

MD	✓		BKC	✓
CS	W		DPY	✓
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	NA		SHI	✓
YE	✓			

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KILPEST INDIA LIMITED**BHOPAL****TWENTYFIFTH ANNUAL REPORT AND ACCOUNTS 1996-97**

BOARD OF DIRECTORS	:	MR. R.K. DUBEY CHAIRMAN & MANAGING DIRECTOR
		MR. K.P. MISHRA WORKING DIRECTOR
		MR. D.K. DUBEY) WHOLETIME
		MR. N.K. DUBEY) DIRECTORS
		MR. A.D. PHADKE)
	PROF. EMERITUS	G.P. AGRAWAL) DIRECTORS
		MR. B.M. SAINI)
		MR. S. MEHRA)
BANKERS	:	STATE BANK OF INDORE T.T. NAGAR, BHOPAL
AUDITORS	:	M/S R.C. BAHETI & CO. CHARTERED ACCOUNTANTS BHOPAL
REGISTERED OFFICE AND FACTORY	:	7-C, INDUSTRIAL AREA, GOVINDPURA, BHOPAL - 462 023
DELHI DEPOT OFFICE	:	7198, QUTUB ROAD, RAM NAGAR, NEW DELHI.
LUCKNOW DEPOT OFFICE	:	D-1207, HIMALAYA MARG, INDIRA NAGAR, LUCKNOW.
BHATINDA DEPOT OFFICE	:	2469, MEHNA CHOWK, NEAR HOTEL NEW LIGHT, BHATINDA (PUNJAB).

K I L P E S T I N D I A L I M I T E D

REPORT OF THE DIRECTORS

To

Dear Members,

Your Directors herewith present their Twenty Fifth Annual Report and the Audited Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

The highlights of the operating results for the year are summarised below:

	Year ended 31-03-1997	Year ended 31-03-1996
Sales Turnover	912.40	711.31
Profit before Depreciation	35.92	38.38
Less: Depreciation	5.99	4.67
Profit before Tax	29.93	33.71
Less: Provision for Taxation	10.00	6.50
Net Profit after Tax	19.93	27.21

PERFORMANCE FOR THE YEAR 1996-97

Turnover for the year increased by 28% net. The profit after tax could not be maintained, due to decrease in realised price, and increase in cost of interest. However, these figure will appear to be satisfactory when we review the fact that the 2500 crores agrochemical industry had a truncated selling year. The credit periods were longer due to farmer being hit by low prices of crops. Despite these adverse condition, the company was able to maintain its growth in sales.

During the year, your company had launched its Public Issue which was subscribed despite the recession prevailing in the Capital Market. The company thanks all its associates who have extended their support by subscribing to the public issue.

OUTLOOK

Company with its continuous efforts has been able to launch new products with a view to cater to the increasing demand of farmer for larger product range. The new products will make the company's product range as one of the largest in the industry, giving the company an edge over the others.

STARTING OF UNIT-II

Your company has successfully started the Unit-II, which will be manufacturing Micro Fertilizer & Plant Growth regulators. The Micro Nutrient "SAMPADA" was launched during the year and the response to the product was overwhelming. The product quality was well praised by the farmers. Company is test marketing its Plant Growth regulator "FYTOZYME" and the full scale launch will be done in 1997.

NEW MARKETS

Company has started marketing its products in new markets which were unrepresented in the past like Orissa, Chattisgarh area of M.P., Maharashtra. Company continues to be a market leader in Karnataka & M.P., and the year ahead should reflect the results of these efforts.

EXPORTS

Company has done extensive efforts to start exporting its products. This year company had participated in various trade fairs and the products of the company were well accepted by the buyers of other countries. Product samples have been approved and this year your company will have a break through in this area.

RESEARCH & DEVELOPMENT

The company has established one of the most advanced and well equipped Research Laboratories in Madhya Pradesh and the company has applied to seek recognition from the Department of Scientific and Industrial Research for its in-house R & D Centre.

The R & D centre is continuously working on developing new process, for better quality and cost effective formulations. A number of new products were developed and put to field trials, and some have also been launched in full scale like; Micronutrients, Plant Growth Regulators & Neem Based Formulations.

With the help of these in-house facilities available in the company, the company foresees no problem in facing the competition in the coming years.

DIVIDEND

The Directors recommend to the Annual General Meeting, the declaration of Dividend for the year ended 31st March, 1997 of 7% on the increased capital amounting to Rs.17,32,660.00 which is the proposed dividend of 7% in line with the prospectus.

RESTRUCTURING OF CAPITAL EXPENDITURE:

The company had launched its Public Issue in July, 1996. The object of the issue was:

1. to establish manufacturing facility for the production of technical grade pesticides (raw materials),
2. to part finance the Capital Expenditure for expanding the company's existing production capacity and to increase the product range.

As the capital market is going through a very dull phase and due to short fall in collection of Call money by Rs.165.53 lakhs and by Rs.36.24 lakhs in subscription (issue was subscribed to the tune of 91%). The management, with a view to optimise the value of shareholders' money, has proposed to restructure the proposed project as follows:

The company will dispense with the following activities till the call money is realised.

