

AIMCO PESTICIDES



AIMCO PESTICIDES LIMITED

20TH ANNUAL REPORT

2006-2007

**DIRECTORS**

MR. MUKESH D. PATEL
Chairman

MR. PRADEEP P. DAVE
Managing director

MR. ASHIT P. DAVE
Executive Director

DR. SAMIR P. DAVE
Executive Director

MR. MAHESH PANDYA
Independent Director

MR. RAMGOPAL KAJA
Independent Director

MR. ASHOK JAIN
Director (upto 31July, 2007)

MR. DIPESH SHROFF
Director (upto 31July,2007)

COMPLIANCE OFFICER

MR. BHARAT H. PANDYA

BANKERS

State Bank of India

AUDITORS

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

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 :

1. LOTE PARSHURAM
2. HYDERABAD

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AIMCO PESTICIDES LIMITED

NOTICE

NOTICE is hereby given that the 20th 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 26th September'2007, 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 2007 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. Ramgopal Kaja who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. Samir 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 :31st July, 2007

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 20th September' 2007 to 26th September' 2007(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. 25923837, 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. Re- appointment of Directors.

At the ensuing Annual General Meeting, Mr. Ramgopal Kaja, Director and Dr Samir P. Dave, Director 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.12).



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twentieth Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2007.

FINANCIAL RESULTS

	2006-07 Rs. In lacs	2005-06 Rs. In lacs
Gross Sales and other Income	1935	2428
Gross Profit	45	252
Finance Charges	263	334
Depreciation	74	74
Loss before Tax	(292)	(156)
Add: Provision for deferred tax	21	27
Less Provision for Fringe benefit Tax	4	4
Loss after Tax	(275)	(133)
Add: Short Provision of Expenses of Earlier Years	5	(1)
Add: Short provision of tax of earlier years	(53)	—
Add Transfer from General Reserve	323	44
Balance	NIL	(91)
Balance Brought Forward	NIL	91
Balance carried to Balance Sheet	NIL	NIL

OPERATIONS:

Your Company's production has declined and resulted in lower turnover during the year as compared to the previous year due to the restructuring of the Agrochemical products portfolio to be manufactured & the time required for the stabilization of the new products during the year. Your company remains focused on Exports, local sale of Branded products, improving manufacturing efficiencies and improving the quality of products.

CURRENT YEAR OUTLOOK

The normal rain forecast for Current Year will increase the domestic sale of agro chemicals. The Management is confident that with various new registrations & customers, exports will increase.

DIVIDEND

In view of an 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, 2007.

EXPORT

Export sale during the year was Rs.531.47Lacs, as compared to Rs.919.34Lacs 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.

AIMCO PESTICIDES LIMITED

CORPORATE GOVERNANCE

As per Listing Agreement with the Stock Exchange(s), the Company has complied with the requirements of Corporate Governance. A report on Corporate Governance is attached to this report

DIRECTORATE :

Mr Dipesh Shroff has resigned from office of Director. The Board while accepting his resignation with effect from 31st July, 2007 placed on record with gratitude and appreciation on contribution made by him during his tenure as non executive director of the Company

Mr. Ashok Jain has resigned from office of Director. The Board while accepting his resignation with effect from 31st July, 2007 placed on record with gratitude and appreciation on contribution made by him during his tenure as non executive director of the Company.

Mr. Ramgopal Kaja and Dr. Samir P. Dave retire by rotation at the ensuing Annual General Meeting and being eligible, offered themselves for reappointment. 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 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, 2007 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 DEPOSIT:

The amount of Fixed Deposit held as on 31st March 2007 was Rs.450.56Lacs. The Amount of deposit that remained unclaimed /not renewed as on 31st March 2007 was Rs. 50.71Lacs; of these, deposits amounting to Rs.21.77Lacs have since been repaid.

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, Chartered 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 has not obtained confirmations for balances for sundry Debtors, Sundry Creditors and advances. The balances are as per books and subject to reconciliations. The reason for this being is mainly due to non receipt of confirmation from them before signing of Accounts despite of best of efforts made by the company to get the same. The Management confirms that Balance Sheet shown in the books is true and correct as per their knowledge.



2. Loans and Advances include Rs. 24812284 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.
3. 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 has comment the self explanatory statement.
4. 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.
5. The Company is not regular in deposit with appropriate authorities' undisputed statutory dues. However subsequently the company has paid part of the dues.
6. During the year company has defaulted in repayment of dues to financial institution and banks. The company has applied for restructuring and re- schedulment of installment payable for the outstanding loan with the IDBI and is awaiting its approval.

