

AIMCO PESTICIDES

AIMCO

AIMCO PESTICIDES LTD.



A Green Ethos A Golden Harvest

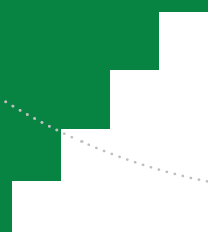


ANNUAL REPORT 2022-23



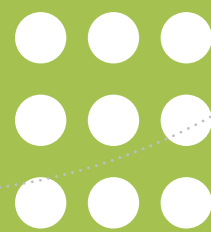
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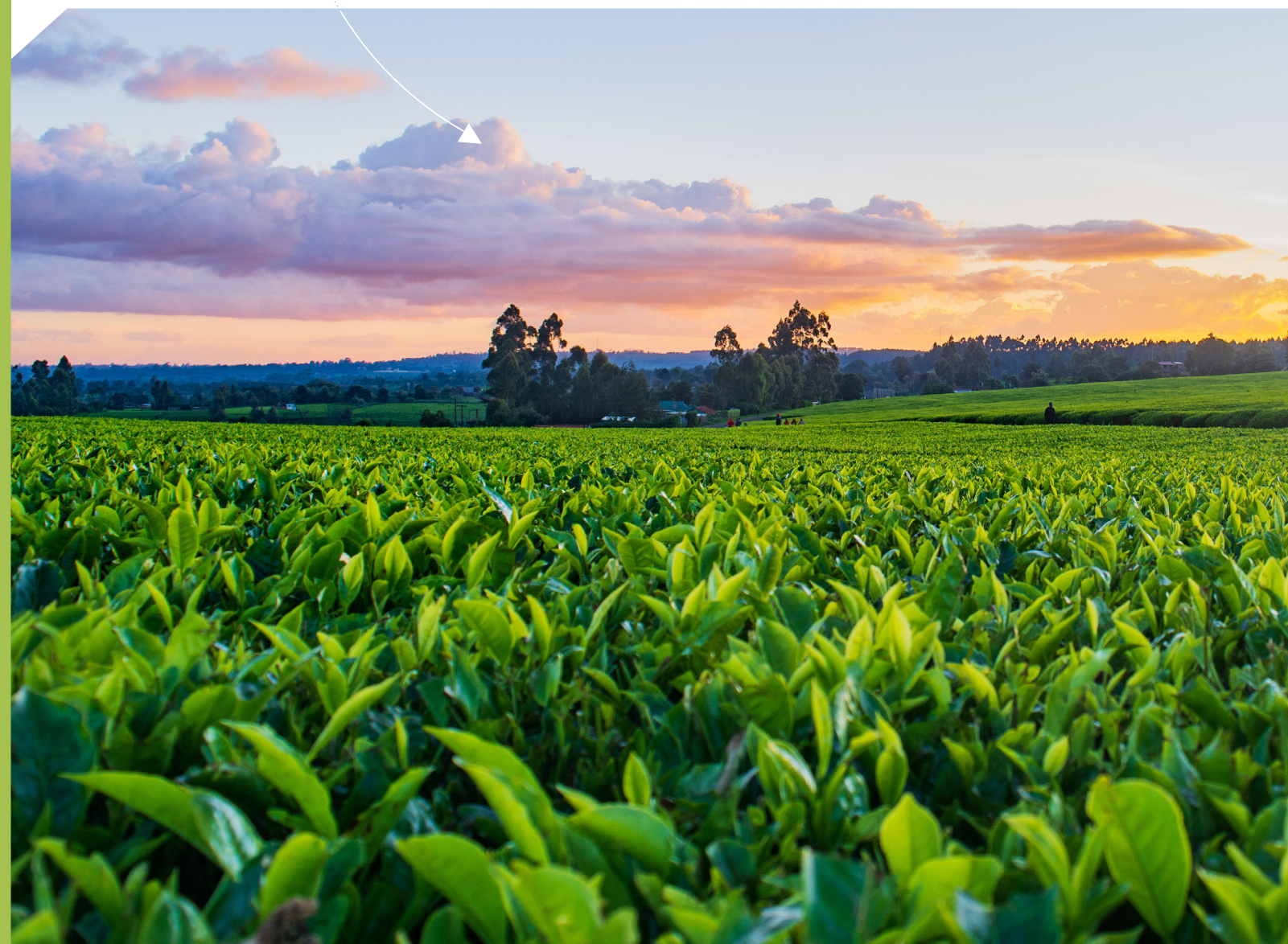


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Safe Harbour Statement

This document presents forward-looking statements concerning future events, as well as the financial and operational outcomes of Aimco Pesticides Limited (referred to as 'AIMCO', 'Aimco Pesticides', or 'the Company'). Due to their nature, forward-looking statements necessitate the Company to formulate assumptions and are susceptible to inherent risks and uncertainties. Consequently, there exists a notable risk that the assumptions, forecasts, and other forward-looking statements may not ultimately prove to be accurate. Readers are advised to exercise caution and not overly rely on forward-looking statements, as various factors have the potential to diverge assumptions, actual future results, and occurrences from those articulated in the forward-looking statements. In light of this, it is important to acknowledge that this document is governed by the disclaimer and is further supplemented by the assumptions, qualifications, and risk factors expounded upon in the Management Discussion and Analysis segment of Aimco Pesticides Limited's Annual Report FY23.