Sl.No.	Particulars	Amount
1.	Technical Grade Pesticides Section	131.50 lacs
2.	Wettable Powder Section	25.21 "
3.	Bio-tech Section	23.74 "
4.	Misc. Fixed Assets	3.32 "
5.	Contingency on above	18.00 "
	Total	201.77 lacs

Now the company has decided to utilise the available funds in developing the existing core activities namely Liquid Formulation Section, Granulation Section, Hormone/Micronutrients Section and to further strengthen the R & D and Pollution Control facilities.

Further, looking into the highly Working Capital Intensive nature of the pesticide industry, the company shall strengthen its working capital with the balance available funds.

DIRECTORS

Shri A.D. Phadke and Shri B.M. Saigal retire by rotation at the forthcoming Annual General Meeting and are eligible for reappointment.

AUDITORS

M/s R.C. Baheti & Co., Chartered Accountants, retire at the conclusion of the Twenty Fourth Annual General Meeting and are eligible for reappointment.

PARTICULAR OF EMPLOYEES

There is no employee whose salary is more than 25,000/- per month or Rs.3.0 lakhs per annum as prescribed u/s 217(2A) of the Companies Act, 1956.

SAFETY AND ENVIRONMENT

The company has installed adequate systems for industrial safety, environmental protection and pollution control. Necessary facilities at Company's plant are installed to meet the standards set by Pollution Control Authorities.

ACKNOWLEDGEMENTS

The Directors take this opportunity to thank the shareholders, Distributors, M/s STATE BANK OF INDORE, and all the employees of the company for their support and co-operation.

for and on behalf of the Board
of Directors

R.K. DUBEY
CHAIRMAN & MANAGING DIRECTOR

Bhopal
Dated : 27th June, 1997

STATEMENT UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997.

A. Conservation of Energy

(a) Energy conservation measures taken:

The Company has further accelerated its efforts to conserve energy and has been able to achieve results this year also.

Some of the measures implemented are:

- (i) Planned production for maximum utilisation of services.
- (ii) Stoppage of utilities when not required.
- (iii) Installation of items/ equipments which will consume less energy.

(b) Additional investments and proposals being implemented for reduction of energy consumption:

- (i) Elimination of heat losses in air-conditioning areas.

(c) Total energy consumption and energy consumption per unit of production as per FORM A hereunder:

FORM A

Form for disclosure of particulars with respect to conservation of energy.

A. Power and Fuel Consumption

	Year ended 31-03-1997	Year ended 31-03-1996
	-----	-----
1. Electricity		
(a) Purchased Units (KWH)	96,672	1,26,158
Total Amount (Rs.)	5,06,390	4,72,965
Average Rate/Unit (Rs.)	5.24	3.74

(Note: Due to Erratic Power Supply company could not utilise the power to optimum level, so as to set off the minimum consumption requirement of MPEB, hence the power cost is more during 96-97).

(b) Own Generator

i) Through Diesel Generator

Units (KWH)	18,804	-
Units/Ltr. of Diesel	2.35	-
Cost/Unit (Rs.)	3.85	-

ii) Through Steam Turbine/Generator NOT APPLICABLE

2. Coal NOT APPLICABLE

3. Fuel Furnace Oil + Light NOT APPLICABLE

Diesel Oil NOT APPLICABLE

Quantity (KL) NOT APPLICABLE

Total Amount (Rs.) NOT APPLICABLE

Average Rate/KL (Rs.) NOT APPLICABLE

4. Others/Internal Generation NOT APPLICABLE

B. Consumption per Unit of Production

Products (with details) Unit	Since the company manufactures several formulations and having regard to the records and other books maintained by the company, it is impracticable to apportion the utilities.
Electricity	
Furnace Oil	
Coal (specify quality)	
Others (Specify)	

B. Technology Absorption

(d) Efforts made in technology absorption as per Form B hereunder:

FORM B

Form of disclosure of particulars with respect to Absorption of Technology, Research and Development (R&D).

1. Specific areas in which R&D carried out by the company : During the year, R&D efforts were directed towards introduction of new products developed indigenously.

2. Benefits derived as a result of the above R&D. : New Products viz: Micro-nutrient, Plant growth Regulators and Neem formulation were introduced during the year.
3. Future plan of action : Development of new formulations and new products.

4. Expenditure on R&D	31-03-97	31-03-96
	-----	-----
(a) Capital	5,98,000	18,73,314
(b) Recurring	14,000	--
	-----	-----
(c) Total	6,12,000	18,73,314
	-----	-----
(d) Total R&D expenditure as a percentage of total turnover	0.67%	2.63%

Technology Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : Efforts are being made to evolve better cost effective process and to manufacture new products.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. : Several new formulations are launched, cost of production reduced, product quality improved, new products launched.
3. In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year), following information may be furnished:
- (a) Technology Imported : NOT APPLICABLE
- (b) Year of Import : NOT APPLICABLE
- (c) Has technology been fully absorbed : NOT APPLICABLE
- (d) If not fully absorbed area where this has not taken place, reason therefor, and future plans of action : NOT APPLICABLE

C. Foreign Exchange Earnings and outgo

Total Foreign Exchange used and earned :	1996-97	1995-96
	-----	-----
Total foreign exchange used	--	--
Total foreign exchange earned	--	--

for and on behalf of the Board
of Directors

R.K. DUBEY
CHAIRMAN & MANAGING DIRECTOR

Bhopal

Dated : 27th June, 1997

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