

ANNUAL REPORT 21-22

AIMCO PESTICIDES

AIMCO

AIMCO PESTICIDES LTD.

# A Green Ethos A Golden Harvest



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## FY22 Financial Highlights

(₹ in Crores)

# 312.0

REVENUE FROM  
OPERATIONS

# 18.7

OPERATING  
PROFIT

# 10.7

NET PROFIT



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", "Aimco Pesticides" or "the Company"), 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, FY2022.

## INTRODUCTION

# About Aimco Pesticides

## Vision

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



Founded in 1987, Aimco Pesticides Limited is an integrated agrochemical Company that manufactures, markets, and exports various agrochemical products. As a Company centred on R&D AIMCO, Aimco has had a DST-recognised R&D laboratory since 1995, and its core competence lies in producing technical-grade agrochemicals.

The Company also has a presence in the branded formulations business with 300+ SKUs consisting of Insecticides, Fungicides, and Herbicides under its product portfolio. Aimco is also a Government of India recognised 3-star Export House with a strong global presence in more than ~45 countries. The Company is also an ISO 9001, 14001, and OHSAS 45001 certified organisation.

## Mission

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

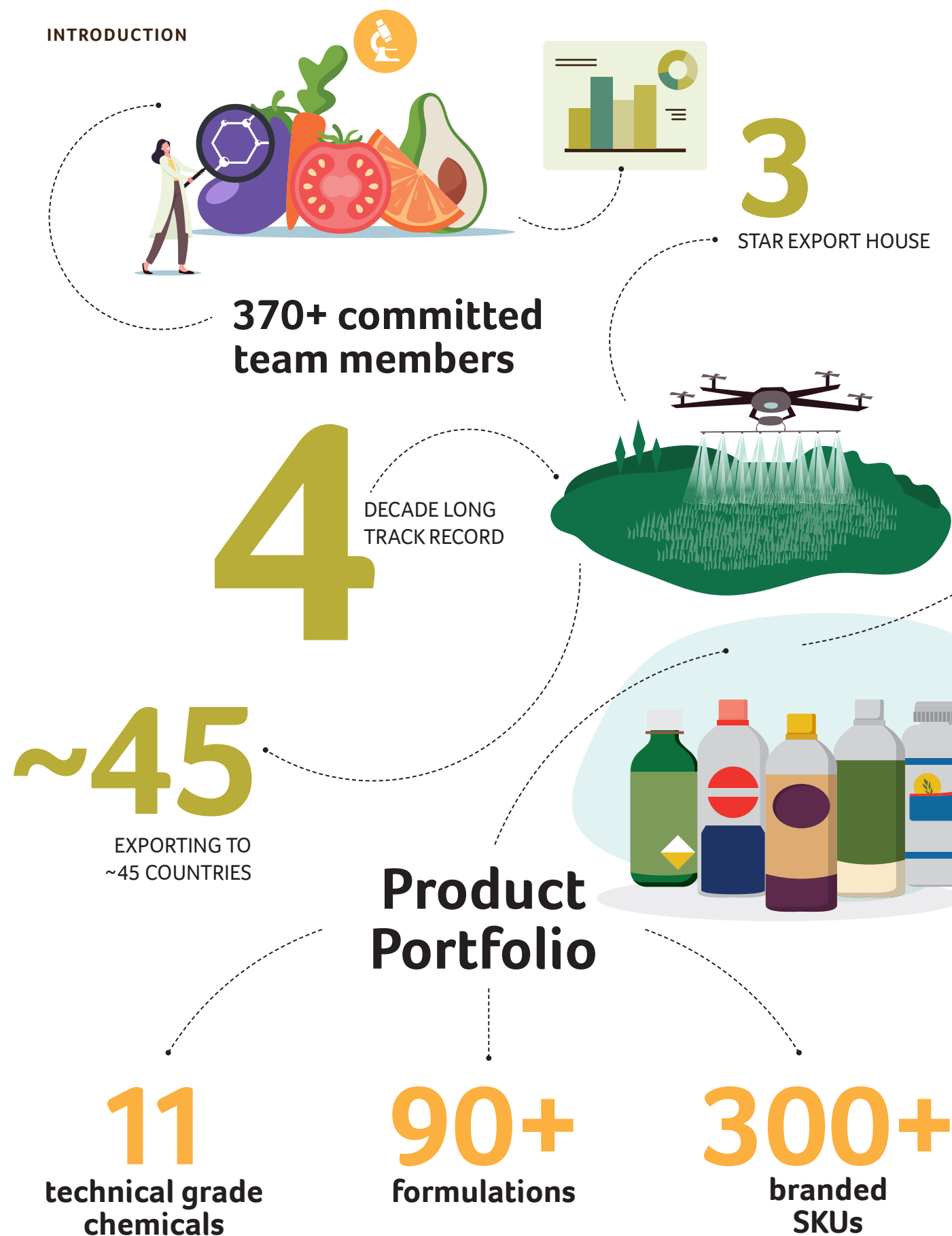
## Aiming ZLD Status

The Company has pledged to attain Zero Liquid Effluent discharge status in the next three years.



