main objects of our Company as mentioned in the Memorandum and articles of association of our company are reproduced herein below:

1. To carry on the business as manufacturers, dealers, exporters, importers, processors, buyers, sellers, stockiest, distributors of all kinds of technical grade pesticides, formulation grade pesticides, agro chemicals, pesticides for plant protection. Pesticides for public health, pesticides for household uses, neem based pesticides, bio-pesticides, insecticides, weedicides, fungicides, prodenticides, herbicides, micro nutrients, granules, fertilizers, bio-fertilizers, zinc sulphate, magnesium sulphate, ammonium sulphate, urea, ammonium nitrate and any other fertilizers, chemicals including petro chemicals and gases or any other allied product, and other germs killing materials, all kinds of light chemical, heavy chemicals, sulphuric acids, acids, hydrochloric acids, medicinal chemical, drugs, essences, pharmaceuticals, cements, oil paints, pigments, varnishes, compounds, dye-stuffs, colours, Printing inks, Aluminium containers, Plastic containers, Tin Containers, Pet Bottles, Card Board Boxes and allied activities of development Printing Designing, Corrugating and carrying on Research, development, training and consultancy relating to all or any of above trade.

INSECTICIDES (INDIA) LIMITED

2. To carry on the business as manufacturers, Processors, Exporters, Importers, Distributors of all types of Agricultural seeds, Agricultural activities, Plantation, floriculture, Mushrooms, Mineral Water, Drip irrigation and sprinkles systems and other allied activities.

Subsidiaries

Our Company has on 23rd November , 2006 incorporated a subsidiary company in the name of Advance Crop solutions Limited. For further details please refer to sectioned titled “Our Subsidiary and Group Company” on page 148 of this Red Herring Prospectus.

Shareholders agreements

There are no shareholders agreements.

Other agreements

Our Company does not have any agreement with anyone which has not been entered into normal course of business. However, our Company has entered into a MoU dated 14th February, 2006 with AMVAC Chemical Corporation, a company incorporated in California USA under which we are permitted to manufacture Phorate (organo-phosphorus based insecticide and market the same under the brand name of Thimet in India and Nepal. This MoU is valid till 13th February, 2011. As per the MoU, a royalty of the lesser of 5% on the value of the net sales or \$1,75,000 per year to be paid in four annual installments.

Strategic partners

Our Company does not have any strategic partners.

Financial partners

Our Company does not have any financial partners.

OUR MANAGEMENT

Board of Directors

As per our Articles of Association, we cannot have less than three or more than twelve Directors. We currently have six Directors .Our current board consists of 3 independent and two whole time (executive) directors and one Non Executive Director.

The following table sets forth details regarding our Board of Directors.

Name, Age, Fathers Name, Designation, Address, Occupation , Qualification & Experience of Director and Nationality	Other directorships	Date of Appointment
Mr. H C Aggarwal (58) S/ o Late Mr. Krishan Dass Chairman FD-42, Vishakha Enclave,Pitam Pura, Delhi - 110 034 Occupation: Business Qualification: Graduate Experience: 38 Years Nationality: Indian DIN: 00577015	Advance Crop solutions Limited	12-10-2001
Mr. Rajesh Aggarwal (36) S/o Mr. HC Aggarwal Managing Director FD-42, Vishakha Enclave, Pitam Pura, Delhi - 110 034 Occupation: Business Qualification: B.Com Experience: 11 Years Nationality: Indian DIN: 00576872	Advance Crop solutions Limited	Director since inception. Appointed as Managing Director With effect from 15-11-2006
Mr. Sanjeev Bansal (41) S/ o Mr. Ram Bansal Executive Director A-3/1, Jeewan Jyoti Apartments, Pritam Pura, Delhi - 110 034 Occupation: Business Qualification: Graduate Experience: 18 Years Nationality: Indian DIN: 00052227	Advance Crop solutions Limited	12-10-2001
Mr. Rajender Pershad Gupta (57) S/o Mr. Ramrichh Pal Gupta Independent Director B – 12, Bijli Apartments, GT Karnal Road, Delhi – 110 033 Occupation: Business Qualification: HSC Experience: 35 Years Nationality: Indian DIN: 00672932	Nil	22-10-2005

INSECTICIDES (INDIA) LIMITED

Name, Age, Fathers Name, Designation, Address, Occupation , Qualification & Experience of Director and Nationality	Other directorships	Date of Appointment
Mr. Tej Lal Bharti (72) S/o Mr. Rura Ram Independent Director A – 101, Sahara Apartments, Sector – 6, Dwarka, Delhi Occupation: Retired Qualification: M.A., LLB, DLL Experience: 23 Years Nationality: Indian DIN: 00595911	Nil	10-08-2006
Mr. Gaurav Barathi (28) S/o Mr. Prakash Chand Barathi Independent Director A-16, Marble Arch Apartments, Prithviraj Road, New Delhi 110001 Occupation: Professional Qualification: LLB, LLM Experience: 4 Years Nationality: Indian DIN: 01000755	Nil	17-11-2006

Brief Biography of our Directors

1. Mr. H C Aggarwal

Mr. Hari Chand Aggarwal aged 58 years, belongs to a business family of Delhi. He has more than 3 decades of experience in pesticides business. In 1972 he had set up a partnership firm in the name of Hindustan Pulverizing mills to carry on the business of manufacturing, marketing and trading of pesticides products. In 1980 this firm was converted into public limited company and the name was changed to HIM Pulverizing Mills Limited and Mr. H.C.Aggarwal became a director. Between 1996 and 2002 he was Managing Director and then continued to be a director till 2004. During his tenure with HIM Pulverizing, he was involved in all the major activities, including procurement, marketing and Finance. He was awarded Udyog Bharti Award on 16th February 2004 by Indian Achievers Forum New Delhi. He has been the President of Northern India Pesticides Manufacturing Association (NIPMA) for more than 5 terms. He was also a director of Crop Care Federation of India (CCFI) and Indian Association of Plant Growth Products. He was also president of Giant Group of the Delhi (International).

He joined our board on 12th October 2001 and was appointed as Chairman and Managing Director on 23rd October, 2003. On 15th November 2006 he resigned as Managing Director but continues to guide our Company in the capacity of Chairman.

2. Mr. Rajesh Aggarwal

Mr. Rajesh Aggarwal aged 36 years, is a Commerce Graduate and has attended a workshop in “Marketing and Formulation of Pesticides” conducted by Institute of Pesticides Formulation Technology, Gurgaon in the year 1994. He joined M/s HIM Pulverizing Mills Limited in 1993 and continued till 2001. In M/s HIM Pulverizing Mills Limited, he was looking after production and marketing and during his tenure the turnover increased from Rs. 12 Crore in 1993 to Rs. 80 crore in 2000. He promoted our Company Insecticides India Limited in 1996 and got totally involved in our Company from 2001. Our Company started commercial operations from 2002. Mr. Rajesh Aggarwal has good Knowledge of production and Marketing of Pesticides. In November 2006 he was appointed as the Managing Director of our Company.

3. Mr. Sanjeev Bansal

Mr. Sanjeev Bansal, aged 41 years, after doing graduation entered into the field of marketing. He has been involved in the trading of Agro Commodities and has experience of more than 18 years in the field of marketing of Agro commodity. He was appointed as whole time Director of our company in 2001 and looks after day to day administration.

4. Mr. Rajender Pershad Gupta

Mr. Rajender Pershad Gupta aged 57 years, is HSC pass, belongs to a business family of Delhi. He started his business career in agriculture and chemical industries. Presently running his own firm namely M/s Advance Chemical Sales Corporation a firm engaged in agro chemical business. Mr. Rajender Pershad Gupta has 35 years experience in Pesticides and Chemical industry. He joined our board as Independent director on October 22, 2006.

5. Mr. Tej Lal Bharti

Mr. Tej Lal Bharti aged 68 years, is MA, LLB, DLL. He served with Government of India for more than 2 decades. Mr. Bharti was Director of The Parishad Co-Operative Bank from 1985 to 1992 and also a director of Punjab National Bank from 1995 to 2000. He joined our board as Independent director on October 22, 2006.

6. Mr. Gaurav Barathi

Mr. Gaurav Barathi, aged 28, is LLB, LLM. He is a practicing lawyer. Before starting on his own he had worked with legal firms like Vaish Associates, Lal & Sethi Advocates. He got registered with bar council of India on 8th November 2002. He joined our board as Independent director on October 22, 2006.

Details of Borrowing Powers

Vide Board resolution dated March 30th 2002, the Board of Directors of the company are given powers to borrow funds exceeding the paid up share capital and free reserves of the Company within the limits specified in the resolution. Thereafter the resolution was passed by the company from time to time for the enhancement of the limits of borrowing. As per resolution dated 31st July, 2006 the borrowing power of the board stands at Rs. 3000 lacs.

Corporate Governance

The provisions of the listing agreement to be entered into with NSE and BSE, including with respect to corporate governance will be applicable to us immediately upon listing of our Equity Shares on the stock exchanges. We are in compliance with Clause 49 of the listing agreement in respect of corporate governance specially with respect to broad basing of the Board, constituting the committees such as shareholding/ investor grievance committee details of which are provided herein below.

Composition of Board of Directors:

Sr. No.	Name of the Director	Designation	Nature of Directorship	Date of Expiry of Terms
1.	Mr. H C Aggarwal	Chairman	Non Executive Director	Retirement by rotation
2.	Mr. Rajesh Aggarwal	Managing Director	Executive Director	14.11.2011
3.	Mr. Sanjeev Bansal	Wholetime Director	Executive Director	01.05.2007
4.	Mr. Rajender Pershad Gupta	Director	Independent Director	Retirement by rotation
5.	Mr. Tej Lal Bharti	Director	Independent Director	Retirement by rotation
6.	Mr. Gaurav Barathi	Director	Independent Director	Retirement by rotation

We have constituted the following committees of our Board of Directors for compliance with corporate governance requirements:

- Audit Committee;
- Remuneration Committee;
- Share Transfer Committee/ Investor Grievance Committee.

INSECTICIDES (INDIA) LIMITED

AUDIT COMMITTEE

Audit Committee was constituted by the Directors vide their Board meeting held on February 02nd 2004. The Audit Committee was reconstituted on November 27th 2006. The terms of reference of the audit committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters. The constitution of Audit Committee as on 30th November 2006 is as follows:

Sr. No.	Name of the Director	Designation	Status
1.	Mr. Tej Lal Bharti	Chairman	Non - Executive Independent Director
2.	Mr. Rajender Pershad Gupta	Member	Non - Executive Independent Director
3.	Mr. Gaurav Barathi	Member	Non - Executive Independent Director

The Audit Committee has a right to review its terms of reference and recommend any necessary changes to the Board annually.

REMUNERATION COMMITTEE

The Remuneration Committee was constituted by the Directors vide their Board meeting held on 30.08.2006. The Committee was reconstituted on November 27th, 2006. The committee's goal is to ensure that the Company attracts and retains highly qualified employees in accordance with its business plans, that the Company fulfils its ethical and legal responsibilities to its employees, and that management compensation is appropriate. The Remuneration Committee constitutes of the following:

Sr. No.	Name of the Director	Designation	Status
1.	Mr. Tej Lal Bharti	Chairman	Non - Executive Independent Director
2.	Mr. Rajender Pershad Gupta	Member	Non - Executive Independent Director
3.	Mr. Gaurav Barathi	Member	Non - Executive Independent Director

The Remuneration Committee has been constituted to look after the following issues:

- To determine the remuneration, review performance and decide on variable pay of executive directors.
- To determine the number of stock options to be granted under the Company's Employees Stock Option Schemes and administration of the stock option plan.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Compensation Committee.
- Establishment and administration of employee compensation and benefit plans.

INVESTOR GRIEVANCE COMMITTEE

The Investor Grievance Committee was constituted by the Directors vide their Board meeting held on 30.08.2006. The Committee was reconstituted on November 27th, 2006. This Committee is responsible for the smooth functioning of the share transfer process as well as redressed of shareholder grievance. The Investor Grievance Committee constitutes of the following:

Sr. No.	Name of the Director	Designation	Status
1.	Mr. Tej Lal Bharti	Chairman	Non - Executive Independent Director
2.	Mr. Rajender Pershad Gupta	Member	Non - Executive Independent Director
3.	Mr. Gaurav Barathi	Member	Non - Executive Independent Director

The Investor Grievance Committee has been constituted to look after the following issues:

- Timely transfer of shares.
- Transmission of shares in case of death of shareholder(s).
- Issue of duplicate share certificates in case of lost/misplaced ones.
- Timely redressal of complaints pertaining to the non-receipt of dividends.
- Any other related issue as may be deemed necessary.

Procedure laid down for investor grievances committee:

We have appointed Alankit Assignments Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with our Compliance officer. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and Branch. We will monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

We will comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of our Company's shares on the stock exchanges.

Company Secretary and Compliance Officer, is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the prevention of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Shareholding of the Directors

Our Articles of Association do not require our Directors to hold any qualification shares. The following table details the shareholding of our Directors in their personal capacity and either as sole or first holder, as at the date of this Red Herring Prospectus.

Name of the Director	Number of Equity Shares	% of Pre-Issue Paid-up Share Capital
Mr. H C Aggarwal	615,600	6.50
Mr. Rajesh Aggarwal	3,528,600	37.25
Total	4,144,200	43.75

Interest of our Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association. Mr. Rajesh Aggarwal and Mr. Sanjeev Bansal are entitled to receive remuneration. For further details see "Remuneration of Directors" given below.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and Promoters. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated above and transactions disclosed in Annexure 18 titled "Related Party Transactions" of Financial Informations on page 118 of this Red Herring Prospectus, our Directors do not have any other interest in our business.

Except as stated otherwise in this Red Herring Prospectus and above, we have not entered into any contract, agreement or arrangement during the preceding 2 years from the date of this Red Herring Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

INSECTICIDES (INDIA) LIMITED

Remuneration of our Directors

In terms of the minutes of the EGM held on 22nd November 2006 the remuneration payable to our Managing Director which includes the gross salary and perquisites subject to the limits contained in Schedule XIII of the Companies Act, 1956 has been increased. The gross salary and perquisites payable to him are set out below

Name & Designation	Details of Remuneration
Mr. Rajesh Aggarwal Managing Director	Salary: Rs. 1,00,000 Per Month (Inclusive of Dearness Allowance and other Allowances) Perquisites: - Medical Reimbursement Expenses incurred for self and family as per rules of the Company. - Leave travel concession for self and family once in a year in accordance with the rules of the company. - Club fee Fees of clubs subject to a maximum of two clubs provided that no life membership of admission would be allowed. - Company's contribution towards pension/superannuation fund as per Rules of the Company for the time being in force provided that the same is not taxable under the Income Tax Act, 1961. - Company's contribution towards P.F. as per rules of the Company for the time being in force. - Gratuity not exceeding half months salary for each completed year of service. - Free use of telephone facility at the residence but long distance calls shall be billed by the Company

In terms of the minutes of the EGM held on 2nd May 2002 the remuneration payable to our Whole Time Director which includes the gross salary and perquisites subject to the limits contained in Schedule XIII of the Companies Act, 1956 has been increased. The gross salary and perquisites payable to him are set out below

Mr. Sanjeev Bansal Whole Time Director	Salary: Rs. 18,000 Per Month (Inclusive of Dearness Allowance and other Allowances) Perquisites: - Medical Reimbursement (Expenses incurred for self and family as per rules of the Company.) - Leave travel concession for self and family once in a year in accordance with the rules of the company. - Club fee (Fees of clubs subject to a maximum of two clubs provided that no life membership of admission would be allowed.) - Company's contribution towards pension/superannuation fund as per Rules of the Company for the time being in force provided that the same is not taxable under the Income Tax Act, 1961. - Company's contribution towards P.F. as per rules of the Company for the time being in force. - Gratuity not exceeding half months salary for each completed year of service. - Free use of telephone facility at the residence but long distance calls shall be billed by the Company. - Free use of Company's car with driver for the business of the Company. - Earned/privilege Leave: As per rules of the Company.
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SITTING FEE TO DIRECTORS

Company has approved a sitting fee for chairman & directors of the company attending the board meetings of the company in the board meeting dated 27th November 2006.

Following slab is approved by the company:

Chairman – Rs 20,000 for each meeting of the Board of directors

Director – Rs 10,000 for each meeting of the Board of directors

Changes in the Board in the last three years

Sr. No.	Name of the Directors	Reason for Change
1.	Mr. Rajesh Aggarwal	Appointed As Managing Director Of Our Company w.e.f 15.11.2006, approved by EGM on 22.11.2006
2.	Mr. H C Aggarwal	Resigned from the position of Managing Director w.e.f 15.11.2006
3.	Mr. Gaurav Barathi	Appointed as Additional Director on 17.11.2006
4.	Mr. MS Narula	Appointed as Additional Director on 22.10.2005 Regularized in AGM held on 30.08.2006, resigned from the post of directorship w.e.f 3.10.2006
5.	Mr. Harbhajan Singh	Appointed as Additional Director on 10.08.2006 Regularized in AGM held on 30.08.2006, resigned from the post of directorship w.e.f 27.11.2006
6.	Mr. Rajender Pershad Gupta	Appointed as Additional Director on 22.10.2005 Regularized in AGM held on 30.08.2006
7.	Mr. Tej Lal Bharti	Appointed as Additional Director on 10.08.2006 Regularized in AGM held on 30.08.2006

INSECTICIDES (INDIA) LIMITED

Brief Profile of our Key Managerial Personnel

Name	Age (in years)	Date of Joining	Qualification	Experience (in years)	Designation	Remuneration Rs. in Lacs)	Previous position held
Mr. Pardeep Kumar Aggarwal	39	01.12.2006	B.Sc., FCA	12 Years	Chief Financial Officer	3.60	Consultant for financial planning & control
Mr. P C Pabbi	45	01.11.2001	B.A.	16 years	General Manager	3.12	Deputy General Manger in M/s Hindustan Pulverising Mills.
Mr. V K Garg	47	01.06.2002	B. Com, LLB	23 Years	Deputy General Manager	3.32	Zonal Manger in M/s Hindustan Pulverising Mills.
Mr. V K Singhal	53	08.01.2002	B. Com.	24 Years	Deputy General Manager	2.23	Marketing Manger in M/s Hindustan Pulverising Mills.
Mr. M K Singhal	47	18.12.2001	B. Com., PGD in Sales	26 Years	Deputy General Manager	2.29	Marketing Manger in M/s Hindustan Pulverising Mills.
Mr. Sanjay Vats	42	01.04.2003	B. Sc (Agri). Hons	22 Years	Assistant General Manager	2.82	Regional Manager in M/s De - Nocil Crop Protection Limited
Dr. Mukesh Kumar Aggrwal	44	01.12.2001	Ph. D., M Phil, M. Sc., B Sc.	16 Years	Technical Manager	2.45	Director, M/s Balaji Insecticides Private Limited
Mr. H C Sharma	61	21.12.2001	B. A.	43 Years	Works Manager	2.68	Manger (Works) in M/s Hindustan Pulverising Mills.
Mr. O P Karnani	46	01.04.2002	B. Com.	22 Years	Commercial Manager	2.21	Works Manager with Nirmal Group of Industries
Mr. B S Singhal	56	01.10.2004	B. Sc.	36 Years	Manager (R& D)	1.87	Hindustan I nsecticides Limited, Research & Development Centre (Gurgaon)
Mr. Jitender Aggarwal	32	01.02.2004	Graduate	3 Years	Astt. Work Mananger	2.22	NA
Mr. Pankaj Gupta	35	03.10.2006	M. Com., LLB., Company Secretary	6.5 Years	Company Secretary	2.00	M/s Panoptic Alliance (P) Limited

Our Company certifies that all the persons whose name appear as key management personnel are on permanent rolls of our Company and are not employed by any of our Group Concerns. Further, none of the key personnel mentioned above are related to the promoters / directors of our Company.

Shareholding of the Key Managerial Employees

None of our key managerial employees hold any share, as at the date of this Red Herring Prospectus:

Bonus or Profit Sharing Plan for our Key Managerial Employees

There is no specific bonus or profit sharing plan for our key managerial employees.

Changes in the Key Managerial Personnel during last three years

Sr. No.	Name of the Person	Designation	Date of Appointment	Date of Leaving
1.	Mr. Mukesh Gupta	Company Secretary	01.04.2002	21.09.2006
2.	Mr. B S Singhal	Works Manager	01.10.2004	N.A.
3.	Mr. Jitender Aggarwal	Commercial Manager	01.02.2004	N.A.
4.	Mr. Pankaj Gupta	Company Secretary	03.10.2006	N.A.
5.	Mr. Pardeep Kumar Aggarwal	Chief Financial Officer	01.12.2006	NA

Payment or benefit to officers of our Company

As part of total compensation, the key managerial personnel are offered a comprehensive and competitive benefit package. Basic coverage includes health care for employees and their families, life insurance, time off to assist in balancing professional and personal needs.

Medical

Our Company has taken Mediciam Insurance Policy for all our employees and their families. Our Company has tried to cover even the pre existing disease of the employees with the cash less facility.

Leave

The employees are given 12 days casual leave and 15 days earned leave.

Accidental benefits

Our Company has taken a Personal Accidental policy for all the employees to cover up their short term and long term disability.

Gratuity, Provident Fund and ESI coverage

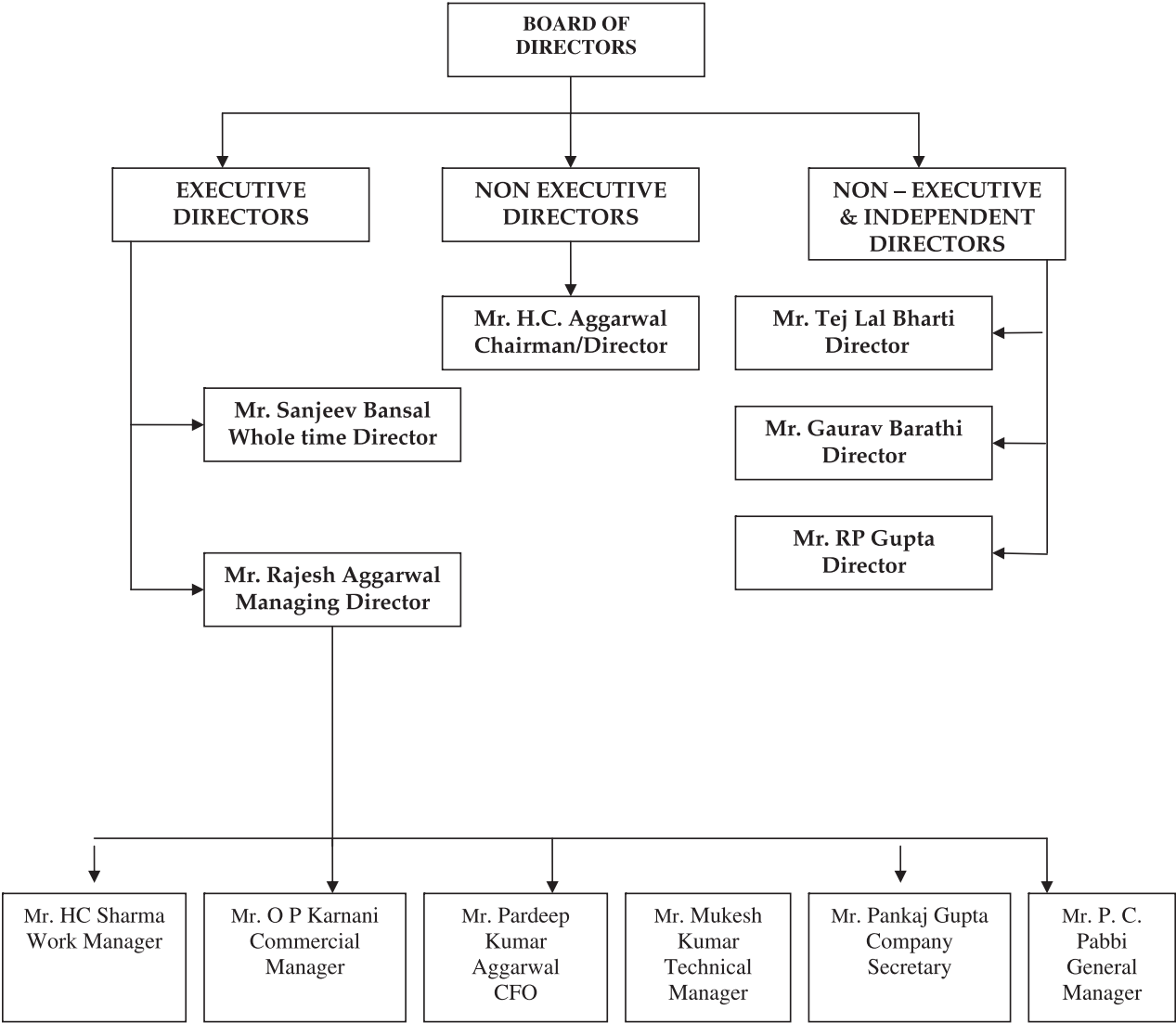
Our Company has covered all its employees under the provisions of the Gratuity Act, Provident Fund Act and Employees State Insurance Act.

Notes

1. All the Key Managerial Personnel are permanent employees of our Company.
2. There is no understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned personnel have been recruited.
3. The Key Managerial Personnel above are not the same as defined in AS-18, Related Party Disclosure, issued by the Institute of Chartered Accountants of India.

INSECTICIDES (INDIA) LIMITED

Management Organization Structure



OUR PROMOTERS AND THEIR BACKGROUND

Following are our promoters

Mr. Rajesh Aggarwal



Mr. Rajesh Aggarwal aged 36 years, is a Commerce Graduate and has attended a workshop in “Marketing and Formulation of Pesticides” conducted by Institute of Pesticides Formulation Technology, Gurgaon in the year 1994. He joined M/s HIM Pulverizing Mills Limited in 1993 and continued till 2001. In M/s HIM Pulverizing Mills Limited he was looking after production and marketing and during his tenure the turnover increased from Rs. 12 Crore in 1993 to Rs. 80 crore in 2000. He promoted our Company Insecticides India Limited in 1996 and got totally involved in our Company from 2001. Our Company started commercial operations from 2002. Mr. Rajesh Aggarwal has good Knowledge of production and Marketing of Pesticides. In November 2006 he was appointed as the Managing Director of our company.

Driving License No.: P-98110631

Voter ID No: DL/03/019/009690

Passport No: A6736335

Pan No.: AAEP A5281D

Bank Account No.: –0129000100507517 with Punjab National Bank, Minto Road, New Delhi

Rajesh Aggarwal (HUF)

Rajesh Aggarwal (HUF) was established on 27.08.1996. of which Mr. Rajesh Aggarwal is the Karta. The other co-parceners are Nikunj Aggarwal (wife), Kritika Aggarwal (Daughter) and Sanskar Aggarwal (son). Driving License No.: NAVoter ID No: NAPassport No: NAPan No.: AAHHR0816CBank Account No.:–0129000100504954 with Punjab National Bank, Minto Road, New Delhi

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of the above Promoters have been submitted to the BSE and NSE at the time of filing the Draft Red Herring Prospectus.

Common Pursuits

Our subsidiary company, Advance Crop solutions Limited is in similar line of business. Being our wholly owned subsidiary, this shall not affect business/profitability of our Company on consolidated basis and thus there is no scope for any conflict of interest.

Payment of benefits to the Promoters

For details of payments or benefits paid to the promoters, please refer to the paragraph “Compensation to Managing Directors/Whole time Directors” in the section titled ‘Our Management’ in this Red Herring Prospectus.

Interest of Promoters

All our Promoters are interested in the Promotion of our Company and are also interested to the extent of their shareholding, for which they are entitled to receive the dividend declared, if any, by our Company. Our Promoters are also deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them under the Articles.

Except as stated above and in the Annexure 18 titled “Related Party Transactions” of Financial Information on page 118 of this Red Herring Prospectus and to the extent of shareholding in our Company, the promoters have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them

INSECTICIDES (INDIA) LIMITED

Sales or Purchase between companies in the Promoter Group

There have been no sales or purchases between companies in the Promoter Group of our Company exceeding in value in the aggregate 10% of the total sales or purchases of our Company.

Related party transactions

The details of related party transactions have been disclosed as a part of the Auditors Report. For details, please refer page 142 of this Red Herring Prospectus.

CURRENCY OF PRESENTATION

In this Red Herring Prospectus, unless the context otherwise requires, all references to the word “Lakh” or “Lac”, means “One hundred thousand” and the word “million” means “Ten Lacs” and the word “Crore” means “ten million” and the word “billion” means “One thousand million and the word “trillion” means “One thousand billion”. In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Throughout this Red Herring Prospectus, all the figures have been expressed in Million of Rupees, except when stated otherwise. All references to “Rupees” and “Rs.” in this Red Herring Prospectus are to the legal currency of India.