Introduction

About Aimco Pesticides

Established in 1987, Aimco Pesticides Limited is a fully-integrated agrochemical Company engaged in the manufacturing, marketing, and export of a diverse range of agrochemical products. With a strong focus on research and development (R&D), AIMCO has maintained a DST-recognised R&D laboratory since 1995.

Its primary expertise resides in the production of technical-grade agrochemicals. Additionally, the Company operates within the domain of branded formulations, boasting a product portfolio of over 300 SKUs, encompassing Insecticides, Fungicides, and Herbicides. Aimco holds the distinction of being recognised by the Government of India as a 3-star Export House, reflecting its robust global footprint across ~45 countries. The Company has obtained ISO 9001, 14001, and OHSAS 45001 certifications, attesting its commitment to quality, environmental responsibility, and occupational health and safety.



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.

Corporate
Ethos

Vision

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

Aiming ZLD Status

The Company has pledged to attain Zero Liquid (Effluent) Discharge status in the coming years.

Aimco

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

370+
COMMITTED TEAM
MEMBERS



~4
DECADE LONG
TRACK RECORD



3
STAR
EXPORT HOUSE



~45
EXPORTING TO
~45 COUNTRIES



11
KEY TECHNICAL GRADE
CHEMICALS MANUFACTURED



90+
FORMULATIONS



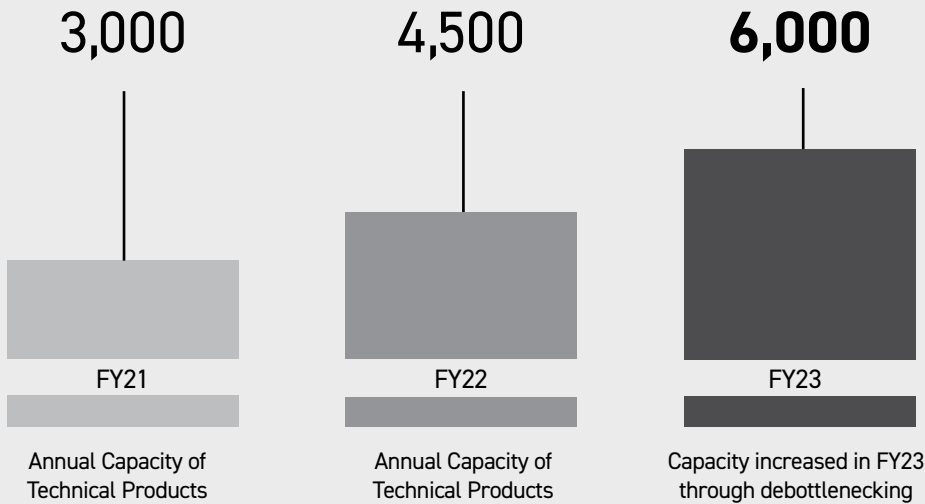
300+
BRANDED
SKUs



**Product
Portfolio**

A key player in the Indian Agrochemicals space, Aimco is credited with introducing many agrochemicals in India.

Consistently increasing capacity (IN TONNES)



Business Canvas

Enhancing business framework



Technicals

Aimco excels at producing technical-grade agrochemicals, specifically within the segments of herbicides, fungicides, and insecticides. Moreover, the Company has future plans to introduce products within the categories of Plant Growth Regulators (PGR), Bio-nutrients, and Bio-stimulants, aiming to establish a commercial presence in these areas.

Business Contribution

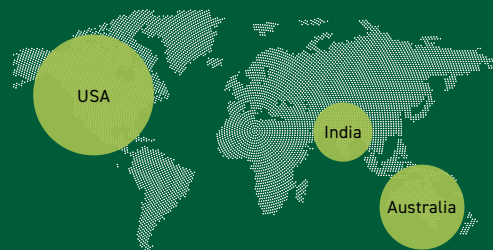
70% FY22 | **59%** FY23

GROSS MARGIN PROFILE



Primary Markets

Primarily in India, Australia, and USA



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 maintains an enduring presence in the realm of branded formulations within India, featuring several widely recognised brands that have a history spanning more than twenty years. Within its portfolio of branded formulations, Aimco boasts a collection of over 300 SKUs. To facilitate this business, the Company operates through five branch offices and collaborates with around 677 active distributors, both domestically and internationally.

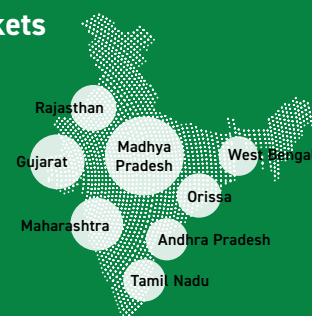
Business Contribution

22% FY22 | **29%** FY23

GROSS MARGIN PROFILE



Primary Markets



STRATEGIES GOING FORWARD

- PURSUE STEADY AND CAUTIOUS GROWTH IN THIS VERTICAL
- EXPANDING INTO NEW REGIONS WITHIN EXISTING DOMESTIC MARKETS, EXPLORING OPPORTUNITIES IN NEWER MARKETS IN NORTH-EAST INDIA
- APPOINTING ADDITIONAL DEALERS AND DISTRIBUTORS
- GROW WITHOUT STRETCHING THE WORKING CAPITAL NEEDS OF THIS VERTICAL



Bulk Formulations

Aimco produces a diverse array of formulations, including but not limited to EC, SC, SL, SG, WDG, WP, DP, and GR. Moreover, the Company extends its offerings through a product selection exceeding 90 formulations, which it supplies to agrochemical distributors globally in both bulk quantities and retail packaging.