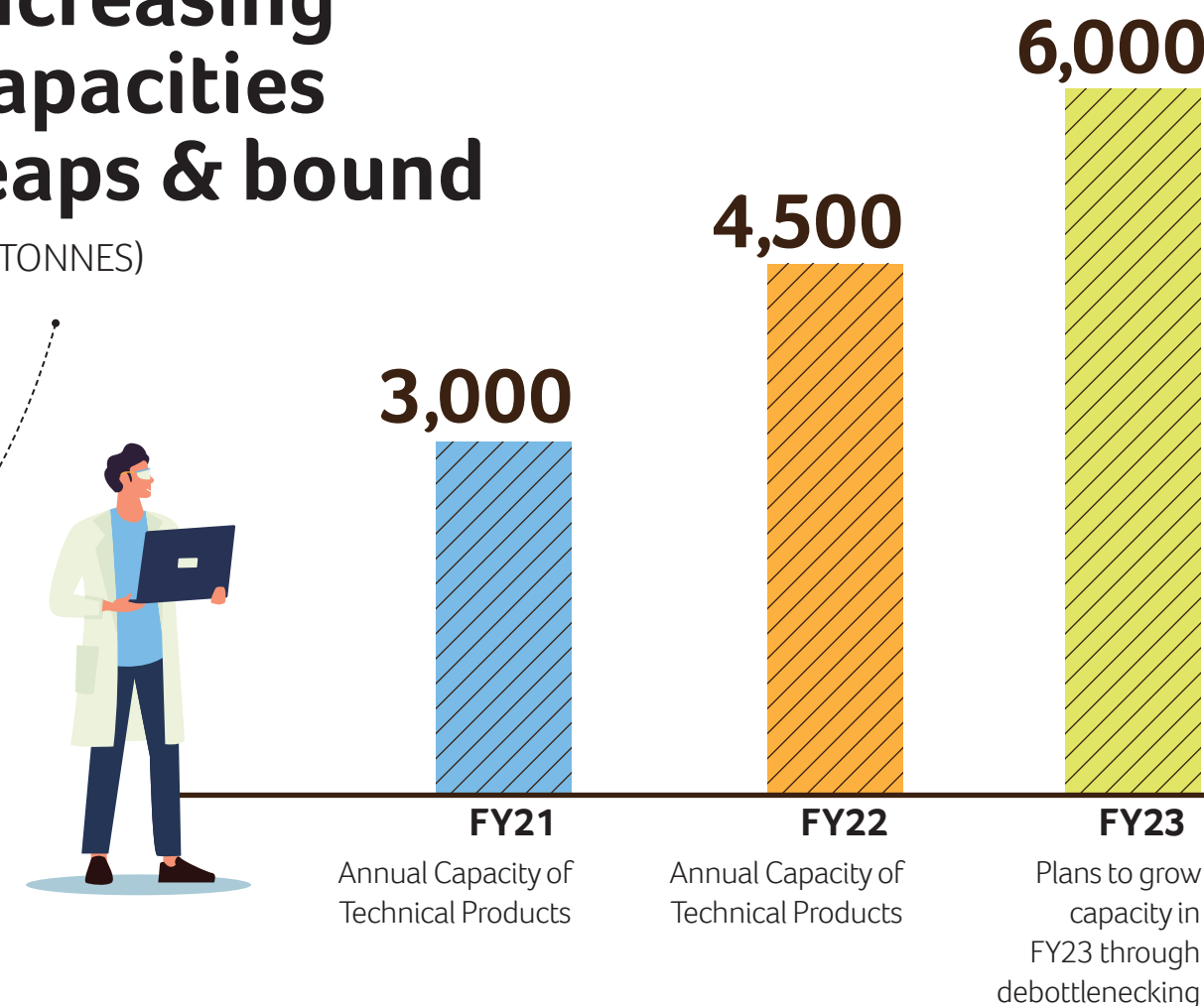


## INTRODUCTION



## Increasing capacities leaps & bound

(IN TONNES)



# aimco

is well-regarded for its proficiency and acumen in the production of technical-grade agrochemicals





## BUSINESS MODEL

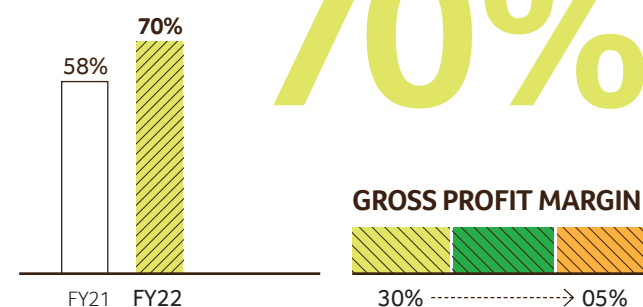
# Improving business canvas

## Technicals



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

### Business Contribution



### Primary Markets



#### STRATEGIES GOING FORWARD

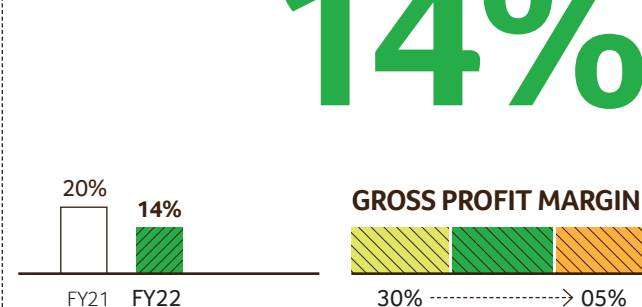
- Expand production of existing products through debottlenecking in current facility
- Commercialise new products with better margin profile, competitive dynamics and opportunity size
- Drive major growth at Company level through technicals to pursue higher-blended operating margins

