

# KILPEST INDIA LIMITED

## BHOPAL

### THIRTY EIGHTH ANNUAL REPORT AND ACCOUNTS 2009-2010

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

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

CA. SHABBAR HUSAIN }  
MR. B.M. SAIHGAL }  
MR. K.N.DUBEY }      INDEPENDENT  
MR. R.K.CHOUBEY }      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** : 71/12, GURUTEG BAHADUR NAGAR,  
OPP. NAYA GURUDWARA, RAVIGRAM, RAIPUR.

**BILASPUR SALES DEPOT** : SHUKLA MOTORS,  
OPP. NATRAJ HOTEL, LINK ROAD, BILASPUR

**REGISTRAR & TRANSFER  
AGENTS** : M/s. ADROIT CORPORATE SERVICES PVT. LTD.  
19/20, JAFERBHOY INDUSTRIAL ESTATE,  
1ST FLOOR, MAKWANA ROAD,  
MAROL NAKA, ANDHERI (E),  
MUMBAI - 400 059

# KILPEST INDIA LIMITED

## REPORT OF THE DIRECTORS

To

Dear Members,

Your Directors have pleasure in presenting their Thirty Eighth Annual Report, together with the Audited Accounts for the year ended 31st March, 2010 as follows:

### FINANCIAL RESULTS

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

(Rs. in lakhs)

|                              | Year ended<br>31-03-2010 | Year ended<br>31-03-2009 |
|------------------------------|--------------------------|--------------------------|
| Sales Turnover               | 1910.47                  | 1513.22                  |
| Profit before Depreciation   | 86.96                    | 57.31                    |
| Less: Depreciation           | 15.30                    | 13.74                    |
| Profit before Tax            | 71.65                    | 43.57                    |
| Less: Provision for Taxation | 22.21                    | 16.41                    |
| Net Profit after Tax         | 49.44                    | 27.16                    |

### PERFORMANCE FOR THE YEAR 2009-20010

This year will be a turning point in Company's history as its sales figure inched towards the twenty crore mark. With this change in orbit the company is poised for good growth, and hopefully in the coming years the company will be able to reward its shareholders suitably.

This year Company has taken CIB Registration (Ministry of Agriculture, Govt. of India) for import of Key soyabean insecticide Triazophos from China, which will ensure timely and cost effect sourcing of raw material and in turn give edge to the company's sales in soyabean crop.

This year company has also acquired technology from National Research Development Corporation (NRDC), Govt. of India, New Delhi for Bt(i) Biolarvicide and applied for necessary CIB Registration, which should be granted by 2011 March, with growing awareness for environment protection and human health. Future holds only for safe Bio products. This Bio larvicide is used world over and has played a key role in eradicating mosquitoes from USA and other developed Countries. With above developments, the coming years should augment well for the company.

### Export

Company's exports were better this year and grew by 115 %. We expect the growth to continue as company is exploring newer products / markets.

## **FORAY INTO BIOTECHNOLOGY**

The Company's R & D was granted recognition by Govt. of India, Ministry of Science & Technology, Department of Scientific and Industrial Research (DSIR), New Delhi Under Section 35(2AB) of the Income-tax Act, 1961. This recognition will pave way for higher research expenditure and subsequent results will come out.

The Company's Bio-tech R & D Laboratory is functioning well and few biological products were put to field trial and with satisfactory results, new safer products would be commercialized in coming years. Company has started R&D in another field of biotechnology (medical genomics) with intent to enter Molecular Diagnostics field, currently world over, medical tests based on DNA testing are regarded more reliable, fast and accurate. By next year, the company should enter this new field of medical diagnostic with strong footing after necessary Research & Development.

## **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, 2010 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.

## **DIVIDEND**

Due to inadequate profit, your Directors regret their inability to recommend any Dividend for the year.

## **CURRENT LISTING**

Presently, the Equity Shares of the company are listed on the Bombay Stock Exchange Ltd, Mumbai.