Business Contribution

02% FY22 | **09%** FY23

GROSS MARGIN PROFILE



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 partakes in selective and strategic trading activities within its range of product categories.

Business Contribution

06% FY22 | **03%** FY23

GROSS MARGIN PROFILE



Primary Markets



STRATEGIES GOING FORWARD

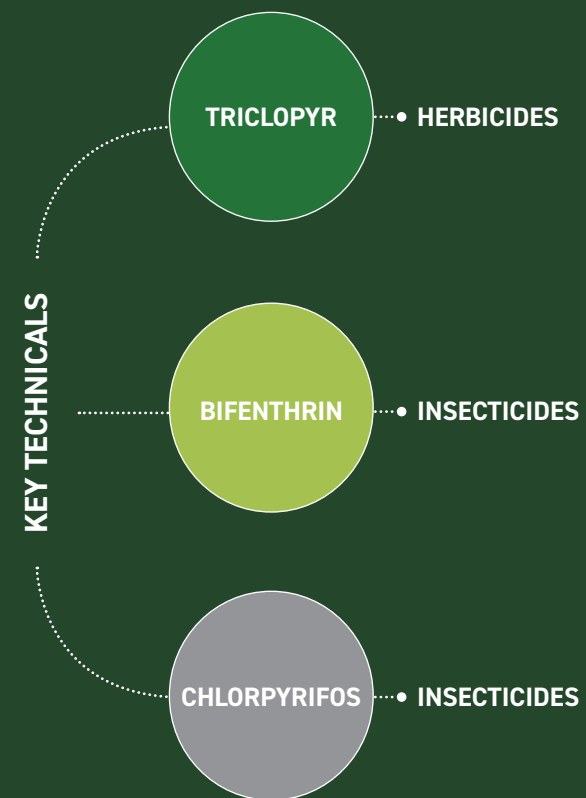
- MINIMAL STRATEGIC TRADING BUSINESS
- LIMIT TRADING TO A SMALL PORTION OF THE COMPANY'S OVERALL BUSINESS

Product Portfolio

Evolving product offerings

Technical Grade Agrochemicals

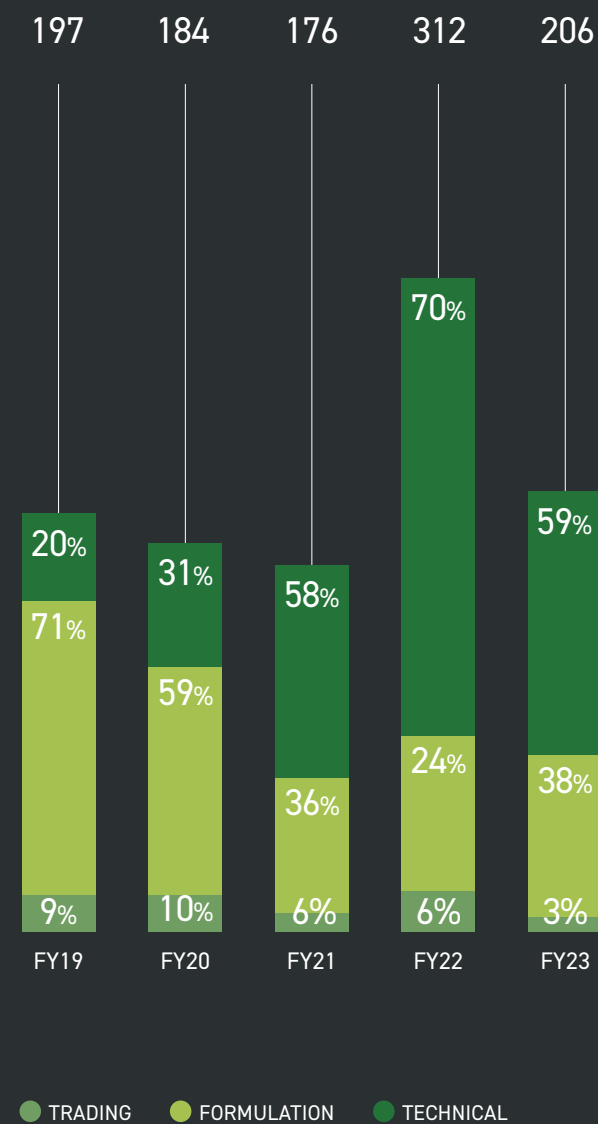
Aimco produces 11 key technical-grade agrochemicals within the categories of Insecticides, Fungicides, and Herbicides.