## Branded Formulations

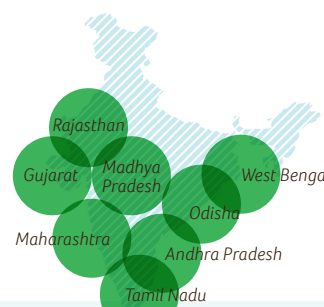


Aimco has a long-standing branded formulations business based in India, with some of its most well-known brands dating back over two decades. Aimco's branded formulations portfolio includes over 300 SKUs. The company has five branch offices and ~677 active distributors (including outside India) to support this business.

### Business Contribution



### Primary Markets



#### STRATEGIES GOING FORWARD

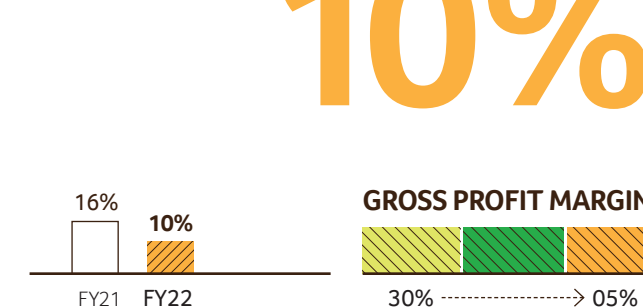
- Pursue steady and cautious growth
- Grow without stretching the working capital needs of this vertical

## Bulk Formulations

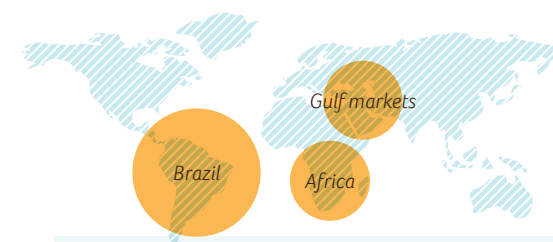


Aimco manufactures EC, SC, SL, SG, WDG, WP, DP, and GR formulations, among others. In addition, the Company offers a product range of more than 90 formulations supplied to agrochemical marketers worldwide in bulk and retail packaging.

### Business Contribution



### Primary Markets



#### STRATEGIES GOING FORWARD

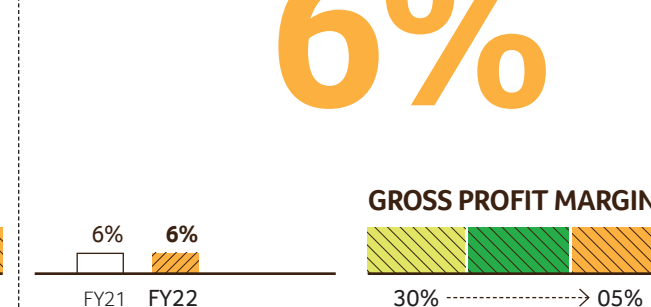
- Limit bulk formulations business, and focus on profitability margin assertive business verticals
- Maintain some level of business for continuity and access to certain critical markets

## Trading



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

### Business Contribution



#### STRATEGIES GOING FORWARD

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

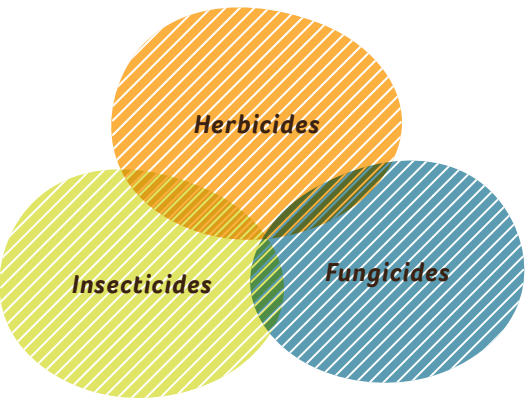
PRODUCT PORTFOLIO

# Enhancing product profile

## Technical Grade Agrochemicals

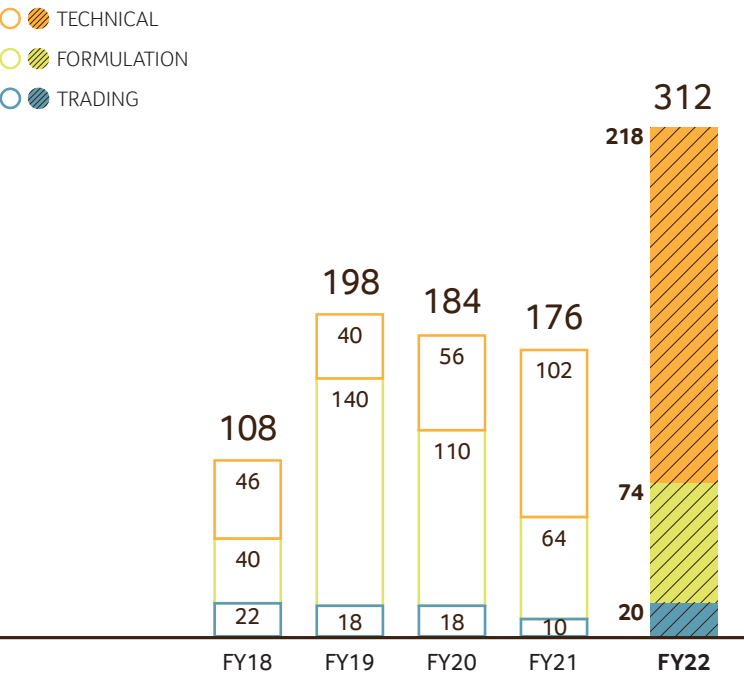
Aimco manufactures 11 technical grade agrochemicals in the Insecticides, Fungicides and Herbicides categories.

