

Report  junction.com

ANNUAL REPORT 2006

34 YEARS
OF SERVICE IN
CROP PROTECTION
INDUSTRY

AN ISO 9001-2000 CERTIFIED COMPANY

KILPEST INDIA LIMITED



KILPEST INDIA LIMITED

BHOPAL

THIRTYFOURTH ANNUAL REPORT AND ACCOUNTS 2005-2006

BOARD OF DIRECTORS	:	MR. R.K. DUBEY CHAIRMAN & MANAGING DIRECTOR	
		MR. D.K. DUBEY MR. N.K. DUBEY	} WHOLETIME DIRECTORS
		MR. SHABBAR HUSAIN MR. B.M. SAIHGAL MR. K.N.DUBEY MR. R.K.CHOUBEY	} INDEPENDENT DIRECTORS
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	:	72/12, GURUTEG BAHADUR NAGAR, OPP.NAYA GURUDWARA RAVIGRAM, RAIPUR.	
BILASPUR SALES DEPOT	:	SHUKLA MOTORS, OPP. NATRAJ HOTEL, LINK ROAD, BILASPUR	

KILPEST INDIA LIMITED

REPORT OF THE DIRECTORS

To

Dear Members,

Your Directors have pleasure in presenting their Thirty Fourth Annual Report, together with the Audited Accounts for the year ended 31st March, 2006 as follows :

FINANCIAL RESULTS

The highlights of the operating results for the year are summarised below: (in lacs)

	Year ended 31-03-2006	Year ended 31-03-2005
Sales Turnover	966.03	971.78
Profit before Depreciation	37.49	26.33
Less: Depreciation	10.20	9.74
Profit before Tax	27.29	16.59
Less: Provision for Taxation	1.88	1.35
Net Profit after Tax	25.41	15.24

PERFORMANCE FOR THE YEAR 2005-2006

The year 2006 due to deficit rains in most parts of the country, the company sales remained stagnant. Rather the pesticide industry as a whole recorded negative growth, it was only because the management efforts to concentrate more on Public Health Government Business that the Company could get good orders. And expects good growth in sales next year, in this sector. Despite difficult times, like draught at several areas where company is doing business, company managed to close the year with good growth in profit due to Public Health business and new product mix. Company continues to export products to Bangladesh and with several products registered and more in pipeline, exports shall continue to grow well in coming year.

With an aim to enter the African Continent markets company participated in 'SAITEX' international fair held at Johannesburg. Company's products got good response, as soon as registration is taken good business prospects are visible.

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, 2006 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. Company is maintaining Six Nos. of BIS Licences.

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. Saihgal & 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 ensuing 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. Company is also a member of Common Effluent Treatment Plant - commissioned by Central and State Pollution Control Board.

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 Bankers 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 : 24th July, 2006

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, 2005.

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 31-03-2006	Year ended 31-03-2005
1. Electricity		
(a) Purchased Units (KWH)	1,22,580	1,35,810
Total Amount (Rs.)	7,83,927	8,21,349
Average Rate/Unit (Rs.)	6.39	6.05
(b) Own Generator		
i) Through Diesel Generator		
Units (KWH)	582	540
Units/Ltr. of Diesel	1.78	1.82
Cost/Unit (Rs.)	19.97	16.70
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

II. CONSUMPTION PER UNIT OF PRODUCTION

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

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		31-03-2006	31-03-2005
(a) Capital		—	—
(b) Recurring		1,44,760	—
(c) Total		1,44,760	—
(d) Total R&D expenditure as a percentage of total turnover		0.15%	NA

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	2005-2006	2004-2005
1. Foreign Exchange Earnings	7,74,900	18,18,092
2. Foreign Exchange Outgo	34,45,814	12,74,927

**for and on behalf of the Board
of Directors**

**R.K. DUBEY
CHAIRMAN & MANAGING DIRECTOR**

Place : Bhopal

Dated : 24th July, 2006

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	1	—
03.	Shri N.K. Dubey	Executive Director	—	—	—
04.	Shri Shabbar Husain	Non Executive Independent Director	—	2	2
05.	Shri B.M. Saighal	Non Executive Independent Director	—	1	—
06.	Shri K.N. Dubey	Non Executive Independent Director	—	1	—
07.	Shri R.K.Choubey	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, 6 Board Meetings were held; on 9th June, 2005, 30th June, 2005, 30th July 2005, 31st October 2005, 26th December 2005, 31st January 2006. The Thirtythird Annual General Meeting was held on 30th September, 2005.

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 30-09-2005
01.	Shri R.K. Dubey	6	Yes
02.	Shri D.K. Dubey	6	Yes
03.	Shri N.K. Dubey	6	Yes
04.	Shri Shabbar Husain	4	Yes
05.	Shri B.M. Saighal	2	No
06.	Shri K.N.Dubey	1	No
07.	Shri R.K.Choubey	2	No

(C) DETAILS OF REMUNERATION PAID TO DIRECTORS DURING THE PERIOD ENDED ON 31ST MARCH, 2006.

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.committity Meetings)	Salaries & Allowances etc.	Cont. to Provident & Superannuation Funds
01.	Shri R.K. Dubey	1,500	3,00,000	28,800
02.	Shri D.K. Dubey	1,500	1,80,000	21,600
03.	Shri N.K. Dubey	1,500	1,62,000	15,840
04.	Shri Shabbar Husain	1,000	—	—
05.	Shri B.M. Saighal	500	—	—
06.	Shri K.N.Dubey	250	—	—
07.	Shri R.K.Choubey	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 K.N. Dubey : Non-Executive Independent 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.