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)



Formulations

90

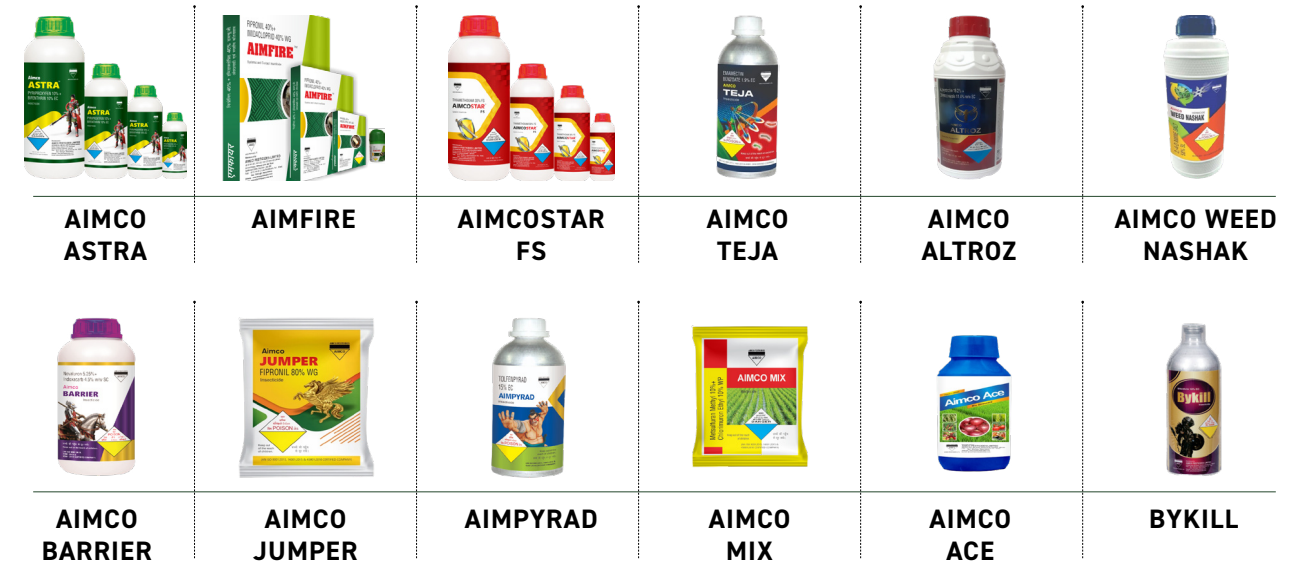
Aimco produces more than **90** agrochemical formulations across a range of categories including EC, SC, SL, SG, WDG, WP, DP, GR formulations, and more.

CATAGORIES OF FORMULATIONS MANUFACTURED



Branded Formulations

Aimco's branded formulation portfolio consists of over **300 SKUs**, featuring prominent and widely-acknowledged brands that have been there for more than two decades.



Infrastructure and R&D

Strengthening production capabilities

Manufacturing Facility

Aimco established its singular manufacturing facility in Lote Parshuram, Maharashtra, in 1993. This pivotal move marked the initiation of technical-grade agrochemical production and the consolidation of the Company's manufacturing activities. Prior to this facility's inception, Aimco operated four formulations plants nationwide.

Over the past five years, Aimco has channelled significant investments into its manufacturing facility, bolstering its infrastructure and expanding production capabilities. This commitment to enhancement remains ongoing, with plans to further boost capacity by addressing bottlenecks and advancing overall infrastructure, material storage, utilities, and laboratory provisions within the facility. **In FY23, the Company successfully elevated its technical-grade agrochemical manufacturing capacity from 4,500 to 6,000 tonnes per annum.**

KEY HIGHLIGHTS

- Situated on a 23,000 square metre plot, with approximately 25% of the land earmarked for future growth and advancement.
- Fully outfitted manufacturing facility with the capability to perform all essential reactions.
- Fully equipped manufacturing facility capable of conducting all critical reactions.
- Proficient in producing both Technicals and Formulations.
- Workforce comprising around 250 employees at the site
- Largest Triclopyr manufacturing capacity in India and number 3 globally

Manufacturing Capacity

Technical	6,000 tonnes per annum
Liquid formulations	7,000 kilo litres per annum
Granules formulations	7,000 tonnes per annum

Research & Development

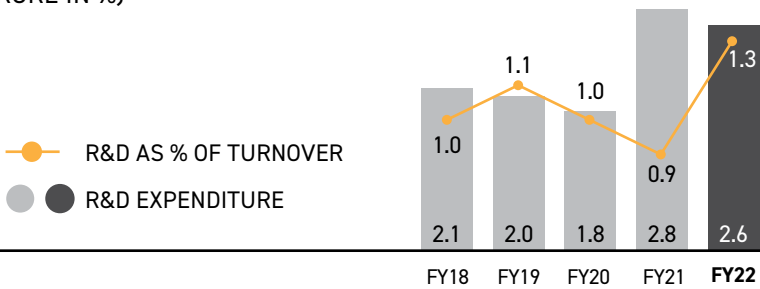
Ever since its establishment, Aimco has embodied a steadfast commitment to research and development endeavours. Starting from 1995, the Company has operated an internal R&D centre at its Lote Parshuram location, acknowledged and endorsed by the Department of Scientific & Industrial Research under the Government of India. Additionally, Aimco has actively assembled and retained a cohesive group of proficient Scientists, Chemists, and Engineers, forming the backbone of its dedicated R&D initiatives.

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), Bio-fertilisers, Micronutrients & Bio-stimulants.