## **DIRECTORS**

Shri K.N.Dubey & Shri R.K.Choubey 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** for their support and co-operation.

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

**Sd/-  
(R. K. DUBEY)  
CHAIRMAN & MANAGING DIRECTOR**

Place : Bhopal  
Date : 30<sup>th</sup> June, 2010

**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, 2010.**

**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 utilization 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**

|   | <b>Year ended<br/>31-03-2010</b> | <b>Year ended<br/>31-03-2009</b> |
|---|----------------------------------|----------------------------------|
| <b>1. Electricity</b>                   |                                  |                                  |
| (a) Purchased Units (KWH)               | 1,76,780                         | 1,34,770                         |
| Total Amount (Rs.)                      | 9,62,605                         | 9,10,220                         |
| Average Rate/Unit (Rs.)                 | 6.21                             | 6.75                             |
| (b) Own Generator                       |                                  |                                  |
| i) Through Diesel Generator             |                                  |                                  |
| Units (KWH)                             | 549                              | 470                              |
| Units/Ltr. of Diesel                    | 2.00                             | 1.60                             |
| Cost/Unit (Rs.)                         | 30.26                            | 24                               |
| ii) Through Steam Turbine/<br>Generator | NOT APPLICABLE                   |                                  |

|    |                                   |                |
|----|-----------------------------------|----------------|
| 2. | <b>Coal</b>                       | NOT APPLICABLE |
| 3. | <b>Fuel Furnace Oil + Light</b>   | NOT APPLICABLE |
|    | Diesel Oil                        | NOT APPLICABLE |
|    | Quantity (KL)                     | NOT APPLICABLE |
|    | Total Amount (Rs.)                | NOT APPLICABLE |
|    | Average Rate/KL (Rs.)             | NOT APPLICABLE |
| 4. | <b>Others/Internal Generation</b> | 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 :<br>carried out by the company | <ul style="list-style-type: none"> <li>a) Development of botanicals compounds as a biopesticide.</li> <li>b) Extraction of essential oils from botanicals and their use in development of i) Mosquito repellent cream<br/>ii) Stored pest repellent, iii) Antimicrobials.</li> <li>c) Development of large scale cultivation technology of Biocontrol agents through solid substrate fermentation.</li> <li>d) Development of Diagnostic Kits / Protocol based on molecular genomics, for disease detection etc.</li> <li>e) Mass production and development of lipid lowering powdered formulation based on mushroom.</li> <li>f) Mass production, concentration and harvesting of algal Biomass for development of nutritional supplements and biofertilizers.</li> <li>g) Mass production of humic acid &amp; other organic nutrients.</li> <li>h) Extraction, isolation and purification of natural plant based sweeteners.</li> <li>i) Alternative nitrogen sources for plants.</li> <li>j) Development of new formulations of pesticides.</li> <li>k) Development of new formulations of micronutrients.</li> </ul> |
|--|---|

2. Benefits derived :  
as a result of the  
above R&D.
  - a) Botanical biopesticide effective on 1st and 2nd instar Heliothis and sucking pests is ready for commercialization under the trade name 'Mahakaal'.
  - b) Large scale cultivation technology being developed and Standardized for biocontrol agent Trichoderma viride which is already being commercialized under the trade name 'Suraksha'.
  - c) Development of technology for large scale extraction of Humic acid from lignite with 80-85% purity and its commercialization.
  - d) Cockroach repellant- Bait and few biological products are put to field trial.
  - e) Generation of repository of economically important bacterial, Fungal and algal species.
  - f) Natural sweetner based on Plant Stevia is being put to test marketing.
3. Future plan of :  
action
  - a) Improvement in existing products / process through sustained efforts.
  - b) Development and commercialization of combination of Compatible biocontrol agents for enhanced and multiple field efficacy.
  - c) Development and commercialization of bio products for better human health.
  - d) Strategic collaboration with Government and Non-Government organization for financial assistance in various R&D projects.
  - e) Development of organic product for household pest management.
4. **Expenditure on R&D**

|  | 31-03-2010 | 31-03-2009 |
|--|------------|------------|
| (a) Capital  | 23,67,320  | 16,30,776  |
| (b) Recurring  | 30,62,525  | 17,41,884  |
| (c) Total  | 54,29,845  | 33,72,664  |
| (d) Total R&D expenditure as a<br>percentage of total turnover | 2.85%      | 2.14%      |

