

AIMCO PESTICIDES

AIMCO

AIMCO PESTICIDES LTD.

# A Green Ethos A Golden Harvest

ANNUAL REPORT 20-21



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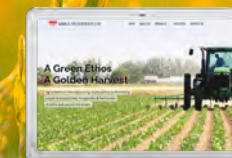
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Find out more online:  
[aimcopesticides.com](http://aimcopesticides.com)

### Forward Looking Message

This document contains statements about expected future events, financial and operating results of Aimco Pesticides Limited (hereafter referred to "AIMCO" or "Aimco"), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. Accordingly, there is a significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications, and risk factors referred to in the Management Discussion and Analysis section of Aimco Pesticides Limited's Annual Report, FY2021.

## FY21 Highlights

Revenue from Operations  
(₹ in Crores)

**175.69**

EBITDA  
(₹ in Crores)

**8.68**

Market Capitalisation  
(₹ in Crores)

**85.40**

As on March 31, 2021



# Aimco at a glance



Aimco is recognized for its strong acumen and competence in the manufacturing of Technical Grade Agrochemicals

Founded in 1987, Aimco Pesticides Limited is an integrated agrochemicals company that manufactures, markets, and exports various agrochemical products. As a company centered on R&D AIMCO, Aimco has had a DST recognised R&D laboratory since 1995, and its key competence lies in the production of technical grade agrochemicals. The company also has a presence in branded formulations business with several Insecticides, Fungicides, and Herbicides under its product portfolio. Aimco is also a Government recognised 3-star Export House with a strong global presence in more than 42 countries. In addition, the ISO 9001, 14001, OHSAS 45001 certified company.

## MISSION

Serving farmers on the grass root level by improving agricultural yields via our understanding and respect for natural ecological processes.

## VISION

To be unparalleled in the agrochemical industry by providing farmers with the finest of agro-inputs via continual innovation and custom-made solutions that sustainably deliver the greatest levels of customer satisfaction.

## ENVIRONMENT-FRIENDLY

The company has pledged to attain Zero Liquid Effluent discharge status in the next four years.



### 4

DECADE LONG TRACK RECORD



### 370+

TEAM STRENGTH



### 3,000

TONNES ANNUAL TECHNICALS CAPACITY



PRODUCT PORTFOLIO

- 11 Technical Grade Agrochemicals
- 80 Formulations
- 200+ Branded SKU's



### 3-STAR

EXPORT HOUSE



### 42+

COUNTRIES PRESENCE



# Aimco at a glance (cont.)

## History & Evolution

### Early history

- The organization was founded more than 45 years ago as a partnership firm - All India Medical Corporation (AIMCO) and was later incorporated in the form of a company in 1987.
- During its early years, the Company was principally engaged in the manufacturing of formulations.
- In 1993, the Company ventured into manufacturing technical grade chemicals (Chlorpyrifos) by setting up a unit in Lote Parshuram and got listed on the Bombay Stock Exchange.
- Soon Aimco ventured into export markets in 1995 and set up an R&D center recognized by the Department of Science & Technology, GoI, in 1996.
- In 2001, AIMCO became the first company to manufacture and commercialize Triclopyr technical in India.

### Hardships

- With the entry of excessive unhealthy competition in its core product portfolio, especially molecules such as Chlorpyrifos, the Company witnessed a depletion in RoCE in its existing investments. At one point in time, more than a dozen manufacturing plants were producing Chlorpyrifos, some at a much larger scale than Aimco leading to unprofitable operations.
- Aimco's domestic formulations business also witnessed severe stress due to droughts in India between 1998-2000, leading to significant write-offs and inventory losses for the Company.

### Operational turnaround and debt restructuring

- Over time, these adversities snowballed into subdued profitability and inability to service debt. Debt accumulated due to unapplied interest and was converted into term loans.
- Between 2010-14 the Company undertook significant business restructuring.
- In 2014, the Company offered a One Time Settlement to its lenders, completed debt-restructuring, and turned debt-free.