R&D EXPENDITURE

(₹ IN CRORE IN %)



Aimco's Product Commercialisation Process

PRODUCT AND PROCESS IDENTIFICATION

- 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.
- In addition, for future product additions (technical grades of chemicals), the Company aims for at least 30 to 40% sustainable gross profitability.
- The second preference is allocated to the overall market size of the product and its acceptance and demand in the Company's strongholds globally.
- The product is selected for further study and development, provided the preliminary criteria described above are met.

PILOT MANUFACTURING AND DATA GENERATION

- Lote Parshuram site is equipped with a Department of Scientific & Industrial Research, Government of India recognized Pilot Plant facility to assess the techno-commercial viability of potential products.
- 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.

PRODUCT REGISTRATION

- 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.
- The registration duration of products varies from 6 months to 5 years, depending on the country in which the product is to be registered.

SETTING-UP MANUFACTURING INFRASTRUCTURE

- 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.

MANUFACTURING

- The Company has the necessary infrastructure to manufacture technical grade agrochemicals and all kinds of formulations including Plant Growth Regulators (PGR), Biofertilizers & Biostimulants.

MARKETING AND DISTRIBUTION

- Technical grade agrochemicals are sold to formulators in India & across the globe. Key global markets include Australia, Africa, Brazil and the United States of America.
- 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.

First Indian Company to manufacture Chlorpyrifos & Triclopyr
Second Indian Company to manufacture Imidacloprid



To evaluate the techno-commercial viability of various developing molecules, the Company has a fully-equipped Pilot Plant facility. Aimco has cultivated a standing for bringing technical-grade products into the market and consistently aims to be at the forefront of commercialising new molecules. In fact, the R&D Department has innovatively developed in-house patented methodologies that underpin the production of every one of Aimco's commercial products.

16+

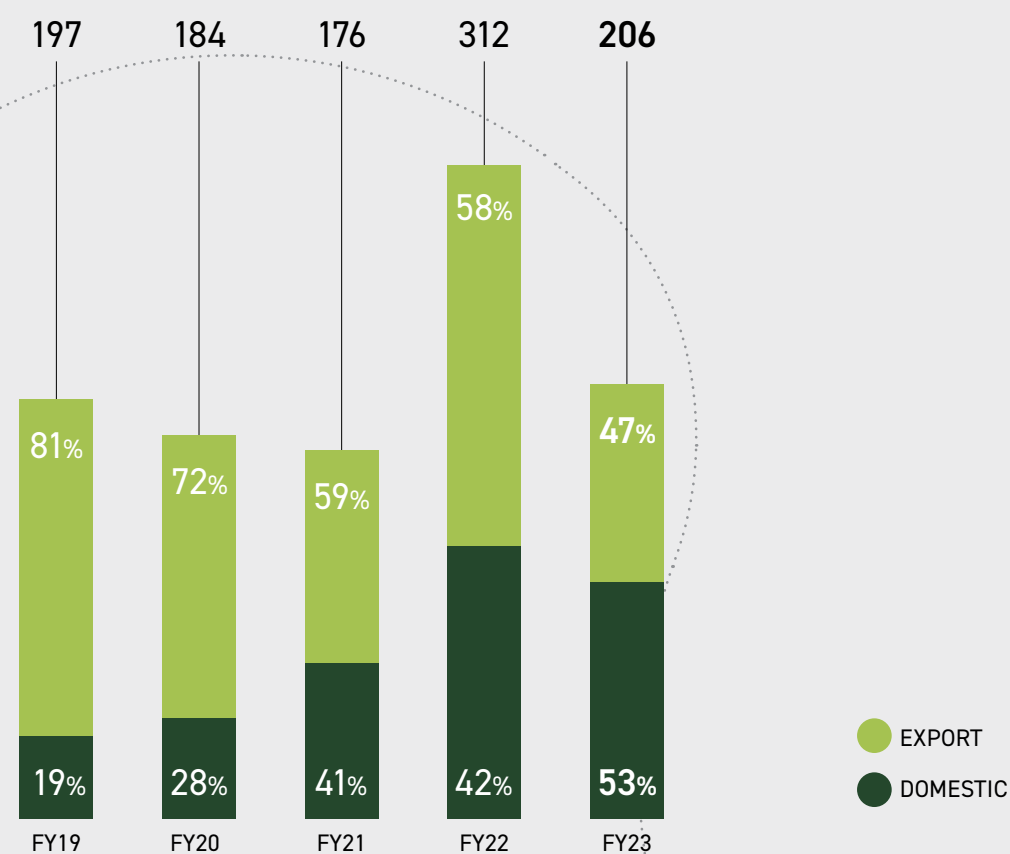
R&D TEAM STRENGTH INCLUDING SCIENTIST, CHEMISTS, ENGINEERS, AND SUPPORT STAFF

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

Global Footprint

Expanding global footprints

REVENUE BIFURCATION BY GEOGRAPHY (₹ IN CRORE)