DIVIDEND POLICY

Dividends may be declared at the Annual General Meeting of the Shareholders based on a recommendation by the Board of Directors. The Board of Directors may recommend dividends, at its discretion, to be paid to the members. Generally the factors that may be considered by the Board, but not limited to, before making any recommendations for the dividend include future expansion plans and capital requirements, profits earned during the financial year, cost of raising funds from alternate sources, liquidity, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and money market conditions

INSECTICIDES (INDIA) LIMITED

SECTION VII: FINANCIAL INFORMATION

AUDITOR'S REPORT

The Board of Directors

Insecticides (India) Limited

401-402, Lusa Tower,
Azadpur Commercial Complex,
Azadpur,
Delhi - 110 033

Re: Public issue of Insecticides (India) Limited

Dear Sirs,

1. We have examined the financial information of M/s Insectides (India) Limited (herein after referred to as 'the Company'), as attached to this report stamped and initialed by us for identification and as approved by the Board of Directors of the Company, which has been prepared in accordance with Part II of Schedule II of the Companies Act, 1956 (herein after referred to as 'the Act') and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time (herein after referred to as 'the SEBI Guidelines') issued by the Securities and Exchange Board of India (herein after referred to as 'SEBI') on January 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications, and in accordance with your instructions dated February 14, 2007 requesting us to carry out work in connection with the Offer Document being issued by the Company in connection with its Initial Public Issue of equity shares of the Company (herein after referred to as 'the Issue').
2. We have examined and found correct the accounts of the Company for the past five financial years ended on March 31 2002, March 31 2003, March 31 2004, March 31 2005, March 31 2006 and Nine months period ended on December' 2006, the last date to which the accounts of the Company have been made up, audited and approved by the Board of Directors .
3. In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Act, the SEBI Guidelines and our terms of reference with the Company dated February 14, 2007 requesting us to make this report for the purpose of the Offer Document as aforesaid, we report that:
 - a. The restated assets and liabilities of the Company as at March 31 2002, March 31 2003, March 31 2004, March 31 2005, March 31, 2006 and December'2006 are as set out in Annexure 1 to this report after making such adjustments and regrouping as in our opinion are appropriate and more fully described in the notes appearing in Annexure 3, 4 and 5 to this report.
 - b. The restated profits of the Company for the financial years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005, March 31, 2006 and Nine months period ended on December 31, 2006 are as set out in Annexure 2 to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regrouping as in our opinion are appropriate and more fully described in the notes appearing in Annexure 3, 4 and 5 to this report.
 - c. The restated cash flows of the Company for the financial years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005, March 31, 2006 and Nine months period ended on December' 2006 are as set out in Annexure 6 to this report. These cash flows have been arrived at after making such adjustments and regrouping as in our opinion are appropriate and more fully described in the notes appearing in Annexure 3, 4 and 5 to this report.
 - d. We have examined the following financial information relating to the Company and as approved by the Board of Directors for the purpose of inclusion in the Offer Document:

- a. Details of extracts of qualifications in the financial statement as appearing in Annexure 5 to this report
 - b. Statement of details of Dividend as appearing in Annexure 7 to this report
 - c. Accounting ratios as appearing in Annexure 8 to this report
 - d. Capitalization statement as at March 31, 2006 as appearing in Annexure 9 to this report
 - e. Statement of tax shelters as appearing in Annexure 10 to this report
 - f. Statement of details of secured loans as appearing in Annexure 11 to this report
 - g. Statement of details of unsecured loans as appearing in Annexure 12 to this report
 - h. Statement of details of investments as appearing in Annexure 13 to this report
 - i. Statement of details of sundry debtors as appearing in Annexure 14 to this report
 - j. Statement of details of loans and advances as appearing in Annexure 15 to this report
 - k. Statement of details of other income as appearing in Annexure 16 to this report
 - l. Statement of Contingent Liabilities as appearing in Annexure 17 to this report.
 - m. Statement of details of related party transactions in Annexure 18 to this report
- e. In our opinion the above financial information of the Company read with significant accounting policies and notes attached to this report, after making adjustments and re-grouping as considered appropriate has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.
4. This report is intended solely for your information and for inclusion in the Offer Document in connection with the Initial Public Offer of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Mohit Parekh & Co**
Chartered Accountants

(Mohit A Parekh)
Proprietor
Membership No. 81069

Date: February 22, 2007

Place: Delhi

INSECTICIDES (INDIA) LIMITED

ANNEXURE 1

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in Lacs)

Particulars				As at			
		Dec. 31, 2006	March 31,2006	March 31,2005	March 31,2004	March 31,2003	March 31,2002
A	Fixed Assets						
	Gross Block	903.63	858.45	747.80	452.80	373.60	177.32
	Less: Depreciation	144.09	108.26	72.22	40.91	17.82	1.84
	Net Block	759.54	750.19	675.58	411.89	355.78	175.48
	Capital Work in Progress	228.14	12.77	0.04	65.46	—	7.38
	Total Fixed Assets (A)	987.68	762.96	675.63	477.35	355.78	182.86
B	Investments (B)	9.94	—	—	0.22	0.22	—
C	Current Assets, Loans and advances						
	Inventories	3198.26	2679.99	1988.55	1174.41	1230.86	124.98
	Sundry Debtors	5743.94	2047.57	1187.99	872.17	481.37	48.45
	Cash and bank balance	320.30	169.37	119.29	114.18	66.78	11.18
	Loans and Advances	1156.84	834.11	554.53	446.05	222.62	247.17
	Total (C)	10419.34	5731.04	3850.36	2606.81	2001.64	431.78
D	Liabilities and provisions						
	Secured Loans	1463.39	893.24	440.23	537.92	377.97	43.38
	Unsecured Loans	120.29	245.29	62.78	64.86	144.56	57.13
	Current Liabilities & Provision	5686.54	2763.48	2491.12	1664.04	1317.54	227.60
	Deferred Tax Liability	68.00	61.50	56.90	33.60	20.48	6.77
	Total (D)	7338.22	3963.50	3051.03	2300.42	1860.55	334.87
E	Net Worth (A+B+C-D)	4078.74	2530.49	1474.96	783.96	497.08	279.77
F	Represented By:-						
1	Equity Share Capital	947.27	930.30	775.25	745.25	470.00	200.00
2	Share application money	0.00	170.20	0.50	2.05	27.50	86.30
3	Reserves and Surplus	2979.77	1431.98	702.47	41.23	2.21	—
4	Share Premium A/C	152.73	--	—	—	—	—
5	Miscellaneous Expenditure	1.03	1.99	3.26	4.57	2.63	0.94
6	Debit balance of Profit & Loss A/C	—	—	—	—	—	5.59
	Net Worth (1+2+3+4-5-6)	4078.74	2530.49	1474.96	783.96	497.08	279.77

ANNEXURE 2
SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Rs.in lacs)

Particulars	For the period ended					
	Dec. 31, 2006	March 31,2006	March 31,2005	March 31,2004	March 31,2003	March 31,2002
	9 Months	12 Months	12 Months	12 Months	12 Months	12 Months
INCOME						
Sales						
Of Products Manufactured by the Company	16476.91	13048.64	10462.14	7138.79	4029.81	—
Of products Traded by the Company	28.35	296.07	188.54	356.04	119.03	234.54
Net Sales	16505.26	13344.71	10650.68	7494.83	4148.84	234.54
Other Income	14.45	9.20	15.54	4.74	6.78	5.40
Increase/(Decrease) in stocks	296.51	424.99	468.59	128.57	729.63	97.73
Total	16816.22	13778.90	11134.81	7628.14	4885.24	337.66
EXPENDITURE						
Material Consumed	8316.12	6705.58	5611.42	4165.86	2845.72	61.48
Cost of traded goods Purchased	34.22	230.70	158.11	326.07	66.88	221.31
Manufacturing Expenses	3218.57	2532.99	2345.52	1866.35	1012.45	8.72
Administrative, Selling & Distribution Expenses	3300.77	2946.38	2134.51	1104.09	853.69	39.61
Other Expenses	52.44	50.97	11.93	5.88	0.66	0.19
Total	14922.12	12466.62	10261.48	7468.26	4779.39	331.30
Profit before Interest, Depreciation, Tax and Extraordinary items	1894.10	1312.28	873.33	159.88	105.85	6.37
Less: Depreciation	35.82	43.27	34.58	23.09	15.98	1.84
Profit before Interest, Tax and Extraordinary items	1858.28	1269.01	838.75	136.79	89.87	4.53
Less: Interest & Finance Charges	80.19	127.01	96.12	80.64	61.70	3.10
Net Profit Before Tax and Extraordinary items	1778.09	1142.00	742.63	56.15	28.17	1.43
Less:						
Current Tax	200.00	97.00	58.00	4.25	2.25	0.11
Deferred Tax	6.50	4.60	23.30	13.12	13.71	6.77
Provision for FBT	15.00	11.00	—	—	—	—
Income Tax for earlier years	8.80	3.43	0.09	(0.25)	—	—
Net Profit before Extraordinary items	1547.79	1025.98	661.24	39.03	12.21	(5.45)
Less:						
Loss due to fire (Stocks)	—	—	—	—	1.12	—

INSECTICIDES (INDIA) LIMITED

(Rs.in lacs)

Particulars	For the period ended					
	Dec. 31, 2006	March 31,2006	March 31,2005	March 31,2004	March 31,2003	March 31,2002
	9 Months	12 Months	12 Months	12 Months	12 Months	12 Months
Loss due to fire (Capital Goods)	—	—	—	—	3.29	—
Net Profit after tax and Extraordinary items as Restated	1547.79	1025.98	661.24	39.03	7.80	(5.45)
Add: Balance brought forward from previous years as restated	1381.08	702.47	41.23	2.21	(5.59)	(0.14)
Amount available for Appropriation	2928.87	1728.45	702.47	41.23	2.21	(5.59)
Appropriations:						
Bonus shares issued during the year	—	155.05	—	—	—	—
Transfer to General reserve	—	50.90	—	—	—	—
Dividend including Corporate Dividend Tax	—	141.42	—	—	—	—
Balance Carried to Balance Sheet, as restated	2928.87	1381.08	702.47	41.23	2.21	(5.59)

ANNEXURE 3

NOTES TO ADJUSTMENTS CARRIED OUT IN RESTATED FINANCIAL STATEMENTS

Impact on profit due to restatements of the audited financial statements:

(Rs. in lacs)

Particulars	For the period ended					
	Dec. 31, 2006	March 31,2006	March 31,2005	March 31,2004	March 31,2003	March 31,2002
	9 Months	12 Months	12 Months	12 Months	12 Months	12 Months
PAT (As per audited Balance Sheets)	1554.29	1017.99	681.27	37.06	5.26	1.32
Effect of Deferred Tax Liability	(6.50)	7.99	(20.03)	1.97	2.54	(6.77)
Profit / (Loss) after tax as restated	1547.79	1025.98	661.24	39.03	7.80	(5.45)

Note:

Deferred tax

The Company changed its accounting policy for taxes on income as a result of the new Accounting Standard AS- 22 on 'Accounting for taxes on income' issued by the ICAI for the year ended March 31, 2003. For the purposes of these Restated Summary Statements, the revised policy has been applied retrospectively from the financial year 2002.

INSECTICIDES (INDIA) LIMITED

ANNEXURE 4

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE NINE MONTHS PERIOD ENDED ON DECEMBER 31, 2006.

(A) Significant Accounting Policies:

Accounting Policies and notes to the accounts forming part of the Balance Sheet as at 31ST December, 2006 and Profit and Loss Account for the period ended on 31ST December, 2006 .

1. ACCOUNTING CONVENTION

Accounts are prepared on the basis of historical cost convention. Accounting Policies not specially referred to otherwise, are consistent and in consonance with generally accepted accounting principles, followed by the company.

2. FIXED ASSETS

Fixed Assets are stated at cost of acquisition including any attributable cost for bringing the assets to its working condition for its intended use less accumulated depreciation.

3. DEPRECIATION

Depreciation on Fixed Assets has been provided on Straight Line method as per the classification, rates and manner provided in Schedule XIV of the Companies Act, 1956 as amended up to date. Depreciation on assets acquired/disposed off during the year has been provided on Pro-rata basis with reference to the date of use/addition/disposal.

4. INVESTMENTS

Investments held on long term basis are valued at cost. Current investments are valued at cost or market value which ever is less.

5. PURCHASES

Purchases are net of rebate/special discounts, Excise duty, goods returned etc.

6. SALES

Sales are net of sales returns.

7. RETIREMENT BENEFITS

(i) Contribution to provident fund and family pension fund are accounted for on accrual basis.

(ii) Leave Encashment Benefit is accounted for on cash basis.

(iii) The company has set up a Group Gratuity Fund with LIC of India, during the period under consideration and the amount due has duly been paid up to Financial Year 2006-07.

8. EXCISE DUTY

Excise duty has been accounted on the basis of both, Payments made in respect of goods cleared and also provision made for goods lying in branches. However, this has no effect on the profitability of the Company during the year.

9. INVENTORIES

Inventories are valued as under:

(a) FINISHED GOODS (Manufacturing Goods)	Selling price (net of Excise) less average Gross Profit earned during the year.
(b) RAW MATERIAL & CONSUMABLE GOODS	At cost or market price, whichever is lower on FIFO Basis.

(c) OTHER INVENTORIES	Packing material etc. are valued at Cost on FIFO basis.
(d) Traded Goods	At Cost (On FIFO Basis)

10. STORES & SPARES

The Company has adopted the Practice of treating stores & spares purchased during the year as consumed and no account is taken of closing stock.

11. Claims by or against the Company are accounted when acknowledged/ accepted/ settled/ received.
12. Interest on Late Payments by the customers & to the suppliers and differential interest to the bankers are accounted for on acceptance basis.
13. The bonus is accounted for on cash basis.
14. The Remuneration/Sitting Fee paid to the Directors for the period under consideration are as under:

Sl. No.	Name of Director	Amount (Rs. in lacs).
1.	Sh. H.C.Aggarwal	8.00
2.	Sh. Rajesh Aggarwal	7.34
3.	Sh. Sanjeev Bansal	1.72
4.	Sh. Tejlal Bharti	.10
5.	Sh.R.P.Gupta	.10
6.	Sh. Gaurav Barathi	.10

15. PROVISION FOR TAXATION

- (a) Provision for income tax is made after availing Exemptions & Deductions at the rate (s) applicable under the Income Tax Act, 1961 for the period under consideration.
- (b) Provision for wealth tax is not required to be made for the period under consideration.
- (c) Provision for Deferred Tax Liability has not been made for the period under consideration.
- (d) Provision for Fringe Benefit Tax has been made for the period under consideration.
16. All the common expenses incurred during the period under consideration, in respect of Chopanki and Samba Units will be allocated at the year end in the proportion to sales (net) effected during the whole year.
17. Revenue recognition is postponed to a later date, only when it is not possible to estimate it with reasonable accuracy.
18. The amount of CENVAT credits in respect of material purchased during the year is debited to Excise Duty Paid Account & Similarly the excise due in respect of goods cleared is credited to Excise Duty Paid Account.

(B) NOTES TO THE ACCOUNTS

1. Contingent Liabilities

- (a) Letter of credits- Rs. 15047426/- (Previous year – Rs. 1,64,53,500/-)
- (b) Excise matter with Appellate Authority – Rs. 75,66,743/- (Previous year – Rs. 75,66,743)
- (c) Bank Guarantee- Rs 1,12,10,000/- (Previous year – Rs. 1,12,10,000/-)

(Except above no contingent liability are outstanding as explained and certified by the Management of the Company)

INSECTICIDES (INDIA) LIMITED

2. In the opinion of the Board of Directors of the Company, the current assets, loans and advances have the value at least equal to the figures stated in the Balance Sheet on realization in the ordinary course of business and provision for all known liabilities have been made.
3. The Company has valued inventories as required under AS-2 issued by The Institute of Chartered Accountants of India.
4. Details of Amount payable to Small Scale Industries (SSI) outstanding for more than 30 days as at 31ST December, 2006 is Rs. 489.03 lacs.
5. Estimated value of Capital Contract undertaken but remaining uncompleted during the period amounts to Rs. 228 Lacs (Previous year Rs, 70 Lacs).
6. SEGMENT INFORMATION

The Company is engaged in the business of manufacturing & reselling of various types of Pesticides. The entire operations are governed by the same set of risk and returns, hence the same has been considered as representing a single primary segment. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard- 17 on segment reporting.

The Company sells its products mostly within India with insignificant export income and does not have any operation in economic environments with different risks & returns, hence, it is considered operating in a single geographical segment.

7. In compliance to AS 18 issued by The Institute of Chartered Accountant of India, the Disclosure of transactions with Related Parties as defined in Accounting Standard are mentioned herein below:

(Rs. in lacs)

Sl. No.	Name of Related parties	Relationship	Nature of Transation	Amount (lacs)
1.	Sh. Hari Chand Aggarwal	Director	Director's Remuneration	8.00
2.	Sh. Rajesh Aggarwal	Director	Director's Remuneration	7.34
3.	Sh. Sanjeev Bansal	Director	Director's Remuneration	1.72
4.	Smt. Pushpa Aggarwal	W/o Director (Sh. Hari Chand Aggarwal)	Interest	1.00
5.	Smt. Nikunj Aggarwal	W/o Director (Sh. Rajesh Aggarwal)	Interest	.09
6.	Smt. Ekta Jain	D/o Director (Sh. Hari Chand Aggarwal)	Interest	.03
7.	Rajesh Aggarwal (HUF)	HUF of Director (Sh. Rajesh Aggarwal)	Interest	.41
8.	Hari Chand Aggarwal (HUF)	HUF of Director (Sh. Hari Chand Aggarwal)	Interest	.26
9.	Sanskar Aggarwal	S/o Director i.e. Sh. Rajesh Aggarwal	Interest	.16

8. Balances of Debtors and Creditors are subject to reconciliations.
9. The excess remuneration paid to directors in earlier years has been recovered during the period under consideration.

ANNEXURE 5**STATEMENT OF QUALIFICATIONS/OBSERVATIONS IN AUDITOR'S REPORT**

There are no qualifications in the respective Audit Reports during the period of reporting in the restated financial statements.

INSECTICIDES (INDIA) LIMITED

ANNEXURE 6

CASH FLOW STATEMENT, AS RESTATED

(Rs. in lacs)

Particulars	For the year ended					
	Dec. 31, 2006	March 31,2006	March 31,2005	March 31,2004	March 31,2003	March 31,2002
	9 Months	12 Months	12 Months	12 Months	12 Months	12 Months
Cash Flow From Operating Activities						
Net Profit Before Tax and Extraordinary items	1778.09	1142.00	742.63	56.15	28.17	1.43
Adjustment for:						
Depreciation	35.82	43.27	34.58	23.09	15.98	1.84
Other Income	(2.54)	(3.98)	(11.39)	(1.96)	(5.72)	(5.40)
Interest expenses	80.19	127.01	96.12	80.64	61.70	3.10
Loss/(Profit) on Sales of Assets	—	4.19	3.69	—	—	—
Loss/(Profit) on Sales of Investments	—	—	(3.30)	—	—	—
Misc. Exp. Written Off	0.96	1.28	1.31	1.31	0.66	0.19
Operating Profit Before Working Capital change	1892.52	1313.77	863.64	159.23	100.79	1.16
Adjustment:						
Decrease/(Increase) in Inventories	(518.26)	(691.44)	(814.14)	56.45	(1105.88)	(124.98)
Decrease/(Increase) in Debtors & other Current Assets	(3910.41)	(1090.53)	(389.39)	(608.66)	(406.95)	(295.27)
Increase/(Decrease) in Trade Payable & Other Liabilities	2601.89	169.32	775.32	342.62	1087.69	227.08
Cash Generated From Operations	65.74	(298.87)	435.43	(50.36)	(324.35)	(192.01)
Direct Taxes Refund/(Paid) Net	(148.36)	(110.05)	(41.25)	(5.68)	(1.42)	(0.35)
Net cash From Operating Activities (A)	(82.62)	(408.92)	394.18	(56.04)	(325.77)	(192.36)
Cash Flow From Investing Activities						
Net Purchase of Fixed assets	(279.29)	(155.41)	(256.12)	(144.67)	(193.31)	(184.70)
Net Purchase/Sale of Fixed Assets	18.74	20.61	23.09	—	—	—
Net Purchase/Sale of Investments	9.94	—	—	—	(0.22)	—
Other Income	2.54	3.98	11.39	1.96	5.72	5.40
Net cash From Investing Activities (B)	(248.07)	(130.82)	(221.64)	(142.71)	(187.81)	(179.30)
Cash Flow From Financing Activities						
Proceeds from Issue of Capital/Share Premium	169.70	—	30.00	275.25	270.00	199.80
Net Proceeds from Secured Loans	570.15	453.00	(97.69)	159.95	334.59	43.38
Net Proceeds from Unsecured Loans	(125.00)	182.50	(2.07)	(79.71)	87.44	57.12
Dividend Paid (Including Dividend Tax)	(53.04)	(88.38)	—	—	—	—
Share Application Money Received	—	169.70	(1.55)	(25.45)	(58.80)	86.30

(Rs. in lacs)

Particulars	For the year ended					
	Dec. 31, 2006	March 31,2006	March 31,2005	March 31,2004	March 31,2003	March 31,2002
	9 Months	12 Months	12 Months	12 Months	12 Months	12 Months
Interest and Financial Charges Paid	(80.19)	(127.01)	(96.12)	(80.64)	(61.70)	(3.10)
Cash Paid for Preliminary Exp.	—	—	—	(3.25)	(2.35)	(0.75)
Net Cash From Financing Activities (C)	481.62	589.82	(167.43)	246.15	569.18	382.75
Net increase in Cash and Cash equivalents (A+B+C)	150.93	50.08	5.11	47.41	55.60	11.09
Cash and Cash equivalent at the beginning of the year	169.37	119.29	114.18	66.78	11.18	0.09
Cash and Cash equivalent at the end of the year	320.30	169.37	119.29	114.18	66.78	11.18

INSECTICIDES (INDIA) LIMITED

ANNEXURE 7

STATEMENT OF DIVIDEND PAID

(Rs. in lacs)

For the year ended	Dec. 31, 2006	March 31,2006	March 31,2005	March 31,2004	March 31,2003	March 31,2002
Paid-up Equity Share Capital	947.27	930.30	775.25	745.25	470.00	200
Face Value (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Rate of Dividend	—	15%*	—	—	—	—
Amount of Dividend	—	124.03	—	—	—	—
Corporate Dividend tax	—	17.39	—	—	—	—

*Interim dividend 10% and final dividend 5% during the period.

ANNEXURE 8
ACCOUNTING RATIOS

(Rs. in lacs)

Particulars	As at					
	Dec. 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002
Net Profit Before extraordinary items but after tax, as restated(A)	1547.79	1025.98	661.24	39.03	12.21	(5.45)
Net Worth excluding revaluation reserve at the end of the year (B)	4078.74	2530.49	1474.96	783.96	497.08	279.77
Weighted average number of equity shares outstanding during the year after considering impact of bonus issue dated November 21, 2005 (C) Nos. – Basic	93.31	83.09	90.99	59.01	24.09	0.57
Weighted average number of equity shares outstanding during the year after considering impact of bonus issue dated November 21, 2005 (D) Nos.- Dilutive	93.31	83.30	90.99	59.01	25.35	1.16
Total Number of Equity shares outstanding at the end of the year (E) Nos.	94.73	93.03	77.52	74.52	47.00	20.00
Earnings Per Share						
Basic (A/C) (Rs.)	22.12*	12.35	7.27	0.66	0.51	-9.57
Diluted (A/D) (Rs.)	22.12*	12.32	7.27	0.66	0.48	—
Return on Net Worth(%) (A/B)	50.60*	40.54	44.83	4.98	2.46	-1.95
Net Asset Value or Book Value per share (B/E) (Rs.)	43.06	27.20	19.03	10.52	10.58	13.99

*Figures for nine months period ending 31.12.2006 are annualized.

Notes:

1. Earnings per Share (Rs.) = Adjusted Net Profit available to equity shareholders / Weighted Average No. of Equity Shares outstanding at the end of the period. (As per AS-20)
2. Return on Net Worth (%) = (Adjusted Net Profit available to equity shareholders / Net Worth) * 100
3. Net Asset Value or Book Value per Share (Rs.) = Net Worth / No. of equity shares outstanding at the end of the period.

INSECTICIDES (INDIA) LIMITED

ANNEXURE 9

CAPITALISATION STATEMENT

(Rs. in Lacs)

Particulars	Pre Issue as at Dec. 31, 2006	Post Issue*
Debt		
Short Term Debt	120.29	
Long Term Debt	1463.39	
Total Debt	1583.68	
Shareholders Funds		
Share Capital	947.27	
Reserves & Surplus	3132.50	
Less: Misc. expenditure	1.03	
Total Shareholders Funds	4078.74	
Long Term Debt/Shareholders Funds	0.39	

*The Post-Issue capitalization cannot be determined till the completion of the Book-Building Process.

Notes:

1. Short Term Debt represents debts which are due within twelve months from March 31, 2006 and includes installment of long term debt repayable within 12 months.
2. Long term debt represent other than short-term debts as defined above
3. The figures disclosed above are based on the restated financial statements of the Company as at 31.12.2006.

ANNEXURE 10
STATEMENT OF TAX SHELTERS

(Rs. in lacs)

Particulars	For the period ended					
	Dec. 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002
	9 Months	12 Months	12 Months	12 Months	12 Months	12 Months
Profit before current and deferred taxes, as restated	1778.09	1142.00	742.63	56.15	28.17	1.43
Tax Rate %						
— Normal	33.66	33.66	36.59	35.88	36.75	35.70
— MAT	11.22	8.42	7.84	7.69	7.88	7.65
Tax impact at applicable tax rate on restated profits (A)	598.50	384.40	271.73	20.15	10.35	0.51
Adjustments						
Permanent differences						
Deduction under chapter VI of the Income Tax Act	—	1130.23	668.60	—	—	—
Other adjustments	—	23.45	0.20	11.96	0.88	0.44
Total (B)	—	1153.68	668.80	11.96	0.88	0.44
Temporary differences						
Difference between book depreciation and tax depreciation	19.27	31.44	30.47	42.04	44.14	11.58
Other adjustments	—	(17.78)	33.21	(5.47)	(6.84)	7.39
Total (C)	19.27	13.66	63.68	36.57	37.30	18.97
Net Adjustment (B+C)	19.27	1167.34	732.48	48.53	38.18	19.41
Tax saving thereon (D)	6.50	4.60	23.30	13.12	13.71	6.77
Net Tax Payable	199.50	96.16	58.22	4.32	2.22	0.11
Tax Paid as per Income Tax Returns	—	99.41	62.59	5.34	1.99	0.35

INSECTICIDES (INDIA) LIMITED

ANNEXURE 11

SECURED LOANS

(Rs. in lacs)

Particulars	As at					
	Dec. 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002
Term Loan	52.65	90.21	76.29	86.17	82.87	43.38
Working Capital Loan*	1410.74	803.03	363.94	451.75	295.10	—
Total	1463.39	893.24	440.23	537.92	377.97	43.38

* Working capital loan pertains to bank overdraft against stocks and book debts.

PRINCIPAL TERM OF SECURED LOANS AND ASSETS CHARGED AS SECURITY

(Rs. in Lacs)

Sr No.	Particulars	Rate of Interest	Repayment Terms	Amount Outstanding as at December 31, 2006	Details of security
1	Working Capital Facilities				
	(i) Citi Bank	9%	N.A	427.28	1. First Pari Passu Charge on all present and future receivables, stocks & inventories of the company. 2. First Pari Passu on all present and future fixed assets. 3. Equitable mortgage on pari passu basis with other Working Capital Banks over the property situated at E – 443 – 444, Chopanki, Factory Land & Building at Samba, Land at Pitampura 4. RBI relief bonds valuing Rs. 95 Lakhs in the names of the directors/ guarantorsPersonal Guarantees of the Directors of the company and Mrs. Pushpa Aggarwal w/o of Mr. HC Aggarwal.
	(ii) Punjab National Bank	9.5%	N.A	983.46	1. First Pari Passu Charge on all present and future receivables, stocks & inventories of the company. 2. First Pari Passu on all present and future fixed assets.

Sr No.	Particulars	Rate of Interest	Repayment Terms	Amount Outstanding as at December 31, 2006	Details of security
2	Term Loan				3. Equitable mortgage on pari passu basis with other Working Capital Banks over the property situated at E – 443 – 444, Chopanki, Factory Land & Building at Samba, Land at Pitampura4.RBI relief bonds valuing Rs. 95 Lakhs in the names of the directors/ guarantors Personal Guarantees of the Directors of the company and Mrs. Pushpa Aggarwal w/o of Mr. HC Aggarwal.
	(i) ABN Bank	9.52%	Monthly Installments	0.40	Hypothecation of Vehicles
	(ii) Citi Bank	9.38%	Monthly Installments	0.05	Hypothecation of Vehicles
	(iii) HDFC Bank Ltd	12.05%	Monthly Installments	0.09	Hypothecation of Vehicles
	(iv) Standard Chartered Bank	12.80%	Monthly Installments	0.43	Hypothecation of Vehicles
	(v) ICICI Bank Ltd	9.50%	Monthly Installments	31.27	Hypothecation of Vehicles
	(vi) P.N.B	9.00%	Monthly Installments	20.41	Hypothecation of Vehicles

INSECTICIDES (INDIA) LIMITED

ANNEXURE 12

UNSECURED LOANS

(Rs. in lacs)

Particulars	As at					
	Dec. 31, 2006	March 31,2006	March 31,2005	March 31,2004	March 31,2003	March 31,2002
Rate of Interest	12%	12%	12%	9% to 12%	12% to 15%	12%
From Bodies Corporate	106.35	172.35	40.69	—	—	—
Others	13.94	72.93	22.09	64.86	144.56	57.12
Total	120.29	245.28	62.78	64.86	144.56	57.12
Above amount includes transactions with following related parties:						
Hari Chand Aggarwal	—	—	0.45	2.31	36.31	6.50
Rajesh Aggarwal	—	18.80	—	—	9.60	7.11
Pushpa Aggarwal	—	16.07	0.57	10.06	15.43	8.25
Nikunj Aggarwal	—	1.60	—	10.63	10.62	8.89
Kritika Aggarwal	—	—	0.56	0.56	0.51	—
Sanskar Aggarwal	—	5.21	—	—	—	—
Ekta Jain	—	1.78	1.61	1.11	1.01	—
Hari Chand Aggarwal (HUF)	—	6.91	0.60	16.62	20.62	17.75
Rajesh Aggarwal (HUF)	—	8.49	0.30	1.74	10.07	8.62
Sanjeev Bansal (HUF)	0.63	0.63	0.56	0.56	0.50	—
Isec Organics Limited	106.35	172.35	10.69	—	—	—
Total	106.98	231.84	15.34	43.59	104.67	57.12

Note: All unsecured loan are payable on demand

ANNEXURE 13
INVESTMENTS
Long-Term Investments

(Rs. in lacs)

Particulars	As at					
	Dec. 31, 2006	March 31,2006	March 31,2005	March 31,2004	March 31,2003	March 31,2002
Trade (Quoted)						
Share of Punjab National Bank (700 shares of Rs. 10 each – At Cost)	—	—	—	0.22	0.22	—
Trade (UnQuoted)						
Advance Crop Solutions Ltd.(Subsidery)	9.94	—	—	—	—	—
Total	9.94	—	—	0.22	0.22	—
Market Value of Quoted Investments	—	—	—	2.34	0.71	—

INSECTICIDES (INDIA) LIMITED

ANNEXURE 14

SUNDRY DEBTORS

(Rs. in lacs)

Particulars	As at					
	Dec. 31, 2006	March 31,2006	March 31,2005	March 31,2004	March 31,2003	March 31,2002
Outstanding for more than six months	229.94	243.41	176.08	152.73	42.23	—
Others	5514.00	1804.15	1011.91	719.45	439.14	48.45
Total	5743.94	2047.56	1187.99	872.17	481.37	48.45

Note: There is no related party transaction with respect to Sundry Debtors

ANNEXURE 15
LOANS & ADVANCES

(Rs. in lacs)

Particulars	As at					
	Dec. 31, 2006	March 31,2006	March 31,2005	March 31,2004	March 31,2003	March 31,2002
Excise duty involved in closing stock	462.50	444.75	244.56	116.37	86.90	4.88
Advance against purchases	188.58	137.74	97.99	146.33	7.05	168.96
Other Loans and Advances	505.76	251.62	211.98	183.35	128.67	73.33
Total	1156.84	834.11	554.53	446.05	222.62	247.17

Note: There is no related party transaction with respect to Loans and Advances

INSECTICIDES (INDIA) LIMITED

ANNEXURE 16

OTHER INCOME, AS RESTATED

(Rs. in lacs)

Particulars	As at					
	Dec. 31, 2006	March 31,2006	March 31,2005	March 31,2004	March 31,2003	March 31,2002
Recurring						
Interest Received	0.17	1.59	9.84	0.02	4.37	5.39
Interest From Banks	2.37	2.39	1.51	1.90	1.36	—
Misc. Income	11.91	5.23	0.88	2.21	1.04	0.01
Total (A)	14.45	9.21	12.23	4.13	6.77	5.40
Non Recurring						
Foreign Exchange Fluctuations	—	—	—	0.62	—	—
Income from Investments	—	—	3.30	—	—	—
Miscellaneous	—	—	—	—	—	—
Total (B)	—	—	3.30	0.62	—	—
Total (A+B)	14.45	9.21	15.53	4.75	6.77	5.40

ANNEXURE 17
CONTINGENT LIABILITIES

(Rs. in lacs)

Particulars	As at					
	Dec. 31, 2006	March 31,2006	March 31,2005	March 31,2004	March 31,2003	March 31,2002
Bank Guarantee	112.10	112.10	42.07	—	—	—
Disputed Excise/ Tax Liabilities	75.66	75.66	75.66	—	—	—
LC issued by the bankers (Net of Margin Money)	150.47	164.53	188.07	98.14	121.52	—
Total	338.23	352.29	305.80	98.14	121.52	—

INSECTICIDES (INDIA) LIMITED

ANNEXURE 18

LIST OF RELATED PARTIES, NATURE OF RELATIONSHIP AND DETAILS OF TRANSACTIONS

A. List of Related Parties and Nature of Relationship

a) Associate Company

1. Isec Organics Limited

b) Key Managerial Personnel

1. Hari Chand Aggarwal - Chairman
2. Rajesh Aggarwal - Managing Director
3. Sanjeev Bansal - Whole Time Director

c) Relatives of Key Managerial Personnel

Sr. No.	Name of Relative	Relationship
1	Pushpa Aggarwal	Wife of Chairman
2	Nikunj Aggarwal	Wife of Managing Director
3	Kritika Aggarwal	Daughter of Managing Director
4	Sanskar Aggarwal	Son of Managing Director
5	Ekta Jain	Daughter of Chairman
6	Hari Chand Aggarwal (HUF)	HUF of Chairman
7	Rajesh Aggarwal (HUF)	HUF of Managing Director
8	Sanjeev Bansal (HUF)	HUF of Whole Time Director

d) Subsidiary company

1. Advance Crop Solutions Ltd.

B. Details of Transaction with Related Parties and details of outstanding balances

(Rs. in Lacs)

Related Party	Relationship	Nature of Transaction	Dec. 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002
Hari Chand Aggarwal	Chairman	Remuneration	8.00	6.24	5.04	4.80	2.52	1.05
Rajesh Aggarwal	Managing Director	Remuneration	7.34	4.38	3.78	3.60	1.92	0.80
Sanjeev Bansal	Whole Time Director	Remuneration	1.72	2.02	2.02	1.92	1.92	0.80
Pushpa Aggarwal	Wife Of Chairman	Interest	1.00	0.84	0.63	1.63	1.90	0.28
Nikunj Aggarwal	Wife of M.D.	Interest	0.09	0.11	0.65	1.25	1.11	0.43
Kritika Aggarwal	Daughter of M.D.	Interest	—	0.05	0.07	0.06	0.01	—
Sanskar Aggarwal	Son Of M.D	Interest	0.16	0.23	—	—	—	—
Ekta Jain	Daughter of Chairman	Interest	0.03	0.19	0.17	0.12	0.01	—
Harichand Aggarwal	Chairman	Interest	—	0.83	—	—	—	—
Harichand Aggarwal(HUF)	HUF Of Chairman	Interest	0.26	0.74	1.06	2.46	2.47	0.29

(Rs. in Lacs)

Related Party	Relationship	Nature of Transaction	Dec. 31, 2006	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003	March 31, 2002
Rajesh Aggarwal(HUF)	HUF Of MD	Interest	0.41	0.38	0.14	1.26	1.07	0.13
Sanjeev Bansal(HUF)	HUF Of WTD	Interest	—	0.07	0.07	0.06	0.01	—
Isec Organics Ltd.	Associate Company	Interest	—	1.57	0.87	—	—	—
Isec Organics Ltd.	Associate Company	Service Charges	—	10.50	4.23	—	—	—
Hari Chand Aggarwal	Chairman	Loan Outstanding	—	—	0.45	2.31	36.31	6.50
Rajesh Aggarwal	Managing Director	Loan Outstanding	—	18.80	—	—	9.60	7.11
Pushpa Aggarwal	Wife Of Chairman	Loan Outstanding	—	16.07	0.57	10.06	15.43	8.25
Nikunj Aggarwal	Wife of M.D.	Loan Outstanding	—	1.60	—	10.63	10.62	8.89
Kritika Aggarwal	Daughter of M.D.	Loan Outstanding	—	—	0.56	0.56	0.51	—
Sanskar Aggarwal	Son Of M.D	Loan Outstanding	—	5.21	—	—	—	—
Ekta Jain	Daughter of Chairman	Loan Outstanding	—	1.78	1.61	1.11	1.01	—
Hari Chand Aggarwal (HUF)	HUF Of Chairman	Loan Outstanding	—	6.91	0.60	16.62	20.62	17.75
Rajesh Aggarwal (HUF)	HUF Of MD	Loan Outstanding	—	8.49	0.30	1.74	10.07	8.62
Sanjeev Bansal (HUF)	HUF Of WTD	Loan Outstanding	0.63	0.63	0.56	0.56	0.50	—
Isec Organics Limited	Associate Company	Loan Outstanding	106.35	172.35	10.69	—	—	—
Advance Crop Solutions Ltd.	Subsidiary Company	Investment	9.94	—	—	—	—	—

INSECTICIDES (INDIA) LIMITED

FINANCIAL INFORMATION OF OUR SUBSIDIARY

AUDITOR'S REPORT

The Board of Directors
Advance Crop Solutions Limited
New Delhi
India

Dear Sirs,

As required for the purpose of certification of statement of accounts to be incorporated in the offer document proposed to be issued by Insecticides (India) Limited, in connection with the initial offer of the Equity Shares, we state as follows:

1. We have audited the financial statements of Advance Crop Solutions Limited, a subsidiary of Insecticides (India) Limited, for the period from 23rd November 2006 to December 31st, 2006 being the last date up to which the accounts have been made in those respective period in accordance with the auditing standards generally accepted in India.
2. We certify that the figures included in the annexed statement of Profit and Loss Account for the financial period from 23rd November 2006 to December 31st, 2006 and the annexed statement of assets and liabilities as at the end of respective period along with the significant accounting policies, are prepared from the audited financial statement of the Advance Crop Solutions Limited in accordance with accounting principle generally accepted in India.
3. This report is intended solely for your information and for inclusion in the offer Document in connection with the proposed IPO of the holding company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Mohit Parekh & Co
Chartered Accountants

(Mohit A Parekh)
Proprietor
Membership No. 81069
Date: February 22, 2007
Place: Delhi

ADVANCE CROP SOLUTIONS LIMITED

(SUBSIDIARY OF INSECTICIDES (INDIA) LIMITED)

SUMMARY OF ASSETS AND LIABILITIES AS RESTATED

(Rs. in lacs)

	Particulars	As at Dec. 31, 2006
A	Fixed Assets	
	Gross Block	—
	Less: Depreciation	—
	Net Block	—
	Total Fixed Assets (A)	—
B	Investments (B)	—
C	Current Assets, Loans and advances:	
	Sundry Debtors	6.22
	Cash and bank balance	10.02
	Loans and Advances	0.14
	Total (C)	16.38
D	Liabilities and provisions	
	Secured Loans	—
	Unsecured Loans	0.45
	Current Liabilities & Provision	3.90
	Total (D)	4.35
E	Net Worth (A+B+C-D)	12.03
F	Represented By:-	
1	Equity Share Capital	10.00
2	Reserves and Surplus	2.31
3	Miscellaneous Expenditure	0.28
	Net Worth (1+2-3)	12.03

INSECTICIDES (INDIA) LIMITED

SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

Particulars	For the period ended Dec 31, 2006
INCOME	
Service Charges	5.54
Other Income	—
Total	5.54
EXPENDITURE	
Administrative and other expenses	1.96
Total	1.96
Profit before Interest, Depreciation, Tax and Extraordinary items	3.58
Less: Depreciation	—
Profit before Interest, Tax and Extraordinary items	3.58
Less: Interest & Finance Charges	0.01
Net Profit Before Tax and Extraordinary items	3.57
Less:	
Provision for tax	1.26
Net Profit before Extraordinary items	2.31
Less:	
Loss due to fire (Stocks) etc	—
Net Profit after tax and Extraordinary items as Restated	2.31
Add: Balance brought forward from previous years as restated	—
Amount available for Appropriation	2.31
Appropriations:	
Transfer to General reserve	—
Balance Carried to Balance Sheet, as restated	2.31

ADVANCE CROP SOLUTIONS LIMITED**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE FINANCIAL PERIOD ENDED ON DECEMBER 31, 2006.****A) Significant Accounting Policies:**

Accounting Policies and notes to the accounts forming part of the Balance Sheet as at 31ST December, 2006 and Profit and Loss Account for the period ended on 31ST December, 2006.

