

KILPEST INDIA LIMITED, BHOPAL

THIRTY FIRST ANNUAL REPORT AND ACCOUNTS 2002-2003

KILPEST INDIA LIMITED
BHOPAL

THIRTYFIRST ANNUAL REPORT AND ACCOUNTS 2002-2003

BOARD OF DIRECTORS : MR. R.K. DUBEY
CHAIRMAN & MANAGING DIRECTOR

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

MR. A.D. PHADKE)
MR. SHABBAR HUSAIN) 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 : 7-C, INDUSTRIAL AREA,
AND FACTORY GOVINDPURA,
BHOPAL - 462 023

LUCKNOW SALES DEPOT : D-1207, HIMALAYA MARG,
INDIRA NAGAR, LUCKNOW.

RAIPUR SALES DEPOT : C/O SUVIDHA AGENCIES,
72/12, GURUTEG BAHADUR NAGAR,
OPP.NAYA GURUDWARA
RAVIGRAM, RAIPUR.

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

GONDIA SALES DEPOT : C/O NAVNEET KUMAR BAGGA,
BAGGA SAW MILL, RAIL TOLY,
GONDIA.

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 Thirtyfirst Annual Report and the Audited Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS

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

	Year ended 31-03-2003 -----	Year ended 31-03-2002 -----
Sales Turnover	807.94 -----	848.78 -----
Profit before Depreciation	20.15	18.43
Less: Depreciation	9.57	9.07
Profit before Tax	10.58	9.36
Less: Provision for Taxation	0.80	0.75
Net Profit after Tax	9.78	8.61

PERFORMANCE FOR THE YEAR 2002-2003

For Agro Chemical Industry, 2002-03 was disastrous year, a combination of erratic and poor monsoon. Monsoon failure compounded by a low incidence of pest infestation, crops condition critical for sale and profitability. On whole, drop in agro chemicals consumption was between 20-25 percent. To achieve sales target, diversification of sales from Agriculture to Public Health i.e., for Malaria was launched, which succeeded and helped company to overcome critical recession. It was only due to the trust of farmers in KILPEST, its unique strength, it is a relationship, built up over a long time that the company managed to close the year with just 5% drop in sales. The profit figure saw a meagre rise. Company is adding new products to its list and with the reports of a better monsoon the company should see a better performance in the coming year.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Stock Exchange Listing Agreement, a report on Corporate Governance and Management Discussion and Analysis and Certificate from the Auditors on compliance thereof is given separately which form a part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- i) The company has followed the applicable accounting standards in the preparation of the Annual Account for the year under review.

- ii) The Directors have made judgements and estimates that are reasonable and prudent and have selected accounting policies and applied them consistently to give true and fair view of the state of affairs of the company as at 31st March, 2002 and its profit for the year ended on that date.
- iii) The company has a proper and adequate system of internal control to ensure that all assets are safeguarded against losses and the system is capable of detecting frauds and other irregularities.
- iv) The annual accounts placed before you have been prepared on a going concern basis.

RESEARCH & DEVELOPMENT

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

DIVIDEND

Your Directors regret their inability to recommend any Dividend for the year under review.

CURRENT LISTING

Presently, the Equity Shares of the company are listed on the Mumbai and Indore Stock Exchanges.

DIRECTORS

Shri Shabbar Husain was appointed as Non Executive Additional Director of the Company on 28/03/2003. He holds office upto the date of the ensuing Annual General Meeting of the Company. Notices have been received from the members of the Company proposing Mr. Shabbar Husain as a candidate for the office of Director of the Company. The Directors recommend his appointment.

Shri A.D. Phadke 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 Thirtyfirst Annual General Meeting and are eligible for reappointment.

As per the Companies (Amendment) Act, 2000, it is required, in case of your company, to obtain a certificate from a Company Secretary in whole-time practice regarding compliance of various secretarial matters as the paid-up capital of the company is more than Rs.10 lacs. Accordingly, the company has appointed M/s P.K. Rai & Associates, Practising Company Secretary as a Secretarial Auditor. The Secretarial Compliance Certificate given by M/s P.K. Rai & Associates, Bhopal is attached herewith which forms part of this report. The company has also initiated the process of appointing a full time Company Secretary.

PERSONNEL

Personnel relations remained cordial during the year. The Board expresses its appreciation of the contribution of employees at all levels. There is no employee drawing remuneration in excess of the limits prescribed under section 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 and Industrial Health & Safety Department. Company is having valid permissions from the above authorities.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement showing additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required pursuant to 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 is annexed forming part of this Report.

ACKNOWLEDGEMENTS

The Directors take this opportunity to thank the shareholders, Distributors, the Banker's M/s STATE BANK OF INDORE, the Financial Institution MADHYA PRADESH FINANCIAL CORPORATION, for their support and co-operation.

for and on behalf of the Board
of Directors

R.K. DUBEY

CHAIRMAN & MANAGING DIRECTOR

Place : Bhopal

Dated : 30th June, 2003

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, 2003.