KEY TECHNICALS



The Company intends to commercialise products in the Plant Growth Regulator (PGR), Bio Nutrients, and Bio Stimulants categories.

Revenue Bifurcation by Product Categories (₹ IN CRORE)

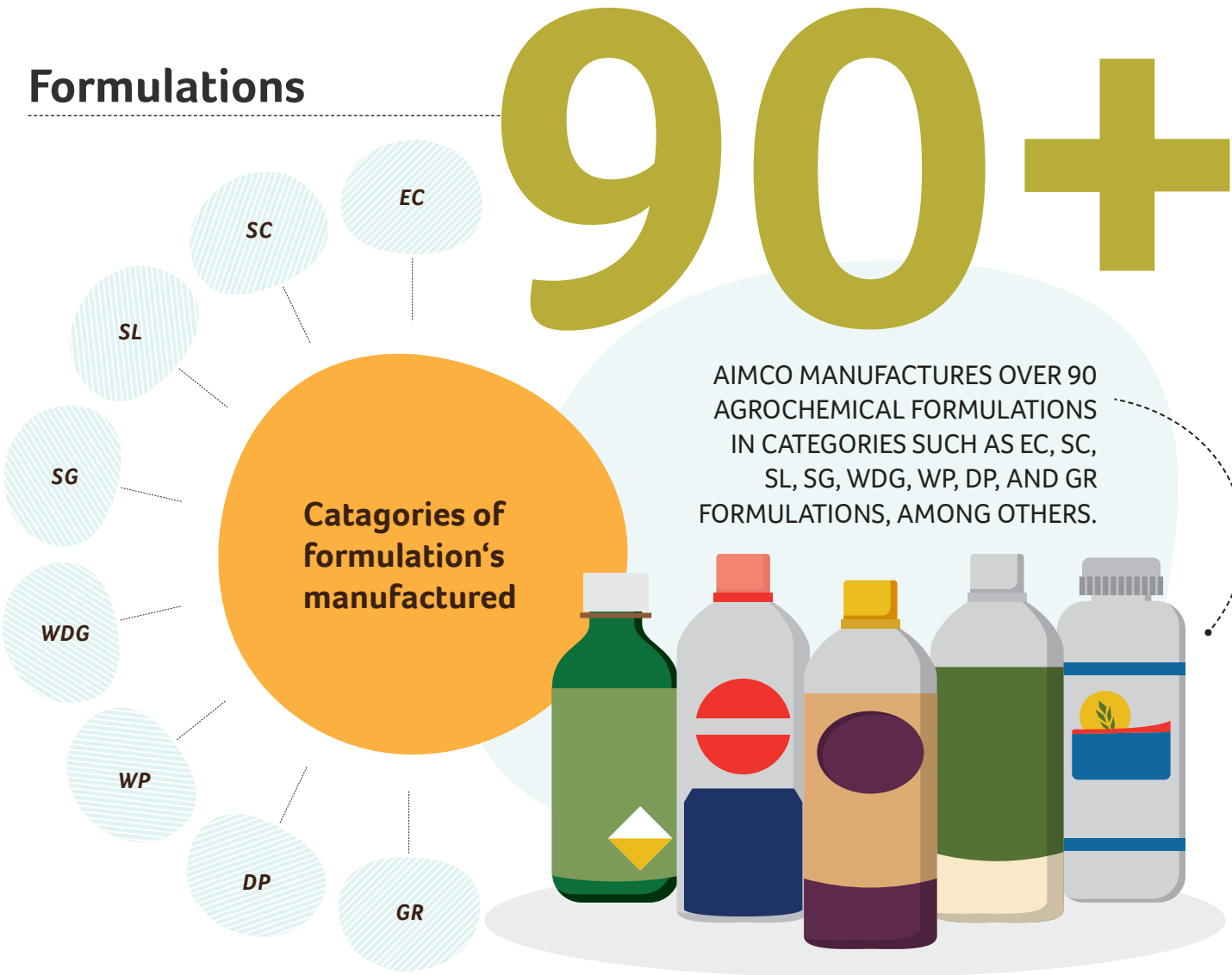


## Branded formulations

Aimco has over 300 SKUs in its branded formulation portfolio, with some marquee and well-recognised brands as old as over two decades.



## Formulations



INFRASTRUCTURE AND R&D

# Building manufacturing capabilities

## Manufacturing Facility

Aimco’s sole manufacturing facility, located in Lote Parshuram, Maharashtra, was established in 1993 to commence manufacturing technical grade agrochemicals and centralise the Company’s manufacturing operations. Before this facility, the Company operated four formulations plants across the country.

