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10TH  
ANNUAL REPORT 1996-97

# AIMCO PESTICIDES LIMITED



## AIMCO PESTICIDES LIMITED

Regd. Office: B-1/1, MIDC Industrial Area, Lote Parshuram, Village: Awashi, Taluka - Khed, Dist- Ratnagiri, Maharashtra 415 707

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Note : Members are requested to bring their Annual Report Copies to the Meeting.

**AIMCO PESTICIDES LIMITED****NOTICE**

Notice is hereby given that the Tenth Annual General Meeting of the Members of Aimco Pesticides Limited will be held at the Registered Office of the Company at B1/1, MIDC Industrial Area, Lote Parshuram, Village Awashi, Taluka Khed, District Ratnagiri, Maharashtra 415 707 on Tuesday, 30th December, 1997 at 10.00 A.M. to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and the Profit & Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Samir P. Dave who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr. I.G. Acharya who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Mukesh D. Patel who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

**SPECIAL BUSINESS:**

6. To consider, and if thought fit, to pass with or without modification(s) the following as an Ordinary Resolution :

**"RESOLVED THAT** the consent be and is hereby accorded to the Board of Directors of the Company pursuant to Section 293 (1) (d) of the Companies Act, 1956, for borrowing from time to time any sum or sums of money which together with the money already borrowed by the Company (apart from temporary loans obtained from the bankers of the Company in the ordinary course of business) shall not exceed in the aggregate at any one time Rs.2500 Lakhs (Rupees Two Thousand Five Hundred Lakhs) irrespective of the fact that such aggregate amount of borrowing outstanding at any one time may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

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

**"RESOLVED THAT** a New Article, Article 7 (a) be and is hereby added after Article 7 to the Articles of Association of the Company as under :

7 (a) The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.

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



**“RESOLVED THAT** subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications, as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the “Board”), the consent of the Company be and is hereby accorded to the Board to acquire/purchase any of its own fully paid Shares at any time or from time to time on such terms and conditions and upto such limits as may be prescribed by law, provided that acquisition/ purchase of such fully paid Equity Shares of the Company be not construed as reduction of Equity Shares Capital which is subject to the Controls as stipulated in Sections 100 to 104 and Section 402 of the Companies Act, 1956, for the time being in force and that the Board of Directors of the Company be and is hereby authorised to do all such acts and things as may be necessary or proper to implement this resolution.”

Registered Office:  
B1/1, MIDC Industrial Area,  
Lote Parshuram, Village : Awashi,  
Taluka-Khed, Dist: Ratnagiri,  
Maharashtra-415 707.

BY ORDER OF THE BOARD OF DIRECTORS

**PRADEEP P. DAVE**  
Chairman & Managing Director

MUMBAI  
28TH NOVEMBER, 1997

#### NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The Proxy form duly completed and signed should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 29th December 1997 to Tuesday, 30th December 1997 (both days inclusive).
4. Members who attend the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
5. Members are requested to bring their copies of the Annual Report at the time of attending the Annual General Meeting.
6. Members who would like to ask any question on accounts are requested to SEND THEIR QUESTIONS TO THE REGISTERED OFFICE OF THE COMPANY AT LEAST 10 DAYS BEFORE THE ANNUAL GENERAL MEETING to enable the Company to answer the questions satisfactorily.
7. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all working days except Sunday and other public holidays between 11 AM to 1 PM upto the date of the Annual General Meeting.

**AIMCO PESTICIDES LIMITED****ANNEXURE TO THE NOTICE**

(Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956)

**ITEM NO. 6**

Pursuant to the provisions of clause (d) of sub-section (1) of Section 293 of the Companies Act, 1956, the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free reserves at any one time except with the consent of the Shareholders of the Company in a General Meeting. The expansion programme of the Company is being carried out in full swing and it is expected that after the acceptance of loans from Institutions and Banks, the total borrowing by the Company will exceed the aggregate amount of paid-up capital of the Company and its free reserves. Section 293 (1) (d) of the Companies Act, 1956 requires that prior approval of the members obtained for borrowing above the aggregate of paid-up capital of the Company and its free reserves. In view of the above the Directors place before you the proposal to increase the maximum borrowing limit to Rs.2500 Lakhs.

Accordingly, the Directors commend the resolution for approval of the shareholders.

None of the Directors of the Company are interested, either directly or indirectly, in the respective resolution.

