

AIMCO PESTICIDES



AIMCO PESTICIDES LIMITED

**17TH ANNUAL REPORT
2003-2004**



BOARD OF DIRECTORS

Shri. Pradeep P. Dave

Chairman & Managing Director

Smt. E.P. Shrivastava

Executive Director

Dr. Samir P. Dave

Executive Director

Shri. Ashit P. Dave

Executive Director

Shri. Mukesh D. Patel

Director

Shri. Bhupendra C. Patel (upto 31-07-03)

Director

Shri. K. Ramgopal

Director

Dr. Mahesh B. Pandya (From 02-01-04)

Director

REGISTERED OFFICE :

B-1/1, MIDC Industrial Area, Lote Parshuram,
Village Awashi, Taluka Khed, District Ratnagiri,
Maharashtra 415 707

HEAD OFFICE :

Akhand Jyoti, 8th Road,
Santacruz (East), Mumbai - 400 055.
Tel. No. : 2616 3744/45/46
Fax No. 91-22-2611 6736 / 2611 7761
Internet : www.aimcopesticides.com
Email : aimco@vsnl.com

FACTORIES :

1. MUMBAI
2. LOTE PARSHURAM
3. AHMEDABAD
4. HYDERABAD
5. AURANGABAD

BANKERS

State Bank of India

AUDITORS

M/s. Contractor Nayak & Kishnadwala
1B, Pushpam,
K. D. Road, Vile Parle (west)
Mumbai - 400 056.

CONTENTS

| | |
|--|----|
| Notice | 2 |
| Directors' Report | 6 |
| Management Discussion & Analysis Report | 10 |
| Corporate Governance Report | 11 |
| Auditors' Report | 18 |
| Balance Sheet | 22 |
| Profit and Loss Account | 23 |
| Schedules | 24 |

AIMCO PESTICIDES LIMITED**NOTICE**

NOTICE is hereby given that the SEVENTEENTH 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, District Ratnagiri, Maharashtra 415 707 on Thursday, the 28th October 2004 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 2004 and the Profit & Loss Account for the year ended on that date together with report of the Board of Directors and Auditor's thereon.
2. To appoint a Director in place of Mr. Ashit P. Dave who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. K. Ramgopal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification/s, the following resolution as a Ordinary resolution:-

"RESOLVED THAT Dr. Mahesh B. Pandya who was appointed as an Additional Director of the Company with effect from 2nd January 2004 and who holds office up to the date of this Annual General Meeting and be is hereby appointed as a Director of the Company."

6. To consider and, if thought fit, to pass with or without modification/s, the following resolution as a Special Resolution:-

"RESOLVED THAT the Equity Shares of the Company be voluntarily delisted from The Stock Exchange, Ahmedabad, The Pune Stock Exchange Limited in accordance with the provisions of the listing agreement and all other relevant laws, rules, regulations and guidelines including Delisting Guidelines namely, Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 [issued under Section 11(1) of SEBI Act, 1992, read with sub section (2) of Section 11A of SEBI Act] or any statutory modifications or re-enactments thereof for the time being in force and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and hereby authorized to agree to such terms and conditions which they may consider appropriate and to do all such acts, deeds matters and things as may in their absolute discretion deem necessary, proper or desirable and settle any question, difficulty, doubt that may arise in regard to delisting of the Equity shares from the Stock Exchange, Ahmedabad, Pune Stock Exchange Limited".

7. To consider and, if thought fit, to pass with or without modification/s, the following Resolution as an Ordinary Resolution.



"RESOLVED THAT pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors to borrow from time to time, for the purpose of the Company's business any sum or sums of money as it may deem proper, notwithstanding that the moneys to be so borrowed together with the moneys already borrowed by the Company, if any (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, not set apart from any specific purpose, provided however, that the total amount of the money so borrowed by the Board together with the money already borrowed shall not exceed Rs. 30,00,00,000/-(Rupees Thirty Crores only)."