Over the last five years, the Company has made significant investments in its manufacturing facility to strengthen infrastructure and augment manufacturing capacity. The Company also intends to continue this investment phase to increase capacity through debottlenecking and improve general infrastructure, material storage capacity, utilities and laboratory at this facility in the coming years. The Company plans to increase its current technical-grade agrochemical manufacturing capacity from 4,500 tonnes per annum to 6,000 tonnes per annum in the coming financial year.



### Salient Features

- Located on a plot measuring 23,000 square metres, about 25% of the area is available for future expansion and development.
- The Company is also pursuing acquisition of new land for further expansion.
- Fully equipped manufacturing facility capable of conducting all critical reactions.
- Manufacturing both Technicals & Formulations.
- It employs about 250 people.
- One of the largest triclopyr production capacities in India and abroad.

### Manufacturing Capacity

Technical	4,500 tonnes per annum
Liquid Formulations	7,000 kilo litres per annum
Granules formulations	7,000 tonnes per annum

## Research & Development

Since its inception, Aimco has been an organisation dedicated to research and development. Since 1995, the Company has had an in-house R&D centre at its Lote Parshuram site, recognised by the Department of Scientific & Industrial Research, Government of India. In addition, the Company has recruited and maintained a well-knit team of qualified Scientists, Chemists, and Engineers to drive its R&D efforts.

### R&D Focus Areas

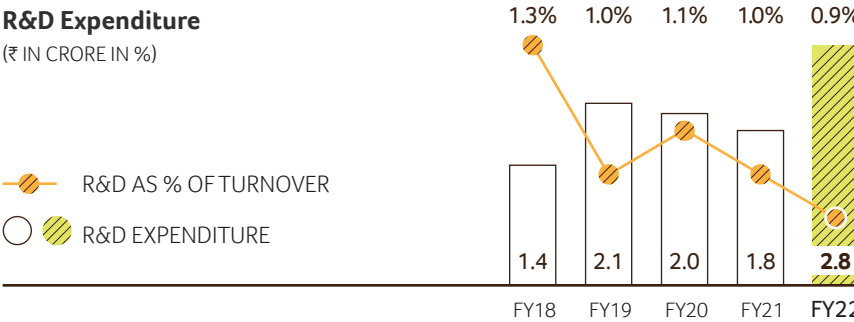
- Process development
- Developing technology to manufacture near patent expiry molecules
- Improvement in process efficiency, productivity and cost reductions
- Customised formulations and product development of Synthetic Pesticides as well as Plant Growth Regulators (PGR), Biofertilizers, Micronutrients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

The Company has established a Pilot Plant facility to assess the techno-commercial feasibility of several molecules in development. Aimco has built a reputation for commercialising 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 INCLUDING SCIENTIST, CHEMISTS AND SUPPORT STAFF

ACTIVELY WORKING ON  
**commercialising new molecules**  
AND EXPANDING AIMCO’S TECHNICAL PORTFOLIO

R&D Expenditure  
(₹ IN CRORE IN %)



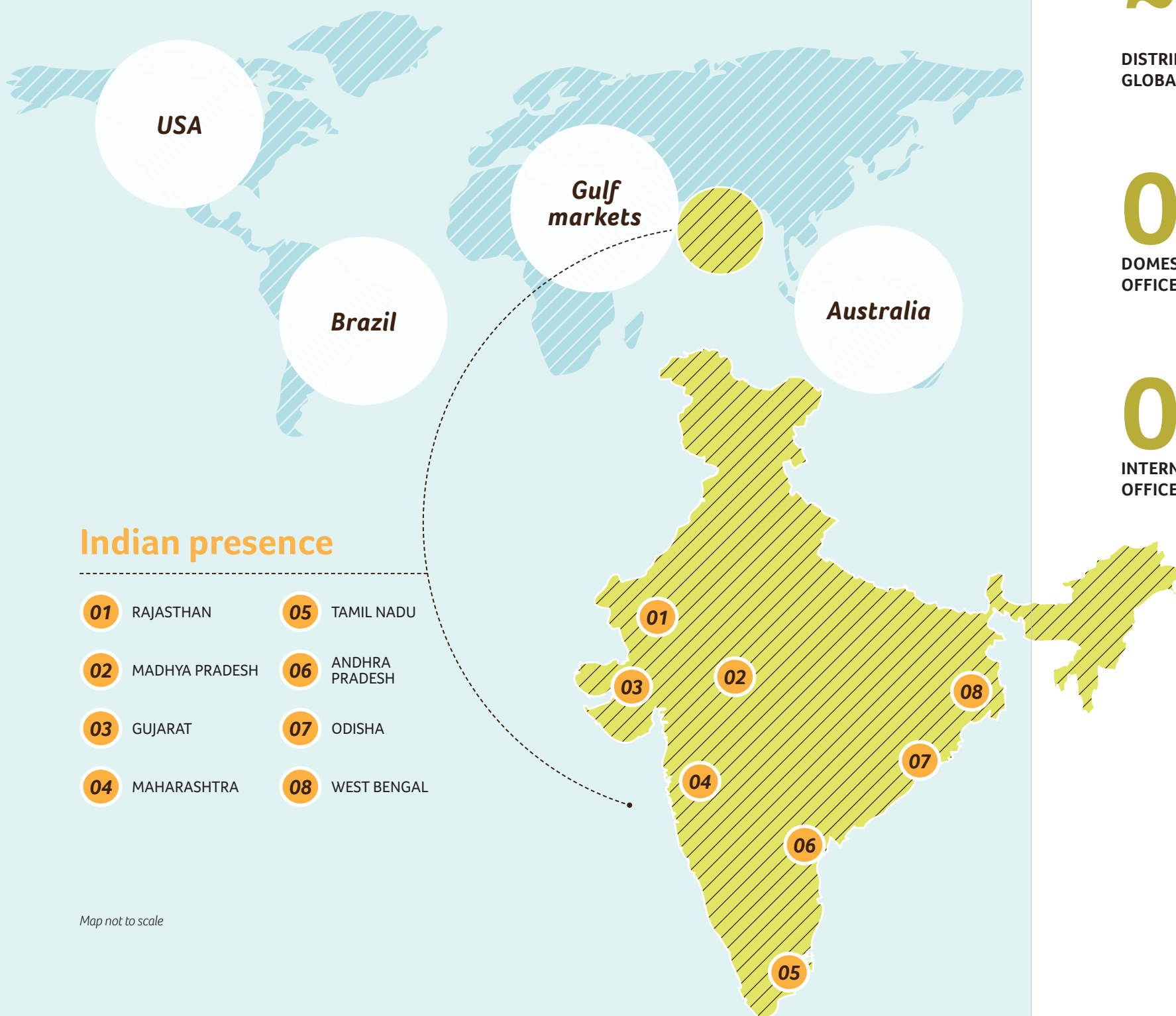
## Aimco’s Product Commercialisation Process