1. ACCOUNTING CONVENTION

Accounts are prepared on the basis of historical cost convention. Accounting Policies not specially referred to otherwise, are consistent and in consonance with generally accepted accounting principles, followed by the company.

2. FIXED ASSETS

Company as on date has no Fixed Assets.

3. DEPRECIATION

In the absence of Fixed Assets, question of providing depreciation does not arise.

4. INVESTMENTS

Company has no Investments as on date.

5. PROVISION FOR TAXATION

(a) Provision for income tax is made after availing Exemptions & Deductions at the rate (s) applicable under the Income Tax Act, 1961 for the period under consideration.

(b) Provision for wealth tax is not required to be made for the period under consideration.

(c) Provision for Deferred Tax Liability has not been made for the period under consideration.

6. Revenue recognition

The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

INSECTICIDES (INDIA) LIMITED

OUR SUBSIDIARY AND GROUP COMPANY

Subsidiary company

Advance Crop Solutions Limited

The company has incorporated one subsidiary company named as "Advance Crop Solutions Limited, which was incorporated with Registrar of Companies NCT of Delhi & Haryana on 23.11.2006 and allotted CIN No: U72900DL2006PLC155863. The main object of the Company is to carry on the business as manufacturers, dealers, exporters, importers, processors, buyers, sellers, stockiest, distributors of all kinds of pesticides and carrying on Research, development, training and consultancy relating to pesticides. At present company is providing marketing services in pesticides and allied products.

Board of Directors

Director's Name	Designation
Mr. H C Aggarwal	Director
Mr. Rajesh Aggarwal	Director
Mr. Sanjeev Bansal	Director

Shareholding Pattern

Sr. No.	Share/Debenture Holder's Name	No. of Shares held	%age of Total Shareholding
1	Insecticides India Ltd.	99400	99.40
2	Rajesh Aggarwal	100	0.10
3	Hari Chand Aggarwal	100	0.10
4	Rajesh Aggarwal (HUF)	100	0.10
5	Nikunj Aggarwal	100	0.10
6	Pushpa Aggarwal	100	0.10
7	Sanjeev Bansal	100	0.10
		100000	100.00

Audited Financial Information

Particulars	As on 31st December 2006
Paid up and subscribed	10.00
Reserves & Surplus Excl Revaluation	2.31
Turnover	5.54
Net Profit/ (Loss)	2.31
Earning Per Share (Rs.)	2.31
Net Worth	12.03
NAV per share (Rs.)	12.03

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

M/s Advance Crop Solutions Limited is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding.

Group Company

Isec Organics Limited

The company was incorporated on 28.01.2004 under the Companies Act, 1956 with the Registrar of Companies, NCT of Delhi & Haryana and allotted a registration no.55-124339. The registered office is situated at 510, Lusa Tower, Azadpur, Delhi – 110033 and the company is engaged in business activities related to real estate.

Board of Directors

Director's Name	Designation
Mr. Naresh Kumar	Director
Mr. Shishir Chandra	Director
Mr. Sanjeev Kumar Aggarwal	Director

Promoters and their Profile

Mr. Naresh Kumar: aged 35 year, has marketing experience of 12 years. He initiated his career by starting his own business and later joined the group after business partition. He has done his graduation from Delhi University in the year 1993.

Mr. Shishir Chandra: aged 27 years, is from marketing background and has experience of 5years. He holds Master degree in management science from Lucknow University.

Mr Sanjeev Kumar Aggarwal: aged 37 years, is from computers background, He has experience of 12 years in the field of software development. He has done a two years diploma in computers from NIIT.

Shareholding Pattern

Sr. No.	Share Holder's Name	No. of Shares held	%age of Total Shareholding
1	Mr. Naresh Kumar	20,000	0.45
2	Mr.Shishir Chandra	10,000	0.23
3	Mr.Sandeep Aggarwal	4,000	0.09
4	Mr.Mukesh Gupta	4,000	0.09
5	Mr.Sanjeev Kumar Aggarwal	4,000	0.09
6	Mr.Uday Kumar Gupta	4,000	0.09
7	Mr.Rakesh Kaushik	4,000	0.09
8	Smt. Nikunj Aggarwal	500,000	11.34
9	Mr.Rajesh Aggarwal	200,000	4.54
10	Umrao Finance & Leasing (P) Ltd.	230,000	5.22
11	Lancer Engg. (P) Limited	60,000	1.36
12	Lok Priya Tea Company Limited	70,000	1.59
13	Usual Leasing & Finance (P) Ltd.	200,000	4.54
14	Dhanraj Bhardwaj Properties (P) Ltd.	100,000	2.27
15	Amarshree Industries Limited	250,000	5.67
16	Goodluck Industries Limited	220,000	4.99
17	Rocky Syntex Private Limited	280,000	6.35
18	Cee Arr Decors Private Limited	200,000	4.54

INSECTICIDES (INDIA) LIMITED

19	ANG Finvest Private Limited	100,000	2.27
20	Dost International Limited	80,000	1.81
21	Rishi Credit Industries Limited	310,000	7.03
22	GVS Lab. Private Limited	170,000	3.85
23	Jovial Suppliers (P) Limited	75,000	1.70
24	Synforna Pharmaceuticals (P) Ltd.	110,000	2.49
25	At All Time Yours Securities (P) Ltd.	60,000	1.36
26	Archit Fincap Limited	220,000	4.99
27	Parsandha Leasing & Finance (P) Ltd.	100,000	2.27
28	Juneja Nagpal Constructions (P) Ltd.	100,000	2.27
29	Agroha Savings Limited	60,000	1.36
30	Reena Oil Industries (P) Limited	120,000	2.72
31	Argent Finvest (P) Limited	245,000	5.56
32	Hajina Resorts (P) Limited	60,000	1.36
33	Paras Fincap Pvt. Limited	190,000	4.31
34	Aditya Antibiotics	50,000	1.13
	Total	4,410,000	100.00

Audited Financial Performance for the last three years and nine month period ending 31st December 2006

Amount (Rs. in Lacs)

Particulars	As on 31st December 2006	2005-06	2004-05	2003-04
Paid up and subscribed	441	441	75	65
Reserves & Surplus Excl Revaluation	0.57	NIL	0.20	0.097
Turnover	18.46	24.02	14.78	0.27
Net Profit/ (Loss)	1.28	(0.91)	0.11	0.097
Earning Per Share (Rs.)	0.029	NIL	0.014	0.015
Net Worth	438.39	437.11	73.73	63.26
NAV per share	9.94	9.91	9.83	9.73

There is no sale or purchases between Our Company and ISEC Organics Limited.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company, its promoters or directors.

M/s ISEC ORGANICS LIMITED is an unlisted company and has not made any right issue or public issue in preceding three years. It has not become sick company under the meaning of SICA and is not under winding up.

Details about Companies/Firms from which promoters have disassociated during the last three years

Our promoter has not disassociated from any Companies/ Firms in last three years.

Companies for which an application has been made for striking off name

There are no companies associated with our Company, Our Promoters and its directors, for which an application has been made with the Registrar of Companies for striking off the names of those companies.

Changes in Accounting Policies During Preceding Three Years

There has been no changes in accounting policies of our Company, during preceding three years.

MANAGEMENT'S DISCUSSION AND ANALYSIS

You should read the following discussion and analysis of financial condition and results of operations together with our financial statements included in this Red Herring Prospectus. The following discussion relates to our company and is based on our restated financial statements. Our financial statements have been prepared in accordance with Indian GAAP, the accounting standards referred to in section 211(3C) of the Companies Act and other applicable provisions of the Companies Act.

For a description of our business, please refer to the section titled "Our Business" on page 77 of this Red Herring Prospectus. You should also read the section titled "Risk Factors" on page 11 of this Red Herring Prospectus. We are entitled to certain tax benefits. Please refer to section titled "Statement of Tax Benefits" beginning on page 65 of this Red Herring Prospectus for details of tax benefits available to us. Our Fiscal year ends on March 31st of each year, so all references to a particular Fiscal are to the twelve months period ended March 31 of that Fiscal year.

Overview:

We are in the business of manufacturing and distribution of formulations of plant protection chemicals and house hold pesticides. Till FY 2006, we had been concentrating on the agrochemicals and in the current financial year we have introduced house hold pesticides. Our product range includes more than 80 types of insecticides, fungicides, weedicides, herbicides and plant growth regulator for all types of crops and also house hold pesticides. We cater mostly to domestic market. Our largest selling brands are Lethal, Victor, Thimet, Indan 4g and Kaiser.

Our manufacturing units are located at Chopanki (Rajasthan) and Samba (Jammu) with a total manufacturing capacity of 60 lacs litres of Emulsifiable Concentrate (EC), 2900 MT of Wettable Dispersable Powder (WDP) and 10500 MT of granules per annum.

Our income for the years FY 2004, FY2005, FY2006 and for nine month period ended December 31st, 2006 was Rs. 7628.14 lacs, Rs.11134.81 lacs, Rs. 13778.90 lacs and Rs 16816.22 lacs, respectively. Our Profit for the years FY 2004, FY2005, FY2006 and for nine month ended December 31st, 2006 was Rs.39.03 lacs, Rs. 661.24 lacs, Rs. 1025.98 lacs and Rs.1547.79 lacs, respectively. Our Profit Margins for the years FY 2004, FY2005, FY2006 and for nine month ended December 31st, 2006 was 0.51 %, 5.94 %, 7.45% and 9.20 %, respectively.

Significant Developments Subsequent to the Last Financial Year

The Directors of our Company confirm that in their opinion no circumstances have arisen since the date of the last financial statements as disclosed in this Red Herring Prospectus, which materially and adversely affect or are likely to affect the trading or profitability of our Company, or the value of our assets, or our ability to pay our liabilities within the next twelve months.

Factors affecting our business and Operations

Industry specific policies

We operate in highly regulated industry. Any changes in any regulation relating to our industry can affect our operations. Our operations are highly impacted by any changes in The Insecticides Act, 1968 And Insecticides Rules, 1971. We, as on date, have the requisite permission to deal in 157 chemicals. We need to apply and get the requisite permission before we can launch a new product. Thus our ability to introduce is dependent on the getting the requisite permission in time.

Availability of product:

Most of pest infestation/ crop diseases are highly epidemic in nature resulting in excessive demand of a particular plant protection chemical. Thus our sales are dependent on the availability of products in demand with our dealer and distributors. Any unavailability of our product or our inability to meet the demand for a long period could impact our sales.

Our ability to source the critical raw material

Most critical raw material our production is Technical. Our profitability is dependent on prices at which we procure these Technical. Our sale is also dependent on our ability to procure these technical at the shortest possible notices.

INSECTICIDES (INDIA) LIMITED

Tax, duties and fiscal policy regime

Customs duties, Excise levy, Central Sales tax, State Value added tax Act, Service tax, Corporate tax, Wealth tax, Fringe Benefit tax, Cess on export, market fees and Rural development fund levies are major component of the direct and indirect cost to our Company.

Plant efficiencies and maintenance

The plant efficiencies and maintenance affect our operational results in two ways. The cost of repair and maintenance, cost of consumable stores in any given period depends on the state of plant maintenance, and affects our cost of production. The quantity of broken in the course of processing, the capacity utilization on account of break-down ,if any, are also determined by it which in turn affect our operations and financial results.

Human Resource Management

One of the major strength of our Company is its employees. The cost of Human Resource includes wage, perquisites, statutory contributions to funds, cost of welfare schemes, cost of training, taxes on fringe benefits, cost of supporting infrastructure etc. We have to adopt policies and practices that economize on this cost and also help in retention, motivation and efficiencies of the manpower.

Risk Management

We own various types of resources and undertake obligations in the course of our business that are exposed to various degrees of risks. Some of these are external while others are internal to our Company. These risks are to be effectively managed. The cost of managing these risks include underwriting insurance policies, putting in place security systems and entering into hedging instruments and forward contracts.

Logistics Management

This includes cost of transport, setting up distribution channels, arrangement with shipping lines and clearing agents, warehouses and godown management at various selling locations etc. The cost of logistics is not only an important component of our selling cost, directly affecting our profitability, but also any mismanagement on this can result into loss of business or substantial losses or damages from buyers.

Working Capital and Funds Management

Our operations are highly working capital driven. This includes cost of inventories, receivables, loans and advances and bank balances in margins. The funding of working capital is done either through banks or suppliers' credit and carrying costs like interest, charges, guarantee fee, processing charges, insurance cover.

Branding

We focus on branding of our products. We have been continuously, over the years, investing on brand building. The expense includes, brand registration fee, legal and professional charges, market development costs, traveling, advertisements, setting up of distribution channels. The branded sales lend stability in sales as well better profitability.

Cropping Pattern:

Cropping pattern is effected by the onset of rains, water availability and previous crop etc. Cropping pattern also impact the pest and disease infestation which in turn impact the sales of our products.

Significant items of Income and expenditure

(Rs. in lacs)

Particulars	31.03.04 (12 Months)	31.03.05 (12 Months)	31.03.06 (12 Months)	31.12.06 (9 Months)
Sales	7494.83	10650.68	13344.71	16505.26
Increase/Decrease (%)	81%	42%	25%	
Other Income	4.74	15.54	9.20	14.45
Increase/Decrease (%)	-30%	228%	-41%	
Increase/ (Decrease) in stock	128.57	468.59	424.99	296.51
Increase/Decrease (%)	-82%	264%	-9%	
Total Revenue	7628.14	11134.81	13778.90	16816.22
Increase/Decrease (%)	56.15%	45.97%	23.75%	
Cost of Goods Consumed	4491.93	5769.52	6936.28	8350.34
Increase/Decrease (%)	54.22%	28.44%	20.22%	
% to Revenue	58.89%	51.82%	50.34%	49.66%
Manufacturing Expenses	1866.35	2345.52	2532.99	3218.57
Increase/Decrease (%)	84%	26%	8%	
% to Revenue	24.47%	21.06%	18.38%	19.14%
Administration, Selling and distribution expenses	1104.09	2134.51	2946.38	3300.77
Increase/Decrease (%)	29%	93%	38%	
% to Revenue	14.47%	19.17%	21.38%	19.63%
Other Expenses	5.88	11.93	50.97	52.44
Increase/Decrease (%)	791%	103%	327%	
% to Revenue	0.08%	0.11%	0.37%	0.31%
Total Expenditure	7468.26	10261.48	12466.62	14922.12
Increase/Decrease (%)	56.26%	37.40%	21.49%	
% to Revenue	97.90%	92.16%	90.48%	88.74%
Profit Before Depreciation, interest and Tax	159.88	873.33	1312.28	1894.10
Increase/Decrease (%)	51%	446%	50%	
% to Revenue	2.10%	7.84%	9.52%	11.26%
Depreciation	23.09	34.58	43.27	35.82
Increase/Decrease (%)	45%	50%	25%	
% to Revenue	0.30%	0.31%	0.31%	0.21%
Profit Before Interest and Tax	136.79	838.75	1269.01	1858.28
Increase/Decrease (%)	52%	513%	51%	
% to Revenue	1.79%	7.53%	9.21%	11.05%
Interest	80.64	96.12	127.01	80.19
Increase/Decrease (%)	30.69%	19.19%	32.14%	
% to Revenue	1.06%	0.86%	0.92%	0.48%

INSECTICIDES (INDIA) LIMITED

Profit Before Tax	56.15	742.63	1142.00	1778.09
Increase/Decrease (%)	99.34%	1222.68%	53.78%	
% to Revenue	0.74%	6.67%	8.29%	10.57%
Taxes	17.12	81.39	116.02	230.30
Increase/Decrease (%)	7.28%	375.41%	42.56%	
% to Revenue	0.22%	0.73%	0.84%	1.37%
Profit After Tax	39.03	661.24	1025.98	1547.79
Increase/Decrease (%)	219.66	1594.18	55.16	
% to Revenue	0.51%	5.94%	7.45%	9.20%

Bifurcation of Total Turnover

(Rs. in lacs)

Particulars	31.03.04 (12 Months)	31.03.05 (12 Months)	31.03.06 (12 Months)	31.12.06 (9 Months)
Turnover of :				
Products manufactured	7138.79	10462.14	13048.64	16476.91
Products Traded	356.04	188.54	296.07	28.35
Products not normally dealt	—	—	—	—
Total	7494.83	10650.68	13344.71	16505.26

Turnover of Products manufactured

Contribution of Top 10 Products

(Rs. in lacs)

Particular	December 31,2006	Fiscal 2006	Fiscal 2005	Fiscal 2004
Total Sales	16505.26	13344.71	10650.68	7494.83
Contribution of Top Ten Products	8578.04	5074.36	4658.6	4462.3
Contribution of Top Ten Products as % of Total sales	51.95	38.03	43.74	59.54

Financial Review of nine month period ended December 31st 2006

Income:

Our income for nine month period ended December 31st, 2006 was Rs. 16816.22 lacs. The income consisted of mainly of sales of Rs.16505.26 lacs. The increase in sales was due to sales of Themet for which we have entered into an agreement with AMVAC Chemical Corporation. For nine month ended December 2006 our top products contributed about 51.95% of our total sales mainly on account of contribution of Thimet..

Expenditure:

Our total expenditure for nine month period ended December 31st, 2006 were Rs. 14922.12 lacs. Consisting of cost of good consumed of Rs. 8350.34 lacs, Manufacturing expenses of Rs. 3218.57 lacs, administration, selling and distribution expenses of Rs. 3300.77 Expenditure as percent of income was 88.74%.

Raw Material:

Raw material expenses for nine month period ended December 31st, 2006 were Rs. 8350.34 lacs. Raw material expenditure as percent of income was 49.66%. There has been no significant changes in the same in terms of % to Total Revenue.

Manufacturing expenses:

Manufacturing expenses for nine month period ended December 31st, 2006 were Rs. 3218.57 lacs. Manufacturing expenses as percent of income were 19.14%. There has been no significant changes in the same in terms of % to Total Revenue.

Administrative, Selling and Distribution expenses:

Administrative, Selling and Distribution expenses for nine month period ended December 31st, 2006 were Rs. 3300.77 lacs. Administrative, Selling and Distribution expenses as percent of income were 19.63%. There has been no significant changes in the same in terms of % to Total Revenue.

EBIDTA:

EBIDTA for nine month period ended December 31st, 2006 was Rs. 1894.10 lacs. EBIDTA as percent of income was 11.26%. The reason for increase in EBIDTA has been on account of increase in sales and proportionate increase in variable cost.

Financial Expenses:

Financial Expenses for nine month period ended December 31st, 2006 were Rs. 80.19 lacs. Financial Expenses as percent of income were 0.48%. The reduction in financial expenses as a % to Total Revenue has been on account of repayment of part of unsecured loans.

Depreciation:

Depreciation for nine month period ended December 31st, 2006 was Rs. 35.82 lacs. Depreciation as percent of income was 0.21%. Although, there has been an increase in fixed assets during the year, however, the depreciation has not increased accordingly as the assets have not been put to use.

PBT:

PBT for nine month period ended December 31st, 2006 was Rs. 1778.09 lacs. PBT as percent of income was 10.57%.

Taxes:

Taxes for nine month period ended December 31st, 2006 were Rs. 230.30 lacs. Taxes as percent of income were 1.37%. Increase in taxes has been due to increase in MAT rates.

PAT:

PAT for nine month period ended December 31st, 2006 was Rs.1547.79 lacs. PAT as percent of income was 9.20%. The reason for increase in on account of cumulative effect of increase in sales and proportionate increase in variable cost while fixed cost remaining constant.

Fiscal 2006 Vs Fiscal 2005

Income

Our total income from increased by 23.75% from Rs. 11134.81 lacs in fiscal 2005 to Rs. 13778.90 lacs in fiscal 2006. The increase in income was on account of increase in sales. There was an increase in sales to Top 10 customers during this period. Sales increased from Rs 10650.68Lacs in fiscal 2005 to 13344.71 in fiscal 2006 showing a growth of 25%. During fiscal 2006 we sold 25.29 lacs litres of EC, 49.23 lacs kg granules and 17.07 lacs kg WDP compared to 25.96 lacs litres of EC, 45.94 lacs kg granules and 13.37 lacs kg WDP for fiscal 2005 in Chopanki .During fiscal 2006 we sold 9.60 lacs litres of EC, 13.40 lacs kg granules and 9.66 lacs kg WDP compared to 5.77 lacs litres of EC,5.02 lacs kg granules and 3.59 lacs kg wdp for fiscal 2005 in Shabha.

Even though the contribution of top ten sold product in absolute terms increased to Rs. 5074.36 lacs for fiscal 2006 from Rs. 4658.6 lacs for fiscal 2005, the contribution of top 10 sold product in total sales decreased from 43.74% for fiscal 2005 to 38.03 for fiscal 2006 showing that the other products contribution increased in the sales. The increase in sales in fiscal 2006 was on account of increase in sales quantity by about 14.70% and increase in average realization by about 12.50%. We added West Bengal region during in fiscal 2006.

INSECTICIDES (INDIA) LIMITED

Expenditure

Our expenditure increased to Rs. 12466.62 lacs in fiscal 2006 from Rs. 10261.48 lacs in fiscal 2005 showing an increase of 21.49%. This increase in expenditure is mainly on account of increase in raw material expenditure (which increased from Rs. 5769.72 lacs for fiscal to Rs. 6936.28 lacs for fiscal 2006) and selling and distribution expenses(which increased from Rs. 2145.52 lacs for fiscal to Rs. 2532.99 lacs for fiscal 2006). As a percentage of income, the expenditure for fiscal 2006 was 90.48% as against 92.16% in fiscal 2005. This reduction in percentage term was results of better control of expenses.

Raw Material

Raw material cost increased to Rs. 6936.28 lacs in fiscal 2006 from Rs. 5769.82 lacs in fiscal 2005 showing an increase of 20.22%. The increase is on account of increased consummation of raw material due to higher production. For fiscal 2006 we used 113.73 lacs unit of raw material compared to the 103.18 lacs unit of raw material in fiscal 2005 showing an increase of 10% in consummation of raw material. Average unit cost of raw material increased to Rs. 59.00 for fiscal 2006 from Rs. 54.34 for fiscal 2005. Raw material cost as percentage of income decreased from 51.82% in fiscal 2005 to 50.34% in fiscal 2006 on account better of better realization of product we sold even though the average raw material cost increased.

Manufacturing expenses

Manufacturing expenses increased to Rs. 2532.99 lacs in fiscal 2006 from Rs. 2345.52 lacs in fiscal 2005. The increase in the manufacturing expenses was mainly on account of higher packaging material consumed. Manufacturing expenses as percentage of income was 18.38% in fiscal 2006 compared to 21.06% in fiscal 2005. The decrease in manufacturing expenses as percentage of Income was on account larger production from same manufacturing facilities.

Administrative, Selling and Distribution expenses:

Administrative, Selling and Distribution expenses increased to Rs. 2946.38 lacs in fiscal 2006 from Rs. 2134.51 lacs in fiscal 2005 showing an increase of 38%. The increase is on account of higher discounts and rebates allowed. The discounts and rebates allowed for fiscal increased from Rs. 993.47 lacs for fiscal 2005 which increased to Rs. 1708.29 lacs for fiscal 2006. Administrative, Selling and Distribution expenses as a percentage of income were 21.38% in fiscal 2006 compared to 19.17% in fiscal 2005. the reduction in , Adminstrative,Selling and Distribution expenses as a percentage of income was lower on account of better control of Adminstrative,,Selling and Distribution expenses.

EBIDTA

EBIDTA as percentage of income was 9.52% in fiscal 2006 compared to 7.84% in fiscal 2005. The increase in EBIDTA margin was on account of factors mention above. EBITDA increased to Rs. 1312.28 lacs in fiscal 2006 from Rs. 873.33 lacs in fiscal 2005 showing an increase of 50%. EBIDTA increased on account increased Income and increased EBIDTA Margin.

Financial Charges

Financial Expenses increased to Rs. 127.01 lacs in fiscal 2006 from Rs. 96.12 lacs in fiscal 2005. The increase was on account of increased bank charges and interest. The higher bank charges and interest was on account higher loan outstanding for fiscal 2006. The loan outstanding on March 31, 2005 was Rs. 503.81 lacs which increased to Rs. 1138.53Lacs as on March 31, 2006. The Higher loan amount was taken for the meeting the working capital requirement. Financial charges as percentage of income were 0.92% in fiscal 2006 as compared to 0.86% in fiscal 2005. The increase in bank charges and interest were on account of higher working capital utilization to meet the higher volume in sales.

Depreciation

Depreciation expenses increased to Rs. 43.27 lacs in fiscal 2006 from Rs. 34.58 lacs in fiscal 2005. For Fiscal 2006, we added gross block worth Rs. 321.58 lacs resulting in the aforesaid increase. Depreciation expenses as percentage of income was constant at 0.31% for fiscal 2005 & 2006.

PBT

PBT increased to Rs. 1142.00 lacs in fiscal 2006 from Rs. 742.63 lacs in fiscal 2005 showing a growth of 53.78%.The

increase in PBT was on account factors mentioned above. PBT Margin was 8.28% in fiscal 2006 compared to 6.67% in fiscal 2005.

Taxes

Taxes increased to Rs.116.02 lacs in fiscal 2006 from Rs. 81.39 lacs in fiscal 2005 showing an increase of 42.56%. The increase in taxation was on account of higher current year taxation and provision for FBT. Taxes as percentage of income were 0.84% in fiscal 2006 as compared to 0.73% in fiscal 2005

PAT

PAT increased to Rs. 1025.98 lacs in fiscal 2006 from Rs. 661.24 lacs in fiscal 2005 showing an increase of 55.16%. The Net Profit Margin increased to 7.45% in fiscal 2006 from 5.94% in fiscal 2005. The increase was on account of factors mentioned above.

Fiscal 2005 vs fiscal 2004

Income

Our Income increased from Rs. 7628.14 lacs in fiscal 2004 to Rs. 11134.81 lacs in fiscal 2005 showing a growth of 45.97%. This increase was mainly on account of increase in our sales. Sales increased from Rs 7494.83Lacs in fiscal 2004 to 10650.68 in fiscal 2005 showing a growth of 42%. The sales of top 10 products increased from Rs. 4462.3 Lacs for fiscal 2004 to Rs. 4658.6 lacs for fiscal 2005. The percentage contribution of top 10 products in total sales decreased from 59.54% for fiscal 2004 to 43.74 for fiscal 2005 showing our lower dependency of top 10 products and better contribution of other products.

During fiscal 2005 we sold 31.73 lacs litres of EC, 50.96 lacs kg of granules and 16.96 lacs kg wdp for fiscal 2005 of which compared to 24.56 lac lt litres of EC, 37.70 granules and 13.22 WDP for fiscal 2004.

Of total quantity of product sold during fiscal 2005 5.77 lacs litres of EC, 5.02 lacs kg granules and 3.59 lacs kg of WDP was sold from sambha unit which become operational in fiscal 2005.

The average realization increased from This increase was on account of increase in sales quantity by 32% and increase in average realization by 7.53%. During this period our Sambha unit became operational which resulted in addition capacity and utilization of those capacity We also added three branches viz Trichur, Ganganagar, and Chatisgarh during FY 2005.

Expenditure

Our expenditure increased to Rs. 10261.48 lacs in fiscal 2005 from Rs. 7468.26 lacs in fiscal 2004 showing a increase of 37.40%. As a percentage of income, the expenditure for fiscal 2005 was 92.16% as against 97.90% in fiscal 2004 showing better control of cost. The increase in expenditure was on account of higher expenses on raw material consumed (which increased from Rs. 4491.93 lacs for fiscal 2004 to Rs. 5769.52 lacs for fiscal 2005), higher manufacturing expenses and higher administration (which increased from Rs. 1866.35 lacs for fiscal 2004 to Rs. 2345.52 lacs for fiscal 2005), selling & distribution expenses (which increased from Rs. 1104.09 lacs for fiscal 2004 to Rs. 2134.51 lacs for fiscal 2005).

Raw Material

Expenses on raw material increased to Rs. 5769.52 lacs in fiscal 2005 from Rs. 4491.93 lacs in fiscal 2004 showing a increase of 28.44%. The increase is on account of increased consumption of raw material due to higher production. For fiscal 2005 we used 103.18 lacs unit of raw material compared to the 82.00 lacs unit of raw material in fiscal 2004 showing an increase of 26% in consummation of raw material. The average cost of Raw material for fiscal 2005 was 54.48 compared to 50.80 for fiscal 2004. The raw material expenses as percentage of income was 51.82% in fiscal 2005 compared to 58.89% in fiscal 2004. Thus the reduction in expenses on raw material in % terms was on account of increase in average selling price even though average raw material cost increased.

Manufacturing expenses

Manufacturing expenses increased to Rs. 2345.52 lacs in fiscal 2005 from Rs. 1866.35 lacs in fiscal 2004 showing an increase of 26%. This increase was on account of higher expenses on packing material, freight inward expenses and

INSECTICIDES (INDIA) LIMITED

power and fuel expenses. The expenses on packaging material increased from Rs. 730.81 Lacs for fiscal 2004 to Rs. 990.92 lacs for fiscal 2005, The expenses on freight inward expenses from Rs. 87.80 Lacs for fiscal 2004 to Rs. 146.15 lacs for fiscal 2005. The expenses on power and fuel expenses from Rs. 8.80 Lacs for fiscal 2004 to Rs. 12.32 lacs for fiscal 2005 Manufacturing expenses as percentage of income was 21.06% in fiscal 2005 compared to 24.47% in fiscal 2004. The reduction was on account of better realization of product we sold.

Administrative, Selling and Distribution expenses

Administrative, Selling and distribution expenses increased to Rs. 2134.51 lacs in fiscal 2005 from Rs. 1104.09 lacs in fiscal 2004 showing a increase of 93%. The increase in selling and distribution expenses was on account of higher Discounts and rebate allowed, freight outwards and Business promotion expenses and additional expenses due to establishment of second unit at Samba, Jammu. The discounts and rebates allowed for fiscal increased from Rs. 288.41 lacs for fiscal 2004 which increased to Rs. 487.86 lacs for fiscal 2005. Freight outwards expenses increased from Rs. 163.24 lacs for 2004 to Rs. 239.70 lacs for fiscal 2005. Business promotion expenses increased from Rs. 254.17 lacs for 2004 to Rs. 409.49 lacs for fiscal 2005. Administrative, Selling and distribution expenses as percentage of income was 19.17% in fiscal 2005 compared to 14.47% in fiscal 2004. Administrative, Selling and Distribution expenses as a percentage of income was lower on account of better control of Administrative, Selling and Distribution expenses

EBIDTA

EBIDTA as percentage of income was 7.84% in fiscal 2005 compared to 2.10% in fiscal 2004. The increase in EBIDTA margin was on account of factors mention above and on account of savings in excise duty for our manufacturing unit at Samba, Jammu. We saved about Rs. 790.00 lacs from exercise duty for fiscal 2006. EBIDTA increased to Rs. 873.33 lacs in fiscal 2005 from Rs. 159.88 lacs in fiscal 2004 showing an increase of 446%. EBIDTA increased on account increased Income and increased EBIDTA Margin.