Registered Office:

B1/1, 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**

Place : Mumbai

Dated: 30th September 2004

PRADEEP P. DAVE

(Chairman & Managing Director)

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxy forms duly completed must reach the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.

2. An explanatory statement as required by Section 173(2) of the Companies Act, 1956 in respect of the special business under item no.5, 6 and 7 to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from October 26, 2004 to October 28, 2004 (both days inclusive).
4. The Equity Shares of the Company are mandated for trading in the compulsory demat mode. The ISIN No. Allotted for the Company's shares is INE008B01013.
5. Members are requested to notify any change in their address to the Company's R & T Agents, Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Road, Bhandup (W), Mumbai-400078. (Tel. No. 91-22-5555 5454, Fax No. 91-22-2567 2693, Email- isrl@intimespectrum.com).
6. Members / Proxies are requested to bring the copies of Annual Report and attendance slip duly filled while attending the Meeting.
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 management to keep the information ready.
8. Pursuant to the provisions of Section 205A of the Companies (Amendment) Act, 1999, the amount of dividend which remains unclaimed for a period of 7 years from the date of declaration would be transferred to the Investor Education and Protection Fund (IEPF) and the shareholders would not be able to make

AIMCO PESTICIDES LIMITED

any claims as to the amount of dividend so transferred to the Fund. As such, shareholders who have not encashed their dividend warrants are requested in their own interest to write to the company immediately for claiming outstanding dividends declared by the company during the year 1997 onwards. The Company has already transferred the unclaimed dividend for the year ended 31st March, 1996 to the IEPF.

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

| | | | |
|---|--|---|----------------------|
| Name of the Director | Mr. Ashit P. Dave | Mr. K. Ramgopal | Dr. Mahesh B. Pandya |
| Date of Birth | 06-01-1971 | 21-02-1965 | 29-09-1951 |
| Date of Appointment | 20-08-1996 | 24-03-2003 | 02-01-2004 |
| Qualification | B. Com, IIM | Chartered Accountant | M.B.B.S |
| Expertise in specific Functional areas | Business Executive with wide experience in Chemicals and Agro Chemicals Industry | Business Executive with wide experience in Finance and Corporate Legal Matters. | Company Director |
| Name(s) of other Public companies in which Directorship held | 1. Amisco Agro-Chem Ltd. | NIL | NIL |
| Name(s) of Companies in which Committee Membership(s) / Chairmanship(s) held (as per Clause 49 of the Listing Agreement with the Stocks Exchanges). | NIL | NIL | NIL |

ANNEXURE TO THE NOTICE:**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 5**

Dr. Mahesh B. Pandya was appointed as an Additional Director of the Company effective from 2nd January 2004 under Article 113. (a) of the Articles of Association of the Company read with section 260 of the Companies Act, 1956.

Dr. Mahesh B. Pandya holds office as an Additional Director up to the date of Annual General Meeting. The Company has received notice in writing from a member satisfying his intention to propose the appointment of Dr. Mahesh D. Pandya as Director of the Company.

Dr. Mahesh B. Pandya, Qualified M.B.B.S and has vast knowledge and expertise of various matters, particular related to Human Resource Development sector. The Directors commend the resolution set out as item no. 5 of the accompanying notice for your approval.

None of the Directors of the Company except Dr. Mahesh B. Pandya is concerned or interested in the resolution.

**Item No. 6**

The Company's Equity Shares are presently listed on The Stock Exchange, Mumbai, The Stock Exchange, Ahmedabad and The Stock Exchange Pune Limited. During the last several years, the shares of the Company are very infrequently traded on the Ahmedabad Stock Exchange and the Pune Stock Exchange Limited. The annual recurring listing expenses do not offer commensurate benefits to company / its investors. It would further contribute to reduction in administrative costs/efforts of the company. With the wide and extensive networking of centres of BSE, the investors have access to online dealings in the Company's equity shares across the country. As per the SEBI Delisting Guidelines, if the equity shares of a Company which are being delisted from a non-regional Stock Exchange are continue to be listed on a Stock Exchange having nationwide trading terminals then exit option is not required to be provided to the shareholders for such delisting. Therefore, as the equity shares of the Company continue to be listed at the Stock Exchange, Mumbai (BSE) which has nationwide trading terminals, no exit option is required to be given to the shareholders.