### Rebuilding the foundation

- Post restructuring in 2014, the first objective for the Company was to turn and stay profitable at all levels.
- To that end, the Company remained agile to utilize all available business opportunities to stay profitable and rebuild its reserves.
- Secondly, between 2016-20, the Company undertook significant maintenance & upgradation by investing heavily in its existing manufacturing facility at Lote Parshuram.
- Parallely, the Company focused on strengthening its R&D efforts, data-collection, product registration, and commercialisations to expand its core competence - manufacturing technical grade agrochemicals.
- Recently in 2021, the Company announced its first-of-a-kind multi-year contract manufacturing deal for manufacturing technical grade agrochemicals for an Indian agrochemical major.

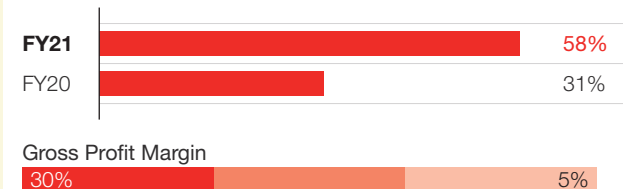


# Business Canvas

## Technicalicals

Aimco's key competency is the production of technical grade agrochemicals in the categories of herbicides, fungicides, and insecticides. In addition, the Company intends to commercialize products in the Plant Growth Regulator (PGR), Bio Nutrients, and Bio Stimulants categories in the coming years.

### Business Contribution & Margin Profile



### Geographical Presence



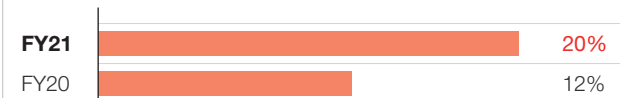
### Strategy going forward

- Stabilize and Expand production
- Commercialize new products
- Drive major growth through Technicalicals
- Pursue higher-blended operating margins

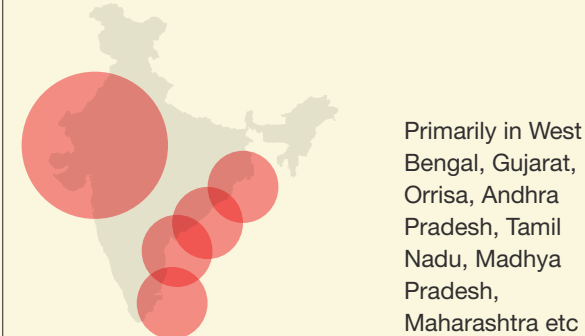
## Branded Formulations

The company has a long-standing branded formulations business in India, with some of its most well-known brands dating back more than two decades. Aimco's branded formulations portfolio includes over 200 SKUs. The company has 5 branch offices and 285+ active distributors to support this business.

### Business Contribution & Margin Profile



### Geographical Presence



### Strategy going forward

- Pursue steady and cautious growth
- Grow without stretching working capital cycle of this vertical

## Formulations (B2B)

Aimco manufactures EC, SC, SL, SG, WDG, WP, DP, and GR formulations, among others. The company offers a product range of more than 80 formulations that are supplied to agrochemical marketers across the world in big, bulk, and retail packaging.

### Business Contribution & Margin Profile



### Geographical Presence



### Strategy going forward

- Limit bulk formulations business
- Maintain some level of business for continuity and access to certain critical markets

## Trading

Aimco engages in limited, opportunistic trading operations in its product categories.

### Business Contribution & Margin Profile



### Strategy going forward

- Limit trading to a small portion of the Company's overall business

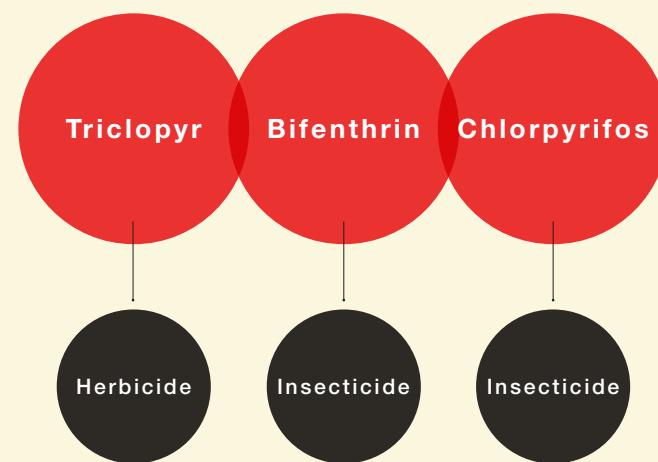


# Product Portfolio

## Technical Grade Agrochemicals

Aimco manufactures 11 technical grade agrochemicals in Insecticides, Fungicides and Herbicides categories.