Financial Charges

Financial Expenses increased to Rs. 96.12 lacs in fiscal 2005 from Rs. 80.64 lacs in fiscal 2004 showing increase of 19.19%. Bank charges and interest on CC limit increased from Rs. 60.51 lacs to 80.03 lacs, Interest on unsecured loan decreased to Rs. 14.74 lacs in 2004 to Rs 11.78 lacs in 2005 The increase was on account of increased bank charges and interest on CC limit. Financial Charges as percentage of income in was 0.86% in fiscal 2005 compared to 1.06% in fiscal 2004.

Depreciation

Depreciation expenses increased to Rs. 34.58 lacs in fiscal 2005 from Rs. 23.09 lacs in fiscal 2004 showing an increase of 50%. The increase in Depreciation expenses is on account of additions to gross block due to new unit at Samba. Depreciation expenses as percentage of income was 0.31% in fiscal 2005 compared to 0.30% in fiscal 2004.

PBT

PBT increased to Rs. 742.63 lacs in fiscal 2005 from Rs. 56.15 lacs in fiscal 2004 showing an increase of 1222.68%. PBT Margin was 6.67% in fiscal 2005 compared to 0.74% in fiscal 2004 .PBT margin was higher on account of factors mentioned above.

Taxes

Taxes increased to Rs. 81.39 lacs in fiscal 2005 from Rs.17.12 lacs in fiscal 2004. Taxes as a percentage of income was 0.73% in fiscal 2005 as compared to 0.22% in fiscal 2004. Higher Taxes was on account of higher income for Fiscal 2005.

PAT

PAT increased to Rs. 661.24 lacs in fiscal 2005 from Rs. 39.03 lacs in fiscal 2004 showing an increase of 1594.18%. The increase in PAT was on account of factors mentioned above.

Cash Flows

As of March 31, 2006 we had cash and cash equivalents (cash and bank balances) of Rs. 169.37 lacs as compared to Rs.119.29 lacs as of March 31, 2005 and Rs.114.18 lacs as of March 31, 2004.

(Rs. in lacs)

Particular	Fiscal 2004	Fiscal 2005	Fiscal 2006	Period ending Dec 31 st , 2006
Net cash From Operating Activities	(56.04)	394.18	(408.92)	(82.62)
Net cash From Investing Activities	(142.71)	(221.64)	(130.82)	(248.07)
Net Cash From Financing Activities	246.15	(167.43)	589.82	(481.62)
Cash and Cash equivalent at the beginning of the year	66.78	114.18	119.29	150.93
Cash and Cash equivalent at the end of the year	114.18	119.29	169.37	320.93

Cash Flows from operating activities

For Nine month period ended December 31, 2006 net cash used in operating activities was Rs. 82.62 lacs even though Net Profits Rs. 1778.09 lacs . the difference is mainly on account of Increase in Debtors and other current asset by Rs. 3910.41 lacs offsetted by increase in trade payable an other Liability.

Net cash from operating activities in fiscal 2006 consisted of net profit before tax of Rs.1142.00 Lacs, a net upward adjustments of Rs171.77 lacs relating to various items, principally depreciation of Rs.43.27 lacs, interest expenses of Rs. 127.01 lacs, and a net downward working capital movement of Rs.1722.69 lacs. Working capital movements included inventories of Rs. 691.44 lacs, trade and other receivables of Rs.1090.53 lacs and trade and other payables of Rs.169.32. Our receivables increased on account of the increase in our business.

Net cash from operating activities in fiscal 2005 consisted of net profit before tax of Rs.742.63 lacs, a net upward adjustment of Rs.121.01 lacs relating to various items, principally depreciation of Rs.34.53 lacs, interest expenses of Rs. 96.12 lacs, and a net downward working capital movement of Rs.469.46 lacs. Working capital movements included inventories of Rs. 814.14 lacs, trade and other receivables of Rs.389.39 lacs and trade and other payables of Rs.775.32 lacs, reflecting the expansion in our capacity to meet our increase in sales. Further more the credit period available for our trades payable increased during this year.

Net cash from operating activities in fiscal 2004 consisted of net profit before tax of Rs.56.15 lacs, a net upward adjustment of Rs.103.08 lacs relating to various items, principally depreciation of Rs.23.09 lacs and interest expense of Rs.80.64 lacs, and a net downward working capital movement of Rs.215.27 lacs. Working capital movements included inventories of Rs. 56.45, trade and other receivables of Rs.608.66 lacs and trade and other payables of Rs.342.62, reflecting the increase in our business.

Cash flows from investing activities

For Nine month period ended December 31, 2006 net cash used in Investing Activities was Rs. 179.30 lacs.

The investing activity included Purchase of fixed asset of Rs. 184.07 Lacs for meeting the expenditure on Phase –I of ongoing expansion.

In fiscal 2006 we used cash of Rs.130.82 lacs in investing activities. These investing activities primarily included the purchase of fixed assets of Rs.155.41 lacs.

In fiscal 2005 we used cash of Rs.221.64 lacs in investing activities. These investing activities primarily included the purchase of fixed assets of Rs.256.12 lacs, which included and sale of fixed assets for Rs. 23.09 lacs.

In fiscal 2004 we used cash of Rs.142.71 lacs in investing activities. These investing activities primarily included the purchase of fixed assets of Rs.144.67 lacs, which included.

Cash flows from financing activities

In fiscal 2006 we raised cash of Rs.453.00 lacs by way of secured loan and Rs.182.50 lacs by way of unsecured loans. We used cash of Rs. 88.38 lacs to pay dividends. We received cash in the nature of share application which was offset by way of further allotment of shares in Fiscal 2006. There had been an interest outflow of Rs.127.01 lacs. The interest in outflow as compared to Fiscal 2005 has been on account of increase in Debt content.

INSECTICIDES (INDIA) LIMITED

In fiscal 2005 we received Rs.30 lacs by way of further allotment of shares. We had paid by secured loan in the tune of Rs. 97.69 lacs. The outflow of interest charges during this period were of Rs. 96.12 lacs.

In fiscal 2004 we received Rs.275.25 lacs by way of further allotment of shares. We raised secured loan of Rs. 159.95 lacs but repaid back unsecured loan of Rs. 79.71 lacs. We refunded share application money Rs.25.45 lacs. Interest and financial expenses of Rs.80.64 lacs were paid during this period.

Reserves and Surplus

In addition to above mentioned items, there is another item which needs special discussion viz., Reserves and Surplus. There has been substantial increase in Reserves and surplus of our Company during the last five financial years. The contribution towards such increase has been on account of Profits generated by our Company. During the Fiscal 2005 our profits contributed Rs. 661.24 lacs towards Reserves and Surplus. There after Rs.1025.98 lacs and Rs.1547.79 lacs were contributed during Fiscal 2006 and 9 month period ended 31st December 2006. A reduction of Rs. 155.05 lacs and Rs. 141.42 lacs resulted on account of bonus issue made and dividend declared by our Company during Fiscal 2006 and Fiscal 2005, respectively.

Quantitative and Qualitative Disclosures about Market Risk

1. Unusual or infrequent events or transactions:

There have been no unusual or infrequent events that have taken place during last 3 years.

2. Significant Economic changes that materially affected or are likely to affect income from continuing operations:

Government's policy on pesticide industry will have major bearing on companies involved in this sector. Any major changes in policies of government would have a significant impact on the profitability of our company. For example, in case import duty on technical reduces, this will have a bearing on the cost of our raw material and can lead to increase in our profit. In case excise duty decreases our net income may increase due to reduction in cost.

Except the above, there are no significant economic changes that may materially affect or are likely to affect income from continuing operations. Further, there have been no significant economic changes during the periods under review that have materially affected or are likely to affect our income

3. Known trends or uncertainties

Our business has been affected and we expect that it will continue to be affected by the trends identified above under "Factors Affecting Our Results of Operations" and the risk described in the section titled "Risk Factors" beginning on page 11 of this Red Herring Prospectus.

4. Future relationship between costs and revenue

Our Company's future cost and sale prices will be determined by demand/supply situation, government policies and availability of raw material etc. and prices there of. In case demand for our products increases but supply remain constant price of our products may increase. Further, in case the raw material that we use, viz., technical become scarce, our cost of production will shoot up.

Further our company is in receipts of certain subsidiaries like excise refund, subsidy of generator, subsidy on lab equipment which may not be available in future.

Following table give the details of subsidiary received by our company

(Rs. in lacs)

	2004-05	2005-06	2006-07 (till December 2006)
Excise refund	448	790	908
Subsidy on generator	-	1.90	1.89
Subsidy on lab equip.	-	1.19	4.80

One of the major subsidy that our Company is in receipt of is in the nature of This may have an impact on our cost of production.

5. Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

Increases in revenues are by and large linked to increases in volume of business activity carried on by our Company. Increase in costs of material has a link with increase in sales as well as increase in capacity utilization. As a % to Sales, cost of material consumed has been decreasing over the last five years on account of increase in utilization of our existing capacity. This can be seen in the table given below:

(Rs.in lacs)

Particular	March 31,2003	March 31,2004	March 31,2005	March 31,2006	Dec. 31, 2006
Sales	4029.81	7138.79	10462.14	13048.64	16476.91
Material Consumed	2845.72	4165.86	5611.42	6705.58	8316.12
Material Consumed as a % to Sales	70.62	58.36	53.64	51.39	50.47

6. Total turnover of our Company's major Industry segments

Please refer to page 74 under the heading 'Industry Overview'

7. Status of any publicly announced new products or business segments

Our Company has not announced any new products or business segments. Our Company is however, entering into backward integration by setting up a plant for manufacturing of technical. Once the project is completed it will result in a new business segment for us.

8. Seasonality of business

Our industry is affected by changes in seasons. During Monsoon season and during pest infestation the demand for our products increases. Due to this there may be significant variations in quarterly turnover. This is depicted in the table given below:

Particular	Quarter ending Jun 05	Quarter ending Sep 05	Quarter ending Dec 05	Quarter ending Mar 06	Total Sales
Sales (In %)	20.11	42.68	26.68	10.54	100.00

During the Fiscal 2006, sales in the quarter ending September 2005 were 42% of the total sales while they were as low as 10.54% in quarter ending March 06, showing variation in sales during monsoon season.

9. Over dependence on Single supplier/Customer

Our Company sources its raw materials from various suppliers. We are diversified in terms of our customers. Therefore we are not under threat of excessive dependence on any single supplier/customer.

10. Competitive conditions

Our Company has been strengthening its position in the product lines in which it is operating by offering variety and quality consistently, through our in-house quality checks. Our Company has distributors and dealers, representing our Company all over India which is not the case with many other companies. We are offering wide range of products under one roof, a competitive advantage which again is not available with many others. These conditions provide us an edge in the market over our competitors. For further details , see the section "Approach to marketing, Competition and proposed marketing set up" on page 87 of this RHP.

INSECTICIDES (INDIA) LIMITED

SECTION VIII – LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATIONS

Except as stated herein, there is no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offences (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act) or other litigation involving our Company, its Directors or its Promoters or Companies promoted by its Promoters and there are no defaults, non-payment or overdue of statutory dues, institutional/ bank dues or dues towards holders of any debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, Promoters or Directors.

A) i) Litigation Filed against our Company:

Sr. No.	Name of Parties and Authority	Brief of the Case	Stage of Case Next date of Hearing
1.	State of Andhra Pradesh V. Sri Manohala Venu Gopal, Managing Partner Sri Gande Sathyanarayan, Managing Partner M/s Jayakarhik Traders (Manufacturer: Insecticides (India) Limited) Mr. VK Garg, Manager M.S. Chowhan, Manager Quality Control and Production In the court of Honourable Judicial Magistrate of First Class – Siddipet	The pesticides drawn on sample basis from the premises of M/s Sai Traders, Siddipet, to whom the pesticides were supplied by Insecticides (India) Limited. The sample of Diamethoate – 30% EC was found misbranded within the meaning of 29 (1) (a) read with section 3 (K) (I) of the Insecticides Act. As a result of the above a Show Cause Notice was issued on June 20 th 2005 by the Commissioner of Agriculture, Andhra Pradesh to the company, IIL. IIL filed a reply to the said show cause notice on July 06 th 2005 stating that there was gap of around 8 months from the date of procuring the sample and testing the sample and there was a marginal variation of 5 %, showing that there is no malafide intention of manufacturing the sub standard products. A show cause notice was also issued by the Commissioner of Director of Agriculture against the company for misbranding of samples of Metalaxyl 8% + Mancozeb 64% from M/s Jaya Karthik, Siddipet IIL filed a reply to the said show cause notice on August 05 th 2004 stating that Metalaxyl is as per the specification and Mancozeb is marginally misbranded. The State of Andhra Pradesh filed a case against the traders and the company in the court of Honourable Judicial Magistrate of First Class – Siddipet.	Summons have been sent to the company Further the Company applied for the disposal of the case though the case is being shifted to designated Court for agriculture established by A.P. Government and reply is filed by the department of Agriculture 12.07.2007
2.	State of Haryana V. M/s Manoj Traders, Nissing (Karnal), In the court of Honourable Chief Judicial Magistrate - Panipat	The pesticides drawn on sample basis from the premises of M/s Manoj Traders, Nissing (Karnal), to whom the pesticides were supplied by Insecticides (India) Limited. The sample of Monocrotophos – 36% SL was found misbranded within the meaning of 29 (1) (a) read with section 3 (K) (I) of the Insecticides Act. As a result of the above a Show Cause Notice was issued on September 30 th 2005 by the Deputy Director of Agriculture cum Licensing Authority, Karnal to the company. IIL filed a reply to the said show cause notice on October 25 th 2005 stating that report is pertaining to some other sample.	Summons have been sent to the company 23.08.2007

Sr. No.	Name of Parties and Authority	Brief of the Case	Stage of Case Next date of Hearing
3.	State of Haryana V.Mr. Pankaj Miglani,M/s Miglani Khad Agency,Mr. MS Chauhan,M/s Insecticides (India) Limited In the court of Honourable Chief Judicial Magistrate - Panipat.	A sample of Butachlor – 50% EC was drawn from the premises of M/s, Miglani Khad Agency to whom the pesticides were supplied by Insecticides (India) Limited. The sample of Monocrotophos – 36% SL was found misbranded and constituted the violation within the meaning of Section 17 and 29 read with section 3 (K) (I) of the Insecticides Act. As a result of the above a Show Cause Notice was issued on August 02 nd 2005 by the Deputy Director of Agriculture, Panipat to the company. IIL replied in response to the above that the seal of the sample was broken, thereby the analyst did not get the sample in original pack. The State of Haryana filed a case against the traders and the company in the court of Chief Judicial Magistrate– Panipat.	Court has ordered the Deputy Director-Agriculture and Quality Controller Inspector – Punjab for retesting of samples and submission of report latest by 01.03.2007 . Though no report was submitted on the scheduled date and the same to be submitted on the next date of hearing. 06-09-2007
4.	Tehsil Ajnala Distt., Amritsar V.M/s Suraj Kheta StoreMr. Kashmir SinghM/s Insecticides India Limited In the court of Sub – Divisional Judicial Magistrate, Ajnala Distt., Amritsar.	The pesticides drawn on sample basis from the premises of M/s Suraj Kheta Store to whom the pesticides were supplied by Insecticides (India) Limited. The sample of Glyphosate – 41% SL was found misbranded within the meaning of 29 (1) (a) read with section 3 (K) (I) of the Insecticides Act. As a result of the above a Show Cause Notice was issued on February 14 th 2005 by the Chief Agricultural Officer cum Licensing Authority, Amritsar to the company. Another show cause notice dated March 17 th 2005 was sent to the company giving an opportunity of being heard. IIL filed a reply to the said show cause notices. The case was filed against the traders and the company by the State through Insecticides Inspector, Chogawan, Tehsil Ajnala Distt., Amritsar, in the court of Sub – Divisional Judicial Magistrate– Ajnala Distt., Amritsar.	Notice of motion & notice re-stay, reply yet to be filed 05.05.2007
5.	State of PunjabVS. Modern Kheta Store Mr. Kashmir SinghM/s Insecticides India Ltd. In the hon'ble court of Sh T S Bindra Judicial Magistrate Amritsar	The pesticides drawn on sample basis from the premises of M/s Modern Kheta Store to whom the pesticides were supplied by Insecticides (India) Limited. The sample of Isoproturon– 75% WP was found misbranded within the meaning of 29 (1) (a) read with section 3 (K) (I) of the Insecticides Act. As a result of the above a Show Cause Notice was issued on February 8 2005 by the Chief Agricultural Officer, Amritsar to the company. IIL filed a reply to the said show cause notices. The case was filed against the traders and the company by the State through Insecticides Inspector, Tarsikka, Amritsar, In the hon'ble court of Sh T S Bindra Judicial Magistrate Amritsar	Notice of motion & notice regarding stay 01.05.2007

ii) Tax Related Cases

1. INCOME TAX

Notice under Section 148 of the Income Tax Act, 1961

Two notices dated September 21st 2006, have been issued to our Company by the Commissioner of Income Tax, New Delhi for the assessment or reassessment of the Income or recomputation of the depreciation allowance for the Assessment Years 2002 – 03 and 2003 – 04 and to file the return in prescribed form within 30 days of the date of receipt of notice.

INSECTICIDES (INDIA) LIMITED

iii) SHOW CAUSE NOTICE ISSUED AGAINST OUR COMPANY:

1. A Show cause notice dated February 16th 2006 has been received by the company from the Plant Protection Officer, Office of the District Agriculture Officer, Bahriach (U.P.). A sample of a chemical named Isoproturon 75% WP was drawn from the premises of one of the Distributors. The chemical so obtained was found to be 64.36% WP instead of 75% WP and hence was declared as misbranded. In response to the said show cause notice, the company filed a reply dated March 03rd 2006 stating that they are manufacturing the chemical as per the BIS specifications. No further notices or communication have been received by the company in this regard.
2. A Show cause notice dated June 08th 2005 has been received by the company from the Assistant Director of Agriculture, Collectorate Compound, Dharmपुरi. A sample of a chemical named Quinalphos 25% Batch No. 62 was drawn from the premises of one of the Distributors M/s Sri Ram Fertilizers and Bio- products, Salem and sub dealer M/s Sri Rajarajeshwari Agro Service, Dharmपुरi. The chemicals so obtained were analysed to 22.02% as against 25% and hence found to be misbranded. In response to the said show cause notice the company filed a reply stating that variation is minor indicating no mala fide intention of the manufacturer. No further notices or communication have been received by the company in this regard.
3. A Show cause notice dated October 26th 2004 was received by the company from the Plant Protection Officer, Office of the District Agriculture Officer, Raibareilly. A sample of Phorate 10 G was picked from one of the Sales Centre of the company and was declared as misbranded. Company filed a reply to the said Show Cause Notice, vide letter dated December 21, 2004, stating that they are manufacturing the chemical as per the BIS specifications. No further notices or communication have been received by the company in this regard.
4. A Show cause notice dated September 25th 2004 was received by the company from the Plant Protection Officer, Office of the District Agriculture Officer, Kannoji. A sample of Choripirypfos 20% EC was picked from one of the Sales Centre of the company and was declared as misbranded. The company was required to stop the production of the chemical immediately. Company filed a reply to the said Show Cause Notice, vide letter dated October 18, 2004, stating that they are manufacturing the chemical as per the BIS specifications. No further notices or communication have been received by the company in this regard.
5. A Show cause notice dated August 24th 2004 was received by the company from the Plant Protection Officer, Office of the District Agriculture Officer, Hardoi. A sample of Choripirypfos 20% EC was picked from one of the Sales Centre of the company and was found to be of low quality. The company was required to stop the production of the chemical immediately. Company has filed a reply to the said Show Cause Notice, vide letter dated September 16, 2004, stating that they are manufacturing the chemical as per the BIS specifications. No further notices or communication have been received by the company in this regard.
6. A Show cause notice dated March 30th 04 was received by the company from the Plant Protection Officer, Office of the District Agriculture Officer, Balrampur. A sample of Isoproturon 75% WP was picked from one of the Sales Centre of the company and was declared as misbranded. Company has filed a reply to the said Show Cause Notice, vide letter dated April 17, 2004 stating that they are manufacturing the chemical as per the BIS specifications. No further notices or communication have been received by the company in this regard.

iv) Labour laws, Securities and Economic Offences/Laws

There is no litigation filed against our Company involving labour offences/ securities or economic offences.

B) i) Litigation Filed by our Company:

Sr. No.	Name of Parties and Authority	Brief of the Case	Stage of Case Next date of Hearing
1.	Insecticides (India) Limited V. Niranjan Dass Sanjeev Kumar Court of Chief Metropolitan Magistrate : Delhi	The accused owed a sum of Rs. 2,07,565/- to the company. So in discharge of the same the accused issued two cheques bearing number 960111 and 960112 for a sum of Rs. 50,000/- dated 15.05.2004 and 30.05.2004 respectively drawn on Oriental Bank of Commerce, Budhlada, Punjab. But the cheque was dishonored due to insufficient funds in the account of the accused. Hence a notice was served upon the accused by the company. But no action was taken in this regard and hence the complaint was filed by the company against the accused under section 138 read with section 141 and 142 of the Negotiable Instruments Act, 1881.	The Warrant was issued against Niranjan Dass Sanjeev Kumar and the same was cancelled on the last date of hearing i.e. 09.01.2007. Both the parties are to be present on the next date of hearing 17.07.2007
2.	Insecticides (India) Limited V. Sri Ganga Bhavani Traders Court of Chief Metropolitan Magistrate : Delhi	A sum of Rs. 21,096/- was due by the accused on account of the goods purchased by the accused. In discharge of the said amount the accused issued to the company a cheque no. 744184 dated 23.09.2004, for a sum of Rs. 21,096/- drawn on State Bank of India. But the cheque was dishonored due to insufficient funds in the account of the accused. Hence a notice was served upon the accused by the company. But no action was taken in this regard and hence the complaint was filed by the company against the accused under section 138 read with section 141 and 142 of the Negotiable Instruments Act, 1881.	SUMMON SENT 31.05.2007
3.	Insecticides (India) Limited V. Sri Venkateshwara Traders Court of Chief Metropolitan Magistrate : Delhi	A sum of Rs. 1,85,838/- was due by the accused on account of the goods purchased by the accused. In discharge of the said amount the accused issued to the company a cheque no. 725330 dated 23.09.2004, for a sum of Rs. 1,85,838/- drawn on Andhra Bank. But the cheque was dishonored due to insufficient funds in the account of the accused. Hence a notice was served upon the accused by the company. But no action was taken in this regard and hence the complaint was filed by the company against the accused under section 138 read with section 141 and 142 of the Negotiable Instruments Act, 1881.	SUMMON SENT 31.05.2007
4.	Insecticides (India) Limited V. Sri Annapurneshwari Agro Chemicals Court of Chief Metropolitan Magistrate : Delhi	The accused owed a sum of Rs. 6,70,480/- to the company. So in discharge of the same the accused issued two cheques bearing number 104874 and 104875 dated 09.10.2004, for a sum of Rs. 3,00,000/- and 3,70,480/- respectively, drawn on Sri Ganesh Co-op Bank Limited. But the cheque was dishonored due to insufficient funds in the account of the accused. Hence a notice was served upon the accused by the company. But no action was taken in this regard and hence the complaint was filed by the company against the accused under section 138 read with section 141 and 142 of the Negotiable Instruments Act, 1881.	The Court is shifted from Tiz Hazari to Rohini. On the next date of hearing the matter will be ordered to be heard by new judge. Amount received so far is Rs. 10,000/- 21.04.2007
5.	Insecticides (India) Limited V. Chaudhary Fertilizer Court of Chief Metropolitan Magistrate : Delhi	The accused owed a sum of Rs. 79,312.01/- to the company. So in discharge of the same the accused issued two cheques bearing number 9421783 dated 26.04.2004, for a sum of Rs. 35,000/- drawn on Canara Bank. But the cheque was dishonored due to insufficient funds in the account of the accused. Hence a notice was served upon the accused by the company. But no action was taken in this regard and hence the complaint was filed by the company against the accused under section 138 read with section 141 and 142 of the Negotiable Instruments Act, 1881.	The Court is shifted from Tiz Hazari to Rohini. On the next date of hearing the matter will be ordered to be heard by new judge Further full amount is received from the party and the matter to be dispensed in the next date of hearing/- 21.04.2007

INSECTICIDES (INDIA) LIMITED

Sr. No.	Name of Parties and Authority	Brief of the Case	Stage of Case Next date of Hearing
6.	Insecticides (India) Limited V. Ganga Bhavani Traders Court of Chief Metropolitan Magistrate : Delhi	The accused owed a sum of Rs. 19,366/- to the company. So in discharge of the same the accused issued a cheque bearing number 450980 dated 16.11.2004, for a sum of Rs. 19,366/- drawn on Indian Bank, Amalapuram. But the cheque was dishonored due to insufficient funds in the account of the accused. Hence a notice was served upon the accused by the company. But no action was taken in this regard and hence the complaint was filed by the company against the accused under section 138 read with section 141 and 142 of the Negotiable Instruments Act, 1881.	SUMMON SENT 27.08.2007
7.	Insecticides (India) Limited V. Sri Gayatri Agencies Court of Chief Metropolitan Magistrate : Delhi	The accused owed a sum of Rs. 5,51,422/- to the company. So in discharge of the same the accused issued a cheque bearing number 265231 dated 23.09.2004, for a sum of Rs. 5,51,422/- drawn on Canara Bank, Bhimavaram. But the cheque was dishonoured due to insufficient funds in the account of the accused. Hence a notice was served upon the accused by the company. But no action was taken in this regard and hence the complaint was filed by the company against the accused under section 138 read with section 141 and 142 of the Negotiable Instruments Act, 1881.	SUMMON SENT 27.08.2007
8.	Insecticides (India) Limited V. Pest Control Specialization and Agro Dev. Court of Chief Metropolitan Magistrate : Delhi	A sum of Rs. 1,85,838/- was due by the accused on account of the goods purchased by the accused. In discharge of the said amount the accused issued to the company a cheque no. 725330 dated 23.09.2004, for a sum of Rs. 1,85,838/- drawn on Andhra Bank. But the cheque was dishonoured due to insufficient funds in the account of the accused. Hence a notice was served upon the accused by the company. But no action was taken in this regard and hence the complaint was filed by the company against the accused under section 138 read with section 141 and 142 of the Negotiable Instruments Act, 1881.	SUMMON SENT Amount received so far is Rs.7,000/- 27.08.2007
9.	Insecticides (India) Limited V. Madhav Sai Fert. & Pes (Warrangal) Court of Chief Metropolitan Magistrate : Delhi	The accused owed a sum of Rs. 48,523.53/- to the company. So in discharge of the same the accused issued a cheque bearing number 474148 dated 06.05.2005, for a sum of Rs. 48,523.53/- drawn on Punjab National Bank, Warrangal (Andhra Pradesh). But the cheque was dishonoured due to insufficient funds in the account of the accused. Hence a notice was served upon the accused by the company. But no action was taken in this regard and hence the complaint was filed by the company against the accused under section 138 read with section 141 and 142 of the Negotiable Instruments Act, 1881.	SUMMON SENT 09.05.2007
10.	Insecticides (India) Limited V. Shyam Krishi Sewa Kendra Court of Chief Metropolitan Magistrate : Delhi	The accused owed a sum of Rs. 1,15,972.43/- to the company. So in discharge of the same the accused issued a cheque bearing number 938647 dated 25.05.2004 for a sum of Rs. 1,15,972/- drawn on Canara Bank, Indra Nagar Branch, Lucknow. But the cheque was dishonoured due to insufficient funds in the account of the accused. Hence a notice was served upon the accused by the company. But no action was taken in this regard and hence the complaint was filed by the company against the accused under section 138 read with section 141 and 142 of the Negotiable Instruments Act, 1881.	SUMMON SENT 21.05.2007

Sr. No.	Name of Parties and Authority	Brief of the Case	Stage of Case Next date of Hearing
11.	Insecticides (India) Limited Vs. Radha Govind Agro Tech & others Court of Chief Metropolitan Magistrate : Delhi	The accused owed a sum of Rs. 4,15,063.26/- to the company. So in discharge of the same the accused issued a cheque bearing number 545215 & 386466 dated 10.07.2006 for a sum of Rs. 76,231/- & Rs. 50,000/- respectively drawn on State Bank of Patiala, M I Road Jaipur. But the cheque was dishonoured due to insufficient funds in the account of the accused. Hence a notice was served upon the accused by the company. But no action was taken in this regard and hence the complaint was filed by the company against the accused under section 138 read with section 141 and 142 of the Negotiable Instruments Act, 1881.	SUMMON SENT 07.05.2007
12.	Insecticides (India) Limited Vs. Gayatri Trading Co. & other Court of Chief Metropolitan Magistrate : Delhi	The accused owed a sum of Rs. 4,15,063.26/- to the company. So in discharge of the same the accused issued a cheque bearing number 545215 & 386466 dated 10.07.2006 for a sum of Rs. 76,231/- & Rs. 50,000/- respectively drawn on State Bank of Patiala, M I Road Jaipur. But the cheque was dishonoured due to insufficient funds in the account of the accused. Hence a notice was served upon the accused by the company. But no action was taken in this regard and hence the complaint was filed by the company against the accused under section 138 read with section 141 and 142 of the Negotiable Instruments Act, 1881.	SUMMON SENT 07.05.2007
13.	Insecticides (India) Limited Vs. Kissan Khad Beej Bhandar & Dinesh Kumar Court of Chief Metropolitan Magistrate : Delhi	The accused owed a sum of Rs. 7,89,662.75/- to the company. So in discharge of the same the accused issued a cheque bearing number 411835 & 411836 dated 15.08.2006 & 25.08.2006 for a sum of Rs. 50,000/- each drawn on Punjab National Bank, Maham. But the cheque was dishonoured due to insufficient funds in the account of the accused. Hence a notice was served upon the accused by the company. But no action was taken in this regard and hence the complaint was filed by the company against the accused under section 138 read with section 141 and 142 of the Negotiable Instruments Act, 1881.	SUMMON SENT 14.08.2007
14.	Insecticides (India) Limited Vs. Sh. Sugad Singh, S/o Sh. Pyare Lal, Consumer protection Act to U.P. Consumer State Commission (Lucknow)	A complaint was filed against the Company with the Consumer district forum by Sh. Sugad Singh. Claimant is a farmer who on 18.01.2003 purchased a MILRAJ insecticide and kharpatvaar nashak 500m.g., 75% packet at the price on Rs. 135/-. After approx 6 days of using the meddise, claimant found his wheat crop burnt. There was a loss of about 20 quintal wheat and about 30 quintal paddy. Claimant at the District forum filed for a claim amounting for Rs. 15600/- against crop loss, Rs. 2500 for litigation expenses and Rs. 10000/- for mental and physical Harassment. Vide its order dated 04.10.06, District Forum pronounced its judgment against the respondent directing for payment of Rs. 10000/- against crop loss, Rs. 135/- for litigation expenses and Rs. 1000/- for mental and physical Harassment. IIL has against this order filed an appeal in State consumer forum	Appeal Admitted 27.04.2007

INSECTICIDES (INDIA) LIMITED

ii) TAXATION MATTERS

a) EXCISE CASES

Company has filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal, New Delhi against the order no. 36/2004, dated 31.12.2004 by Commissioner of Central Excise Jaipur. In his order the commissioner has confirmed an additional demand of duty of Rs. 35,62,555/- on additional sale of Rs. 2,31,54,440/-. Further the duty amounting to Rs. 1891/- was also ordered to be recovered. And the cenvat credit availed by the company to the extent of Rs. 4,41,633/- was also ordered to be recovered as the same was wrongly availed by the company. Further interest and penalty is also imposed on the company. Against this order the company has filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal, New Delhi on 08.04.2005. No next date of hearing has been fixed so far.

C) Litigation involving the Promoters/Directors

There is no litigation pending against or filed by the Directors/Promoters of our Company involving civil, criminal, labour, securities & economic and statutory law offences.

D) Cases involving group Companies

There is no litigation pending against or filed by the Group companies and by the Directors/Promoters group companies involving civil, criminal, labour, securities & economic and statutory law offences

E) Cases Involving Company's Subsidiary

There is no litigation pending against or filed by our subsidiary company, Advance Crop Solutions Limited.

