

AIMCO PESTICIDES



AIMCO

AIMCO PESTICIDES LIMITED

21ST ANNUAL REPORT

2007-2008

**DIRECTORS**

MR. MUKESH D. PATEL
Chairman

MR. PRADEEP P. DAVE
Managing Director

MR. ASHIT P. DAVE
Executive Director

DR. SAMIR P. DAVE
Executive Director

DR. MAHESH PANDYA
Independent Director (upto 30.07.2007)

MR. RAMGOPAL KAJA
Independent 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 :

LOTE PARSHURAM

COMPLIANCE OFFICER

MR. JITENDRA N. SHAH

BANKERS

State Bank of India

AUDITORS

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

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AIMCO PESTICIDES LIMITED

NOTICE

NOTICE is hereby given that the 21st 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 Tuesday, 30th September, 2008, at 12.00 P.M. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 and the Profit & loss Account for the Year ended on that date together with report of Board of Directors and Auditor's thereon.
2. To appoint a Director in place of Mr. Mukesh D. Patel who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ashit P. Dave 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.

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
Date :30.06.2008

MUKESH D.PATEL
(CHAIRMAN)

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.
2. Proxies, in order to be effective, must be lodged with the Company not less than 48 hours before the time of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2008 to 30th September, 2008(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, BS Road, Bhandup (W), Mumbai-400078. (Tel. Nos. 25963837, Fax No 25672693, 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. Queries and information on the accounts and operations of the company, if any, may be sent by the Members to the Head Office of the Company at Mumbai at least 10 days in advance so as to enable the management to keep the information ready.
8. Members holding shares in physical form are requested to advise any change of address immediately to the Secretarial Department at the Head Office of the Company.
9. Reappointment of Director

At the ensuing Annual General Meeting, Mr. Mukesh D. Patel, Chairman and Mr. Ashit P. Dave of the Company retires by rotation and being eligible offers themselves for re-appointment. The details pertaining to the Director required to be provided pursuant to clause 49 of listing agreement is furnished in the statement on Corporate Governance published elsewhere in the Annual Report (page No. 11)



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twenty First Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2008.

FINANCIAL RESULTS

| | 2007-08 Rs. in lacs | 2006-07 Rs. in lacs |
|---|------------------------|------------------------|
| Gross Sales and other Income | 1289 | 1935 |
| Gross Profit | (199) | 45 |
| Finance Charges | 275 | 263 |
| Depreciation | 73 | 74 |
| Loss before Tax | (547) | (292) |
| Add: Provision for deferred tax | 98 | 21 |
| Less Provision for Fringe benefit Tax | 3 | 4 |
| Loss after Tax | (451) | (275) |
| Add: Short Provision of Expenses of Earlier Years | 3 | 5 |
| Add: Short provision of tax of earlier years | NIL | (53) |
| Add Transfer from General Reserve | 17 | 323 |
| Balance | (431) | NIL |
| Balance Brought Forward | NIL | NIL |
| Balance carried to Balance Sheet | (431) | NIL |

OPERATIONS

Due to the shift in the manufacturing of Agrochemicals for Job work during the financial year 2007-2008, your Company's sales have declined and resulted in lower turnover for the year compared to the previous year. Your company remains focused on Exports, local sale of Branded products and focus on improving manufacturing efficiencies and Quality of products.

CURRENT YEAR OUTLOOK

The normal rain forecast for Current Year in all major markets of your company will increase the sale of agro chemicals. The Management is confident that with major new registrations obtained this year, export will increase.

EXPORT

Export sale during the year was Rs.272.25 Lacs, as compared to Rs. 531.47 Lacs during the previous year. Your Company expects reasonable growth in the overall export sales in the current year.

NEW PROJECTS/PRODUCTS

Your company is working on new Herbicide & is expected to be commercialized this year.

DIVIDEND

In view of the inadequate profit & 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, 2008.

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with the Stock Exchange, a separate section on Corporate Governance Practices followed by the Company together with a certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this report.

DIRECTOR

Dr. Mahesh B. Pandya has resigned from office of Director. The Board while accepting his resignation with

AIMCO PESTICIDES LIMITED

effect from 30th July, 2008 placed on record with gratitude and appreciation on contribution made by him during his tenure as Non - Executive Director of the Company.