The proposed delisting is in the interest of the company and the Board recommends the Resolutions at Item No.6 for approval by the members.

None of the Directors are interested or concerned in the said Resolution.

Item No. 7

Under Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the Company in General Meeting, borrow money apart from temporary loans obtained from the company's bankers in the ordinary course of business in excess of the aggregate of the paid-up capital and free reserves, that is to say, reserves not set apart for any specific purposes. Taking into account the further requirements of additional finance for the expansion programme undertaken by the Company, your Board thinks it necessary to acquire this power and recommends passing of this resolution enabling the Board to borrow money to the extent of Rs. 30,00,00,000/- (Rupees Thirty Fifty Crores only).

None of the Directors are interested or concerned in the said Resolution.

Registered Office:

B1/1, 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**

Place : Mumbai

Dated: 30th September 2004.

PRADEEP P. DAVE
(Chairman & Managing Director)

AIMCO PESTICIDES LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present the Seventeenth Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2004.

FINANCIAL RESULTS

| | 2003-04 Rs. In lacs | 2002-03 Rs. In lacs |
|---|------------------------|------------------------|
| Gross Sales and other Income | 2513 | 2032 |
| Gross Profit | 373 | 195 |
| Finance Charges | 298 | 347 |
| Depreciation | 83 | 88 |
| Loss before Tax | (8) | (241) |
| Add: Provision for deferred Tax | 55 | 62 |
| Profit after Tax | 47 | (179) |
| Less: Short provision of tax of earlier years | 7 | 13 |
| Balance Carried to Balance Sheet | 40 | (192) |

OPERATIONS

The financial year 2003-2004 witnessed a good and widespread monsoon throughout the country and resulted in improvement in operations of our company. The labour unrest at one of the plant has resulted in lower sales but the issue is completely solved and plant has reached it full operation capacity.

CURRENT YEAR OUTLOOK

The Current Year has started with normal rainfall all round the country. Due to the Research and Development strength of your company in Neonicotinoid molecules, one more neonicotinoid insecticide will be commercialised this year. Your company has adopted policy of working with large companies to exploit its Research and Development manufacturing strength to the fullest.

DIVIDEND

In view of the inadequate profit and prevailing situation in the pesticides Industry, the Board of Directors do not recommend payment of dividend on equity shares for the financial year ended March 31, 2004.

EXPORT

Export sale during the year was Rs. 1138.65 Lacs, as compared to Rs. 730.41 Lacs during the previous year. Your Company expects reasonable growth in the overall export sales in the current year as well.

NEW PROJECTS/ PRODUCTS

Your Company has joined the Task force for development and registration of New Insecticides under PMFAI and will benefit by being able to launch this latest insecticide for the 2005 season.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Reports on Management Discussion and Analysis and on Corporate Governance are annexed herewith and forms a part of this report.

DIRECTORATE

Mr. Ashit P. Dave and Mr. K. Ramgopal retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

Dr. Mahesh B. Pandya was appointed as an Additional Director of the Company with effect from 2nd January 2004 and holds office till ensuing Annual General Meeting. The Company has received proposal under Section 257 recommending for his appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanatory statement relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2004 and of the Profit & Loss Account of the Company for the year under review;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) These accounts have been prepared on a 'going concern' basis.

FIXED DEPOSITS

The amount of Fixed Deposit held as on 31st March, 2004 was Rs. 3,70,87,383. There were no overdue deposits except deposits of Rs. 15,40,000 that fell due for repayment before the close of the financial year, remained unclaimed by the Depositors at the close of the accounting year.