Amount exceeding Rs. 1 Lakhs, due from SSIs and other Creditors for a period of more than 30 days as on January 31st 2007:

Party	Amount
YOGI INTERNATIONAL (S)	101279.15
RIICO LTD.	103532.00
NATIONAL OFFSET (JAMMU)	104481.20
DEEP ENTERPRISES	118309.60
SCIENCE ENTERPRISES	132048.00
GANESH INDUSTRIES (JAMMU)	138712.58
A.P. POLY PLAST P.LTD. (JAMMU)	138750.59
MAHAMAYA PAINTS & CHEMICALS	154100.00
MEGHMANI ORGANICS LTD.	163601.38
LAKSHMI OIL CO. (JAMMU)	172925.00
SANJEEV HARDWARE & MILL STORE	180676.52
WILLETT INDIA P.LTD.	184282.88
HERANBA INDUSTRIES LTD.(JAMMU)	189019.00
DUROSIL CHEM P.LTD.	190944.00
DUROSIL CHEM PVT. LTD. (JAMMU)	197309.00
RAINBOW PLASTICS (J)	199647.27
J.K. ENTERPRISES	218088.00
HINDUSTAN METAL CO.	218485.00
JINESH MINERALS	221720.00
GANESH INDUSTRIES	224162.28
UNITED STEEL TRADERS JAMMU	227837.10
BANSAL BROTHERS	239578.98

GTB TECHNOSYS	240000.00
GANESH ENTERPRISES	288489.50
NATIONAL OFFSET	288573.80
BHARAT PET LIMITED	295526.00
RAMAN PRODUCTS (JAMMU)	301945.60
MINI PACK	307442.00
BANSAL BROTHER (J)	337259.84
SUN POLY PACK	345304.35
PRINT LAND (INDIA) (C)	350316.36
DEEP ENTERPRISES (JAMMU)	374400.00
RAMAN PRODUCTS	385653.00
PRINT LAND INDIA (DELHI)	414019.00
J.U. PESTICIDES & CHEMICAL –J	415045.00
A.P. POLYPLAST P.LTD.	416658.18
RETA ENGINEERING WORKS (S)	428480.00
I.A. & I.C. CHEM P.LTD.	435600.00
SHREE RUBBER PLAST CO.P.LTD.-J	464960.81
MERINO POLY PACK (J)	470381.03
JAIN MINE CHEM	483324.25
SHIBA CONTAINERS P.LTD.	515822.50
BHARAT RASAYAN LTD.	536995.50
KRISHI RASAYAN EXPORT LTD.	541138.15
DELHI TIN MET LTD. (JAMMU)	559621.00
VIMAL PESTICIDES P.LTD. (CHOP)	572905.00
SHREE RUBBER PLAST CO.PVT.LTD.	584809.00
MEGHMANI INDUSTRIES LTD. JAMMU	600769.00
SPECTRUM ETHERS LIMITED.	609702.84
EXCEL TRADING CORPORATION	615839.40
MINERALS INDIA	642560.55
ESS KAY ENTERPRISES	651820.16
SHIV PACKAGING	654513.04
S.K. FABRICATORS P.LTD.(JAMMU)	682242.00
BHARAT PESTICIDES INDUSTRIES (I) LTD.	714996.00
NEPTUNE PLASTICS	749532.42
AMBHEY LABORTORIES P.LTD.	781332.00
TROPICAL AGROSYSTEM (INDIA)LTD	853472.94
WELL PACK PAPERS & CONTAINERS	860287.00
ARORA SCREEN PRINTERS (C)	860742.80
HCM AGROCHEMISTRY INC.	868560.00
RALLIS INDIA LTD.	886707.00
I.A.& I.C. CHEM P.LTD. (J)	922824.36
CHEMINOVA INDIA LTD. (JAMMU)	974125.00

INSECTICIDES (INDIA) LIMITED

HOME WAYS (JAMMU)	979910.45
BILAG INDUSTRIES PVT. LTD.	1012692.69
SOWBHAGYA AMINO INPUTS P.LTD.	1054920.57
D.V.S. CHEMICALS & ENGINEERING (J)	1081080.00
CHONGGING SHINING FINE CHEMICALS CO. LTD	1099369.80
BENTON CHEM INDUSTRIES	1119043.00
CRYSTAL PHOSPHATES LTD.(JAMMU)	1126460.00
ESS KAY ENTERPRISES (JAMMU)	1156265.10
KRISHI RASAYAN EXPORT (J)	1168504.85
P.I. INDUSTRIES LIMITED	1192305.57
BHARAT EXTRUSION	1237446.50
GUPTA PACKERS	1254637.95
UNIVERSAL AGRO PRODUCTS	1341376.00
H.P.M. INDUSTRIES LTD. (S)	1346444.57
AMIDA PACKAGING P.LTD. (JAMMU)	1419874.20
PARSHV CHEM INDUSTRIES	1457947.50
TAGROS CHEMICAL INDIA LTD.-J	1514740.00
PRINT LAND INDIA (J)	1523055.73
SUVOCHEM INDUSTRIES P.LTD	1524438.00
ISRO PRODUCTS	1568451.00
SHIBA CONTAINERS P.LTD.	1574860.00
S.B. DISTRIBUTORS LTD.	1620032.83
MODPACK ENTERPRISES	1683758.30
TECHNO PRODUCT (BOM) PVT LTD	1760620.00
BHARAT EXTRUSION (JAMMU)	1772911.00
MINI PACK (J)	1848430.15
RALLIS INDIA LTD. (JAMMU)	1863420.60
CHINA NAT. CHEM.CON.ZIANBSU (J)	2023676.00
SHIVALIK RASAYAN LTD.	2045572.00
CHINA NAT.CHEM.CON.ZIANBSU CO.	2061173.50
C.J. SHAH & CO. (CHOPANKI)	2149107.94
BHAGIRADHA CHEMICAL LTD.-JAMMU	2290478.43
BHAGIRADHA CHEMICALS & INDUST.	2347000.00
PLASTO GRAPH INDIA P.LTD. JAMM	2358115.83
BILAG INDUSTRIES P.LTD.(JAMMU)	2365160.29
GUJRAT STATE FERTI. & CHEM.LTD	2608839.00
AKRY ORGANICS P. LTD.	2655736.00
BHARAT PET LTD. (JAMMU)	2669986.59
TROPICAL AGRO SYSTEM (JAMMU)	2734300.25
ARORA SCREEN PRINTERS (J)	2838866.25
CROP CARE PESTICIDES (I) PVT. LTD	2878920.00
BHARAT PRODUCT LTD. (JAMMU)	2886611.18

SUDARSHAN CONSOLIDATES LTD-J	2897673.75
HERANBA AGRO INDUSTRIES	3082958.00
KAISER INDUSTRIES LTD.	3549524.00
JIANGSU LIHUA CHEMICALS CO. LTD. (J)	3645903.64
RELIANCE INDUSTRIES LTD. (J)	3659288.00
CHEMINOVA INDIA LIMITED	3674410.27
HUNAN HAILUI CHEMICAL INDUSTRY (C)	3859033.14
SABERO ORGANICS GUJRAT LTD-JAM	4012991.12
ATUL LTD. (J)	4024672.00
EXCEL TRADING CORPORATION (J)	4252264.60
DELHI EXTRUSION PVT. LTD.	4312560.50
DELHI EXTRUSION P.LTD. (JAMMU)	4313445.50
INDOFIL CHEMICAL CO. (J)	4567798.00
BASANT PLASTICS	4574425.48
PLASTO GRAPH (INDIA) P.LTD.4699484.53	
PUNJAB CHEMICALS & CROP PRO-JA	4895682.00
MONSANTO INDIA LTD. (JAMMU)	5009447.41
MEGHMANI INDUSTRIES LTD.	5217630.00
RELIANCE INDUSTRIES LTD.	5436789.54
GHARDA CHEMICAL LTD. (JAMMU)	5723534.65
GUJRAT AGRO CHEMICAL	5854523.00
DELHI TIN MET LIMITED	6029850.08
COROMANDAL FERTILISERS LTD.	6093400.00
KAISER INDUSTRIES LTD. JAMMU	6586608.00
GHARDA CHEMICALS LTD.	6742919.18
BAYER CROPSCIENCE LTD. (JAMMU)	8021974.40
MEGHMANI ORGANICS LTD. (JAMMU)	8440964.00
PACIFIC SPOT LTD.	8475677.95
SABERO ORGANICS LTD.	8805021.00
BHARAT PRODUCT LTD.	9402638.65
JAY AGRO CHEM LTD.	9476168.00
GUJRAT AGRO CHEMICALS (J)	9635485.00
GSP CROP SCIENCE P.LTD (J)	9912849.00
RAVI ORGANICS LTD.	10318238.00
EXCEL CROPCARE LTD.	11821807.00
HERANBA AGRO INDUSTRIES	12228754.00
UNITED PHOSPHORUS LTD. (JAMMU)	16029857.00
UNITED PHOSPHORUS LTD.	23430998.37
VIMAL PESTICIDES P.LTD. (GUJRAT)	51656549.46
Total	415694523.75

INSECTICIDES (INDIA) LIMITED

Material Developments

There have been no material developments after the date of last audited balance sheet i.e. December 31, 2006

Adverse Events

There has been no adverse event affecting the operations of our Company occurring within one year prior to the date of filing of this Red Herring Prospectus with the Registrar of Companies.

Defaults

Our Company has not defaulted in meeting any statutory dues, institutional dues or bank dues. Our Company has not defaulted in making any payment/refunds for debentures, fixed deposits and interest on debentures and fixed deposits.

STATUTORY APPROVALS AND LICENCES

Our Company has received all the necessary consents, licenses, permissions and approvals from the Government/RBI and various government agencies required for its present business and no further approvals are required for carrying on the present as well as the proposed business of our Company except the pending approvals as mentioned under this heading.

It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of our Company or for the correctness of any of the statements or any commitments made or opinions expressed.

We have received the following Government and/or statutory approvals/ licenses/ permissions:

Existing Approvals

We have received the following Government and/or statutory approvals/licences/permissions:

1) Factory Related Approvals

(i) Approvals Received

A) For Chopanki Unit

Particulars	Issuing Authority	Covered under (Name of the Act)	Registration No.	Issued on	Validity Period
Factory Licence	Chief Inspector of Factory, State of Rajasthan	Factories Act, 1948	RJ 25456	03.07.2002	31.03.2011
Permanent Registration Certificate as a SSI with the District Industries Centre	District Industries Centre	Industries (Development & Regulation) Act, 1951	Permanent Registration No. - 173202475	24.09.2002	Permanent
Licence to Manufacture	Directorate of Agriculture, Govt. of Rajasthan	The Insecticides Act, 1968	Licence No. L – 47 A	19.02.2002	31.12.2007
Consent to Operate under Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981 For E – 443	Rajasthan State Pollution Control Board	Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981	Letter Reference No. RPCB/ RO/ BWD/ OR – 352/ 591 dated 17.05.2005	17.05.2005	12.05.2010
Registration under Employees Provident Funds and Miscellaneous Provisions Act, 1952	Regional Provident Commissioner, Jaipur.	Employees Provident Funds and Miscellaneous Provisions Act, 1952	RJ 1351	11.03.2002	Permanent
Registration under Employees' State Insurance Act, 1948	Employees' State Insurance Commission, Jaipur	Employees' State Insurance Act, 1948	15/20622/31/1690	01.01.2006	Permanent

INSECTICIDES (INDIA) LIMITED

Particulars	Issuing Authority	Covered under (Name of the Act)	Registration No.	Issued on	Validity Period
Registration under Central Excise Act	Superintendent of Central Excise Assistant Commissioner of Central Excise	Central Excise Act, 1944	AAACI3076PXM001	08-02-2002	Permanent
Registration under Sales Tax Act	Sales Tax officer, Bhiwadi (Alwar)	Central Sales Tax Act	0206/01980	22.01.2002	Permanent
Tax Identification No. under Rajasthan VAT Act	Sales Tax officer, Bhiwadi (Alwar)	Rajasthan VAT Act	08270852064	22.01.2002	Permanent
Entry Tax Registration	Business Tax officer, Bhiwadi (Alwar)	Rajasthan Tax on Entry of Goods into Local Area Act, 1999.	RET0206/368	01.03.2003	Permanent
Recognition of In-house R&D Units	Ministry of Science & Technology, Government of India		Letter Reference No. TU/ IV-RD/2521/ 2005, dated October 17 th 2005	17.10.2005	31.03.2008
Explosives Licence Licence to Import and Store Petroleum Installation	Chief Controller of Explosives, Jaipur	Petroleum Act, 1934	P/ NC/ RJ/ 15/ 363 (P51801)	04.01.2007	31.12.2008
Storage Permission	District Magistrate Alwar (Raj)	Storage permission for C9 76 KL AEROMAX 38 KL	Judl/2003/44	20.01.2007	31.12.2008
Standard Weight & Science Instrument	Inspector Standard Weight & Science	Certification of the machines used for weighing	5552	15.12.2006	31.12.2007
Registration under Excise Act	Deputy Commissioner of Central Excise	Rule 9 of the Central Excise Rules, 2002	AAACI3076PX M003	30.11.2006	Permanent

B) For Samba Unit, Jammu

Particulars	Issuing Authority	Covered under (Name of the Act)	Registration No.	Issued on	Validity Period
Factory Licence	Chief Inspector of Factory, Jammu & Kashmir Govt.	Factories Act, 1948	1188 - J	28.08.2004	31.12.2007
Permanent Registration Certificate as a SSI with the District Industries Centre	District Industries Centre, Jammu	Industries (Development & Regulation) Act, 1951	Permanent Registration No. - 07049144	29.05.2004	Permanent
License to Manufacture	Directorate of Agriculture, Govt. of Jammu & Kashmir	Insecticides Act, 1968	Licence No. J/M – PVT / 09	08.05.2004	31.12.2007

Particulars	Issuing Authority	Covered under (Name of the Act)	Registration No.	Issued on	Validity Period
Registration under Employees Provident Funds and Miscellaneous Provisions Act, 1952	Regional Provident Commissioner	EPF Act, 1952	JK/J/2325	12.07.2004	Permanent
Registration under Contract Labour (Regulation & Abolition) Act, 1970	Assistant Labour Commissioner, Jammu	Contract Labour (Regulation & Abolition) Act, 1970	ALC/J/ CLA/ R/190	18.06.2005	Permanent
ECC No under Central Excise Act	Superintendent of Central Excise Assistant Commissioner of Central Excise	Central Excise Act, 1944	AAACI3076PX M002	05.05.2004	NA

(ii) Approvals/Registration for which renewal has been Applied

A) For Chopanki Unit

Particulars	Issuing Authority	Covered under (Name of the Act)	Registration No.	Expired on	Renewal applied on
Registration under Contract Labour (Regulation & Abolition) Act, 1970	Labour Department, Alwar	Contract Labour (Regulation & Abolition) Act, 1970	ALW/ 01/ 2005	31.12.2006	15.12.2006
Authorization for operating a facility for collection, reception, storage and transport of Hazardous Waste	Rajasthan State Pollution Control Board	Hazardous Waste (Management and Handling) Rules, 1989	F: 16 (130) RPCB / Haz./ Gr. I/ 52	24.02.2007	30.01.2007

B) For Samba Unit, Jammu

Particulars	Issuing Authority	Covered under (Name of the Act)	Registration No.	Expired on	Renewal applied on
Consent to Operate under Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981 & Hazardous Wastes (Management & Handling) Act, 1989.	J&K State Pollution Control Board	Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981 and Hazardous Wastes (Management & Handling) Act, 1989.	Consent No. 376 of 2005 dated 01.08.2005	31.03.2007	21.02.2007

INSECTICIDES (INDIA) LIMITED

2) General Approvals

PARTICULARS	ISSUING AUTHORITY	NAME OF THE ACT	REGISTRATION NO.	ISSUED ON	VALIDITY PERIOD
Certificate of Incorporation	ROC, NCT of Delhi & Haryana	Companies Act, 1956	55-83909 (CIN – U65991DL1996 PLC083909)	18-12-96	N.A.
PAN	Deputy Commissioner of Income Tax (PAN)	Income Tax Act, 1961	AAACI3076P	22-02-1999	N.A.
TAN	Income Tax Department.	Income Tax Act, 1961	DELI03290A		N.A.
Certificate of Importer – Exporter Code (IEC)	Director General of Foreign Trade (DGFT)	Export Import Policy	0501068023	18-03-02	N.A.
Service Tax Registration	Commissionerate of Service Tax	Finance Act, 1994	DL-1/ ST/ R – IX/ GTO/ 130/ IIL/ 2004	04-01-2005	N.A.
Registration under Employees Provident Funds and Miscellaneous Provisions Act, 1952	Regional Provident Commissioner, New Delhi	Employees Provident Fund & Miscellaneous Provisions Act, 1952	DL/25070	30/11/2001	NA
Registration under Employees' State Insurance Act, 1948	Employees' State Insurance Commission, New Delhi	Employees' State Insurance Act, 1948	11-35509-101	15-03-02	N.A.
ISO Certification Environmental Management	UKAS	For Environment Management System	ISO 14001 : 2004 Certificate No. 124840 A	12.06.2006	31.12.2007
ISO Certification	UKAS Quality System for Manufacturing Facility	For Manufacturing, Formulation and Marketing of Agro Chemicals and House Hold Pesticides	ISO 9001 : 2000 Certificate No. 14642	27.06.2005	30.06.2008

3) VAT/ State Sales Tax Registration No. and Central Sales Tax Registration No. for our Company various location

S.No.	location	VAT/ State Sales Tax Registration No.	Central Sales Tax Registration No.
1.	Bhatinda	03251149511	86306911
2.	Ludhiana	03251149511	86306911
3.	Hissar	06462229926	29926
4.	Karnal	06462229926	29926
5.	Bhubhneshwar	21131101362	BH-I-2865
6.	Ghaziabad	GB-0435941	GB-5342292
7.	Ahmedabad	736025146	GUJ/77710056

8.	Hyderabad	ABS/06/1/3974/02-03	ABS/06/1/3056/02-03
9.	Hajipur	10290633098(1057)	10290633195(HJ 129 UR)
10.	Uttranchal	RU-0050902	05004634976
11.	Nagpur	440023/S/768	440023/C/511
12.	Raipur	10/02/4822/5/5(10033889)	2/10/3889(22621160440)
13.	Sindhanur	29460115771	6257334-2
14.	Banglore	29460115771	6257334-2
15.	Gulbarga	29460115771	6257334-2
16.	Jaipur	08270852064	0206/01980
17.	Ganganagar	08270852064	0206/01980
18.	Chopanki	08270852064	0206/01980
19.	Coimbatore	2025602	859266
20.	Howrah	19703786056	19703786250
21.	Samba	1571070895	5071877-G

4) Approval for Manufacturing various products:

Sr. No.	PRODUCT NAME	DATE OF REGISTRATION	CIB REGISTRATION NO.
1	COPPER OXY CHLORIDE- 50% WP	28.01.2002	CIR:21,361/95-C.O.C (WP) -570
2	DIMETHOATE- 30% EC	28.01.2002	CIR :22,392/95/ DIMETHOATE (EC) -724
3	CYPERMETHRIN- 10% EC	28.01.2002	CIR- 22,002/95- CYPERMETHRIN (EC) -1166
4	MANCOZEB- 75% WP	28.01.2002	CIR-21,360/95/ MANCOZEB (WP) -496
5	METHYL PARATHION- 50% EC	28.01.2002	CIR:22,522/95/ METHYL PARATHION (EC) -1235
6	BUTACHLOR- 50% EC	28.01.2002	CIR- 22,198/95/ Butachlor (EC) -927
7	MONOCROTOPHOS- 36% SL	28.01.2002	CIR- 22,001/95- MONOCROTOPHOS (SL) -1141
8	ISOPROTURON 75% WP	28.01.2002	CIR - 22,199/95- ISOPROTURON (WP) -708
9	DICHLORVOS 76% EC	28.01.2002	CIR: 21,327/95- Dichlorvos (EC) -571
10	MALATHION 50% EC	28.01.2002	CIR: 20,792/95- Malathion (EC) -1588.
11	2-4D ETHYL ESTER 38% EC	28.01.2002	CIR- 20,781/ 95/ 2, 4- D Ethyl Ester (EC) -483
12	FENVALRATE 20% EC	28.01.2002	CIR: 21,343/95- Fenvalerate (EC) -999.
13	ENDOSULFAN 35% EC	28.01.2002	CIR- 20,990/95/ ENDOSULFAN (EC) -1303
14	ANILOFOS 30% EC	28.01.2002	CIR :23,097/96/ ANILOFOS (EC) -351.
15	CYPERMETHRIN 25% EC	28.01.2002	CIR-23,253/96 / CYPERMETHRIN (EC) -1264.
16	MALATHION 5% DP	28.01.2002	CIR: 23,329/96/ MALATHION (DP) -1704
17	2-4 D ETHYL ESTER 20% WP	28.01.2002	CIR- 21,591/95/ 2,4-D ETHYL ESTER (WP) -494
18	ALPHAMETHRIN 10% EC	28.01.2002	CIR: 22,139/95/ ALPHAMETHRIN (EC) -131
19	ACEPHATE 75% SP	28.01.2002	CIR: 23,893/96/ACEPHATE (SP) -410
20	ATRAZINE 50% WP	28.01.2002	CIR- 18,437/94-ATRAZINE (WP) -107
21	BUTACHLOR 5% (g)	28.01.2002	CIR:25,806/97/BUTACHLOR(G)-1044
22	CARBENDAZIM 50% WP	28.01.2002	CIR-19,488/94-CARBENDAZIM (WP)-388
23	PYRETHRIN 0.2% (H.A) + CYPERMETHRIN 0.11%	28.01.2002	CIR-19,183/94- CYPERMETHRIN + PYRETHRIN (H.A)-244
24	CARBARYL 10% DP	28.01.2002	CIR-18,448/94- CARBARYL (DP) -1052

INSECTICIDES (INDIA) LIMITED

Sr. No.	PRODUCT NAME	DATE OF REGISTRATION	CIB RAGISTRATION NO.
25	CHLORPYRIPHOS 10% GR	28.01.2002	CIR-31,046/99/CHLORPYRIPHOS (GR)-1199
26	CHLORPYRIPHOS 1.5% DP	28.01.2002	CIR-30,908/99/CHLORPYRIPHOS (DP) -1177.
27	CHLORIPYRIPHOS 20% EC	28.01.2002	CIR-18,239/94-CHLORPRIPHOS (EC) -478
28	DELTAMETHRIN 2.8% EC	28.01.2002	CIR: 22,527/95/DELTAMETHRIN (EC)-161
29	ETHION 50% EC	28.01.2002	CIR-19,182/94- ETHION (EC) -209
30	ENDOSULFAN 4% DP	28.01.2002	CIR-18,408/94- ENDOSULFAN (DP) -1135
31	FENVALRATE 0.4% DP	28.01.2002	CIR-18,473/94- FENVALERATE (DP) -800
32	LINDANE 1.3% DP	28.01.2002	CIR-19,437/94/Lindane (DP)-479
33	LINDANE 6% GR	28.01.2002	CIR-18,777/94-Lindane(Gr.)-464
34	LINDANE 20% EC	28.01.2002	CIR:18,778/94- Lindane(EC)-465
35	METHYLPARATHION 2% DP	28.01.2002	CIR-18,452/94- METHYL PARATHION (DP) -1102
36	MALATHION 25% DP	28.01.2002	CIR-5441/87/MALATHION/ (WP) -1133
37	OXYDEME TONMETHYL 25% EC	28.01.2002	CIR- 21,316/95/ OXYDEMETON METHYL (EC) -170
38	OXYFLUROFAN 23.5% EC	28.01.2002	CIR-21,480/95/ OXYFLUORFEN (EC) -10
39	PHORATE 10% CG	28.01.2002	CIR-18,445/94-PHORATE (CG)-439
40	QUINALPHOS 25% EC	28.01.2002	CIR-6061/87/QUINALPHOS (EC) -293
41	QUINALPHOS 1.5% DP	28.01.2002	CIR-27,606/97/QUINALPHOS (DP)- 1144
42	THIRAM 75% DS	28.01.2002	CIR: 23,533/96/ THIRAM (DS)-243
43	ZIRAM 80% WP	28.01.2002	CIR: 22,540/95/ZIRAM (WP)-101
44	ZIRAM 27% SC	28.01.2002	CIR- 29,717/98/ZIRAM (SC) -162
45	CARTAPHYDROCHLORIDE 4% GR	08.04.2002	CIR-38,171/(219)/2002- CARTAP HYDROCHLORIDE (GR)-342
46	CHLORPYRIPHOS 50% + CYPER METHRIN 5% EC	08.04.2002	CIR-38,175/(219)/2002-CHLORPYRIPHOS +CYPERMETHRIN (EC) -2278
47	IMIDACHLOPRID 17.8% SL	08.04.2002	CIR-37,773/2202- IMIDACLOPRID (SL)-70
48	GLYPHOSATE 41% SL	24.02.2002	CIR-37,819/2002- GLYPHOSATE (SL)-227
49	ALPHACYPERMETHRIN 10% EC	24.02.2002	CIR-37,745/2002- ALPHACYPERMETHRIN (EC)
50	HEXACONAZOLE 5% EC	24.02.2002	CIR-37,769/2002- HEXACONAZOLE (EC) -100
51	TRIZOPHOS 40% EC	08.04.2002	CIR-38,174/(219)/2002- TRIAZOPHOS (EC) -252
52	PROFENOFOS 50% EC	08.04.2002	CIR-38,196/(219)/2002- PROFENOFOS (EC) -443
53	CARBOFURAN 3% GR	08.04.2002	CIR-38,193/(219)/2002- CARBOFURAN (CG)-477
54	CYPERMETHRIN 3% + QUINALPHOS 20% EC	08.04.2002	CIR-38,094/2002- CYPERMETHRIN + QUINALPHOS (EC) -1736
55	ACEPHATE 20% + FENVALRATE 3% EC	08.04.2002	CIR-37,746/2002-ACEPHATE+ FENVALERATE (EC)-841
56	CARBOFURAN TECH	08.04.2002	CIR-37,981/2002- CARBOFURAN (T) -476
57	CARBENDAZIM TECH	08.04.2002	CIR-37,911/2002-CARBENDAZIM(T) -815
58	ETHION 40% + CYPERMETHRIN 5% EC	30.07.2002	CIR-38611/(219)/2002- ETHION + CYPERMETHRIN (EC)-649
59	CHLORPYRIPHOS 16% +ALPHA 1% EC	30.07.2002	CIR-38,679 (220)/2002- CHLORPYRIPHOS + ALPHACYPERMETHRIN (EC)-2318
60	FENOBURARB 50% EC	30.07.2002	CIR-38,717(220)/2002- FENOBUCARB (EC)- 108
61	PROFENOPHOS 40% + CYPER METHRIN 4% EC	15.07.2002	CIR-38612/(219)/2002-PROFENOFOS + CYPERMETHRIN (EC)- 456

Sr. No.	PRODUCT NAME	DATE OF REGISTRATION	CIB RAGISTRATION NO.
62	PHOSPHOMIDON 40% SL	01.08.2002	CIR-38,702/2002- Phosphamidon (SL)(220)-622
63	AZADIRACHIN 0.15% EC	22.08.2002	CIR-39289/2002- AZADIRACHTIN (EC)(222)-478
64	FIPRONIL 0.3% GR	22.08.2002	CIR-39173/(222)/2002- FIPRONIL (GR) -37
65	METRIBUZIN 70% WP	20.09.2002	CIR-40325/2002- METRIBUZIN (WP)(223)-118
66	METALAXYL 35% WS	24.09.2002	CIR-39,797(222)/2002- METALAXYL (WS)-187
67	CARTAPHYDROCHLORIDE 50% SP	10.09.2002	CIR-39.288/2002- CARTAP HYDROCHLORIDE (SP)(222)-374
68	TRIZOPHOS 35% + DELTAMETHRIN 1% EC	10.09.2002	CIR-39,405(222)/2002-TRIAZOPHOS + DELTAMETHRIN (EC)-545
69	ALPHA NAPHTHYL ACETIC ACID 4.5% SL	12.09.2002	CIR-39,453/2002- ALPHA NAPHTHYL ACETIC ACID (SL)(222)-253
70	TRIZOPHOS 60% LC (TECH)	28.06.2002	CIR-38,201(219)/2002/TRIAZOPHOS (L.C.) -253
71	GIBBERELIC ACID (TECH)	08.08.2002	CIR-39,200(222)/2002- GIBBERELIC ACID (T) -158
72	CARTAP HYDROCHLORIDE TECH	15.07.2002	CIR-38608/(219)/2002- CARTAP HYDROCHLORIDE TECH. -355
73	AZADIRACHIN 0.03% EC	26.11.2002	CIR-39,946/2002- AZADIRACHTIN (EC) (222)-494
74	DELTAMETHRIN 0.75% + ENDOSULFAN 29.75% EC	04.10.2002	CIR-39,815/2002-DELTAMETHRIN + ENDOSULFAN (EC) (222)- 559
75	CHLORPYRIPHOS 2% RTU	17.03.2003	CIR-43,718/2003- Chlorpyriphos (RTU)(230)-2557
76	PROPOXURE 2% AEROSOL	13.03.2003	CIR-43,593/2003- Propoxure (HH) (230)-286
77	OXYFLUORFEN 23.5% EC	13.03.2003	CIR-43,592/2003- Oxyfluorfen (E.C) (230)-66
78	METHOMYL 40% SP	04.12.2002	CIR-41,759/2002- METHOMYL (SP) (225)-77.
79	PROPICONAZOLE 25% EC	27.01.2003	CIR-42,411/2003- Propiconazole(E.C)(227)-73
80	FENPROPATHRIN 10% EC	21.02.2003	CIR-42,694/2003-Fenpropathrin (E.C) (227)-31
81	CARBARYL 50% WP	13.03.2003	CIR-43,595/2003- Carbaryl (W.P)(230)-1232
82	PENDIMETHALIN 30% EC	13.03.2003	CIR-43,574/2003- Pendimethalin (E.C) (230)-131
83	PRETILACHLOR 50% EC	03.12.2002	CIR-41,809/2002- PRETILACHLOR (E.C) (225)-55
84	TEMEPHOS 50% EC	25.11.2002	CIR-41,194/2002- Temephos (E.C) (225) -116
85	DELTAMETHRIN 2.5% WP	29.01.2003	CIR-42,213/2003- Deltamethrin (W.P)(227) -624
86	ETHEPHON 39% SL	25.11.2002	CIR-41,195/2002-ETHEPHON (SL) (225)-211
87	AZADIRACHIN 0.3%	07.02.2003	CIR-40,542/2002-AZADIRACHTIN (EC) (223)-509
88	IMIDACHLOPRID 705 WS	03.12.2002	CIR-41,800/2002- IMIDACLOPRID (WS) (225) -318
89	GIBBERALLIC ACID 0.186% SP	16.12.2002	CIR-41,719/2002- Gibbrellic acid (SP) (225)-182.
90	FIPRONIL 5% SC	02.12.2002	CIR-41,528/2002- FIPRONIL (SC)(225) -67
91	LAMDACYHALOTHRIN 5% EC	26.11.2002	CIR-41,192/2002- LAMBDA CYHALOTHRIN (EC) (225) -77
92	TRICYCLOZOLE 75% WP	25.11.2002	CIR-41,193/2002- Tricyclazole (WP) (225) -66
93	INDOXA CARB 14.5% SC	20.11.2002	CIR-41,134/2002- INDOXACARB (SC) (225)-31
94	ACETAMIPRID 20% SP	04.12.2002	CIR-41,754/2002- ACETAMIPRID (SP) (225)-81
95	PIROXOFOP- PROPANYL (CLODINAFOF- PROPARYL 15% WP)	22.11.2002	CIR-41,665/2002- PIROXOFOP PROPANYL (WP) (225) -39
96	IMIDACHLOPRID TECH	18.02.2003	CIR-43,092/2003- Imidacloprid(T) (230)]-379
97	MONOCROTOPHOS TECH	05.11.2002	CIR-40,840/2002- MONOCROTOPHOS (T) (225)-1567
98	ACEPHATE TECH	12.11.2002	CIR-41,025/2002-ACEPHATE (T) (225)-928

INSECTICIDES (INDIA) LIMITED

Sr. No.	PRODUCT NAME	DATE OF REGISTRATION	CIB RAGISTRATION NO.
99	SULPHUR 80% WP	30.12.2002	CIR-40,713/2002- SULPHUR (WP) (223)-971
100	CARBENDAZIM 12% + MANCOZEB 63% WP	11.06.2003	CIR-44,260/2003- Carbendazim + Mancozeb(WP)(235)-946
101	SULFOSULFURAN 75% WG	17.03.2003	CIR-43,728/2003-sulfosulfuron (WG)(230)-7
102	STREPTOMYCIN SULPHATE + TETRACYCLINE HYDROCHLORIDE 9.1SP	13.03.2003	CIR-43,594/2003- Streptomycin Sulphate + Tetracycline Hydrochloride(SP)(230)-52
103	METALAXYL 8%+MANCOZEB 64% WP	30.06.2003	CIR-44,754/2003- Mancozeb + Metalaxyl (WP)(235)-266
104	PROPOXURE 1%+CYFLUTHRIN. 025% AEROSOL	03.07.2003	CIR-45,031/2003- Propoxur + Cyfluthrin (Aerosol) (235)-303
105	KASUGAMYCIN 3% SL	23.07.2003	CIR-45,660/2003-Kasugamycin (SL) (237)-13
106	VALIDAMYCIN 3% L	23.07.2003	CIR-45,661/2003-Validamycin (L)(237)-38
107	MANCOZEB 35% SC	23.07.2003	CIR-45,662/2003 - Mancozeb (SC) (237)-876
108	ZINC PHOSPHIDE 2% RB	23.07.2003	CIR-45,670/2003- Zinc phosphide (RB) (237)-85
109	ALPHA CYPERMETHRIN 5% WP	30.09.2003	CIR-46,085/2003- Alphacypermethrin (WP)(238)-506
110	DIFLUBENZURON 25% WP	30.09.2003	CIR-46,087/2003- Diflubenzuron (WP)(238)-42
111	PHENTHOATE 50% EC	30.09.2003	CIR-46,086/2003- Phenthoate (EC) (238)-334
112	DODINE 65% WP	30.09.2003	CIR-46,084/2003-Dodine (WP) (238)-63
113	TRIFLUALIN 48% EC	10.10.2003	CIR-46,324/2003-Trifluralin (EC)(238)-86
114	SPINOSAD 45% SL	13.10.2003	CIR-46,335/2003-Spinosad(SC)(238)-107
115	2-4-D SODIUM SALT 80% WP	17.03.2003	CIR-43,720/2003-2,4-D Sodium Salt (WP) (230)-860
116	HEXAONAZOLE 5% SC	28.11.2003	CIR-46,802/2003-Hexaconazole(SC)(240)-242
117	ANILOPHOS 24% +2-4D ETHYL ESTER 32% EC	30.12.2002	CIR-40428/2002-ANILOFOS+2,4-D-ETHYL ESTER(EC)(223)-519
118	CHLORPYRIPHOS 50% EC	22.07.2003	CIR-45,622/2003- Chlorpyrifos (EC) (237)-2670
119	PROPOXUR 0.5%+ CYFLUTHRIN 0.025% SPRAY	03.07.2003	CIR-45,046/2003/ PROPOXUR + CYFLUTHRIN (SPRAY) (235)-305
120	PROPOXUR 1% SPRAY	03.07.2003	CIR-45,033/2003/PROPOXUR (SPRAY) (235)-304
121	PARAQUAT DICHLORIDE TECH	13.01.1999	CIR-30,196/98/ PARAQUAT DICHLORIDE (TECH) -108
122	PENDIMETHALIN TECH	10.07.1995	CIR-21.250/95/ PENDIMETHALIN (TECH)-49
123	MANCOZEB TECH	16.01.1995	CIR-19.996/94/ MANCOZEB 9TECH)-454
124	ATRAZINE TECH	31.10.2005	CIR-51,971/2005 (TI – 256 - 356)
125	DIUTON TECH	12.12.1995	CIR-21.698/95/DIURON TECHNICAL -93
126	METHYL PARATHION	04.10.1996	CIR-24.085/96/ METHYL PARATHION (TECH) -1312
127	IMIDACLOPRID 30.5% SL	03.03.2004	CIR-47,617/2004-Imidacloprid(SC)(242)-595
128	Phorate 10% CG	24.05.2002	CIR-38,194(219)/2002/Phorate (C.G)-811
129	METOLACHLOR 50% EC	13.10.2003	CIR-46,334/2003-Metolachlor(EC)(238)-15
130	CYMOXANIL 8% + MANCOZEB 64% WP	04.03.2004	CIR-47,650/2004-Cymoxanil+Mancozeb(WP)(242)-15
131	Sulphur-80 %WDG	06.10.2004	CIR-48,924/2004-Sulphur(WDG)(246)-1286
132	d-trans Allethrin0.1%Mosquito coil	10.01.2005	CIR-49,409/2005-d-trans Allethrin(Mosquito coil)(249)-1043
133	Cypermethrin-1.0 % chalk	10.01.2005	CIR-49,410/2005-Cypermethrin (chalk)(249)-2187
134	Prallethrin-1.6% liquid vapouriser	10.01.2005	CIR-49,428/2005-Prallethrin(liquid vaporiser)(249)-300
135	Thiodicarb75%WP	05.08.2005	CIR-51,047/2005-Thiodicarb(WP)(253)-26
136	Cyfluthrin-5%EW	05.08.2005	CIR-51,048/2005-Cyfluthrin(EW)(253)-61