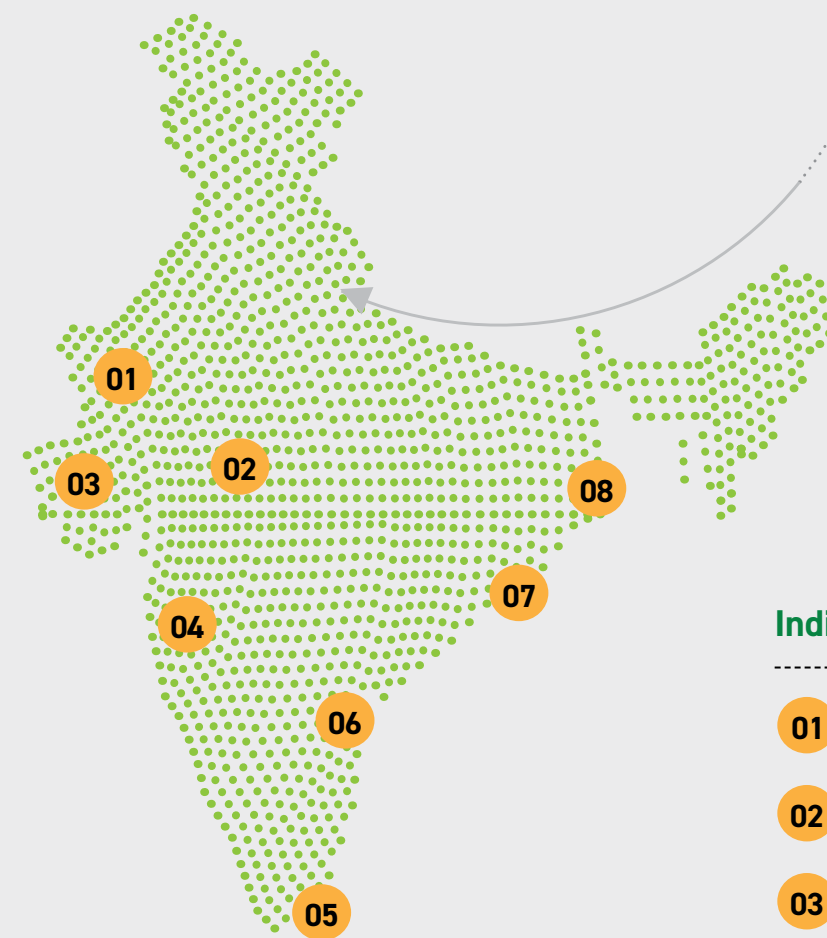


~45
COUNTRIES
EXPORTING TO

~925
DEALERS &
DISTRIBUTORS
GLOBALLY

05
DOMESTIC BRANCH
OFFICES

01
INTERNATIONAL
SALES OFFICE



Indian presence

- | | |
|--------------------------|--------------------------|
| 01 RAJASTHAN | 05 TAMIL NADU |
| 02 MADHYA PRADESH | 06 ANDHRA PRADESH |
| 03 GUJARAT | 07 ODISHA |
| 04 MAHARASHTRA | 08 WEST BENGAL |

Map not to scale, only for illustration purpose

Letter to Shareholders

A year of challenges



"Looking ahead, we anticipate an improvement in the business environment and with it our performance."

Pradip Dave
FOUNDER AND EXECUTIVE DIRECTOR

Navigating the challenges

FY23 has undoubtedly been a year marked by challenges, as various external factors beyond our control intricately impacted our performance. Throughout this period, we grappled with a multitude of obstacles that left their mark on our results. A confluence of factors, including international customer-level destocking, elevated inventory levels within trade channels, declining prices of agrochemicals and raw materials, and subdued demand in various markets, significantly influenced both our volumes and sales.

So, the results for FY23 were not as per our expectations. Our Revenue from Operations stood at ₹206.19 crore as compared to ₹311.99 crore last year. Our operating profit dropped from ₹18.73 crore to ₹3.22 crore, translating to an operating profit margin of 1.6% in FY23 as opposed to 6.0% in FY22. As a result, Profit after Tax was negative for the year. We reported a net loss of 2.19 crore, as against a profit of ₹10.66 crore in FY22.

The agrochemical industry is characterised by its dynamism, and in recent times underscored by a ferociously decreasing pricing environment for finished products and raw materials.

Dear Shareholders,

With immense pleasure, I extend my warm greetings as I present the 36th Annual Report of Aimco Pesticides Limited. Your steadfast trust and unwavering support for our Company have been pivotal in our journey of growth and progress, and for this, I express my heartfelt gratitude.

Amidst this volatility, we prudently managed our exposure to maintain stability in our operations. Further, given the falling prices of products across the entire agrochemical basket, clients deferred their purchase decisions to following quarters, and only procured the bare minimum given the poor demand outlook in H2 of FY23.

Inspite of these hurdles, we maintained our resolve and focus on navigating these challenges. The fourth quarter brought a ray of relief with some improved volumes and sales, even though profitability continued to face headwinds. These challenges are but temporary in nature. It is logical to say that customer destocking can't proceed forever, and in recent times towards the end of Q1FY24 many of the agrochemical products have also found a lower base in terms of price realisations. Our take is that at the signs of demand recovery, the prices and volumes should resume their normal trend.

It is noteworthy that despite the challenges, we have upheld our dividend pay-out policy, reflecting our commitment to our shareholders even during tough times. The Board recommended a dividend of ₹1 per equity share for FY23, subject to shareholders' approval at the ensuing Annual General Meeting. We approach the current year with optimism for revival and stabilisation. Our long-term strategies remain steadfast and unwavering even in the face of these short-term challenges.