Mr. Mukesh D. Patel and Mr. Ashit P. Dave retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Board recommends their re-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, 2008 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, 2008 was Rs314.89 Lacs. There were no overdue deposits except deposits of Rs.95.80 Lacs that fell due for repayment before the close of the financial year, remained unclaimed by the depositors at the close of the accounting year.

GENERAL:

The Management Discussion and analysis Report discusses the operations of the Company in detail and forms part of this Annual Report.

AUDITORS

M/S. Contractor, Nayak and Kishnadwala, Charter Accountants, Mumbai, the Statutory Auditors, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made will be within the limits as stipulated under section 224(1B) of the Companies Act, 1956. The members are requested to consider appointment M/S. Contractor, Nayak and Kishnadwala, as statutory Auditors at the ensuing Annual General Meeting

The comments made by the Auditors in their report are self-explanatory and do not call for further explanation

QUALIFICATION OF AUDITORS

1. The company could not obtain confirmation from the balances from Sundry Debtors and Sundry Creditors and advances before signing of Accounts despite of best of efforts made by the company to get the same. Management of the company confirms that Balance shown in the books is true and correct as per their knowledge.
2. The company has not made any provisions for debtors outstanding for more than 3 years, which are doubtful of recovery as the company is optimistic in recovering its dues. The company is expecting the recovery of some of the dues in the current year.
3. Loans and Advances include Rs. 21581905 being value of Export Benefits receivable by the company. The Management hereby states that all the licenses are under process of renewal and shall be renewed by concerned authorities over a period of time.
4. The Applications to the Central Government for the approval of the Reappointment and Remuneration for the Managing Director and Whole - Time Directors of the Company has been made in prescribe time limit and which is awaited. Auditor comment the self explanatory statement.



5. The post of Company Secretary was vacant for a part of the year. The company is searching a full time Company Secretary as required U/s 383A of the Companies Act, 1956. Auditor comment the self explanatory statement.
6. The Auditors remarks at clause (g) of its report is self explanatory and for which the clarification is being given in point no. 2 and 3 as above.
7. The Company is not regular in deposit with appropriate authorities' undisputed statutory dues. However subsequently the company has paid part of the dues.
8. The company has for a temporary period failed to maintain liquid assets required under Rule 3A of the Rules. The company is going through the recession period and having huge losses. The funds were not available at the relevant time to be kept in the liquid funds as required under the Rule 3A. But the company is committed to comply with all provisions of the Act and Rules.
9. The remarks of auditors regarding enlargement of scope of internal audit is self explanatory and the company is taking steps to enlarge the scope of internal audit.
10. During the year company has defaulted in repayment of dues to financial institution and banks. The company has applied for restructuring and re- schedulement of installment payable for the outstanding loan with the IDBI and is awaiting its approval.

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. We are the member of the Lote Common Effluent Treatment Plant & our effluent discharge is always confirming to the CETP norms.

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

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.

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

MUMBAI
30.06.2008

MUKESH D.PATEL
(CHAIRMAN)

AIMCO PESTICIDES LIMITED**ANNEXURE TO THE DIRECTORS' REPORT:****1. CONSERVATION OF ENERGY****A) Energy Conservation Measures taken:**

By continuous monitoring all power consuming activities, the power factor of 1.00, which is the best possible, was ensured. The Condensate Recovery system was installed & recovered hot water was used in feed for boiler feed water tank.

B) Additional Investments:

As per the recommendation of company's energy saving team, Effective steps will be taken. The replacement of large cooling & chilled water pump & pipelines are planned for the current year.

C) Measures at (A) above have proved useful in reducing Fuel consumption of the Boiler.

Measures at (B) above will bring down the Power consumption.