<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 where it has expertise in chemistry, especially in developing environmentally friendly and non-hazardous processes.</li><li>■ In addition, for future product additions (technical grades of chemicals), the Company aims for at least 30 to 40% sustainable gross profitability.</li><li>■ 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>■ The product is selected for further study and development, provided the preliminary criteria described above are met.</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, Government of India recognized Pilot Plant facility to assess the techno-commercial viability of potential products.</li><li>■ The Company undertakes data generation, and if necessary, GLP data is also 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 fulfilment of data creation needed for foreign registration, the Company registers the technical, formulation, or both as per regulatory requirements.</li><li>■ The registration duration 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>■ Depending upon the product’s complexity, setting up additional manufacturing facilities may take anywhere between 12 to 24 months. 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; Biostimulants.</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>■ In addition, formulations are sold in bulk to marketers globally and marked directly by the Company under its brand portfolio. Some of the key brands are Anaconda, Pyriban, and Bykill.</li></ul>



## GLOBAL FOOTPRINT

# Making a mark globally



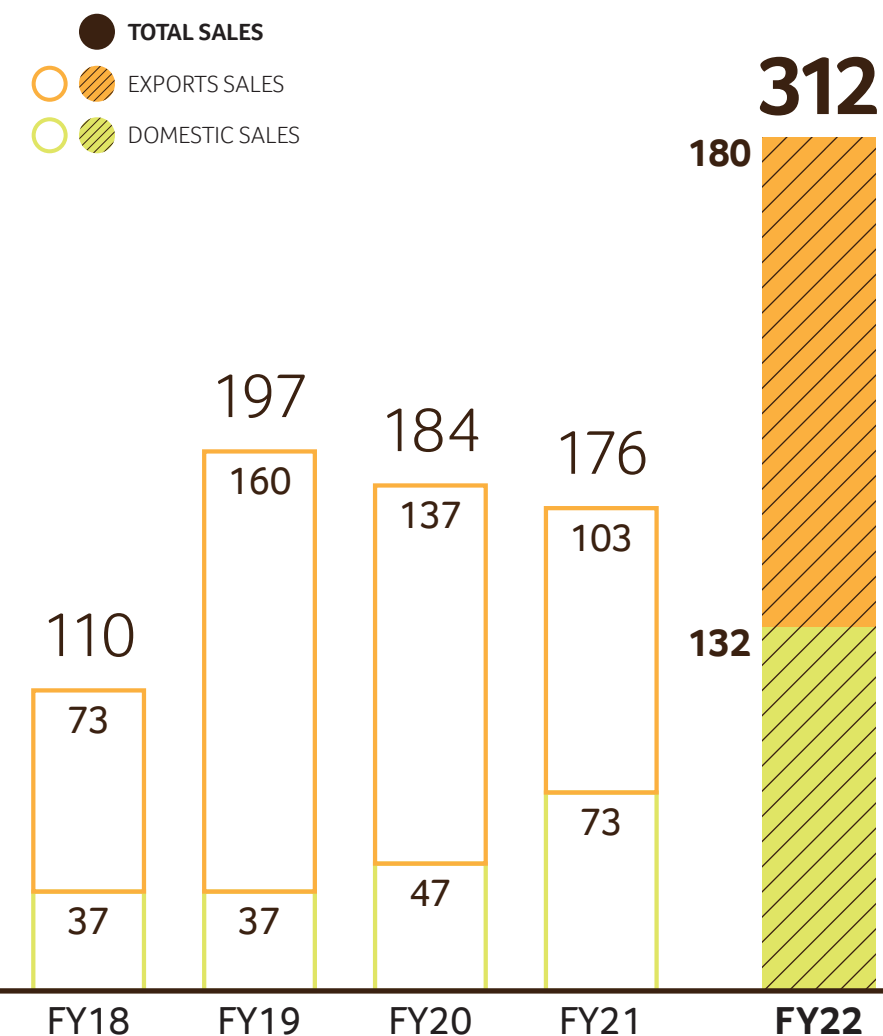
**~45**  
COUNTRIES EXPORTING TO

**~677**  
DISTRIBUTORS & DEALERS GLOBALLY

**05**  
DOMESTIC BRANCH OFFICES

**01**  
INTERNATIONAL SALES OFFICE

## Revenue Bifurcation by Geography (₹ IN CRORE)



## LETTER TO SHAREHOLDERS

# A year of resurgence

*After a solid performance in FY22, we are now geared to begin our next level of capacity enhancement to reach an annual production capacity of 6,000 tonnes by Q2FY23*

**Pradeep Dave**  
FOUNDER AND EXECUTIVE DIRECTOR

## Operational review

FY22 was a year of resurgence for AIMCO after a particularly tough FY21. Numerous external variables beyond the Company's control impacted our performance last year, and while those challenges persisted this year, we were better prepared to face them. Resultantly, we came back more robust this year and delivered a much better performance in FY22. Our Revenue from Operations jumped to ₹ 311.99 crores in FY22 from ₹ 175.69 crores in FY21, recording a 78% increase in our top line. Our EBITDA margins in FY22 stood at 6.0%, which is marginally higher than the previous year's 5.6%, and our EBITDA stood at ₹ 18.73 crores, which is nearly double from FY21's ₹ 9.78 crores. We also reported a healthy PAT of ₹ 10.66 crores in FY22 compared to ₹ 2.10 Crores in FY21. Our growth this year has been driven by multiple factors, one of them being the conclusion of our first year of contract manufacturing agreement for one of our existing products. Even though the agreement came into effect in April 2021, we could only begin supplying in May-June 2021, and the volumes hit the desired levels only from Q2FY22. Nevertheless, we are currently delivering on the agreed-upon quantities of this 3-year agreement and evaluating forthcoming opportunities in this domain.

## Dear Shareholders,

It is my absolute pleasure to present the 35<sup>th</sup> Annual Report of our Company, Aimco Pesticides Limited. Now before I jump into the performance discussion for FY22, I want to express my gratitude towards our shareholders for their invaluable trust and support of our Company. It is this encouragement that keeps us going, and helps us to aspire for further growth, year after year.