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology : Innovations made in manufacturing processes.  
absorption, adaptation and innovation
  - : New Products launched
  - : Existing Products improved.
2. Benefits derived as a result of the : Improved productivity and process efficiencies.  
above efforts
  - : Sales volume increased.
  - : Customer trust company's products.
  - : Brand image improved.
3. There is no imported technology involved.  
Total foreign exchange used

## **C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

|                              | <b>2009-2010</b> | <b>2008-2009</b> |
|------------------------------|------------------|------------------|
| 1. Foreign Exchange Earnings | 1,10,19,007      | 51,31,808        |
| 2. Foreign Exchange Outgo    | 5,58,580         | NIL              |

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

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

Place : Bhopal

Date : 30<sup>th</sup> June, 2010



# 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<br>Executive Director | 1               | -                    | -                      |
| 02.    | Shri D.K. Dubey   | Executive Director                            | -               | 1                    | -                      |
| 03.    | Shri N.K. Dubey   | Executive Director                            | -               | -                    | -                      |
| 04.    | CA Shabbar Husain | Non Executive<br>Independent Director         | -               | 3                    | 2                      |
| 05.    | Shri B.M. Saighal | Non Executive<br>Independent Director         | -               | 2                    | 1                      |
| 06.    | Shri K.N.Dubey    | Non Executive<br>Independent Director         | -               | 1                    | -                      |
| 07.    | Shri R.K.Choubey. | Non Executive<br>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 1st June 2009, 30th June,2009, 31st July 2009, 8th August 2009, 31st October 2009, 1st December 2009, 19th January 2010, 30th January 2010, & 29th March 2010. The Thirty seventh Annual General Meeting was held on 30th September, 2009.

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 29-09-2008 |
|-------|-------------------|--------------------------------|--------------------------------------|
| 01.   | Shri R.K. Dubey   | 8                              | Yes                                  |
| 02.   | Shri D.K. Dubey   | 8                              | Yes                                  |
| 03.   | Shri N.K. Dubey   | 8                              | Yes                                  |
| 04.   | CA Shabbar Husain | 7                              | Yes                                  |
| 05.   | Shri B.M. Saighal | 6                              | No                                   |
| 06.   | Shri K.N.Dubey    | 6                              | Yes                                  |
| 07.   | Shri R.K.Choubey  | 6                              | Yes                                  |

**(C) DETAILS OF REMUNERATION PAID TO DIRECTORS DURING THE PERIOD ENDED ON 31ST MARCH, 2009.**

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. committee Meetings) | Salaries & Allowances etc. | Cont. to Provident & Superannuation Funds |
|-------|-------------------|---|----------------------------|---|
| 01.   | Shri R.K. Dubey   | 20,000                                  | 4,80,000                   | 50,400                                    |
| 02.   | Shri D.K. Dubey   | 20,000                                  | 3,00,000                   | 33,000                                    |
| 03.   | Shri N.K. Dubey   | 20,000                                  | 2,82,000                   | 30,240                                    |
| 04.   | CA Shabbar Husain | 17,500                                  | -                          | -   |
| 05.   | Shri B.M. Saighal | 15,000                                  | -                          | -   |
| 06.   | Shri K.N.Dubey    | 15,000                                  | -                          | -   |
| 07.   | Shri R.K.Choubey  | 15,000                                  | -                          | -   |

**(D) COMMITTEES OF THE BOARD :**

**(i) Audit Committee**

The following Directors are members of the Audit Committee:

|                   |   |  |
|-------------------|---|--|
| CA 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 Auditor attend the meetings of the Committee.