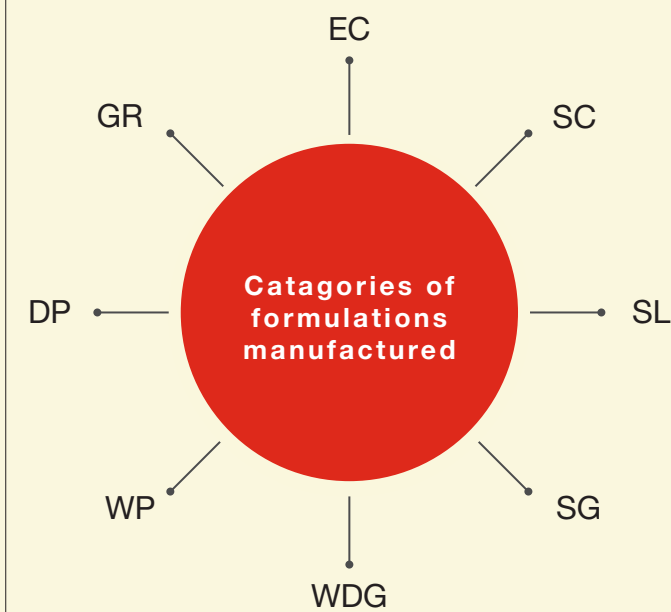
### Key Technicals



Other products include Temephos, Cypermethrin, Alphacypermethrin, Permethrin, Hexaconazole and Fluroxypyr.

## Formulations

Aimco manufactures over 80 agrochemical formulations in categories such as EC, SC, SL, SG, WDG, WP, DP, and GR formulations, among others.



## Branded Formulations



PYRIBAN



ANACONDA SUPER



BYKILL



LAMBDA SUPER



PROFENOTOX SUPER



PROFENOTOX



AIMCOPRO



AIMCOFLO DF



AIMCOZIM



ANACONDA 505



ANACONDA 404



CONZA





# Strengthening Infrastructure

## Manufacturing Facility

The manufacturing facility at Lote Parshuram was established in 1993 to enter into the manufacturing of technical grade agrochemicals and centralizing manufacturing operations. Before this facility, the Company operated four formulations plants across the country.

Over the last few years, the Company has made significant investments at its manufacturing facility to strengthen infrastructure and augment manufacturing capacity. The Company intends to continue this investment phase in the coming years as well.

### Salient Features

- This facility is located on a plot measuring 23,000 square metres, and about 50% of the area is available for future expansion and development.
- Fully equipped manufacturing facility capable of conducting all critical reactions.
- Manufacturing both Technical & Formulations.
- Employing about 250 people at this facility.
- India’s largest and third-largest triclopyr production capacity worldwide.

### Manufacturing Capacity

| Product Category          | Manufacturing Capacity |
|---------------------------|------------------------|
| Technical Grade Chemicals | 3,000 Tonnes Annually  |
| Liquid Formulations       | 20 Kilo Liters Daily   |
| Granules Formulations     | 20 Tonnes Daily        |

## Research & Development

Since its inception, Aimco has been an organization dedicated towards research and development. Since 1995, the Company has had an in-house R&D center at its Lote Parshuram site recognised by the Department of Scientific & Industrial Research, Government of India. The company has recruited and maintained a well-knit team of qualified Scientists, Chemists, and Engineers.

### R&D Focus Areas

- Process development
- Developing technology to manufacture near patent expiry molecules
- Improvement in process efficiency, productivity and cost reductions
- Customized formulations and product development of Synthetic Pesticides as well as Plant Growth Regulators (PGR), Biofertilizers, Micronutrients & Bio stimulants.