Stabilising for the future

Looking forward, we anticipate an improvement in the business environment and with it our performance. It is important to note that the industry-wide situation in the last two years, marked by stockpiling due to COVID-19 concerns, has created an unprecedented scenario. This excess supply has influenced the current state of affairs, leading to cautious and informed decision-making.

Our ongoing investment in augmenting manufacturing capabilities and expanding our product range continues to be a cornerstone of our growth strategy. FY23 saw an increase in our technical-grade agrochemical manufacturing capacity from 4,500 to 6,000 tonnes per annum.

Our new products in the pipeline comprise an insecticide and an herbicide. Our dedicated efforts towards the commercialisation of these molecules are ongoing. It is noteworthy that the profit margins associated with these new products are superior to those of our current products.

Charting a path forward

As we navigate the path ahead, our focus is on enhancing our involvement in the manufacturing of a broader spectrum of molecules as a proactive measure to avert such circumstances in the future. Concurrently, it is imperative that we intensify our efforts on expanding the branded sales formulation business within India. Given the outlook of recent times we have made efforts to expand our presence within the domestic market and explore newer markets like Northeast India. Our plans encompass appointing additional dealers and distributors to amplify our reach and launching new products in the market.

In conclusion, I express my gratitude to all our stakeholders - our shareholders, customers, employees, and partners. Your unwavering support fuels our determination to overcome challenges and transform them into opportunities. We remain agile, adaptive, and resilient, leveraging our strengths to emerge stronger from these testing times.

Best Regards,

Pradip Dave

Founder and Executive Director

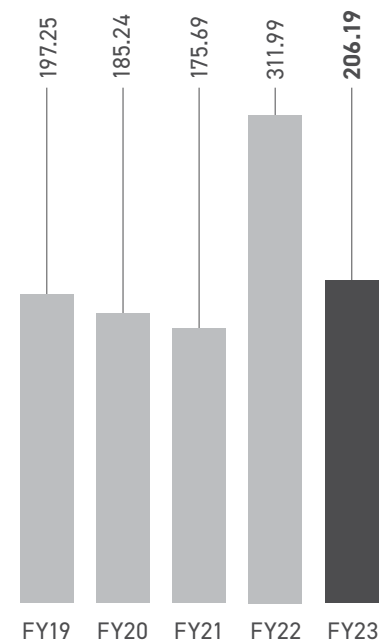


Key Performance Indicators

Resilient amidst headwinds

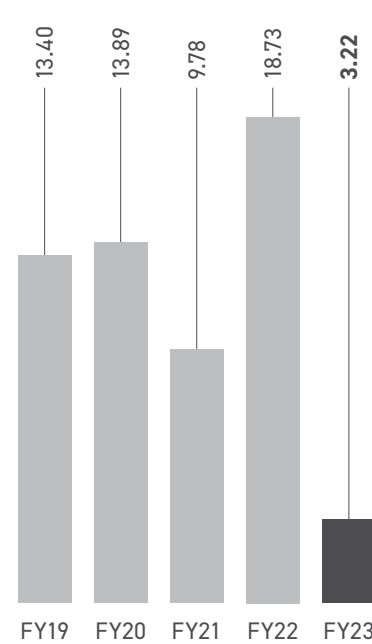
REVENUE FROM OPERATIONS

(₹ in crore)



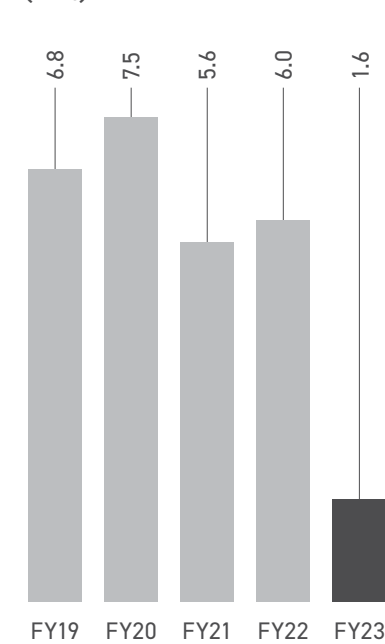
OPERATING PROFIT

(₹ in crore)



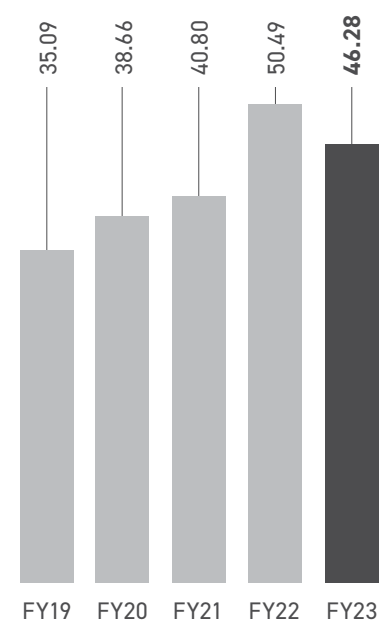
OPERATING PROFIT MARGIN

(In %)