Sr. No.	PRODUCT NAME	DATE OF REGISTRATION	CIB RAGISTRATION NO.
137	Metsulfuron Methyl-20%WP	28.07.2005	CIR-50.863/2005-Metsulfuron Methyl(WP)(246)-56
138	Thiamethoxam-25%WP	20.07.2005	CIR-50,643/2005-Thiamethoxam (WG)(246)-136
139	Lambda Cyhalothrin-2.5%EC	21.07.2005	CIR-50,663/2005-Lambda Cyhalothrin(EC)(246)-350
140	2,4-D amine salt-58%S.L.	10.10.2005	CIR-51,658/2005-2,4-D amine salt(SL)(256)-1030
141	Acephat-Technical	12.11.2002	CIR-41,025/2002-ACEPHATE(T)(225)-928
142	Triaccontanol-0.05%GRMin	24.02.2006	CIR-52,611/2006-Triaccontanol(GR)(260)-42
143	Triaccontanol-0.05%ECMin	09.01.2006	CIR-52,296/2006-Triaccontanol(EC)(257)-19
144	TriaccontanolEW0.1%Min	09.01.2006	CIR-52,297/2006-Triaccontanol(EW)(257)-20
145	Lambda-Cyhalothrin 10%	14.02.2005	CIR-49905/2005- Lambda-Cyhalothrin(WP)(249)-315
146	Monocrotophos-36% SL	28.06.2002	CIR-38, 468/(219)/2002/Monocrotophos(SL) – 1534
147	Alphacypermethrin 5% W.P.	30.09.2003	CIR-46,085/2003 – Alphacypermethrin(WP)(238)-506
148	Phorate – 10% C.G.	24.05.2002	CIR-38,194(219)/2002/Phorate(C.G.)
149	Cypermethrin10% EC	15.06.2002	CIR-38448/(219)/2002-Cypermethrin(EC)-1767
150	Atrazine 50% WP	27.06.2002	CIR – 38,498(219)/2002- Atrazine(WP) – 282
151	Acephate 75% S.P.	28.06.2002	CIR -38466/(219)/2002 – Acephate(SP) – 853
152	Dimethoate – 30% E.C.	15.06.2002	CIR – 38,516(219)/2002/Dimethoate(E.C.) – 975
153	Fenvalerate 20% E.C.	28.06.2002	CIR – 38,404/(219)/2002/Fenvalerate(EC)-1965
154	Endosulfan – 35% E.C.	28.06.2002	CIR – 387419(219)/2002/Endosulfan(E.C.) – 1986
155	Ethion 50% EC	22.05.2002	CIR – 38,154(219)/2002 – Ethion (EC) – 622
156	Carbendazim 12%+ Mancozeb 63%WP	11.06.2003	CIR – 44,260/2003 – Carbendazim + Mancozeb(WP)(235)
157	Pendimethalin 30% E.C.	13.03.2003	CIR – 43,574/2003 – Pendimethalin (E.C.)(230)-131
158	Myclobutanil 10% W.P.	15.02.2007	CIR-56,168/2007-Myclobutanil 10% W.P. (272)-35
159	Imazethapyr 10% SL	23.02.2007	CIR -56,167/2007 – Imazethapyr (SL)(272) – 26
160	Propineb 70% WP	21.03.2007	CIR-56,472/2007 – Propineb (WP) (273)-22
161	Pseudomonas Fluorescens 0.5% W.P.	16.03.2007	CIR-651/2007(272)-Pseudomonas fluorescens (WP)-52

6. Products of our Company Registered with Bureau of Indian Standards:

Our Company is authorized by the Bureau of Indian Standards to use the Standard Mark in respect of the following products:

Sr. NO.	PRODUCT NAME	LICENCE NO.	IS NO.	ISSUE DATE	EXPIRY DATE
1.	Endosulphan 35% EC	CM/ L 85086 82	4323:1980	24.09.2002	15.09.2007
2.	Chloropyriphos 20% EC	CM/ L – 85080 76	8944:1978	16.09.2002	15.09.2007
3.	Monocrotophos 36% SL	CM/ L - 85190 81	8074:1990	28.11.2002	15.11.2007

7. For details of the registrations of trademarks please refer to sub section titled Intellectual property on page 80 of this Red Herring Prospectus

INSECTICIDES (INDIA) LIMITED

8. Approvals for Proposed Projects

a) For formulation units (Phase I) at Samba, Jammu

We do not require any additional approval for the Phase I of the this expansion project.

b) For Plant for manufacturing Technicals (Phase I) at Chopanki, Rajasthan

Sr. No.	PARTICULARS	Chopanki Unit
1.	Approval Received Approval from Pollution control Board	Registration under Environment Act is obtained vide Permission letter No. 1-11011/253/2005-1A II (I) dt. 20.10.05 Registration with Rajasthan Pollution control Board has been obtained vide, Letter No. 1-12 (2-1323) RPCB Gr. 1/ 2914, dated 30.12.05
2.	Registration with CIB	Registration has been obtained for two products viz. Paraquate Dichloride 24% SL, dated 20.07.2006 - CIR – 54,335/ 2006 – Paraquate Dichloride (SL)(265) - 173. Propanil 35% EC dated 06.09.2006, CIR – 54,211/ 2006 – Propanil (EC) (262) – 54.
3.	Electricity Connection	Temporary Electricity Connection No. TS – 991 has been installed at Chopanki Unit
4.	Sanction of Water Connection	Chopanki Unit applied for the water connection with the office of Senior Regional Manager on 10.10.2005 and has obtained the permission by the Assistant Regional Manager for immediate release of 1" size of water connection, vide Letter No. 1049.
5.	Filing of IEM with Secretariat of Industrial Assistance	Registration has been obtained for the manufacture of Pesticides Technicals and Agro Chemicals with the District Industries Centre, vide Registration No. 173207728, dated February 09 th 2005. IEM is yet to be filed.
6.	Registration under Excise Act	Registration No. AAACI3076PXM003
Approval awaited for which application has been made		
7.	Registration under Sales Tax Act	Chopanki Unit has applied for registration under Rajasthan VAT Act, vide Letter No/ IIL/ Sale Tax Registration/ 06 – 07/ 01, dated 22.07.2006.
Pending application for approvals		
8.	Registration under Service Tax	Application shall be made for registration of Service Tax only after the completion of construction
9.	Registration for solvents	Registration will be applied after completion of construction
10.	Explosive registration to Import and Store Petroleum Installation from the Chief Controller of Explosives under the Petroleum Act	Registration will be applied after completion of construction.
11.	Manufacturing license from agriculture dept. under the Insecticides Act, 1968	Will be obtained on completion of construction.
12.	The Boilers Act.	Will be obtained on procurement.
13.	Factory Licence under Factories Act 1948.	To be applied.

We have not made any application for any approval for our proposed expansion in phase II at Jammu and Rajasthan. These applications will be made in due course of time.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The issue of Equity Shares by our Company has been proposed by the resolution of the Board of Directors passed at their meeting held on 17th November, 2006. The shareholders of our Company have authorised and approved this Issue under section 81(1A) of the Act by a Special Resolution at our Extra Ordinary General Meeting held on 22nd November, 2006.

Prohibition by SEBI

Our Company, our Directors, our Promoters, the Directors of our Promoter Companies or persons in control of our Promoter Companies, the group companies, companies promoted by our Promoters and companies or entities with which our Company's Directors are associated as directors / promoters / partners have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. The listing of any securities of our Company has never been refused at anytime by any of the stock exchanges in India. Our Company, our Promoters, their relatives, group companies and associate companies has, not been detained as willful defaulters by RBI/government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI DIP Guidelines as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements:

- a) Our Company has net tangible assets of at least Rs. 3 Crores in each of the preceding 3 full years of which not more than 50% is held in monetary Assets and is compliant with Clause 2.2.1(a) of the SEBI Guidelines as under:

(Rs. in Lacs)

Particulars	For the year ended		
	31-03-2004	31-03-2005	31-03-2006
Fixed Assets (Net)	477.35	675.63	762.96
Current Assets, Loans & Advances	2606.81	3850.36	5731.04
Trade Investments	0.22	0	0
Less: Current Liabilities & provisions	1664.04	2491.12	2763.48
Net Tangible Assets	1420.34	2034.87	3730.52
Monetary Assets	114.18	119.29	169.37

Net tangible assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves, if any), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and secured as well as unsecured long term liabilities).

Monetary assets include cash on hand and bank balances.

- b) Our Company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years and is compliant with Clause 2.2.1(b) of the SEBI Guidelines.

(Rs. in Lacs)

Particulars	For the year ended				
	31-03-2002	31-03-2003	31-03-2004	31-03-2005	31-03-2006
Net Profit after tax	-5.45	7.80	39.03	661.24	1025.98

INSECTICIDES (INDIA) LIMITED

- c) Our Company has a networth of atleast Rs.1 crore in each of the three preceding full years of 12 months each and is compliant with Clause 2.2.1(c) of the SEBI Guidelines.

(Rs. in Lacs)

Particulars	For the year ended				
	31-03-2002	31-03-2003	31-03-2004	31-03-2005	31-03-2006
Equity Share Capital(including share application money)	286.30	497.50	747.30	775.75	1100.50
Reserves & Surplus	0	2.21	41.23	702.47	1431.98
Less: Debit balance in Profit and loss A/c	5.59	0	0	0	0
Less: Misc. Exp	0.94	2.63	4.57	3.26	1.99
Net Worth	279.77	497.08	783.96	1474.96	2530.49

- d) Our Company has not changed its name within the last one year.
- e) Our Company shall ensure that the aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. public issue by way of offer document + firm allotment + promoters' contribution through the offer document) does not exceed five (5) times our pre- issue net worth as per the audited balance sheet of the last financial year.

Further, if the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company shall pay interest at the rate of 15% per annum for the delayed period.

Disclaimer Clauses

SEBI Disclaimer Clause

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, UTI SECURITIES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, UTI SECURITIES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 26, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

- I. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.
- II. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,

WE CONFIRM THAT:

- A. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - B. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - C. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE.**
- III. BESIDE US, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT SUCH REGISTRATIONS ARE VALID TILL DATE.**
- IV. WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
- V. WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT."

Disclaimer from the Issuer and the Book Running Lead Manager

Investors may note that Insecticides India and Limited and UTI Securities Limited accept no responsibility for statements made other than in this Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of the Issuer Company or Book Running Lead Manager and that any one, placing reliance on any other source of information would do so at their own risk.

The BRLM, UTI Securities Limited, do not accept any responsibility save to the limited extent as provided in terms of the Memorandum of Understanding entered into between our Company and the BRLM and the Underwriting Agreement to be entered into between our Company and the Underwriters.

All information will be made available by the Book Running Lead Manager, Underwriters, Syndicate members and our Company to the public and investors at large and no selective or additional information would be available for any section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc. We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding dated December 22, 2006 entered into between the BRLM and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs, FII's and Foreign Venture Capital Funds Registered with SEBI. This Red Herring Prospectus does

INSECTICIDES (INDIA) LIMITED

not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Delhi only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the Bombay Stock Exchange Limited

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated January 18, 2007 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of National Stock Exchange of India Limited

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref: NSE/LIST/39138-8 dated February 9, 2007 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized the Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; nor does it warrant that Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI at: SEBI Bhawan, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. A copy of the Red Herring Prospectus along with the documents required to be filed under section 60B of the Companies Act has been delivered for registration to the Registrar of Companies, NCT of Delhi & Haryana at: B-Block, Paryavaran Bhavan, CGO Complex, Lodhi Road, New Delhi – 110 003, at least 3 (three) days before the issue opening date. The final Prospectus would be filed with the Corporate Finance Department of SEBI and the ROC at the respective aforesaid addresses upon closure of the issue and on finalization of the issue price.

Listing

Application has been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are not listed on any Stock Exchanges in India.

Bombay Stock Exchange Limited shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non Institutional and Retail portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the stock exchanges, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after we become liable to repay it, i.e., from the date of refusal or within 70 days from the date of Bid/ Issue Closing Date, whichever is earlier, then we and all our directors jointly and severally shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE are taken within seven working days of finalization of Basis of Allotment for the Issue.

Consents

Necessary Consents for the issue have been obtained from the following

1. Directors of our Company
2. Promoters of the Company
3. No Objection from Punjab National Bank and Citi Bank for proposed issue and Bankers to our Company
4. Auditors to our Company
5. Book Running Lead Manager to the Issue
6. Legal Advisor to the Issue
7. Registrar to the Issue
8. Company Secretary
9. Compliance Officer
10. Bankers to the Issue
11. Underwriters to Issue

The said consents would be filed along with a copy of this Red Herring Prospectus with the **Registrar of Companies, NCT of Delhi & Haryana at: B-Block, Paryavararan Bhavan, CGO Complex, Lodhi Road, New Delhi – 110 003**, as required under Sections 60 and 60B of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus, for registration with the **Registrar of Companies, NCT of Delhi & Haryana at: B-Block, Paryavararan Bhavan, CGO Complex, Lodhi Road, New Delhi – 110 003**

Expert Opinion

We have not obtained any expert opinions nor any such opinions have been incorporated in this Red Herring Prospectus.

Public Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees. The estimated Issue expenses are as follows:

INSECTICIDES (INDIA) LIMITED

Rs. in Lacs				
Sr. No	Particulars	Amount	% of total Issue Expenses	% of total Issue size
a)	Book Running Lead Manager fees, Underwriting commission & selling Commission	[•]	[•]	[•]
b)	Registrars fees	[•]	[•]	[•]
c)	Legal Advisor's fees	[•]	[•]	[•]
d)	Advertisement and Marketing expenses	[•]	[•]	[•]
e)	Stock Exchange fees for providing bidding terminals	[•]	[•]	[•]
f)	SEBI fees on filing of Offer Document	[•]	[•]	[•]
g)	Other Miscellaneous expenses (Auditors fees, Listing Fees, etc)	[•]	[•]	[•]
	Total	[•]	[•]	[•]

Fees Payable to the BRLM

The total fees payable to the BRLM will be as per the Memorandum of Understanding signed between us and the BRLM, UTI Securities Limited, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue, Alankit Assignments Limited, will be as per the Memorandum of Understanding signed with our Company, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allocation advice by registered post/ Speed Post. Refund Orders up to Rs. 1,500/- would be send under certificate of posting.

Underwriting Commission, Brokerage and Selling Commission

An underwriting commission, as set out in the underwriting agreement, is payable to the underwriters on the offer price of the Equity Shares offered through this Red Herring Prospectus to the public for subscription and underwritten in the manner mentioned in this Red Herring Prospectus.

Brokerage for the issue, as set out in the underwriting agreement, would be paid by our Company on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the 'Broker' column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers'/Agents' codes on the application form, our Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

Previous Public or Rights Issues in the last 5 years

Our Company has not made any public or rights issue of Equity Shares/Debentures in the last 5 years.

Previous Issue of Shares otherwise than for Cash

Our Company has not issued any Equity Shares for consideration other than cash except as detailed in the section entitled 'Capital Structure' in this Red Herring Prospectus.

Commission or Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since its inception.

Details of capital issue made during last three years in regard to the issuer company and other listed companies under the same management within the meaning of section 370(1)(B) of the Companies Act, 1956.

There have been no capital issues during last 3 years by us. There are no other listed companies under the same management within the meaning of Sec 370(1)(B) of the Act at present or during the last three years.

Promise vis-à-vis Performance – Last 3 issues

Our Company has not made any Public Issue.

Listed ventures of Promoters

There are no listed ventures of our Promoters.

Promise vis-à-vis Performance – Last One Issue of Group Companies

There are no listed ventures of our Promoters.

Outstanding debentures or bonds and redeemable preference shares and other instruments issued and outstanding as on the date of this Red Herring Prospectus and terms of Issue

There are no outstanding debentures or bonds or redeemable preference shares and other instruments outstanding as on the date of filing of this Red Herring Prospectus.

Stock Market Data

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Mechanism for redressal of Investor's grievance

Our Company has constituted a Shareholders Grievance Committee to look into the redressal of shareholder/ investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. For further details on this committee, please refer under the head 'Corporate Governance' on page 107 of this Red Herring Prospectus. To expedite the process of share transfer, our Company has appointed Alankit Assignments Limited as the Registrar and Share Transfer Agents of our Company vide MoU dated 15th February 2007.

Disposal of Investors' Grievances and Redressal Mechanism

We have appointed Alankit Assignments Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with our Compliance officer. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and Branch. We will monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

A fortnightly status report of the complaints received and redressed by the Registrar to the Issue would be forwarded to us. We would also coordinate with the Registrar to the Issue in attending to the investors' grievances.

We assure that any complaints received, shall be disposed off as per the following schedule:

Sr. No	Nature of the Complaint	Time Taken
1.	Non-receipt of the refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2.	Change of Address	Within 7 days of receipt of information.
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

INSECTICIDES (INDIA) LIMITED

We have appointed Mr. Pankaj Gupta as the Compliance Officer who would directly liaison with SEBI with respect to implementation/compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the compliance officer in case of any pre issue/post issue related problems at the following address:

Mr. Pankaj Gupta

Insecticides (India) Limited

401-402, Lusa Tower,

Azadpur Commercial Complex,

Azadpur, Delhi – 110033.

Tel No: (011) 27679700

Fax No: (011) 27671617

Website: www.insecticidesindia.com;

Email: ipo@insecticidesindia.com

Changes in Auditors during the last three years and reasons thereof

There has been no change in the auditors of our Company during the last 3 years.

Capitalization of Reserves or Profits during last five years

There has been no capitalization of reserves or profits during the last five years, except as stated in section titled “Capital Structure” on page no. 34 of this Red Herring Prospectus.

Revaluation of Assets during the last five years

There has not been any revaluation of Assets during the last five years.

SECTION IX - ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (DIP) Guidelines, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, this Red Herring Prospectus, the Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend (including dividend), voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

Mode of Payment of Dividend

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. We shall pay dividends in cash.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this Red Herring Prospectus at a price of Rs. [-]/- per Equity Share. The issue price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the equity shares offered by way of book building. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, the terms of the listing agreements with the Stock Exchange(s) and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, etc., see the section entitled 'Main Provisions of Articles of Association' beginning on page 222 of this Red Herring Prospectus.

INSECTICIDES (INDIA) LIMITED

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors.

Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of 60 Equity Shares to the successful bidders.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the equity shares; or
- b) to make such transfer of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the equity shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Net Issue to the Public including devolvement of underwriters, if any, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, we and every director of our Company who is an officer in default, becomes liable to repay the amount with interest as per Section 73 of the Companies Act. If the number of allottees in the proposed Issue is less than 1,000 allottees, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after we become liable to pay the amount, we shall pay interest at the rate of 15% per annum for the delayed period.

Arrangements for Disposal of Odd Lots

Since, our Equity Shares will be traded in dematerialized form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

Restrictions, if any on Transfer and Transmission of Equity Shares

The restrictions, if any, on the Transfer and Transmission of our Equity Shares are contained “article 34 –article 46” as appearing on page 222 of this Red Herring Prospectus in the section titled ‘Main Provisions of Articles of Association’.

Compliance with SEBI Guidelines

Our Company shall comply with all requirements of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time. Our Company shall comply with all disclosure norms as specified by SEBI from time to time.

Withdrawal of the Issue

Our Company in consultation with the BRLM reserves the right not to proceed with the issue any time after the Bid/Issue opening date but before allotment without assigning any reason thereof.

INSECTICIDES (INDIA) LIMITED

ISSUE STRUCTURE

This Issue is being made through a 100% Book Building Process. The present Issue of 32,10,000 Equity Shares of Rs.10/- each at a price of Rs. [●] for cash aggregating Rs. [●] lacs comprising of Employee's Reservation on Competitive Basis of 32,100 Equity Shares aggregating Rs. [●] lacs and Net Issue to the Public of 31,77,900 Equity Shares aggregating Rs. [●] lacs. The Net Issue would constitute 25.06% of the fully diluted post issue paid up capital of our Company. The details of the issue structure are as follows:

	Employees	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Not more than 32,100 Equity Shares	Not more than 15,88,950 Equity Shares	Not less than 4,76,685 Equity Shares	Not less than 11,12,265 Equity Shares
Percentage of Issue Size available for allocation	Up to 1% of the Issue	Not more than 50% of the Net Issue to the public (of which 5% shall be reserved for Mutual Funds) or Net Issue to the public less allocation to Non-Institutional Bidders and Retail Individual Bidders.*Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The Unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Net issue to the public or Net Issue size less allocation to QIBs and retail individual bidders.*	Not less than 35% of the Net issue to the public or Net Issue size less allocation to QIBs and non institutional bidders.*
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate	Proportionate	Proportionate
Minimum Bid	60 Equity Shares and thereafter in multiples of 60 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of 60 Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of 60 Equity Shares.	60 Equity Shares and in multiples of 60 Equity Shares.
Maximum Bid	Not exceeding the size of the Issue	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder	Not exceeding the size of the issue, subject to regulations as applicable to the Bidder	Such number of Equity Shares per retail individual investor so as to ensure that the Bid amount does not exceed Rs. 1,00,000/- which has to be in multiples of 60 Equity Shares.

	Employees	QIBs	Non Institutional Bidders	Retail Individual Bidders
Mode of Allotment	Dematerialized mode	Dematerialized mode	Dematerialized mode	Dematerialized mode
Trading Lot/Market lot	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share
Who can apply**	Permanent employees of our Company, including working directors	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 lacs and pension funds with minimum corpus of Rs. 2500 lacs in accordance with applicable law.	Companies, Corporate Bodies, Scientific Institutions, Societies, Trusts, Resident Indian individuals, HUF (in the name of Karta), and NRIs (applying for an amount exceeding Rs. 1,00,000/-)	Individuals (including NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000 in value.
Terms of payment	Margin Amount applicable to Employees at the time of submission of Bid cum Application form to the members of the syndicate	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application form to the members of the syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application form to the members of the syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application form to the members of the syndicate
Margin Amount	Full amount on bidding	10% of the Bid amount in respect of bids placed by QIB bidder on bidding	Full amount on bidding	Full amount on bidding

* Subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spill over inter-se from any other categories, at the discretion of our Company in consultation with the BRLM subject to applicable provisions of SEBI Guidelines.

** In case the Bid Cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid Cum Application Form.

Note:

Equity Shares being offered through this Red Herring Prospectus can be applied for in dematerialized form only.

INSECTICIDES (INDIA) LIMITED

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Net Issue to the Public shall be available for allocation to Qualified Institutional Buyers on a proportionate basis (of which 5% shall be allocated for Mutual Funds). Further, not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. It may be noted that the bids received in the Employees Reservation Portion shall not be considered for the purpose of determining the Issue Price through Book Building Process.

Bidders are required to submit their Bids through the Syndicate. We, in consultation with the BRLM, reserve the right to reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefor shall be disclosed to the bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds. The primary responsibility of building the book shall be that of the lead book runner.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Illustration of Book Building and Price Discovery Process (Investors should note that this illustration is solely for the purpose of illustration and is not specific to the Issue)

The Bidders can bid at any price within the Price Band. For instance assume a Price Band of Rs. 60/- to Rs. 72/- per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the Bidding/Issue Period. The illustrative book as set forth below shows the demand for the Equity Shares of the Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.66 in the above example. Our Company, in consultation with the BRLM, will finalize the Issue Price at or below such cut off price, i.e., at or below Rs.66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective category.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in this Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Indian Public including QIBs, Non-Institutional Bidders or NRIs applying on a non-repatriation basis	White
Non-residents, NRIs or FIIs applying on a repatriation basis	Blue
Permanent Employees of our Company	Pink

It may be noted that the bids received in the Employees Reservation Portion shall not be considered for the purpose of determining the Issue Price through Book Building Process.

Who Can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
4. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;
5. Indian mutual funds registered with SEBI;
6. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);
7. Venture capital funds registered with SEBI;
8. Foreign venture capital investors registered with SEBI;
9. State Industrial Development Corporations;
10. Insurance companies registered with the Insurance Regulatory and Development Authority;
11. Provident funds with minimum corpus of Rs. 25 crores and who are authorized under their constitution to invest in Equity Shares;
12. Pension funds with minimum corpus of Rs. 25 crores and who are authorized under their constitution to invest in Equity Shares;
13. Multilateral and bilateral development financial institutions;
14. Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
15. Eligible Non-residents including NRIs and FIIs on a repatriation/non- repatriation basis subject to applicable local laws; and
16. Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares.

As per existing regulations, Overseas Corporate Bodies (OCBs) cannot bid/participate in this issue.

Note: The BRLM and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines and approvals.

INSECTICIDES (INDIA) LIMITED

Application by Mutual Funds

In accordance with the current regulations, no mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Application by FIIs

In accordance with the current regulations, the Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of our Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of our Company in case such sub-account is a foreign corporate or an individual.

Application by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 33.33% of the corpus of the venture capital fund/foreign venture capital investor. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of our Company's paid-up equity capital.

Application by NRI

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office or from members of the Syndicate or the Registrars to the Issue.
- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour)

The above information is given for the benefit of the Bidders. The Bidders are advised to make to their own enquiries about the limits applicable to them. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid size

- a) **For Employees:** The Bid must be for minimum 60 Equity Shares and in multiples of 60 Equity Shares thereafter.
- b) **For Retail Individual Bidders:** The Bid must be for minimum 60 Equity Shares and in multiples of 60 Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000/-. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000/-. In case the Bid Amount is over Rs. 1,00,000/- due to revision in bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- c) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000/- and in multiples of 60 Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.**

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000/- for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000/- or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Information for the Bidders

1. We will file this Red Herring Prospectus with the Registrar of Companies, at least 3 (three) days before the Bid/Issue Opening Date.
2. The members of the Syndicate will circulate copies of this Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
3. Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of this Red Herring Prospectus along with the Bid-cum- Application Form can obtain the same from our registered office or from the BRLM, or from a member of the Syndicate.
4. Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLM or Syndicate Member or their authorized agent(s) to register their Bid.
5. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Method and Process of bidding

- a) We, with the BRLM, shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and the Price Band at the time of filing of this Red Herring Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi, which is also the regional newspaper) (Hindi in this case). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI DIP Guidelines, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated 25th January 2005. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
- b) Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
- c) The Bidding Period shall be a minimum of 3 working (three) days and not exceed 7 working (seven) days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and one regional newspaper and the Bidding Period may be extended, if required, by an additional 3 working (three) days, subject to the total Bidding Period not exceeding 10 working (ten) days.
- d) During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
- e) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled 'Bids at Different Price Levels' on page 200') within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
- f) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph 'Build up of the Book and Revision of Bids' on page 203.

INSECTICIDES (INDIA) LIMITED

- g) The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRS's for each Bid cum application Form. It is the responsibility of the bidder to obtain the TRS from the Syndicate Member.
- h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph 'Terms of Payment and Payment into the Escrow Collection Account' on page 201.

Bids at Different Price Levels

- a) The Price Band has been fixed at Rs. 97 to Rs. 117 per Equity Share of Rs. 10 each, Rs. 97 being the Floor Price and Rs. 115 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re 1. The minimum application size should be in the range of Rs. 5,000/- to Rs. 7,000/-.
- b) In accordance with SEBI Guidelines, our Company in consultation with the BRLM in accordance with this clause, without the prior approval of, or intimation, to the Bidders, can revise the Price Band. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band. In case of a revision in the Price Band, the Issue will be kept open for a further period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days.
- c) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall be suitably revised, if necessary such that the minimum application is in the range of Rs. 5,000/- to Rs. 7,000/-.
- d) Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the Stock Exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Hindi in this case), and also indicating the change on the relevant websites of the BRLM and the terminals of the members of the Syndicate.
- e) We, in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
- f) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders and Bidders under Employee Reservation portion applying for a maximum bid in any of the bidding options not exceeding Rs. 1,00,000/- may bid at 'Cut-off'. However, bidding at 'Cut-off' is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**
- g) Retail Individual Bidders and Bidders under Employee Reservation portion, who bid at the 'Cut-Off' agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Bidders under Employee Reservation portion bidding at 'cut-off' shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and Bidders under Employee Reservation portion (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders and Bidders under Employee Reservation portion shall receive the refund of the excess amounts from the Refund Account.
- h) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Bidders under Employee Reservation portion, who had bid at 'cut-off' Price could either
 - i) revise their Bid
 - ii) make additional payment based on the cap of the revised Price Band, with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000/-, the Bid will be considered for allocation under the Non Institutional category in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off

- i) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Bidders under Employee Reservation portion who have bid at Cut Off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account

Option to Subscribe

Equity Shares being offered through this Red Herring Prospectus can be applied for in dematerialized form only.

Escrow Mechanism

Our Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of this Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of our Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer an amount equivalent to Issue proceeds (Final Issue price multiplied by the number of Equity Shares allotted through this issue) from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with our Company and the balance amount shall be transferred to the Refund Account, from where payment of refund to the Bidders shall be made.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between our Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

In case of Non-institutional Bidders and Retail Individual Bidders, each Bidder shall, with the submission of the Bid-cum-Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (For further details, see 'Issue Procedure - Payment Instructions' on page 209 and submit the same to the members of the Syndicate to whom the Bid is being submitted. In case of QIB Bidders, the Margin Amount has to be submitted along with the Bid to the members of the Syndicate. Bid-cum-Application Forms accompanied by cash and stock invests shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account and Refund Account. Not later than 15 days from the Bid/Issue Closing Date, our Company will instruct the Refund Banker to refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders, failing which our Company shall pay interest @15% per annum for any delay beyond the period mentioned above.

Each category of Bidders i.e. QIBs, Non-Institutional Bidders, Employees, and Retail Individual Bidders would be required to pay their Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading 'Issue Structure' on page 194 and shall be uniform across all the bidders in the same category. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the Registrar to the Issue. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-Cum-Application Form.

INSECTICIDES (INDIA) LIMITED

Electronic Registration of Bids

- a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one BSE / NSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/ Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the BSE and NSE.
- c) BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be assessed on BSE's website at www.bseindia.com or on NSE's website at www.nseindia.com. The online, real-time graphical display of demand and bid prices at the bidding terminals, shall be made. The BRLMs shall ensure the availability of adequate infrastructure for data entry of the bids on a real time basis. At the end of each day of the bidding period the demand shall be shown graphically on the terminals for information of the syndicate members as well as the investors.
- d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.)
 - Investor Category – Individual, Corporate, NRI, FII, Mutual Fund, etc
 - Numbers of Equity Shares bid for
 - Bid price
 - Bid Amount
 - Bid-cum-Application Form number
 - Whether payment is made upon submission of Bid-cum-Application Form
 - Margin Amount and
 - Depository Participant Identification Number and Client Identification Number of the demat account of the Bidder.
- e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g) Consequently, all or any of the members of the Syndicate may reject QIB Bids provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of such rejection. In case of Non-Institutional Bidders, Retail Individual Bidders and Bidders under Employees Reservation Portion, Bids would not be rejected except on the technical grounds listed on Page 212.
- h) It is to be distinctly understood that the permission given by BSE and NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or BRLM are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, its promoters, its management or any scheme or project of our Company.

- i) It is also to be distinctly understood that the approval given by BSE and NSE for the use of their online IPO system should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build Up of the Book and Revision of Bids

- a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.
- b) The book gets build up at various price levels. This information will be available with the BRLM on a regular basis.
- c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- d) Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIBs, the members of the Syndicate shall collect the payments in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- h) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In case of discrepancy of data between NSE or BSE and members of the Syndicate, the decision of the BRLM based on the physical records of Bid cum Application forms shall be final and binding to all concerned.

