

KILPEST INDIA LIMITED, BHOPAL

THIRTY SECOND ANNUAL REPORT AND ACCOUNTS 2003-2004

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KILPEST INDIA LIMITED

BHOPAL

THIRTYSECOND ANNUAL REPORT AND ACCOUNTS 2003-2004

BOARD OF DIRECTORS	:	MR. R.K. DUBEY CHAIRMAN & MANAGING DIRECTOR
		MR. D.K. DUBEY) WHOLETIME MR. N.K. DUBEY) DIRECTORS
		MR. SHABBAR HUSAIN) DIRECTORS MR. B.M. SAIHGAL)
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
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


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 Thirtysecond Annual Report and the Audited Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

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

	Year ended 31-03-2004 -----	Year ended 31-03-2003 -----
Sales Turnover	888.45	807.94
Profit before Depreciation	24.50	20.15
Less: Depreciation	9.82	9.57
Profit before Tax	14.68	10.58
Less: Provision for Taxation	0.54	0.72
Net Profit after Tax	14.14	9.86

PERFORMANCE FOR THE YEAR 2003-2004

Well this year the monsoon was good, as a result the agro-chemical industry witnessed good demand, there was increase in Sales by about 10% and the profit grew by 47%. It was a historic year for the company as it executed its first export order to Bangladesh. Pesticides are strictly monitored chemicals and permissions are required from the Ministry of Agriculture of that country before one starts exporting.

We are proud to inform you that your company's two products have been granted registration, and 4 more products are in pipeline. With this new avenue and launch of several new products your company shall do better in coming years.

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, 2004 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 Stock Exchange.

DIRECTORS

Shri B.M. Saigal and Shri D.K. Dubey 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 Thirtysecond Annual General Meeting and are eligible for reappointment.

COMPANY SECRETARY

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 had initiated the process of appointing a full time Company Secretary, and is looking for one.

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 July, 2004

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, 1986 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2004.

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

1. POWER AND FUEL CONSUMPTION

	Year ended 31-03-2004	Year ended 31-03-2003

1. Electricity		
(a) Purchased Units (KWH)	92,124	1,03,100
Total Amount (Rs.)	5,87,423	6,24,944
Average Rate/Unit (Rs.)	6.37	6.06
(b) Own Generator		
i) Through Diesel Generator		
Units (KWH)	9,610	5,354
Units/Ltr. of Diesel	1.72	2.10
Cost/Unit (Rs.)	14.60	10.60
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 bio-products were being researched to be launched.	
2. Benefits derived as a result of the above R&D.	:	Better cost effective formulations developed and bio-fungicide launched.	
3. Future plan of action	:	Development of new formulation and new products specially bio-based	
4. Expenditure on R&D		31-03-2004	31-03-2003
		-----	-----
(a) Capital		2,54,532	3,33,283
(b) Recurring		--	--
		-----	-----
(c) Total		2,54,532	3,33,283
		-----	-----
(d) Total R&D expenditure as a percentage of total turnover		0.29%	0.41%

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 : Cost of production reduced, product quality improved.
3. There is no imported technology involved.
Total foreign exchange used

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	2003-2004	2002-2003
1. Foreign Exchange Earnings	5,45,112	NIL
2. Foreign Exchange Outgo	11,43,750	NIL

for and on behalf of the Board
of Directors

Report

Junction

R.K. DUBEY
CHAIRMAN & MANAGING DIRECTOR

Place : Bhopal

Dated : 30th July, 2004

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	Director	-	1	-
04.	Shri Shabbar Hussain	Non Executive Independent Director	-	2	2
05.	Shri B.M. Saigal	Non Executive Independent Director	-	1	-

(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, 7 Board Meetings were held; on 26th April 2003, 30th June, 2003, 30th July 2003, 30th October 2003, 30th January 2004, 7th February, 2004, 31st March, 2004. The Thirtyfirst Annual General Meeting was held on 30th September, 2003.

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 30-09-2003
01.	Shri R.K. Dubey	7	Yes
02.	Shri D.K. Dubey	7	Yes
03.	Shri N.K. Dubey	7	Yes
04.	Shri Shabbar Hussain	3	Yes
05.	Shri B.M. Saigal	2	No

(C) **DETAILS OF REMUNERATION PAID TO DIRECTORS DURING THE PERIOD ENDED ON 31ST MARCH, 2004.**

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.committty Meetings)	Salaries & Allowances etc.	Cont. to Provident & Superannuation Funds
-----	-----	-----	-----	-----
01.	Shri R.K. Dubey	1,750	2,40,000	21,600
02.	Shri D.K. Dubey	1,750	1,20,000	14,400
03.	Shri N.K. Dubey	1,750	1,02,000	8,640
04.	Shri Shabbar Husain	750	-	-
05.	Shri B.M. Saighal	500	-	-

(D) **COMMITTEES OF THE BOARD:**(i) **Audit Committee**

The following Directors are members of the Audit Committee:

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

Shri N.K. Dubey - Director

Shri B.M. Saighal - 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.

The role, powers and functions of the audit Committee are as stated in clause No. 49 of the Listing Agreement and section 292A of the Companies Act, 1956. The Committee reviews the financial statements before they are placed before the Board. The audit committee has been constituted on 28th March, 2003 in compliance to clause No. 49 of the Listing Agreement. The Committee reviews the financial statements before they are placed before the Board. During the period under review four meetings of the committee were held i.e., 24th July 2003, 22nd October 2003, 20th January, 2004 and 26th June, 2004 and all the Directors were present in all the four meetings.

(ii) **Share Holders'/Investors' Grievance Committee**

The following Directors are members of the Shareholders' Committee.

S.No.	Name of the Director
----	-----
1.	Shri Shabbar Husain
2.	Shri D.K. Dubey