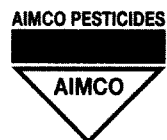


## 12th Annual Report 1998 - 99



# AIMCO PESTICIDES LIMITED

**AIMCO PESTICIDES LIMITED**

Regd. Office: B-1/1, MIDC Industrial Area, Lote Parshuram, Village: Awashi, Taluka - Khed, Dist- Ratnagiri, Maharashtra 415 707

**DIRECTORS**

MR. PRADEEP P. DAVE  
Chairman & Managing Director

MRS. E.P. SHRIVASTAVA  
Executive Director

DR. SAMIR P. DAVE  
Executive Director

MR. ASHIT P. DAVE  
Executive Director

MR. M. B. PANDYA  
Director

MR. MUKESH D. PATEL  
Director

MR. BHUPENDRA C. PATEL  
Director

MR. ROHIT S. PATEL  
Director

**BANKERS**

State Bank of India

**AUDITORS**

R. B. Patel & Co.  
Chartered Accountants,  
66A, Podar Chambers,  
S. A. Brelvi Road,  
Fort, Mumbai 400 001.

**REGISTERED OFFICE :**

B-1/1, MIDC Indl. Area, Lote Parshuram,  
Vill-Awashi, Tal-Khed, Dist-Ratnagiri,  
Maharashtra 415 707.

**HEAD OFFICE :**

Akhand Jyoti, 8th Road,  
Santacruz (East), Mumbai 400 055.  
Tel. No: 616 3744 (6 Lines)  
Fax no.: 91-22-611 6736/6117761  
Internet : [www.aimcopesticides.com](http://www.aimcopesticides.com)  
Email : [aimco@vsnl.com](mailto:aimco@vsnl.com)

**FACTORIES :**

- 1) MUMBAI
- 2) LOTE PARSHURAM
- 3) AHMEDABAD
- 4) HYDERABAD
- 5) AURANGABAD

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**AIMCO PESTICIDES LIMITED****NOTICE**

Notice is hereby given that the Twelfth Annual General Meeting of the Members of Aimco Pesticides Limited will be held at the Registered Office of the Company at B-1/1, MIDC Industrial Area, Lote Parshuram, Village Awashi, Taluka Khed, Dist-Ratnagiri, Maharashtra 415 707 on Thursday, 30th September, 1999 at 10.00 A.M. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date and the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mrs. E. P. Shrivastava who retires by rotation and being eligible, offers herself for reappointment.
3. To consider and, if thought fit, to pass the following Resolution, with or without modification, as an Ordinary Resolution:  
  
"RESOLVED THAT Mr. M. B. Pandya, a Director who retires by rotation, but does not seek re-election, be therefore not reappointed a Director of the Company and that the vacancy on the Board of Directors of the Company so caused be not filled."
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

**Registered Office:**

B-1/1, MIDC Indl. Area,  
Lote Parshuram, Vill: Awashi,  
Taluka: Khed, Dist: Ratnagiri,  
Maharashtra 415 707

BY ORDER OF THE BOARD OF DIRECTORS  
For **AIMCO PESTICIDES LIMITED**

**MUMBAI**

**16TH AUGUST, 1999.**

**PRADEEP P. DAVE**

**Chairman & Managing Director**

**NOTES**

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under Item No. 3 set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
3. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
4. The Register of Members and the Share Transfer Books in respect of equity shares of the Company will remain closed from Monday, 27th September, 1999 to Thursday, 30th September, 1999 (both days inclusive) for the purpose of 12th Annual General Meeting.
5. Members/Proxies should bring the attendance slip duly filled in for attending the meeting and are also requested to bring their copies of ANNUAL REPORTS.
6. Members are requested to notify the change in their address to the Company and always quote their Folio Numbers in all correspondence with the Company.
7. Members desiring any information at the Annual General Meeting of the Company are requested to write to the Company at least 10 days in advance so as to enable the Company to keep information ready.