Price Discovery and Allocation

- a) After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with us.
- b) Our Company, in consultation with the BRLM shall finalise the "Issue Price", the number of Equity Shares to be allotted in each category of Bidders.
- c) If the aggregate demand in the Employees Reservation Portion is greater than 32,100 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. The allocation for QIBs for up to 50% of the Net Issue to public, of which 5% shall be reserved for Mutual Funds, would be on a proportionate basis, subject to valid bids being received at or above the Issue Price in the manner as described in the section titled 'Basis of Allotment'. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Net Issue to public, respectively, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

INSECTICIDES (INDIA) LIMITED

- d) Under subscription, if any, in QIBs, Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of our Company and the BRLM. However, if the aggregate demand by Mutual Funds is less than 79,448 Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
- e) Under-subscription, if any, in the Employees Reservation Portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of our Company, and BRLM.
- f) Allocation to NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for Issue/Allocation of Equity Shares to them.
- g) The BRLM, in consultation with us, shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- h) **Our Company in consultation with the BRLM, reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allocation, without assigning reasons whatsoever.**
- i) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after Bid/Issue closing date.
- j) The allotment details shall be uploaded on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

1. Our Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.
2. After signing the Underwriting Agreement, we will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the RoC

A copy of this Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the **Registrar of Companies, NCT of Delhi & Haryana at: B-Block, Paryavararan Bhavan, CGO Complex, Lodhi Road, New Delhi – 110 003**. A copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with Registrar of Companies, NCT of Delhi & Haryana at: B-Block, Paryavararan Bhavan, CGO Complex, Lodhi Road, New Delhi – 110 003.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on the Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI DIP Guidelines in an English national daily with wide circulation, one Hindi National newspaper which is also regional language newspaper.

Advertisement regarding Issue Price and Prospectus

We will issue a statutory advertisement at the time of/after filing of Prospectus with RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Intimation Note and Confirmation of Allocation Note to bidders, other than QIBs

The Registrar to the Issue shall send Confirmation of Allocation Note/Allotment Advice-cum-Refund Orders to all the Bidders intimating the number of shares allotted and the amount refunded.

Issuance of Intimation Note and Confirmation of Allocation Note to QIB bidders

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/ NSE system. Based on the electronic book, if so required, QIBs may be sent an Intimation Note, indicating the number of Equity Shares that may be allocated to them and the additional margin required which shall be payable by the QIBs within the pay-in date specified therein. This Intimation Note is subject to the Basis of Allotment, which will be

approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciled book and basis of allotment as approved by the Designated Stock Exchange. In addition, there are foreign investment limitations applicable to our Company, which may result in a change (including a potential decrease) in the number of Equity Shares being finally allotted to non-resident investors (including FIIs). As a result, a CAN may be sent to QIBs and the allocation of Equity Shares in such CAN, may be different from that specified in the earlier Intimation Note. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract for the QIB for all the Equity Shares allocated to such QIB

Designated Date and Transfer of Funds to Public Issue Account

- a) Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would allot the Equity Shares to the allottees and would ensure the credit to the successful Bidders depository account within two working days from the date of finalization of the basis of allotment with the Designated Stock Exchange. In case, our Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
- b) In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialized form to the allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

General Instructions

Do's:

- a) Check if you are eligible to apply;
- b) Complete the bid-cum-application form after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.
- e) Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of the Syndicate Member;
- f) Ensure that you have been given a TRS for all your Bid options;
- g) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- h) Ensure that the Bid is within the Price Band;
- i) Investors must ensure that the name given in the bid cum application form is exactly the same as the name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.
- j) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000/- or more. The copy of the PAN card or the PAN allotment letter should be submitted with the application form; and
- k) If you have mentioned "Applied For" or "Not Applicable" in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof.

INSECTICIDES (INDIA) LIMITED

Don'ts:

- a) Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- b) Do not Bid for lower than minimum Bid size;
- c) Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- e) Do not pay bid amount in cash, through stock invest, by money order or by postal order.
- f) Do not provide your GIR number instead of PAN number;
- g) Do not Bid at cut off price (for QIB Bidders and Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 1,00,000/-);
- h) Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable law.
- i) Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
- j) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB.

Instructions for completing the Bid-Cum-Application Form

Bidders can obtain Bid-cum-Application Forms and /or Revision Forms from our corporate office, or from the Syndicate Members or from the BRLM.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis and Pink colour marked "Employees" for Employees of our Company).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of 60 Equity Shares and in multiples of 60 thereafter subject to a maximum of Rs. 1,00,000/-.
- (d) For non-institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000/- and in multiples of 60 Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.
- (e) In single name or in joint names (not more than three and in the same order as their Depository Participant details).
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Eligible Employees of our Company

For the purpose of the Employees Reservation Portion, Eligible Employee means permanent employees/executive (working) directors of our Company, who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid-cum-Application Form.

Bids under Employees Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. pink colour Bid-cum-Application form marked “Employees”).
- Eligible Employees, as defined above, should mention his/her employee number at the relevant place in the Bid-cum-Application Form.
- The sole/ first bidder should be Eligible Employees as defined above.
- Only eligible employees would be eligible to apply in this Issue under this Reservation Portion.
- Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees who apply or bid for Equity Shares of or for a value of not more than Rs. 1,00,000/- in any of the bidding options can apply at Cut-Off. Cut-off facility is not available to other Eligible Employees whose minimum Bid amount exceeds Rs. 1,00,000/-.
- Bid/ Application by Eligible Employees can be made also in the “Net Issue to the Public” and such bids shall not be treated as multiple bids.
- Bid/ Application by Eligible Employees can be made also in the “Net Issue to the Public” and such bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to 32,100 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Under-subscription, if any, in this category, will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of our Company, and BRLM. In case of under subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employees Reservation Portion.
- If the aggregate demand in this category is greater than 32,100 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to Para ‘Basis of Allotment’ on page 215.

Bidder’s Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participants Name, Depository Participants Identification Number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, the Bidder’s bank account details. **These bank account details would be printed on the Refund Orders/Refund Advices, if any, to be sent to the Bidders and for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidder’s sole risk and neither the BRLM nor our Company shall have any responsibility and undertake any liability for the same.

Bidder’s Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT’S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant’s name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, occupation, bank

INSECTICIDES (INDIA) LIMITED

account details for printing on refund orders / refund advices or and for giving refund through any of the mode namely ECS or Direct Credit or RTGS or NEFT (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ refund advice / ECS credit for refunds/ Direct Credit of refund/CANs/Allocation Advice and printing of Bank particulars on the refund order / refund advice, and the Registrar would not use the Demographic Details given by Bidders in the Bid-cum-Application Form for these purposes.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Advice / Refund Orders/ Allocation Advice/ CANs would be mailed at address of the first Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ refund advice/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected. Investors should note that the refund cheques/allocation advice/refund advice would be overprinted with details of bank account as per the details received from the depository.

Bids under Power of Attorney or by Limited Companies, Corporate Bodies or Registered Societies

In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum & Article of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any bid in whole or in part.

In case of Bids made pursuant to a Power of Attorney by FIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

In case of Bids made by mutual fund registered with SEBI, Venture Capital Fund registered with SEBI and Foreign Venture Capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

Bids by Insurance Companies

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

Bids by Provident Funds

In case of Bids made by provident fund with the minimum corpus of Rs. 2,500 lacs and pension fund with the minimum corpus of Rs. 2,500 lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as our Company/BRLM may deem fit.

Bids by NRIs, FIs, Foreign Venture Capital Funds registered with SEBI on a repatriation basis

NRI, FIs and Foreign Venture Capital funds Bidders to comply with the following:

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from our registered office or from members of the Syndicate or the Registrars to the Issue.
- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour).

Bids and Revision to Bids must be made:

- On the Bid cum Application Form or Revision Form, as applicable and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three)
- **By NRIs:** For a minimum of 60 Equity Shares and in multiples of 60 thereafter subject to a maximum Bid amount of Rs. 1,00,000/- for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs. 1,00,000/- would be considered under Non Institutional Category for the purposes of allocation. For further details see 'Maximum and Minimum Bid Size' on page 198.
- **By FIs:** For a minimum of 60 Equity Shares and in multiples of 60 Equity Shares thereafter so that the Bid Amount exceeds Rs. 1,00,000/-. For further details see section titled 'Maximum and Minimum Bid Size' on page 198.
- In the names of individuals, or in the names of FIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIs and Foreign Venture Capital Funds and all Non Residents, NRI, FI and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

We along with BRLM and Syndicate Member(s) shall open an Escrow Account of our Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account to the Issue

1. The applicable Margin Amount for Non Institutional Bidders, Retail Individual Bidders and Bidders under Employees Reservation Portion is equal to 100% whereas for QIBs it is 10% and while submitting the Bid cum Application Form, shall be drawn as a payment instrument for the Bid Amount in favour of the Escrow Account and submitted to the members of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of our Company within the period specified in the Intimation Note/CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.

INSECTICIDES (INDIA) LIMITED

3. The payment instruments for payment into the Escrow Account of our Company should be drawn in favour of:

i. In case of Resident Bidders	:	Escrow Account – IIL- Public Issue
ii. In case of Non Resident Bidders	:	Escrow Account – IIL -Public Issue – NR
iii. In case of Employees of our Company	:	Escrow Account – IIL- Public Issue – Employees
iv. In case of Resident QIB Bidders	:	Escrow Account – IIL- Public Issue – QIB – R
v. In case of Non Resident QIB Bidders	:	Escrow Account – IIL – QIB – NR

4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
5. Payment will not be accepted out of a Non Resident Ordinary (NRO) Account of a Non Resident bidder bidding on a repatriation basis.
6. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
7. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account of our Company.
8. The monies deposited in the Escrow Account of our Company will be held for the benefit of the Bidders till the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of our Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue and Refund Account with the Refund Bankers.
10. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Refund Banker shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash / Stockinvest / Money Orders / Postal Orders will not be accepted.

Payment by Stockinvest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated 05th November , 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest will not be accepted.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Each member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid-cum-Application Form and Revision Form. However, for QIB Bidders, the members of the Syndicate member shall collect the Margin Amount.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
- ii. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
- iii. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
- iv. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
- v. The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
- vi. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. The applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

Bidders in the Employees Reservation Portion can also bid in the "Net Issue to the Public" and such Bids shall not be treated as multiple Bids.

We reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be

INSECTICIDES (INDIA) LIMITED

considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground. In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration.

It may be noted that Form 60 and Form 61 have been amended vide a notification issued on 01st December 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.

Unique Identification Number – MAPIN

With effect from 01st July 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (MAPIN) and the requirement to quote MAPIN under MAPIN Regulations/Circulars vide its circular MAPIN/ Circular-13/2005.

However, in a recent press release dated 30th December 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 1,00,000/- to Rs. 5,00,000/- or more. The limit will be reduced progressively. For trade order value of less than Rs. 5,00,000/- an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus as SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN regulations.

Right to Reject Bids

Our Company, in consultation with the BRLM, reserves the right to reject any Bid procured from QIBs, by any or all members of the Syndicate for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefor shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders our Company, we would have a right to reject the Bids only on technical grounds. Consequent refunds shall be made by Cheque/Pay Order/Demand Draft/ECS/Direct Credit/RTGS/NEFT, as the case may be, and will be sent to the bidder's address at the bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:-

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. In case of partnership firms Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
4. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons
5. PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
6. GIR Number given instead of PAN Number;
7. Bids for lower number of Equity Shares than specified for that category of investors;

8. Bids at a price less than the lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at cut-off price by Non-Institutional and QIB Bidders;
11. Bids for number of Equity Shares, which are not in multiples of 60;
12. Category not ticked;
13. Multiple bids as defined in this Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by Stockinvest/money order/ postal order/ cash;
16. Bids not duly signed by the sole /joint Bidders;
17. Bid-cum-Application Form does not have the stamp of the BRLM/Syndicate Member;
18. Bid-cum-Application Form does not have Bidder's depository account details;
19. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid-cum-Application Form; or
20. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
21. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
22. Bids by OCBs;
23. Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act;
24. Bids by NRIs not disclosing their residential status;
25. Any other reason which the BRLM or our Company deem necessary.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among our Company, the Depositories and the Registrar:

1. An Agreement dated 27th February, 2007 among NSDL, our Company and Alankit Assignments Limited;
2. An Agreement dated 6th March, 2007 among CDSL, our Company and Alankit Assignments Limited

All bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected. All Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

INSECTICIDES (INDIA) LIMITED

4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. Non-transferable allocation advice or refund orders will be directly sent to the Bidder by the Registrar to the Issue.
6. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
7. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his/her Depository Participant.
8. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. BSE and NSE, where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
9. The trading of our Equity Shares would only be in dematerialized form for all investors in the demat segment of BSE and NSE.
10. Investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them, pursuant to the issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, Bidders Depository account details, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Our Company has appointed Mr. Pankaj Gupta, as the Compliance Officer for the purpose of this IPO. The Compliance Officer can be contacted at Insecticides (India) Limited, 401-402, Lusa Tower, Azadpur Commercial Complex, Azadpur, Delhi – 110033. Tel No: (011) 27679700, Fax No: (011) 27671617, Email: ipo@insecticidesindia.com

The Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc.

Disposal of Applications and Application Money

Our Company shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 15 working days of the Bid/Issue Closing Date. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS (subject to availability of all information for crediting the refund through ECS) except where applicants are otherwise disclosed as eligible to get refunds through Direct Credit, NEFT or RTGS.

In case of other applicants, the Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or ECS.

Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of the Issue.

Our Company shall ensure dispatch of refund orders, if any, by "Under Certificate of Posting" or registered post or speed post or Direct Credit, NEFT, RTGS or ECS, as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer. Our Company shall ensure dispatch of allotment advice, refund orders and shall give credit of Equity Shares allotted, if any to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of Allotment.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 7 (seven) working days finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake that:

- allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid /Issue Closing Date;
- Refunds shall be made within 15 days from the Bid/Issue closing date at the sole or First Bidder's sole risk, except for

Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or ECS; and

- Our Company shall pay interest at 15% (fifteen) per annum if allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue Closing Date.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except where the refund or portion thereof is made in electronic manner as described above. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68(A) of the Companies Act, 1956, which is reproduced below:

“Any person who:

- a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or**
- b) otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name; shall be punishable with imprisonment for a term which may extend to five years.”**

Interest on Refund of Excess Bid Amount

We shall pay interest at the rate of 15% per annum on the excess Bid Amount received by us if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated 31st July 1983, as amended by their letter No. F/14/SE/85 dated 27th September 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated 27th October 1997, with respect to the SEBI Guidelines.

BASIS OF ALLOTMENT

I) For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 11,12,265 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 11,12,265 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 60 Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allocation, refer below.

II) For Non Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.

INSECTICIDES (INDIA) LIMITED

- The Net Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 4,76,685 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 11,12,265 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 60 Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. For the method of proportionate basis of allotment refer below.

III) For QIB Bidders

- Bids received from the QIB bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the issue price.
- The QIB portion shall be available for allocation to QIB bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
 - i. In the event that Mutual Fund Bids exceed 5% of the QIB portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB portion.
 - ii. In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
 - iii. Equity shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
 - (b) In the second instance allocation to all QIB's shall be determined as follows:
 - i. In the event that the oversubscription in the QIB portion, all QIB bidders who have submitted bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB portion.
 - ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Share on a proportionate basis along with other QIB Bidders.
 - iii. Under-subscription below 5% of the QIB portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB bidders on a proportionate basis.
 - (c) The aggregate allocation to QIB Bidders shall be up to 15,88,950 Equity Shares.

IV) For Bidders in Employees Reservation Portion

- Bids received from the Bidders in Employees Reservation Portion at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Bidders in Employees Reservation Portion will be made at the Issue Price.
- The Equity Shares under the Employee Reservation portion shall be available for allotment to Bidders who have bid in this category at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 32,100 Equity Shares at or above the Issue Price, full allotment shall be made to the Bidders in Employee Reservation category to the extent of their demand.
- If the aggregate demand in this category is greater than 32,100 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size of 60 Equity Shares. For the method of proportionate basis of allotment, kindly refer to the paragraph on the following pages on method of proportionate basis of allotment.

Procedure and Time Schedule for Allotment and Issue of Certificates

The Issue will be conducted through a “100% book building process” pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on May 7, 2007 and expire on May 11, 2007. Following the expiration of the Bidding Period, our Company, in consultation with the BRLM, will determine the issue price, and, in consultation with the BRLM, the basis of allocation and entitlement to allotment based on the bids received and subject to the confirmation by the Stock Exchanges. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with Registrar of Companies, NCT of Delhi & Haryana at: B-Block, Paryavararan Bhavan, CGO Complex, Lodhi Road, New Delhi – 110 003 and with SEBI, Mumbai. SEBI Guidelines require our Company to complete the allotment to successful bidders within 15 days from the Bid/Issue Closing Date. The Equity Shares will then be credited and allotted to the investors’ demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and traded on BSE and NSE.

Method of Proportionate Allotment

In the event of the Issue being over-subscribed, we shall finalize the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders, Eligible Employees and QIBs in consultation with the Designated Stock Exchange. The Executive Director/Managing Director of the Bombay Stock Exchange Limited (Designated Stock Exchange) along with the post Issue Lead Merchant Banker and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportional basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for,
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio, in that category subject to a minimum allotment of 60 Equity Shares. The allotment lot shall be the same as the minimum application lot irrespective of any revisions to the price band.
- (d) In all Bids where the proportionate allotment is less than 60 Equity Shares per Bidder, the Allotment shall be made as follows:
 - Each successful Bidder shall be allotted a minimum of 60 Equity Shares; and
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- (e) If the proportionate Allotment to a Bidder is a number that is more than 60 but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If the decimal is less than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Letters of Allotment or Refund Orders

Our Company shall give credit of Equity Shares allotted, if any, to the beneficiary account with Depository Participants within two working days from the date of the finalisation of basis of allocation. Our Company shall ensure despatch of

INSECTICIDES (INDIA) LIMITED

refund orders, if any, of value up to Rs.1,500 by “Under Certificate of Posting”, and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post or Direct Credit, NEFT, RTGS or ECS at the sole or First Bidder's sole risk within 15 days of the Bid/ Issue Closing Date.

Dispatch of Refund Orders

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details including nine digit MICR code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the sole or Bidder's sole risk and neither the BRLMs nor the

Company shall have any responsibility and undertake any liability for the same. The payment of refund, if any, would be done through various modes in the following order of preference:

I. Direct Credit

Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by Our Company.

II. NEFT

Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR) , if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

III. RTGS

Applicants having a bank account at any of the abovementioned 15 centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-Application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by such applicant opting for RTGS as a mode of refund. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

IV. ECS

Payment of refund shall be undertaken through ECS for applicants having an account at any of the following 15 centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the abovementioned 15 centres.

Note: We expect that all payments including where refund amounts exceed Rs. 1,000,000 (Rupees One Million) shall be made through NEFT, however in some exceptional circumstances where refund amounts exceed Rs. 1,000,000 (Rupees One Million), refunds may be made through RTGS.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders shall be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Please note that applicants having a bank account at any of the 15 centres where the clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in I, II, III and IV above. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, prior to the Bid/Issue Opening Date, the refund orders would be dispatched under “Under Certificate of Posting” for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.

Interest in case of delay in Dispatch of Allotment Letters/Refund Orders or delay in Refund instructions

Our Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of public issue. Our Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue closing date.

Bid/Issue Program

Bid/Issue opens on: Monday May 07, 2007	Bid/Issue closes on: Friday May 11, 2007
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Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) or such time as may extended by us in consultation with BRLM and uploaded till such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

Investors please note that as per letter no. List/smd/sm/2006 dated 03rd July 2006 and letter no. NSE/IPO/25101-6 dated 06th July 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Exchanges.

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price and can move up or down to the extent of 20% of the floor of the price band.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers one in English and other in Hindi, being the regional newspaper and also by indicating the change on the web sites and at the terminals of the members of the Syndicate.

Undertaking by our Company

We undertake as follows:

1. That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
2. That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares are to be listed are taken within 7 working days of finalization of the basis of allotment;
3. That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by our Company.
 - a. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.)
4. that the promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public.

INSECTICIDES (INDIA) LIMITED

5. that the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time.
6. that no further issue of securities shall be made till the securities offered through this Red Herring Prospectus are listed or till the application moneys are refunded on account of non-listing, undersubscription, etc.

Utilization of Issue Proceeds

The Board of Directors of our Company certifies that:

- a. All monies received out of this issue of shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Act;
- b. Details of all monies utilized out of the issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the purpose for which such monies had been utilized;
- c. Details of all unutilized monies out of the issue of shares, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the form in which such unutilized monies have been invested;
- d. The utilization of monies received from reservations shall be disclosed under an appropriate head in the Balance Sheet of our Company indicating the purpose for which such monies have been utilized; and
- e. The details of all unutilized monies, out of the funds received from reservations, shall be disclosed under a separate head in the Balance Sheet of our Company indicating the manner in which such unutilized monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.

Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of Government of India (FIPB) and the RBI. **As per current foreign investment policies, FDI in the Chemical Industry is allowed up to 100% under the automatic route.**

RBI, vide its circular A.P.(DIR Series) Circular No. 53 dated 17th December 2003, permitted FIIs to subscribe to shares of an Indian Company in the public issue without prior approval of RBI, so long as the price of equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Investment by Non-Resident Indians

A variety of special facilities for making investments in India in shares of Indian Companies is available to individuals of Indian nationality or origin residing outside India ("NRIs"). These facilities permit NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. Under the portfolio investment scheme, NRIs are permitted to purchase and sell equity shares of our Company through a registered broker on the stock exchanges. NRIs collectively should not own more than 10% of the post-issue paid up capital of our Company. No single NRI may own more than 5% of the post-issue paid up capital of our Company. NRI investment in foreign exchange is now fully repatriable whereas investments made in Indian Rupees through rupee accounts remains non repatriable.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of our Company. However, the limit of 24% can be raised up to the permitted sectoral cap for that Company after approval of the board of directors and shareholders of our Company. The issue of equity shares to a single FII should not exceed 10% of the post-issue paid-up capital of our Company. In respect of an FII investing in equity shares of a Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that Company.

Registration of Equity Shares under US Laws

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders and neither our Company nor the BRLM are liable for any changes in the regulations after the date of this Red Herring Prospectus.

INSECTICIDES (INDIA) LIMITED

SECTION X - DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

MAIN PROVISION OF ARTICLES OF ASSOCIATION OF OUR COMPANY

The main provisions of the of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting as detailed below

3.	SHARES	The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may, from time to time, be provided in clause V of Memorandum of Association with power to increase or reduce the capital in accordance with company's regulations and the provisions of the Companies Act, 1956 for the time being inforce in that behalf with power to sub-divide consolidate and increase and with power, from time to time, to issue any shares of the original capital with and subject to any preferential, qualified or special rights, privileges or conditions as may be thought fit, and upon the sub-division of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division.
4.		The Company shall have power to issue Preference Shares carrying right to redemption out of profits which would otherwise be available for dividend, or out of the proceeds of a fresh issue of shares made for the purpose of such redemption, or liable to be redeemed at the option of the Company, and the Board may subject to the provisions of Section 80 of the Act, exercise such power in such manner as it thinks fit.
5.		Subject to the provisions of these Articles, the shares shall be under the control of the Directors who may allot or otherwise dispose off the same on such terms and condition, and at such time as the Directors think fit and with power to issue any shares as fully paid up in consideration, of services rendered to the Company in its formation or otherwise, provided that where the Directors decide to increase the issued capital of the Company by the issue of further shares, the provisions of Section 81 of the Act will be complied with. Provided further that the option or right to call of shares shall not be given to any person except with the sanction of the company in general meeting.
5A		(1) Where at any time after the expiry of two years from the formation of the Company or at any time the expiry of one year from the allotment of shares in the Company made for the first time after its formation (whichever is earlier) the Board decides to increase the capital of the Company by the issue of new shares then subject to any directions to the contrary which may be given by the Company in General Meeting and subject only to those directions, such further issue shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit to the capital paid upon those shares at that date and such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given, if he declines to accept the shares offered, the Board may dispose them off in such manner as it thinks most beneficial to the Company. (2) Notwithstanding anything contained in clause (1) hereof the further shares

		therein to may be offered to any persons (whether or not those persons include the persons referred to in clause (1) in any manner whatever either:a. If a special resolution to that effect is passed by the Company in the General Meeting. b. Where no such special resolution is passed if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxies, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board in this behalf that the proposal is most beneficial to the Company.c) Nothing in clauses (1) and (2) of this Articles shall apply to the increase of the subscribed capital caused by exercise of option attached to debentures issued or loans raised by the Company to convert such debentures or loans raised by the Company or to subscribe for shares in the Company in the cases permitted by sub – clause (b) of Sub – Section (3) of Section 81 of the Companies Act, 1956.
6.		Subject to the provisions of the Act it shall be lawful for the company to issue at a discount, shares of a class already issued.
7.		The Company may, subject to compliance with the provisions of Section 76 of the Act, exercise the powers of paying commission on the issue of shares debentures. The commission may be paid or satisfied in cash or shares, debentures or debenture stock of the Company.
8.		The Company may pay a reasonable sum of brokerage, subject to the ceiling prescribed under the Act.
9.		Subject to Section 187 C of the Act, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any trust, benami or equitable or other claim to or interest in such shares or any fractional part of a share whether or not it shall have express or other notice thereof.9A. Notwithstanding anything contained in these Articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Director may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals as may be permitted by law.
10.	CERTIFICATE	The certificate of title to shares shall be issued under the Seal of the Company.
11.		Every member shall be entitled free of charge to one or more certificates for all the shares of each class registered in his name or, if any member so wishes, to several certificates each for one or more of such shares. Unless the Conditions of issue of any shares otherwise provide, the Company shall either within two months after the date of allotment and on surrender to the Company of its letter making the allotment or of its fractional coupons of requisite value (save in the case of issue against letters of acceptance or of renunciation or in case of issue of bonus shares) or within one month of receipt of the application for registration of the transfer, sub division, consolidation, renewal or exchange of any of its shares, as the case may

INSECTICIDES (INDIA) LIMITED

		be, complete, and have ready for delivery the certificates of such shares. Every certificate of shares, shall specify the name of the person in whose favour the certificate is issued, the shares to which it relates and the amount paid up thereon. Particulars of every certificate issued shall be entered in the Register maintained in the form set out in the Companies (Issue of Share Certificate) Rules, 1960.
12.		(1) If any certificate of any share or shares be surrendered to the Company for sub-division or consolidation or if any certificate be defaced, torn or old, decrepit, worn-out or where the pages on the reverse for recording transfer have been duly utilised, then upon surrender thereof to the Company, the Board, may order the same to be cancelled and may issue new certificate in lieu thereof, and if any certificate be lost or destroyed, then upon proof thereof to the satisfaction of the Board, and on such indemnity as the Board thinks fit being given a new certificate in lieu thereof; shall be given to party entitled to the shares to which such lost or destroyed certificate relates. Where a new certificate has been issued as aforesaid it shall state on the face of it and against the stub or counterfoil that it is issued in lieu of a share certificate or is a duplicate issued for the one so replaced and, in the case certificate issued in place of one which has been lost or destroyed, the word "duplicate" shall be stamped or punched in bold letters across the face thereof. For every certificate issued under this Article, there shall be paid to the Company such out of pocket expenses incurred by the Company in investigating evidence as the Board may determine. (2) No fee shall be charged for sub-division and consolidation of share and debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations corresponding to the market units of trading, for sub-division of renounceable letters of rights; for issue of new certificate in replacement of those which are old, decrepit or worn out, or where the pages on the reverse for recording transfers have been fully utilised. Provided that the Company may charge such fees as may be agreed by it with the Stock Exchange with which its shares may be enlisted for the time being for issue of new certificates in replacement of those that are torn, defaced, lost or destroyed, and for sub-division and consolidation of share and debenture certificates and for sub-division of letter of allotment and split, consolidation, renewal and pucca transfer receipts into denominations other than those fixed for the market units of trading.
13.	JOINT-HOLDERS OF SHARES	Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint-tenants with benefit of survivorship subject to the following provisions and to the other provisions of these Articles relating to joint-holders :- (a) The Company shall not be bound to register more than four persons as the joint-holder of any share. (b) The joint-holders of a share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such shares. (c) On the death of any one of such joint-holders the survivor or survivors shall be the only person recognised by the Company as having any title to or interest in such share but the Board may require such evidence of death as it may deem fit. (d) Only the person whose name stands first in the Register as one of the joint-holders of any share shall be entitled to delivery of the certificate relating to such share.

14.	CALLS	The Directors may, from time to time, subject to the terms on which any shares may have been issued, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereto made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by instalments.
15.		A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
16.		Not less than 30 (Thirty) days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.
17.		If by the terms of issue of any share or otherwise, the whole or part of the amount of issue price thereof is made payable at any fixed time or by instalments at fixed times, every such amount of issue price or instalment thereof shall be payable as if it was a call duly made by the Directors and of which due notice had been given and all the provisions herein contained in respect of calls shall apply to such amount or issue price or instalments accordingly.
18.		If the sum payable in respect of any call or instalment be not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the instalment shall be due, shall pay interest for the same at the rate of 12 (Twelve) per cent per annum, from the day appointed for the payment thereof to the actual payment or at such other rate as the Directors may determine but they shall have power to waive the payment thereof wholly or in part.
19.		On the trial or hearing of any action or suit brought by the Company against any member or his representative to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose, on the Register of the Company as a holder, or one of the holders of the number of shares in respect of which such claim is made, that the resolution making the call is duly recorded in the minute book and that the amount claimed is not entered as paid in the books of the Company, and it shall not be necessary to prove the appointment of the Directors who made any call nor that a quorum of Directors was present at the meeting at which any call was made nor that such meeting was duly convened or constituted, nor any other matter whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.
20.		The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the money due upon the shares held by him beyond the sums actually called for, and upon the money so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of call then made, upon the share in respect of which such advance has been made, the Company may pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 6 (Six) per cent per annum as the member paying such sum as advance and the Board agree upon. Money so paid in excess of the amount of call shall not rank for dividends or confer a right to participate in profits. The Board may at any time repay the amount so advanced upon giving such member not less than three months notice in writing.

INSECTICIDES (INDIA) LIMITED

21.	FORFEITURE AND LIEN	If any member fails to pay any call or instalment on or before the day appointed for the payment of the same, the Directors may at any time thereafter, during such time as the call or instalment remains unpaid, serve notice on such member requiring him to pay the same together with any interest that may have accrued and expenses, that may have been incurred by the Company by reasons of such non-payment.
22.		The notice shall name a day (not being less than 30 (Thirty) days from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment on or before the time, and at the place or places appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited.
23.		If the requirement of any such notice as aforesaid be not complied with, any shares in respect which such notice has been given may, at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share not actually paid before the forfeiture. Subject to section 205A of the Act. Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgency granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such share as herein provided.
24.		When any shares shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
25.		Any share so forfeited shall be deemed to be the property of the Company, and the Directors may sell, re-allot or otherwise dispose off the same in such manner as they think fit.
26.		The Directors may, at any time before any share so forfeited are not sold, re-alloted or otherwise disposed off, annul the forfeiture thereof upon such conditions as they think fit
27.		Any member whose shares have been forfeited shall notwithstanding such forfeiture, be liable to pay and shall forthwith pay to the Company all calls, instalments, interest and the expenses, owing upon or in respect of such shares, at the time of all instalments, interest and the forfeiture together with interest thereupon, from the time of the forfeiture until payment at 12(Twelve) per cent per annum or such other rate as the Directors may determine and the Directors may enforce the payment thereof without any deduction or allowance for the value of shares at the time of forfeiture but shall not be under any obligation to do so.
28.		The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share and all other rights incidental to the share except only such of those rights as by these Articles are expressly saved.

29.		A duly verified declaration in writing that the declarant is a Director of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof, shall constitute a written title to such shares.
30.		The Company shall have a first and paramount lien upon all the shares (not fully paid up) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all money's (whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interest in any share shall be created except upon the footing and condition that Article 9 hereof is to have full effect unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, If any, on such shares.
31.		For the purpose of enforcing such lien, the Directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such member, his committee, curator bonis or other person recognised by the Company as entitled to represent such member and default shall have been made by him or them in the payment of the sum payable as aforesaid for thirty days after such notice. The net proceeds of any such sale shall be applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable by such member, and the residual (if any) be paid to such member, his executors, administrators or other representatives or persons so recognised as aforesaid.
32.		Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers by these presents given, the Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the register in respect of the shares sold and after his name has been entered in the Register in respect of such shares his title to such shares shall not be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition, nor impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
33.		Where any shares under the powers in that behalf herein contained are sold by the Directors and the certificate thereof has not been delivered to the Company by the former holders of the said shares the Directors may issue new certificate in lieu of certificate not so delivered.
33A		The Company will not exercise a lien on its fully paid shares and that in respect of partly paid up shares it will not exercise any lien except in respect of money called or payable at a fixed time in respect of such shares.
34.	TRANSFER AND TRANSMISSION OF SHARES	Subject to the provisions of the Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor or transferee has been delivered to the Company together with the certificate or certificates of the shares, or if no such certificate is in existence along with the letter of allotment of shares. The instrument of transfer of any shares shall be signed both by or on behalf of the transferor and by or on behalf of transferees and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof.