D) Total energy Consumption**I) Power & Fuel Consumption****1) Electricity**

| | 2007-2008 | 2006-2007 |
|-------------------|---------------|--------------|
| a) Purchase | | |
| Units | 3.48 Lacs | 4.30 Lacs |
| Total Amount | Rs.18.21 Lacs | Rs.20.89lacs |
| Rate / Unit | Rs.5.23 | Rs.4.85 |
| b) Own Generation | | |
| Diesel | NIL | 6.80 KL |
| Total Amount | NIL | Rs.1.48 Lacs |
| Cost / Unit | NIL | Rs. 21.80 |

2) Furnace Oil

| | | |
|--------------|-----|----------------|
| Quantity | NIL | 145 KL |
| Total Amount | NIL | Rs. 20.61 Lacs |
| Average Rate | NIL | Rs. 14.25 |

3) Solid fuel

| | | |
|--------------|---------------|--------------|
| Quantity | 1429 MT | 447MT |
| Total Amount | Rs.16.62 lacs | Rs.10.35lacs |
| Average Rate | Rs.1.16 | Rs.2.32 |

2. TECHNOLOGY ABSORPTION**A) 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. | NIL |
| c) Total | Rs. | NIL |
| d) Total R&D expenditure as a percentage of total turnover :- | | NIL |

3. FOREIGN EXCHANGE EARNING & OUTGO.**A) Your company is Government registered Export House & 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 3.47 lacs. The foreign exchange earned on export was Rs. 272.25 lacs.

FOR AND BEHALF OF THE BOARD OF DIRECTORS

MUMBAI
30.06.2008

MUKESH D.PATEL
(CHAIRMAN)



MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

INDUSTRY STRUCTURE & DEVELOPMENT:

The Company is engaged in the business of agrochemicals. The performance of the Agrochemical Industry is largely dependent on Farming sector & Timely Rains. Pesticide Industry is characterized by numerous companies making the same products and engaging in unhealthy competition.

The year under review saw the healthy growth of the Indian Agrochemical market due to the higher commodity prices.

The competition in Export market has increased & strengthening of Rupee was a major concern for exports.

OPPORTUNITIES AND THREATS:

The consumption of Pesticides in India is still the one of the lowest in the world. The increased focus of the Indian farmers for the crops for exports, growth in irrigation, growth in food processing facilities are positive indicators for the long term potential of the Pesticides Industry. The increase in production & use of Bio Fuels remains one of the most promising factors for future Pesticides business growth.

The unfavorable climatic conditions, large inventory maintenance and extended credit due to seasonal nature of the agri-business, high raw material and energy costs due to high crude prices and cultivation of genetically modified crop remain major threats for the Pesticides Business.

OUTLOOK:

The business outlook for the current year is optimistic as the monsoon forecast for all the major markets of your company except Australia is near normal. Sales from the many new exports markets are expected this year due to the new Registrations, Approvals obtained. As most of the Raw materials are indigenously manufactured, Depreciation of Rupee will help the Export Business.

RISKS & CONCERNS:

The changes in weather conditions with erratic monsoon remain the major Risk & concern of the pesticides Industry. The benefits of the genetically modified crops to the farmers are not proved convincingly, so its effect to the pesticides industry is yet to be fully studied and understood but it has already started to reduce the Cotton Insecticides sales. High energy & Transportation costs due to unusually high crude prices will increase the manufacturing costs.

INTERNAL CONTROL SYSTEM:

The Company maintains an adequate and effective internal control systems commensurate with its size and nature of business. These internal policies ensure efficient use and protection of company's assets and resources, compliance with policies and statutes as well as promptness of financial and operational report.

ENVIRONMENT AND SAFETY:

The company's environment policy follows strict compliance with the environmental legislations for prevention of pollution of air and water and to make continuous efforts for improvement in such environmental friendly performance. The company believes that its resources are conserved by minimization of process wastes and also by having an efficient environmental management system for treatment and safe disposal of such wastes. The company provides safe work place within the organization and ensures that safety consciousness is spread amongst all the employees

AIMCO PESTICIDES LIMITED

INDUSTRIAL RELATIONS AND HUMAN RESOURCE DEVELOPMENT:

The Company considers that its relationship with its employees as vital and ensures that employees feel valued and is endeavoring to create an environment and culture within which every employees can put his best efforts and maximize his contribution

The company ensures that all its employees remain competent through education, skills, training and experience as necessary. The initiatives taken by the management in this direction will help in attaining professional and productive culture by a blend of technology and highly skilled manpower.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE.