In addition, the Company has put in place a Pilot Plant facility to assess the techno-commercial feasibility of several molecules in development. Aimco has built a reputation for commercializing technicals and has always sought to be among the first to market new products. In fact, the R&D Department has created in-house patented processes used to manufacture each of Aimco’s commercial products.

15+

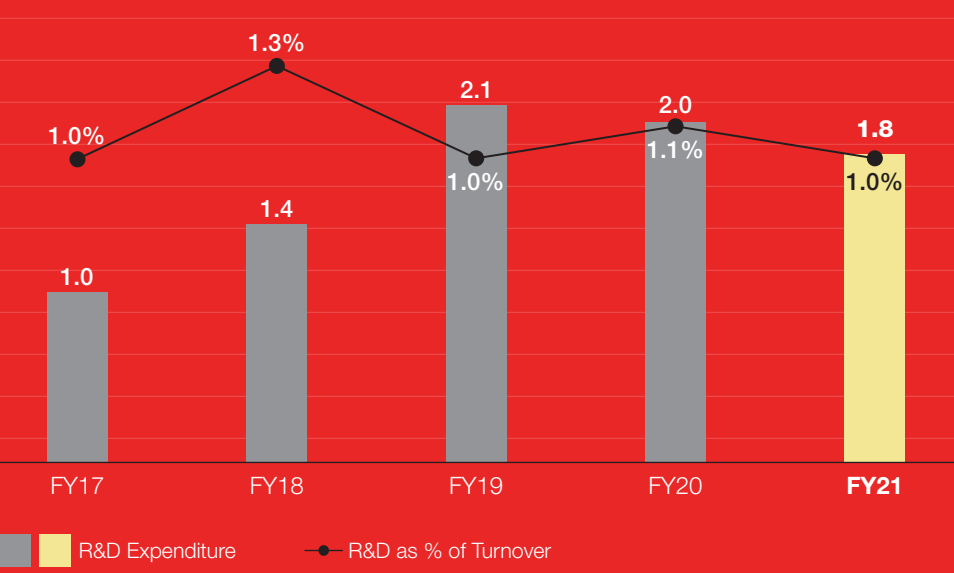
R&D TEAM STRENGTH WITH SCIENTISTS, CHEMISTS, AND SUPPORT STAFF

## ACTIVELY

WORKING TOWARDS ADDING MOLECULES AND EXPANDING AIMCO’S TECHNICALS PORTFOLIO

## R&D Expenditure

(₹ in Crores & in %)



### Aimco’s Product Commercialisation Process

|  |   |
|--|---|
| <b>Product and process identification</b>      | <ul style="list-style-type: none"><li>▪ To start with, the Company seeks patented compounds near expiration that fall within its area of competence and that have expertise in certain chemicals, especially in developing environmentally friendly and non-hazardous processes.</li><li>▪ The future additions (technical grades of chemicals) for marketing should provide sustainable gross profitability of at least 30% – 40%. The second preference is allocated to the overall market size of the product and its acceptance and demand in the Company’s strongholds globally.</li><li>▪ If the preliminary criteria described above are met, the product is selected for further study and development.</li></ul> |
| <b>Pilot manufacturing and data generation</b> | <ul style="list-style-type: none"><li>▪ Lote Parshuram site is equipped with a Department of Scientific &amp; Industrial Research, Govt. of India recognized Pilot Plant facility to assess the techno-commercial viability of potential products.</li><li>▪ Data generation is undertaken by the Company and, if necessary, GLP data is generated according to the requirements of the country in which the product is to be registered.</li></ul>   |
| <b>Product registration</b>                    | <ul style="list-style-type: none"><li>▪ After assessment of the molecule’s techno-commercial viability and fulfillment of data creation needed for foreign registration, the Company registers the technical, formulation, or both in accordance with market requirements.</li><li>▪ The registration time of products varies from 6 months to 5 years, depending on the country in which the product is to be registered.</li></ul>  |
| <b>Setting-up manufacturing infrastructure</b> | <ul style="list-style-type: none"><li>▪ Setting up additional manufacturing facilities may take anywhere between 12 to 24 months, depending upon the product’s complexity. Some of the products may be manufactured in existing multi-purpose plants.</li></ul>   |
| <b>Manufacturing</b>                           | <ul style="list-style-type: none"><li>▪ The company has the necessary infrastructure to manufacture technical grade agrochemicals and all kinds of formulations including Plant Growth Regulators (PGR), Biofertilizers &amp; Bio stimulants.</li></ul>   |
| <b>Marketing and distribution</b>              | <ul style="list-style-type: none"><li>▪ Technical grade agrochemicals are sold to formulators in India &amp; across the globe. Key global markets include Australia, Africa, Brazil and the United States of America.</li><li>▪ Formulations are sold in bulk to marketers globally and are also marked directly by the Company under its brand portfolio. Some of the key brands are Anaconda, Pyriban, and Bykill.</li></ul>  |