## ***ANNEXURE TO THE NOTICE***

(Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956)

### **ITEM NO. 3**

Mr. M. B. Pandya, one of the Directors of the Company liable to retire at this Annual General Meeting has expressed his desire not to seek re-election. The Directors while accepting Mr. M. B. Pandya's decision, record their sincere appreciation of his valuable services and guidance during his long and distinguished tenure as a Director of the Company. The Directors are of the view that the vacancy on the Board of the Company so caused be not filled.

#### **Registered Office:**

B-1/1, MIDC Indl. Area,  
Lote Parshuram, Vill: Awashi,  
Taluka: Khed, Dist: Ratnagiri,  
Maharashtra 415 707

BY ORDER OF THE BOARD OF DIRECTORS  
For **AIMCO PESTICIDES LIMITED**

**MUMBAI**

**16TH AUGUST, 1999.**

**PRADEEP P. DAVE**  
**Chairman & Managing Director**



**AIMCO PESTICIDES LIMITED*****DIRECTORS' REPORT***

Dear Members,

Your Directors have great pleasure in presenting the Twelfth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1999.

**1. FINANCIAL RESULTS**

	<b>1998-99</b>	<b>1997-98</b>
	<b>Rs. In lacs</b>	<b>Rs. In lacs</b>
Gross Sales	<b>4283</b>	4245
Other Income & Export Incentives	<b>249</b>	313
Gross Profit	<b>478</b>	399
Interest	<b>193</b>	155
Depreciation	<b>76</b>	70
Profit before Tax	<b>209</b>	174
Profit after Tax	<b>177</b>	157

**2. AMALGAMATION**

During the year the amalgamation of Savitri Pesticides & Agrochem Ltd.[SPAL] & Vayaz Indian Pesticides Pvt. Ltd.[VIP] with your Company has been completed. The share certificates of the shareholders of SPAL & VIP who submitted their shares were exchanged with the shares of your Company. The dividend payable to the shareholders of SPAL & VIP was paid during the year.

**3. OPERATIONS**

Due to the erratic monsoon in most parts of the country, the sales of pesticides formulations were subdued and under tremendous competitive pressure. The margins have declined substantially. Due to the failure of crops in many areas, extended credit was given to the customers, which has resulted in increased interest burden on the Company. The sales for the financial year ended 31st March 1999, were marginally higher than last year in value terms. The newly introduced Chlorpyrifos & Cypermethrin combination product **Anaconda 505™** in the domestic market has fared well. Two new formulations namely, Chlorpyrifos 10% Coated Granules & Chlorpyrifos 1.5% Dust were introduced & were received well by the farmers. During the year ended 31st March 1999, the production of technical grade pesticides has increased substantially, but this was not reflected by an increase in sales, in value terms, because of the steep erosion in selling price resulting from competitive pressures.

**4. CURRENT YEAR OUTLOOK**

The Current Year has started with a delayed monsoon. The northern part of the country has received very scanty rain till date and sales of pesticides are subdued. Due to this, during the first quarter ended 30th June 1999, your Company has achieved a lower net sale of Rs. 755 lacs, compared to Rs. 806 lacs during the same period last year. However the company expects to makeup the loss of sales in the second quarter ending 30th September 1999.

In the current year, Government of India has banned few old & toxic pesticides with large usage, due to this, demand for Chlorpyrifos is expected to increase considerably with firming up of prices.





Recently some of the competitors have discontinued Chlorpyrifos production & shifted to other products due to steep fall in price of Chlorpyrifos. This development is expected to create some shortage of the product.

## 5. DIVIDEND

In view of the prevailing situation, as explained above, your Directors have decided to conserve all the available resources and plough back the same in the business to sustain the competitive pressures in the market in the current year. Hence nil dividend is recommended for the financial year ended March 31, 1999.