AUDITORS

The Auditors, M/S. Contractor, Nayak and Kishnadwala retire at the ensuing Annual General Meeting and offer themselves for reappointment. They have confirmed that they are eligible under Section 224(1B) of the Companies Act, 1956, for re-appointment.

ENVIRONMENT

It is the Company's policy to give top priority to the environment and is committed to conserve it by using the best available technology for effluent treatment and pollution control.

HUMAN RESOURCES

Your Directors wish to place on record their deep appreciation to employees at all levels for their all-round efforts, dedication, commitment and loyal services which helped in achieving satisfactory performance during the year.

PARTICULARS OF EMPLOYEES

During the year under review, the company has no employee who was in receipt of Remuneration higher than the sum prescribed under the Section 217 (2A) of the Companies Act, 1956 read together with the Companies (Particulars of Employees) Rules, 1975

AIMCO PESTICIDES LIMITED**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 and foreign exchange earnings and outgo is annexed hereto and forms part of this Report. To conserve energy, an energy saving team had been constituted, which routinely checks all energy intensive operations and implements suitable measures wherever necessary.

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 State Bank of India, IDBI Ltd., Department of Agriculture, and 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

Place : Mumbai

Dated: 30th September 2004

PRADEEP P. DAVE

(Chairman & Managing Director)

ANNEXURE TO THE DIRECTORS' REPORT:

Particulars as required under Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ending 31st March, 2004.

1. CONSERVATION OF ENERGY**A) Energy Conservation Measures taken:**

By continues monitoring all power consuming activities, the power factor of 1.00, which is the best possible, was ensured.

B) Additional Investments:

As per the recommendation of Company's energy saving team, Effective steps are being taken.

C) Measures at (A) above have proved useful in reducing power & fuel consumption. Measures at (B) above will bring down the electric consumption.**D) Total energy Consumption****I) Power & Fuel Consumption****1) Electricity**

| | 2003-2004 | 2002-2003 |
|--------------------|----------------|----------------|
| a) Purchase | | |
| Units | 7.32 lacs | 8.70 lacs |
| Total Amount | Rs. 28.33 lacs | Rs. 35.65 lacs |
| Rate / Unit | Rs. 3.87 | Rs. 4.10 |

**b) Own Generation**

| | | |
|-------------|-----------|-----------|
| Diesel | 20.04 KL | 37.9 KL |
| Unit KWH | 4.97 lacs | 7.28 lacs |
| Cost / Unit | Rs. 24.79 | Rs. 19.24 |

2) Furnace Oil

| | | |
|--------------|----------------|----------------|
| Quantity | 537 KL | 683 KL |
| Total Amount | Rs. 63.95 lacs | Rs. 78.66 lacs |
| Average Rate | Rs. 11.89 | Rs. 11.52 |

2. TECHNOLOGY ABSORPTION**A) RESEARCH AND DEVELOPMENT [R & D]:****1] Specific areas in which R&D carried out by the company:**

It is mainly carried out in the field of process developments / modification for Agrochemical, Fine chemicals & Pharmaceutical intermediates.

2] Benefits derived as a result of the above R&D:

New combination Herbicide formulation was commercialized.

Production Efficiency are improved substantially

3] Future Plan of Action:

Contract R & D & Toll manufacturing for foreign companies is actively pursued.

4] Expenditure on R&D:

| | |
|--|------------------|
| a) Capital | Rs. Nil |
| b) Recurring | Rs. 1,344,716.95 |
| c) Total | Rs. 1,344,716.95 |
| d) Total R&D expenditure as a percentage of total turnover | 0.56% |

3. FOREIGN EXCHANGE EARNING AND OUTGO.

A) Your Company is Government registered Export House and has been taking keen interest for developing new export markets for its products.

B) Total Foreign Exchange used & earned.

During the year foreign exchange outgo was Rs 271.87 lacs. The foreign exchange earned on export was Rs. 1138.65 lacs.

FOR AND ON BEHALF OF THE BOARD

PRADEEP P. DAVE

(Chairman & Managing Director)

Place : Mumbai

Date : 30th September 2004