

KILPEST INDIA LIMITED

BHOPAL

TWENTYSEVENTH ANNUAL REPORT AND ACCOUNTS 1998-99

BOARD OF DIRECTORS

MR. R.K. DUBEY
CHAIRMAN & MANAGING DIRECTOR

MR. K.P. MISHRA WORKING DIRECTOR

MR. D.K. DUBEY) WHOLETEIME
MR. N.K. DUBEY) DIRECTORS

MR. A.D. PHADKE)
PRIF. EMERITUS G.P. AGRAWAL) DIRECTORS
MR. B.M. SAINGAL)
MR. S. MEHRA)

BANKERS : STATE BANK OF INDORE
T.T. NAGAR, BHOPAL

AUDITORS : M/S R.C. BAHETI & CO.
CHARTERED ACCOUNTANTS
BHOPAL

REGISTERED OFFICE : 7-C, INDUSTRIAL AREA.
AND FACTORY GOVINDPURA,
BHOPAL - 462 023

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, SAHNI VIHAR,
RING ROAD, PURENA,
BEHIND MINING OFFICE,
RAVIGRAM, RAIPUR (M.P.)

BILASPUR DEPOT OFFICE : C/O SHUKLA MOTORS,
OPP. NATRAJ HOTEL,
LINK ROAD, BILASPUR

NANDED DEPOT OFFICE : PLOT NO.C-94,
SHIVAJI NAGAR,
INDUSTRIAL ESTATE
NANDED, MAHARASHTRA

INDORE DEPOT OFFICE : C/O NISHA TRADING CO.,
45, MAHAVEER MARKET,
NEAR DEVSHREE CINEMA,
INDORE, (M.P.)

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 Seventh Annual Report and the Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

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

	Year ended 31-03-1999	Year ended 31-03-1998
Sales Turnover	745.65	808.38
Profit before Depreciation	25.66	9.40
Less: Depreciation	8.40	6.31
Profit before Tax	17.26	3.09
Less: Provision for Taxation	2.00	-
Net Profit after Tax	15.26	3.09

PERFORMANCE FOR THE YEAR 1998-99

Pesticides is a highly seasonal industry and the sale turnover this year also is lower compared to the estimates due to continued vagaries of nature. However, due to effective steps taken by the Management, the profitability has improved substantially, despite lower sales.

OUTLOOK

This year the company is planning to consolidate its position in the existing markets, with the existing products. Also greater emphasis is on reducing costs, the company should end the year well.

RESEARCH & DEVELOPMENT

The company has one of the most advanced and well equipped Research Laboratories in Madhya Pradesh and quality of product is continuously reviewed and improved.

DIVIDEND

Your Directors do not recommend any Dividend this year with a view to conserve resources for the operations of the company.

Y2K STATUS

The hardware and software have been tested and the company is "Y2K READY". The total cost on this account has been Rs.1 lakh.

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 1999-2000.

DIRECTORS

Shri G.P.Agrawal and Shri Shekhar Mehra 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 Seventh Annual General Meeting and are eligible for reappointment.

PARTICULARS 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.

FOREIGN EXCHANGE EARNINGS

The details of foreign exchange earnings and outflow are given in the annexure to the Directors' Report.

CONSERVATION OF ENERGY AND RESEARCH AND DEVELOPMENT

The measures related to conservation of energy, etc. are covered in detail in the annexure to this Report pursuant to Section 217(1)(e) of the Companies Act, 1956.

ACKNOWLEDGEMENTS

The Directors take this opportunity to thank the shareholders, Distributors, M/s STATE BANK OF INDORE, MADHYA PRADESH FINANCIAL CORPORATION, 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

Place : Bhopal
Dated : 31st July, 1999

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, 1999.