Another factor that contributed to our performance this year was the increment in our manufacturing capacities through debottlenecking, from 250 tonnes a month at the beginning of the financial year to 375 tonnes a month at the end of the financial year. An essential factor to note here is that the Company conducted expansion activities on a running plant; therefore, there were some disturbances in production during the year, and the total increased capacity wasn't available for production until the second half of the year. Despite this, the Company recorded a healthy increase in volumes in FY22 which resulted in higher sales. Further, I am happy to announce that we are again working towards increasing our capacity through debottlenecking exercises, from 375 tonnes a month to 500 tonnes a month. We expect this expansion to be concluded in Q2FY23 and the benefits to start accruing from H2FY23. Moving on, I would also like to draw your attention to another under-appreciated development this year – we almost completely phased out Chlorpyrifos, a product approaching the end of its life cycle in India, from our revenue stream. This was compensated by increased production of our other products, such as Triclopyr and Bifenthrin, among others. None of our other actively manufacturing products are close to the end of their life cycles.

Another important feat we achieved this year was on our Balance Sheet front, where we managed to pay off all our high-cost borrowings. Moreover, we refinanced the same at more competitive rates; thus, it should optimise our finance costs in the coming year. Further, our Cash Flow from Operations stood at a robust ₹ 22.59 crores in FY22, supported by better profitability and effective working capital management.

All said and done, FY22 was certainly not the easiest year for us either. We faced operational challenges such as high freight cost and logistics unavailability and internally were challenged by production disturbances and shutdowns due to ongoing expansion and maintenance activities during the year. However, our strategies of passing on our input costs worked better this year, and we were able to secure our profit margins to an extent.

## Aimco's journey ahead

After a solid performance in FY22, we are now geared to begin our next level of capacity enhancement to reach an annual production capacity of 6,000 tonnes by Q2FY23. As communicated earlier through our investor disclosures, we have increased our budgeted

capital expenditure during the current financial year in line with the Company's growth plans. Along with this, we are also investing in utilities and infrastructure such as material storage facilities.

On the product registration side, we haven't had any breakthroughs in FY22. One of the key reasons for slower progress on this front during the last two years was due to the ongoing COVID-19 crisis, which caused foreign government offices to shut down periodically and function with limited capacities, thereby not recording any significant development on product registration processes. However, this being said, we do have a few high-potential products in the pipeline, which includes a Herbicide, an Insecticide, and a Plant Growth Regulator. Further, we are also expecting some more foreign product registration for our existing products. We are expecting some news on this front in the current financial year. Going forward, we hope to commercialise new products, wherein we will have competitive strengths. What we have identified as an ideal product addition for Aimco at this juncture has two main characteristics – better profit margins than our existing products and a more significant opportunity size, coupled with an ability to capture a respectable portion of the addressable market. I can gladly share that our present product pipeline completely checks these criteria.

