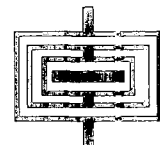
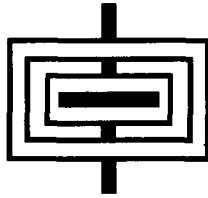


ANNUAL REPORT 2006-07

Chemistry of Partnerships



KPL International Limited



KPL INTERNATIONAL LIMITED

BOARD OF DIRECTORS

SUMAN J. KHAITAN, Chairman

R. V. KANORIA

M. R. MEHTA

S. K. KAK, Managing Director

COMPANY SECRETARY

KAVITA SRIVASTAVA

AUDITORS

M/s Singhi & Co.
Chartered Accountants
New Delhi

BANKERS

HDFC Bank Ltd.
D-5, Mahavir Enclave,
Palam Dabri Road, Palam
New Delhi - 110 045

REGISTERED OFFICE

10th Floor, 'INDRAPRAKASH'
21, Barakhamba Road
New Delhi - 110 001
Phone No. +91 11 43579200, 23716580
Fax No. +91 11 23717203
E-mail : info@kplintl.com

CORPORATE OFFICE

STATESMAN HOUSE
10th Floor, A-Wing
148, Barakhamba Road
New Delhi - 110 001
Phone No. +91 11 43606200, 23355456, 23356471
Fax No. +91 11 23355824
E-mail : info@kplintl.com

REGISTRAR & SHARE TRANSFER AGENT

RCMC Share Registry Private Limited
B-106, Sector 2, Noida (U.P.)
Phone No. +91 120 4015880
Fax No. +91 120 2444346
E-mail : shares@rcmcdelhi.com

KPL International Limited (KPL) specializes in the marketing of quality products in India, mainly in the field of chemicals, polymers, paper and paper chemicals sourced from globally acclaimed manufacturers. Over the years, KPL has expanded to cover sourcing of products from India for overseas partners.

With its ISO 9001 quality certification and its process specialization in marketing, distribution and sourcing, KPL represents more than 35 global giants and over 1400 customers that includes many of the finest Indian business houses. It provides a basket of services and end-to-end solutions to customers.

Core Competence

KPL derives its key strengths from strong ethical practices, and long term commitment, capability and willingness to invest in market development. A competent team of professionals and responsible business approach form the backbone of KPL's competitiveness.

KPL has kept pace with time and has steadily invested for developing a reliable logistics chain. This is supported by a state of art SAP R3 Enterprise Resource Planning software that provides real time access to critical business information.

Chemistry of Partnerships

With its impeccable record of long-term relationships and strong ethical outlook, KPL provides excellent support to business partners in India and around the globe. KPL has repeatedly demonstrated its capabilities in value added services like market research, customized database, technical support and assistance in business negotiations to evolve an effective methodology for management of customer relationships.

As a facilitator, KPL is actively involved with all details of business transactions including procedural formalities. KPL has developed the capabilities to respond and react with speed in the huge Indian market. KPL's understanding of international markets and business processes enables it to effectively nurture the *chemistry of partnerships*.

Other Business Initiatives

KPL believes in a business model that emphasizes efficiency and integration.

In synergy with its core business area, KPL has forward integrated to include a Refrigerant gas refilling plant as well as a wind turbine generator.

The Industrial Gas Division of KPL has set up a gas refilling plant at Ankleshwar, Gujarat in association with Solvay Fluor GmbH of Germany. The plant refills and distributes R-134a gas used by the refrigeration industry.

In keeping with its green approach, KPL has a wind turbine generator in Sangli, Maharashtra that generates 1.25 MW of electrical power.



DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the 33rd Annual Report together with Audited Accounts of the company for the year ended on 31st March, 2007.

The company further consolidated its core strengths and increased its market share by marketing quality products in India sourced from globally acclaimed manufacturers.

The 1.25 MW capacity Wind Turbine Generator installed at Sangli, Maharashtra, commissioned in the previous year, generated net 17.13 Lacs units of electricity during the year and the same was sold to Maharashtra State Electricity Distribution Company Limited, Maharashtra.

FINANCIAL RESULTS

	(Rs. in Lacs)
Profit before Interest, Depreciation, Taxation	1,048.14
Less: Interest	67.86
Depreciation	106.68
Provision for Taxation (Including Wealth Tax and Fringe Benefit Tax)	278.43
Profit for the year	595.17
Add: Balance as per last account	1,303.85
	<u>1,899.02</u>
<i>Appropriation</i>	
Profit carried to Balance Sheet	1,899.02

To conserve resources, your Directors do not recommend any dividend on Equity Shares.

OPERATIONAL REVIEW

During the year under review, profit after tax increased to Rs. 595.17 Lacs as against Rs. 406.82 Lacs in the previous year. The income from commission was Rs. 593.51 Lacs as against Rs. 598.35 Lacs in the previous year. The turnover for the year increased to Rs. 4,821.74 Lacs as against Rs. 2,663.11 Lacs in the previous year.

LIQUIDATION OF INVESTMENT MADE IN KPL (EUROPE) AG, SWITZERLAND, WHOLLY OWNED SUBSIDIARY OF THE COMPANY

KPL (Europe) AG, Switzerland, wholly owned subsidiary of the Company was liquidated as per applicable rules and regulations of Switzerland. Proceeds of liquidation were received by the Company before the end of the financial year.

PURCHASE OF OFFICE SPACE

The company purchased office space at DLF Corporate Park, Gurgaon for its future office space requirement. This is in addition to the office space purchased by the Company in the previous year at Statesman House, Barakhamba Road, New Delhi.