# Making a mark globally



**42+**  
COUNTRIES PRESENCE

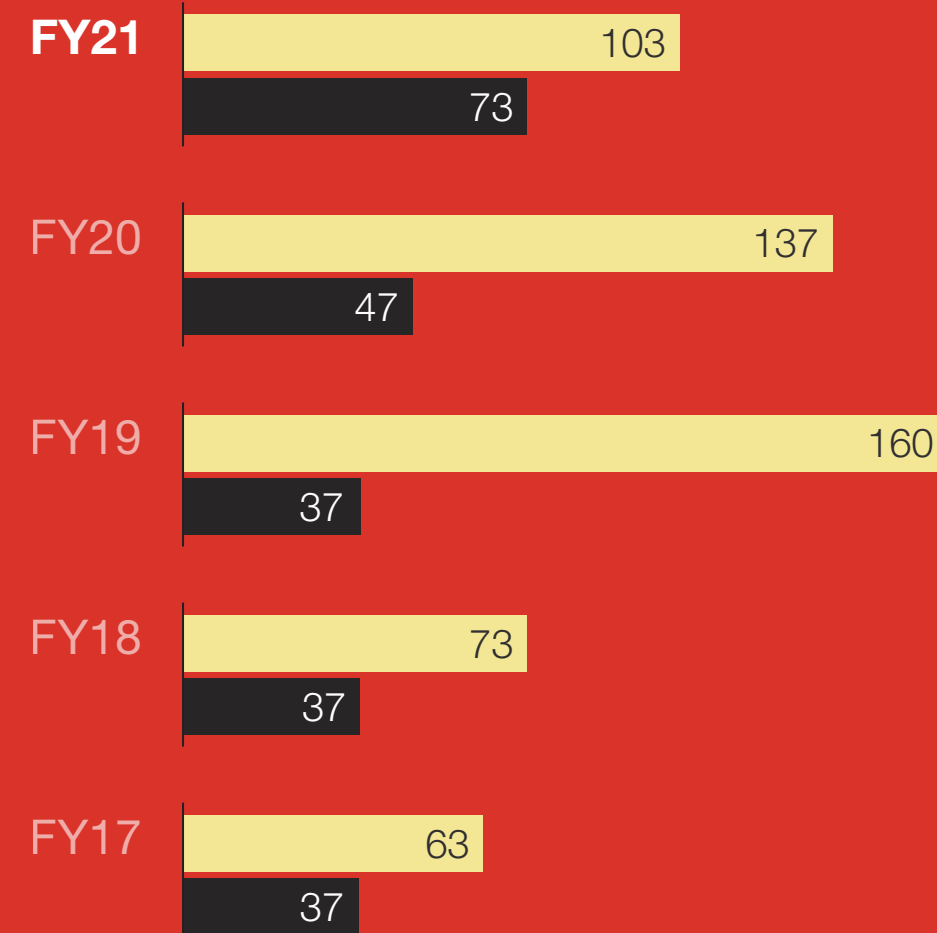
**285**  
ACTIVE DISTRIBUTORS

**01**  
INTERNATIONAL SALES OFFICE

**05**  
DOMESTIC BRANCH OFFICES

## Geographical Sales Mix

(₹ in Crores)



### Key

Exports Domestic



# Founders' note

DEAR SHAREHOLDERS,

With great pleasure, I address you all and present you with the 34<sup>th</sup> Annual Report of our Company. It is no secret that the Company has faced a challenging time in the financial year under review, particularly in the last quarter. An excessive number of external variables outside the control of the Company have contributed to the Company's overall unsatisfactory financial performance.