Going forward, we will also continue to invest in our R&D, foreign product registrations and agrochemical data generation to enhance our pipeline for sustained growth. Being back loaded in nature, these investments take time to materialise into benefits. However, we are confident that this is the most sustainable way for us to grow and advance from our current stage. With our direction set and our priorities identified, we are every bit certain that the years ahead will pave the way for our marked growth.

In closing, I would like to thank my team, the board members of AIMCO, our clients and all our stakeholders for helping us navigate through these tough times and always believing in our abilities. We are truly grateful for your kind support and enthusiasm, thank you.

Best Regards,

**Pradeep Dave**  
FOUNDER AND EXECUTIVE DIRECTOR



## KEY PERFORMANCE INDICATORS

# Building Aimco brick by brick

## 312.0

REVENUE FROM OPERATIONS  
(₹ IN CRORE)

## 18.7

OPERATING PROFITS  
(₹ IN CRORE)

## 10.7

PROFIT AFTER TAX  
(₹ IN CRORE)

## 22.6

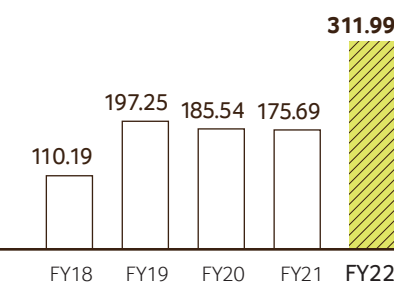
CASH FLOW FROM OPERATIONS  
(₹ IN CRORE)

## 50.5

SHAREHOLDERS' FUND  
(₹ IN CRORE)

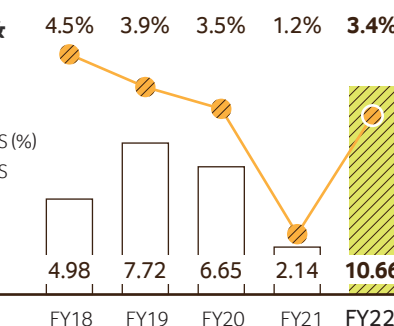
Revenue from Operations  
(₹ IN CRORE)

29%  
CAGR

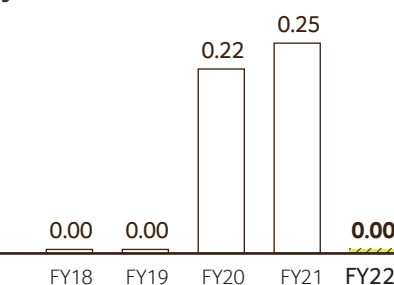


Profit after Taxes & PAT Margin  
(₹ IN CRORE & IN %)

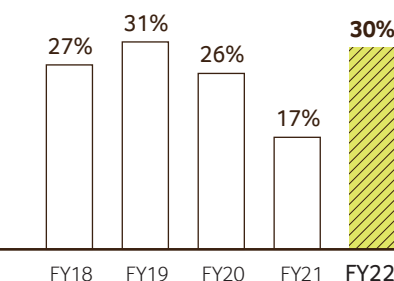
21%  
CAGR



Total Debt to Equity  
(₹ IN CRORE)

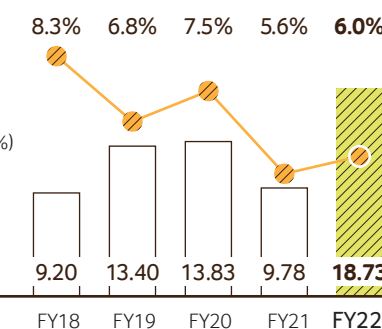


Return on Capital Employed  
(IN %)



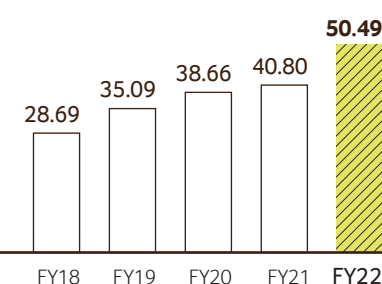
Operating Profit & Operating Margin  
(₹ IN CRORE & IN %)

19%  
CAGR



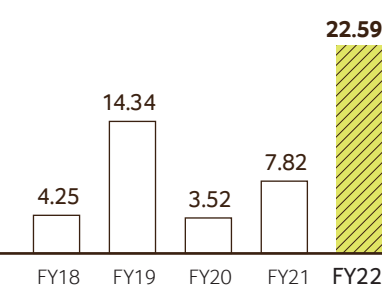
Equity  
(₹ IN CRORE)

15%  
CAGR

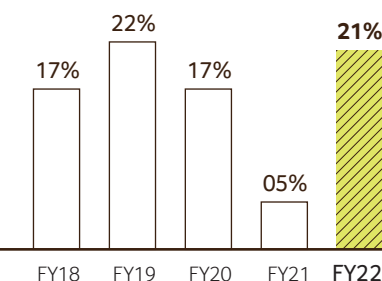


Cash Flow from Operations  
(₹ IN CRORE)

52%  
CAGR



Return on Equity  
(IN %)



Note - CAGR is between FY18-22