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 31-03-1999	Year ended 31-03-1998
1. Electricity		
(a) Purchased Units (KWH)	1,02,842	1,10,780
Total Amount (Rs.)	5,28,655	6,12,205
Average Rate/Unit (Rs.)	5.14	5.52
(b) Own Generator		
i) Through Diesel Generator		
Units (KWH)	7,116	8,648
Units/Ltr. of Diesel	2.40	2.78
Cost/Unit (Rs.)	4.37	4.22
ii) Through Steam Turbine/Generator	NOT APPLICABLE	

2. Coal	NOT APPLICABLE
3. Fuel Furnace Oil + Light 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 improvement of quality of existing products and also to reduce their cost.

2. Benefits derived as a result of the above R&D. : Better cost effective formulations developed.

3. Future plan of action : Development of new formulations and new products.

4. Expenditure on R&D	31-03-99	31-03-98
	-----	-----
(a) Capital	7,59,289	3,60,000
(b) Recurring	—	4,500
	-----	-----
(c) Total	7,59,289	3,64,500
	-----	-----
(d) Total R&D expenditure as a percentage of total turnover	1.02%	0.45%

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. : Cost of production reduced, product quality improved.
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 :	1998-99	1997-98
	-----	-----
Total foreign exchange used	--	--
Total foreign exchange earned	--	--

for and on behalf of the Board
of Directors

R.K. DUBEY
CHAIRMAN & MANAGING DIRECTOR

Place : Bhopal
Dated : 31st July, 1999

REPORT OF THE AUDITORS

To the Shareholders of Kilpest India Ltd.,

We have audited the attached Balance Sheet of KILPEST INDIA LIMITED as at 31st March, 1999 and the Profit and Loss Account of the Company for the year ended 31st March, 1999 annexed thereto.

We have to report as follows:-

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 the paragraphs 4 and 5 of the said Order is annexed hereto.
2.
 - 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 accounts, as required by law have been kept by the Company in so far as appears from our examination of the books.
 - iii) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - iv) in our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in Sub-section 3(c) of Section 211 of Companies Act, 1956.
 - v) in our opinion, and to the best of our information, and according to the explanations given to us, the said accounts read with the Notes thereon give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view.
 - a) in the case of the Balance Sheet, of the state of affairs of the Company, as at 31st March, 1999 and
 - b) in the case of the Profit and Loss Account, of the profit of the company for the year ended on that date.

for R.C. BAHETI & CO.
Chartered Accountants

Place: Bhopal
Dated: 31st July, 1999

(R.C. BAHETI)
PARTNER

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, 1999

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, (including a company under the same management as defined u/s 370(1B) of the companies Act, 1956) 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.

9. The employees to whom loans or advances in the nature of loans have been given by the company, are repaying the principal amounts as stipulated. However, no interest is chargeable according to the terms of such loans or advances in the nature of such loans. Excepting employees, the company has not granted any loans or advances in the nature of loans to anybody.
10. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure, commensurate with the size of the Company and the nature of its business, for the purchase of stores, raw and packing materials including components, plant and machinery, equipments and other similar assets and for the sale of goods.
11. In our opinion, and according to the information and explanations given to us, the transactions of the purchase of goods and materials made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the companies Act, 1956, and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods and materials at which transactions for similar goods and materials have been made with other parties. No sale of goods, materials and services have been made during the year to any party listed in the register maintained u/s 301 of the Companies Act, 1956. sold
12. In our opinion and according to the information and explanations given to us there were no unserviceable or damaged stores, raw and packing materials and finished goods.
13. The Company has not accepted any deposits from the public to which provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder are applicable.
14. As explained to us, the Company's manufacturing process does not generate any realisable by-product and scrap.
15. In our opinion, the Company's present internal audit system is commensurate with the size and nature of its business.
16. We are informed that the Central Government has not prescribed the maintenance of cost records for Company's products under Section 209(1)(d) of the Companies Act, 1956.
17. According to the records of the Company, Provident Fund dues and Employees State Insurance dues have been generally regularly deposited with the appropriate authorities. There are no arrears outstanding at the end of the year.
18. Excepting certain amounts of Commercial Tax, Sales Tax, and Entry Tax, for certain period, there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, and Excise Duty as at 31st March, 1999 which were outstanding for a period of more than six months from the date on which they became payable.