ENVIRONMENT

.. 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.

MUMBAI
31st July, 2007

BY ORDER OF THE BOARD OF DIRECTORS
For AIMCO PESTICIDES LIMITED

MUKESH D.PATEL
(CHAIRMAN)

AIMCO PESTICIDES LIMITED

ANNEXURE TO THE DIRECTORS' REPORT:

1. CONSERVATION OF ENERGY

A) Energy Conservation Measures taken:

By continues monitoring all power consuming activities, the power factor of 1.00, which is the best possible, was ensured. The Economiser system was installed for boiler water feed tank.

B) Additional Investments:

As per the recommendation of company's energy saving team, Effective steps are being taken. The installation of condensate recovery system is 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 further bring down the Fuel consumption of the Boiler.

D) Total energy Consumption

I) Power & Fuel Consumption

	2006-2007	2005-2006
1) Electricity		
a) Purchase		
Units	4.30Lacs	8.96 Lacs
Total Amount	Rs.20.89Lacs	Rs. 33.79 Lacs
Rate / Unit	Rs.4.85	Rs. 3.77
b) Own Generation		
Diesel	6.80KL	19.04 KL
Total Amount	RS.1.48Lacs	Rs.6.49 Lacs
Cost / Unit	Rs.21.80	Rs. 34.09
2) Furnace Oil		
Quantity	144KL	580 KL
Total Amount	Rs.20.46Lacs	Rs. 99.63 Lacs
Average Rate	Rs.14.24	Rs. 17.17
3) Solid fuel		
Quantity	429MT	NIL
Total Amount	Rs.10.08Lacs	NIL
Average Rate	Rs.2.35	NIL

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.	1,684,357
c) Total	Rs.	1,684,357
d) Total R&D expenditure as a percentage of total turnover :-		0.90 %

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 4.36lacs. The foreign exchange earned on export was Rs. 531.47lacs.

FOR AND BEHALF OF THE BOARD OF DIRECTORS

MUMBAI
31st July, 2007

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 also characterized by numerous companies making the same products and engaging into unhealthy competition. The commodity pesticides are priced at cost price, some times lower and it is this segment, maximum spurious manufacturers are operating and spoiling the prices and reputes of the products.

The year under review saw the Indian Agrochemical market shrunk due to the unusually low pest attack on major crops.

The competition in Export market has increased and strengthening of Rupee is 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 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 concerns for the Pesticides Business.

OUTLOOK:

The business outlook for the current year is optimistic as the monsoon forecast is near normal through out the country. Many of the exports markets are expected to pick up the sales, due to normal rains & weather conditions.

RISKS & CONCERNS:

The changes in weather conditions with erratic monsoon remains the major Risk & concern of the pesticides Industry. As most of the Raw materials are indigenously manufactured, the strengthening of Rupee is also a major concern for Exports. 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 studies and understood.

INTERNAL CONTROL SYSTEM:

The Company maintains 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 statues 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 Rs. 2300 Lacs to Rs. 1798Lacs. The company suffered loss after tax of Rs 275Lacs during the year as compared to the last year's Rs. 133Lacs.

The total income of the company has decreased from Rs. 24.96 Lacs in 2005-06 to Rs 19.77Lacs 2006-07, compared to the expenditure which has also decreased from Rs. 26.51 Lacs in 2005-06 to Rs22.69Lacs 2006-07.

The EPS of the company during the year is Rs (3.50) per Equity Share as compared to last year's Rs. (1.75) 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

MUKESH 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, 2007)

- The Board of Directors of your company comprises of a Non- Executive Chairman and Independent Director, 1 Managing Director, 5 Non- Executive and 3 Independent Directors and 2 Whole-Time Executive Directors.

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

- During the year 5 Board Meetings were held on April 26, 2006, June 26, 2006, July 27, 2006, October 31, 2006, and January 30, 2007.

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 2006-07	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	4	Yes	3	NIL		NIL
Dr. Samir P. Dave	Promoter Executive	3	Yes	4	NIL		NIL
Shri. Ashit P. Dave	Promoter Executive	5	Yes	4	NIL		NIL
Shri. Mukesh D. Patel	Chairman Independent Non -Executive	4	Yes	10	4		1
Shri. K. Ramgopal	Independent Non -Executive	1	No	NIL	NIL		NIL
Dr. Mahesh B. Pandya	Independent Non -Executive	3	Yes	Nil	Nil		Nil
Mr. Dipesh Shroff	Non-Executive Director	4	Yes	17	1		2
Mr . Ashok Jain	Non –Executive Director	4	Yes	NIL	NIL		NIL