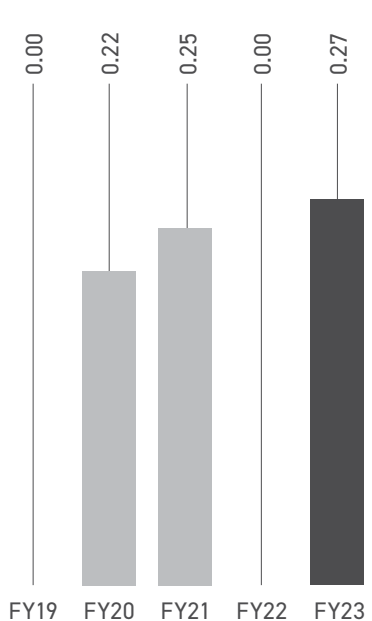
EQUITY

(₹ in crore)



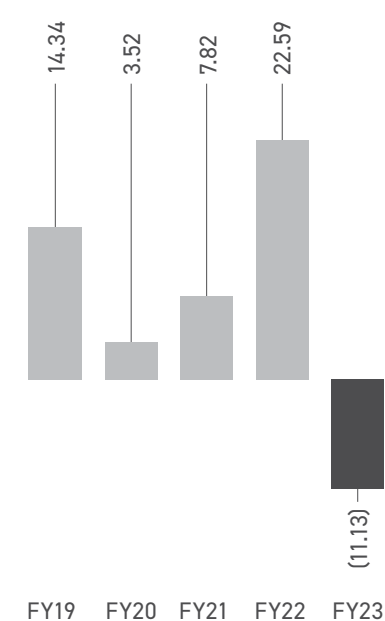
TOTAL DEBT TO EQUITY

(In times)



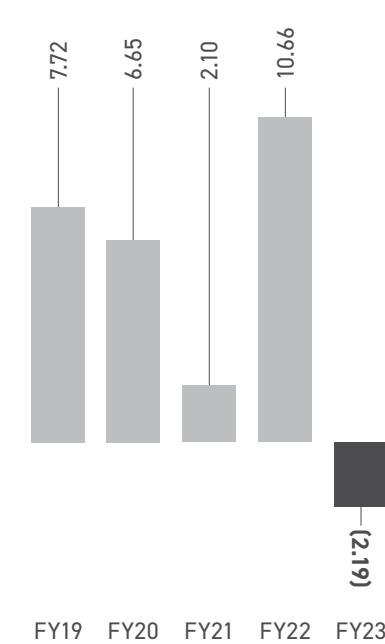
CASH FLOW FROM OPERATIONS

(₹ in crore)



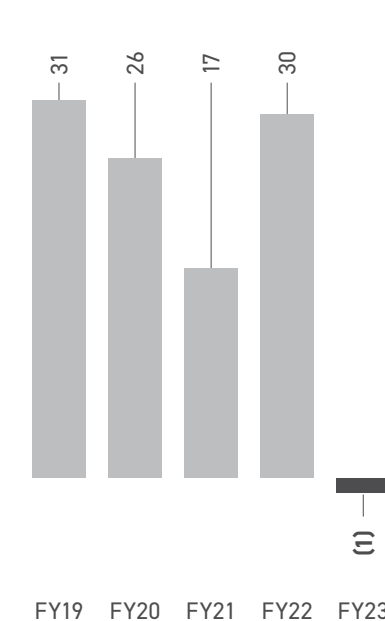
PROFIT AFTER TAXES

(₹ in crore)



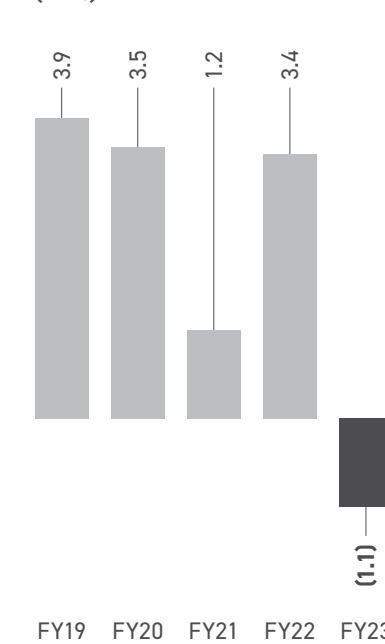
RETURN ON CAPITAL EMPLOYED

(In %)



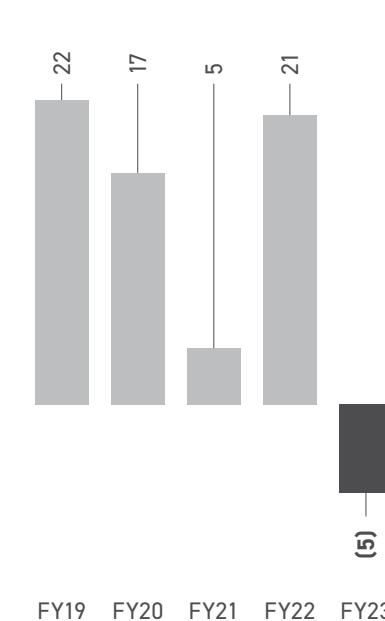
PROFIT AFTER TAXES

(In %)



RETURN ON EQUITY

(In %)



206.19

Revenue from
Operations
(₹ in crore)

3.22

Operating Profits
(₹ in crore)

(2.19)

Profit after Tax
(₹ in crore)

(11.13)

Cash Flow from
Operations
(₹ in crore)

46.28

Shareholders' Fund
(₹ in crore)