

KILPEST INDIA LIMITED

BHOPAL

TWENTYSIXTH ANNUAL REPORT AND ACCOUNTS 1997-98

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. SAIHGAL)
	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).
RAIPUR DEPOT OFFICE	:	A-2, SAWNI VIHAR, RING ROAD, PURENA, BEHIND MINING OFFICE, RAVIGRAM, RAIPUR (MP).

CERTIFIED TRUE COPY
FOR KILPEST INDIA LIMITED

(R. K. DUBEY),
Chairman & Managing Director.

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 Sixth Annual Report and the Audited Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS

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

	Year ended 31-03-1998 -----	Year ended 31-03-1997 -----
Sales Turnover	808.38	912.40
Profit before Depreciation	9.40	35.92
Less: Depreciation	6.31	5.99
Profit before Tax	3.09	29.93
Less: Provision for Taxation	-	10.00
Net Profit after Tax	3.09	19.93

PERFORMANCE FOR THE YEAR 1997-98

Pesticide is a highly seasonal industry and this year the season for pesticide was affected badly in Karnataka and Madhya Pradesh (where the company ranks amongst the top pesticide company's both saleswise and product qualitywise). Due to the failure of season in above two states, the company's sales were lower by about Rs.5.00 crores. Agriculture Sector moved away from the high growth rate of 7.9% recorded in 1996-97. Uneven distribution of rainfall in the last monsoon and untimely rains in the winter had their toll on the agriculture output, depressing its growth rate in 1997-98 to an estimated negative 2%. The payment cycle of the industry also got delayed due to lower yield per acre and due to damaged crops from untimely rains during December 97 to March 1998. As a result of above factors, the profitability has been reduced drastically this year, which was beyond the control of the Management.

OUTLOOK

This year also the 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.

CURRENT LISTING

Presently, the equity shares of the company are listed on the Mumbai Stock Exchange and Indore Stock Exchange. The company has paid the annual listing fee to both the stock exchanges for the year 1998-99.

DIRECTORS

Shri N.K. Dubey and Shri K.P. Mishra 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 Sixth 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.

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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, 1998

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, 1998.

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	Year ended
31-03-1998	31-03-1997
-----	-----

1. Electricity

(a) Purchased Units (KWH)	1,10,780	96,672
Total Amount (Rs.)	6,12,205	5,06,390
Average Rate/Unit (Rs.)	5.52	5.24

(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 MFEI, hence the power cost is more during 96-97).

(b) Own Generator

i) Through Diesel Generator

Units (KWH)	8,648	18,804
Units/Ltr. of Diesel	2.78	2.35
Cost/Unit (Rs.)	4.22	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 Electricity having regard to the records and other books maintained by Furnace Oil the company, it is Coal (specify quality) impracticable to apportion the Others (Specify) utilities.

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		31-03-98	31-03-97
		-----	-----
(a) Capital		3,60,000	5,98,000
(b) Recurring		4,500	14,000
		-----	-----
(c) Total		3,64,500	6,12,000
		-----	-----
(d) Total R&D expenditure as a percentage of total turnover		0.45%	0.67%

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 :	1997-98	1996-97
	-----	-----
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, 1998



KILPEST INDIA LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of KILPEST INDIA LIMITED as at 31st March, 1998 together with the annexed Profit and Loss Account of the Company for the year ended on that date and report that:


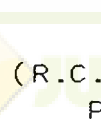
1. As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, a statement on the matters specified in paragraphs 4 and 5 of the said Order is annexed.
2. Further to our comments in the statement referred to in paragraph (1) above :
 - a) 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.
 - b) 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 the books.
 - c) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.

d) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :-

i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1998 and

ii) in the case of the profit and loss account, of the profit for the year ended on that date.

for R.C. BAHETI & CO.
Chartered Accountants

Report  (R.C. BAHETI)
PARTNER  ReportJunction.com

Bhopal

Dated: 27th June, 1998

KILPEST INDIA LIMITED

ANNEXURE TO THE AUDITORS REPORT

STATEMENT REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF KILPEST INDIA LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1998

1. The company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets. As explained to us the management has physically verified fixed assets during the year and no serious discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable.
2. The Company has not revalued any of its Fixed Assets during the year.
3. Physical verification has been conducted by the management during the year in respect of finished goods (excepting stocks lying with third parties), stores, spare parts and raw and packing materials. In our opinion, the frequency of verification is reasonable.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
5. As explained to us no material discrepancies were noticed on physical verification, between physical stocks and book records.
6. In our opinion, the valuation of stocks of finished goods, stores, spare parts and raw and packing materials is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.
7. The rate of interest and other terms and conditions of loans taken by the Company from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are, in our opinion, prima facie not prejudicial to the interest of the Company.
8. The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or to companies under the same management as defined under section 370(1B) of the Companies Act, 1956.