**ITEM NO. 7**

It is proposed to add new Article 7(a) after the existing Article 7 of the Articles of Association of the Company as set out in Item 7. to enable the Company to purchase any of its own fully paid shares, in accordance with law as may be then prevailing, in the event that it is permitted by law to purchase by a company of its own fully paid shares.

As per provisions of Section 31 of the Companies Act, 1956, a company may by special resolution alter its Articles of Association.

Accordingly, the Directors commend the resolution for approval of the shareholders.

None of the Directors of the Company are interested, either directly or indirectly, in the respective resolution.

**ITEM NO. 8**

Members may be aware that the Companies Act, 1956, presently restricts the purchase of own shares by a Company unless the same is done with a view to reduce its capital. Reduction of Capital is subject to the controls as stipulated in Section 100 to 104 and 402 of the Companies Act, 1956.

The provisions in the Companies Act, 1956 is based on the principles of the Company Law as it existed in the United Kingdom (U.K.). In United Kingdom and in several other countries it is possible now for a Company to buy back its Shares if such an action is considered desirable by the Board of Directors.

Of late, there have been discussions on this subject and the Directors feel it would be desirable to have an enabling power from the Shareholders for the purpose. It will be in the fitness of things if Shareholders approve the resolution set out at item No. 7 of this Notice, should the provisions of the Companies Act, 1956, be modified or amended permitting such purchases, so that your Company will be able to implement this in the interest of Shareholders especially the large family of small Shareholders of the Company by enhancing the value of Shares, at an appropriate time within the frame work of law as may be stipulated for



the purpose.

It must be clearly understood that acquisition/purchase of Shares of the Company, as proposed in the Resolution at this item of the Notice and the consequential amendments to the Articles of Association as proposed in the Resolution at item No. 7 of this Notice, should not be construed as reduction of capital which is subject to the controls as stipulated in Section 100 to 104 and Section 402 of the Companies Act, 1956, for the time being in force.

Accordingly, the Directors commend the resolution for approval of the shareholders.

None of the Directors of the Company are interested, either directly or indirectly, in the respective resolution.

Registered Office:  
B1/1, MIDC Industrial Area,  
Lote Parshuram, Village : Awashi,  
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MUMBAI  
28TH NOVEMBER, 1997

BY ORDER OF THE BOARD OF DIRECTORS

**PRADEEP P. DAVE**  
Chairman & Managing Director



# AIMCO PESTICIDES LIMITED

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have great pleasure in presenting the Tenth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 1997.

### 1. FINANCIAL RESULTS

	1996-97 Rs. in Lacs	1995-96 Rs. in lacs
Sales & Other Income	1540	1584
Gross Profit	331	406
Interest	158	136
Depreciation	62	54
Profit before tax	111	216
Profit after tax	95	216
Balance brought forward from last year	300	189
Amount available for appropriations	404	405
<b>Appropriations</b>		
Transfer to General Reserve	10	50
Proposed Dividend/Interim Dividend	46	55
Corporate Dividend Tax	5	Nil
Surplus Carried to Balance Sheet	343	300

### 2. DIVIDEND

Your Directors at the Board Meeting on 1st September, 1997 had recommended an interim dividend of 10% free of tax for the financial year ended March 31, 1997. To conserve the resources and finance the ongoing expansion and new project, no final dividend is recommended.

### 3. OPERATIONS

During the year the production was un-interrupted and we have achieved higher efficiency and quality levels. Due to the efforts of the R&D setup of your Company which is approved by Department of Science & Technology, Government of India, your Company has managed to produce Chlorpyrifos (CPP) of the purity 98% and above, which is the quality offered by the market leader. This improvement in Quality will help your Company in getting better realisation for its product. Due to the dumping of CPP by a multinational company and competitive pressure, the margins were under pressure. The Company had also accumulated huge inventory towards the year end due to uneconomical prices prevailing during that period. Subsequently the material was sold at remunerative rates. During the year automatic formulation plant has started operation. The full effect of it will be visible in the year 1997-98.





#### 4. CURRENT YEAR OUTLOOK

The current year has not started well for the Pesticides' Industry. The major pesticides' markets like Andhra Pradesh and Maharashtra suffered a great set back due to insufficient rains. But as the second monsoon has set in time in South and the Rabbi season is expected to be good. In spite of all these your Company in the current half year ending 30th September, 1997, achieved a net sales of **Rs.1595 lacs**, due to your Company's inherent marketing strength and its dedicated employees.