## Performance review

To begin with, a brief look at the Company's performance on a consolidated basis shows that Revenue from Operations and Total Income have both declined by 5.2 % and 5.4 %, respectively, to stand at ₹ 175.69 crores and ₹ 178.74 crores, respectively. Factors such as volatile raw material prices resulting from Covid-19 demand-supply disruptions, a scarcity of shipping containers and higher freight, and slower dispatches due to a backlog at major ports contributed to poor performance on the export front, which ultimately resulted in lower profitability for the Company. As a result, our EBITDA margins stood at 4.9% in FY21 compared to 7.5% in the previous year. However, we confidently feel that this year's performance is an aberration, and we should come back quickly on the profitability front with the new financial year.

## As we advance

We have some developments to look forward to in the coming financial year:

1. We have some products in the pipeline, the registrations for at least one of which should materialize in the coming financial year. These products in the pipeline fall under various categories, such as herbicides, insecticides, and plant growth regulators. It will be a significant breakthrough if there are any developments on the product registration front since it will serve two objectives - replace Chlorpyrifos, which will reach the end of its product lifecycle in the coming few years, and introduce new growth levers.
2. The Company has undertaken and is currently ongoing a debottlenecking exercise at the Lote Parshuram facility. This activity will lead to capacity augmentation by 25%. The Company is also undertaking general infrastructure upgradation at the plant and R&D center in pursuit of NABL accreditation, improvement in ancillary infrastructure, storage facility, etcetera.
3. The Company has recently, in April 2021, announced its first-ever contract manufacturing agreement with an Indian agrochemical major. Considering the size of the deal, i.e., anywhere between ₹ 225-₹ 250 crores spread over three years beginning FY22, this is a significant milestone in our efforts to increase technicals output.

In recent years, our attention has transgressed away from immediate possibilities and toward long-term sustainability.

**PRADEEP DAVE**  
EXECUTIVE DIRECTOR



4. The coming year also appears to be promising for the Branded Formulations business, as the country is experiencing a favourable monsoon season. Despite the fact that I would not budget the same percentage rise for this vertical in FY22 as I did in FY21 (given a smaller base), I believe there will be significant growth in this business vertical.

## Long term strategies

Looking beyond this year's and coming year's performance, we have deployed specific long-term strategies at the Company. Ultimately, these initiatives are focused on re-establishing us on a profitable growth trajectory. Following the restructuring that took place in 2014, we did not have the liberty or flexibility to pursue the most lucrative verticals, as we have previously stated. However, in recent years, our attention has transgressed away from immediate possibilities and toward long-term sustainability. Some of these long-term strategies are:

1. Aimco's growing emphasis is on expanding its Technicals vertical through a combination of strategies, including a) expanding operations of current products, export registration in new markets, and capacity expansion, and b) developing processes, commercializing new products, and registering them in export markets. Aimco Pesticides' specialty is technical grade chemicals; this is where our competitive advantage resides, and it is this that will serve as the Company's growth engine in the years to come. For the purpose of expanding this business vertical, the Company is constantly exploring alternative strategies.
2. With regard to technical grade chemicals, the Company's primary focus is on growing its product portfolio by introducing new molecules that are profitable and add value to the Company's overall profitability. Herbicides, plant growth regulators (PGR), biofertilizers, biostimulants, and insecticides are some of the categories currently in development by the Company. An ideal product addition would have two characteristics, i.e., a) profitability margins better than our current products and b) opportunity size bigger than our current products.

3. In recent years, the Company has made significant investments in research and development, pesticide registration data creation following the first development phase, and export product registrations in various countries across the world. Because export product registration is a time- and capital-intensive procedure, the results of this process are backloaded.
4. The Company is also working on the introduction of many Biological products, Biofertilizers & Bio stimulants suitable for sustainable farming practices.

The Covid-19 pandemic has had an extended impact on our business, but we are hopeful of better performance going forward. Before I conclude, I would like to thank my fellow board members, senior management team, investors, bankers, customers, and Government and regulatory authorities. Thank you for your unwavering belief in and support for the Company throughout the years.