The financial performance of the company has been steady throughout the year. During the year there has been a slight decrease in sales from 1798 Lacs to 1136 Lacs. The company suffered loss after tax of Rs 451 Lacs during the year as compared to the last year's Rs. 275 Lacs.

The total income of the company has decreased from Rs. 19.77 Lacs in 2006-07 to Rs 11.34 lacs 2007-08 as compared to the expenditure which has also decreased from Rs. 22.69 Lacs in 2006-07 to Rs.16.81 lacs 2007-08.

The EPS of the company during the year is Rs (4.85) per Equity Share as compared to last year's Rs. (3.50) per Equity Share.

The key objectives of future financial strategy of the company are

1. To raise cost efficient funds for the growth plans of the company
2. To provide financial flexibility in the Balance sheet for Contingencies
3. To manage Foreign Exchange exposure effectively
4. To develop strategy to focus on EPS accretion.

OPERATIONAL PERFORMANCE

The new fine chemical production plant has not reached the desired level of operation due to quality stabilization, which will reach its full capacity by year end. With the infusion of new technology the company expects to have growth in manufacturing and marketing its products during the current year.

CAUTIONARY STATEMENT:

Statement in the "Management's Discussion & Analysis Report" section describes the Company's objectives, projections, estimates, expectations or prediction may be " forward looking statements " within the meaning of the applicable securities, laws and regulations. Annual results can differ materially from those expressed or implied, depending on the economic and climatic conditions, government policies and other incidental factors.

MUMBAI

MUKES H D.PATEL
(CHAIRMAN)



CORPORATE GOVERNANCE REPORT

(Pursuant to the Clause 49 of the Listing Agreement)

1 CORPORATE GOVERNANCE PHILOSOPHY

- The Philosophy of the Company in relation to corporate governance is to ensure transparency, disclosures and reporting that conforms fully with law, regulations and guidelines, and to promote ethical conduct through out the organization, with primary objective of enhancing shareholders' value while being a responsible corporate citizen. Aimco Pesticides Limited believes that transparency in operations strengthens investors' confidence.

2 BOARD OF DIRECTORS

A) COMPOSITION:(AS ON MARCH 31, 2008)

- The Company has 6 directors with Non Executive Chairman and Independent Director, 1 Managing Director, 3 Non- Executive and Independent Directors and 2 Whole-Time Executive Directors.

B) NUMBER OF BOARD MEETINGS HELD, DATES ON WHICH HELD:

- During the year 6 Board Meetings were held on 27th April, 2007 21st June, 2007, 31st July, 2007, 21st September, 2007, 31st October, 2007 and 31st January, 2008

C) ATTENDANCE OF EACH DIRECTORS AT THE BOARD MEETING AND LAST AGM, NUMBER OF OTHER BOARDS OR BOARD COMMITTEES IN WHICH HE/SHE IS A MEMBER OR CHAIRPERSON.

| Name | Category | No. of Board Meetings Attended during 2007-08 | Whether attended last AGM | No. of directorships held in other Companies | No. of Committee Positions held in other Public Companies | |
|------------------------|---|---|---------------------------|--|---|--------|
| | | | | | Chair -Person | Member |
| Shri. Pradeep P. Dave | Managing Director Promoter Executive | 6 | Yes | 3 | NIL | NIL |
| Dr. Samir P. Dave | Promoter Executive | 5 | Yes | 4 | NIL | NIL |
| Shri. Ashit P. Dave | Promoter Executive | 5 | Yes | 4 | NIL | NIL |
| Shri. Mukesh D. Patel | Chairman Independent Non -Executive | 1 | Yes | 8 | 3 | 6 |
| Shri. K. Ramgopal | Independent Non -Executive | 1 | No | NIL | NIL | NIL |
| Dr. Mahesh B. Pandya** | Independent Non -Executive | 5 | Yes | NIL | NIL | NIL |
| Mr. Dipesh Shroff* | Non-Executive Director, | 1 | Yes | 17 | 1 | 2 |
| Mr. Ashok Jain* | Non -Executive Director | 2 | Yes | NIL | NIL | NIL |

* since resigned from directorship w.e.f. 31st July 2007

** since resigned from directorship w.e.f. 30th July 2008