## 6. EXPORTS

Export sales during the year have increased marginally to Rs. 1647.36 Lacs, as compared to Rs. 1599.47 Lacs during the previous year. Though in quantity terms, the increase in exports has been substantial, as a result of lower sales realisations, this could not be reflected in increased export sales. Your Company has been awarded **EXPORT HOUSE STATUS** on 22/7/99.

With the introduction of a new Herbicide in the product range & ISO – 9002 certification, Exports are expected to increase substantially in the coming years.

## 7. NEW PROJECTS / PRODUCTS

During the year 1999-2000, your Company is introducing a new Insecticide and a new Herbicide, the process for which was developed by the Company's Research & Development Centre, which is recognized by the Government of India. Introduction of many new formulated combination products is also planned for the current year. The formulation facility is being strengthened to enhance production capacities substantially. Major Capital Investments in R&D is also planned for the current year. The Company also proposes to sell its products online through the Company's website for which software development work is in process. This will be the first venture of its kind in the Pesticide Industry.

## 8. DIRECTORATE

Mrs. E.P. Shrivastava, Director retires by rotation in accordance with the provisions of the Articles of Association of the Company at the ensuing Annual General Meeting of the Company and being eligible, offers herself for reappointment.

Mr. M.B. Pandya, Director retires by rotation in accordance with the provisions of the Articles of Association of the Company at the ensuing Annual General Meeting of the Company and is eligible for reappointment but has desired not to be reappointed.

## 9. FIXED DEPOSITS

During the year under review the Company has accepted Fixed Deposits from Public/ Shareholders pursuant to the provisions of Section 58A of the Companies Act, 1956 and the Rules as amended from time to time. Your Company has received permission from Reserve Bank of India to accept Fixed Deposits from NRI's/OCB's on repatriation basis and has also started accepting the same from NRI's/OCB's.

The details and forms are available for download from Internet at [www.aimcopesticides.com](http://www.aimcopesticides.com) and from the Head Office of the Company.

## 10. AUDITORS

M/s R B Patel & Co., Chartered Accountants, the auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. The

**AIMCO PESTICIDES LIMITED**

auditors have confirmed that, if reappointed the same would be within the limits specified under Section 224(1B) of the Companies Act, 1956.

**11. ISO – 9002**

The ISO – 9002 certification for the Lote – Parshuram site was delayed but will be obtained this year.

**12. ENVIRONMENT**

It is the Company's policy to give top priority to effluent control and is committed to conserve the environment by using the best available technology for effluent treatment and pollution control. During the year, your Company has installed a Suspended Solid Recovery Plant for treatment of liquid effluent. This has resulted in a very low suspended solids content in the effluent after treatment. The Company also proposes to obtain ISO-14000 certification, once the ISO - 9002 certification is obtained.

**13. Y2K**

A study has been carried out on the company's Hardware & Software, which could be affected due to the Y2K problem, accordingly corrective measures have been taken and completed. The Company does not anticipate any problems, which could adversely affect the company's day to day operation due to Y2K.

**14. PERSONNEL**

Your Company continues to invest in HRD functions and provide motivating and satisfying work environment coupled with significant growth potential to all its employees. The Board wishes to place on record their appreciation for substantial support and contribution received from the employees at all levels towards the growth of the Company.

**15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to the conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed hereto and forms part of this Report.

To conserve energy, an energy saving team has been constituted, which routinely checks all energy intensive operations and implements suitable measures wherever necessary.

**16. ACKNOWLEDGEMENT**

The Board is also grateful to Financial Institutions, Banks, Shareholders and Fixed Deposit Holders for their co-operation and assistance.

Your Directors take this opportunity to thank IDBI Ltd, ICICI Ltd, SICOM Ltd, State Bank of India and Department of Agriculture, Government of Maharashtra for their continued assistance and co-operation. We would also like to acknowledge with gratitude the co-operation extended by our Suppliers, Customers, Distributors and Investors.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**MUMBAI**  
**16TH AUGUST, 1999**

**PRADEEP P. DAVE**  
**Chairman & Managing Director**



## ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, and forming part of the Directors' Report.

### 1) CONSERVATION OF ENERGY

#### A) Energy Conservation Measures taken.

During the year, Ammonia chilling system was replaced by Vapour Absorption Chilling Plant for cooling water & centrifuges were replaced by Nutsche Filters and have started operations. This has resulted in substantial reduction in consumption of energy.