#### 5. EXPORTS

Exports sales during the year have gone up by **162%** from Rs.282.52 lacs in 1995-96 to Rs.740.95 lacs in 1996-97. In coming years better quality of Chlorpyrifos will help in boosting the Export sales. Exports will also go up substantially and your Company will be eligible for claiming the export house status, once the amalgamation of Savitri Pesticides & Agrochem Limited and Vayaz Indian Pesticides Private Limited with your Company is completed.

#### 6. NEW PROJECTS / PRODUCTS

We are ready with the plans for setting up the manufacturing facilities for the several new insecticides which are having enormous demand in the local as well as Export market. We are in the process of tying up the finance for the same. The work on this project is expected to start by February 1998 and is expected to be completed in ten months.

#### 7. AMALGAMATION

In terms of the Scheme of Amalgamation between Savitri Pesticides & Agrochem Limited, Vayaz Indian Pesticides Private Limited with Aimco Pesticides Limited as approved by the Board of Directors in their meeting of 20th February, 1996 the entire undertakings, assets and liabilities of the above Companies stand transferred and vested in the Company with effect from the appointed date i.e. 1st April, 1995. Pending completion of legal formalities, effect is yet to be given in the books of the Company for such transfer. The Shareholders of the above two Companies would also be entitled for the Dividend declared by your Company for the year 1995-96 and Interim Dividend for the year 1996-97 as per the terms of the Scheme of Amalgamation, which will be paid out of the balance in the Profit and Loss Account.

In anticipation of the approval of the Honourable Mumbai High Court, the Company had decided to postpone the Annual General Meeting from September 1997 to December 1997 with the permission of the concerned authorities. As the approval of the Honourable Mumbai High Court could not be received in time, it has been decided to seek the approval of the Shareholders of the Annual Accounts for the year ended March 31, 1997 without giving effect to the above scheme of amalgamation.

#### 8. DIRECTORS

Dr. Samir P. Dave, Dr. I.G. Acharya and Mr. Mukesh D. Patel retire by rotation in accordance with the provisions of the Articles of Association of the Company at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

#### 9. FIXED DEPOSITS

During the year under review the Company has accepted Fixed Deposits from Public / Shareholders pursuant to the provisions of Section 58 A of the Companies Act, 1956 and the Rules as amended from time to time. At the end of the year there are no outstanding deposits which have matured and not repaid.

**AIMCO PESTICIDES LIMITED****10. AUDITORS**

M/s R.B. Patel & Company, the auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. The auditors have confirmed that, if reappointed the same would be within the limits specified under Section 224 (1B) of the Companies Act, 1956.

**11. COMPARISONS OF PROJECTED FIGURES WITH ACTUALS PURSUANT TO CLAUSE 43 OF THE LISTING AGREEMENT**

The projections made in the prospectus at the time of the public issue compared to the actuals achieved are as follows :

	<b>For the year ended 31st March, 1997</b>	
	<b>Projections</b>	<b>Actuals</b>
	<b>Rs. in lacs</b>	<b>Rs. in lacs</b>
Sales	4587	1540
Profit after tax	408	95
Equity Capital	400	460
Reserves	1318	877
Net Worth	1718	1337
Book Value	42.95	29
EPS	10.20	2.07

The above projections were made in 1992, taking in account sales of Hydroquinone (HQN), Chlorpyrifos (CPP) and Emulsifiers for water based formulations. Presently the production of HQN has been discontinued because of the low margins. The sales of emulsifiers for water based formulations has not yet commenced due to delay in receipt of Government approvals.

The projected sales of CPP could not be achieved owing to the delay in commencement of commercial production and problems faced with the IICT technology at plant scale. Adding to these, at the time of projections, the prices of CPP were Rs.600/- per Kg., which has now come down to Rs.300/- per Kg, largely because of the dumping by a multinational company and competitive pressures. Also the import duty on Pesticides were 100% at the time of projections, has now come down to 35%.

In spite of our best efforts to curtail expenses, expenses have gone up, due to the higher power and fuel costs and as the exports sales have gone up substantially, the related costs like insurance, freight and commissions have also gone up. Due to all these reasons net realizations have gone down and effected the net profits. Acknowledging this fact and to conserve resources of the Company in this sluggish year, your Managing Director and Executive Directors have decided to forgo the annual remuneration increase payable to them for the year 1997-98 and to forgo the commission payable to them for the year 1996-97.

**12. PARTICULARS OF EMPLOYEES**

Particulars as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, are annexed to and form part of this Report.