Yours sincerely,  
**PRADEEP DAVE**  
EXECUTIVE DIRECTOR



# A closer look at our performance



## Revenue from Operations

(₹ in Crores)

# 175.69

## EBITDA

(₹ in Crores)

# 8.68

## Cash Flow from Operations

(₹ in Crores)

# 11.13

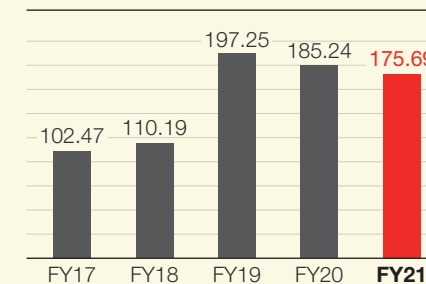
## Shareholders' Fund

(₹ in Crores)

# 40.80

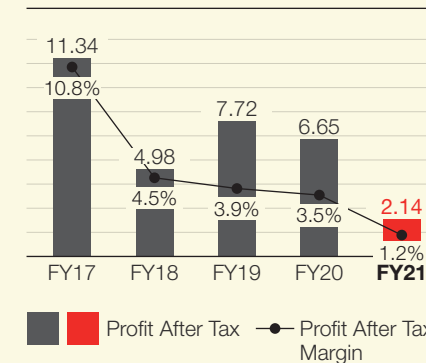
## Revenue from Operations

(₹ in Crores)

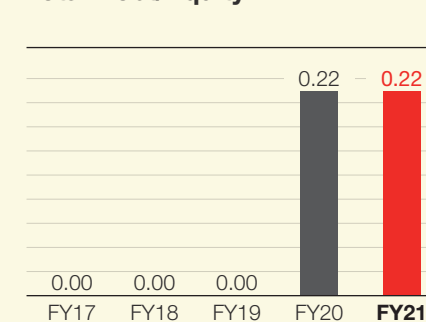


## Profit After Tax & Profit After Tax Margin

(₹ in Crores & in %)

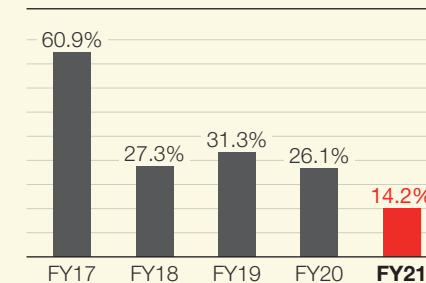


## Total Debt/Equity



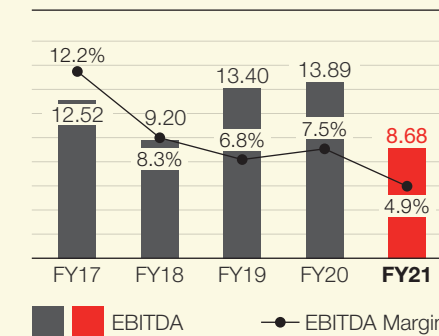
## RONW

(In %)



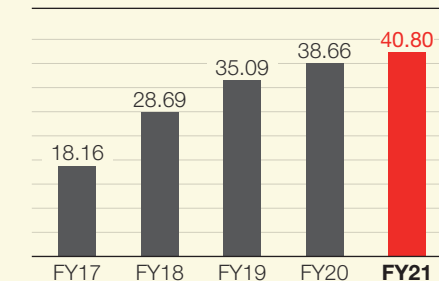
## EBITDA & EBITDA Margin

(₹ in Crores & in %)



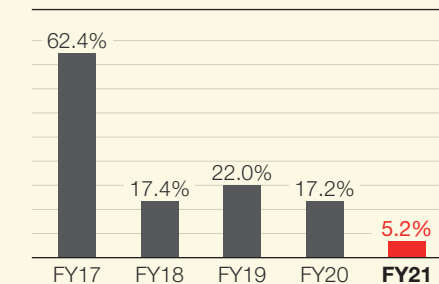
## Net Worth

(₹ in Crores)



## ROCE

(In %)



## Cash Flow from Operations

(₹ in Crores)