#### B) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.

As per the recommendation of Company's energy saving team, effective steps are being taken to install Instrument Controlled Heating & Cooling For Reactors, use of PP cooling tower and cooling fan instead of wooden cooling tower and metal fan. This would result in substantial reduction of energy consumption.

#### C) Measures at (A) above have proved useful in reducing electric consumption. Measures at (B) above will also bring down the electric consumption.

#### D) Total Energy Consumption and Energy Consumption per unit of production as per prescribed Form A.

#### I) Power and Fuel Consumption

	1998-99	1997-98
<b>1 Electricity</b>		
(a) Purchase		
Units	14.52 lacs	14.50 lacs
Total Amount	Rs. 56.48 lacs	Rs. 55.65 lacs
Rate/Unit	Rs. 3.89	Rs. 3.84
(b) Own Generation		
Diesel	15 KL	14 KL
Unit KWH	0.53 lacs	0.53 lacs
Cost/Unit	Rs. 3.26	Rs. 2.34
<b>2 Furnace Oil</b>		
Quantity (K.Ltr)	831	639
Total Amount	Rs. 50.52 lacs	Rs. 35.75 lacs
Average Rate	Rs. 6.08	Rs. 5.59

#### II) Consumption per unit of production

It is not possible to maintain product categorywise energy consumption data since there is a very large number and variety of products with significantly different energy intensities. Thus it is not meaningful to report in our operations, the consumption per unit of production.



**AIMCO PESTICIDES LIMITED****2) TECHNOLOGICAL ABSORPTION****A) Research & Development (R&D) :****I) Specific areas in which R & D carried out by the Company :**

It is mainly carried out in the field of Agrochemical & Fine chemicals.

The management has decided to shift the R & D priority from Agrochemical to Pharmaceutical intermediate & Fine chemicals. Accordingly new projects based on Pyridine chemistry have been initiated, which is the strength of your Company.

**II) Benefits derived as a result of the above R&D :**

High purity CPP & derivatives of CPP developed which commands a premium.

New Insecticide & Herbicide were commercialized.

New combination formulations were commercialized.

Pilot plant trials for Pyridine derivatives have started on pilot plant.

**III) Future Plan of Action :**

One Insecticide & one new generation Flourinated Herbicide along with Pyridine based fine chemicals are being developed. The project report for setting up dedicated R & D unit near Metro city is under active consideration & work may start by end of this year. In the current year, it has been decided to invest Rs. 50 lacs in capital equipment for R&D purpose. This investment would enable the Company to develop and commercialise the technology for new products in short time period.

**IV) Expenditure on R & D :**

(1) Capital	Rs. 2,59,555
(2) Recurring	Rs. 16,41,836
(3) Total	Rs. 19,01,391
(4) Total R & D Expenditure as a percentage of total turnover	0.44%

**B) Technology absorption, adaptation and innovation :****I) Efforts made towards technology absorption, adaptation and innovation :**

The Company's strength lies in developing in-house technologies by undertaking exhaustive R & D programs and adopting the same to suit its own requirements and demands.

**II) Benefits derived as a result of the above efforts :**

Product quality improvement, product development and cost reduction

**III) Technology imported during the last 5 years :**

Nil

**3) FOREIGN EXCHANGE EARNINGS AND OUTGO****A) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans.**

Your Company has already established an export market for its products and has been taking keen interest for developing new export markets and to increase exports.

**B) Total Foreign Exchange used and earned**

During the year foreign exchange outgo was Rs. 139.11 lacs. The foreign exchange earned on export was Rs. 1647.36 lacs.