DIRECTORS

The Board of Directors at its meeting held on 16th October 2006 re-appointed Shri S. K. Kak as Managing Director of the Company for a further period of three years w.e.f 7th November 2006, subject to the approval of the members at the ensuing Annual General Meeting. Necessary resolution for the approval of his re-appointment and remuneration payable to him has been included in the notice of the ensuing Annual General Meeting.

Shri R. V. Kanoria, Director of the Company, retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

SUBSIDIARY COMPANY

The statement required under Section 212 of the Companies Act, 1956 in respect of its subsidiary company is appended to this report.

AUDITORS' REPORT

The observations made by the Auditors in their report have been dealt within Schedule 'M' of the Accounts, where the notes are self-explanatory.

AUDITORS

Messrs. Singhi & Co., Chartered Accountants, Auditors of the company, will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment as Auditors of the company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting. As required under the provisions of Section 224 of the Companies Act, 1956, the Company has obtained a written confirmation from the retiring auditors, to the effect that their re-appointment, if made, shall be within the limits of Section 224(1B) of the Companies Act, 1956.

DEPOSITS

The company did not accept any fixed deposits from the public during the year.

OTHER INFORMATION

The Company has no activity relating to conservation of energy or technology absorption. The foreign exchange earnings and outgo are given in the item Nos. 8 & 9 in the notes to the accounts.

There was no employee of the company getting remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

STATEMENT ON DIRECTORS' RESPONSIBILITY

A statement on Directors' Responsibility as prescribed under Section 217(2AA) of the Companies Act, 1956 is given here-in-below:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii. We have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- iii. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. We have prepared the annual accounts on a going concern basis.



ANNUAL REPORT 2006-07

QUALITY MANAGEMENT SYSTEM

The company is effectively maintaining the Quality Systems as per the requirements of ISO 9001: 2000, Certificate of Registration for which was granted by INTERTEK Quality Registrar.

ACKNOWLEDGMENT

Your Directors take this opportunity to thank the company's suppliers, principals, customers, employees, bankers and investors for their continued co-operation and unstinted support.

Registered Office:
10th Floor, 'Indra Prakash'
21, Barakhamba Road
New Delhi - 110 001
Date: 5th May, 2007

For and on behalf of the Board

Suman J. Khaitan
Chairman



**STATEMENT REGARDING SUBSIDIARY COMPANY
PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

Section 212(1)(a)

Name of Subsidiary Company	Financial Year ended	Holding Company's Interest
KPL Logistics Limited	31 st March 2007	100%

Section 212(3)(b)

	For the Financial Year ended 31 st March 2007 Rs.	For the previous Financial Year Rs.
(i) Net aggregate amount of Subsidiary Profit which concerns the member of the Holding Company and not dealt with in the company's Account :-		
KPL Logistics Limited	15,690	16,675
(ii) Net aggregate amount of Subsidiary Profit dealt with in the company's Account :-		
KPL Logistics Limited	Nil	Nil

Section 212(5)

The financial year of the Subsidiary Company coincide with financial year of the Holding Company and as such Section 212 (5) of the Companies Act 1956 is not applicable in this case.

Place : New Delhi
Date : 5th May, 2007

For and on behalf of the Board
S.K. Kak Suman J. Khaitan
Managing Director *Chairman*

Kavita Srivastava
Company Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of KPL International Limited, as at 31st March, 2007 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating, the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit, have been received from the overseas branches not visited by us.
- iii. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account and with the returns from the branches.
- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
- v. On the basis of written representations received from the Directors as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007, from being appointed as directors in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2007;
 - b) In the case of the Profit and Loss account, of the profit of the company for the year ended on that date and
 - c) In the case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For Singhi & Co.
Chartered Accountants

Place : New Delhi
Date : 5th May, 2007

B.K.Sipani
Partner
Membership No. 88926



**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT
OF EVEN DATE**

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. Fixed Assets have been physically verified by the Management according to regular programme of periodical verification in phased manner. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- c. There was no substantial disposal of fixed assets during the year.
- (ii) a. As explained to us inventories (except stock in-transit) were physically verified during the year by the management at reasonable intervals.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) a. The company has taken loan from a Body Corporate covered in the register maintained under Section 301 of the Companies Act, 1956. The amount outstanding at the year end was Rs.75 Lacs (Maximum amount involved during the year was same)
- b. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan is not prima facie prejudicial to the interest of the Company.
- c. Interest and principal amount not due during the year.
- d. As informed, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provision of clause 4 (iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in internal control system.
- (v) a. In our opinion and according to the information and explanations provided by the management, there are no contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act 1956.
- b. There are no transactions made in pursuance of such contracts or arrangements, hence question of reasonability of price does not arise.
- (vi) The Company has not accepted any deposit from public in terms of Section 58 A and 58 AA of the Companies Act 1956 and rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act 1956, are not applicable to the Company
- (ix) a. According to the records of the Company, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and other statutory dues, as applicable to it, with the appropriate authorities during the year. There are no undisputed outstanding statutory dues as at the year end for a period of more than six months from the date they became payable.
- b. According to the records of the Company, there are no dues outstanding of Sales Tax, Service Tax, Custom Duty, Wealth Tax, Excise Duty and Cess on account of any dispute, except Income Tax demands for Rs.28,73,996 which is pending before ITAT, Rs.5,29,668 which is pending before CIT(A) and Sales Demand Rs.1,97,113 which is pending before Sales Tax Commissioner, Delhi.

ANNEE/AN/REPOR/2008-07