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 REGARD TO CONSUMPTION OF ENERGY

I. POWER AND FUEL CONSUMPTION

	Year ended 31-03-2003 -----	Year ended 31-03-2002 -----
1. Electricity		
(a) Purchased Units (KWH)	1,03,100	1,09,016
Total Amount (Rs.)	6,24,944	6,25,533
Average Rate/Unit (Rs.)	6.06	5.74
(b) Own Generator		
i) Through Diesel Generator		
Units (KWH)	5,354	7,438
Units/Ltr. of Diesel	2.10	2.37
Cost/Unit (Rs.)	10.60	8.86
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

II. 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 EFFORTS MADE IN TECHNOLOGY ABSORPTION

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH REGARD TO ABSORPTION

RESEARCH & DEVELOPMENT

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 formulation and new products.	
4. Expenditure on R&D		31-03-2003	31-03-2002
		-----	-----
(a) Capital		3,33,283	2,77,833
(b) Recurring		--	--
		-----	-----
(c) Total		3,33,283	2,77,833
		-----	-----
(d) Total R&D expenditure as a percentage of total turnover		0.41%	0.31%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made : Efforts are being made to
towards technology absorption, evolve better cost effective
adaptation and innovation process and to manufacture
new products.
2. Benefits derived as a result : Cost of production reduced,
of the above efforts product quality improved.
3. There is no imported technology involved.
Total foreign exchange used

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	2002-2003	2001-2002
1. Foreign Exchange Earnings	--	--
2. Foreign Exchange Outgo	--	--

for and on behalf of the Board
of Directors

R. K. DUBEY

CHAIRMAN & MANAGING DIRECTOR

Place : Bhopal
Dated : 30th June, 2003

REPORT ON CORPORATE GOVERNANCE

A. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The company strongly believes that good Corporate Governance is a pre-requisite for enhancing shareholders long term value. The Board considers itself as the trustee of its Shareholders. During the period under review, the Board continued its pursuit by adopting and monitoring of corporate strategies, prudent business plans, major risks and ensuring that the company pursues policies and procedures to satisfy its social, legal and ethical responsibilities.

B. BOARD OF DIRECTORS(i) Composition and category of Directors

S.No.	Name of Director	Category	NUMBER OF OTHER		
			Director- Ships	Committee Membership	Committee Chairmanship
01.	Shri R.K. Dubey	Chairman & Mg. Director Executive Director	1	-	-
02.	Shri D.K. Dubey	Executive Director	-	1	-
03.	Shri N.K. Dubey	Executive Director	-	-	-
04.	Shri Shabbar Husain	Non Executive Independent Director	-	2	2
05.	Shri B.M. Saigal	Non Executive Independent Director	-	1	-
06.	Shri A.D. Phadke	Non Executive Independent Director	-	1	-
07.	Shri Shekhar Mehra	Non Executive Independent Director	-	-	-

(ii) Meeting of the Board of Directors:-

The Board of directors provide the strategic direction and thrust to the operations of the company. During the period under review, 9 Board Meetings were held; on 6th April 2002, 29th June, 2002, 30th June 2002, 4th July 2002, 31st October 2002, 23rd January 2003, 30th January 2003, 1st February 2003 and 28th March 2003. The Thirtieth Annual General Meeting was held on 30th September, 2002.

Attendance of each Director at Board Meeting and Annual General Meeting (AGM) was as follows:-

S.No.	Name of Director	No. of Board Meetings attended	Attendance at AGM held on 30-09-2002
01.	Shri R.K. Dubey	9	Yes
02.	Shri D.K. Dubey	8	Yes
03.	Shri N.K. Dubey	8	Yes
04.	Shri Shabbar Husain	1	N/A
05.	Shri B.M. Saigal	6	No
06.	Shri A.D. Phadke	1	No
07.	Shri Shekhar Mehra	0	No

(C) DETAILS OF REMUNERATION PAID TO DIRECTORS DURING THE PERIOD ENDED ON 31ST MARCH, 2003.

The Non-Executive Directors are paid sitting fees for attending each meeting of the Board of Directors and Committees thereof. The details of the sitting fees paid during the period to the Non-Executive Directors and the remuneration paid to the Executive Directors are given below:-

S.No.	Name of Director	Sitting fees (Incl. committy Meetings)	Salaries & Allowances etc.	Cont. to Provident & Superannuation Funds
01.	Shri R.K. Dubey	1,800	2,40,000	21,600
02.	Shri D.K. Dubey	1,600	1,20,000	14,400
03.	Shri N.K. Dubey	1,600	1,02,000	8,640
04.	Shri Shabbar Husain	350	-	-
05.	Shri B.M. Saigal	1,200	-	-
06.	Shri A.D. Phadke	200	-	-
07.	Shri Shekhar Mehra	-	-	-

(D) COMMITTEES OF THE BOARD:

(1) Audit Committee

The following Directors are members of the Audit Committee:

Shri Shabbar Husain - Chairman, Non-Executive, Independent Director (Chartered accountant)

Shri B.M. Saigal - Non-Executive Independent Director

Shri A.D. Phadke - Non-Executive Independent Director

All the Members of the Committee are independent Directors. The Managing Director, Statutory Auditors and Internal Auditors attend the meetings of the Committee. The company secretary acts as the secretary to the Committee.