INSECTICIDES (INDIA) LIMITED

35.		Application for the registration of the transfer of a share may be made either by the transferor or the transferee provided that, where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee in the manner prescribed by the Act, and, subject to the provisions of Articles hereof, the company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
36.		Before registering any transfer tendered for registration, the Company may, if it so thinks fit, give notice by letter posted in the ordinary course to the registered holder that such transfer deed has been lodged and that, unless objection is taken, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the office of the Company within two weeks from the posting of such notice to him he shall be deemed to have admitted the validity of the said transfer.
37.		The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly enter particular of every transfer of any share.
38.		Subject to the provisions of Section 111A of the Companies Act, 1956 and other allied provisions, the Board, may with in two month from the date on which the common transfer form of transfer was delivered to the Company refuse to register the transfer of any securities in the name of the transferee on any or more of the following grounds: a) that the common transfer form is not proper or has not been duly stamped and executed or that the certificate relating to the security has not been delivered to the Company or the signature on the transfer form is mismatched with the specimen signature of transferor and any wrongful information given to the Company required by it. b) that the transfer of the security is in contravention of any law. c) that the transfer of the security is likely to result in such change in the composition of the Board of Directors as would be prejudicial to the interests of the Company or to the public interest. d) that the transfer of the security is prohibited by any order of any courts, tribunal or other authority under any law for the time being in force.
39.		(1) No transfer shall be made to a person of unsound mind or to a minor. (2) No fee shall be charged for registration of transfer, transmission probate, succession certificate, letter of administration, marriage, power of attorney or certificate of death or similar other instruments/documents.
40.		All instruments of transfer duly approved shall be retained by the Company and in case of refusal, instruments of transfer shall be returned to the person who lodges the transfer deeds.
41.		If the Directors refuse to register the transfer of any shares, the Company shall, within one month from the date on which the instrument of transfer was lodged with the Company or intimation given, send to the transferor and the transferee or the person giving intimation of such transfer, notice of such refusal.
42.		On giving seven days' notice by advertisement in a news paper circulating in the District in which the Office of the Company is situated, the Register of

		Members may be closed during such time as the Directors think fit not exceeding in the whole forty five days in each year but not exceeding thirty days at a time.
43.		The executors or administrators or the holder of a succession certificate in respect of shares of a deceased member (not being one of several joint holders) shall be the only person whom the Company shall recognise as having any title to the shares registered in the name of such member and, in case of the death of any one or more of the joint-holders of any registered shares the survivors shall be only persons recognised by the Company as having any title to or interest in such share but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. Before recognising any legal representative or heir or a person otherwise claiming title to the shares the Company may require him to obtain a grant of probate or letters of administration or succession certificate, or other legal representation, as the case may be from a competent Court, provided nevertheless that in any case where the Board in its absolute discretion think fit, it shall be lawful for the Board to dispense with production of probate or letters of administration or a succession certificate or such other legal representation upon such terms as to indemnity or otherwise as the Board may consider desirable.
44.		Any person becoming entitled to or to transfer shares in consequence of the death or insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposes to act under this article, or of his title as the Directors think sufficient, may with the consent of the Directors (which they shall not be under any obligation to give), be registered as a member in respect of such shares or may, subject to the regulations as to transfer hereinbefore contained, transfer such shares. This Article is hereinafter referred to as 'The transmission Article'. Subject to any other provisions of these Articles if the person so becoming entitled to shares under this or the last preceding Article shall elect to be registered as a member in respect of the share himself he shall deliver or send to the company a notice in writing signed by him stating that he so elects. If he shall elect to transfer to some other person he shall execute an instrument of transfer in accordance with the provisions of these articles relating to transfer of shares. All the limitations, restrictions and provisions of these articles relating to the rights to transfer and the registration of transfers of shares shall be applicable to any such notice of transfer as aforesaid.
45.		Subject to any other provisions of these Articles if the Directors in their sole discretion are satisfied in regard thereof, a person becoming entitled to a share in consequence of the death or insolvency of a member may receive and give a discharge for any dividends or other money payable in respect of the share.
46.		The common transfer form as approved by the respective authority shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and the registration thereof.
47.	SHARE WARRANTS	Subject to the provisions of Sections 114 and 115 of the Act and subject to any directions which may be given by the Company in General Meeting, the Board may issue share-warrants in such manner and on such terms and conditions as the Board may deem fit. In case of such issue Regulations 40 to 43 of table "A" in Schedule 1 to the Act, shall apply.

INSECTICIDES (INDIA) LIMITED

48.	STOCKS	The Company may exercise the power of conversion of its shares into stock and in that case regulations 37 to 39 of table "A" in Schedule I to the Act shall apply.
49.	ALTERATION OF CAPITAL	The Company may, by ordinary resolution, from time to time, alter the condition of Memorandum of Association as follows :- (a) Increase the Share Capital by such amount to be divided into shares of such amount as may be specified in the resolution. (b) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. (c) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, so however, that in the sub-division the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in the share from which the reduced share is derived, and (d) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the share so cancelled.
50.		Subject to the provisions of Sections 100 to 104 of the Act, the Board may accept from any member the surrender of all or any of his shares on such terms and conditions as shall be agreed.
51.	MODIFICATION OF RIGHTS	If at any time the share capital is divided into different classes of shares the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be carried with consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a Separate Meeting of the holders of the shares of that class. To every such separate meeting the provisions of these Articles, relating to general meeting shall apply, but so that the necessary quorum shall be two persons atleast holding or representing by proxy one-tenth of the issued shares of the class but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those members who are present shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and, on a poll, shall have one vote for each shares of the class of which he is the holder. The company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar of Companies.
52.	BORROWING POWERS	The Board may from time to time and at its discretion, subject to the provisions of Section 58A, 292 and 293 of the Act, and Regulations made thereunder and Directions issued by the RBI raise or borrow, either from the Directors or from elsewhere and secure the payment of any sums or sum of money for the purpose of the Company.
53.		The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular, by the issue of bonds, perpetual or redeemable debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or part of the property of the Company (both present and future), including its uncalled capital for the time being, provided that debentures with the rights to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting and subject to the provisions of the Act.

54.		Any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges, as to redemption, surrender, drawings, allotment of shares, appointment of Directors and otherwise. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
55.		Save as provided in Section 108 of the Act, no transfer of debenture shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of debentures.
56.		If the Board refuses to register the transfer of any debentures, the Company shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.
57.	RESERVES	Subject to the provisions of the Act, the Board shall in accordance with Section 205 (2A) of the Act, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may at its discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company as the Board may from time to time think fit). The Board may also carry forward any profit which it may think prudent not to divide without setting them aside as a reserve.
58.		Any General Meeting may resolve that the whole or any part of the undivided profits of the Company (which expression shall include any premiums received on the issue of shares and any profits or other sums which have been set aside as a reserve or reserves or have been carried forward without being divided) be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised amount be applied on behalf of such members in paying up in full any unissued shares of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such member in full satisfaction of their interest in the said capitalised amount. Provided that any sum standing to the credit of a Share Premium Account or a Capital Redemption Reserve Account may, for the purposes of this Article only be applied in paying up of unissued shares to be issued to members of the company as fully-paid bonus shares.
59.		For the purpose of giving effect to any resolution under last two preceding Articles, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificate.
60.	GENERAL MEETINGS	The Directors may, whenever they think fit, call an Extra Ordinary General Meeting provided however if at any time there are not in India, Directors capable of acting who are sufficient in number to form a quorum any Director present in India may call an Extra ordinary General Meeting in the same manner as nearly as possible as that in which such a meeting may be called by the Board.

INSECTICIDES (INDIA) LIMITED

61.		The Board of Directors of the Company shall on the requisition of such member or members of the company as is specified in subsection (4) of Section 169 of the Act forthwith proceed to call an Extra ordinary General Meeting of the Company and in respect of any such requisition and of any meeting to be called pursuant thereto, all the provisions of section 169 of the Act and of any statutory modification thereof for the time being shall apply.
62.		The quorum for a general meeting shall be five members present in person.
63.		At every General Meeting, the Chair shall be taken by the Chairman of the Board of Directors. If at any meeting, the Chairman of the Board of Directors be not present within fifteen minutes after the time appointed for holding the meeting or, though present be unwilling to act as chairman, the members present shall choose one of the Directors present to be Chairman or if no Director shall be present or though present shall be unwilling to take the Chair then the members present shall choose one of their members, being a member entitled to vote, to be Chairman.
64.		Any act or resolution which, under the provisions of this Article or of the Act, is permitted shall be sufficiently so done or passed if effected by an ordinary resolution unless either the Act or the articles specifically require such act to be done or resolution passed by a special resolution.
65.		If within half an hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon a requisition of share holders shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at same time and place, unless the same shall be public holiday when the meeting shall stand adjourned to the next day not being a public holiday at the same time and place and if at such adjourned meeting a quorum be not present within half an hour from the time appointed for the meeting, those members who are present and not being less than two persons shall be a quorum and may transact the business for which the meeting was called.
66.		In the case of an equality of votes the Chairman shall both on a show of hands and a poll have a casting vote in addition to the vote or votes to which he may be entitled as a member.
67.		The Chairman of a General Meeting may adjourn the same, from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. It shall not be necessary to give notice to the members of such adjournment or of the time, date and place appointed for the holding of the adjourned meeting.
68.		If a poll be demanded, the demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
68 A.		Notwithstanding anything contained in the Articles of Association of the company, the company do adopt the mode of passing resolutions by the members of the company by means of a Postal Ballot (which includes voting by electronic mode) and/or other ways as prescribed in the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001 in respect of the matters as mentioned in Section 192A of the Companies Act, 1956 and any amendments thereof from time to time.” The Company shall comply with the procedure for such postal ballot and /or other ways prescribed in the rules in this regard.”

69.	VOTES OF MEMBERS	(1) On a show of hands every member present in person and being a holder of Equity Shares shall have one vote and every person present either as a proxy on behalf of a holder of Equity Shares or as a duly authorised representative of a body corporate being a holder of Equity Shares, if he is not entitled to vote in his own right, shall have one vote. (2) On a poll the voting rights of a holder of Equity Shares shall be as specified in Section 87 of the Act. (3) The voting rights of the holders of the Preference Shares including the Redeemable Cumulative Preference Shares shall be in accordance with the provisions of section 87 of the Act. (4) No company or body corporate shall vote by proxy so long as a resolution of its Board of Directors under Section 187 of the Act is in force and the representative named in such resolution is present at the General Meeting at which the vote by proxy is tendered.
70A.		person becoming entitled to a share shall not before being registered as member in respect of the share be entitled to exercise in respect thereof any right conferred by membership in relation to the meeting of the Company. If any member be a lunatic or idiot, he may vote whether on a show of hands or at a poll by his committee or other legal curator and such last mentioned persons may give their votes by proxy provided twenty four hours atleast before the time of holding the meeting or adjourned meeting, as the case may be, at which any such person proposes to vote he shall satisfy the Board of his rights under this Article unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.
71		Where there are joint holders of any share any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting either personally or by proxy then that one of the said persons so present whose name stands prior in order on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executor or administrators of deceased member in whose name any share stands shall for the purpose of this Article be deemed joint-holders thereof.
72.		The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hands of its Attorney.
73.		The instrument appointing a proxy and the Power-of-Attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of authority shall be deposited at the office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.
74.		A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of transfer of the share in respect of which the vote is given. Provided no intimation in writing of the death, insanity, revocation of transfer of the share shall have been received at the office or by the Chairman of the Meeting before the vote is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

INSECTICIDES (INDIA) LIMITED

75.		Every instrument appointing a proxy shall as nearly as circumstances will admit, be in the form set out in Schedule IX to the Act.
76.		No objection shall be taken to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote not disallowed at such meeting or poll and whether given personally or by proxy or otherwise shall be deemed valid for all purposes.
77.		No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right or lien
78.	DIRECTORS GENERAL PROVISIONS	The number of Directors shall not be less than three and not more than twelve.
79.		The following shall be the First Directors of the Company : 1. Mr. Rajesh Aggarwal 2. Mr. Harish Chand Aggarwal 3. Mr. Sanjeev Bansal
80.		The Board of Directors shall have power, at any time and from time to time, to appoint any person as Additional Director as an addition or fill up a casual vacancy to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by the Articles. Any Director so appointed shall hold office until the next Annual General Meeting of the Company and shall be eligible for re – election.
81.		A Director shall not be required to hold any share qualification.
82.		Subject to provisions of the Act, 1956 and rules framed there under the Directors may be paid out of the funds of the Company sitting fee for his services rendered not exceeding the sum prescribed under the applicable provisions of the companies Act, 1956 or rules made there under, subject to the approval of the Board of Directors for every meeting of the Board of Directors or Committee thereof, attended by him. Subject to the provisions of the Companies Act, 1956, the Directors shall be entitled to receive in each year a Commission @1% (One per cent) of the net profits of the Company, such commission to be calculated on the net profits of the Company to be computed in accordance with the provisions of the Act, and such commission shall be divided among the Directors in such proportion and manner as may be determined by them. The Directors may allow and pay to any Director who for the time being is resident out of the place at which any Meeting of the Directors may be held and who shall come to that place for the purpose of attending such meeting such sum as the Directors may consider fair and reasonable for his expenses in connection with his attending the meeting in addition to his remuneration as above specified. If any Director being willing is appointed to an executive office either whole time or part time or be called upon to perform extra services or to make any special exertions for any of the purposes of the Company then, subject to Sections 198, 309, 310 and 314 of the Act, the Board may remunerate such Director either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled to.

83.		The continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum number above fixed , the Directors shall not except for the purpose of filling vacancies or of summoning a General Meeting act so long as the number is below the minimum.
84.		Subject to the provisions of Sections 297, 299, 309 and 314 of the Act, the Directors (including Managing Director) shall not be disqualified by reason of his or their office as such, from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with a relative of such Directors or the Managing Director or with any firm in which any Director or a relative shall be a partner or with any other partner or with a private company in which such Director is a member or director interested be liable to account to the company for any profit realised by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established.
85.	APPOINTMENT OF DIRECTORS	The Company in General Meeting may, subject to the provision of these Articles and the Act, at any time elect any person to be a Director and may, from time to time, increase or reduce the number of directors.
86.		If any Director appointed by the Company in general meeting vacates office as a Director before his term of office will expire in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall retain his office so long as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Section 284 of the Act.
87.		The Company shall, subject to the provisions of the Act, be entitled to agree with any person, firm or corporation that he or it shall have the right to appoint his or its nominee on the Board of Directors of the Company upon such terms and conditions as the Company may deem fit. The Corporation, firm or person shall be entitled, from time to time, to remove any such Director or Directors and appoint another or others in his or their places. He shall be entitled to the same rights and privileges and be subject to the same obligation as any other Director of the company.
88.		Subject to the provisions of section 313 of the Act, the Board may appoint any person to act as an alternate director for a director during the latter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate director; shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly, but he shall ipso facto vacate office if and/when the absent director returns to State in which meetings of the Board are ordinarily held or the absent Director vacates office as a Director.
89.	ROTATION OF DIRECTORS	(1) Not less than two-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation. (2) At each Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

INSECTICIDES (INDIA) LIMITED

		(3) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those to retire shall, in default of and subject to any agreement among themselves, be determined by lot. (4) If at any Annual General Meeting all the Directors appointed under Article 87 and 108 hereby are not exempt from retirement by rotation under Section 255 of the Act, then to the extent permitted by the said Section, the exemption shall extend to the Directors or Director appointed under Article 87. Subject to the foregoing provisions as between Directors appointed under any of the Articles referred to above, the Director or Directors who shall not be liable to retire by rotation shall be determined by and in accordance with their respective seniorities as may be determined by the Board.
90.		A retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retires.
91.		Subject to any resolution for reducing the number of Directors, if at any meeting at which an election of Directors ought to take place, the places of the retiring Directors are not filled up, the meeting shall stand adjourned till the next succeeding day which is not a public holiday at the same time and place and if at the adjourned meeting, the places of the retiring Directors are not filled up, the retiring Directors or such of them as have not had their places filled up shall (if willing to continue in office) be deemed to have been re-elected at the adjourned meeting.
92.	PROCEEDINGS OF DIRECTORS	The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. Notice in writing of every meeting of the Directors shall ordinarily be given by a Director or such other officer of the company duly authorised in this behalf to every Director for the time being in India, and at his usual address in India to every other Director.
93.		The quorum for a meeting of the Directors shall be determined, from time to time, in accordance with the provisions of section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Directors, it shall be adjourned until such date and time as the Directors present shall appoint.
94.		The Secretary may at any time, and upon request of any two Directors shall, summon a meeting of the Directors.
95.		Subject to the provisions of Sections 316, 372(5) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes, each director having one vote and in case of an equality of votes, the Chairman shall have a second or casting vote.
96.		The Chairman of the Board of Directors shall be the Chairman of the meetings of Directors. Provided that if the Chairman of the Board of Directors is not present within five minutes after the appointed time for holding the same, the Directors present shall choose one of their members to be Chairman of such meeting.
97.		A meeting of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles of the Company and the act for the time being vested in or exerciseable by the Directors generally.

98.		The Directors may, subject to compliance of the provisions of the Act, from time to time, delegate any of their powers to committee(s) consisting of such member or members of their body as they think fit, and may, from time to time, revoke such delegation. Any Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time be imposed on it by the Directors. The meeting and proceedings of any such Committee, if consisting of two or more members, shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under this Article.
99.		All acts done at any meeting of Directors or of a Committee of the Directors or by any person acting as a Director shall be valid notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors, Committee or person acting as aforesaid or that they or any of them were disqualified.
100.		Except a resolution which the Act, requires it specifically to be passed in a board meeting, a resolution may be passed by the Directors or Committee thereof by circulation in accordance with the provisions of Section 289 of the Act. Minutes of any meeting of Directors or of any Committee or of the Company if purporting to be signed by the Chairman of such meeting or by the Chairman of next succeeding meeting shall be receivable as prima facie evidence of the matters in such minutes.
101.	POWERS OF DIRECTORS	Subject to the provisions of the Act, the control of the Company shall be vested in the Directors who shall be entitled to exercise all such powers and to do all such acts and things as may be exercised or done by the Company and are not hereby or by law expressly required or directed to be exercised or done by the Company in General Meeting but subject nevertheless to the provisions of any law and of these presents, from time to time, made by the Company in General Meeting, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.
102.		Without prejudice to the general powers conferred by the preceding article the Directors may, from time to time and at any time, subject to the restrictions contained in the Act, delegate to managers, secretaries, officers, assistants and other employees or other persons (including any firm or body corporate) any of the powers authorised and discretions for the time being vested in the Directors.
103.		The Directors may authorise any such delegate or attorney as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.
104.		All deeds, agreements and documents and all cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted or endorsed or otherwise executed, as the case may be by such persons (including any firm or body corporate) whether in the employment of the Company or not and in such manner as the Directors shall, from time to time, by resolution determine.
105.		The Directors may make such arrangements as may be thought fit for the management of the Company's affairs abroad, and may for this purpose (without prejudice to the generality of their powers) appoint local bodies and

INSECTICIDES (INDIA) LIMITED

		agents and fix their remuneration and delegate to them such powers as may be deemed requisite or expedient. The foreign seal shall be affixed by the authority and in the presence of and instruments sealed therein shall be signed by, such persons as the Directors shall, from time to time by writing under the common seal, appoint. The company may also exercise the powers of keeping Foreign Registers. Such regulations not being in consistent with the provisions of Sections 157 and 158 of the Act, the Board may, from time to time, make such provisions as it may think fit relating thereto and may comply with the requirements of any local law.
106.		Subject to the provision of Section 197A, 383A and 388 of the Act, a Manager or secretary may be appointed by the Directors on such terms, at such remuneration and upon such conditions as they may think fit, and any Manager or Secretary appointed may be removed by the Directors. A Director may be appointed as Manager or Secretary, subject to Sections 384, 197A, 383A, 387, and 388 of the Act.
107.		A provision of the Act or these regulations requiring or authorising a thing to be done by a director, manager or secretary shall not be satisfied by its being done by the same person acting both as director and as, or in place of the manager or secretary.
108.	MANAGING WHOLE-TIME DIRECTORS	Subject to the provisions of Sections 197A, 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors of Company and may, from time to time, (subject to the provisions of any contract between him or them and the Company), remove or dismiss him or them from office and appoint another or others in his place or their places.
109.		Subject to the provisions of Section 255 of the Act and Article 89 (4) hereof, a Managing (Whole time) Director shall not, while he continues to hold that office, be subject to retirement by rotation, but (Subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors, and he shall, ipso facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director for any cause. However, he shall be counted in determining the number of Directors to retire.
110.		Subject to the provisions of Sections 198, 309, 310 and 311 and Schedule XIII of the Act, a Managing Director shall, in addition to the remuneration payable to him as a Director of the Company under the Articles, receive such additional remunerations as may, from time to time, be sanctioned by the Company.
111.		Subject to the provisions of the Act, in particular to the prohibitions and restrictions contained in Sections 292 and 293 thereof, the Board may, from time to time, entrust to and confer upon a Managing Director/Wholetime Directors for the time being such of the powers exerciseable under these presents by the Board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as it thinks fit, and the Board may confer such powers either collaterally with, or to the exclusion of, and in substitution for any of the powers of the Board in that behalf and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

112.	COMMENCEMENT OF BUSINESS	The Company shall not at any time commence any business out of other objects of its Memorandum of Association unless the provisions of Section 149 of the Act have been duly complied with by it.
113.	SEAL	The Directors shall provide for the safe custody of the Seal and the Seal shall never be used except by the authority of the Directors or a Committee of the Directors previously given and one Director at least shall sign every instrument to which the seal is affixed provided nevertheless that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Directors to issue the same.
114.	DIVIDENDS	Subject to Rights of members entitled to shares (if any) with preferential or special rights attached to them, the profits of the Company, from time to time, determined to be distributed as dividend in respect of any year or other period shall be applied for payment of dividend on the shares in proportion to the amount of capital paid up on the Shares provided that unless the Board otherwise determines all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid up on the shares during any portion or portions of the period in respect of which dividend is paid. Provided always that Subject as aforesaid any capital paid up on a share during the period in respect of which a dividend is declared shall (unless the Board otherwise determines or the terms of issue otherwise provide, as the case may be), only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment but so that where capital is paid up in advance of calls such capital shall not confer a right to participate in profits.
115.		The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 205 of the Act, fix the time for payment.
116.		No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.
117.		No dividend shall be payable except out of the profits of the Company of the year or any other undistributed profits and no dividend shall carry interest as against the Company.
118.		The declaration of the Directors as to the amount of the net profits in the audited annual accounts of the Company for any year shall be conclusive.
119.		The Directors may, from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.
120.		Subject to Section 205 A of the Act, the Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
121.		Subject to Section 205a of the Act any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the member, be set off against the call.
122.		A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer.

INSECTICIDES (INDIA) LIMITED

123.		Subject to Section 205A of the Act, the Directors may retain the dividends payable upon shares in respect of which any person is under the transmission Article entitled to become a member or which any person under the Article is entitled to transfer until such person shall duly become a member in respect thereof or shall transfer the same.
124.		Any one of the several persons who are registered as jointholders of any share may give effectual receipts of all dividend payments on account of dividends in respect of such shares.
125A		Unless otherwise directed, any dividend may be paid by cheque or warrant sent through post to the registered address of the member or person entitled thereto, or in the case of joint-holders to the registered address of that one whose name stands first on the Register in respect of the joint holding or to such person and such address and the member or person entitled or such jointholders as the case may be, may direct and every cheque or warrant shall be made payable at par to the person or to the order of the person to whom it is sent or to the order of such other person as the member or person entitled or such joint-holders, as the case may be, may direct.
125B		The payment of every cheque or warrant sent under the provisions of the last preceding Article shall, if such cheque or warrant purports to be duly endorsed, be a good discharge to the Company in respect thereof, provided nevertheless that the Company shall not be responsible for the loss of any cheque, warrant or postal money order which shall be sent by post to any member or by his order to any other person in respect of any dividend.
126A.		Any dividend remaining unpaid or unclaimed after having been declared shall be dealt in accordance with Sections 205A and 205B of the Companies Act, 1956 and rules made thereunder and that the unclaimed dividend shall not be forfeited unless the claim becomes barred by law.
126B.		Unpaid/ Unclaimed dividend within 30 days from the date of declaration shall be transferred to a special account to be opened by the Company in that behalf in any scheduled bank to be called " Unpaid Dividend Account" with in 7 days from the date of expiry of the said period. Pursuant to Section 205A (5) of the Companies Act, 1956, the Company shall transfer the balance lying in "Unpaid Dividend Account" which remains unpaid or unclaimed for a period of seven years from the date of transfer to this account, in the " Investor Education and Protection Fund" established under Sub – Section (1) of Section 205C of the Companies Act, 1956.
127.	BOOKS AND DOCUMENTS	The Books of Account shall be kept at the registered office or at such other place as the Directors think fit, and shall be open to inspection by the Directors during business hours.
128.		The Directors shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations the accounts or books or documents of the Company or any of them shall be open for inspection to members not being Directors, and no member (not being a Director) shall have any right of inspection to any books of account or documents of the Company except as conferred by law or authorised by the Directors or by the Company in General Meeting.
129.		Balance Sheet and Profit and Loss Account will be audited once in a year by a qualified auditor for correctness as per provisions of the Act.

130.		The first auditors of the company shall be appointed by the Board of Directors within one month after its incorporation who shall hold office till the conclusion of first annual general meeting.
131.		The Casual vacancy arising in the office of Auditor through resignation of Auditor, such vacancy will be filled in the General Meeting of the members and in all other cases the Board of Directors may fill up any casual vacancy in the office of the Auditors.
132.		The remuneration of the auditors shall be fixed by the company in the annual general meeting except as otherwise decided or that remuneration of the first or any auditors appointed by the directors may be fixed by the directors.
133.	NOTICES	The Company shall comply with the provisions of Sections 53, 172 and 190 of the Act as to the serving of notices.
134.		Every person who, by operation of law, or by transfer or by other means whatsoever, shall become entitled to any shares shall be bound by every notice in respect of such share which previously to his name and address being entered on the register shall be duly given to the person from whom he derives his title to such share.
135.		Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these presents shall notwithstanding such member be then deceased and whether or not the Company has notice of his demise, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such member, until some other person be registered in his stead as the holder or joint-holders thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators, and all persons, if any, jointly interested with him or her in any such share.
136.		The signature to any notice to be given by the Company may be written or printed.
137.	RECONSTRUCTION	On any sale of the undertaking of the Company, the Directors or the Liquidators on a winding up may, if authorised by a special resolution, accept fully paid or partly paid-up shares; debentures or securities of any other Company whether incorporated in india or not other than existing or to be formed for the purchase in whole or in part of the property of the Company, and the Directors (if the profits of the Company permit), or the Liquidators (in a winding-up) may distribute such shares or securities or any other property of Company amongst the members without realisation, or vest the same in trustees for them, and any Special resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefits or property, otherwise than in accordance with the strict legal rights of the members or contributories of the Company and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights, if any, under Section 494 of the Act as are incapable of being varied or excluded by these presents.

INSECTICIDES (INDIA) LIMITED

138.	SECRECY	Subject to the provisions of law of land and the Act, no member or other person (not being a Director) shall be entitled to enter upon the property of the company or to inspect or examine the Company's premises or properties of the Company without the permission of the Directors, or subject to article 126 to require discovery or any information respecting any detail of the Company's trading or any matter which is or may be in nature of a trade secret, mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which, in the opinion of the Directors, will be inexpedient in the interest of the members of the Company to communicate.
139.	WINDING UP	If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid-up at the commencement of the winding-up on the shares held by them respectively. And if in a winding-up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid-up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the paid-up capital at the commencement of the winding up, or which ought to have been paid-up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.
140.		In the event of Company being wound up, whether voluntarily or otherwise, the liquidators, may with the sanction of Special Resolution divide among the contributories, in specie or kind, any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories or any of them, as the Liquidators, with like sanction shall think fit.
141.	INDEMNITY AND RESPONSIBILITIES	Subject to the provisions of Section 201 of the Act, every Director, Manager, Secretary and other officer or employee of the Company shall be indemnified against and it shall be the duty of the Directors to pay out of the funds of the Company all bonafide costs, losses and expenses (including travelling expenses) which any such Directors, Manager or Secretary or other officer or employee may incur or become liable to by reason of any contract entered into or any way in the discharge of his or their duties and in particular, and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him or by them as such Director, Manager, Secretary, Officer or employee in defending any proceeding whether civil or criminal in which judgement is given in his or their favour or he or they is or are acquitted, or in connection with any application under Section 633 of the Act in which relief is granted by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the members over all other claims.
142.		Subject to the provisions of the Act and so far as such provisions permit, no Director, Auditor or other Officer of the Company shall be liable for acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Director for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys

		of the Company shall be invested, or for any loss occasioned by any error of judgement, omission, default, or oversight on his part, or for any loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.
143.		1. For the purpose of this Article, the expression Beneficial Owner, Depository, Registered Owner and Security shall have the meaning as defined in the Depositories Act, 1956 or any re-enactments or modifications thereof. 2. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize/rematerialize its securities and to offer securities in the dematerialized form pursuant to the Depositories Act, 1996. 3. All the securities held by a Depository shall be dematerialized and be in a fungible form. 4. Nothing contained in these Articles relating to transfer of securities in physical form shall apply to transfer of securities in Demat form. 5. Notwithstanding anything contained in these Articles, where the securities are dealt within a Depository, the Company shall intimate the details of allotment of securities to Depository immediately on allotment of such securities. 6. The register and indeed of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be the Register and index of members and other security holders of the Company. 7. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner. The Depository, as the registered owner, shall not have any voting rights or any other rights in respect of the securities held by it. Every person holding securities of the Company and whose name is entered as beneficial owner in the records of the Depository shall be deemed to be a member of the Company. Every beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities that are held by a Depository.

SECTION XI - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which will be attached to the copy of the Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered office of our Company situated at 401-402, Lusa Tower, Azadpur Commercial Complex, Azadpur, Delhi – 110033 from 11.00 hours to 15.00 hours on any working day, excluding Saturday and Sunday from the date of this Red Herring Prospectus until the Bid/Offer closing date.

Material Contracts

1. Memorandum of Understanding dated 22nd December, 2006 with UTI Securities Limited, appointing them as the Book Running Lead Manager to this Issue.
2. Memorandum of Understanding dated 15th February 2007 signed with Alankit Assignments Limited appointing them as Registrars to the Issue.
3. Tripartite Agreement dated 27th February, 2007 between our Company, Alankit Assignments Limited and NSDL.
4. Tripartite Agreement dated 6th March, 2007 between our Company, Alankit Assignments Limited and CDSL.
5. Escrow Agreement dated [●] between our Company, the BRLM, Escrow Collection Banks. The Syndicate Member and the Registrar to this Issue.
6. Syndicate Agreement dated [●] between our Company, BRLM and the Syndicate Member.
7. Underwriting agreement dated [●] among our Company and the BRLM and Syndicate Member(s).

Documents for Inspection

1. Our Memorandum and Articles of Association as amended from time to time.
2. Certificate of Incorporation in the name of Insecticides (India) Private Limited dated 18th December 1996 issued by the Registrar of Companies, NCT of Delhi and Haryana.
3. Fresh Certificate of Incorporation in the name of Insecticides (India) Limited dated 02nd November 2001 issued by the Registrar of Companies, NCT of Delhi and Haryana.
4. Certified true copy of Shareholders Resolution passed under Section 81 (1A) of the Act, at the Extra Ordinary General Meeting of our Company held on 22nd November, 2006.
5. Certified true copy of the Board resolution dated 17th November, 2006 in relation to this Issue and other related matters.
6. Consent from the Directors, Compliance Officer, Auditor, Book Running Lead Manager, Registrar to the Issue, Bankers to the Issue, Bankers to our Company, Underwriters, Legal Advisor to act in their respective capacities and No Objection from Punjab National Bank and Citi Bank for proposed issue.
7. Certificate from the statutory auditors, M/s Mohit Parekh & Company, Chartered Accountants, detailing the tax benefits.
8. Audit report by the statutory auditor, Mohit Parekh & Company, Chartered Accountants, dated 22nd February, 2007 included in the Red Herring Prospectus and copies of the Balance Sheet referred in the said report.
9. Copy of the Certificate from the statutory auditors, Mohit Parekh & Company, Chartered Accountants, dated 3rd March 2007 regarding the sources and deployment of funds as on 28th February 2007.

10. Copy of the Statutory Auditors Certificate Mohit Parekh & Company, Chartered Accountants regarding the Capacity and Capacity Utilization for the past 3 years.
11. Copy of resolution dated November 22, 2006 regarding remuneration payable to Managing Director and May 2, 2002 regarding remuneration payable to whole time director.
12. Copies of Initial Listing Application made to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
13. Copy of in-principal approval received from the Bombay Stock Exchange Limited and National Stock Exchange of India Limited dated January 18, 2007 and February 9, 2007 respectively.
14. Due diligence certificate dated 26th December 2006 to SEBI from UTI Securities Limited
15. SEBI observation letter no. CFD/DIL/SM/ISSUES/86347/2007 dated February 13, 2007.
16. Copy of MoU between AMVAC Chemical Corporation and our Company dated 14th February 2006 for use of brand name of Thimet in India and Nepal.
17. Certificate from the Company Secretary and Compliance Officer that all observations/changes/modifications as suggested by SEBI vide their observation letter no. CFD/DIL/SM/ISSUES/86347/2007 dated February 13, 2007 have been complied with.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

INSECTICIDES (INDIA) LIMITED

SECTION XII - DECLARATION

We, hereby declare that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the government or the guidelines issued by the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS

Mr. Rajesh Aggarwal

Mr. H. C. Aggarwal

Mr. Sanjeev Bansal

Mr. Rajender Pershad Gupta

Mr. Tej Lal Bharti

Mr. Gaurav Barathi

SIGNED BY THE CHIEF FINANCIAL OFFICER

Mr. Pardeep Kumar Aggarwal

SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Pankaj Gupta

Place : Delhi

Date : 22nd April, 2007